



**FRANCHISE DISCLOSURE DOCUMENT**

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**FRANCHISE DISCLOSURE DOCUMENT**

**NM FRANCHISE OPERATIONS, LLC**

A Delaware Limited Liability Company  
8 White Birch  
Littleton, Colorado 80127  
Telephone: 773-343-3691  
<https://neatmethod.com>



This franchise is for the establishment and operation of a Neat Method® business providing luxury home organizing business services, that brings comfort, efficiency and style to one's home ("Neat Method® Franchise(s)").

The total investment necessary to begin operation of a Neat Method® business is from \$34,000 to \$38,000. This amount includes the initial franchise fee of \$30,000 which is paid to us.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact us at [joinNEAT@neatmethod.com](mailto:joinNEAT@neatmethod.com). The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, such as a lawyer or accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. Information on franchising, such as a "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission (the "FTC"). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C., 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

FTC Issuance date: April 18, 2024

### How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit F.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Neat Method® business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchise being offered is being offered as an "exclusive" territory or a "non-exclusive" territory.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a Neat Method® Franchisee?</b>	Item 20 or Exhibit F lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

### What You Need To Know About Franchising *Generally*

**Continuing responsibility to pay fees.** You may have to pay royalties and other fees even if you are losing money.

**Business model can change.** The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

**Supplier restrictions.** You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

**Operating restrictions.** The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to clients, what you sell, how you market, and your hours of operation.

**Competition from franchisor.** Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

**Renewal.** Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

**When your franchise ends.** The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you have outstanding financial obligations to others.

### Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit C.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

### Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by litigation only in Delaware. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Delaware than in your own state.
2. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
3. **Mandatory Minimum Payments.** You must make minimum royalty and other payments, regardless of your sales levels. Your inability to make the payment may result in termination of your franchise and loss of your investment.
4. **Unregistered Trademark.** We do not have a federal registration for one or more of our principal marks. Therefore, such trademarks do not have as many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

**NOTICE REQUIRED BY STATE OF MICHIGAN**

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.**

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on your right to join an association of franchisees.
- (b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.
- (c) A provision that permits us to terminate a Franchise prior to the expiration of its term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the Franchise business are not subject to compensation. This subsection applies only if: (i) the term of the Franchise is less than five (5) years; and (ii) you are prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the Franchise or you do not receive at least six (6) months' advance notice of our intent not to renew the Franchise.
- (e) A provision that permits us to refuse to renew a Franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside the State of Michigan. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits us to refuse to permit a transfer of ownership of a Franchise, except for good cause. This subdivision does not prevent us from exercising a right of first refusal to purchase the Franchise. Good cause shall include, but is not limited to:
  - (i) the failure of the proposed transferee to meet our then-current reasonable qualifications or standards.
  - (ii) the fact that the proposed transferee is a competitor of us or our subfranchisor.
  - (iii) the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us a right of first refusal to purchase the assets of a Franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants us the right to acquire the assets of a Franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits us to directly or indirectly convey, assign, or otherwise transfer our obligations to fulfill contractual obligations to you unless provision has been made for providing the required contractual services.

- **The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.**

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Law Building 525 W. Ottawa Street, Lansing, Michigan 48913, telephone number: (517) 373-7117.

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## ITEM 1

### THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

#### **Franchisor**

The franchisor is NM Franchise Operations, LLC, referred to in this Franchise Disclosure Document as “NM,” “we,” “us” or “our.” We refer to the person interested in buying a franchise as “you” or “your”. If you are a corporation, partnership, limited liability company, or other entity, certain provisions of the Franchise Agreement will apply to your owners. These are addressed in this disclosure document where appropriate.

We were organized as a Delaware limited liability company on August 8, 2017. We maintain our principal place of business at 8 White Birch, Littleton, Colorado 80127.

We sell Neat Method® franchises providing professional organizing services and home organizing products to residential clients.

We began offering franchises in October 2017.

From August 29, 2017 to September 2017, we owned and operated a business of the type being offered, which was located in Hinsdale, Illinois. This location was sold to a franchisee in September 2017.

From August 29, 2017 to November 2017, we owned and operated a business of the type being offered, which was located in Ft. Lauderdale, Florida. This location was sold to a franchisee in November 2017.

Our agents for service of process in certain states are listed in Exhibit D.

As of December 31, 2022, Neat Method Strategies Holdings, LLC, a Delaware limited liability company (“NMSH”) repurchased the controlling membership interest in NMSH that was previously held by Whitmor Holdings, LLC, a Delaware limited liability company (“WHL”). Following this transaction, NMSH is wholly owned by AMM Holdings, LLC, the successor entity to the original founding entity, Neat Method, Inc. We are wholly owned by NMSH.

#### **The Franchise**

We offer qualified applicants who enter into a Franchise Agreement (the “Franchise Agreement”) with us a franchise to operate a luxury home organizing business (the “Franchised Business”).

Our organizing services provide a fully customized, turn-key service for any space in the home that includes space planning, purchasing and implementing organizing solutions that elevate our clients' lifestyle and bring a sense of peace and calm. Our personally designed and developed home product line completes our organizing system by balancing aesthetic and function.

The Franchise Agreement gives you the right to establish and operate a Franchised Business in accordance with our distinct business system (the “System”), which includes our methods and procedures for establishing and operating a Franchised Business. The Franchised Business is identified by the Neat Method® trade name and service mark and any other trade names, service marks, trademarks, logos, emblems and other indicia of origin that we may designate in writing for use by Franchised Businesses operating under the System (the “Licensed Marks”).

We assign a tier designation to a territory based on the population and the revenue potential for that territory. Tier 1 locations are in a territory where we determine a franchisee can typically charge our highest rate per organizer, and Tier 4 locations are in a territory where we determine a franchisee will be

required to charge our lowest rate per organizer. Tiers 2 and 3 fall in between those two categories. (See Item 12 for further information on each Tier Designation.)

**Market**

The market for home organizing services is continuing to develop and has seen rapid growth over the last five years. Our clients are generally upper-class homeowners that are seeking to get organized within their homes. Sales are consistent year-round without any significant fluctuations in demand due to seasonality.

**Industry Regulations**

You must review with your legal counsel the state laws and regulations that affect the operation of your Franchised Business and which may regulate the industry in your state. You must operate your Franchised Business in compliance with state laws and regulations. You are responsible for compliance with all state laws and regulations. In addition to laws governing businesses generally such as the Americans with Disabilities Act, Federal Wage and Hours Laws, the Occupation, Health and Safety Act, and the United States Postal Service’s regulations of Commercial Mail Receiving Agencies, there may be other laws applicable to your business. You should consider that certain aspects of the state and local laws, regulations and ordinances vary significantly. We urge you to make further inquiries about these laws.

**Competition**

Your competition will be all companies providing organizational related services.

**ITEM 2**

**BUSINESS EXPERIENCE**

**Chief Executive Officer: Ashley Murphy**

Ms. Murphy has been our Chief Executive Officer since September 1, 2017. Ms. Murphy was co-founder of our predecessor, Neat Method, Inc., located in San Francisco, California, and from January 2011 to August 2017 she was its Chief Executive Officer.

