

# FRANCHISE DISCLOSURE DOCUMENT

**Ringside Development Company d/b/a Bio-One Colorado, Inc.**  
**An Arizona Corporation Authorized to Do Business in**  
**Colorado**  
**5231 S. Quebec Street, Suite 303**  
**Greenwood Village, Colorado 80111**  
**720-463-3004**  
**www.BioOneInc.com**  
**Jason@BioOneInc.com**



The franchise offered is for the establishment and operation of a restoration services business providing residential and commercial removal of regulated and non-regulated bio-medical waste with additional services such as cleaning, disinfecting, hoarding remediation, medical waste, and sharp-instruments removal.

The estimated total investment to begin operations of a Bio-One franchise is ~~\$80,980~~\$85,545 to ~~\$127,480~~\$133,545. This includes ~~\$68,830~~\$72,395 that must be paid to the franchisor or affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all agreements carefully. You must receive this disclosure document at least 14 calendar days before you can 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 Jason OBrien at 5231 S. Quebec Street, Suite 303, Greenwood Village, Colorado 80111, 720-463-3004.

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, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "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. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, DC 20580. You can also visit the FTC's home page at 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 (Exhibit A).

The issuance date is: June \_\_\_\_\_, 7, \_\_\_\_\_ 2019

April 3, 2020

**STATE COVER PAGE**

## 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:

<u>QUESTION</u>	<u>WHERE TO FIND INFORMATION</u>
<b><u>How much can I earn?</u></b>	<u>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 D.</u>
<b><u>How much will I need to invest?</u></b>	<u>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.</u>
<b><u>Does the franchisor have the financial ability to provide support to my business?</u></b>	<u>Item 21 or Exhibit G includes financial statements. Review these statements carefully.</u>
<b><u>Is the franchise system stable, growing, or shrinking?</u></b>	<u>Item 20 summarizes the recent history of the number of company-owned and franchised outlets.</u>
<b><u>Will my business be the only Bio-One business in my area?</u></b>	<u>Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.</u>
<b><u>Does the franchisor have a troubled legal history?</u></b>	<u>Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.</u>
<b><u>What's it like to be a Bio-One franchisee?</u></b>	<u>Item 20 or Exhibit B lists current and former franchisees. You can contact them to ask about their experiences.</u>
<b><u>What else should I know?</u></b>	<u>These questions are only a few things you should look for. Review all 23 terms and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.</u>

## 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 customers, 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 still have obligations to your landlord or other creditors.

### Some States Require Registration

Your state may have a franchise law, or other law, that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. ~~REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT~~ 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 A.

~~Call the~~Your state also may have laws that require special disclosures or amendments be made to your franchise administrator listed in Exhibit A for information about the franchisor, or about franchising in your state.

~~————MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW OUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.~~

~~Please consider the following RISK FACTORS before~~agreement. If so, you buy this franchise:

~~————1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION AND ARBITRATION ONLY IN A LOCATION THAT IS WITHIN 15 MILES OF OUR THEN-CURRENT HEADQUARTERS (CURRENTLY GREENWOOD VILLAGE, COLORADO). OUT OF STATE LITIGATION, ARBITRATION, AND MEDIATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO SUE, ARBITRATE, AND MEDIATE WITH US IN OUR THEN-CURRENT HEADQUARTER'S STATE THAN IN YOUR OWN STATE.~~

~~————2. THE FRANCHISE AGREEMENT STATES THAT THE LAW OF THE STATE IN WHICH THE FRANCHISOR'S CORPORATE OFFICE IS LOCATED (CURRENTLY COLORADO), WILL GOVERN THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.~~

~~————3. IF THE FRANCHISEE IS AN ENTITY, ALL OWNERS OF FRANCHISEE MUST SIGN A GUARANTY OF PAYMENT AND PERFORMANCE IN THE FORM ATTACHED TO THE FRANCHISE AGREEMENT ASSUMING AND AGREEING TO DISCHARGE ALL OF FRANCHISEE'S OBLIGATIONS UNDER THE FRANCHISE AGREEMENT.~~

~~————4. THE TERRITORY IS NOT EXCLUSIVE. YOU MAY FACE COMPETITION FROM OTHER FRANCHISEES, FROM FRANCHISOR OWNED OUTLETS OR FROM OTHER CHANNELS OF DISTRIBUTION OR COMPETITIVE BRANDS FRANCHISOR CONTROLS.~~

~~————5. YOU MUST MAKE MINIMUM ROYALTY OR ADVERTISING FUND PAYMENTS, REGARDLESS OF YOUR SALES LEVELS. YOUR INABILITY TO MAKE THE PAYMENTS, MAY RESULT IN TERMINATION OF YOUR FRANCHISE AND LOSS OF YOUR INVESTMENT.~~

~~————6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.~~

~~————We use now or may use in the future, the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation~~check the State Specific Addenda. See the Table of Contents for the location of the franchiseState Specific Addenda.

**STATE EFFECTIVE DATES**

The following **Special Risks to Consider About This Franchise**

Certain states require that the Franchise Disclosure Document following risk(s) be registered or ~~filed~~ highlighted:

**1. Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Colorado. Out-of-state mediation, arbitration, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and 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 Colorado than in your own state. ~~Wisconsin~~

~~This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:~~

<del>California</del>	<del>Pending</del>
<del>Indiana</del>	<del>August 20, 2019</del>
<del>Michigan</del>	<del>May 7, 2019</del>
<del>Minnesota</del>	<del>September 30, 2019</del>
<del>Rhode Island</del>	<del>August 22,</del> <u>Certain states may</u>
<u>require other risks to be highlighted. Check the “State-Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.</u>	
<del>2019</del>	
<del>Virginia</del>	<del>November 19, 2019</del>
<del>Wisconsin</del>	<del>August 12, 2019</del>

- ~~Connecticut~~ ~~May 30, 2019 (One time filing)~~
- ~~Florida~~ ~~September 13, 2019~~
- ~~Kentucky~~ ~~May 10, 2018 (One time filing)~~
- ~~Nebraska~~ ~~May 8, 2018 (One time filing)~~
- ~~Texas~~ ~~April 10, 2017 (One time filing)~~
- ~~Utah~~ ~~March 4, 2019~~

**NOTICE REQUIRED BY THE STATE OF MICHIGAN  
(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY MICHIGAN  
FRANCHISE INVESTMENT LAW**

**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 prohibition of the right of a Franchisee to join an association of Franchisees.

A requirement that a Franchisee assent to a release, assignment, novation, waiver, or estoppel that deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a Franchise Agreement, from settling any and all claims.

A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee 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.

A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials that have no value to the franchisor 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: (a) the term of the franchise is less than five years, and (b) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbols in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six months advance notice of franchisor's intent not to renew the franchise.

A provision that permits the franchisor 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.

A provision requiring that arbitration or litigation be conducted outside this state. This will not preclude the franchisee from entering into an agreement, at the time of arbitration or litigation, to conduct arbitration or litigation at a location outside this state.

A provision that permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. The subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor 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 the franchisor the right to acquire the assets of a franchise for the market or appraised value and has failed to cure the breach in the manner provided in subdivision (c).

A provision that permits the franchisor to directly or indirectly convey assign or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless a provision has been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisee may request the franchisor to arrange for the escrow of the initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

**THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENFORCEMENT BY THE ATTORNEY GENERAL.**

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, Department of the Attorney General, G. Mennen Williams Building, 7th Floor, 525 W. Ottawa Street, P.O. Box 30212, Lansing, MI 48909, and telephone (517) 335-7622.

**THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN**

Though the State of Michigan intends to enforce the above, we reserve the right to challenge such enforcement.

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## **EXHIBITS**

<u>Exhibit A.</u>	List of State Agencies/Agents for Service of Process
<u>Exhibit B.</u>	Franchise Agreement
<u>Exhibit C.</u>	Table of Contents
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**RINGSIDE DEVELOPMENT COMPANY D/B/A BIO-ONE COLORADO, INC  
FRANCHISE DISCLOSURE DOCUMENT**

**ITEM 1**

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

To simplify the language in this Disclosure Document, the use of the word “we,” “us,” or similar pronouns means the Franchisor Ringside Development Company d/b/a Bio-One Colorado, Inc. “You” and similar pronouns mean the person or corporation, partnership, or other entity (Legal Entity), including your owners, stockholders, or partners, who are buying the right to operate under the Franchise Agreement.

**The Franchisor, Any Parents, and Its Predecessors and Affiliates**

We are an Arizona corporation that was formed on May 28, 2010. We moved our headquarters to Colorado, and filed in Colorado as a foreign corporation on March 24, 2016. We also do business under the name “Bio-One™” and, “The Crime and Trauma Scene Cleaning Franchise™.” Our principal business address is 5231 S. Quebec Street, Suite 303, Greenwood Village, Colorado 80111, 720-463-3004.

We have no parent or predecessor. We have two affiliates.

Our first affiliate is BOR Franchising, LLC, a Colorado limited liability company (BOR Affiliate) that was formed on January 10, 2018. Its address is the same as ours. Our BOR Affiliate offers ~~franchises~~ franchisees the right to open a business that provides water, fire, and mold restoration services. BOR does not offer the services that you will offer as our franchisee, and you will not offer the services that BOR franchisees offer. It has been franchising since January of 2018. As of ~~the Issuance Date of this disclosure~~ December 31, 2019, it has sold ~~three~~ 13 franchised units. It does not franchise in our line of business, and except as stated here, it does not franchise in any other line business.

Our second affiliate is Bio-One IP Group, LLC, a Colorado limited liability company (IP Affiliate) that was formed on May 25, 2018. Its address is the same as ours. We assigned our Mark to our IP Affiliate on June 28, 2018, and our IP Affiliate immediately granted us a license to use the Marks in conjunction with this franchise offering. It does not franchise in this or ~~in~~ any other line business. We may refer to our BOR Affiliate or IP Affiliate as an “Affiliate” or the “Affiliates.”

We do not offer franchises in any other line of business and do not operate a business of the type being offered here.

**The Business**

Under the franchise, we offer you the right to establish and operate a restoration services business providing residential and commercial removal of regulated and non-regulated bio-medical waste with additional services such as cleaning, disinfecting, hoarding remediation, medical waste, and sharp-instruments removal. (Business).

You will be subject to an initial criminal background check before you sign the Franchise Agreement.

This Franchise Disclosure Document (FDD) and the Franchise Agreement describe the terms and conditions for which we currently offer franchises to new franchisees. As the needs of the market change, we will occasionally offer franchises under different terms and conditions.

The “System” is our proprietary, confidential, and trade secret information. The System includes, but is not limited to: the trademarks, service marks, and logos (Marks); the manner and method of training that we deliver to you; the operations manuals (Franchisee Manuals), standards and procedures that you will use in the day-to-day operation of the Business; your client list (Client List), and any copyrighted, trade secret or confidential information owned by us, including this FDD, the Franchise Agreement, and the Franchisee Manuals. You must operate ~~in accordance with~~under our System.

### **Prior Business Experience**

We have been franchising since 2010.

### **Competition and Laws Affecting the Business**

You will be competing against other local and national firms that offer the same or similar services as you may be offering. You will also compete against other franchisees of our system.

Most states and local jurisdictions have enacted laws, rules, regulations, and ordinances, which may apply to the operation of your business, including occupational health and safety, labor, licensing and bonding, insurance, and advertising. You may need to obtain a contractor’s license or technician certification from the Institute of Inspection Cleaning and Restoration Certification (IICRC). You must abide by the requirements of (a) the Payment Industry Data Security Standards (PCI-DSS). You and not, we are solely responsible for adhering to these requirements. You will receive your Bio-One training certification after completion of our training course. Additionally, you may need to obtain other certifications and be a licensed contractor or engineer depending on your local or state requirements. You must investigate and comply with all applicable federal, state, county, and city laws and regulations. You alone are responsible for complying with all applicable laws and regulations.

## **ITEM 2**

### **BUSINESS EXPERIENCE**

#### **President and Member of Board of Directors: Jason OBrien**

Jason OBrien has been our President and CEO since September 6, 2016. From September of 2009 to March 2013, Mr. OBrien operated his own independent restaurant and management training consulting firm located in Las Vegas, Nevada. In April of 2013 and up to the date he joined us, Mr. OBrien founded and operated Red Rock Franchise Ventures LLC, a franchise brokerage firm located in Las Vegas, Nevada.

#### **Franchise Operations and Vice President: Sandi Edds**

Sandi Edds has been the head of Franchise Operation since March 1, 2016. From January 2001 to December 31, 2015, Ms. Edds was employed by Brinker International, located in Dallas, Texas, where she held multiple finance and operational roles.

**Marketing Operations: Sandy Dalrymple**

Sandy Dalrymple has been our Marketing Director since October of 2014. From January 1, 2012, to September 30, 2014, she was employed as an illustrator by Arrow Patent Design located in Parker, Colorado, where she created the illustration portion of patents for a year. Prior to her employment with Arrow Patent Design, she attended the University of North Dakota, where she completed her degree with honors in graphic arts.

**ITEM 3**

**LITIGATION**

On November 7, 2018, the State of California (through the Commissioner of the Department of Business Oversight) and we entered into a “Consent Order” captioned: In the Matter of RINGSIDE DEVELOPMENT COMPANY dba BIO-ONE, INC., for which no case number or similar number was assigned. In the consent, we admitted that we sold a franchise in California without being properly registered. In settling the matter, we paid the state \$2,500 and agreed to desist and refrain from the further offer or sale of franchises in California unless and until the offers have been duly registered with California under the California Franchise Investment Law (Corp. Code, §31000 et seq.) Except as stated here, 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**

The initial franchise fee (IFF) is \$35,000.

We will deliver the Bio-One Application (“Application” - Exhibit H to this FDD) to you at the time you receive this FDD. No earlier than 14-calendar-days after the date that you signed and returned the Receipt (last page of this FDD) (or after any other date that may be defined by state law)), you must complete and return the Application and must pay us the Application Fee of \$1,000. If we disapprove of your Application, your Application Fee will be returned in full. If we accept your Application, it means that you qualify for the award of a franchise. ~~In that event, and even if you do not~~ must sign the Franchise Agreement within 90 days. If you do not sign within that time, your Application Fee is then will become non-refundable. If you sign the Franchise Agreement, your Application Fee will be credited against the IFF.

You are required to purchase from our approved vendor, an affiliate, or us your initial package of equipment, tools, and supplies needed to open your business (QSP Package). The QSP Package includes hand tools, cleaning supplies (including solvents and cleaning liquids), sponges, pails, bio-hazardous-compliant suits, hazardous-waste transport containers, vacuums, shelving for your business vehicle (if shelving is not already installed in the vehicle), and other equipment needed to operate the Business. The cost for the QSP Package ~~\$32,935~~ \$35,000 (QSP Cost) but may increase depending on any extra equipment or supplies you may wish to purchase. You must pay the QSP Cost at the time you pay your IFF.

You will pay us \$895 as your “Technology Startup Fee” ~~which~~that will be used to set up your landing page on our website.

~~You must attend and pass our training program (Item 11). If you attend but fail to complete training to our reasonable satisfaction, we have the right to terminate the Franchise Agreement; except that all restrictive and other covenants that must survive termination in order to remain enforceable, will survive such termination. If we terminate the Franchise Agreement, we will refund \$15,000 of the IFF. The balance is retained to offset our costs and to account for a profit. You will also return the QSP Package to us at your cost, within five days of the termination in new ready to resell condition. Upon its return to us, we will also refund \$15,000 of the QSP Package with the balance being retained to offset our costs to assemble and ship the QSP Package, the cost to receive and reshelve the components, and to account for profit.~~

You are required to take our “OSHA (Occupational Safety and Health Administration) Training” for which you will pay our then-current “OSHA Training Fee” that now is \$1,500. (Item 11).

Except as stated above, all fees are payable in one lump sum, are uniform, and are non-refundable. You pay our Affiliates or us no other fees or payments for services or goods before your Business opens.

### ITEM 6

#### OTHER FEES

TYPE OF FEE (1)	AMOUNT	DUE DATE	REMARKS
Royalty	The greater of \$500 per month (Minimum Royalty) or 7% (Percentage Royalty) of “Gross Sales.” Note 2.	Payable by you on or before the 16th day of each month.	Payable to us by electronic funds transfer (EFT) that is initiated by you through an automated clearinghouse (ACH) transaction.
Franchisee Life Insurance Policy Fee	Our then-current fee that now is \$125 per month per franchisee for each natural-person franchisee, or \$125 per month per equity owner if the franchisee is a business entity.	Payable with Royalty.	See Note 3.
National Branding Fee	Our then-current fee that now is 2% of the Gross Sales.	Payable with Royalty.	Used to fund national branding events and advertising materials. We may increase at any time up to no more than 3% of the Gross Sales. We will give you no less than 60 days prior written notice before any increase. Payable to us.
Local Advertising Fee	The greater of \$1,500 or 5% of Gross Sales.	<u>As incurred.</u> <del>Payable with Royalty.</del>	You pay local suppliers, subject to our approval. The Local Advertising Fee will also be used for internet advertising.

TYPE OF FEE (1)	AMOUNT	DUE DATE	REMARKS
			We may require your expenditures to be used in Regional Advertising Cooperative.
Regional Advertising Cooperative Fee	Currently none. If a Regional Advertising Program is established, you may be required to contribute a specified part of your Local Advertising Fee to the Regional Advertising Cooperative.	Payable with Royalty.	Payable to Cooperative. We have not determined any formula for calculating the percentage of your Local Advertising Fee that would be paid to the Cooperative.
Technology Maintenance Fee	Our then-current fee that now is \$495 per month.	Payable with Royalty.	This covers our cost to maintain your landing page without additional charge to you. We may increase this fee at any time and in any amount after first giving you no less than 60 days prior written notice. Payable to us or our approved vendor or us.
Additional Trainees at Initial Training Fee	<del>Our</del> The then-current fee that is now <del>is</del> \$1,500 plus your travel, room and board. <del>if you travel to us.</del>	<u>14 days before visit.</u> <del>As incurred.</del>	<del>We will train two attendees without tuition. If you wish additional personnel to attend, you must pay this fee. Note 4.</del>
Advanced and Additional Assistance or OSHA Training Fee (Additional Training Fee);	<del>The</del> Our then-current fee that is now \$1,500, plus <del>travel reimbursement if we travel to you; or your travel room and board if you travel to us.</del>	<u>As incurred. 14 days before visit.</u>	Payable to us if you request additional training, or request advanced or extraordinary services, or if we require you to take the same. We have the right to increase this fee by any amount without limitation. <del>We will notify after first giving you 60 days before a new fee is to be collected.</del> <u>prior written notice.</u>
Substitute or New Designated Manager Training Fee	Our then-current fee that now is \$1,500 per person, plus your expense in attending.	14 days before course begins.	Payable to us to train any replacement Designated Manager. We have the right to increase this fee by any amount without limitation after first giving 60 days prior written notice.
<u>Annual Conference Attendance Fee</u>	Our then-current fee that now is <del>\$0</del> <u>\$850.</u>	As incurred	We may increase this at any time and in any amount after giving you no less than 60 days prior written notice.

TYPE OF FEE (1)	AMOUNT	DUE DATE	REMARKS
Additional Conferences, Seminars or Programs	Currently \$-0-	As incurred.	We may offer additional conferences or seminars at a frequency we determine. Some may be mandatory and we may charge tuition. We have no criteria for determining tuition and thus cannot now quote a fee. We will give you no less than 60 days prior written notice before we assess tuition.
Mandatory Non-Attendance Fee	Our then-current fee that now is \$1,500	As incurred.	If attendance at a conference is mandatory, and if you fail to attend, you will pay this fee.
Transfer Fee	\$15,000	At time transfer is to be completed.	Payable to us if you are permitted to transfer your rights to a third party.
Successor Franchise Fee	\$10,000	At time of signing new Franchise Agreement.	Payable to us if you are awarded Successor Franchise Rights at the end of the then-current term. You may be required to sign a Franchise Agreement with terms that are different from those found in your current Franchise Agreement.
QSP Package Maintenance and Renewal Fee	Our then-current fee that now is \$10,000.	As incurred.	See Note 45.
QSP Package Consumables Replacement Inventory	As incurred.	As incurred.	You are required to replace all consumables from the QSP Package as necessary. The replacement inventory is available only from an approved supplier, our affiliate, or us.
System Modification	As incurred.	As incurred.	See Note 56.
Client Service Fee	All <del>cost</del> costs incurred by us in assisting your Clients including our then-current "Client Service Fee" that now is \$0.00.	As incurred.	If a Client complains to us, you must reimburse us if we determine <del>it is necessary for us to provide service your Client directly to your Clients.</del> We have the right to increase the Client Service Fee by any amount without limitation. We will notify you 60 days before a new fee is to be collected.
Indemnification and Cost of Enforcement	Will vary.	As incurred.	You have to reimburse us if we are held liable for any claims arising from your business,

TYPE OF FEE (1)	AMOUNT	DUE DATE	REMARKS
			including any costs we incur to enforce the Franchise Agreement. Payable to us.
Late Fee	Our then-current late fee for failure to timely pay that now is <del>10</del> 15% per annum of the total amount owed.	As incurred.	Payable to us only if you fail to timely pay the Royalty, National Branding Fee, or any other fee due to us.
<del>Audit Expense Fees</del>	<del>Our then-current fee that is now \$750 plus our costs and expenses, including any accountant's fee accountants' and attorneys' fees.</del>	As incurred.	<del>Payable to us only if you understate your Gross Sales by greater than 3%.</del>
Temporary Management Fee	Our then-current fee that now is \$1,500 per day plus our expenses	Each month that it applies.	If you breach the Franchise Agreement, we may temporarily manage your Business. We have the right to increase this fee by any amount without limitation. We will notify you 60 days before a new fee is to be collected. Payable to us.
Taxes	Our costs.	As incurred	See Note <del>6</del> 7.
Approval of New or Substitute Vendor	Our then-current fee that now is \$0.00	As incurred.	We may at any time charge a fee for this service. We may increase this fee by any amount without limitation after giving you 60 days prior written notice.
<u>New Line of Goods, Services or Technology</u>	<u>Will vary.</u>	<u>As incurred.</u>	<u>See Note 8.</u>

1. All fees paid to our Affiliate or us are payable in one lump sum, uniform, fully earned by us, and non-refundable except as stated in Item 5. Any interest charged by us will not exceed that allowed by your state law.

2. ~~a.~~ The Minimum Royalty will never be less than \$500 during the initial term of the Franchise Agreement. It may increase in the 36th month and seventy-second month of the initial term of the Franchise Agreement to reflect an increase in the Consumer Price Index for all urban consumers (CPI-U) as quoted by U.S. Bureau of Labor Statistics.

~~b.~~ “Gross Sales” means all revenue and income generated from the operation of your Business whether received in cash, in services in kind, from barter and/or exchange, on credit (whether or not payment is received), including revenue from Clients you bill directly or otherwise from a billing service, from late fees, from revenue generated that is in excess of the billed amount, and any other amount charged to Clients. You may deduct from Gross Sales all sales tax or similar taxes, which by law, are chargeable to Clients by any taxing authority and are collected by you. You may also deduct from Gross Sales the amount of any documented approved discounts, refunds, and credits.

3. With this fee, we purchase a life insurance policy on the life of each equity owner of the Business. In the event of death or “Permanent Disability” (Franchise Agreement, Article 1)), the proceeds will be used by us to offset our costs in operating and managing your Business until it is sold or is operated by the franchisee’s estate. (Franchise Agreement, Article 9) and Item 8. Any of the proceeds not used will be retained by us.

~~\_\_\_\_\_4~~ 4. We allow two people to take Initial Training. If you wish for more to take it, you will pay our then-current Additional Training Fee.

At least one of the two people that receive Initial Training must complete it before you open. You then have no more than 365 days after your “Opening Date” (Item 11), to send the second trainee to Initial Training. If you do not send a person within that time, Initial Training will be offered at our then-current Additional Training Fee.

Additional Training also includes any additional, advanced, or extraordinary training you request or, if we require it, that you must take.

We have the right to increase this fee by any amount without limitation. We will notify you 60 days before a new fee is to be collected. Payable to us.

~~\_\_\_\_\_5~~ 5. You are required to maintain all of the QSP Package equipment, which must be repaired and replaced as needed to maintain operation. We may require you to replace all of durable tools and equipment supplied with the original QSP Package, no more often than one time ~~each~~ every five years. The content of the package will be available only from an approved supplier, or affiliate, or us. We have the right to increase this fee by any amount without limitation. We will notify you 60 days before a new fee is to be collected.

~~\_\_\_\_\_56~~ 6. We may add new services and new products, and may make other system updates that may result in fees being charged to you. If such changes are made, we will give you no less than 60 days prior written notice before implementing the change or charging a new fee. We each also acknowledge that changes to technology are dynamic and not predictable within the term of this Agreement. ~~In order to~~ To provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we will have the right to establish, in writing, reasonable new standards and fees for the implementation of new technology in the System; and you agree to comply with those reasonable new standards. We will give you no less than 60 days prior written notice before implementing the change or charging a new fee.

~~\_\_\_\_\_67~~ 7. If your state assesses them, and except for our income taxes, you will reimburse us for all taxes we pay for products or services we furnish you, or on our collection of the Initial Franchise Fee, the Royalties advertising contributions, or other fees. We will give you written notice if such a tax is levied and will provide commercially reasonable proof of the calculation of the tax.

~~\_\_\_\_\_8~~ 8. We may, in the future, require all franchisees and you to add new goods or services to those already sold through the Business and to add new technology. If we do this, you may incur additional expenses, some of which may be due to an affiliate, a third party for whom we collect the funds, or us. We have no formula for determining what such costs, fees, or expenses might be, so we cannot give you an estimate of such expenses. If we introduce new lines of goods or services, we will notify you in writing and give you a reasonable time to comply with the changes.

## ITEM 7

**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATE INITIAL INVESTMENT**

<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>
IFF(1)	\$35,000	Lump sum	At signing of Franchise Agreement	Us.
QSP Package	<del>\$32,935</del> <u>\$35,000</u>	Lump sum	At signing of Franchise Agreement	Us.
Technology Startup Fee	\$895	Lump sum	At signing of Franchise Agreement	Us.
Rent and Rental Improvements(2)	\$-0- to \$600	As incurred	Before opening	Landlord.
Furniture, fixtures, and equipment, (3)	\$-0- to \$2,000	As incurred	Before opening	Vendors.
Computer Hardware, Software and Other Electronics (3)	\$500 to \$2,000	As incurred	Before opening	Vendors.
<u>Initial Training Expenses (4)</u>	\$1,000 to \$2,500	As incurred	Before training	Airlines, Hotels, Restaurants.
<u>OSHA Training Fee (4)</u>	<u>\$1,500</u>	<u>As incurred.</u>	<u>Before opening</u>	<u>Us</u>
<u>OSHA Training Expenses (4)</u>	<u>\$1,000 to \$2,500</u>	<u>As incurred</u>	<u>As incurred</u>	<u>US</u>
Business Vehicle (5)	\$-0- to \$30,000	As incurred	Before opening	Vendor
Business Vehicle Tax, Title and License (5)	\$-0- to \$1,500	As incurred	Before opening	State or Local Government
Business Vehicle Insurance (5)	\$150 to \$300	As incurred	Before opening	Insurer
Grand Opening (6)	\$750	As incurred	Before opening	Advertiser
Insurance and Professional Services (7)	\$750 to \$4,000	As incurred	When incurred	Professionals.
Additional Funds - 3 months (8)	\$9,000 to \$15,000	As incurred	When incurred	Used for your personal expenses as needed.
<b>TOTAL (8)</b>	<del><b>\$80,980</b></del> <b><u>\$85,545 to \$127,480</u></b> <b><u>\$133,545</u></b>			

1. Except as stated in Item 5, all fees payable to us are uniform, are payable in one lump sum, and are non-refundable. Fees payable to third parties may or may not be refundable.