**Chief Operating Officer: Marissa Hagemeyer**

Ms. Hagemeyer has been our Chief Operating Officer since September 1, 2017. Ms. Hagemeyer was co-owner of our predecessor, Neat Method, Inc., located in San Francisco, California, and from May 2012 to August 2017 she was its Chief Marketing Officer.

**Director: Molly Graves**

Ms. Graves has been a director on our Board of Directors since September 1, 2017. Ms. Graves was co-founder of our predecessor, Neat Method, Inc., located in San Francisco, California and from January 2011 to August 2017 she was its Chief Operating Officer.

**ITEM 3**  
**LITIGATION**

On April 26, 2018, Neat Method, Inc., now known as AMM Holdings, Inc., entered into Consent Order S-18-2396-18-CO01 with the State of Washington, Department of Financial Institutions, Securities Division (the "Securities Division"). The Securities Division alleges that on or around August 7, 2017, Neat Method, Inc. sold one professional organizing services business to two business partners who resided in Washington (the "Franchisee") without having a current permit to offer and sell franchises in Washington and without providing the Franchisee with a current disclosure document. Neat Method, Inc., without admitting or denying the State's findings of fact or conclusions of law, agreed in the Consent Order to (1) cease and desist from any violation of RCW 19.100.080, the unlawful acts section of the Franchise Investment Protection Act of Washington; (2) cease and desist from any violation of RCW 19.100.020, the registration section of the Franchise Investment Protection Act of Washington; (3) pay the Securities Division \$500 for its costs of investigation of the matter; and (4) waive its right to a hearing and to judicial review of the matter.

Other than the above, no litigation is required to be disclosed in this Item.

**ITEM 4**  
**BANKRUPTCY**

No bankruptcy information is required to be disclosed in this Item.

**ITEM 5**  
**INITIAL FEES**

**Initial Franchise Fee**

You must pay us an initial franchise fee of \$30,000 in a lump sum when you sign the Franchise Agreement. The initial franchise fee is our standard initial fee and is charged uniformly to all new franchisees.

The initial fee is non-refundable under any circumstance.

**ITEM 6**  
**OTHER FEES**

Column 1 Type of Fee(1)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty Fee	Determined based on (1) the Tier that NEAT assigns to the Franchisee's territory based on the population and the revenue potential of	On or before the 15 <sup>th</sup> calendar day of each month for the preceding month.	"Service Revenue" means the aggregate amount of total service billed in a given month, including all charges for services performed, by the Franchised Business, but does not include product sales,

	that territory and (2) Franchisee's Service Revenue over a Trailing Twelve Month ("TTM") period compared to the revenue targets that NEAT has established for Franchisee's Tier. (See Note 2)		whether for cash, on credit or otherwise, made and rendered in, about or in connection with the Franchised Business, provided they are in connection with the business conducted under the Franchise Agreement.
Renewal Fee	\$5,000	Upon renewal of a new 5 Year term	Not applicable.
Transfer Fee	Franchisee: The greater of \$2,000 or 20% of the purchase price, paid by transferee;  Transferee: \$15,000	Before the date of closing of the transfer of the Franchise Agreement.	If you transfer your franchise to a new owner, you must pay us a transfer fee equal to the greater of \$2,000 or 20% of the consideration that you receive for the transfer. In addition, the purchaser of your franchise must pay us a franchise fee equal to \$15,000 when the purchaser signs a new franchise agreement with us.
Technology Fee	Up to \$150	On or before the 15 <sup>th</sup> calendar day of each month.	You will pay a monthly Technology Fee in an amount not to exceed \$150 per month, to cover the costs of the technologies necessary to operate your business. At our discretion we may increase the technology fee to meet the demands of the business.
Liquidated Damages (3)	\$5,000	Within 15 days after termination of the Franchise Agreement	Due only if we terminate the Franchise Agreement before the end of the term because of your default or you terminate the Franchise Agreement without cause.
Audit	Delinquency of Royalty Fee, plus any other cost associated with audit.	Within 15 days after receipt of the audit report.	In the event that an audit shows nonpayment or underpayment of 5% or more, then you shall immediately reconcile any nonpayment or underpayment and shall reimburse us for our actual

			costs associated with the audit.
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**Notes:**

(1) All fees in this Item 6 are not uniformly imposed on all franchisees. Some of the initial licensees of our predecessor were originally offered a different fee structure and, now as franchisees, continue to pay fees based on that fee structure. All fees collected by and payable to us are non-refundable under any circumstance.

(2) The Royalty Fee paid by Franchisee is determined based on (1) the Tier that NEAT assigns to the Franchisee’s territory based on the population and the revenue potential of that territory and (2) Franchisee’s Service Revenue over a Trailing Twelve Month (“TTM”) period compared to the revenue targets that NEAT has established for Franchisee’s Tier. For instance, a Tier 1 location is a territory where NEAT determines a franchisee can typically charge NEAT’s highest rate per organizer, and a Tier 4 location is a territory where NEAT determines a franchisee will be required to charge NEAT’s lowest rate per organizer. If Franchisee’s TTM revenues are less than the lowest revenue target that NEAT establishes for Franchisee’s Tier, Franchisee’s royalty percentage will equal 20%. If Franchisee’s TTM revenues exceed the lowest revenue target but is less than the highest revenue target that NEAT establishes for Franchisee’s Tier, Franchisee’s royalty percentage will equal either 17% or 15% or 13% depending on the amount of Service Revenue compared to the revenue targets for that Tier. If Franchisee’s TTM revenues exceed the highest revenue target that NEAT establishes for Franchisee’s Tier, Franchisee’s royalty percentage will equal 10%. If Franchisee does not generate at least \$50,000 in Service Revenue during any subsequent year beginning with the third year of operation of the Franchised Business, NEAT reserves the right to charge Franchisee a “Royalty Surcharge” equal to the difference in the amount of the Royalty Fee that Franchisee would have paid based on \$50,000 in Service Revenue at the existing royalty percentage and the amount of Royalty Fees actually paid by Franchisee. For example, if Franchisee has achieved a 15% royalty percentage based on Service Revenue in a prior year and Franchisee only generates \$40,000 in Service Revenue in a particular year, then NEAT may impose a Royalty Surcharge equal to \$1,500 (15% royalty percentage multiplied by \$10,000).

Below is a chart illustrating Service Revenue targets that, when achieved, will lower the royalty percentage as described above:

**Tier 1 Location**

- Revenue Target 1: \$130,000 (17%)**
- Revenue Target 2: \$180,000 (15%)**
- Revenue Target 3: \$230,000 (13%)**
- Revenue Target 4: \$280,000 (10%)**

**Tier 2 Location**

- Revenue Target 1: \$120,000 (17%)**
- Revenue Target 2: \$165,000 (15%)**
- Revenue Target 3: \$210,000 (13%)**
- Revenue Target 4: \$255,000 (10%)**

**Tier 3 Location**

- Revenue Target 1: \$105,000 (17%)**
- Revenue Target 2: \$145,000 (15%)**
- Revenue Target 3: \$185,000 (13%)**
- Revenue Target 4: \$225,000 (10%)**

**Tier 4 Location**

- Revenue Target 1: \$90,000 (17%)**
- Revenue Target 2: \$125,000 (15%)**
- Revenue Target 3: \$160,000 (13%)**
- Revenue Target 4: 195,000 (10%)**

(3) This fee is not uniform to all franchisees. Franchisees who have converted from a License Agreement to a Franchise Agreement are not subject to the requirement of paying this fee.

**ITEM 7**

**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>	<b>Column 4</b>	<b>Column 5</b>
<b>Type of expenditure</b>	<b>Amount</b>	<b>Method of payment</b>	<b>When due</b>	<b>To whom payment is to be made</b>
Initial Franchise Fee <sup>1</sup>	\$30,000	Lump sum	At signing of Franchise Agreement	Us
Costs Associated with Hiring and Employing at least One Employee	\$1,000 TO \$2,000	As incurred	As incurred	Various third parties
Travel and Accommodations While Training <sup>2</sup>	\$1,000 to \$2,000	As incurred	As incurred	Various third parties
Promotional Materials;	\$250-\$500	As incurred	As incurred	Various third parties
Business Licenses and Permits;	\$250-\$500	As incurred	As incurred	State and Local Agencies
Additional Funds <sup>3</sup>	\$1,500 to \$3,000	As Incurred	As Incurred	Employees, Suppliers, Lawyers, Insurance Agents, Technology Fee
<b>Total</b>	\$34,000 TO \$38,000			

Notes:

1. All payments which you make directly to us are nonrefundable under any circumstance. This may or may not be true for payments made to third parties.
2. You must attend and successfully complete, to our satisfaction, a three day initial training program. Although we bear all of our own costs associated with the initial training program, you must pay all costs of travel and lodging as incurred by you and your personnel in attending the initial training program.

- This estimates your initial expenses during the start-up phase of your Franchised Business. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. We have relied on the experience of our predecessor, franchisees and/or management team in operating locations similar to the one you will operate. These estimates are subject to increase based on market conditions and cost of providing services. At this time we have no plans to increase payments we control.

We do not currently offer financing for any portion of your initial investment.

## **ITEM 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

#### **Standards and Specifications**

You must operate the Franchised Business according to the standards and specifications we provide in the Operations Manual or otherwise in writing, which may include designated and approved suppliers. We develop the specifications and standards in our sole discretion.

#### **Approved Suppliers**

You must purchase from us a minimum amount of our NEAT Method product every calendar year (the "Minimum Annual Purchase Requirement") equal to the lesser of (a) 10% your total Service Revenue from the operation of the Franchised Business for that calendar year or (b) 30% of your total expenditures on product purchases of any kind for that calendar year for the Franchised Business. "Service Revenue" means the aggregate amount of total service billed in a given month, including all charges for services performed, by the Franchised Business, but does not include product sales. If you do not meet this minimum purchase requirement, we reserve the right to charge you for the difference between the required amount and the actual amount you purchase from us.

Except as set forth in the paragraph above, we have not designated any supplier or otherwise imposed any restrictions on the suppliers from whom you purchase products or services. We reserve the right to do so in the future, including designating ourselves, our parents and our other affiliates as the designated supplier of products they may develop relating to establishing or operating your Franchised Business.

We currently do not receive revenue based on the purchase of products or services by our franchisees from any supplier. But, beginning on the date of the issuance of this Franchise Disclosure Document, we will begin to receive revenue from our franchisees based on the Minimum Annual Purchase Requirement described above. We cannot estimate the precise basis of any future payments made to us should we designate suppliers and establish required services or products that you must purchase from those designated suppliers.

During the fiscal year ended, December 31, 2023, we received \$0\_ revenue based on required purchases and/or leases from franchisees from any supplier.

We currently do not, but may in the future, enter into arrangements with suppliers which provide discounts and/or rebates on purchases by our company-owned Neat Method® businesses and by franchisee-owned Neat Method® franchises. You may be offered the opportunity to participate in these programs on the same basis as our company-owned Neat Method® businesses.

None of our officers owns an interest in any supplier. Please confirm this has not changed.

We reserve the right, in our sole discretion, to restrict your sources of products and other items and services in order to assure quality and a reliable supply of products that meet our standards. If we, at our option, limit the sources of certain products, services and items to specified exclusive or approved sources, then you must acquire these products, services and items only from these limited sources at the prices they decide to charge. We will list all designated and approved suppliers in our Operations Manual or in other written communications. We may periodically revise this list as we determine. We will maintain approved supplier criteria; however, this criteria will not be issued to you.

If we designate suppliers in the future or we impose other restrictions on the suppliers for which you purchase products and services, and you propose to purchase items from any supplier which has not been specifically approved by us in writing, or you propose to add or change suppliers, you must first notify us in writing and submit to us sufficient specifications, photographs, drawings and/or other information or samples for us to determine whether the type of item complies with our specifications and standards, and/or the supplier meets our approved supplier criteria, which determination will be made and communicated in writing to you within a reasonable time (typically 30 - 60 days) after receipt of the information from you or from the proposed supplier. You must reimburse us for our costs in reviewing and testing products and suppliers suggested by you upon billing by us.

Our approval of a supplier might depend on product quality, delivery frequency and reliability, service standards, financial capability, customer relations, concentration of purchases with limited suppliers and/or a supplier's willingness to pay us or our affiliates for the right to do business with our System. Our approval of a supplier might be temporary until we evaluate the supplier in more detail. We may inspect a proposed supplier's facilities during and after the approval process to make sure that the supplier meets our standards. If it does not, we may revoke our approval by notifying the supplier and you in writing. We have no obligation to approve any request for a new supplier, product or service.

We estimate that the percentage of the required purchase or lease of products and services in relationship to all purchases in establishing the Franchised Business is 0%. We estimate that the required purchase or lease of required products and services will range from 10% to 20% of your total operating costs.

You will receive a commission equal to 20% of your NEAT Method purchases. The amount of these commissions are subject to change and will be deducted from the amount of your required payment for Royalty Fees each month.

#### **Advertising Materials**

All advertising, promotional, marketing and public relations materials, signs, decorations, paper goods (including all forms of stationery in the Franchised Business) and other items we designate must be utilized in the manner we prescribe. You may not use any advertising, promotional, marketing and public relations materials that we have not approved.

#### **Insurance**

You must obtain and maintain insurance coverage in the types and amounts specified below (or otherwise provided to you in writing), naming us as an additional insured:

Commercial general liability insurance, including bodily injury and property damage, with coverage of not less than \$1,000,000;

We may increase the minimum coverage of insurance and/or require different or additional kinds of insurance to reflect inflation, changes in standards of liability, or other relevant changes and circumstances.