2. It is anticipated and intended that you will operate this Business from your home. You may choose to rent space for which we have no criteria. If you decide to rent, you may choose any size property that you wish. This is an estimate of three months of rent for a 150 square foot space in a small office building. If you choose to rent, your rent could be significantly higher, depending upon your location in the country.

3. This is an estimate of the cost you may spend ~~for~~ on a desk, chair, filing cabinet, adding machine, a telephone, and other office equipment. You may already have sufficient equipment. We have no criteria for the furniture, fixtures, or equipment.

You must have a computer system (including hardware and software, which together are referred to as the "Computer System") that meets our requirements. You may already have some or all of this equipment and software. If not, it could cost this amount to purchase. You must purchase an on-line license for QuickBooks Plus for approximately \$30 per month and the latest version of Microsoft Office 365 Home that currently costs about \$10 per month. We have no control over the license fees charged for these software programs, and they may change at any time.

4. This is the approximate amount you may spend for two people to attend training-Initial Training before you open. This includes travel, food, and lodging. You may spend more or less depending upon your location relative to our training center (currently Greenwood Village, Colorado - Item 11), and on the lodging you choose.

You will pay us our then-current OSHA Training Fee before you open. OSHA Training is given once each calendar quarter. (Item 11).

This line item also includes your travel, food, and lodging costs. You may spend more or less depending upon your location relative to our training center (currently Greenwood Village, Colorado).

5. You are required to own, purchase, or lease a late-model Business Vehicle such as a Ford Transit E350 box truck or similar vehicle that is 15 years of age or less. It must be in reasonable mechanical condition, and the body must be free of ~~a-~~material dents, scratches, or rust. The Business Vehicle must be bright white in color. You may already own a vehicle that meets our requirements. You may purchase or lease the Business Vehicle from any source. Your final cost for the Business Vehicle will depend upon the model you choose, its age and condition, and your location in the country.

You must also register the Business Vehicle, pay the taxes for it, and purchase the licenses. You will also be required to insure it. The figure here represents an estimate of the first three months of such insurance. Your costs will depend on the model of vehicle you choose, its age and condition, and your location in the country.

6. You must spend at least this amount on your initial advertising, which will occur within ~~3~~three months of your opening date.

7. This amount includes the initial cost for legal and accounting help and ~~for~~the first 3~~three~~ months of ~~operation~~insurance. You may spend more depending upon your location in the country and the professionals you choose and the purpose for which the person was retained.

8. The estimate of additional funds is for the first ~~3~~three months of capital. The estimate of additional funds does not include an owner's salary or draw. The additional funds required will vary by your management skill, experience, and business acumen, your relative effectiveness as a salesperson, local economic conditions, the local market for your services, competition, and the sales level in your territory that you reach during this period. You may incur other or higher costs or fees. You may also need capital when running the Business that is in addition to what is estimated here. In compiling these estimates, we have relied upon the experience of our principals (Item 2) from operating businesses that are similar to the one being offered to you.

You should carefully review these figures with a business advisor before making any decision.

## **ITEM 8**

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

#### **Required Purchases and System Changes**

You must open and operate your Business ~~in accordance with~~under the System. The specifications necessary to operate under the System include standards for the delivery of the services to the Client, professional standards for operation, criteria for performance, and purchases of required goods and services. These specifications were formulated by us. We may modify any specification as to any good, service, supply, fixture, equipment, inventory, computer hardware, software supplier, or the like, at any time and on a local, regional, or national basis. We may also add and remove vendors at any time.

We may communicate our standards, specifications, and purchase requirements directly to suppliers who wish to supply ~~you~~goods or services to you. We will communicate our standards and specifications to you during training, before you open, during periodic visits to your Business, and through the Franchisee Manuals, and periodic bulletins. We may issue new standards and specifications through written notices. Once you are notified, you must make the change that is specified. We may also add and remove vendors at any time.

We have the right, in our sole discretion and as we may deem in the best interests of the system or a specific franchisee to vary required purchases, standards or specifications based upon that franchisee's qualifications, special circumstances, the demographics of a particular territory, business potential, or any other condition which we deem to be of importance to the successful operation of any particular Business. We will not be required to disclose or grant ~~to you~~ a similar variance.

#### **Required and Approved Suppliers**

You must purchase the QSP Package from our approved vendor, an Affiliate, or us at the time you pay the IFF.

You are also required to maintain all of the QSP Package equipment ~~in order~~ to keep each piece operational. You may be required to replace all of the durable tools and ~~equipment~~ supplied with the original QSP Package, no more often than one time ~~each~~every five years at our then-current QSP Package Maintenance and Renewal Fee. We will notify you 60 days before a new fee is to be collected. The content of the QSP Package used for maintenance or renewal will be available only from an approved supplier, an Affiliate, or us. All consumables (including suits and chemicals) that are delivered as part of the QSP Package must be purchased from our approved vendor, an Affiliate, or us only.

Our approved vendor or we are the only supplier of the services for which the Technology Maintenance Fee is paid.

We are the only supplier of OSHA Training.

When a POS System is required, it must be purchased from our approved vendor, an affiliate, or us. Our approved vendor, affiliate, or we will be the only supplier of the POS System.

If we receive a Client complaint, and if we determine it necessary to service your Client, you will pay us the Client Service Fee. We are the only supplier of this service.

If you breach the Franchise Agreement, we may step in and temporarily manage your business. If we do, you will pay us the Temporary Management Fee. We are the only supplier of these services.

Your Business Vehicle must meet our criteria and standards and must be maintained and replaced as required by the Franchise Agreement and Manuals. It may be purchased or leased from any person or dealer. If the Business Vehicle exceeds 15 years of age at any time during the Initial Term or any Successor Franchise Term, or if we determine that it has not been properly maintained, you may be required to replace it with the then-current Business Vehicle to the one we are requiring require of all new franchisees.

You are required to purchase and maintain the Computer System, which may be purchased from a reputable dealer. You may already own the hardware and software that we require.

We may, in the future, require all franchisees and you to add new goods ~~or~~ services, and technology to those already sold through or used in the Business. If we do this, you may incur additional expenses, costs and fees, some of which may be due to an affiliate, a third party for whom we collect the funds, an approved vendor, or us. If we introduce new lines of goods ~~and~~ services, and technology, we will notify you in writing and give you a reasonable time to comply with the changes, which will not exceed 60 days.

You may purchase any other equipment or materials from ~~any~~ an approved source. The list of approved products and suppliers is published in the Franchisee Manuals.

Except for the goods and services that must be purchased from an affiliate or us, our principals own no interest in any other supplier. Except as stated here, our Affiliate and we are not approved suppliers.

### **Insurance**

~~Prior to~~ Before opening the Business, you will purchase and maintain in full force and effect the following insurance with the following minimum limits:

a. General liability insurance having a combined annual single limit for any form of injury and property damage of \$1,000,000 per occurrence and \$2,000,000 in the aggregate;

b. Automobile liability insurance in reference to the vehicle or vehicles that are used in the operation of the Business, and automobile liability coverage for owned, non-owned, scheduled and hired vehicles having limits for bodily injuries of \$500,000 per person and \$1,000,000 per accident, and property damage limits of \$50,000 per occurrence;

c. Employer's liability and worker's compensation Insurance ~~is mandatory regardless of being~~ required by state law in the state in which the Business is found;

d. Business interruption insurance of not less than \$30,000.00 per month for loss of income and other expenses with a limit of not less than ~~9~~nine months of coverage;

e. Professional liability insurance with coverage of at least \$1,000,000 per occurrence and \$1,000,000 annual aggregate; and,

f. Excess liability umbrella coverage for general and automobile liability coverage ~~in an amount~~ of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate; and,

g. You will also pay us our then-current Franchisee Life Insurance Policy Fees, which we use to purchase a life insurance policy for you that names us as the beneficiary. Upon your death or "Permanent Disability" (Franchise Agreement, Articles 1 and 9), we will use the proceeds from it to manage your Business until the estate disposes of it. Any benefits from the policy that remain after the sale or assumption of the Business will be retained by us.

Although we require certain insurance coverage and may recommend other coverages, we do not guarantee that the required or recommended insurance will be adequate to ~~fully~~ protect your assets fully. You should consult with an insurance professional to determine what coverage, in addition to the minimum required coverage, may be needed for you and your Business.

### **Approval of Alternative Suppliers**

In some cases, you may wish to purchase a required good or service from a supplier that has not been previously approved by us. There is no charge for this service though we reserve the right at any time to charge for this service. We do not maintain written criteria for approving suppliers, and thus, these criteria are not available to you or your proposed supplier. To obtain our approval, you must submit such information as we may reasonably require ~~in order~~ to evaluate the prospective supplier. We will evaluate the submitted information and will provide written notice of our decision to you within 15 days. If, however, no written response is received, the approval is denied. We may grant or deny approval for any reason or ~~for~~ no reason at all. Other than as stated here, we have no other process for approving suppliers.

Approval of alternative suppliers may be revoked by us if we determine in good faith that the goods or services they are supplying no longer meet the quality standards that are in effect at that time.

### **Revenue from Franchisee Purchases**

We received revenue and material considerations because of required purchases. In the year ending December 31, ~~2019~~2018, we earned \$~~738,024~~691,635 in gross revenue from the sale of the QSP Package, which represents approximately ~~23~~19% of our total revenue of \$~~3,177,146~~857,882 for that period. This figure was derived from our audited financial statements found at Exhibit G.

The cost of equipment and supplies purchased through us will represent 50% to 60% of your total purchases to establish the Business and approximately 40% to 60% of your total purchases during the operation of the business.

We do not now, but may in the future, receive rebates and material benefits from vendors with whom you are to do business.

### Cooperatives

Though there is none at this time, we may in the future, develop a regional purchasing cooperative in your area. The purpose of the purchasing cooperative will be to obtain all goods and services at a more competitive price. Upon the creation of the same, you must participate in the program. Any item carried by the cooperative will be of the same quality as then required by us by any other franchisees.

### Negotiated Prices

We have not negotiated prices with some of our vendors for the benefit of the franchisees though we may do so in the future.

### Material Benefits

We do not provide or withhold material benefits to you (including renewal rights or the right to open additional businesses) based on whether you purchase through the sources we designate or approve. However, purchases of unapproved services, the use of unapproved vendors, or supplying unapproved services will be a violation of the Franchise Agreement, and you may be terminated as a result.

## 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.**

<u>OBLIGATION</u>	<u>SECTION OR ARTICLE IN FRANCHISE AGREEMENT</u>	<u>ITEM IN DISCLOSURE DOCUMENT</u>
(a) Site selection and acquisition/lease	2	Items 7 and 11
(b) Pre-opening purchase/leases	2.4	Item 8
(c) Site development and other pre-opening requirements	5	Items 6,7,11
(d) <del>Initial</del> Initial and ongoing training	7	Item 11
(e) Opening	2.1	Item 11
(f) Fees	3	Items 5,6,7
(g) Compliance with standards and policies/operating manual	8	Item 11
(h) Trademarks and proprietary information	6	Items 13 and 14
(i) Restrictions on products/services offered	8.4	Items 11 and 16
(j) Warranty and customer service requirements	Not applicable	Not applicable
(k) Territorial development and sales quotas	Not applicable	Item 12

<u>OBLIGATION</u>	<u>SECTION OR ARTICLE IN FRANCHISE AGREEMENT</u>	<u>ITEM IN DISCLOSURE DOCUMENT</u>
(l) On-going product/service purchases	8.4	Item 8
(m) Maintenance, appearance, and remodeling requirements	Not applicable	Item 11
(n) Insurance	17	Items 7,8
(o) Advertising	3	Items 6,7,11
(p) Indemnification	14	Item 6
(q) Owner's participation/management/staffing	8.9	Items 11 and 15
(r) Records and reports	8.3	Item 11
(s) Inspections and audits	<u>3 and 8</u>	Item 6
(t) Transfer	9	Item 17
(u) Renewal	4	Item 17
(v) Post-termination obligations	11.1	Item 17
(w) Non-competition covenants	15	Item 17
(x) Dispute resolution	16	Item 17
<del>(y) Other: One year limitation of action (Note 1); Guarantee of franchisee obligations (Note 2); Waiver of right to a jury or exemplary, punitive or consequential damages (Note 3)(y)</del> Other:	1, 16, 18	Item 17
<p><del>Notes: 1. The franchisor and the franchisee each agree that he, she or it will be limited to bringing any action against the other within one year of the date that the facts which give rise to the claim were discovered or one year from the date that such facts reasonably should have been discovered (franchise agreement, sections 10.6 and 16.8). This waiver may not be enforceable under federal or state law. 2. The principals of any franchisee that purchases the franchise in a business entity name or (or later converts into a business entity) will be required to sign a personal guaranty (franchise agreement, section 18.10). 3. We both agree to waive the right to a jury trial and waive the right to be awarded exemplary, punitive, or consequential damages (item 17; franchise agreement, sections 10.6 and 16. 8). These waivers may not be enforceable under federal or state law.</del></p>		

### ITEM 10

#### FINANCING

We do not offer direct or indirect financing. We do not guarantee your notes, leases, or obligations.

### ITEM 11

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

Except as stated below, Ringside Development Company, d/b/a Bio One Colorado, Inc is not required to provide you with any assistance.

#### Pre-Opening Assistance

Before you open your business, Ringside Development d/b/a Bio-One Colorado, Inc will,

- a. provide you with the training that is described in this Item 11 (Franchise Agreement, Article 7);
- b. if we have one, provide you with a list of approved suppliers for equipment, goods, and services. (Franchise Agreement, Section 5.2);
- c. loan you one copy of all of the Franchisee Manuals that you need to operate the Business (Franchise Agreement, Section 5.1); ~~and,~~
- d. supply reasonable support by telephone, ~~fax~~text, and email. (Franchise Agreement, Section 5.2); ~~and,~~
- e. offer OSHA Training if a quarterly training session occurs before you open.

Your employees are not our employees, and you are solely responsible for hiring, training, and managing them from day-to-day. Though we train your “Principal Operator” and “Designated Manager” (see Training in this Item 11), we offer no other guidance to your employees.

### **Post-Opening Assistance**

During the operation of your Business, Ringside Development Company, d/b/a Bio-One Colorado, Inc.,

- a. may offer additional conferences, seminars or programs, at a frequency we determine. Some of these seminars or programs may be mandatory, and we may charge tuition (Item 6 and Franchise Agreement, Section 5.3);
- b. ~~will~~may deliver updates to the Franchisee Manuals, the System, the Marks, and ~~in reference to the training provided to you,~~ at a frequency which we determine (Franchise Agreement, Section 5.3);
- c. will review all promotional materials and advertising you wish to use (Franchise Agreement, Section 5.3);
- ~~\_\_\_\_\_d. \_\_\_\_\_~~ will deliver additional training at a location determined by us, if requested by you, and if approved by us. You will pay the travel, room, board, and the then published daily fee for such services (Item 6 and Franchise Agreement, Section 5.3);
- ~~\_\_\_\_\_e\_\_\_\_\_~~ d. may visit and inspect your Business, and use other methods to ensure that you and all other franchisees are delivering quality services and products that conform to the System (Franchise Agreement, Section 5.3);
- ~~f.~~ may provide promotional materials and advertising programs from time to time as we deem appropriate (Franchise Agreement, Section 5.3);
- ~~g.~~ may begin regional cooperative buying and if we do, you may be required to participate (Franchise Agreement, Section 5.3); ~~and~~

hg. may offer reasonable phone, ~~fax~~text, and email assistance as we deem necessary (Franchise Agreement, Section 5.3); and,

h. will offer OSHA Training (Franchise Agreement, Article 7 and Section 5.3).

We may, from time to time, suggest a pricing structure for the services you offer, but you are under no obligation to follow such suggestions. We do not set prices.

### **Schedule for Opening**

Franchisees typically open for business within 30 to 60 days after ~~they sign~~ the Franchise Agreement, is signed by you and us (Effective Date). In all events, you must open within 90 days of the ~~date you sign the Franchise Agreement~~Effective Date. (Opening ~~Deadline~~Date). You will be required to attend ~~training~~Initial Training (as described below in this Item 11) before you open. We may extend the ~~Opening Deadline~~Date for a reasonable time (not to exceed 20 days) in the event factors beyond your reasonable control prevent you from meeting the ~~Opening Deadline~~Date, and you request an extension of time from us. The factors that affect the period required to open the Business may include the ability to obtain, financing, permits, and licensing. ~~Prior to~~Before opening, you must secure all necessary permits and licenses; must purchase or lease, and have installed and have in operating order all of the equipment required; and must obtain and provide evidence of insurance ~~prior to~~before the Opening Date.

### **Optional Assistance**

If requested by you, and if approved by us, we will provide additional training at a location determined by us. You will pay ~~the~~yours and our travel, room, board, and the then-published daily fee for such services. (Franchise Agreement, Section 5.3 and Article 7).

### **Advertising**

#### **Local Advertising and Web Presence**

You are required to spend the greater of \$1,500 or 5% per month of Gross Sales (Local Advertising Fee) on local advertising (Local Advertising). Except as stated below, Local Advertising may take any form that you choose, and you may spend any additional amount you choose.

As part of your Local Advertising, you must purchase internet advertising from Google, Bing, Yahoo, or similar search engine businesses. Before you open, you will inform us of the search engine you choose, and we will set up your account with them. We advise you to make the radius of your search area equal to 70 miles from your Franchised Location. You then have the right to control the cost each month paid to the search engine provider. With your permission, we have the option in our sole discretion to monitor your account to determine how your Local Advertising Fee is used. This is not required, and if we agree to this, we may cease the monitoring at any time. You do not pay us for this service.

We must approve any advertising regardless of the medium into which it is inserted before it is placed. You will deliver the proposed advertising to us no less than 15 calendar days before its insertion into any medium. If you do not receive written notice within the 15 calendar days, the advertising is disapproved.

Unless otherwise approved in writing by us or set forth in the Manual, you will not establish a separate website on the internet. Any uniform resource locator (URL) addresses, email addresses, any

blog, vlogs, social media sites, and the like that you create for the Business also require our approval. Upon expiration or the earlier termination of the Franchise Agreement, the URLs, email addresses, blogs, vlog, social media sites, and the like will belong to us, and you will transfer each to us as we may require.

### **Grand Opening**

During the first three months of operation, you must plan, pay a minimum of \$750 for, and execute an advertising campaign (Grand Opening). We must review and approve your plans for the Grand Opening in the same way that we approve your local advertising.

### **Regional Advertising**

We reserve the right, upon 30 days prior written notice, to allocate all or a portion of your Local Advertising Fee to a regional advertising program (Regional Advertising Cooperative) for the benefit of Businesses located within a market area. We have the right to determine the composition of all market areas included in a particular Regional Advertising Cooperative. If a market region is formed, we will require all franchisees and company-owned and affiliate-owned Businesses to participate. The Regional Advertising Cooperative will be administered by the contributors to it. There will be no governing documents. All advertising for the Regional Advertising Cooperative will be prepared by a local, national or international advertising agency or by us. The Regional Advertising Cooperative will prepare unaudited financial statements and will make them available to all Cooperative participants within 120 days of the year-end. We have the right to change, dissolve, reinstate, or merge any Regional Advertising Cooperatives.

### **National Branding Fee**

We collect 2% of your monthly Gross Sales for national advertising (National Branding Fee). The National Branding Fee will be due at the same time as your Royalty.

The National Branding Fees will be deposited in a separate checking account, savings account, or any other account of our determination (National Branding Account). The National Branding Account is not a trust, and we assume no fiduciary duty in administering it. Any monies not used in any year will be carried to the next year.

The National Branding Account will be administered by us in our sole discretion. The National Branding Fees may be used for all advertising expenditures (including the creation of various advertising and promotional products for use with printed materials, posters, the repayment of loans made for the benefit of Franchisee National Advertising (made by us, an affiliate or a third party), and the creation of other advertising on or in any local, regional, internet or national medium) reasonably intended to benefit some or all franchisees, and for the payment to us of costs related to administering the National Branding Account such as reasonable salaries, administrative costs, costs allocated to any conferences, travel expenses, and overhead.

We make no guarantee that advertising expenditures from the National Branding Account will benefit you or any other franchisee directly, indirectly, or on a pro-rata basis. We will assume no other direct or indirect liability or obligation to you with respect to collecting amounts due to the National Branding Account or with respect to maintaining, directing, or administering the National Branding Account.

Any company-owned Businesses will participate in any national or regional advertising programs on the same basis as franchisee-owned Businesses.

The advertising will be produced by a local, national, or international advertising agency or by us.

Upon your prior written request, we will make available to you an annual unaudited financial statement, no later than 120 days after our year-end. The National Branding Account is ~~unaudited~~ audited.

Though we have no plans now, we reserve the right to increase the amount of the National Branding Fee to no more than 3% of the Gross Sales. We will give you notice of our intent to do this and 60 days to comply.

We intend for the National Branding Fee to be continual and perpetual, but we have the right to form, change, suspend (and subsequently reinstate), merge or terminate it if necessary. We will not close the National Branding Account, however, until all contributions and earnings have been used for the purpose for which they were collected.

For the year ending December 31, ~~2019~~ 2018, we used the National Branding Fees as follows: approximately 45.0% on promotional products, sponsorship events, online marketing and print, press and media advertising; ~~52~~ 51.0% on national service providers and national advertising opportunities; 28.0% on administrative costs including taxes and fees; 15% on the Conference; and approximately 1% on miscellaneous costs. The balance was carried over to the next calendar year. No money was used to ~~advertise~~ advertise for advertising for new ~~franchisee~~ franchisees.

### **Franchise Advisory Council**

We do have a Franchise Advisory Council. —All franchisees are eligible to join our then-current Franchise Advisory Council. Currently, five franchisees that receive the greatest number of votes of all franchisees are placed on the council. The Franchise Advisory Council serves in an advisory capacity only, and we have the right at any time to form, change or dissolve (and then reinstate) Franchise Advisory Council.

### **Computer Requirements**

You will be required to own or purchase the following computer hardware and software (~~together~~ the “Computer System”) in order to operate your Business:

- a. A notebook or desktop computer from any manufacturer that runs on the latest Microsoft Windows platform;
- b. A laser or inkjet printer of any make or model;
- c. The online version of QuickBooks Plus that currently costs approximately \$30 per month;
- d. The online version of Microsoft Office 365 Home that currently costs about \$10 per month; and,
- e. The latest version of Internet Explorer or ~~other~~ another Internet browser that we approve.

~~The computer~~ Computer hardware and software are referred to as the “Computer System.” You may already have a Computer System that is adequate. If not, the Computer System could cost

approximately \$2,000. We have no control over the monthly fees charged for QuickBooks Plus or Microsoft Office 365, and they may change at any time.

You will be required to maintain each component of the Computer System to keep it operational. The cost of and the frequency of such maintenance cannot be estimated as various factors, such as the age of the entire Computer System and its treatment while in operation cannot be determined.

We may also require you to update the Computer System no more often than once every five years. We estimate the cost to be approximately \$2,000. The cost of any such update will vary depending upon your location in the country, the make, and model of computer hardware you choose, and the then-current cost of the required computer software. We may, however, change the configuration of the Computer System (by moving to a tablet or laptop-only configuration, for example) at any time, and if we do, you will be required to comply within 60 days of the date you receive written notice from us.

You are not required to enter into any Computer System maintenance contract.

Your Computer System must at all times be connected to the internet through a high-speed internet portal.

We each also acknowledge and agree that changes to technology are dynamic and not predictable within the term of the Franchise Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we will have the right to establish, in writing, reasonable new standards and fees for the implementation of new technology in the System; and you agree to comply with those reasonable new standards.

We may, in the future, offer a proprietary software or web-based programs that may include accounting, word processing, and other features. This will be delivered to you at no cost. All programs will be compatible with the Windows operating systems.

We may, in the future, require you to purchase a POS System from our approved vendor, an affiliate, or us. We currently have no criteria for the POS System hardware or software and cannot estimate its cost to purchase or maintain. We will give you no less than 60-days prior written notice before requiring you to purchase the POS System.

We will have independent access to your Computer System, except we will never disclose any personal information of a Client. If your databases are passcode protected, you will provide the code to us upon request. The information accessed will include scheduling information, attendees, and the identity of venues at which your services are offered. There are no other contractual limitations on our right to access such information.

### **Franchisee Manual and Table of Contents**

We will loan you one copy of the Franchisee Manual though it will always remain our property. It is part of the System, and it contains our confidential, proprietary, and trade secret information. The Table of Contents of the Franchisee Manual is found in Exhibit C to this Disclosure Document. The Franchisee Manual contains approximately 32 pages.

### **Location Selection**

It is anticipated and expected that you will operate the business out of your home (Franchised Location). We have no criteria or requirements for your Franchised Location, and we provide no other

guidance concerning it. You may decide to lease space for which we have no criteria and will review no lease.

## Training

### Franchisee Initial Training Program

For the first franchise that you buy and before you open for business, your “Designated Manager,” you, or if you are a business entity, your “Principal Operator,” or “Designated Manager” must attend and complete initial training (Initial Training) to our reasonable satisfaction. You may also have one additional trainee (for a total of two). There is At least one of the two must complete Initial Training before you open. You will then have no more than 365 days after the Opening Date to send a second trainee to Initial Training. If each Person completes Initial Training within that time, there will be no tuition-. If however, you send a person after the 365 days, Initial Training will offered at our then-current Additional Training Fee.

If one of the two people that attend Initial Training before opening fails to pass Initial Training, the person will be allowed to take it again at the next available class. There will be no tuition charged for this, but you will pay for these attendees. The purpose of the travel, room, and board. If the trainee fails to pass the second time, then the person will not be permitted to provide any Services that require completion of the Initial Training. If the two people that take Initial Training before opening fail to complete the training is to offer to our reasonable satisfaction, both will be permitted to take it the second time for no additional assistance in the operation of the QSP Package and the Business in general. If tuition. If they both fail to pass Initial Training the second time, we have the right to terminate the Franchise Agreement, except that all restrictive and other covenants of the Franchise Agreement that must survive termination to remain enforceable will so survive. The IFF will not be refunded.

If one person passes Initial Training before opening and the second person attends training within 365 days of the Opening Date, that person must pass Initial Training to our satisfaction. If the person does not pass, the person will be allowed to take it again at the next available class. There will be no tuition charged for this, but you will pay for travel, room, and board. If this person does not pass the second time, then the person will not be permitted to provide any Services that require completion of the Initial Training. Though the person may take the course for the third time, we will charge the then-current Additional Training Fee, and the person will pay for travel, room, and board.

If you wish for more than two people to attend training Initial Training, you will pay our then-current fee for each additional trainee Additional Training Fee plus their travel, room, and board. The “Principal Operator” is the person designated by your business entity to receive our training and to operate the business from day-to-day. The “Designated Manager” is defined as the person, besides your Principal Operator or you, who acts as the general manager of the Business, has been trained by us, and who will operate the Business from day to day.

Initial Training consists of approximately five days of instruction, of which approximately 30 hours are classroom instruction, and 10 hours are on-the-job training. Initial Training may occur is held as needed at our then-current headquarters or at another facility that we designate. You must pay all of your costs for attending training, including travel, lodging, food, and wages.

If you replace your Principal Operator or Designated Manager, the replacement must attend our training-Initial Training. You will pay the then-current fee Designated Manager Training Fee for such training, and you will be responsible for travel, room, board, and wages of the attendee.

~~Training is held as needed, and the~~ The training materials include the Manuals and handouts. ~~There is no charge for training materials.~~

~~Training consists of the following:~~

### TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Sales and Marketing	4	0	Our current headquarters or at another location we designate.
Safety Program	6	4	Our current headquarters or at another location we designate.
Estimating Pricing	4	0	Our current headquarters or at another location we designate.
Product & Equipment Orientation	3	2	Our current headquarters or at another location we designate.
Supplier Presentation	1	0	Our current headquarters or at another location we designate.
Business Management	2	1	Our current headquarters or at another location we designate.
Blood born pathogen	3	1	Our current headquarters or at another location we designate.
OSHA compliance	3	2	Our current headquarters or at another location we designate.
Q & A	4	0	Our current headquarters or at another location we designate.
<b>TOTAL</b>	<b>30</b>	<b>10</b>	

Our trainer is Sandi Edds, whose information is found in Item 2. Ms. Edds operated one of our franchised locations for two years and has been one of our trainers since 2016. From time to time, persons who are active in the operations and administrative side of our business, as well as support staff, may assist in the training.

#### ¶ OSHA Training

~~You (if you fail to complete~~ are a sole proprietor or are the sole equity owner of the business- entity franchisee) or one of your equity owners (if you are a business entity that has two or more equity owners) must attend and also pass OSHA Training. The training, we is given quarterly, so there is no guaranty that the attendee will terminate the Franchise Agreement and be able to take it before opening. In that case, you will deliver the refund take it at the next available time. You will pay the then-current OSHA Training Fee, and you will be responsible for your travel, room, and board. This training must be completed to our reasonable satisfaction. If the attendee fails to pass the OSHA Training, the person will

be required to take it again, until it is passed. In this case, however, you will pay the then-current OSHA Training Fee and will pay for travel, room, and board each time the training is taken.

OSHA Training takes approximately 24 hours over three days, all of which is classroom training. There is no on-the-job training. The materials used in OSHA Training will be handouts that will be delivered at the time you arrive for training. It will be held at our then-current headquarters that is now located in Greenwood Village, Colorado.

**TRAINING PROGRAM**

<b><u>Subject</u></b>	<b><u>Hours of Classroom Training</u></b>	<b><u>Hours of On-the-Job Training</u></b>	<b><u>Location</u></b>
<u>Day 1: Introduction and OSHA Safety Standards</u>	<u>8</u>	<u>0</u>	<u>Greenwood Village, Colorado, or at another location we designate.</u>
<u>Day 2: Continuation of OSHA Safety Standards.</u>	<u>8</u>	<u>0</u>	<u>Greenwood Village, Colorado, or at another location we designate.</u>
<u>Day 3: Completion of OSHA Safety Standards</u>	<u>8</u>	<u>0</u>	<u>Greenwood Village, Colorado, or at another location we designate.</u>
<b><u>TOTAL</u></b>	<b><u>24</u></b>	<b><u>0</u></b>	

Our trainer is Robert Easter. He has been an OSHA certified trainer since 1980 and has trained thousands of people on the subject matter identified in Item 5. above. From time to time, persons who are active in the operations and administrative side of our business, as well as support staff, may assist in the training.

If you replace your Principal Operator or Designated Manager, the replacement must attend Initial Training and OSHA Training if the Person was the one that took OSHA Training. You will pay our then-current fees for such training, and you will be responsible for travel, room, board, and wages of the attendee.

If you request additional, advanced, or extraordinary, ~~or refresher courses or training,~~ or if we require you to take the same it, we may, at our option, charge our then-current per diem fee plus expenses. ~~Additional Training Fee.~~ You will pay are responsible for and your costs for travel, lodging, and food, and any wages paid to attendees.

If you propose to sell or transfer the Business to a third party, part of our approval process will be the requirement that the transferee ~~attend~~ attends the Franchisee Initial Training- and all other training we are then requiring, and that the purchaser or transferee pay for the training at the then-current fees being charged.

**Conference and Training Attendance**

We do have a conference, and attendance is not currently mandatory. We may change this at any time after giving you no less than 60 days prior written notice. You are required to pay the then-current Conference Fee, and you are responsible for the payment of all expenses for your travel, accommodations, food, and other expenses incurred. ~~Though none is now required, we may in the future require an attendance fee.~~ When it is known, you will be provided with the duration of such meeting, as well as its location, the identities of those who will present information at the meeting, and the content of any

information that will be delivered at that time. The conference will be held in a location to be determined by us.

In addition to the conference and though we do not now, we have the right in the future to require your Principal Operator, Designated Manager and you, to attend a local or regional meeting up to ~~two~~ times per year. Though none is now charged, we reserve the right to charge tuition in the future. You, however, are always responsible for all travel and living expenses that are associated with attendance at the same. When it is known, you will be provided with the duration of such meeting, as well as its location, the identities of those who will present information, and a statement of the content to be presented. The meetings will be held in a location to be determined by us.

If attendance at any conference or meeting is mandatory, and if you fail to attend, we may charge you our then-current Mandatory Non-Attendance Fee.

## **ITEM 12**

### **TERRITORY**

You and we will agree upon your Franchised Location before you open. 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.

You may advertise your services anywhere and may service Clients from anywhere, and other franchisees or company-owned or affiliate-owned Businesses have the same rights.

You are not required to meet certain sales volumes or quotas.

You do not receive any special rights to acquire additional franchises. You may, however, apply to purchase additional rights at any time.

You may relocate your Franchised Location after first obtaining our permission.

### **Reservation of Rights**

~~Any affiliate~~Our Affiliates and we reserve the right, among others, to:

- a. own, franchise, or operate businesses that ~~is~~are similar to your Business and uses the Marks and the System at any location;
- b. use the Marks and the System to sell any products or services (which may be similar to those that you will sell) through any alternate channels of distribution. Alternate channels of distribution include the internet, mail order, and catalog sales. You cannot use alternate channels of distribution without our express permission, which may be granted or denied for any reason or ~~for~~no reason at all;
- c. use and license others to use other trademarks, trade names, service marks, logos, copyrighted materials, and methods of operation that are not the same as or confusingly similar to the Marks, that offers goods, services, and related products that may be similar to, or different from, the business operated by you;
- d. purchase, or be purchased by or merge or combine with any business, including a business that competes directly with your Business, wherever located;

e. acquire and convert to our System any businesses offering services and products similar to those offered by you, including such businesses operated by competitors or otherwise operated independently, or as part of, or in association with any other system or chain, whether franchised or corporately owned; and,

f. ~~we~~ retain all other rights not specifically reserved to you in the Franchise Agreement.

Though we can use alternative channels of distribution to make sales of goods, items, and services associated with the System and the Marks, or associated with any other system or trademarks, service marks, trade names, logos, and the like, we have not done so as of the date of this disclosure document. We reserve the right to do so at any time. We do not pay any compensation for soliciting or accepting orders through alternate channels of distribution regardless of the order's proximity to your Franchised Location.

### **ITEM 13**

#### **TRADEMARKS**

We originally registered our Mark on the Principal Register of the United States Patent and Trademark Office (USPTO) as follows:

Registration Number	Description of Mark	Register of the USPTO	Registration Date
4,406,169		Principal	September 24, 2013

On June 28, 2018, this mark was assigned to our IP Affiliate with whom we have a license to use the marks in conjunction with the sale of franchises. The license runs for 10 years and will be automatically renewed for additional 10-year terms so long as we are monitoring our franchisees' use of the Marks in a way that ensures the maintenance of the goodwill associated with the Marks.

There are presently no effective material determinations of, and there is no pending material litigation involving the USPTO, any trademark administrator of any state or federal court, trial and appeal board, or of any federal or state court concerning a claim of interference, infringement, opposition, or cancellation involving any of the Marks. There is no pending federal or state court litigation regarding our use or ownership rights in any Marks that are material to the franchise. All required affidavits have been filed. There are no infringing uses or previous superior rights known to us that can materially affect your use of the Mark in this state or in any other state in which your Business is to be located.

Except as stated above, there are no presently effective agreements that significantly limit our rights to use or sublicense the use of the Marks in any manner material to the franchise.

Our IP Affiliate and we have the right in our sole discretion to control any administrative proceedings or litigation involving a Mark licensed or sublicensed to you under this Franchise Agreement. If you learn of any claim against you for alleged infringement, unfair competition, or similar claims about the Marks, you must promptly notify us. Our IP Affiliate, or we will take the action we deem necessary to defend you. We must indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition, or similar claims about the Marks. We have no

obligation to defend or indemnify you if the claim against you is related to your use of the Marks in violation of the Franchise Agreement.

We have the right to require you to modify or discontinue your use of any of the Marks. If we exercise this right, we will provide all franchisees with advance notice.

We have secured the following Internet domain names: www.BioOneInc.com. Other domain names may be added at our discretion.

~~—————In the event that~~ If our IP Affiliate or we, in our sole discretion, determine it necessary to modify or discontinue use of any proprietary Marks or to develop additional or substitute marks, you will, within a reasonable time after receipt of written notice of such a modification or discontinuation from us, take such action, at your sole expense, as may be necessary to comply with such modification, discontinuation, addition, or substitution.

If you learn that any third party ~~wh~~whom you believe is not authorized to use the Marks and is using them, or any variant of them, you must promptly notify us. We will determine whether we wish to take any action against the third party. You will have no right to make any demand or to prosecute any claim against the alleged infringer. We will not pay any franchisee for exercising these rights.

#### **ITEM 14**

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

We do not own any patents or copyright registrations that are material to the franchise.

We claim common law copyrights and copyright protection in and on all of the components of the System, including, but not limited to, the Franchisee Manuals and related materials, training modules, and techniques, all advertisements in any medium, including the internet, and other promotional and written materials. Along with the Marks, every component of the System is our proprietary, trade secret, and confidential information. Any component of the System will be used by you only as described in the Franchise Agreement. We know of no System copyright infringement that could materially affect you. There are no agreements that limit your use of the System or any copyrighted materials.

We require that you maintain the confidentiality of each component of the System, our Marks, and our copyrighted materials and that you adopt reasonable procedures to prevent unauthorized disclosure of any such information.

We have the right to control any administrative proceedings or litigation involving our System or the copyrighted materials. If you learn of any claim against you for alleged infringement, unfair competition, or similar claims about the Marks, you must promptly notify us. We will take the action we deem necessary to defend you. We must indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition, or similar claims. We have no obligation to defend or indemnify you if the claim against you is related to your use in violation of the Franchise Agreement.

If you learn of, or believe that any other person or entity is using any component of the System or any of our copyrighted materials without our permission, you must immediately notify us in writing. We will take any action that we deem appropriate.

If we in its sole discretion, determine it necessary to modify or discontinue use of any portion of the System or the copyrighted materials, or to develop additional or substitutes for that portion of the

system or the copyrighted materials, you will, within a reasonable time after receipt of written notice of such a modification or discontinuation from us, take such action, at your sole expense, as may be necessary to comply with such modification, discontinuation, addition, or substitution.

You may never during the term of the Franchise Agreement, or at any time after the termination or expiration of the Franchise Agreement, reveal any component of the Marks or our System to any person or entity, and you cannot use it for any other business. You may not copy any portion of the System or the Marks unless we specifically authorize it in writing. All persons affiliated with you must sign a Confidentiality and Non-competition Agreement, which is attached to the Franchise Agreement as an exhibit.

In operating your Business, you will create a list of names and other identifying information of Clients that have used your services. (Client List). You agree that the Client List was obtained through the use of the System and the Marks. As a result, the Client List is and will remain the sole and exclusive property of the Franchisor. At the termination of this Franchise Agreement for any reason, said lists will be remain the sole and exclusive property of the Franchisor.

#### **ITEM 15**

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

Your Principal Operator, Designated Manager, or you, must complete our training, and must personally participate in the direct operation of your Business. Your manager, if you have one, must abide by all confidentiality requirements of the franchise agreement and may be required to sign our then-current confidentiality and non-competition agreement.

If you purchase the Franchise Agreement through a business entity, or if you convert to a business entity other than a sole proprietorship, each individual who owns an interest in the business entity must sign a personal guaranty that includes an agreement that each signor will abide by all restrictive covenants and discharge all obligations of the franchisee under the Franchise Agreement.

#### **ITEM 16**

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

You must sell all of, and only those products and services approved by us and may not use the Business, Systems, or Marks for any other purposes.

We have the right to add, delete, change, or supplement the types of services that you provide, and there are no limits on our right to do so. If we add, delete, change, or supplement the types of services, we will provide you with no less than 60 days written notice by which to comply.

#### **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:**

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	4	10 years.
b. Renewal or extension of the term	4	One additional five-year term if all obligations for Successor Franchise Rights are met.
c. Requirements for franchisee to renew or extend	4	You must provide notice, you must have no outstanding material defaults or money owed, you must not have had more than three default notices, we must not have determined in our Reasonable Business Judgment not to renew, you must sign the then-current Franchise Agreement that may have terms and conditions that are materially different from your original Franchise Agreement, and you will pay a fee.
d. Termination by franchisee	Not Applicable	Not Applicable
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	10	We can terminate only if you default. See g and h below.
g. "Cause" defined - curable defaults	10	Failure to pay fees after five days notice; 30 days to cure any defaults under the Franchise Agreement except for those described in (h) below. We have the right to manage business temporarily.
h. "Cause" defined - non-curable defaults	10	Non-curable defaults: bankruptcy, abandonment, felonies or offenses involving moral turpitude, civil matters that may affect the goodwill of the System or Proprietary Information, a negative report on a credit check, misuse of Marks or System, breaches beyond three even if cured, unapproved transfers, violation of the law, an arrest or criminal charge, underreporting, failure to cure material misrepresentation, failure to meet any other cure requirement found in the Franchise Agreement. We have the right to manage business temporarily.
i. Franchisee's obligations on	11	Obligations include; deidentification,

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
termination/non-renewal		payment of amounts due, cessation of use of trademarks and Proprietary Information, and return of all materials (see r. below).
j. Assignment of contract by franchisor	9	No restriction on franchisor's right to assign.
k. "Transfer" by franchisee - defined	9	Sale, assignment, gift, pledge, mortgage, transfer because of dissolution of marriage, civil union or partnership, or other disposition of any part of the Franchise Agreement, ownership of the franchisee or the Business.
l. Franchisor approval of transfer by franchisee	9	Transferee has <u>completed a background check and has the financial resources- necessary to operate the Business.</u> We have 30 days right of first refusal; transferee pays for training (Item 6).
m. Conditions for franchisor approval of transfer	9	Must be in compliance; must pay a fee; must not be in breach; new franchisee qualifies, you must have no outstanding defaults or money owed, you must provide terms to us, new franchise must have signed current Franchise Agreement and have attended training, transfer fee paid, you must have signed release.
n. Franchisor's right of first refusal to acquire franchisee's business	9	30 days on the same terms as the bona fide offer.
o. Franchisor's option to purchase your business	9	We have the option upon expiration or termination to purchase a part or all of <u>the hard assets of the Business</u> for fair market value before you offer to a third party.
p. Death or disability of franchisee	9	Franchise must be assigned by the estate to approved transferee within 180 days of death or disability.
q. Non-competition covenants during the term of the franchise	15	No involvement in competing business.
r. Non-competition covenants after the franchise is terminated or expires	15	No competing business for 36 full months that is within 70 miles of your Franchised Location, or within 70 miles of the Franchised Location of another franchisee or an affiliate-owned or company-owned Business.
s. Modification of the agreement	15 and 18	No modifications generally but

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		Franchisee Manuals subject to change.
t. Integration/merger clause	18	Only the terms of the Franchise Agreement and its attachments are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	10 and 16	Except for certain claims, all disputes will be subject to arbitration (if the mandatory face-to-face meeting and mediation do not resolve issue). Meetings, mediation and arbitration to be conducted within 15 miles of our then-current headquarters.
v. Choice of forum	10 and 16	Subject to state law, meeting <sup>1</sup> , mediation <sup>2</sup> , or arbitration or State/Federal Courts in the state in which our then-current headquarters is located that now <del>located</del> is Greenwood Village, Colorado.
w. Choice of Law	10 and 16	Subject to state law, the state law of our then-current headquarters that now is Colorado.

### **ITEM 18**

#### **PUBLIC FIGURES**

No public figure receives any compensation or other benefit arising from the use of the public figure in the franchise name or symbol. Further, no public figures endorse or recommend this franchise opportunity. There are no public figures involved in our management.

### **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 franchised 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.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. 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 Jason OBrien at 5231 S. Quebec Street, Suite 303, Greenwood Village, Colorado 80111, 720-463-3004 or jason@biooneinc.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20**

**OUTLETS AND FRANCHISEE INFORMATION**

If multiple events occurred that affected an outlet, the tables below show the event that occurred last.

**Table No. 1  
Systemwide Outlet Summary  
for the years ~~2016~~2017 through ~~2019~~2018**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the end of the Year	Column 5 Net Changes
<b>Franchisee Owned</b>	<del>2016</del> 2017	24	<u>2450</u>	<u>+026</u>
	<del>2017</del> 2018	<u>2450</u>	<u>5074</u>	<u>+2624</u>
	<del>2019</del> 2018	<u>5074</u>	<u>7490</u>	<u>+2416</u>
<b>Company Owned</b>	<del>2016</del> 2017	0	0	0
	<del>2017</del> 2018	0	0	0
	<del>2019</del> 2018	0	0	0
<b>Total Outlets</b>	<del>2016</del> 2017	24	<u>2450</u>	<u>+026</u>
	<del>2018</del> 2017	<u>2450</u>	<u>5074</u>	<u>+2624</u>
	<del>2019</del> 2018	<u>5074</u>	<u>7490</u>	<u>+2416</u>

**Table No. 2**

**Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor)  
for the years ~~2016~~2017 through ~~2019~~2018**

Column 1-State	Column 2-Year	Column 3 - Number of Transfers
<b>Arizona</b>	<del>2017</del>	<u>0</u>
	<del>2018</del>	<u>0</u>
	<del>2019</del>	<u>1</u>
<b>Colorado</b>	<del>2017</del> 2016	0
	<del>2017</del>	<u>0</u>
	2018	1
	<del>2019</del>	<u>1</u>
<b>Georgia</b>	<del>2017</del> 2016	<u>0</u> 1
	<del>2017</del>	<u>0</u>
	2018	1
<b>Maryland</b>	<del>2019</del> 2016	<u>1</u> 0
<b>Massachusetts</b>	2017	0
	2018	0

Column 1-State	Column 2-Year	Column 3 - Number of Transfers
	<u>2019</u>	<u>1</u>
Nevada	<del>2017</del> <u>2016</u>	<del>0</del> <u>1</u>
	<del>2018</del> <u>2017</u>	<del>1</del> <u>0</u>
	<del>2019</del> <u>201</u>	0
Texas	<del>2017</del> <u>2016</u>	<del>0</del> <u>2</u>
	<del>2016</del>	<u>2</u>
	2018	0
	<u>2019</u>	<u>0</u>
Total		
	<del>2016</del> <u>2017</u>	<u>14</u>
	<del>2018</del> <u>2017</u>	<u>32</u>
	<del>2019</del> <u>2018</u>	<u>23</u>

**Table No. 3**  
**Status of Franchised Outlets**  
**for the years ~~2016~~2017 through ~~2019~~2018**

Column 1 State	Column 2 Year	Column 3 Franchises at the Start of the Year	Column 4 Franchises Opened	Column 5 Terminations	Column 6 Non-renewals	Column 7 Recquired by Franchisor	Column 8 Ceased Operation - other reasons	Column 9 End of the Year
AZ	<del>2017</del> <u>2016</u>	<del>10</del> <u>10</u>	<del>0</del> <u>2</u>	0	0	0	<del>10</del> <u>10</u>	<del>0</del> <u>2</u>
	<del>2016</del> <u>2018</u>	<del>0</del> <u>2</u>	2	0	0	0	0	<u>24</u>
	<del>2018</del> <u>2019</u>	<u>24</u>	<u>21</u>	0	0	0	0	<u>45</u>
AL								
	<del>2016</del> <u>2017</u>	<del>0</del> <u>1</u>	<del>1</del> <u>0</u>	0	0	0	0	1
	<del>2018</del> <u>2017</u>	1	0	0	0	0	0	1
	<del>2018</del> <u>2019</u>	1	<del>0</del> <u>1</u>	0	0	0	0	<u>12</u>
AR								
<del>AR</del>	<del>2016</del> <u>2017</u>	0	0	0	0	<u>0</u>	0	0
	<del>2017</del>	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	<u>2019</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
CA								
	<del>2016</del> <u>2017</u>	<del>21</del> <u>21</u>	0	0	0	0	<del>10</del> <u>10</u>	1
	<del>2018</del> <u>2017</u>	1	0	0	0	0	<del>0</del> <u>1</u>	<u>10</u>
	<del>2018</del> <u>2019</u>	<u>10</u>	0	0	0	0	<u>10</u>	0
CO								
	<del>2016</del> <u>2017</u>	<del>21</del> <u>21</u>	<del>0</del> <u>2</u>	0	0	0	<del>10</del> <u>10</u>	<u>13</u>
	<del>2017</del> <u>2018</u>	<u>13</u>	2	0	0	0	<u>10</u>	<u>35</u>
	<del>2018</del> <u>2019</u>	<u>35</u>	<u>21</u>	0	0	0	0	<u>56</u>
CT								
<del>CT</del>	<del>2016</del> <u>2017</u>	0	0	0	0	0	0	0
	<del>2018</del> <u>2017</u>	0	<del>0</del> <u>1</u>	0	0	0	0	<del>0</del> <u>1</u>
	<del>2018</del> <u>2019</u>	<u>1</u>	<u>1</u>	<u>1</u>	0	0	0	<u>1</u>
DC								
	<del>2016</del> <u>2017</u>	1	0	0	0	0	0	1
	<del>2017</del> <u>2018</u>	1	0	0	0	0	0	1
	<del>2018</del> <u>2019</u>	1	0	0	0	0	0	1
FL								

Column 1 State	Column 2 Year	Column 3 Franchises at the Start of the Year	Column 4 Franchises Opened	Column 5 Terminations	Column 6 Non- renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operation - other reasons	Column 9 End of the Year
	<del>2016</del> 2017	<u>12</u>	<u>23</u>	0	0	0	0	<u>25</u>
	<del>2017</del> 2018	<u>25</u>	<u>31</u>	0	0	0	<u>10</u>	<u>56</u>
	<del>2018</del> 2019	<u>56</u>	<u>14</u>	0	0	0	0	<u>610</u>
GA	<del>2016</del> 2017	<u>21</u>	<u>02</u>	0	0	0	<u>10</u>	<u>13</u>
	<del>2017</del> 2018	<u>13</u>	2	0	0	0	0	<u>35</u>
	<del>2018</del> 2019	<u>35</u>	2	<u>01</u>	0	0	0	<u>56</u>
HI/A	<del>2016</del> 2017	<u>10</u>	0	0	0	0	<u>10</u>	0
	<del>2017</del> 2018	0	0	0	0	0	0	0
	<del>2018</del> 2019	0	<u>01</u>	0	0	0	0	<u>01</u>
ID	<del>2016</del> 2017	0	<u>01</u>	0	0	0	0	<u>01</u>
	<del>2017</del> 2018	<u>01</u>	1	0	0	0	0	<u>12</u>
	<del>2018</del> 2019	<u>12</u>	<u>10</u>	0	0	0	0	2
IL	<del>2016</del> 2017	1	0	0	0	0	0	1
	<del>2017</del> 2018	1	0	0	0	0	0	1
	<del>2018</del> 2019	1	0	0	0	0	0	1
<del>IN</del>								
KS	<del>2016</del> 2017	0	0	0	0	0	0	0
	<del>2017</del> 2018	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<del>2018</del> 2019	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
KS	<del>2016</del> 2017	0	0	0	0	0	0	0
	<del>2017</del> 2018	0	1	0	0	0	0	1
	<del>2018</del> 2019	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
KY	<del>2016</del> 2017	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<del>2017</del> 2018	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<del>2018</del> 2019	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
MA	<del>2016</del> 2017	<u>10</u>	0	0	0	0	<u>10</u>	0
	<del>2017</del> 2018	0	<u>01</u>	0	0	0	<u>10</u>	<u>01</u>
	<del>2018</del> 2019	<u>01</u>	0	0	0	0	0	<u>01</u>
MI	<del>2016</del> 2017	<u>02</u>	<u>20</u>	0	0	0	0	2
	<del>2017</del> 2018	2	<u>01</u>	0	0	0	0	<u>23</u>
	<del>2018</del> 2019	<u>23</u>	<u>10</u>	0	0	0	0	3
MD	<del>2016</del> 2017	<u>10</u>	0	0	0	0	<u>10</u>	0
	<del>2017</del> 2018	0	0	0	0	0	0	0
	<del>2018</del> 2019	0	0	0	0	0	0	0
MN	<del>2016</del> 2017	0	0	0	0	0	0	0
	<del>2017</del> 2018	0	<u>01</u>	0	0	0	0	<u>01</u>
	<del>2018</del> 2019	0	<u>10</u>	0	0	0	0	<u>10</u>
MO	<del>2016</del> 2017	<u>12</u>	1	0	0	0	0	<u>23</u>