### **Purchasing Arrangements**

From time to time, we may have company-wide partnerships with other companies that could provide preferred pricing on products or services for our franchisees. While these are not required purchasing arrangements, they are offered as benefits to you in the operation of your Franchised Business.

## **ITEM 9**

### **FRANCHISEE'S OBLIGATIONS**

**This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this franchise disclosure document.**

<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure document item</b>
a. Site Selection and acquisition/lease	Not Applicable	Item 12
b. Pre-opening purchases/leases	Article III	Items 7 and 8
c. Site development and other pre-opening requirements	Not Applicable	Not Applicable
d. Initial and ongoing training	Not applicable	Items 5, 6 and 11
e. Opening	Not applicable	Item 11
f. Fees	Article VII	Items 5 and 6 Items 5, 6 and 7
g. Compliance with standards and policies/ operating manual	Article IV	Items 8 & 11
h. Trademarks and proprietary information	Article VI	Items 13 and 14
i. Restriction on products/services offered	Article I	Items 8, 11 and 16
j. Warranty and customer service requirements	Not applicable	Item 11
k. Territorial development	Article I	Item 12
l. Ongoing product/service purchases	Article III	Item 8
m. Maintenance, appearance, and remodeling requirements	Not Applicable	Not Applicable
n. Insurance	Article X	Items 7 and 8
o. Advertising	Article V	Items 6, 7 and 11

Obligation	Section in Agreement	Disclosure document item
p. Indemnification	Article II	Item 6
q. Owner's participation/management/staffing	Not applicable	Items 11 and 15
r. Records/reports	Article VII	Item 11
s. Inspections/audits	Article VII	Items 6 and 11
t. Transfer	Article VIII	Items 6 and 17
u. Renewal or extension	Article I	Item 17
v. Post-termination obligations	Article IX	Item 17
w. Non-competition covenants	Article VI	Items 15 & 17
x. Dispute resolution	Article XI	Item 17
y. Other:	Not Applicable	Not Applicable

**ITEM 10**

**FINANCING**

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

**ITEM 11**

**FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING**

**Except as listed below, we are not required to provide you with any assistance.**

**Before you open your business, we will:**

1. Grant you the right to operate a Franchised Business and grant you a license to use our Licensed Marks in a specific geographic territory (Franchise Agreement - Article I).
2. Loan you our confidential Operations Manual and training materials.
3. Provide you with our initial training program.
4. Provide you with a list of approved products and supplies and approved suppliers.

Our typical franchisee operates the Franchised Business from their home and does not have a separate physical location for the Franchised Business. With a home based Neat Method franchise, there are no site approval requirements.

We currently do not, but we reserve the right to establish, maximum, minimum or other requirements with respect to the pricing, charges, and terms you sell your products and services to your clients

### **Time for Opening**

The typical length of time between the signing of the Franchise Agreement and the opening of the Franchised Business is generally 15 days. The factor that could affect the opening of the Franchised Business is non-payment of the initial franchise fees. Failure to open your Franchised Business within 15 days from the date of the Franchise Agreement may result in the termination of the Franchise Agreement.

### **After you open your Franchised Business, we will:**

1. Provide you with ongoing assistance and supervision (Franchise Agreement, Article IV, paragraph 2);
2. Provide specifications for supplies to operate the Franchised Business (Franchise Agreement, Article III);
3. Provide you with marketing and sales assistance (Franchise Agreement, Article IV);
4. Provide you with administrative, marketing, sales and general operating procedures for the operation of your Franchised Business Franchise Agreement, Article IV);
5. Review your proposed advertising and marketing materials which you have developed Franchise Agreement, Article IV);
6. Provide you with such additional training and support as we may determine in our sole discretion (Franchise Agreement, Not Applicable);
7. Establish, amend or revise policies, procedures, standards and specifications pertaining to the operation of your Franchised Business (Franchise Agreement, Article III, Paragraph 8); and
8. Provide you, during the term of the Franchise Agreement, access to our electronic Operations Manual (Franchise Agreement, Article III, Paragraph 2).

### **Advertising**

We will supply to you advertising and sales materials, including various templates, that you can customize and use when advertising your business. Such Marketing Materials may be in the form of computer files (i.e. PDF, JPG) which Franchisee shall have the right to use and duplicate solely in connection with the Franchised Business.

You may utilize your own advertising material subject to submission to us and approval by us in writing of the content (Franchise Agreement, Article V, Section 2), in addition to any company-wide advertising we chose to undertake on our own.

### **Local and Regional Advertising Cooperatives**

At this time, you are not required to participate in any local or regional advertising cooperatives.

### **Advertising Fund**

At this time, there is no advertising fund that requires contributions to be made by you. We reserve the right to implement an advertising fund in the future.

### **Computer & Technology Fee**

In order to successfully operate your business, you must have a computer with adequate internet access. There are no required computer hardware and software requirements, but we reserve the right to implement such requirements, in our sole discretion, as part of an overall franchise management system that will manage certain aspects of your business. If we do so in the future, we reserve the right to have independent access to the data on your computer system.

You will pay a monthly technology fee (the "Technology Fee"), in an amount not to exceed \$150 per month, per franchisee, to cover the costs of the technologies necessary to operate your business. At our discretion we may increase the technology fee to meet the demands of the business.

You are not required to purchase or use electronic cash registers.

### **Operations Manual**

During the term of your Franchisee, you will have access to the Operations Manual which will be online and will provide you with requirements and best business practices for running your business. The Operations Manual will contain mandatory and suggested specifications, standards and operating procedures we prescribe for the operation of your Franchised Business and information relative to your obligations, and may consist of one or more online documents, all of which are referred to as the Operations Manual. We have the right to continuously modify the Operations Manual as it makes sense to do so.

Additionally, we have an internal proprietary intranet that will be a resource for you in the operation of your Franchised Business.

Exhibit E to this Franchise Disclosure Document is the Table of Contents of the Operations Manual. The Operations Manual contains a total of 161-212 pages.

### **Training**

Training will occur after you sign the Franchise Agreement and while you are developing the Franchised Business. We schedule training to accommodate you and other franchisees.

We provide a six week training program that includes a combination of in-person, virtual training sessions, and one-on-one calls. These are on a wide variety of topics that assist our new Franchisees in being ready to officially launch their business.

The training materials will consist of our internal website which includes all brand tools and resources and our complete Operations Manual.

The initial training program is outlined as follows:

**TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location</b>
Learning the NEAT Method	14	0	Virtual and Chicago, Illinois
Marketing and Business Management	8	0	Virtual
Hands on learning at client's home.	0	8	TBD
Product Knowledge Training	6	0	Virtual and Chicago, Illinois
Total Hours	28	8	

The instructors, who will oversee our training program, may include our founders and/or owners and our director of Franchise Operations. Together, the instructors have a combined total of over eleven years of experience in the professional organizing industry and over four years of experience with us.

You, your manager or your Representative must attend and complete the training program to our satisfaction within a reasonable time after signing your Franchise Agreement. However, we do not have a set deadline for completion of training and in some instances training may be completed after opening.

We do not charge you a fee for the training program. However, you will be responsible for your travel and accommodations while attending the training program.

After the opening of the Franchised Business, we may provide additional training as we may prescribe in our sole discretion and as we determine as to frequency and time to you and your employees. We do not charge you a fee for the supplemental training program. However, you will be responsible for your travel and accommodations while attending the supplemental training program.

**ITEM 12**  
**TERRITORY**

Except for the rights reserved by us as described below, and except for the cities described in the following paragraph, the Franchise Agreement grants you certain rights within a designated geographic area (the “Protected Territory”) set forth on Schedule C of your Franchise Agreement. We determine the size and boundaries of the Protected Territory in our discretion based upon factors such as population density, character of the neighborhood, location and number of competing businesses and other similar factors. Your Protected Territory may be defined by one or more five-digit zip codes, county or city boundaries or fixed geographic boundaries such as rivers, streets or highways, or as may be identified on a map. When determining the Protected Territory, we generally use demographic statistics provided by the U.S. Census Bureau among other tools and resources at our disposal.

Our franchisees in the following major metropolitan cities will not have a Protected Territory: Chicago and New York City.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control

Notwithstanding the rights granted to you under the Franchise Agreement, we reserve the right to: (i) market and sell products and services into your Protected Territory through dissimilar channels of distribution, including without limitation the internet and other online platforms; and (ii) provide services to certain clients who either (1) request services be provided directly by us or our representative or (2) generate unique goodwill for the System and the Licensed Marks such as celebrities or other influential clients. You are not entitled to any compensation if we exercise any of these rights.

From time-to-time we receive inquiries for organizing services (typically through our website) from prospects in your Protected Territory. If you are in full compliance with the terms of your Franchise Agreement, except for the rights reserved by us in the preceding paragraph, we will forward to you all inquiries that we receive from a prospect located within your Protected Territory.

We assign a tier designation (the “Tier Designation”) to each Protected Territory based upon our expectations of the market in terms of hourly rates charged to clients for the services provided to the clients in that Protected Territory which we generally determine based upon the median income of the residents of in each Protected Territory and the total population of each Protected Territory. Tier 1 Designations are for a Protected Territory where we determine a franchisee can typically charge our highest rate per organizer, and Tier 4 Designations are for a Protected Territory where we determine a franchisee will be required to charge our lowest rate per organizer. We may reassess the Tier Designation in any Protected Territory if changes occur in median income, population or other factors in that market that change our expectation of the hourly rate that can be charged in that Protected Territory.

In order to continue to have the rights granted to you in your Protected Territory, you must generate a minimum of \$50,000 annually in Service Revenue from providing the Approved Services beginning the 3rd year of operation of your Franchised Business.

We may allow you to solicit or accept orders in a geographic area outside your Protected Territory if there is not then an existing Neat Method® business operating in that geographic area. If approval is granted to you to solicit or accept orders outside your Protected Territory, you must agree that once a Neat Method® business is established in any such geographic area that you will immediately cease and desist from soliciting or accepting orders in that area or work out an arrangement with the new Neat Method business, at their sole discretion.

Your Franchised Business is operated out of your home. Your franchise agreement may not permit you to relocate your Franchised Business. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your Franchised Business.

You have no options, rights of first refusal, or similar rights to acquire additional franchises.

**ITEM 13**

**TRADEMARKS**

We grant you the right to operate your Franchised Business under the service mark NEAT Method®. You may also use our other current or future trademarks to operate your Franchised Business. By trademark we mean trade names, trademarks, service marks and logos used to identify your business.

As outlined in the table below, our principal tradename, Neat Method, was registered with the United States Patent and Trademark Office (“USPTO”) on August 14, 2012, registration number 4191734.

<b>Trademark Name</b>	<b>Application Number</b>	<b>Filing Date</b>	<b>Registration Number</b>	<b>Registration Date</b>
NEAT IT NOW	87/625,209	27-Sep-2017	5,484,642	05-Jun-2018
NEAT METHOD	85/332,982	27-May-2011	4,191,734	14-Aug-2012
NEAT METHOD	87/317,127	29-Jan-2017	6,190,083	03-Nov-2020
NEAT METHOD	87/625,199	27-Sep-2017	6,190,178	03-Nov-2020
NEAT	85/611,221	28-Apr-2012	4,263,889	25-Dec-2012
NEAT METHOD	88/297,753	12-Feb-2019	6,907.342	22-Nov-2022

No required affidavits are due as of the date of this disclosure document.

We do not yet have a Principal Register federal registration for the following marks: NEAT METHOD (88/297,753 filed February 12, 2019). These trademarks do not have as many legal benefits and rights as a Principal Register federally registered trademark. If our right to use these trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

We may establish new Licensed Marks in the future and you must use and display these marks in accordance with our standards and specifications and bear all costs associated with changes to Licensed Marks. You must follow our rules when you use these marks. You cannot use a name or mark as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use Neat Method’s name in the sale of any unauthorized product or service or in any manner we do not authorize in writing. You may not use any other mark, name, commercial symbol or logo-type in connection with the operation of your Franchised Business.

There is presently no effective determination of the U.S. Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, of any pending infringement, opposition or cancellation proceeding or any pending material litigation involving trademarks, service marks, trade names, logo-types or other commercial symbols which is relevant to the use in any state; and no agreements exist which significantly limit in any manner material to you, our right to use or license the use of marks, names, logos or symbols.

You shall not contest, directly or indirectly, our ownership of the Licensed Marks, trade secrets, methods and procedures which are a part of our System. You shall not register, seek to register, or contest our sole right to register, use, and license others to use the marks, names, information, and symbols.

There are no infringing uses known to us which could materially affect your use of the Licensed Marks in this state or in any state where the business is to be located.

There are no agreements currently in effect which significantly limit our rights to use or license the use of any trademarks, service marks, trade names, logo-types or other commercial symbols.

Your right to use the Licensed Marks is derived solely from the Franchise Agreement and is limited to the conduct of your business in compliance with the Franchise Agreement. All provisions of the Franchise Agreement applicable to the Licensed Marks apply to any additional trademarks, service marks, logo forms and commercial symbols authorized for your use.

All usage of the Licensed Marks by you and any goodwill established inures to the our exclusive benefit. You may not, at any time during the term of the Franchise Agreement or after its termination or expiration, contest the validity or ownership of any of the Licensed Marks or assist any other person in contesting the validity or ownership of any of the Licensed Marks.

You must use the Licensed Marks as the sole identification of the Franchised Business, but you must also identify yourself as the independent franchisee in the manner we prescribe. Other than registering "Neat Method" as an assumed name (i.e. file for a DBA, fictitious business name, etc. for the operation of your Franchised Business), you may not use any Licensed Mark as part of any corporate or trade name or with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form, nor may you use any Licensed Mark in the sale of any unauthorized product or service or in any other manner we do not expressly authorize in writing.