Column 1 State	Column 2 Year	Column 3 Franchises at the Start of the Year	Column 4 Franchises Opened	Column 5 Terminations	Column 6 Non- renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operation - other reasons	Column 9 End of the Year
	<del>2017</del> 2018	<u>23</u>	<u>40</u>	0	0	0	0	3
	<del>2018</del> 2019	3	<u>01</u>	0	0	0	0	<u>34</u>
MS	<del>2016</del> 2017	0	<u>01</u>	0	0	0	0	<u>01</u>
	<del>2017</del> 2018	<u>01</u>	<u>40</u>	0	0	0	0	1
	<del>2018</del> 2019	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
MT	<del>2018</del> 2017	<u>40</u>	<u>40</u>	0	0	0	0	<u>40</u>
	<del>2018</del> 2018	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<del>2018</del> 2019	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NE	<del>2017</del> 2017	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<del>2018</del> 2018	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<del>2018</del> 2019	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
NC	<del>2016</del> 2017	<u>40</u>	<u>01</u>	0	0	0	<u>40</u>	<u>01</u>
	<del>2018</del> 2018	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>1</u>
	<del>2018</del> 2019	<u>1</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
NH	<del>2017</del> 2017	0	<u>40</u>	0	0	0	0	<u>40</u>
	<del>2018</del> 2018	<u>40</u>	1	0	0	0	<u>40</u>	1
	<del>2018</del> 2019	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
NJ	<del>2017</del> 2017	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<del>2018</del> 2018	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<del>2018</del> 2019	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
NM	<del>2017</del> 2017	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<del>2018</del> 2018	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<del>2018</del> 2019	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
NV	<del>2016</del> 2017	1	<u>01</u>	0	0	0	0	<u>42</u>
	<del>2017</del> 2018	<u>42</u>	1	0	0	0	0	<u>23</u>
	<del>2018</del> 2019	<u>23</u>	<u>0</u>	0	0	0	0	<u>3</u>
NY	<del>2016</del> 2017	1	<u>40</u>	0	0	0	<u>40</u>	1
	<del>2017</del> 2018	1	0	0	0	0	0	1
	<del>2018</del> 2019	1	0	0	0	0	0	1
OH	<del>2016</del> 2017	<u>01</u>	<u>42</u>	0	0	0	0	<u>43</u>
	<del>2017</del> 2018	<u>43</u>	<u>21</u>	0	0	0	0	<u>34</u>
	<del>2018</del> 2019	<u>34</u>	<u>1</u>	<u>01</u>	0	0	0	<u>4</u>
OK	<del>2017</del> 2016	<u>40</u>	<u>01</u>	0	0	0	<u>40</u>	0
	<del>2017</del> 2018	<u>01</u>	1	0	0	0	0	<u>42</u>
	<del>2018</del> 2019	<u>42</u>	<u>40</u>	0	0	0	0	2
OR	<del>2016</del> 2017	<u>01</u>	0	0	0	0	0	<u>01</u>
	<del>2017</del> 2018	1	<u>01</u>	0	0	0	0	<u>42</u>

Column 1 State	Column 2 Year	Column 3 Franchises at the Start of the Year	Column 4 Franchises Opened	Column 5 Terminations	Column 6 Non- renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operation - other reasons	Column 9 End of the Year
	<del>2018</del> 2019	<del>12</del>	1	<del>0</del> 1	0	0	0	2
PA								
	<del>2016</del> 2017	1	<del>0</del> 1	0	0	0	0	<del>1</del> 2
	<del>2017</del> 2018	<del>1</del> 2	1	0	0	0	0	<del>2</del> 3
	<del>2018</del> 2019	<del>2</del> 3	<del>1</del> 0	0	0	0	0	3
SC								
	<del>2016</del> 2017	<del>0</del> 1	1	0	0	0	0	<del>1</del> 2
	<del>2017</del> 2018	<del>1</del> 2	<del>1</del> 0	0	0	0	0	2
	<del>2018</del> 2019	2	0	0	0	0	0	2
TN								
	<del>2016</del> 2017	0	<del>1</del> 2	0	0	0	<del>1</del> 0	0
	<del>2017</del> 2018	<del>0</del> 2	<del>1</del> 2	0	0	0	0	<del>2</del> 3
	<del>2018</del> 2019	<del>2</del> 3	<del>1</del> 0	<del>0</del> 1	0	0	0	<del>3</del> 2
TX								
	<del>2016</del> 2017	4	<del>3</del> 5	0	0	0	<del>3</del> 0	4
	<del>2017</del> 2018	<del>4</del> 9	<del>5</del> 0	0	0	0	<del>3</del> 0	9
	<del>2018</del> 2019	9	0	0	0	0	0	9
UT								
	<del>2016</del> 2017	<del>0</del> 1	<del>1</del> 0	0	0	0	0	1
	<del>2017</del> 2018	1	0	0	0	0	0	1
	<del>2018</del> 2019	1	0	0	0	0	0	1
VA	<del>2016</del> 2017	0	0	0	0	0	0	0
	<del>2017</del> 2018	0	<del>0</del> 2	0	0	0	0	<del>0</del> 2
	<del>2018</del> 2019	<del>0</del> 2	<del>0</del> 2	0	0	0	0	2
WA								
	2017	<del>0</del> 1	<del>1</del> 0	0	0	0	0	1
	<del>2016</del> 2018	1	0	0	0	0	0	1
	<del>2018</del> 2019	1	0	0	0	0	0	1
WI								
	<del>2016</del> 2017	<del>1</del> 0	0	0	0	0	<del>1</del> 0	0
	<del>2018</del> 2017	0	0	0	0	0	0	0
	<del>2018</del> 2019	0	<del>0</del> 1	0	0	0	0	<del>0</del> 1
Totals								
	<del>2016</del> 2017	24	<del>1</del> 626	0	0	0	<del>1</del> 60	<del>2</del> 450
	<del>2018</del> 2017	<del>2</del> 450	26	0	0	<del>0</del> 1	<del>0</del> 1	<del>5</del> 074
	<del>2018</del> 2019	<del>5</del> 074	<del>2</del> 621	<del>0</del> 5	0	0	<del>2</del> 0	<del>7</del> 490

**Table No. 4**  
**Status of Company/Affiliate-Owned Outlets For the Years ~~2016~~2017 through 2019~~2018~~**

Column 1 State	Column 2 Year	Column 3 Outlets as the start of the year	Column 4 Outlets Opened	Column 5 Outlets reacquired from franchisee	Column 6 Outlets closed	Column 7 Outlets sold to franchisees	Column 9 Outlets at the End of the Year
None	<del>2016</del> 2017	0	0	0	0	0	0
	<del>2018</del> 2017	0	0	0	0	0	0
	<del>2018</del> 2019	0	0	0	0	0	0
Totals	<del>2016</del> 2017	0	0	0	0	0	0
	<del>2018</del> 2017	0	0	0	0	0	0
	<del>2018</del> 2019	0	0	0	0	0	0

**Table No. 5**  
**Projected Openings**  
**As Of December 31, ~~2019~~2018**

Column 1 State	Column 2 Franchise Agreements Signed but not Opened	Column 3 Projected new Franchise Outlets in the Next Fiscal Year	Column 4 Projected New Company- Owned Outlets in the Current Fiscal Year
<del>NC</del> Arizona	1	0	0
<del>WI</del> Florida	1	<del>+0</del>	0
New Jersey	<u>1</u>	<u>0</u>	<u>0</u>
Rhode Island	<u>1</u>	<u>0</u>	<u>0</u>
<b>TOTALS</b>	<u>24</u>	<u>+0</u>	<b>0</b>

Exhibit D lists the names of all franchisees and the addresses and telephone numbers of their outlets as of December 31, ~~2019~~2018. Exhibit D also lists the name, city, and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this Franchise Disclosure Document.

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

Franchisees have signed Confidentiality Agreements during the past three years. In some instances, current or former franchisees signed provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that all such franchisees will not be able to communicate with you.

Exhibit E lists, to the extent known, the names, addresses, telephone numbers, e-mail address and web address of each trademark-specific franchisee organization associated with the franchise system being offered that we have created, sponsored, or endorsed and -the independent franchisee organizations that have asked to be included in this disclosure document.

## **ITEM 21**

### **FINANCIAL STATEMENTS**

Attached to this Disclosure Document as Exhibit G are our audited financial statements as of December 31, 2016, ~~December 31, 2017~~, December 31, 2018, and December 31, 2019. ~~2017, and December 31, 2018.~~ Also attached at Exhibit G are the unaudited financial statements through June 30 2019. ~~PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED OUR STATEMENTS OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONSENT OR FORM.~~

## **ITEM 22**

### **CONTRACTS**

Attached to this Disclosure Document are the following franchise-related contracts:

Exhibit B Franchise Agreement and Exhibits as follows:

<b>Exhibit 1</b>	<b>Initial Franchise Fee and Statement of Ownership</b>
<b>Exhibit 2</b>	<b>Franchised Location</b>
<b>Exhibit 3</b>	<b>Release for Criminal and Credit Check</b>
<b>Exhibit 4</b>	<b>General Release</b>
<b>Exhibit 5</b>	<b>Collateral Assignment of Contact and Electronic Information</b>
<b>Exhibit 6</b>	<b>State Addenda</b>
<b>Exhibit 7</b>	<b>Guaranty</b>
<b>Exhibit 8</b>	<b>Closing Acknowledgement</b>

## **ITEM 23**

### **RECEIPT**

The Receipt is found at the end of this booklet as Exhibit I.

**EXHIBIT A**  
**STATE AGENCIES**

## **Names and Addresses of State Regulatory Authorities and Registered Agents in States**

The following is a list of state administrators responsible for registration of these states. We may register in one or more of these states.

### California

Department of Business Oversight  
One Sansome Street, Ste. 600  
San Francisco, CA 94104

Department of Business Oversight  
320 W. 4<sup>th</sup> Street, Suite 700  
Los Angeles, California 90013

Department of Business Oversight  
1515 K. Street, Suite 200  
Sacramento, California 95814  
(866) 275-2677 Toll-Free

### Connecticut

Connecticut Banking Commissioner  
Department of Banking  
Securities & Business Investments Division  
260 Constitution Plaza  
Hartford, Connecticut 06103  
(860) 240-8299

### Florida

Division of Consumer Services  
Attn: Business Opportunities  
2005 Apalachee Parkway  
Tallahassee, Florida 32399-6500

### Hawaii

Commissioner of Securities  
Department of Commerce & Consumer Affairs  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813  
(808) 586-2722

### Illinois

Illinois Attorney General  
500 South Second Street  
Springfield, Illinois 62706

### Indiana

Indiana Secretary of State  
Securities Division  
302 West Washington Street, Room E-111  
Indianapolis, Indiana 46204

### Kentucky

Office of the Attorney General  
Consumer Protection Division

Attn: Business Opportunity  
1024 Capital Center Drive  
Frankfort, Kentucky 40601-8204

Maine

Department of Professional and Financial Regulations  
Bureau of Banking  
Securities Division  
121 Statehouse Station  
Augusta, Maine 04333

Maryland

Office of the Attorney General  
Securities Division  
200 St. Paul Place  
Baltimore, Maryland 21202

Michigan

Department of the Attorney General  
Consumer Protection Division, Franchise Unit  
P.O. Box 30213  
G. Mennen Williams Building  
Lansing, Michigan 48909

or

525 W. Ottawa Street  
G. Mennen Williams Bldg, 1st Floor  
Lansing, MI 48913

Minnesota

Minnesota Department of Commerce  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, Minnesota 55101

Nebraska

Nebraska Department of Banking and Finance  
Commerce Court  
1230 O Street, Suite 400  
Lincoln, Nebraska 68509

New York

Bureau of Investor Protection and Securities  
New York State Department of Law  
28 Liberty Street  
New York, New York 10005

North Carolina

Secretary of State  
Securities Division  
Old Revenue Complex  
2 South Salisbury Street  
Raleigh, North Carolina 27601

North Dakota

North Dakota Securities Department

600 East Boulevard Avenue  
State Capitol – 5<sup>th</sup> Floor  
Department 414  
Bismarck, North Dakota 58505-0510  
(701) 328-4712

Rhode Island and Providence Plantations  
Department of Business Regulation  
~~John O. Pastore Complex~~  
1511 Pontiac Avenue  
~~Bldg. 69, First Floor 68-2~~  
Cranston, RI Rhode Island 02920

South Carolina  
Office of the Secretary of State  
1205 Pendleton Street  
Edgar Brown Building, Suite 525  
Columbia, South Carolina 29201

South Dakota  
~~Department of Revenue and Regulation~~  
Division of Insurance  
Securities Regulations  
~~445 East Capitol Avenue~~  
124 S. Euclid, Ste. 104  
Pierre, South Dakota 57501

Texas  
Office of the Secretary of State  
Statutory Document Section  
1019 Brazos Street  
Austin, Texas 78701

Utah  
Utah Department of Commerce  
Division of Consumer Protection  
160 East Three Hundred South  
P.O. Box 146704  
Salt Lake City, Utah 84114-6704

Virginia  
State Corporation Commission  
Division of Securities and Retail Franchising  
1300 East Main Street, 9th Floor  
Richmond, Virginia 23219

Washington  
Department of Financial Institutions  
Securities Division  
150 Israel Road Southwest  
Olympia, Washington 98501

Wisconsin  
Administrator of the Division of Securities  
4822 Madison Yards Way  
Madison, Wisconsin 53705

## LIST OF STATE AGENTS FOR SERVICE OF PROCESS

The following state agencies are designated as our agent for service of process in accordance with the applicable state laws. We may register in one or more of these states.

### California

Commissioner of the Department of Business Oversight  
One Sansome Street, Ste. 600  
San Francisco, California 94104

Commissioner of the Department of Business Oversight  
320 W. 4th Street, Suite 700  
Los Angeles, California 90013

Commissioner of the Department of Business Oversight  
1515 K St., Suite 200  
Sacramento, California 95814  
(866) 275-2677

### Connecticut

Connecticut Banking Commissioner  
Department of Banking  
Securities & Business Investments Division  
260 Constitution Plaza  
Hartford, Connecticut 06103  
860-240-8299

### Hawaii

Commissioner of Securities  
Department of Commerce and Consumer Affairs Business Registration Division  
Securities Compliance Branch  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813

### Illinois

Illinois Attorney General  
500 South Second Street  
Springfield, Illinois 62706

### Indiana

Indiana Secretary of State  
Securities Division  
302 West Washington Street, Room E-111  
Indianapolis, Indiana 46204

### Maryland

Maryland Securities Commissioner  
Office of Attorney General  
Securities Division  
200 St. Paul Place  
Baltimore, Maryland 21202

Michigan

Michigan Department of Attorney General  
Consumer Protection Division  
Attn: Franchise Section  
P.O. Box 30213  
Lansing, Michigan 48909

or

525 W. Ottawa Street  
G. Mennen Williams Bldg, 1st Floor  
Lansing, MI 48913

Minnesota

Minnesota Commissioner of Commerce  
Minnesota Department of Commerce  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, Minnesota 55101

New York

Secretary of the State of New York  
99 Washington Avenue  
Albany, NY 12231

North Dakota

North Dakota Securities Department  
State Capitol – 5<sup>th</sup> Floor  
600 East Boulevard  
Bismarck, North Dakota 58505-0510

Rhode Island and Providence Plantations

Department of Business Regulation  
Franchise Section  
1511 Pontiac Avenue, Bldg 6968-2  
Cranston, RI 02920

South Dakota

~~Department of Revenue and Regulation~~  
Division of Insurance  
Securities Regulations  
~~445 East Capitol Avenue~~  
124 S. Euclid, Ste. 104  
Pierre, South Dakota 57501

Virginia

Clerk of the State Corporation Commission  
1300 East Main Street, 1st Floor  
Richmond, Virginia 23219

Washington

Director, Department of Financial Institutions  
Securities Division  
150 Israel Road Southwest  
Olympia, Washington 98501

Wisconsin

Administrator of the Division of Securities  
4822 Madison Yards Way,  
Madison, Wisconsin 53705

**Service of Process in Colorado**  
Sandi Edds, Vice President  
5231 S. Quebec Street, Suite 303  
Greenwood Village, Colorado 80111

**EXHIBIT B**  
**FRANCHISE AGREEMENT**

**Ringside Development Company  
d/b/a Bio-One Colorado, Inc.**

**FRANCHISE AGREEMENT**



**THIS CONTRACT IS SUBJECT TO ARBITRATION**

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## EXHIBITS

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<b>Exhibit 4</b>	<b>General Release</b>
<b>Exhibit 5</b>	<b>Collateral Assignment of Contact and Electronic Information</b>
<b>Exhibit 6</b>	<b>State Addenda</b>
<b>Exhibit 7</b>	<b>Guaranty</b>
<b>Exhibit 8</b>	<b>Closing Acknowledgement</b>

**RINGSIDE DEVELOPMENT COMPANY d/b/a BIO-ONE COLORADO, Inc  
FRANCHISE AGREEMENT**

This Franchise Agreement (“Franchise Agreement” or “Agreement”) is entered into and made effective as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between Ringside Development Company d/b/a Bio One Colorado, Inc an Arizona corporation authorized to do business in Colorado having a principal place of business at 5231 S. Quebec Street, Suite 303 Greenwood Village, Colorado, 80111, (hereinafter referred to at times as “we,” “us,” “our,” or “Franchisor”), and \_\_\_\_\_ and \_\_\_\_\_ having a principal place of residence located at \_\_\_\_\_ (hereinafter referred to as “you,” “yourself,” “your,” “Franchisee,” or words of a similar nature).

**RECITALS**

**WHEREAS,** we have developed a unique system for establishing and operating a restoration services business providing removal of regulated and non-regulated bio-medical waste with additional services such as cleaning, disinfecting, hoarding remediation, medical waste and sharp-instruments removal to residential, commercial and governmental locations. (Business);

~~\_\_\_\_\_ **WHEREAS,** we permit you to operate under our service marks, trademarks, trade names, and logos (jointly the “Marks”) and permit you to operate your Business using our “System”.~~

~~\_\_\_\_\_ **WHEREAS,** you desire to enter into an agreement with us so as to be able to obtain the rights to open and operate a Business using the Marks and the System developed by us; and~~

**WHEREAS,** you declare that you have fully investigated and familiarized yourself with the essential aspects and purposes of this opportunity and have been advised by counsel, or have had the reasonable opportunity to be advised by counsel chosen by you, of the terms and conditions of this Franchise Agreement, and you agree that your consistent and uniform operation of the Business using the System ~~are~~is essential.

**NOW, THEREFORE,** in consideration of the mutual covenants, agreements, terms, and conditions herein contained and the acts to be performed by the respective parties hereto, the Parties agree as follows:

**COVENANTS**

**ARTICLE 1**

**DEFINITIONS, GRANT OF FRANCHISE LICENSE, LICENSE, REASONABLE BUSINESS  
JUDGMENT,  
AND RESERVATION OF RIGHTS**

**1.1 Definitions**

Unless otherwise defined in the body of this Franchise Agreement, the following capitalized terms have the meaning set forth here:

“ACH” or “Automated Clearing House” refers to the process used for electronic bank-to-bank transfers of fees due to us.

“Additional Training” means the ~~delivery~~ Initial Training given to you of, a Person besides the two people that are allowed to take Initial Training; a person permitted to take Initial Training but who fails to get such training within 365 days from the Opening Date; or, for additional, advanced, or extraordinary training after that you first request the same or after that we require you to take such training.

“Additional Training Fee” means ~~the our then-current fee that we are then charging for the delivery to you of training requested by you but which is otherwise not required by us for Additional Training.~~

“Affiliates” means an entity controlled by, controlling, or under common control with, another entity. We currently have no Affiliates though we may have one or more Affiliates in the future. You may be required to work with, or purchase goods and services from one of our Affiliates. Our affiliate Bio One IP, LLC (IP Affiliate), licenses us the right to sublicense the Marks to you.

“Audit Fees” means the then-current fees we charge if you understate your Gross Sales. This fee includes our costs and expenses, including any accountants’ and attorneys’ fees, travel, room, and board, plus a fixed fee payable to us.

“Business” means the business that you operate under this Franchise Agreement.

“Business Vehicle” means a commercial truck such as a Ford Transit E350 box truck or similar vehicle that is no older than 15 years, and that is in commercially reasonable condition. The Business Vehicle must be bright white in color.

“Conference” means ~~our~~ the annual conference that we hold.

“Conference Fee” means our then-current fee for attending the Conference.

“Change of Control” in reference to a Transfer under Article 9 means that: (i) the natural person franchisee takes on a partner regardless of whether such partner is in control or not; (ii) a natural person franchisee converts to a business entity franchisee and then delivers more than 49% of the equity interest of such business entity to another Person; (iii) a business entity franchisee takes on any number of equity partners and delivers more than 49% of the equity interest to such Persons; or, (iv) the franchisee (whether a natural person or business entity) in any manner delivers control of the day-to-day operations of the Franchised Business to a Person who has not first been approved by us. All Designated Managers must first be approved by us, and we may require such Person to pass our then-current training program.

“Claims” has the meaning given to that term in Article 14.

“Client” means the commercial, governmental, and residential users to whom you sell and deliver the products and services through the Business.

“Client Service Fee” means all costs and fees that we incur if one of your Clients complains to us and if we determine it to be necessary for us to provide services to your Client.

“Client List” means the names and all contact information of your Clients.

**“Competitive Business”** is any business that offers removal of regulated and non-regulated bio-medical waste with additional services such as cleaning, disinfecting, hoarding remediation, medical waste and sharp-instruments removal to any residential, commercial or governmental location, or that is offering any of the goods or services we are then offering to any residential, commercial or governmental location at the time that this Franchise Agreement is either terminated or expires.

**“Computer System”** means the computer hardware and software that we require you to have in order to operate, all ~~of which is~~are more fully ~~set forth~~described in the Manuals or in handouts that we provide.

**“Compliance”** means that you: (i) are current in all respects in reference to this Franchise Agreement; (ii) have received written notices from us notifying you of a breach of this Agreement (each of which was timely cured) no more than three times during the Initial Term; and no more than 1 time during any Successor Franchise Term; and, (iii) you are not in breach at the time that Successor Franchise Rights are sought.

**“Designated Manager”** means the person besides your Principal Operator and you that has received our training and is authorized by you to operate the Business from day to day. The Designated Manager need not be an owner of any interest in the Business.

**“Designated Manager Training Fee”** means the then-current fee we charge ~~to train~~for training a substitute or new Designated Manager.

**“Due Date”** is the date on which all Royalties and other fees are due to us pursuant to Article 3.

**“Effective Date”** is the date that this Franchise Agreement is fully executed by us. There is no agreement, and this is not a contract between us until that date.

**“Event of Default”** means any default of any provision of Sections 10.1 through 10.3 of Article 10.

**“Fair Market Value”** means the value that a reasonable person who is under no duress or obligation would pay for the furniture, fixture, equipment, or item that is being sold by a seller who is under no duress or obligation. If we cannot agree on the Fair Market Value, it will be established by an independent appraisal. The appraisal will be done at our expense by an appraiser selected by us but who is independent and disinterested in the outcome of any such valuation, and no goodwill will be considered in the valuation.

**“Force Majeure”** means that except for monetary obligations hereunder which are due regardless of the existence of an event of Force Majeure, or as otherwise specifically provided in this Franchise Agreement, if either of us is delayed~~ed~~ed, hindered in~~ed~~ed, or prevented from the performance of any act ~~required under this Agreement~~ by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war, or other causes beyond the reasonable control of the Party ~~required to perform such work or act under the terms of this Agreement not the fault of such party, then, then~~ the performance of such act will be excused for the period of the delay, but in no event to exceed 45 days from the stated time periods in this Agreement.

**“Franchise Advisory Council”** means the then-current advisory council of franchisees that are chosen by all franchisees after a vote.

**“Franchise Disclosure Document” or “FDD”** means the disclosure document that was delivered to you at least 14 calendar days before you signed this Franchise Agreement or paid any money to us.

**“Franchisee”** means your Principal Operator, any Designated Manager, you, any Guarantor, any officers, directors, ~~Managers, Members~~ managers, members and the holders of any equitable interest in a business-entity Franchisee, your family members that actively participate in the Business, and all others who may take an active role in the operation of the Business in a manager or above position. ~~Use~~ The use of personal pronouns such as “you” means the Franchisee and includes all Persons identified in this definition.

**“Franchisee Life Insurance Policy”** means the life insurance policy that we purchase with the Franchisee Life Insurance Policy Fees as more fully described in Article 9.

**“Franchisee Life Insurance Policy Fee”** means ~~our~~ the then-current fee that we charge per month for each natural-person franchisee, or per equity owner, if Franchisee is a business entity, for our payment of the premium on the Franchisee Life Insurance Policy as more fully described in Article 9.

**“Franchisee Manual” or “Manual”** means the operations manuals (that may be more than one manual, booklet, or handout), that are delivered to you before you open for business, that may be amended from time to time, and which Franchisee Manuals disclose the operating methods used in the Business.

**“Franchised Location”** means the physical location of the Franchised Business, the address of which is identified in Exhibit 2.

**“Franchisor”** means the entity identified in this Franchise Agreement as the Franchisor, and also includes our parent, predecessor, any Affiliate (if one or more Affiliates exist), plus the respective shareholders, directors, officers, managers, members, employees and agents, and all successors, and assignees of the Franchisor, its parent, predecessor or Affiliate. The use of personal pronouns such as “we,” “our,” or “us” means the Franchisor.

**“Grand Opening”** means the celebration opening of the business, and **“Grand Opening Cost”** is the amount that you spend on your grand opening.

**“Gross Sales”** means all revenue and income generated from the operation of your Business whether received in cash, in services in kind, from barter ~~and/or~~ exchange, on credit (whether or not payment is received) ~~or otherwise including revenue from Clients you bill directly or from a billing service, from late fees, from revenue generated that is in excess of the billed amount, and any other amount charged to Clients.~~ including revenue from Clients you bill directly or from a billing service, from late fees, from revenue generated that is in excess of the billed amount, and any other amount charged to Clients. You may deduct from Gross Sales all sales tax or similar taxes ~~which~~ that by law, are chargeable to Clients by any taxing authority and are collected by you. You may also deduct from Gross Sales the amount of any documented approved discounts, refunds, and credits.

**“Indemnified Parties”** has the meaning given to it in Article 14.

**“Initial Franchise Fee” and “IFF”** means the fee that you pay us for the award to you of the rights granted to you under this Agreement, as more fully described in Article 3.

**“Initial Term”** has the meaning given to it in Article 4.

**“Initial Training”** means the initial training we offer to you and one other person as per Article 7.

**“Involuntary Transfer”** means any Transfer not approved by us and includes the loss of, transfer of or assignment of, any interest in this Franchise Agreement; any of your interest in the Business; a substantial portion of the assets of the Business; any interest in the business entity that is the Franchisee or the transfer or assignment of any other asset or interest as a result of, any insolvency or bankruptcy proceeding; the foreclosure of any manner of lien or encumbrance; the taking as a result of a divorce or separation, or in the case of a business entity any action by the equity owners or creditors the result of which is the loss of any interest described in this definition; or the loss through any other means or method over which the Franchisee has no control, or against which Franchisee cannot substitute a bond or other monetary instrument so as to avoid such Involuntary Transfer.