You must notify us immediately in writing of any apparent infringement of or challenge to your use of any Licensed Mark, or claim by any person of any rights in any Licensed Mark or any similar trade name, trademark or service mark of which you become aware. You may not communicate with any person other than us and our counsel regarding any infringement, challenge or claim. We have sole discretion to take any action it deems appropriate and the right to exclusively control any litigation, USPTO proceeding or other administrative proceeding arising out of any infringement, challenge or claim or otherwise relating to any Licensed Mark. You must execute all documents, render assistance and do all acts and things advisable to protect and maintain our interests in any litigation, USPTO proceeding or other administrative proceeding or to otherwise protect and maintain our interests in the Licensed Marks.

We will indemnify you against, and reimburse you for, all damages for which you are held liable in any proceeding in which your use of any Licensed Mark in compliance with the Franchise Agreement is held to constitute trademark infringement, unfair competition or dilution, and for all reasonable costs you incur in the defense of any claim brought against you or in any proceeding in which you are named as a party, if you have timely notified us of the claim or proceeding and have otherwise complied with the Franchise Agreement and if we have the right to defend any claim. If we defend the claim, we have no obligation to indemnify or reimburse you for any fees or disbursements to any attorney retained by you.

If it becomes advisable at any time, in our sole discretion, for us and/or you to modify or discontinue use of any Licensed Mark, and/or use one or more additional or substitute trademarks or service marks, you must comply within a reasonable time after notice by us, and the sole obligation of us in any event shall be to reimburse you for the out-of-pocket costs of complying with this obligation.

There may be infringing uses in regional markets by third parties who may be utilizing the name Neat Method® or marks similar to one or more of the Licensed Marks in conjunction with a Neat Method®

Franchise and this use would not be under a federal registration, but by application of common law trademark rights. If the use in local markets was determined to be before our use, we and our franchisees may be prohibited from utilizing the marks, names, logos or symbols within the market of the prior use.

#### **ITEM 14**

##### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

We aggressively seek, and will continue to seek, intellectual property protection on innovative products that we bring to the market. The following is a list of current issued and pending Patents:

- Magnetic Identification Label Holder - US Design Patent D935,528
- Magnetic Identification Label Holder- Non-Provisional Utility Patent Application 16/781,783 (Pending)
- Wire Basket with Removable Wood Floor- US Design Patent D948,217
- Wire Basket with Removable Wood Floor- US Continuing Design Patent Application #29/834,521 (Pending)

We claim copyright protection for the Operations Manual and for certain other written materials we develop to assist you in the operation of your Franchised Business.

The proprietary and confidential information about the operation of the Franchised Business and the System is included in our Operations Manual and we consider all of this information as well as our processes, methods, techniques, and other similar information to be confidential information (the "Confidential Information"). Under the terms of the Franchise Agreement: (1) you must maintain the absolute confidentiality of the Confidential Information during and after the expiration or termination of the Franchise Agreement; (2) you and each of your principals and other owners can divulge this Confidential Information only to your employees who must have access to it to operate the Franchised Business; (3) neither you nor any of your principals or other owners are permitted to make unauthorized copies, record or otherwise reproduce the materials or information or make them available to any unauthorized person; (4) all knowledge, know-how and techniques, including the Operations Manual, plans, specifications, standards, techniques and other information communicated in any manner whatsoever constitute Confidential Information.

You will not acquire any interest in the Confidential Information other than the right to utilize it in your Franchised Business, and you must not use the Confidential Information in any other business or capacity. You must adopt and implement all reasonable procedures that we prescribe to prevent unauthorized use, duplication, or disclosure of the Confidential Information, and to require any employees of yours who have access to the Confidential Information to sign non-disclosure and non-competition agreements, to the extent permitted by law.

Any software provided by us or our designee must be treated as Confidential Information. Any software provided to you must be returned to us if the Franchise Agreement is terminated or expires.

All ideas, concepts, techniques, materials, or improvements concerning the operation of a Franchised Business ("Improvements"), whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the system, and works made-for-hire for us. To the extent any Improvement does not qualify as a "work made-for-hire" for us, you and your owners must assign ownership of that Improvement, and all related rights to that Improvement, to us and take whatever action (including signing assignment or other documents) that we request to confirm our ownership or to help us obtain intellectual property rights to the Improvement, without compensation to you or your owners.

## **ITEM 15**

### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

We require that you personally supervise the day-to-day operations of the Franchised Business; or if you are a partnership, corporation or a limited liability company, you must employ at least one manager, who we approve and who has completed the initial training program, to our satisfaction. The person who is responsible for the day-to-day supervision of the Franchised Business must assume responsibilities on a full-time basis and may not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility, time commitment, or otherwise may conflict with the obligations to operate and manage the Franchised Business.

If you are a corporation, limited liability company or partnership, your owners must personally guarantee your obligations under the Franchise Agreement and agree to be personally bound by every contractual provision, whether containing monetary or non-monetary obligations, including the covenant not to compete. The “Guaranty and Assumption of Obligations” is part of the Franchise Agreement.

You must keep us informed at all times of the identity of the manager of your Franchised Business. Your manager need not have an equity interest in the franchise entity, but he or she must sign a written agreement to preserve confidential information to which he or she has access and to not compete with you, us and other franchisees and make such commitments in writing. We may regulate the form of agreement that you use and we may be a third party beneficiary of that agreement with independent enforcement rights.

## **ITEM 16**

### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

We currently do not, but reserve the right, to require that you must sell only the products and services we have approved and authorize in the operation of your Franchised Business. You are limited in the operation of your Franchised Business to provide approved professional organizing services to your residential and commercial clients, in the manner that we may prescribe in our standards and specifications as set forth in the Operations Manual or as communicated to you in writing. In addition, you may be required to utilize specific approved supplies which we may require to be utilized in the operation of your Franchised Business. We have the right to change the requirements of authorized products and services that may be offered at Neat Method Franchises without limitation

We may conduct market research and testing to determine industry trends and the salability of additional services. You must cooperate with us by participating in our market research programs by providing such designated new services as part of your Franchised Business and you must provide us with timely reports and other information as we may request regarding the market research and other matters of inquiries submitted by us.

You are prohibited from offering unapproved services or products or utilizing supplies, other than approved supplies as we may designate throughout the term of the Franchise Agreement in the operation of your Franchised Business, in our sole and absolute discretion.

**ITEM 17**

**RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

**This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.**

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
a. Length of the franchise term	Article I	Initial term of Franchise Agreement is 5 years.
b. Renewal or extension of the term	Article II	If you are in good standing, we may offer you the right to extend this Agreement for additional 5 year terms.
c. Requirements for franchisee to renew or extend	Article II	You must give at least 120 days' notice of renewal, not be in breach of any agreement with us or our affiliates, satisfy all monetary obligations, pay a renewal fee, execute the then-current Franchise Agreement and, subject to state law, a general release (subject to state law) and comply with current qualifications and training requirements. If you seek to renew your franchise at the expiration of the initial term or any renewal term, you will be required to pay the then-current renewal fee and sign a new Franchise Agreement, which is the then-current Franchise Agreement used by us that may contain terms and conditions materially different from those in your previous Franchise Agreement such as, but without limitation, (1) increases in fees, and (2) implementation of new fees. The Territory will remain the same.
d. Termination by franchisee	Article VIII	You may terminate the Franchise Agreement under any grounds permitted by law.
e. Termination by franchisor without cause	Article IX	Not Applicable
f. Termination by franchisor upon the occurrence of certain defaults	Article IX	Certain defaults constitute grounds for automatic termination without notice, which include: assignment for the benefit of credits, bankruptcy, appointment of receiver, composition with creditor instituted by the state, not paying a judgment, dissolution, and levy on the

Provision	Section in franchise or other agreement	Summary
		Franchised Business or property. Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination.
g. "Cause" defined – curable defaults	Article IX	Curable defaults include: fails to develop or operate the Franchised Business in compliance with the franchise agreement, misappropriates or misuses the Licensed Marks, transfer without our written consent, fails to comply with any material provision of the Franchise Agreement, failure to observe standards and specifications, failure to maintain required insurance policies, failure to comply with all laws and regulations, failure to comply with all covenants, failure to comply with operating standards, 14 days to pay monetary obligations, failure to timely pay vendors and suppliers.
h. "Cause" defined – non-curable	Article IX	Noncurable defaults include: if you become insolvent, make a general assignment for the benefit of creditors, file a petition or has a petition initiated against you under federal bankruptcy laws, is adjudicated bankrupt, has receiver appointed, proceedings for composition with creditors instituted, final judgment remains unsatisfied or of record for 30 days, is dissolved or execution is levied against business or property, is convicted of a felony or any crime we believe will likely have adverse effect on the system (also applies to principals), engage in conduct affecting the goodwill of the Licensed Marks, disclose any confidential information (also applies to principal), breach any material aspect of covenants, made a material misrepresentation with your application for a franchise, that after 3 willful and material breaches of the same term of the franchise agreement, (such as failure to make royalty payments, or maintains falls books or records), occurring within a 12-month period, for which you has been given notice and an opportunity to cure, you commit a 4 <sup>th</sup> willful and material breach of the same term of the Franchise Agreement (such as failure to make royalty payments, or maintains falls books or records).

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
i. Franchisee's obligations on termination/nonrenewal	Article IX	Termination of the Franchise Agreement requires you to cease operating the Franchised Business and using the Licensed Marks and System and to completely de-identify the business, cancel all fictitious or assumed names, notify telephone company of termination of rights to use telephone number, pay all amounts due to us or our affiliates, return all Operations Manuals and other proprietary materials, comply with confidentiality requirements.
j. Assignment of contract by franchisor	Article VIII	No restriction on our right to assign.
k. "Transfer" by franchisee	Article VIII	Includes voluntary or involuntary sale, assignment, subdivision, sub-franchising, or other transfer including merger, consolidation issuing additional securities, conversion to partnership or limited partnership, or transfer caused by divorce or death.
l. Franchisor approval of transfer by franchisee	Article VIII	We have the right to approve all transfers.
m. Conditions for franchisor approval of transfer	Article VIII	Transferee must meet qualifications, all monetary obligations must be paid, you must not be in default of any provisions of agreement, transferor and its principals must sign general release (subject to state law), transferee must submit to a criminal and credit check, transferee must assume all of your obligations and responsibilities, transferee must execute a new Franchise Agreement, satisfactorily complete training and pay transfer fee.
n. Franchisor's right of first refusal to acquire franchisee's business	Not Applicable	In case of termination or nonrenewal, subject to state law, we reserve the right to purchase assets at market value.
o. Franchisor's option to purchase your business	Not Applicable	Not Applicable
p. Death or disability of franchisee	Not Applicable	Not Applicable
q. Non-competition covenants during the term of the franchise	Article I, Article VI	No involvement in competing business anywhere in U.S.  Subject to state law

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
r. Non-competition covenants after the franchise is terminated or expires	Article VI, Article IX	No competing business for a period of two years in Territory or within 50 miles of the Territory granted you by a Franchise Agreement or within Territory of any other of our franchisees.  Subject to state law
s. Modification of the agreement	Article III, Article X	No modification to Franchise Agreement except in writing and signed by both you and us. Operations Manual can be modified. Nothing in the Franchise Agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document.
t. Integration/merger clause	Article X	Only the written terms of the Franchise Agreement are binding (subject to state law). Nothing in the Franchise Agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document. Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Not applicable	Not applicable
v. Choice of forum	Article XI	Litigation must be in the State of Colorado (subject to state law).
w. Choice of law	Article XI	Colorado law applies (subject to state law).

#### **ITEM 18**

#### **PUBLIC FIGURES**

We do not use any public figure to promote our franchise.

#### **ITEM 19**

#### **FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchise and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

As described in Item 6 with regard to the determination of the Royalty Fee, we assign a Tier designation to your territory based on the population and the revenue potential for that territory. Tier 1 locations are in a territory where we determine a franchisee can typically charge our highest rate per organizer, and

Tier 4 locations are in a territory where we determine a franchisee will be required to charge our lowest rate per organizer.

During the time period January 1, 2023 through December 31, 2023 we had 81 franchised outlets in continuous operation and no company or affiliate owned locations. The tables below provide an historic representation of certain information based on our 81 franchised outlets that were in operation as of January 1, 2023 and continued in operation through December 31, 2023. The information is categorized by market size.

Each of the four Tiers had the following number of locations in each Tier and the following range of Gross Service Revenue for the locations within each Tier:

Tier Number of Locations Within Tier Range of Annual Service Revenue

Tier	Number of Locations Within Tier	Range of Annual Service Revenue Within Tier
1	10	\$114,220 - \$420,965
2	26	\$44,286 - \$604,560
3	30	\$24,505 - \$245,107
4	15	\$8,580 - \$209,294
	<b>81</b>	

“Service Revenue” is the “total service revenue generated by franchisees minus any product sales.

**Some Neat Method Franchises have earned this amount. Your individual results may differ. There is no assurance that you will earn as much.**

Written substantiation for the financial performance representation will be made available to the prospective franchisees upon reasonable request.

Other than the preceding financial performance representation, NM Franchise Operations LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Ashley Murphy, 8 White Birch, Littleton, CO 80127, telephone 773-343-3691, the Federal Trade Commission and the appropriate state regulatory agencies.