**“Late Fee”** means our then-current late fee for failure to timely make payments hereunder. Our current late fee is ~~40~~15% simple interest per annum payable monthly.

**“Local Advertising”** has the meaning given to it in Article 3.

**“Local Advertising Fee”** has the meaning given to it in Article 3.

**“Mandatory Non-Attendance Fee”** means the then-current fee we charge if you fail to attend a mandatory conference.

**“Marks”** means all trademarks, trade names, logos, service marks, and similar commercial symbols that we require you to use in identifying your Business, and as more fully stated in Article 6.

**Minimum Royalty** is the minimum amount that you will pay on a monthly basis if your Percentage Royally calculation results in an amount that is less than the Minimum Royalty. The Minimum Royalty figure is calculated as more fully stated in Article 3, but will never be less than \$500.

**“National Branding Account”** is the account into which all National Branding Fees are deposited as more fully set forth in Article 3.

**“National Branding Fee”** has the meaning given to it in Article 3

**“Opening ~~Deadline~~ Date”** means the date by which you must be open for business as more fully defined in Article 2 below.

**“OSHA (Occupational Safety and Health Administration) Training”** means the mandatory training that we supply on OSHA standards applicable to your operation of the Business as more fully disclosed in Article 7.

**“OSHA Training Fee”** means the then-current fee that we charge for you to attend the training.

**“Party” or the “Parties”** means the Franchisor and the Franchisee.

**“PCI-DSS”** is the acronym for “Payment Card Industry - Data Security Systems” and refers to the rules and regulations of the PCI Security Standards Council, which in turn set up standards for the acceptance of credit cards, debit cards, and similar payment cards.

**“Percentage Royalty”** is the Royalty figure that is determined by multiplying monthly Gross Sales by 7%.

**“Permanent Disability”** means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent the Principal Operator or you from supervising the management and operation of the Franchised Business for a period of 120 days from the onset of such disability, impairment or condition.

**“Person”** means a natural person, a business entity of any nature or kind, and the equity holders in any business entity.

**“Point of Sale System” or “POS System”** means the hardware and software that you will be required to purchase, maintain and use for accounting for all of the goods and services you deliver to Clients.

**“Principal Operator”** means the person authorized by the business-entity Franchisee to receive our training, to operate the Business, and to act as the contact between us. The Principal Operator must own no less than ~~twenty five percent (25%)~~ 25% of the equity in the franchisee business entity.

**“Proposed Transferee”** means the Person to whom Franchisee wishes to Transfer an interest as more fully described in Article 9.

**“Proprietary Information”** has the meaning given to it in Article 6.

**“QSP Cost”** means the then-current initial fee that is then being charged for the QSP Package.

**“QSP Package”** means that package of equipment, hand tools, cleaning supplies (including solvents and cleaning liquids), sponges, pails, bio-hazardous-compliant suits, hazardous-waste transport containers, vacuums, and other equipment, tools, and supplies that must be purchased from our approved vendor, an Affiliate, or us. The QSP Package includes shelving for the Business Vehicle (if shelving is not already installed) and other equipment necessary to operate the Business.

**“QSP Package Maintenance and Renewal Fee”** means the then-current fee that we charge for the maintenance of and renewal of the QSP Package.

**“Reasonable Business Judgment”** Use of our Reasonable Business Judgment will mean that our determination on a given matter will prevail even in cases where other alternatives are also reasonable so long as we are intending to benefit, or are acting in a way that could reasonably benefit any component of the System or the Marks, any one or more of the franchisees, or any other aspect of the franchise system. Such decisions may include, but will not be limited to, decisions that may: enhance or protect the Marks and the System; increase client satisfaction; increase the use of the services all franchisees offer; and matters that correspond with franchisee satisfaction. We are not required to consider the particular economic or other circumstances of you or of any other franchisee when exercising our Reasonable

Business Judgment. Reasonable Business Judgment decisions will not affect all franchisees equally, and some will benefit while others will not. You and we intend that the exercise of our Reasonable Business Judgment will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Franchise Agreement, you and we agree that such covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Franchise Agreement.

**“Regional Advertising Program”** has the meaning set forth in Article 3.

**“Royalty”** means the Minimum Royalty or the Percentage Royalty as applicable.

**“Successor Franchise Fee”** is \$10,000.

**“Successor Franchise Rights”** has the meaning given to it in Article 4.

**“Successor Franchise Term”** has the meaning given to it in Article 4.

**“System”** means without limitation: the manner and method of training that we deliver to you; the operations, standards, and procedures that you will use in the day-to-day operation of the Business; advertising programs; the economic and financial characteristics of the Business; any copyrighted, trade secret or confidential information owned by us; the Proprietary Information; the trademarks, service marks, and logos (“Marks” as they may be owned by us, or that may be sublicensed by us); and all other copyrighted, trade secret or confidential information owned by us. You must operate in accordance with our System. This definition may be supplemented by other language of this Franchise Agreement and by us from time to time.

**“Technology Maintenance Fee”** means ~~our~~the then-current fee you will pay us to maintain your presence on our internet web system. Payment is due with Royalties.

**“Technology Startup Fee”** means ~~our~~the then-current fee we charge you before you open to ~~setup~~set up your landing page on our web site.

**“Temporary Management Fee”** is ~~our~~the then-current fee that we charge if you breach this Franchise Agreement and if we elect to operate your Business temporarily.

**“Training”** has the meaning given to it in Article 7.

**“Transfer”** has the meaning given to it in Article 9.

**“Transfer Fee”** is \$15,000.

## 1.2 Grant of Franchise

a. Subject to the terms of this Franchise Agreement, we grant you, and you accept from us, the non-exclusive right to use the Marks and System in connection with the establishment and operation of one Business at the Franchised ~~location~~Location. You will complete the Statement of Ownership found at Exhibit 1. You agree that an updated Exhibit 1 will be furnished within 30 days of any change. Each Person who is or becomes a Principal Operator and each natural person that joins the business-entity

Franchisee as an equity owner must sign a guaranty in the then-current form that is now found at Exhibit 8.

b. At the time you sign this Franchise Agreement, and if you are a business entity, you must deliver to us your articles of incorporation, articles of organization, partnership agreement, or similar organizational documents filed with your state and proof that the business entity is in good standing with such state.

c. **As part of the grant of this Franchise Agreement, you agree that before you sign, you will be subject to an initial credit and criminal background check.** You further agree that we have the right to recheck your credit and criminal background at any time during the Term (or any Successor Franchise term) of this Agreement. You will sign the release that is attached as Exhibit 3.

d. You do not receive any special rights to acquire additional franchises.

### **1.3 Scope of Franchise Operations**

You will comply at all times with your obligations hereunder and will continuously use your best efforts to promote and operate the Business. You will utilize the Marks, System, Proprietary Information, and Manuals to operate all aspects of the Business. The Business will offer all products and services that we designate (which product and service mix may change from time to time) and is restricted from offering or selling any products and services not previously approved in writing by us.

#### 1.4. Reasonable Business Judgment

We will use our Reasonable Business Judgment in the exercise of our rights, obligations, and discretion, except where otherwise indicated. As part of its Reasonable Business Judgment, and in order to respond timely to market conditions and the needs and wishes of Clients to the Businesses, we reserve the right, in our sole and exclusive determination, to vary any standard of the System, the Marks, or the Franchisee Manuals.

#### 1.5 Reservation of Rights

Our Affiliates ~~(if any)~~ and we reserve the right, among others, to:

- a. own, franchise, or operate businesses that isare similar to your Business and uses the Marks and the System at any location;
- b. use the Marks and the System to sell any products or services (which may be similar to those that you will sell) through any alternate channels of distribution. Alternate channels of distribution include the internet, mail order, and catalog sales. You cannot use alternate channels of distribution without our express permission, which may be granted or denied for any reason or for no reason at all;
- c. use and license others to use other trademarks, trade names, service marks, logos, copyrighted materials, and methods of operation that are not the same as or confusingly similar to the Marks, that offers goods, services, and related products that may be similar to, or different from, the business operated by you;
- d. purchase, or be purchased by or merge or combine with any business, including a business that competes directly with your Business, wherever located;
- e. acquire and convert to our System any businesses offering services and products similar to those offered by you, including such businesses operated by competitors or otherwise operated independently, or as part of, or in association with any other system or chain, whether franchised or corporately owned; and,
- f. ~~we~~retain all other rights not specifically reserved to you in this Franchise Agreement.
- g. Though we can use alternative channels of distribution to make sales of goods, items, and services associated with the System and the Marks, or associated with any other system or trademarks, service marks, trade names, logos, and the like, we have not done so as of the date of this disclosure document. We reserve the right to do so at any time. We do not pay any compensation for soliciting or accepting orders through alternate channels of distribution regardless of the order's proximity to your Franchised Location.

#### 1.6 Other Covenants Relating to the Grant of this License

- a. **WE BOTH AGREE TO WAIVE THE RIGHT TO A JURY TRIAL AND TO BE AWARDED EXEMPLARY, PUNITIVE, OR CONSEQUENTIAL DAMAGES IN ANY ACTION BROUGHT IN REFERENCE TO THE RELATIONSHIP BETWEEN YOU AND US. SEE ALSO ARTICLE 10.**

**b. WE BOTH AGREE THAT EACH OF US IS LIMITED TO BRINGING ANY LEGAL CLAIM AGAINST THE OTHER WITHIN ONE YEAR OF THE DATE THAT THE FACTS WHICH GIVE RISE TO THE CLAIM WERE DISCOVERED OR ONE YEAR FROM THE DATE THAT SUCH FACTS REASONABLY SHOULD HAVE BEEN DISCOVERED.**

**c. THIS FRANCHISE AGREEMENT DESCRIBES THE TERMS AND CONDITIONS ON WHICH WE CURRENTLY OFFER FRANCHISES TO NEW FRANCHISEES. WE MAY OFFER FRANCHISES UNDER DIFFERENT TERMS AND CONDITIONS IN ORDER TO ENHANCE, BUILD, AND PRESERVE THE SYSTEM.**

d. You covenant, represent, and warrant the following, and you acknowledge that we are relying upon such covenants, representations, and warranties in making its decision to enter into this Agreement:

i. You acknowledge that you have received and have read this Franchise Agreement and all Exhibits attached hereto. Specifically, you have been advised by us to seek out and use professional counsel of your choosing in order to interpret any terms, covenants, or conditions of this Franchise Agreement and advise on the relationship overall. It is your sole and exclusive obligation to obtain such counsel, and we will not provide any legal, financial, or other counsel in reference to this Franchise Agreement.

ii. You have adequate funding to purchase and operate the Business and, as a result, are financially capable of undertaking the risks involved in the opening and operation of any business. You know of no circumstances that would lead to litigation against him in the future.

iii. All statements made by you in writing in connection with its application for this Franchise were, to the best of its knowledge, true when made and continue to be true as of the date of this Franchise Agreement.

iv. You are not a party to any litigation or legal proceedings other than those that have been disclosed to us by you in writing.

v. You agree to comply with and to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws as defined below. As a result, you and your owners certify, represent, and warrant that: (i) none of their property or interests is subject to being “blocked” under any of the Anti-Terrorism Laws and that you are not otherwise in violation of any of the Anti-Terrorism Laws; (ii) none of them is listed in the Annex to Executive Order 13224 (which can be accessed at <http://www.treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html>); (iii) it will refrain from hiring (or, if already employed, retain the employment of) any individual who is listed in the Annex; (iv) it has no knowledge or information that, if generally known, would result in you being listed in the Annex to Executive Order 13224; (v) it is solely responsible for ascertaining what actions it must take to comply with the Anti-Terrorism Laws, and you specifically acknowledges and agrees that its indemnification responsibilities set forth in this Agreement ~~pertain~~pertain to its obligations under this subparagraph; and (6) any misrepresentation under this subparagraph or any violation of the Anti-Terrorism Laws by you or your employees constitutes grounds for immediate termination of this Agreement and any other agreements between us. For purposes of this Franchise Agreement, “Anti-Terrorism Laws” means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations,

and other regulations found at 31 CFR 515, 595, 597, and any laws which now pertain or which may in the future pertain to the matters of this Section.

## 1.7 Compliance with PCI-DSS

You are responsible for maintaining compliance with all PCI-DSS standards, rules, regulations, and laws. Talk with your merchant banker or the business that controls your use of a Client's credit card, debit card, or similar payment card. Should you fail to maintain such standards, or should there be a breach of your security systems such that PCI-DSS standards are breached, you will immediately notify us and will take all action necessary to resolve the same. Any notice required to be delivered to affected Clients, employees, or consumers must be made by you with a copy being sent to us. You will indemnify us for any loss we suffer as a result of a failure to comply with the PCI-DSS standards, as more fully stated in Article 14.

## ARTICLE II

### OPENING PERIOD AND EQUIPMENT

#### 2.1 Opening ~~Deadline~~Date

a. You must open within 90 days of the date you sign the Franchise Agreement (~~Opening Deadline~~Date). You are required to attend ~~training~~Initial Training before you open. We may extend the ~~Opening Deadline~~Date for a reasonable time (not to exceed 20 days) in the event factors beyond your reasonable control prevent you from meeting the deadline, and you request an extension of time from us.

b. Prior to opening, you must secure all necessary permits and licenses, must purchase or lease all of the equipment required, and obtain and provide evidence of insurance.

#### 2.2 Franchised Location

a. It is expected that you will operate your Business from your home (Franchised Location). We have no criteria for your Franchised Location.

b. The Franchised Location must be wired for internet access via a high-speed connection with a configuration acceptable to us.

c. You must abide by all federal, state, and local government guidelines concerning employee and independent contractor status of any employees that you use.

d. You may relocate your Franchised Location after first obtaining our permission.

e. We do not review or approve any lease.

f. 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.

**THE LOCATION OF YOUR BUSINESS DOES NOT IN ANY WAY GUARANTY YOUR SUCCESS OR PROFITABILITY.**

## 2.3 QSP Package, Business Vehicle Requirements, Computer System, and Other Furniture, Fixtures and Equipment

- a. You must purchase the QSP Package at the time you pay the IFF.
- b. You are required to maintain all of the QSP Package equipment in order to keep each piece operational. You may be required to replace all of the durable tools and -equipment supplied with the original QSP Package, no more often than one time ~~each~~ every five years at our then-current QSP Package Maintenance and Renewal Fee. We have the right to increase the QSP Cost for items in the QSP Package by any amount without limitation. We will notify you 60 days before a new fee is to be collected. The content of the QSP Package used for maintenance or renewal will be available only from an approved supplier, an Affiliate, or us. All consumables (including suits and chemicals) that are delivered as part of the QSP Package must be purchased from our approved vendor, an Affiliate, or us only.
- c. You are required to own, purchase, or lease a late-model Business Vehicle. You may already own a vehicle that meets our requirements. If not, then you must purchase or lease a Business Vehicle that meets our requirements, which are more fully stated in the Manual.
  - i. You may purchase or lease the Business Vehicle from any source.
  - ii. The Business Vehicle must be in reasonable mechanical condition, and the body must be free of material dents, scratches, or rust. You must maintain the mechanical integrity and appearance of your Business Vehicle. If the Business Vehicle exceeds 15 years of age at any time during the Initial Term or any Successor Franchise Term, or if using our Reasonable Business Judgment, we determine that it has not been properly maintained, you may be required to replace it with the then-current Business Vehicle ~~we are requiring~~ require of all new franchisees.
  - iii. You must properly title and license the Business Vehicle and must maintain the insurance we require for the Business Vehicle (Article 17) at all times.
- d. You are required to purchase the Computer System that we require, and that is more fully stated in the Manual or in a handout.
  - i. You are required to maintain all components of the Computer System in order to keep them operational.
  - ii. We may require you to update the Computer System hardware no more often ~~than~~ once every five years. We may, however, change the configuration of the Computer System at any time, and if we do, you will be required to comply within 60 days of the date you receive written notice from us.
  - iii. The Computer System must be connected to a high-speed internet connection at all times.
- e. You must also have a printer of any type. You may already have this equipment.
- f. You will need a desk, phone, chair, and other office furniture.



b. We each also acknowledge and agree that changes to technology are dynamic and not predictable within the term of the Franchise Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we will have the right to establish, in writing, reasonable new standards and fees for the implementation of new technology in the System; and you agree to comply with those reasonable new standards.

### 3.3 Royalty

a. You will pay the greater of the Minimum Royalty or the Percentage Royalty on a monthly basis (Royalty), which is collected in the manner more fully stated below.

b. The Minimum Royalty will never be less than \$500.

i. It may be increased no more often than once every 36 months during the Initial Term (as measured from the Effective Date), to reflect an increase in the "Consumer Price Index" for all urban consumers, all items seasonally adjusted (base 1982-1984) (CPI-U) that is quoted by the U.S. Bureau of Labor Statistics, or its successor.

ii. In order to determine if there is an increase in the CPI-U, we will first determine a baseline CPI-U (Base CPI-U) on the Effective Date. If the Effective Date is other than the first day of a month, then the Base CPI-U will be determined on the first day of the first month following the Effective Date. Then on the 36th-month anniversary of the Effective Date and again on the seventy-second month anniversary (or the first day of the month following the 36th or 72<sup>nd</sup>-month anniversary, if that date is other than the first day of a month,) we will determine the then-current CPI-U. (Current CPI-U). We will calculate the increase (if any) in the Minimum Royalty by multiplying the then-current Minimum Royalty by a fraction, the denominator of which is the Base CPI-U and the numerator of which is the Current CPI-U.

~~\_\_\_\_\_ iii. \_\_\_\_\_ c. \_\_\_\_\_~~ The Minimum Royalty and Percentage Royalty may also increase to the then-current ~~Minimum Royalty Amount~~ amount if you are awarded Successor Franchise Rights.

~~\_\_\_\_\_ e. \_\_\_\_\_~~ The Percentage Royalty will remain the same during the Initial Term. It may increase to the then-current Percentage Royalty if you are awarded Successor Franchise Rights.

### 3.4 Advertising and Advertising Fees

a. **Local Advertising, Grand Opening, and Web Presence:**

i. You are required to spend the greater of \$1,500 or 5% per month of Gross Sales (Local Advertising Fee) on local advertising (Local Advertising). Except as stated below, Local Advertising may take any form that you choose, and you may spend any additional amount you choose.

ii. As part of your Local Advertising, you must purchase internet advertising from Google, Bing, Yahoo, or similar search engine businesses. Before you open, you will inform us of the search engine you choose, and we will set up your account with them. We advise you to make the radius of your search area equal to 70 miles from your Franchised Location. You may choose an area with more or less territory. You then have the right to control the cost each month paid to the search engine provider. With your permission, we have the option in our sole discretion to monitor your account to determine how your Local Advertising Fee is used. This is not required, and if we agree to monitor it, we may cease doing so at any time. You do not pay us for this service.

iii. We must approve any advertising regardless of the medium into which it is inserted before it is placed. You will deliver the proposed advertising to us no less than 15 calendar days

before its insertion into any medium. If you do not receive written notice within the 15 calendar days, the advertising is disapproved.

iv. During the first three months of operation, you must plan, pay a minimum of \$750 for and execute an advertising campaign (Grand Opening). We must review and approve your plans for the Grand Opening in the same way that we approve your local advertising.

v. Unless otherwise approved in writing by us or set forth in the Manual, you will not establish a separate website on the internet. Any uniform resource locator (URL) addresses, email addresses, any blog, vlogs, social media sites, and the like that you create for the Business also require our approval. Upon expiration or the earlier termination of the Franchise Agreement, the URLs, email addresses, blogs, vlog, social media sites, and the like will belong to us, and you will transfer each to us as we may require.

**b. Regional Advertising**

We reserve the right, upon 30 days prior written notice, to allocate all or a portion of your Local Advertising Fee to a regional advertising program (Regional Advertising Cooperative) for the benefit of Businesses located within a market area. We have the right to determine the composition of all market areas included in a particular Regional Advertising Cooperative. If a market region is formed, we will require all franchisees and company-owned and affiliate-owned Businesses to participate. The Regional Advertising Cooperative will be administered by the contributors to it. There will be no governing documents. All advertising for the Regional Advertising Cooperative will be prepared by a local, national or international advertising agency or by us. The Regional Advertising Cooperative will prepare unaudited financial statements and will make them available to all Cooperative participants within 120 days of the year-end. We have the right to change, dissolve, reinstate, or merge any Regional Advertising Cooperatives.

**c. National Branding Fee**

i. We collect 2% of your monthly Gross Sales for national advertising (National Branding Fee). The National Branding Fee will be due at the same time as your Royalty.

ii. The National Branding Fees will be deposited in a separate checking account, savings account, or any other account of our determination (National Branding Account). The National Branding Account is not a trust, and we assume no fiduciary duty in administering it. Any monies not used in any year will be carried to the next year.

iii. The National Branding Account will be administered by us in our sole discretion. The National Branding Fees may be used for all advertising expenditures reasonably intended to benefit some or all franchisees, and for the payment to us of costs related to administering the National Branding Account.

iv. We make no guarantee to you or to any other franchisee that advertising expenditures from the National Branding Account will benefit you or any other franchisee directly or on a pro-rata basis.

v. We assume no other direct or indirect liability or obligation to you with respect to collecting amounts due to the National Branding Account or with respect to maintaining, directing, or administering the National Branding Account.

vi. Any company-owned Businesses will participate in any national or regional advertising programs on the same basis as franchisee-owned Businesses.

vii. The advertising will be produced by a local, national, or international advertising agency or by us.

viii. Upon your prior written request, we will make available to you an annual unaudited financial statement, no later than 120 days after our year-end.

ix. Though we have no plans now, we reserve the right to increase the amount of the National Branding Fee to no more 3% of the Gross Sales. We will give you notice of our intent to do this and 60 days to comply.

x. We intend for the National Branding Fees to be continual and perpetual, but we have the right to form, change, suspend (and subsequently reinstate), merge or terminate it if necessary. We will not close the National Branding Account, however, until all contributions and earnings have been used for the purpose for which they were collected.

d. **Franchise Advisory Council**

All franchisees are eligible to join our then-current Franchise Advisory Council. Currently, five franchisees that receive the greatest number of votes of all franchisees are placed on the council. The Franchise Advisory Council serves in an advisory capacity only, and we have the right at any time to form, change or dissolve (and then reinstate) Franchise Advisory Council.

**3.5 Other Fees and New Lines**

a. You will pay the Additional Training Fee and for any additional training as more fully described in Article 7.

b. You will be charged the Successor Franchise Fee (Article 4).

c. We may charge our then-current fee for approving a new vendor.

d. You will pay the then-current Franchisee Life Insurance Policy Fees.

e. We may charge you our then-current Late Fee for failing to pay timely Royalties, National Branding Fee, or any fee that is due to us.

f. We will charge you the Transfer Fee.

g. If you wish for more than two persons to attend Initial Training (Article 7), you will pay our then-current ~~fee~~Additional Training Fee per person.

- h. If you wish to have an additional person at initial training or wish to receive advanced or additional training, you will pay the then-current fee;
- i. You will pay the then-current Designated Manager Training Fee.
- j. If your state assesses them, and except for our income taxes, you will reimburse us for all taxes we pay for products or services we furnish you, or on our collection of the Initial Franchise Fee, the Royalties, advertising contributions, or other fees. We will give you written notice if such a tax is levied and will provide commercially reasonable proof of the calculation of the tax.
- k. Other fees that you must pay are identified elsewhere in this Franchise Agreement.
- l. We may, from time and in our sole discretion, assess other fees or costs ~~incurred in the operation of~~ in order to operate the Business more efficiently or that may be assessed for other reasonable purposes.
- m. We may, in the future, require all franchisees and you to add new goods, services ~~or, and technology~~ to those already sold through or used in the Business and we may require you to add new technology. If we do this, you may incur additional expenses, costs and fees, some of which may be due to an approved vendor, Affiliate, a third party for whom we collect the funds, or us. If we introduce new lines of goods, services ~~or, and technology~~, we will notify you in writing and give you a reasonable time to comply with the changes.

### 3.6 Method of Payment, Reports and Audits

- a. The Royalty and all other fees due to us are paid monthly and will be delivered to us by such means as we may determine from time to time (including the delivery of EFT through an ACH transaction) on or before the 16th day of the month that follows the month for which the Royalties and other fees were calculated (Due Date). All such fees will be deposited into your operating account no later than 3:00 p.m. Mountain Time by the 15th day of the month following the end of the prior month. If the 16th falls on a Saturday, Sunday, or federal or state holiday, the Royalty will be due on the next business day.
- b. We have the right to change the method of collection of the Royalties and any other fees at any time after giving you reasonable notice. If we decide to use the ACH method, you will no later than ~~10ten~~ days after receiving notice from us execute an authorization agreement for ACH transactions from your account to our account in the form that your bank may require.
- c. No later than the 10th day of the month following the month in which the Royalty is due, you will report to us by such means as we direct, such information pursuant to standard transmittal procedures established by this Agreement regarding the calculation of the Royalty, and such additional information as we may request.
- d. You agree to record all ~~sales~~ Gross Sales of the Business at the time of the sale in your Computer System. You agree to retain all computer records, charge account records, sales slips, orders, return vouchers, sales tax reports, and all of your other business records and related background material for at least seven years following the end of the year in which the items were or should have been generated.

e. In our discretion, we may require you to, and you will provide us with monthly or quarterly financial statements (or both), including a profit and loss statement and balance sheet by the 10th of each month for the previous month or quarter (or both).

f. In addition, you will submit to us, within ~~10~~ten days after the end of each calendar year a complete financial statement for the preceding calendar year, including profit and loss statements and your balance sheet.

g. You will also provide us with your year-end business tax returns within ten days of the date that they are filed with the federal and state governments but no later than October 15 of each calendar year.

h. The monthly, quarterly, and yearly financial statements must be prepared using generally accepted accounting principals and must be based upon the accrual method of accounting. All bookkeeping and accounting must be completed by an employee, independent contractor, bookkeeper, accountant, or certified public accountant that is not you or a family member. You must provide us with reasonable proof at the end of each calendar year that your bookkeeping and accounting have met this requirement.

i. All financial statements must be accompanied by a statement certified under penalty of perjury from the employee, independent contractor, bookkeeper, accountant, or certified public accountant that the documents are true and accurate.

j. If you fail to timely pay any Royalties or other fees due under this Franchise Agreement, you will owe the then-current Late Fee in addition to such Royalties and other fees. This will be automatically assessed and debited or paid along with the late payment fees due to us.

k. You acknowledge that this Section does not constitute our agreement to accept such payments after the Due Date, or a commitment to extend credit to or otherwise finance the operation of the Business. In no event will you be required to pay interest at a rate greater than the maximum interest rate permitted by applicable law. The collection of any Late Fee and the acceptance of any late payment will not diminish our right to any other remedies available under this Franchise Agreement.

l. We have the right to audit and copy your books and records at any time. We also have the right at any time to have an independent audit made of the books of the Business. If we discover that you have underreported your Gross Sales by ~~32%~~ 3% or less, you will have breached this Franchise Agreement and will, (i) pay Royalties and all other fees calculated on the basis of ~~the underreported~~ Gross Sales, plus ~~Default Interest~~Late Fees; (ii) ~~the cost of our audit and all other costs (including reasonable attorney's fee associated with the enforcement of this Franchise Agreement)~~pay the then-current Audit Fee; (iii) if we ~~so~~ decide, you will have your record-keeping done by a third-party ~~book keeper~~bookkeeper; and, (iv) ~~we may~~ take other remedial measures we decide. If it determined that you have understated your Gross Sales by more than 3%, 2%, you will have breached this Franchise Agreement, and we have the right to: (1) require all of the above; (2) take other remedial action including requiring you to provide audited financial statements; or, (3) terminate this Franchise Agreement- without any right to cure. If any underreporting has been intentional, then regardless of the percentage of your Gross Sales that the underreporting represents, we have the right to terminate this Franchise Agreement without any right to cure.

### 3.7 Application of Payments

a. Notwithstanding any designation by you as to the application of any payment to us, we will allocate any payments first to any Late Fees and interest owed by you, then to any Royalties or other fees ~~which~~that are past due, and then to the current Royalties and other fees owed. The allocation set forth above does not postpone any payments that are due on any current or future due date.

b. We will also have the sole discretion to allocate in the same manner as stated above any payments or any credits from third-party vendors that are delivered to us on your behalf. To the extent necessary to carry out the intent of this Section, you hereby appoint us as your attorney-in-fact and grants his power of attorney coupled with an interest for the sole purpose of allocating any such funds received. This power of attorney continues throughout the term of this Agreement, any extension thereof, and, if applicable, after the termination of this Agreement, but in the latter case, only to the extent that you still owe us money from your operation of the Business.

## ARTICLE IV

### TERM and SUCCESSOR FRANCHISE RIGHTS

#### 4.1 Effective Date and Term

a. This Agreement is effective on the Effective Date. There is no agreement, and this is not a contract between us until that date.

b. Unless earlier terminated, the Initial Term of this Franchise Agreement is 10 years from the Effective Date. If we are required by law to give you notice before the expiration or earlier termination of this Franchise Agreement, and if we fail to do so, this Franchise Agreement will remain in effect until we have given the required notice.

#### 4.2 Successor Franchise Rights

At the end of the Initial Term, you have the option to renew your franchise rights for one additional five-year terms (Successor Franchise Term) by acquiring Successor Franchise Rights under the following conditions:

a. if we do not exercise our right to refuse to offer Successor Franchise Rights as permitted under 4.3 below;

b. you are in Compliance at the time you apply for the first Successor Franchise Term;

c. **you sign the then-current franchise agreement for each Successor Franchise Term, which franchise agreement may contain materially different terms and conditions than your original contract or the franchise agreement you signed for any of the Successor Franchise Terms a prior Term. Under the new franchise agreement, the Royalty, advertising fees, and other fees will be no more than are charged to new franchisees who sign the franchise agreement at that time. Such**The franchise agreement must be signed and delivered to us no later than 45 days before the end of

the then-current term. If it is not so delivered, then you will have withdrawn your decision to purchase Successor Franchise Rights, and such rights will no longer be available to you;

d. you sign the most current form of General Release. A copy of the current form is found at Exhibit 4. Notwithstanding the foregoing, to the extent that the law of the state in which the Business is located has determined that the requirement that a franchisee sign a general release be unenforceable, then this requirement will be deleted, and you will not be required to sign the same; or if signed, then such general release will not be enforceable. If, however, the law of the state in which the Business is located permits you to sign such general release, or if by agreeing to the alternative dispute resolution covenants and choice-of-law provisions of Article 16, we are able to enforce this requirement, then you will sign such a release as part of the process described in this Section. Notwithstanding the foregoing, excluded from any release are claims arising from representations in the FDD.

e. you pay the Successor Franchise Fee. The Successor Franchise Fee is earned when you pay it and is not refundable under any circumstances;

f. you exercise the option for Successor Franchise Rights by giving written notice of such exercise to us not earlier than one year or later than 180 days prior to the scheduled expiration of this Franchise Agreement; and

g. the Successor Franchise Rights under the new Franchise Agreement begins on the day following the end of the then-current term.

#### **4.3. Conditions of Refusal**

a. We will not be obligated to offer you Successor Franchise Rights if you:

i. have received a fourth written notice of breach of any combination of terms, covenants, or conditions of this Franchise Agreement during the Initial Term, or more than one written notice of breach during any of the Successor Franchise Terms even though each such breach may have been timely cured;

ii. fail to comply with any of the conditions necessary to obtain Successor Franchise Rights as described in Section 4.2 above;

iii. are in breach of this Franchise Agreement at the time that you attempt to exercise your right to purchase Successor Franchise Rights, even if such breach is not the fifth breach and even if such breach is timely cured; or

iv. we have determined in good faith, and after using our Reasonable Business Judgment, not to grant Successor Franchise Rights.

b. If we ~~will~~do not grant you Successor Franchise Rights, we will give notice of expiration at least 60 days prior to the expiration of the Term, and such notice will set forth the reasons for such refusal to offer Successor Franchise Rights.

#### **4.6 Expiration at the End of a Term and Holdover**

a. Unless it is terminated earlier, if you fail to elect to purchase Successor Franchise Rights, or if Successor Franchise Rights are not granted to you, this Franchise Agreement will expire at 12:00 midnight Mountain Time on the last day of the then-current term.

b. Upon expiration, we may permit you to continue operating your Business. During such period, the provisions of this Franchise Agreement will apply except that the Term will be only from month-to-month and you will pay a Royalty equal to 150% of the Royalty identified above.

## ARTICLE V

### MANUALS and SERVICES PROVIDED TO YOU BY US

#### 5.1 Manuals

a. We will provide you one or more Manuals, technical bulletins, or other written materials covering our standards, specifications, and operating and marketing procedures, and you are required to use them in ~~the~~ operating your Business. You will comply with the Franchisee Manuals as an essential aspect of your obligations under this Agreement, and your failure to comply substantially with the Franchisee Manuals will be considered by us to be a breach of this Agreement.

b. The Manuals will be updated from time to time, and you must comply with any changes in every update within the time period provided in such updates.

c. The Manuals are our sole property and will be used by you only during the term of this Franchise Agreement and in strict accordance with the terms and conditions hereof.

d. We may modify any specification as to any goods, service, supplies, or the like, at any time, on a regional or national basis, by an amendment to the Manuals or by written notice to you. Once you are notified, you must make the change that is specified. All such changes will be effective as stated in such notice.

#### 5.2 Services Provided by Us Prior to Commencement of Operations

Prior to the commencement of business, we will,

a. deliver the ~~training~~ Initial Training more specifically identified in Article 7;

b. if we have one, provide you with a list of approved suppliers for equipment, goods, and services, and a list of approved suppliers; ~~and~~,

c. supply reasonable telephone, ~~fax~~ text, and email support; and,

~~d. offer OSHA Training if a quarterly training session occurs before you open.~~

~~e. Except as state above, we are not required to offer you any other services.~~

#### 5.3 Services Offered by Us During the Operation

During the operation of your Business we,

a. may offer additional conferences, seminars or programs, at a frequency we determine. Some of these seminars or programs may be mandatory, and we may charge tuition. We will give you no less than 60 days prior written notice before we assess tuition;

b. ~~will~~may deliver updates to the Franchisee Manuals, the System, the Marks, and in reference to the training provided to you, at a frequency that we determine;

c. will review all promotional and advertising you wish to use;

~~\_\_\_\_\_d. will deliver additional training at a location determined by us if requested by you and approved by us. You will pay the travel, room, board, and the then published daily fee for such services;~~

~~\_\_\_\_\_e~~ d. may visit and inspect your Business, and use other methods to ensure that you and all other franchisees are delivering quality services and products that conform to the System;

~~fe.~~ may provide promotional materials and advertising programs from time to time, as we deem appropriate;

~~gf.~~ may begin regional cooperative buying and if we do, you may be required to participate;  
and,

~~hg.~~ may offer reasonable phone, ~~fax~~text, and email assistance as we deem necessary; and,

~~\_\_\_\_\_h. will offer OSHA Training if a quarterly training session occurs after you open. (Article 7).~~

i. Except as stated above, we are not required to offer you any other services.

## ARTICLE VI

### MARKS, COPYRIGHTS, THE SYSTEM, and PROPRIETARY INFORMATION

#### 6.1. Proprietary Information

a. You acknowledge that ~~each~~you will ~~obtain from us~~gain knowledge of proprietary matters, techniques, and business procedures that are necessary and essential to the operation of the Business, without which information you could not effectively and efficiently operate. You further acknowledge that the methods of operation used in the operation of the Business are unique and novel to the System.

b. As used herein, "Proprietary Information" includes, but is not limited to,

i. Persons that are, have been or become franchisees of the System and any investors therein;

ii. Persons that are, have been or become Clients of the Business;

iii. the terms of and negotiations relating to past or current franchise agreements with respect to the System;

iv. the operating procedures of, and each component of the System, including without limitation: distinctive management, bookkeeping, and accounting systems and procedures; training; advertising; promotional and marketing methods; and the like;

v. the economic and financial characteristics of the System and franchisees, including without limitation: pricing policies and schedules, profitability, earnings and losses, and capital and debt structures; and,

vi. the services and products offered to Clients of the Business;

vii. the Client Lists;

viii. any common law or statutory copyrighted materials and the protection afforded thereby; and,

ix. the Franchisee Manuals.

c. In consideration of the time and effort that we have put into the System and its goodwill, and for other good and valuable consideration, you agree that we retain ownership and control of your Client List. You may use the Client List only in conjunction with the operation of the Business. Upon a Transfer or the expiration of this Franchise Agreement or its earlier termination for any reason, the Client List will be retained by us.

d. During the term of this Agreement and following a Transfer or the expiration or termination of this Agreement, you will not divulge to any Person, directly or indirectly, any Proprietary Information (including the content of the Client Lists), without our prior written consent, which will be granted or denied for any reason or for no reason at all. Nothing contained herein will be construed to require us to divulge any portion of the Proprietary Information except as needed to help you operate the Business.

e. You may disclose Proprietary Information only to such of its employees, agents, and representatives as must have access to it in order to operate the Business. You will obtain from each such employee, representative or agent, an agreement that such person will not during the course of his employment, representation, or agency with you, or at any time thereafter, use, divulge, disclose or communicate, any of the Proprietary Information, directly or indirectly, in any form or manner, to any person or business entity.

f. You acknowledge that any failure to comply with the requirements of this Article will cause us irreparable injury, and as a result, we are entitled to obtain specific performance ~~of~~ or an injunction against any violation of such requirements. You waive any requirements for the posting of any bond(s) relating thereto to the fullest extent permitted by law.

g. You have the right to use the Proprietary Information only as permitted by this Franchise Agreement, and only for so long as you fully perform and comply with all of the conditions, terms, and covenants of this Agreement, and our policies and procedures that we prescribe from time to time.

h. You acknowledge that we have the sole right to license and control your use of every component of the Proprietary Information. You also acknowledge that you have not acquired any right, title, or interest in or to any component of the Proprietary Information and will not in the future acquire any such interest. You are granted the limited, non-exclusive license to use the same in the operation of Business as disclosed in this Franchise Agreement.

i. You will not copy any component of the Proprietary Information unless we specifically authorize it in writing, which authorization may be granted or denied for any reason or for no reason at all.

j. Your Principal Operator, any Designated Manager, and you will never during the term of this Agreement, or at any time after the Transfer, termination, or expiration of this Agreement, reveal any component of the Proprietary Information to any person or entity nor use it for any other business.

k. We reserve the right to require each of Person that is identified as a Franchisee (Article 1) sign a non-disclosure and non-competition agreement.

**6.2. Marks and Copyrights**

a. The following Mark is owned by our IP Affiliate and is registered with the United States Patent and Trademark Office (USPTO):

Registration Number	Description of Mark	Register of the USPTO	Registration Date
4,406,169		Principal	September 24, 2013

b. We have a license with our IP Affiliate that permits us to sublicense the Marks under this Franchise Agreement.

c. You have the right to use the Marks only as permitted under this Franchise Agreement and only for so long as you fully perform and comply with all of the conditions, terms, and covenants of this Franchise Agreement and our policies and procedures that we prescribe from time to time.

d. Except as permitted in the Franchisee Manuals, you will not use any of the Marks as part of an electronic mail address or on any sites on the internet, and you will not use or register any of the Marks as part of a domain name.

e. Any use of a Mark in advertising must be with our prior written approval as set forth in this Franchise Agreement and in the Franchisee Manuals.

f. You further agree to execute any, and all additional documents and assurances reasonably requested by us in connection with our ownership and use of the Marks, and agree to fully cooperate with us or any of our other franchisees or licensees in securing all necessary and required consents of any federal or state agency or legal authority.

g. If you purchased this franchise through a business entity, or if you convert to a business entity other than a sole proprietorship, each individual who owns any equity interest in the business entity

may be required to sign the Guaranty found at Exhibit 8. The Guaranty requires each guarantor to be bound by all of your obligations under this Franchise Agreement and makes each Guarantor subject to the restrictive covenants of this Franchise Agreement

### **6.3 Infringement**

a. You will notify us in writing of any possible infringement on the Marks, any component of the System, and any part of the copyrighted materials or the illegal use by others of any Mark, any portion of the System, or any copyrighted materials that may be the same as, or confusingly similar to, that used by us.

b. Our IP Affiliate and we have the right in our sole discretion to control any administrative proceedings or litigation involving a Mark licensed or sublicensed to you under this Franchise Agreement. If you learn of any claim against you for alleged infringement, unfair competition, or similar claims about the Marks, you must promptly notify us. Our IP Affiliate, or we will take the action we deem necessary to defend you. We must indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition, or similar claims about the Marks. We have no obligation to defend or indemnify you if the claim against you is related to your use of the Marks in violation of the Franchise Agreement.

c. You will have no right to make any demand or to prosecute any claim against the alleged infringer. You must cooperate with us in any way necessary in the event of such an infringement.

### **6.4 Business Name**

a. You acknowledge that our principals, our Affiliates, or we have a prior and superior claim to each portion of the Marks. You will not use the phrase “Bio-One” or any portion of the Mark in the legal name of your business entity, and will not use the phrase “Bio-One” or any portion of the Mark on any letterhead, checks, invoices or other documents without our express prior written consent. You also agree not to register or attempt to register a trade name using the words “Bio-One” in your name or that of any other person or business entity without our prior written consent, which may be withheld for any reason or for no reason at all. You may do business as “Bio-One of \_\_\_\_\_ (city/county/area)” so long as this is only a “doing business as” or fictitious name and not part of the business entity name.

b. You understand and agree that the telephone number(s), URLs, and email addresses for the Business constitute a part of the System, and each is subject to the restrictions of this Agreement. You will not change the telephone number(s), create new URLs for the Business, or the like without prior notice and written approval us. You will advertise and publicize the telephone number(s) for the Business in the manner prescribed by us. Upon the Transfer of, or the expiration or earlier termination of this Agreement, all contact information other than the address, if you operate your Business out of your home, is our property pursuant to Exhibit 5.

c. Except as permitted in the Franchisee Manual, you will not use any of the Marks as part of an electronic mail address or on any sites on the internet, and you will not use or register any of the Marks as part of a domain name on the internet.

### **6.5 Modification, Discontinuation, and Goodwill**

a. In the event that we, in our sole discretion, determine it necessary to modify or discontinue use of any Marks or any portion of the Proprietary Information or the System, or to develop additional or substitutes for any such component, you will, within a reasonable time after receipt of written notice of such a modification or discontinuation from us, take such action, at your sole expense, as may be necessary to comply with such modification, discontinuation, addition or substitution.

b. You have the right to use the Marks, the System, and the Proprietary Information only in as permitted by this Franchise Agreement, and only for so long as you fully perform and comply with all of the conditions, terms, and covenants of this Franchise Agreement, and our policies and procedures that we prescribe from time to time.

c. All other use of the Marks must be with our prior written approval (which may be granted or denied for any reason or no reason at all).

d. Any and all goodwill associated with any component of the Proprietary Information (including the Marks and the System), including any goodwill that might be deemed to have arisen through your activities, inure directly and exclusively to our benefit. You further agree to execute any, ~~and all~~ additional documents and assurances reasonably requested by us in connection therewith and agree to fully cooperate with us or any of our other franchisees or licensees in securing all necessary and required consents of any federal or state agency or legal authority. If you take any action that in any manner disparages, brings disrepute to, or harms the goodwill associated with the Marks, the System, or the Proprietary Information, we will have the right to terminate this Franchise Agreement immediately without granting you any right to cure.

## **6.6 No Use of Other Marks**

No marks, logotypes, trade names, trademarks, or the like other than specifically approved by us will be used in the identification, marketing, promotion, or operation of the Business.

## **6.7 Protection of All Information**

a. You agree to:

i. fully and strictly adhere to all security procedures prescribed by us for maintaining the secrecy of the Marks, each component of the System, and all of the Proprietary Information;

ii. disclose such information to your employees only to the extent necessary to make and market our products;

iii. refrain from: (A) directly or indirectly contest nor aid in contesting the validity of the ownership of the Marks; (B) in any manner interfere with or attempt to prohibit our use of the Marks, any component of the System or derivatives thereof, or any of the Proprietary Information or any other name that is or becomes a part of our System; or, (C) at any time interfere with the use of the Marks by our other franchisees or licensees.

iv. refrain from using any component of the Marks, the System or the Proprietary Information in any other business or in any manner not specifically authorized or approved by us in writing; and

v. exercise the highest degree of diligence and make every effort to maintain the absolute confidentiality of all such information during and after the term of the Franchise Agreement.

b. You also agree to refrain from conducting any activity at the Franchised Business or in connection therewith, or take any action at the Business which is illegal, or take any action or fail to take any action either at the Business, or outside the Business, or during personal time, which could result in damage to, or disparagement of the Marks, System, or Proprietary Information, or which reasonably could, or does negatively impact the reputation and goodwill associated therewith.

**Any breach of this covenant will result in immediate termination for which no cure is provided.**

## **6.8 Innovations by You.**

a. During the Initial Term or any Successor Franchise Term, you may create, design, or otherwise improve upon any portion of the System, or the Proprietary Information, including, but not limited to, improving upon any manner of doing business (Innovation). Any such Innovations are our sole and exclusive property. Upon the creation of such Innovation, you will immediately notify us in writing, which will describe in detail, the nature of the Innovation. We have the sole and exclusive right to approve or disapprove of any such Innovation for any reason or no reason at all. If we approve of it, we may permit you to use the Innovation and may, in our sole and exclusive option, permit any one or more franchisees or company-owned stores to use any portion of the Innovation.

b. You agree that as between us, we will own the right, title, and interest to the Innovation. You agree to take any action necessary to ensure that we obtain such right, title, and interest, so long as such action costs you nothing. To the extent such ideas, concepts, techniques, or materials comprise copyrights or patents, the Innovation will be a “work-made-for-hire.” To the extent the Innovation is not deemed to be a work-made-for-hire, you expressly assign to us all exclusive right, title, and interest in and to any and all portions of the Innovation without further consideration and without any restrictions, liens, or encumbrances. To the extent any of the rights in and to any Innovation cannot be automatically assigned to us due to applicable laws, you will ensure that we are granted an exclusive, royalty-free, transferable, irrevocable, worldwide license (with rights to sublicense) to practice such non-assignable rights, including the right to use, reproduce, distribute, and modify any such Innovation. To the extent any of the rights in and to such Innovation can neither be assigned nor licensed to us, you irrevocably waive and agree never to assert such non-assignable and non-licensable rights against us or against any of our successors in interest. No rights of any kind in or to any Innovation are reserved to or by you, and none will revert to or be reserved by or on your behalf.

c. We are not obligated to pay you for the Innovation, though we reserve the right to do so, without incurring the obligation to pay you or any other franchisee for any future Innovation.

## **ARTICLE VII**

### **TRAINING**

#### **7.1 ~~Franchisee~~ Initial Training, OSHA Training, and Training of Designated Manager**

##### **a. Initial Training**

~~\_\_\_\_\_~~ i. ~~For the first franchise that you buy and before you open for business, you, or if you are a business entity, your Designated Manager, or your Principal Operator, or Designated Manager must attend and complete training~~Initial Training to our reasonable satisfaction. You may also have one additional trainee attend (for a total of two) Persons. At least one of the two must complete Initial Training before you open. You will then have no more than 365 days after the Opening Date to send a second trainee to Initial Training. If each Person completes Initial Training within that time, there will be no tuition. If, however, you send a Person after the 365 days, Initial Training will be offered at our then-current Additional Training Fee.

~~\_\_\_\_\_~~ ii. If one of the two people that attend Initial Training prior to opening fails to pass Initial Training, the Person will be given the opportunity to take it again at the next available class. There will be no tuition charged for this, but you will pay for travel, room, and board. If the training fails to pass the second time, then the Person will not be permitted to provide any Services that require completion of the Initial Training. If the two people that take Initial Training before opening fail to complete the training to our reasonable satisfaction, both will be permitted to take it the second time for no additional expense. Training tuition. If they both fail to pass Initial Training the second time, we have the right to terminate the Franchise Agreement, except that all restrictive and other covenants of the Franchise Agreement that must survive termination in order to remain enforceable will so survive. The IFF will not be refunded.

~~\_\_\_\_\_~~ iii. If one Person passes Initial Training prior to opening and the second person attends training within 365 days of the Opening Date, that Person must pass Initial Training to our satisfaction. If the trainee does not pass, the Person will be given the opportunity to take it again at the next available class. There will be no tuition charged for this, but you will pay for travel, room, and board. If the Person does not pass the second time, then the Person will not be permitted to provide any Services that require completion of the Initial Training. Though the Person may take the course for the third time, we will charge the then-current Additional Training Fee, and the Person will pay for travel, room, and board.

~~\_\_\_\_\_~~ iv. Training participants will not receive any compensation from us while attending the training.- If you wish more than two people to attend training, you will pay our then-current fee for each additional trainee.

~~\_\_\_\_\_~~ b. The initial training program length and its content is more fully set forth in the Franchisee Manuals or in handouts that we may give you.

~~\_\_\_\_\_~~ c. If you fail to pass Initial Training, we have the right to terminate the Franchise Agreement (Article 3).

~~\_\_\_\_\_~~ d. **OSHA Training**

You (if you are a sole proprietor or are the sole equity owner of the business-entity franchisee) or one of your equity owners (if you are a business entity that has two or more equity owners) must attend and also pass OSHA Training. The training is given quarterly, so there is no guaranty that the attendee will be able to take it prior to opening. In that case, you will take it at the next available time. You will pay the then-current OSHA Training Fee, and you will be responsible for your travel, room, and board. This training must be completed to our reasonable satisfaction. If the attendee fails to pass the OSHA Training, the person will be required to take it again, until it is passed. In this case, however, you will pay

the then-current OSHA Training Fee and will pay for travel, room, and board each time the training is taken.

c. If you replace your Principal Operator or Designated Manager, the replacement must attend our training. You will pay the then-current fee Designated Manager Training Fee for such training, and you will be responsible for travel, room, board, and wages of the attendee.

## **7.2 Conference, Additional Training, and Other Education Development Programs.**

a. We do have a Conference though attendance is not now mandatory. We may change this at any time after giving you no less than 60 days prior written notice. You are required to pay the then-current Conference Fee, and you are responsible for the payment of all expenses for our travel, accommodations, food, and other expenses ~~incurred. Though none is now required, we may in.~~ We reserve the future require your right to pay change the Conference Fee. If a fee is charged or changed, we will give at any time and in any amount after giving you no less than 60 days prior written notice before the Conference.

b. If you request additional, extraordinary, advanced or refresher courses or training, or if we require you to take the same, we may, at our option, charge our then-current Additional Training Fee. You will pay your costs for travel, lodging, and food.

c. In addition to the conference and though we do not now, we have the right in the future to require your Principal Operator, Designated Manager and you, to attend a local or regional meeting up to two times per year. Though none is now charged, we reserve the right to charge tuition in the future. You, however, are always responsible for all travel and living expenses that are associated with attendance at the same.

d. If attendance at any conference or meeting is mandatory, and if you fail to attend, we may charge you our then-current Mandatory Non-Attendance Fee.

## **7.3 Employees and Employee Training**

a. Your employees are not our employees. You are exclusively responsible for the performance of any and all matters pertaining to your employees, including hours worked, scheduling, the payment of taxes, and purchasing any workers compensation insurance, and following all municipal, state and federal rules, laws and statutes pertaining to the employees.

b. You will be solely and exclusively responsible for properly training all employees in the operation of the Business. We make no determination and provide no advice on any matter governing the essential terms or conditions of your ~~employees~~ employees' employment. By way of example and not limitation, we provide no advice, direction, or control over wages or methods of payment, benefits, hiring policies, supervision, promotion, discipline, termination procedures, scheduling, employee-customer relationships, employee bookkeeping or records, and the like.

c. You may not, under any circumstances, use our name, Marks, copyrighted information, or other Proprietary Information on any checks, employee records, employee applications, employee handbooks, or other items that are delivered to the employee.

## **ARTICLE VIII**

## QUALITY CONTROL

In addition to all other obligations and representations of yours set forth in this Franchise Agreement, you agree as follows:

### 8.1 System Compliance, Franchise Agreement Compliance and Client Service Fee

- a. You agree to ~~strictly~~ follow the System, the Franchisee Manuals, and other procedures, forms, and obligations promulgated or provided by us from time to time.
- b. You agree to comply with all covenants and duties placed upon you by this Franchise Agreement.
- c. You will give prompt, courteous, and efficient service to all Clients.
- d. If one of your Clients complains to us, and if we deem it necessary to ~~directly~~ service such client directly, you must reimburse us our Client Service Fee. We have the right to increase the Client Service Fee by any amount without limitation. We will notify you 60 days before a new fee is to be collected.

## 8.2 Compliance with Applicable Laws

a. You agree to comply with all applicable laws, ordinances, and regulations, or rulings of every nature whatsoever that in any way, regulate or affect the operation of your Business. You agree not to engage in any activity or practice which results in, or may reasonably be anticipated to result in, any public criticism of the System or any part thereof.

b. We have not made, and you have not relied upon, any representation that no licenses, or only certain licenses, are necessary ~~in connection with the operation of your~~ to operate the Business.

## 8.3 Inspections

a. In addition to our right to audit your books and records (Article 3), we also have the right to audit any other aspect of your Business, and you consent to such reasonable inspections and audits during normal business hours at the Business.

b. Should we notify you at any time of defects, deficiencies, or unsatisfactory conditions concerning the Business (including your books and records), you agree to correct the deficiencies within the time period for any cure that is granted by this Franchise Agreement or by the Franchisee Manuals.