**ITEM 20**

**OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1  
Systemwide Outlet Summary  
For years 2021-2023**

<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>	<b>Column 4</b>	<b>Column 5</b>
<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2021	72	90	+18
	2022	90	90	0
	2023	90	94	+4
Company-Owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets	2021	72	90	+18
	2022	90	90	0
	2023	90	94	+4

**Table No. 2  
Transfers of Outlets from Franchisees to  
New Owners (other than Franchisor)  
For years 2021-2023**

<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>
<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
California	2021	0
	2022	1
	2023	0
Florida	2021	0
	2022	1
	2023	0
Iowa	2021	0
	2022	1
	2023	0
Indiana	2021	0
	2022	0
	2023	1
North Carolina	2021	0
	2022	0
	2023	1
Pennsylvania	2021	0

Column 1	Column 2	Column 3
State	Year	Number of Transfers
Total	2022	1
	2023	0
	2021	0
	2022	0
	2023	2

**Table No. 3**  
**Status of Franchised Outlets<sup>1</sup>**  
**For years 2021 to 2023**

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Alabama	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	1	0	0	0	0
Arizona	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Arkansas	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
California*	2021	10	3	0	0	0	1	12
	2022	12	2	0	0	0	1	13
	2023	13	3	0	1	0	1	14
Colorado	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	2	0	0	0	0	3
Connecticut	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Florida	2021	7	0	0	0	0	1	6
	2022	6	0	0	0	0	1	5
	2023	5	0	0	0	0	0	5
Georgia	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Idaho	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Illinois	2021	6	1	0	0	0	0	7
	2022	7	0	0	0	0	0	7
	2023	7	0	0	0	0	0	7
Indiana	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	1	1
Iowa	2021	1	1	0	0	0	0	2
	2022	2	1	0	0	0	1	2
	2023	2	0	0	0	0	0	2
Kansas	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Kentucky	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	1	1
	2023	1	0	1	0	0	0	0
Louisiana	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Maryland	2021	1	1	0	0	0	0	2
	2022	2	1	0	0	0	0	3
	2023	3	1	0	0	0	1	3
Massachusetts	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Michigan	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Missouri	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Minnesota	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2023	1	0	0	0	0	0	1
Montana	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Nebraska	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Nevada	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
New Hampshire	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New Jersey	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	1	0	0	0	1	3
New York	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
North Carolina	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	1	2
Ohio	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Oklahoma	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Oregon	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Pennsylvania	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	1	2
	2023	2	0	0	0	0	0	2
Rhode Island	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
South Carolina	2021	0	2	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Tennessee	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3
Texas	2021	9	1	0	0	0	0	10
	2022	10	0	0	0	0	1	9
	2023	9	1	0	0	0	0	10
Utah	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	1	1
	2023	1	0	0	0	0	0	1
Virginia	2021	1	2	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Washington	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Wisconsin	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Total	2021	72	20	0	0	2	0	90
	2022	90	7	0	0	0	7	90
	2023	90	13	2	2	0	5	94

\* Corrected from previous Disclosure Document

**Table No. 4**  
**Status of Company Owned Outlets**  
**For years 2021 - 3**

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Total	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

**Table No. 5**  
**Projected Openings**  
**As of December 31, 2023**

Column 1	Column 2	Column 3	Column 4
State	Franchise Agreements Signed but Outlets Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
N/A	0	0	0

Exhibit F lists the names of all franchisees and the addresses and telephone numbers of their Neat Method Franchises as of the date of this disclosure document.

Listed below are the franchisees who have had an outlet terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recent completed fiscal year or who has not communicated with the franchisor within 10 weeks of the disclosure document issuance date.

Pamela Johnson	Streamline Design Enterprise LLC	8173 C Edge Rock Way	Laurel	MD	20724	<a href="mailto:pamela.johnson@neatmethod.com">pamela.johnson@neatmethod.com</a>	202-717-0144
Kimberly Chelewski	Kimberly 821x2 LLC	2920 Kirkcaldy Lane	Birmingham	AL	35242	<a href="mailto:kimberly.miller@neatmethod.com">kimberly.miller@neatmethod.com</a>	205.745.5661
Krisztina Galambos	Krisztina Galambos LLC	1975 N. Beachwood Drive, Apt. 207	Los Angeles	CA	90068	<a href="mailto:krisztina@neatmethod.com">krisztina@neatmethod.com</a>	206-276-5447
Rachel Sowell	RVS Consulting, LLC	248 Chenoweth Lane, Apt 4	Louisville	KY	40207	<a href="mailto:rachel.sowell@neatmethod.com">rachel.sowell@neatmethod.com</a>	502-767-0061
Caitlyn Horton	NEAT Girl, LLC	16800 Frank Ave	Los Gatos	CA	95032	<a href="mailto:caitlyn.horton@neatmethod.com">caitlyn.horton@neatmethod.com</a>	408-832-6199

Rebekah Haynes	Rebekah Haynes, LLC	2602 North N Street	Midland	TX	79705	rebekah@neatmethod.com	325-668-8669
Anna Lott	All Aligned LLC	956 S Lake Pointe Way	Eagle	ID	83616	anna.lott@neatmethod.com	801-592-4272
Sarah Davis	Think Tidy, LLC	13708 Blooming Orchard Drive	Fishers	IN	46038	sarah.davis@neatmethod.com	317-372-4968

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the System.

During the last three fiscal years, we have not signed any confidentiality clauses with current or former franchisees which would restrict them from speaking openly with you about their experience with us.

Currently, there are no franchisee associations.

#### ITEM 21

#### FINANCIAL STATEMENTS

Exhibit A is our audited financials dated December 31, 2023 December 31, 2022 and December 31, 2021

Our fiscal year end is December 31.

#### ITEM 22

#### CONTRACTS

The following agreements are attached to this disclosure document:

Franchise Agreement	Exhibit B
General Release	Exhibit H
Franchise Disclosure Document Receipts	Exhibit I

#### ITEM 23

#### RECEIPTS

The last pages of this disclosure document, Exhibit I, are a detachable document, in duplicate. Please detach, sign, date and return one (1) copy of the Receipt to us, acknowledging that you received this disclosure document. Please keep the second copy for your records.

**EXHIBIT A**  
**FINANCIAL STATEMENTS**

NM FRANCHISE OPERATIONS, LLC  
AND SUBSIDIARY

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Consolidated Financial Statements  
December 31, 2023, 2022 and 2021

**LENAHAN,  
SMITH, &  
BARGIACHI, P.C.**  

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Certified Public Accountants

NM FRANCHISE OPERATIONS, LLC  
AND SUBSIDIARY

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**LENAHAN,  
SMITH &  
BARGIACHI, P.C.**

Certified Public Accountants

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1080 Brookfield Road  
Memphis, TN 38119  
(901) 684-1100  
FAX (901) 763-0005

Independent Auditors' Report

To the Management Committee  
of NM Franchise Operations, LLC

**Opinion**

We have audited the accompanying consolidated financial statements of NM Franchise Operations, LLC and Subsidiary (the Company) which comprise the consolidated balance sheets as of December 31, 2023, 2022 and 2021, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NM Franchise Operations, LLC and Subsidiary as of December 31, 2023, 2022 and 2021, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of NM Franchise Operations, LLC and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NM Franchise Operations, LLC and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Independent Auditors' Report, continued

**Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NM Franchise Operations, LLC and Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NM Franchise Operations, LLC and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Lenahan, Smith & Bargiachi, P.C.*  
Lenahan, Smith and Bargiachi, P.C.  
Memphis, Tennessee  
April 17, 2024