## 8.4 Approved Products, Product Purchases, and Approval Method

a. You agree to provide only the services we specify in the Franchisee Manuals, which will be amended from time to time. You also agree that all goods or services supplied by the Business will comply with our standards and specifications. You must purchase the same from designated or approved sources and suppliers.

b. In some cases, you may wish to purchase a required good or service from a supplier that has not been previously approved by us. There is no charge for this service. We do not maintain written criteria for approving suppliers, and thus, these criteria are not available to you or your proposed supplier. To obtain our approval, you must submit such information as we may reasonably require in order to evaluate the prospective supplier. We will evaluate the submitted information and will provide written notice of our decision to you within 15 days. If, however, no written notice is received, the approval is denied. We may grant or deny approval for any reason or for no reason at all. Other than as stated here, we have no other process for approving suppliers.

c. Approval of alternative suppliers may be revoked by us if we determine in good faith that the goods or services they are supplying no longer meet the quality standards that are in effect at that time.

## 8.5 Management

Your Principal Operator, Designated Manager, or you are required to devote his or her full time, attention, and best efforts to the management and operation of the Business and the compliance with this Franchise Agreement.

## 8.6 Modification

a. We may reasonably change or modify the System, the Franchisee Manuals, and the Marks, and you agree to accept, be bound by, use, implement, and display any such changes to the System. You will make whatever expenditures are reasonably required to implement such changes or modifications. We have complete ownership and control of any changes, modifications, enhancements, or suggestions, whether made by you or us.

b. We may approve exceptions to, or changes in the uniform standards for you or other franchisees that we believe are necessary or desirable under particular circumstances. You have no right to object to such variances or to obtain the same variances for yourself.

## 8.7 Disclosure

We can disclose in our disclosure materials any information concerning your Business, including your name, address, telephone number, financial, and other information.

# ARTICLE IX

## TRANSFERS

### 9.1 Sale or Assignment by Franchisor

This Franchise Agreement and all of our rights and obligations are fully assignable and transferable by us and if so assigned or transferred, will binding upon and inures to the benefit of our successors and assigns. By way of example and not limitation, we may be sold, or we may sell to a competitor or any other entity any portion of or all of our rights: to license or sublicense the Marks; to any component of the Proprietary Information or System; or, any other assets. In addition, we may go public, may engage in a private or other placement of some or all of our securities, may merge, or acquire other entities or assets which may be competitive with the System, or not, we may be acquired by a competitor or other entity, and we may undertake any refinancing, leveraged buy-out or other transaction. You waive all claims, demands, and damages with respect to any transaction allowed under this section or otherwise. You will fully cooperate with any such proposal, merger, acquisition, conversion, sale, or financing.

### 9.2 Transfer by You

a. This Franchise Agreement is personal as to you and has been signed by us in reliance on and in consideration of; your qualifications and representations. Therefore, this Franchise Agreement, any of its rights or privileges, or any equitable, capital, voting, non-voting, or other interest in you may be assigned, sold, transferred, or divided in any manner by you or anyone else only with our express written permission.

b. In order to obtain such written approval, you will provide us with all documentation relating to the "Proposed Transfer" (as defined in this Article). We will notify you of our approval within 30 days after we receive all of the information that we may request from you. If we do not respond within this 30-day period, the proposed transfer is disapproved by us.

c. The term “Transfer” includes the voluntary, involuntary, direct, or indirect assignment, sale, gift or other disposition by you of any interest in: (i) this Franchise Agreement; (ii) your equity ownership as stated in Exhibit 1; or (iii) any assets of the Business (other than in the normal course of business). A Transfer also includes any assignment, sale, gift or other disposition and includes but is not be limited to: (iv) a transfer as a gift to any Person; (v) a transfer resulting from a divorce, insolvency or business-entity dissolution proceeding; (vi) by operation of law; (vii) in the event of the death, transfer or disposition by will or under the laws of intestate succession; (viii) by declaration of or transfer in trust; and, (viii) by any other direct or indirect assignment, sale, gift, pledge, mortgage or the granting of any security interest encumbering the assets of the Business.

d. If a proposed Transfer is only among existing natural-person franchisees, existing shareholders or members of a corporate or limited liability company franchisee, or among existing partners of a partnership franchisee, and if there is no Change of Control, then there will be no Transfer Fee, and we will not be entitled to exercise our “Right of First Refusal” which is described below. All other conditions to the approval of a proposed Transfer will, however, apply.

e. If the proposed Transfer could result in a Change in Control, then all of our rights apply, and such Transfer will be subject to our approval

f. Each certificate of a corporate or limited-liability-business-entity franchisee will have endorsed upon its face a legend stating that assignment or transfer thereof is subject to the restrictions of this Agreement. You agree to provide us with a copy of each such certificate so that we can ensure compliance with this provision.

### **9.3 Conditions to Approval of any Transfer**

a. In determining the acceptability of the Proposed Transferee, we will consider, among other things, our then-current standards for new franchisees, including the net worth, ~~credit~~ creditworthiness, background, training, personality, reputation and business experience of the Proposed Transferee, the terms and conditions of the proposed transfer, and any circumstances that would make the transfer contrary to our Reasonable Business Judgment or the best interests of the System.

b. We may meet with the Proposed Transferee and candidly discuss all matters relating to the Franchise Agreement and the Franchised Business. In no case will you or a Proposed Transferee rely on us to review or evaluate any proposed transfer. We will not be liable to you or the Proposed Transferee or any other person or entity relating to the transfer.

c. As a condition of any Transfer otherwise permitted under this Franchise Agreement, you agree as follows,

i. you will notify us of a proposed Transfer by sending a written notice to us and enclosing a copy of the written offer from the Proposed Transferee;

ii. you must be in Compliance with this Franchise Agreement and not be in default hereunder at the time you request the transfer;

iii. all accounts payable and other monetary obligations to any Affiliate or us must be paid in full;

- iv. you must have timely submitted all required reports, financial statements, and other documents;
- v. the terms and conditions of the proposed Transfer must be provided in writing to us;
- vi. if approved, the Proposed Transferee must sign the then-current form of the franchise agreement **which may contain terms, covenants, and conditions that are significantly different than from those found in this Franchise Agreement**;
- vii. the Proposed Transferee must attend training and will pay tuition (if any) that is then being charged to new franchisees. The Proposed Transferee will also pay for his travel, room and board expenses for such training;
- viii. the Transferee or you must pay the Transfer Fee upon execution of the franchise agreement by the Proposed Transferee;
- ix. you (and if we deem it necessary, any other Person defined as the Franchisee under Article 1) must execute the then-current form of General Release to us. A copy of the current form of General Release is attached as Exhibit 4.
- x. all covenants found in this Franchise Agreement, including any post-term covenant not-to-compete, any indemnification covenants, confidentiality obligations, and the provisions relating to dispute resolution, will survive any Transfer and will continue to be your obligation.

#### **9.4 Invalidity of Transfers**

- a. Any Involuntary Transfer by you, such as by legal process including bankruptcy, assignment for the benefit of creditors, assignment as security for any financial or non-financial matter or otherwise, are not permitted, are not binding on us, and are grounds for the termination of this Franchise Agreement without the right to cure.
- b. You agree that using this Franchise Agreement as security for a loan, or otherwise encumbering this Franchise Agreement, is prohibited unless we specifically consent to any such action in writing prior to the proposed transaction.
- c. You agree not to grant a sub-franchise under this Franchise Agreement, nor to otherwise seek to license or permit others to use this Franchise, the Franchised Business, or any of the rights derived by you under this Franchise Agreement and any manner that violates the provisions herein.
- d. Any attempt to complete a Transfer without our express permission will be considered a breach of this Franchise Agreement for which no cure will be provided.

#### **9.5 Death or Permanent Disability and Franchisee Life Insurance Policy**

- a. Subject to subparagraph 9.5(b), upon your death or Permanent Disability or upon the death or Permanent Disability of your Principal Operator or the owner of a controlling interest in the business-entity Franchisee, the executor, administrator, conservator, guardian or ~~other~~ another personal representative of such person will transfer your interest in this Franchise Agreement or such interest in the business-entity Franchisee to an approved third party who may be the heirs or successors of the deceased

or disabled individual. Such disposition of this Franchise Agreement or such interest (including, without limitation, transfer by operation of law, intestacy, bequest or inheritance) must be completed within a reasonable time, not to exceed 180 days from the date of death or Permanent Disability, and will be subject to all terms and conditions applicable to transfers contained in this Article as though the transferee ~~were~~was being introduced to us by the deceased or disabled Franchisee~~s~~; provided, however~~;~~, that no transfer fee will be charged.

b. We purchase the Franchisee Life Insurance Policy using the then-current Franchisee Life Insurance Policy Fees that you pay. Upon your death or Permanent Disability, we will use the proceeds from this policy to operate your Business until you sell it (with our approval~~})~~), or we allow your estate to assume this Franchise Agreement. Any proceeds from the policy that remain after the sale or assignment will be retained by us.

c. Failure to transfer the interest in this Agreement or such interest in the business-entity Franchisee within ~~said period of time~~180 days constitutes a breach of this Agreement for which no additional cure may be granted.

## **9.6 Right of First Refusal**

In the event of a Transfer, you agree the same is subject to our 30-day right of first refusal (Right of First Refusal) to purchase such rights, interest or assets on the same terms and conditions as are contained in the written offer for the Transfer, except that the following additional terms and conditions will apply:

a. you will notify us of such offer by sending a written notice to us (which notice may be the same notice as required by Section 9.3 above), enclosing a copy of the written offer from the Proposed Transferee;

b. the 30-day Right of First Refusal period will run concurrently with the period that we have to accept or not accept the Proposed Transferee;

c. such Right of First Refusal is effective for each proposed transfer and any material change in the terms or conditions of the proposed transfer will be a separate offer on which a new thirty (30) day right of first refusal will be given to us;

d. if the consideration or manner of payment offered by a Proposed Transferee is such that we may not reasonably be required to furnish the same, then we may purchase the interest which is proposed to be sold for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the cash value of the consideration proposed to be paid by the Proposed Transferee, an independent appraiser will be designated by us, whose determination will be binding upon the parties. All expenses of the appraiser shall be paid for equally between you and us; and

e. if we choose not to exercise the Right of First Refusal, you will be free to complete the Transfer, subject otherwise to your compliance with this Franchise Agreement. Our failure to reply to your notice of a proposed sale within the 30-day period is a waiver of such Right of First Refusal.

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## ARTICLE X

### DEFAULT AND TERMINATION

#### 10.1. Termination by Franchisor - Effective upon Notice

We have the right, at our option, to terminate this Franchise Agreement and all rights granted you hereunder, without affording you ~~any~~ opportunity to cure (subject to any state laws to the contrary, where such state law may prevail), or to exercise any other rights that we may have including terminating your right to operate your Business without terminating the Franchise Agreement, which notice of termination will be effective five days after mailing by prepaid, certified mail, return receipt, or if by overnight or hand delivery, then effective on the date of such delivery or the date of refusal by you to accept delivery, upon the occurrence of any of the following events:

a. if you cease to operate the Business or otherwise abandon the Business for a period of 14 consecutive days, or any shorter period that indicates your intent to discontinue operation of the Business, unless and only to the extent that full operation of the Business is suspended or terminated due to Force Majeure or other similar causes beyond your control and not related to the availability of funds to you;

b. if you: become insolvent, as that term is commonly defined using generally accepted accounting principles, consistently applied; are adjudicated a bankrupt; if any action is taken by you, or by others against you under any insolvency, bankruptcy or reorganization act; or if you make an assignment for the benefit of creditors or a receiver is appointed by you. This provision may not be enforceable under federal bankruptcy law, 11 U.S.C. §§ 101 et seq. If, for any reason, this Agreement is not terminated pursuant to this Article 10, and the Franchise Agreement is assumed, or assignment of the same is made to any person or entity who has made a bona fide offer to accept an assignment of the Franchise Agreement pursuant to the U.S. Bankruptcy Code, then you must supply us within 20 days after receipt, a notice of such proposed assignment or assumption, setting forth: (i) the name and address of the proposed assignee; and (ii) all of the terms and conditions of the proposed assignment and assumption; and, in any event, within ten days before the date application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption. We have the prior right and option, to be exercised by notice given at any time before the effective date of such proposed assignment and assumption, to accept an assignment of this Franchise Agreement to us upon the same terms and conditions, and for the same consideration, if any, as in the bona fide offer made by the proposed assignee, less any brokerage commissions which may be payable by you out of the consideration to be paid by such assignee for the assignment of this Franchise Agreement.

c. if any material judgment or award (or several judgments or awards which in the aggregate are material) is (are) obtained against you and remain(s) unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond or other appeal bond has been filed); if execution is levied against the Business or any of the property used in the operation of the Business and is not discharged within five days; or if the real or personal property of the Business or the business-entity Franchisee is levied upon in accordance with the law of the state in which the Business is located;

d. if any criminal background check (as permitted by you under Exhibit 3 and which may be conducted at any time during any term of this Franchise Agreement), discloses, or if we learn through any other method, that you have been arrested for, convicted of, or plead no contest to, a crime (whether a petty offense, misdemeanor, or felony) involving moral turpitude; are arrested for, convicted of, or plead no contest to, a felony of any nature; or are arrested for, convicted of, or plead no contest to, any crime

(whether a petty offense, misdemeanor, or felony), or civil offense that is reasonably likely, in our sole opinion, to unfavorably reflect on the System, Marks, or the goodwill or reputation thereof;

e. if any credit background check determines that your status as a debtor has materially negatively changed from any prior report so that your ability to continue to operate the Business is commercially substantially in doubt;

f. if you fail to pay any Royalties, advertising fees, Late Fees, or any other amounts due us, including any amounts which may be due as a result of any other agreements between you and us within five days after receiving notice that such fees or amounts are overdue;

g. if you misuse or fail to follow our direction and guidelines concerning use of the Marks or any component of the Proprietary Information, and fail to correct the misuse or failure within five days after notification from us; except that if your violation of this subparagraph (g) is intentional, there will be no 5-day right to cure and default and termination will be immediate;

h. if you disclose to any unauthorized person any component of the Proprietary Information or the System;

i. if during the Initial Term of this Franchise Agreement (or during any Successor Franchise Rights term) you have received from us three written notices of default as to any term, covenant, or condition (or a combination thereof) of this Franchise Agreement each of which has been timely cured (if cure is available), and you are again in default of the same or any other portion, term, or covenant of this Agreement, even if all prior breaches were timely cured;

j. if during any Successor Franchise Term you receive one written notice of default as to any term, covenant, or condition (or combination ~~thereof~~ of them) of this Franchise Agreement and are again in default of the same or any other term, covenant, or covenant of this Agreement, even if the breach was timely cured;

k. if you Transfer this Franchise Agreement, an interest in the Business, a substantial portion of the assets of the Business, or the business-entity Franchisee or otherwise violate the terms of Article 9 above;

l. if you violate any municipal, state, or federal law that applies in any way to the Business or your operation under the Franchise Agreement, and you then fail to cure the same within any time to cure provided by the governmental entity that issued the citation;

m. if you make any material misrepresentations relating to the acquisition of your rights under this Franchise Agreement.

n. you violate any covenant or condition of 1.6(d)(v);

o. you violate any other covenant or condition which contains its own cure provision and then fail to cure within the time period provided therein;

p. if you have employees and you fail to pay any employee his or her wages;

q. if you fail, refuse, or neglect to obtain any prior written approval or consent as required by this Agreement;

r. if you engage in any unauthorized business or practice or sell any unauthorized product or service from the Business;

s. if you fail to pay any tax (including but not limited to payroll, sales, income, or any other tax) due as a result of the operation of the Business);

t. if one or more complaints are received by us concerning: you; the operation of your Business; your demeanor; or for any other reason during any 12 month period;

~~\_\_\_\_\_~~ u. if you violate any other covenant that has its own cure provisions;

~~\_\_\_\_\_~~ v. if you fail to file or deliver any documents to us at the time required under this Franchise Agreement and fail to cure the same after receiving ten days written notice to do so;

~~\_\_\_\_\_~~ w. if you take any action, fail to take any action either during normal business hours, or outside business hours which action or failure to act in our commercially reasonable judgment results in, or may reasonably result in the disparagement of the Marks, the System, or any portion of the Proprietary Information;

~~\_\_\_\_\_~~ v

~~\_\_\_\_\_~~ x. there is a cross-default under Section 10.3 below; or,

~~wy.~~ if you fail to add new lines of goods ~~and~~ services, or technology after we have notified you in writing and have given you -reasonable time to comply, which will be no longer than 60 days.

## **10.2. Termination by Franchisor – Thirty-Days Notice**

a. We have the right to terminate this Agreement effective upon 30 days written notice to you if you breach any other term, covenant, or condition of this Franchise Agreement and fails to cure the default during such 30-day period.

b. After the passage of said 30-day period without cure, this Agreement will terminate without further notice to you.

## **10.3 Cross Default**

a. If you are a party to any other Franchise Agreements with us or are a party to any agreements with an Affiliate, and if such agreement is breached and not timely cured within the time period permitted in such document with the result being that that agreement is terminated, then we have the right to terminate this Franchise Agreement without affording you any additional right to cure.

b. If you violate the terms, covenants or conditions of any other contract or agreement with a third party that is unrelated to us but which is material to the operation of the Business including, but not limited to, any real property or equipment lease, (Third Party Contract) and fail to cure any such breach within the time permitted under such Third Party Contract, and as a result, you are unable: (i) to operate this Business in the manner that you were able to before the breach of the other agreement; or, (ii)

to operate any other Business under a separate franchise agreement (cross-default); or, (iii) operate the Business in accordance with the terms of this Agreement, then upon termination of said Third Party Contract, this and all other franchise agreements with us may, in our sole and exclusive discretion, also be terminated at the same time as the Third Party Contract terminates. You will provide us immediate notice in the event of the termination of such a material agreement.

#### 10.4 Diligent Pursuit of Cure

a. If the breach is one for which cure is provided above, and if you undertake the cure within three days of the date that you receive our notice, and if you continue to pursue such cure in good faith but are unable to complete the cure within the cure period, then you will be given up to an additional 30 days after the end of the first cure period within which to complete such cure. If you fail to pursue the cure during this additional time period or are unable to complete such cure within this additional time period, then we have the right to terminate the Franchise Agreement without further notice to you.

b. We also have the right, in our sole discretion, to grant you an extended period of time to cure. In such an event, however, we will not have waived our rights to later strictly enforce any right to cure, to deny you the right to cure a future breach for which no cure is provided, or to take such action as is allowed to us by this Franchise Agreement if you fail to cure during the extended period granted to you.

#### 10.5 Temporary Management, Temporary Management Fee and Discontinuation of Service

a. If you breach this Franchise Agreement, whether or not the breach ~~be~~is one for which cure is provided, we have the option but not the ~~requirement~~obligation to temporarily manager your Business until: (i) the breach is time cured (if cure is ~~provided~~permitted); (ii) until the termination process is complete, and you are no longer a Franchisee; or (iii) we determine our temporary management should cease.

b. During this period we have the right to operate your business as though we were your Designated Manager and we will perform all duties required to operate the Business, will service all Clients, will collect all Gross Sales revenue, will make all tax payments, will make all commercially reasonable payments to employees, will pay ~~our~~the then-current Temporary Management Fee, will pay accounts payable, and will take all other reasonable actions necessary to operate your Business.

c. You will indemnify us and hold us harmless from any claim, cause of action, damage, loss, fee, cost, wage, award, and the like that may be incurred by us unless the same is caused by our gross negligence.

d. To the extent we deem it necessary, you will amend any insurance policies to ensure that we are covered by such insurance.

e. ~~As~~Further, and as to any breach of this Franchise Agreement for which cure is granted, during the period of cure, we have the right to suspend our performance of any of our obligations under this Franchise Agreement including, without limitation, the supply of any online services, online advertising, web-page hosting or the sale or delivery of any services or products until such time as you correct the breach.

#### 10.6 Our Rights to Damages

Upon your failure to cure any Event of Default (if cure is provided), we may proceed to enforce any or all of the following non-exclusive remedies or any other remedy, claim, cause of action, award, or damages allowed by law or equity, with the understanding that the pursuit of ~~any~~ one remedy is not an

election or waiver by us to pursue additional remedies, as all remedies are cumulative and are not exclusive:

a. Bring one or more actions for ~~the~~ lost profits as measured by the Royalties and other fees that would have been due and payable had breach and default not occurred; (less however any amounts necessary to ensure that we are receiving only the net amount of such Royalties or fees;) penalties and interest as provided for in this Franchise Agreement; and for all other damages sustained by us as a result of your breach of this Franchise Agreement.

b. Accelerate the balance of any outstanding installment obligation due hereunder and bring an action for the entire accelerated balance.

c. Bring an action for temporary or permanent injunctions and orders of specific performance enforcing the provisions of this Franchise Agreement and otherwise stop you from engaging in actions prohibited hereby, including, without limitation: (i) improper use of the Marks or System; (ii) unauthorized assignment of the Franchise Agreement; (iii) violation of any of the restrictive covenants; and (iv) your failure to meet or perform your obligations upon the Transfer, termination or expiration of this Franchise Agreement.

d. Terminate this Franchise Agreement and proceed to enforce our rights under the appropriate provisions. Such termination will be effective upon delivery of a notice of termination to you without further action by us.

\_\_\_\_\_ e. We also have the right to refrain from terminating this Franchise Agreement, but to enforce our rights to deny you use of, the Proprietary Information; the operation of the business; and any other legal or equitable rights and to bring an action for any damages, costs (including reasonable attorneys' fees and arbitration costs) or losses suffered by us.

~~\_\_\_\_\_ f. \_\_\_\_\_ e. \_\_\_\_\_ If you:~~ If you operate the Business after Transfer, repurchase, termination or expiration; use any of the Marks, Proprietary Information, or any component of the System; violate any surviving covenants after a Transfer, any termination or expiration, then, in addition to any remedies provided above, and in addition to any other remedies in law or equity (all of which are cumulative and not an election of remedies to the exclusion of other remedies), our remedies will include recovery of the greater of: (i) all profits earned by you in the operation of the business using our Marks or System after such Transfer, Assignment, repurchase, termination, or expiration; (ii) all Royalties, advertising contributions, and other amounts that would have been due to us if such Transfer, repurchase, termination, or expiration had not occurred; or (iii) any other amount that may be proven.

#### **10.7 Limitation of Right to Bring Action and Waiver of Punitive, Exemplary, or Consequential Damages**

\_\_\_\_\_ a. YOU AND WE ARE LIMITED TO BRINGING ANY ARBITRATION AGAINST THE OTHER WITHIN ONE YEAR OF THE DATE THAT THE FACTS WHICH GIVE RISE TO THE CLAIM WERE DISCOVERED OR ONE YEAR FROM THE DATE THAT SUCH FACTS REASONABLY SHOULD HAVE BEEN DISCOVERED.

\_\_\_\_\_ b. YOU AND WE AGREE TO WAIVE THE RIGHT TO A JURY TRIAL AND TO BE AWARDED EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES.

**c. Each Party agrees that it has the right to seek damages that are in addition to the actual monetary loss that can be proven, which would include, but not be limited to, such damages as consequential, exemplary, and punitive damages. Being advised of the same, we each waive such damages that may be in addition to any actual monetary damages suffered; except if you are required to indemnify us under Article 14 and if as a result of the action underlying the indemnification, such damages are awarded to the injured party, then you agree that indemnification will cover such damages. If in some event such damages are awarded and if such award is not deemed to be outside the scope of what is permitted by this Article or this Franchise Agreement, then any constitutional or statutory limitations on punitive, exemplary, multiple, or similar damages will apply, and any award by an arbitrator or court in excess of such limitations will be in excess of legal authority and void.**

Initials as to this Section

\_\_\_\_\_  
Initials of Franchisee

\_\_\_\_\_  
Initials of Franchisee

\_\_\_\_\_  
Initials of Franchisor

## 10.8 State or Federal Law Prevails

If any mandatory provisions of governing state law prohibit termination of the franchise agreement as described herein, or if the same otherwise limits our rights to terminate by imposing different rights or obligations as are found herein, then such mandatory provisions of state law will be incorporated into the agreement by reference and will prevail over any inconsistent terms in the agreement. If no such law exists, or if such law exists but permits you to agree to abide by the termination provisions set forth here instead of the state law, then you agree that the terms of this Franchise Agreement will prevail. If by electing the alternative dispute resolution provisions and choice-of-law provisions of Article 16, it is determined that the terms of this Franchise Agreement preempt or prevail over the application of any state law to the contrary, then the choices made by the Parties will prevail so as to permit the limitations identified in this Article.

## 10.9 Payment of Fees is an Independent Covenant

You agree that you will not withhold payments of Royalties, National Branding Fees, regional advertising contributions, or any other amounts of money owed to us for any reason, even including a claim by you of the alleged nonperformance by us of any obligation hereunder. All such claims by you will, if not otherwise resolved by us, be resolved as permitted in this Agreement. All covenants are independent of each other.

## 10.10 Action Against the Franchisor

Subject to the limitations of actions as found in this Article ~~that require you to take any action before the expiration of the time limit found therein~~, prior to starting any dispute resolution procedure against us or any of our officers, agents, or employees, you agree to give our officers, agents, employees, or us 60 days prior written notice and an opportunity to cure any alleged act or omission within that time period. If such act or omission cannot be cured within such 60-day period, and we or our officers, agents, or employees are diligently continuing efforts to attempt to cure such alleged act or omission, you will give us or our officers, agents, or employees such additional time as is reasonably necessary to cure which time will not exceed an additional 30 days. If we fail to complete such cure in a timely fashion, then you have such rights as are permitted herein.

## ARTICLE XI

### OBLIGATIONS OF FRANCHISEE UPON TERMINATION OR EXPIRATION

#### 11.1 Obligations upon Transfer, Termination or Expiration

Upon a Transfer, termination or expiration of this Franchise Agreement for any reason, you will cease to be a licensed Franchisee and will:

a. immediately pay for all product purchases, advertising fees, and other charges and fees owed or accrued to us;

b. refrain from holding yourself out as a Franchisee and immediately cease to advertise or in any way use the System, the Marks, any materials, designs, logos, methods, procedures, processes, and other commercial property and symbols or promotional materials provided by or licensed to you by us or in any way connected with the Business;

c. immediately take all necessary steps to disassociate yourself from the System and the Business, including, but not limited to, the removal of signs, destruction of letterhead, changing of telephone listings, telephone numbers, internet sites, web pages, any Uniform Resource Locator (URL) that bears any of the Marks, trade names or the like in its address, and to assign and transfer the telephone listing, telephone numbers, and home Web pages to us through the telephone system, telephone-advertising-pages, and the internet. In order to complete the latter, you agree that you will sign the Collateral Assignment of Contact and Electronic Information that is attached to this Franchise Agreement as Exhibit 5. If you fail or refuse to do so, the telephone company, website manager, hosting agent and other listing agencies may accept this Franchise Agreement as evidence of our exclusive rights in and to such telephone number(s) and listing and its authority to direct their transfer. ~~You appoint us as your attorney in fact for the above transfers~~You appoint us as your attorney-in-fact coupled with an interest in the above transfers. If your state requires specific information included in this Franchise Agreement or a particular document be executed in order perfect our rights as your attorney in fact, you and we agree that this Franchise Agreement is amended to include such language or the document, and you and we will cooperate to ensure that such document is executed.;

d. take such action as is necessary to amend or cancel any assumed name, fictitious name, or business name or equivalent registration which contains any trade name or Mark of ours, or in any way identifies you as being affiliated with the System;

e. immediately notify all suppliers, utilities, creditors, and concerned others that you are no longer affiliated with us, the System, or the Franchise, and provide proof to us of such notification. You covenant not to use any part of the System or any part of our trade secret or confidential or proprietary information or materials following the termination of this Franchise Agreement and not to identify any present or future business owned or operated by you as having been in any way associated with us or the System;

f. within seven calendar days, return to us by first-class, prepaid, certified, return receipt requested, United States Mail, all Manuals (including originals and any copies), all training, advertising, promotional aids, materials and all other printed materials pertaining to the operation of the Business and the Client Lists;

g. unless an earlier time is called for, in which case the earlier time prevails, furnish evidence satisfactory to us of compliance with this Article within 60 calendar days after the termination, expiration, or Transfer of this Franchise Agreement;

h. cease using or availing yourself of any of our software, hardware, or other proprietary technology.

## **11.2 Additional Matters**

Further, upon Transfer, termination or expiration of this Franchise Agreement for any reason:

a. no payment will be due to you from any source on account of any goodwill or other equity claimed by you arising from your operation or ownership of the Business or this Franchise Agreement;

b. unless otherwise described herein, no fees, charges, royalties, advertising fees, or other payments of any kind from you to us will be refundable in whole or in part; and

c. you will have no equity or other continuing interest in this Franchise Agreement.

## **ARTICLE XII**

### **RIGHT TO PURCHASE**

#### **12.1 Right to Purchase**

a. Except as otherwise provided in Article 9, which prevails in the instance of a Transfer, upon expiration or earlier termination of this Franchise Agreement you grant to us the right to acquire, in our sole discretion, all or any part of your inventory, equipment, signs and accessories, and other personal property relating to the Business or the Franchise Agreement at the then-existing Fair Market Value of such furniture, fixture, equipment, or item as of the date of expiration or termination of this Franchise Agreement.

b. We must exercise this option within 30 days of such expiration or termination by giving written notice to you of our intent to exercise our option to purchase. Unless otherwise agreed by you, the purchase price as determined hereunder will be paid in cash within the option period.

c. If we have not notified you of our election to exercise this option within the 30-day period, it is conclusively presumed that we have elected not to exercise our option, and you are then free to sell or transfer such assets to any person or entity on such terms as you may so choose.

## ARTICLE XIII

### RELATIONSHIP BETWEEN THE PARTIES

#### 13.1 Independent Contractor

a. In all matters between us, or between you and the public, you are an independent contractor. Nothing in this Franchise Agreement or in the franchise relationship constitutes a partnership, agency, joint venture, or ~~other~~another arrangement between us.

b. Neither party is liable for the debts, liabilities, taxes, duties, obligations, defaults, compliance, intentional acts, wages, negligence, errors, or omissions of the other.

c. You are responsible for the management and control of the Business and its operation under this Franchise Agreement, including without limitation, its daily operations, management, employee direction, and ~~paying~~payment of all costs and expenses ~~of your Business~~.

d. The Parties agree not to hold themselves out by action or inaction, contrary to the foregoing.

e. None of your employees are our employees, and each employee must be so notified.

f. Neither Party will act or have the authority to act as agent for the other, and neither you nor we will guaranty the obligations of the other or ~~in any way~~ become obligated for the debts or expenses of the other unless agreed to in writing.

#### 13.2 No Fiduciary Relationship

It is understood and agreed between us that this Franchise Agreement does not establish a fiduciary relationship.

#### 13.3 Posting of Signs

You agree to post promptly and maintain any signs or notices specified by us or by applicable law indicating the status of the parties as described above.

## ARTICLE XIV

### INDEMNIFICATION

#### 14.1 Indemnification

a. You ~~agree to and will~~ indemnify, ~~and defend, and hold~~ us (the "Indemnified Parties") ~~harmless from~~), ~~against~~, and you will reimburse us for all "Claims" (as defined below), ~~arising directly or indirectly arising out of~~, your operation of the ~~Business, Restaurant~~; Claims by your unauthorized employees or Customers; your breach of any agreement with a third party that results in our being named in the Claim; a Claim of premises liability; your use of the Marks, the System, and the Proprietary Information, System; or as a result of your performance or failure to perform under this Franchise Agreement.

~~b. “Claims” include but are not limited to any claim legal or equitable claim, obligation, liability, cause of action, damage, award, judgment, cost (including reasonable ~~attorneys’~~ attorney’s fees, court costs, and expert witness fees), ~~expenditure~~ expenditures of funds by us, or loss suffered by us or brought against us and arising out of: your performance or failure to perform under this Franchise Agreement; any breach by you of the PCI DSS standards that results in a Claim being made against us; a claim for breach of contract; premises liability; your operation of the Franchised Business; employment matters; your performance under the System; your use of the Franchisee Manuals and Proprietary Information; your use of the Marks; as well as any other damages, causes of action, tort claims, or any other claim in law or equity against an Indemnified Party which may arise as a result of your breach of any term, covenant, or condition of this Franchise Agreement and operation of the Franchised Business.~~

eb. Included in indemnification is the reimbursement or direct payment by you of any award, damage, consequential damages, and costs reasonably incurred in ~~the~~ defense of any claim against the Indemnified Parties, including, without limitation, reasonable accountants’, attorneys’ and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses.

ec. We have the absolute right to defend any such Claim and have the right to have legal counsel of our ~~own~~ choosing, the reasonable cost of which will be borne by you.

ed. This indemnity continues in full force and effect ~~subsequent to~~ after and notwithstanding the Transfer, expiration, or termination of this Franchise Agreement and will continue for any applicable ~~limitation of actions~~ statute.

e. Further, should any Claim result in the granting of exemplary, punitive, or consequential damages, the same will be covered under this Article and will be reimbursed to us regardless of any language to the contrary in this Franchise Agreement.

## ARTICLE XV

### RESTRICTIVE COVENANTS

#### 15.1 In-Term Covenant Not to Compete

a. You and we share a common interest in avoiding situations where persons or companies who are or have been franchisees within the System, operate or otherwise become involved with a similar competing business either during or after the termination for any reason of this Franchise Agreement.

b. Therefore, during the term of this Agreement, and for any Successor Franchise Term, you agree that you will refrain in any capacity or at any location from, owning; operating; leasing; franchising; conducting; consulting with; engaging in; having any interest in; assisting any person or entity engaged in for its own account; acting as an employee, consultant, partner, officer, director or shareholder of any other person, firm, entity, partnership or corporation engaged in any wholesale, retail, or other business that is a Competitive Business, except with our prior written consent which consent may be granted or withheld for any reason or for no reason at all.

#### 15.2 Post-Term Covenant Not to Compete

Upon the Transfer of, or termination or expiration of this Franchise Agreement for any reason, or upon the occurrence of any transfer, repurchase or termination of your rights hereunder, and for a period of 36 full months thereafter, you agree that you will refrain from, owning; operating; leasing; franchising; conducting; consulting with; engaging in; having any interest in; assisting any person or entity engaged in for its own account; acting as an employee, consultant, partner, officer, director or shareholder of any other person, firm, entity, partnership or corporation engaged in any Competitive Business that is within 70 miles of your Franchised Location, or within 70 miles of the Franchised Location of any other franchisee or Business owned by an Affiliate or us.

#### 15.3 No Disclosure

You agree that during the term of this Franchise Agreement, during any Successor Franchise Term or at any other time after the Transfer, expiration or earlier termination of this Franchise Agreement (or any franchise agreement signed pursuant to the Successor Franchise term), each will refrain from making any unauthorized disclosure or use the Marks, any component of the System, or any portion of the Proprietary Information.

#### 15.4 Other Protection

~~a.~~ During the term of this Agreement, for a period of two years following the Transfer, expiration or termination of this Agreement, and in the area described in Section 15.2 above, you covenant that you will refrain either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, persons, or legal entity from:

~~\_\_\_\_\_ia.~~ diverting or attempting to divert to any competitor of the Business (by direct or indirect inducement or otherwise) any business or Clients of the Business; or

~~\_\_\_\_\_iib.~~ doing or performing, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks; or the System ~~or both; or.~~

~~\_\_\_\_\_b.~~ Further, you agree that in the event you continue to operate or subsequently begin to operate any other business, you will not use any reproduction, counterfeit, copy, or colorable imitation of the Marks, either in connection with such other business or in the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute our exclusive rights in and to the Marks and the System, and you further agree not to utilize any designation of origin, description, or representation that falsely suggests or represents an association or connection with us.

## 15.5 Survival

The restrictive covenants of this Article and all other restrictive covenants in this Franchise Agreement (including those in Article 6) survive its Transfer, expiration or earlier termination and will continue to bind the Parties.

## 15.6 Reasonable Restriction and Savings Clause

a. The covenants found in this Article are intended to be a reasonable restriction on you (and each Person defined as being the Franchisee under Article 1). You and we agree that the purpose of these restrictions is to protect the entire franchise system from unfair competition and to protect the goodwill, and time and effort spent by us in creating the Marks, the Proprietary Information, and the System. In fact, we would not have shared such information with you unless you agreed to be bound by the terms of this Article 15 specifically and this Franchise Agreement generally.

**b. You further agree that you (and each Person identified as a Franchisee under Article 1) have skills of a general and specific nature and has other opportunities, or will have other opportunities, to use such skills, and that the enforcement of these covenants will not unduly deprive you of the opportunity to earn a living.**

c. For purposes of interpretation of the covenants found in this Article, every location of a Business, every month of time, each mile of distance, or any other restriction are considered severable. In the event an arbitrator interprets a spatial, temporal, or other limitation to be overly broad, then the arbitrator will adjust the offending limitation, in the most limited manner possible, so as to fashion a reasonably enforceable covenant that upholds the restrictive nature of this Article specifically and this Franchise Agreement generally.

d. You expressly agree that the existence of any claim you may have against us, whether or not arising from this Franchise Agreement, does not constitute a defense to the enforcement by us of any covenants of this Article specifically and this Franchise Agreement generally. You further agree that we are entitled to set off any loss or damage we suffer against any amounts owed by us to you.

## 15.7 Tolling of Time and Injunctive Relief

a. You acknowledge that any failure to comply with the requirements of this Article will cause us irreparable injury for which no adequate remedy at law may be available, and you, therefore,

~~consent to the issuance by~~ understand that we may apply for an injunction to a court of competent jurisdiction of an injunction prohibiting any conduct by you in violation of the terms of this Article, and ~~if to protect our rights.~~ If permitted by law, you agree to waive any requirement for the posting of any that we post a bond. Further, you and we understand that in order to obtain injunctive relief, you and we are not required first to meet face-to-face or to mediate under Article 16. If the temporary injunction is granted, then we must begin the alternative dispute resolution process under Article 16. We may further avail ourselves of any legal or equitable rights and remedies which it may have under ~~the~~ this Franchise Agreement or otherwise.

b. If, at any time during a period of non-competition ~~following the Transfer, expiration or termination of this Franchise Agreement, or if upon a Transfer,~~ you fail to comply with your obligations under this Article, under Article 6, or under any other covenant that has survived ~~such~~ Transfer, ~~expiration or earlier termination, then~~ or expiration, the period of noncompliance will not be credited toward your satisfaction of the period of non-competition ~~and.~~ Instead, the counting of ~~such time~~ the period of non-competition will be tolled until you are again in compliance.

## ARTICLE XVI

### DISPUTE RESOLUTION

#### 16.1 Resolution before Arbitration

You and we believe that it is important to resolve any disputes amicably, quickly, cost-effectively, and professionally and to return to business as soon as possible. We agree that the provisions of this Article support these mutual, practical business objectives, and, therefore, agree as follows:

a. ~~all~~ All provisions of this Franchise Agreement (including the language of this Article) will be fully enforced, including, but not limited to, those relating to arbitration, waiver of jury trial, limitation of damages, venue, choice of laws, and shortened periods in which to bring claims;

b. All of the language terms, covenants, and conditions of this Article including the choice of law, choice of venue and use of arbitration is are mandatory and is-not permissive;

c. the Parties rely on the federal preemption of state laws under the Federal Arbitration Act (9 U.S.C. § 1 et seq.) (FAA) with the understanding that the FAA and not state law will control any matters pertaining to mediation and arbitration and, as a result, the provisions of this Franchise Agreement will be enforced only according to its terms and through the alternative dispute mechanism found in this Article. The Parties further agree that each Party intends that any state law attempting to prohibit arbitration or attempting to void out-of-state forums for arbitration are preempted by the Federal Arbitration Act and that arbitration will be held as provided in this Article;

d. except as expressly provided in this Franchise Agreement, **EACH PARTY KNOWINGLY WAIVES ALL RIGHTS TO A COURT OR JURY TRIAL AND, INSTEAD, SELECTS FACE-TO-FACE MEETINGS, MEDIATION AND FINALLY BINDING ARBITRATION AS THE SOLE MEANS TO RESOLVE DISPUTES UNDERSTANDING THAT FACE-TO-FACE MEETINGS, MEDIATION AND ARBITRATION MAY BE LESS FORMAL THAN A COURT OR JURY TRIAL, MAY USE DIFFERENT RULES OF PROCEDURE AND EVIDENCE, THAT AN APPEAL PROCESS IS GENERALLY LESS AVAILABLE, AND THAT**

**THE FEES AND COSTS ASSOCIATED WITH MEDIATION AND ARBITRATION MAY BE SUBSTANTIALLY GREATER THAN IN CIVIL LITIGATION;**

Initials as to the above three subsections:

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Initials of Franchisee

\_\_\_\_\_  
Initials of Franchisee

\_\_\_\_\_  
Initials of Franchisor

e. the terms of this Franchise Agreement (including but not limited to this Article) will control with respect to any matters of jurisdiction, venue, and choice of law; and,

f. notwithstanding the fact that a Party is or may become a party to a court action or special proceeding with a third party or otherwise, and whether or not such pending court action or special proceeding: (i) may include issues of law, fact, or otherwise that arise out of the same transaction (or series of related transactions) as any arbitrable matter between or involving the Parties; (ii) involves a possibility of conflicting rulings on issues of law, fact, or otherwise; and (iii) such pending court action or special proceeding may involve a third party who cannot be compelled to arbitrate the terms, covenants, and conditions of this Franchise Agreement, the Parties still agree any dispute between the Parties to this Franchise Agreement will be enforced according to the terms found herein, including the obligation to perform under this Article.

g. Prior to arbitration, each Party agrees to adhere to the following procedure:

i. First, in the event of a disagreement between us, we agree to meet face-to-face within 30 days after one party gives written notice to the other;

ii. Second, if the issues between us cannot be so resolved, then the disagreement must be submitted to non-binding mediation before the Judicial Arbitration and Mediation Service (JAMS) or its successor (or an organization designated by JAMS or its successor). If JAMS is unable or unwilling to conduct such proceedings, and the Parties to the dispute cannot agree on an appropriate organization or person to conduct such proceedings, then the mediation will be heard by the American Arbitration Association.

A. You and we will agree upon a single mediator. If we cannot agree upon the mediator, then the senior-most officer, director, or manager of the association under which the mediation is to take place will choose a neutral and disinterested mediator, and such choice will be final and binding.

B. Any mediation will be conducted by a mediator experienced in franchising. You and we may be represented by counsel and may, with permission of the mediator, bring persons appropriate to the proceeding.

iii. If the mediation does not resolve the matter, then you and we agree that the disagreement will be submitted to and finally resolved by binding arbitration.

**16.2 Resolution under Arbitration**

a. Arbitration must begin by the earlier of 120 days after the end of mediation or the last day of time period identified in Sections 10.7 and 16.8.

b. Arbitration will be held before and in accordance with the arbitration rules of JAMS or its successor (or an organization designated by JAMS or its successor). If JAMS is unable or unwilling to conduct such proceedings, and the Parties to the dispute cannot agree on an appropriate organization or person to conduct such proceedings, then the arbitration will be heard by a single arbitrator from the American Arbitration Association. Any arbitrator must be experienced in franchising. If the Parties cannot agree upon the arbitrator, then the senior-most officer, director, or manager of the association under which the arbitration is to take place will choose a neutral and disinterested arbitrator, and such choice will be final and binding upon the Parties.

c. Any Party may be represented by counsel and may, with permission of the arbitrator, bring persons appropriate to the proceeding.

d. The judgment of the arbitrator on any preliminary matter and final arbitration award will be final and binding and may be entered in any court having jurisdiction.

e. The arbitrator's award will be in writing. On request by any party to the arbitration, the arbitrator will provide to all disputants a reasoned opinion with findings of fact and conclusions of law, and the Party so requesting will pay the arbitrator's fees and costs connected therewith.

f. There will be no right to appeal any preliminary finding or ruling, and there is no right to appeal the final award

g. The Parties agree that they will equally split the fees paid to start arbitration and the fees paid to the arbitrator until the arbitrator awards fees and other costs to the Prevailing Party.

### 16.3 Confidentiality:

The Parties to any meeting, mediation, or arbitration will sign confidentiality agreements, excepting only public disclosures and filings as are required by law.

### 16.4 Choice of Law, Venue and Jurisdiction

a. Any meeting, mediation, or arbitration will be conducted exclusively at a neutral location within 15 miles of our then-current headquarters without regard to conflict of law provisions or *forum non-conveniens* demand to the contrary.

b. The arbitrator will apply all applicable laws and equity permitted under the laws of the state in which our headquarters is then located without regard to conflicts of law provisions.

c. The terms of this Section and the terms of this Article generally **are mandatory and not permissive**, and control with respect to any matters of jurisdiction, venue, and choice of law and by initialing below each has agreed to the mandatory terms of this Article generally and to the mandatory terms of this Section specifically.

Initials as to this entire Section

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Initials of Franchisee

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Initials of Franchisee

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Initials of Franchisor

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Initials

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Initials

## 16.5 Discovery, other Procedural Matters, Fees, and Costs

a. The arbitrator will decide any factual, procedural, or legal questions relating in any way to the dispute between the Parties, including, but not limited to: any decision as to whether there is a franchise contract between the Parties; whether this Article is applicable and enforceable; and all other matters including issues relating subject matter, timeliness, scope, remedies, unconscionability, and any alleged fraud in the inducement.

b. The Parties to the dispute have the same discovery rights as are available under the rules of the arbitration association hosting the arbitration.

c. Each participant must submit or file any claim which would constitute a “compulsory counter-claim” (as defined by the applicable rule under the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such compulsory counter-claim that is not submitted or filed in such proceeding will be forever barred.

d. The arbitrator may issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable ~~and/or~~ interim or final relief.

e. Each Party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction.

f. The arbitrator has subpoena powers limited only by the laws of the state in which our headquarters is then located

g. In addition to any other remedy, the arbitrator will award the “Prevailing Party” his, her, or its costs, fees, reasonable attorney’s fees, expert witness fees, and the like which that Party expended in ~~the~~ preparation for and the prosecution of the case at arbitration. For the purposes of this Franchise Agreement in general and this Article specifically, the “Prevailing Party” will be the Party that has obtained the greatest net judgment in terms of money or money equivalent. If money or money equivalent has not been awarded, then the Prevailing Party will be that Party that has prevailed on a majority of the material issues decided. The “net judgment” is determined by subtracting the smallest award of money or money equivalent from the largest award. If there is a mixed decision involving an award of money or money equivalent and equitable relief, the arbitrator using his or her reasonable judgment will award the above fees to the Party that it deems has prevailed over the other Party. This award applies to all matters decided by the arbitrator, including matters pertaining to misrepresentation or fraud.

## 16.6 Disputes Not Subject to the Mediation or Arbitration ~~Process~~

a. Claims or disputes relating primarily to the Marks, to any intellectual property licensed to you, to any matter governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), are subject to court proceedings in a court of competent jurisdiction. Only the portion of any claim or dispute identified in this Section is subject to court action, but only to the extent that such action is necessary to protect the Marks, the intellectual property, and any matters governed by the Lanham Act.

b. Matters relating solely to the collection\_of\_money by one Party against the other are not subject to a face-to-face meeting, mediation, or arbitration. Such matters include collection efforts against you or us solely for the failure to make timely payment of any amount due to the other. In such an event, such matter may be brought in a court of competent jurisdiction and venue. If however one Party to such action pleads another claim, cross-claim, counter-claim or affirmative defense based on anything other than the mere collection of money, or if the other Party alleges facts concerning fraud or any other equitable defense, then the entire matter, including the collection-of-money effort will be subject to the alternative dispute resolution procedures of this Article.

c. To the extent that ~~we seek~~either of us seeks injunctive relief prior to the initiation of ~~arbitration, then the any alternative dispute resolution requirements under this Franchise Agreement, the same may be applied for to a court of competent jurisdiction as stated in Article 15 above.~~

~~d. Claims made under Section 16.7(a). Only the application for injunctive relief will be subject to the limitation of action statutes applicable to such claims, while claims made heard by the court, and the mere fact that the court exercised jurisdiction in considering the injunction will not serve to eliminate the alternative dispute resolution requirements of this Article 16. If the temporary injunction is granted, then the Party that made the application must begin the alternative dispute resolution process under Sections 16.7(b-d) will be limited by Section 16.8 this Article.~~

## 16.7 Other Matters

We each understand and specifically agree that any matters concerning the relationship between us and any dispute arising as a result, will be determined on an individual basis and will not be brought as a class action, or with multiple unrelated franchisees (whether as a result of attempted consolidation, joinder, or otherwise). This is prudent from a business standpoint because: (i) the mediation and arbitration procedures function most effectively on an individual case basis; (ii) there are significant factors present in each individual franchisee's situation which should be respected; and (iii) class-wide or multiple plaintiff disputes do not foster quick, amicable, and economic dispute resolutions.

## 16.8 One Year Limitation of Action

a. Except for an alleged violation of the Marks or any intellectual property licensed to you (which may be brought at any time), and except for the enforcement of our right to indemnification under Article 14 and subsection (c) just below, ~~no arbitration between us will be permitted, unless such party commences such arbitration before the expiration of one year from the date on which the facts giving rise to the cause of action comes to the attention of, or using reasonable diligence should have come to the attention of either of us.~~ **YOU AND WE ARE LIMITED TO BRINGING ANY ARBITRATION AGAINST THE OTHER WITHIN ONE YEAR OF THE DATE THAT THE FACTS WHICH GIVE RISE TO THE CLAIM WERE DISCOVERED OR ONE YEAR FROM THE DATE THAT SUCH FACTS REASONABLY SHOULD HAVE BEEN DISCOVERED.** The one-year period begins to run and will not be tolled merely because the claiming party was unaware of legal theories, statutes, regulations, or case law upon which the claim might be based.

b. Notwithstanding the foregoing, if any federal or state law provides for a shorter limitation period than is described in this Section, then such a shorter period will govern.

c. This Article will not apply to issues of indemnification above, and such actions under the indemnification covenant may be brought within the period provided by any limitation-of-action statute under the laws of the state in which our headquarters is then located.

\_\_\_\_\_Initials as to this entire Section

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Initials of Franchisee

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Initials of Franchisee

## 16.9 Survival of Obligations

Each provision of this Article 16 will be self-executing and continue in full force and effect subsequent to and notwithstanding the Transfer, expiration, termination, rescission, or finding of unenforceability of this Agreement (or any part of it) for any reason.

## ARTICLE XVII

### INSURANCE

#### 17.1 Insurance is Required and Minimum Coverage

a. Before you open, and then no later than 30 days before each renewal or expiration date of a policy, you will purchase and maintain in full force ~~and effect during the term of this Agreement at your expense, during each Term,~~ an insurance policy or policies protecting you and us, and the officers, directors, partners, and employees of both you and us against any loss, liability, personal injury, death, property damage or expense whatsoever arising or occurring upon or in connection with the operation of the Business. ~~We must be named as an additional insured on all such policies. We and our officers, directors, members, partners, and employees will be named as an additional insured on all such policies using the latest version of ISO endorsement CG 2010 or the combination of the latest version of ISO endorsements CG 2033 and CG 2037 (or their combined equivalent). The coverage afforded to the additional insureds must be written on a primary basis, and will not require or contemplate contribution by any other policy or policies obtained by, or available to, an additional insured.~~

b. At the time you first obtain insurance, and within 30 days of each renewal, you will deliver to us the actual policy or policies of insurance or endorsements issued by the insurer (and not the broker) evidencing the proper coverage with limits not less than those required hereunder.

c. All policies must expressly provide that not less than 30 days prior written notice must be given to us in the event of a material alteration to termination, non-renewal, or cancellation of the coverage evidenced by such policies.

d. You will obtain the following insurance with the following minimum coverages. You can elect to purchase insurance with greater coverage or limits:

i. General liability insurance having a combined annual single limit for any form of injury and property damage of \$1,000,000 per occurrence and 2,000,000 in the aggregate;

ii. Automobile liability insurance in reference to the vehicle or vehicles that are used in the operation of the Business, and automobile liability coverage for owned, non-owned, scheduled and hired vehicles having limits for bodily injuries of \$500,000 per person and \$1,000,000 per accident, and property damage limits of \$50,000 per occurrence;

iii. Employer's liability and worker's compensation insurance as insurance is mandatory regardless of being required by state law in the state in which the Business is found;

iv. Business interruption insurance of not less than \$30,000.00 per month for loss of income and other expenses with a limit of not less than 9nine months of coverage;

v. Professional liability insurance with coverage of at least \$1,000,000 per occurrence and \$1,000,000 annual aggregate; and,

vi. Excess liability umbrella coverage for general and automobile liability coverage in an amount of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate;

~~\_\_\_\_\_ e. Ringside Development Company d/b/a Bio One Colorado, Inc., and its directors and officers must be listed as an additional insureds, using the then current headquarters address and the additional insured status will apply to all policies. \_\_\_\_\_ e~~

~~=====~~f. Such policy or policies must be written by an insurance company rated A-minus or better, in Class 10 or higher, by Best Insurance Ratings Service and satisfactory to us in accordance with standards and specifications set forth in the Franchisee Manuals or otherwise in writing, from time to time, and will include, at a minimum, the coverage found above.

### **17.2 No Limitations on Coverage and Primacy of Your Insurance**

a. Your obligation to obtain and maintain, or cause to be obtained and maintained, the foregoing policy or policies in the amounts specified will not be limited in any way by reason of any insurance that may be maintained by us, nor will your performance of these obligations relieve you of liability under the indemnity provisions set forth herein.

b. Although we require certain insurance coverage and may recommend other coverages, we do not guarantee that the required or recommended insurance will be adequate to protect all of your assets. You should consult with an insurance professional to determine what coverage, in addition to the minimum required coverage, may be needed for you and your Business.

c. Your insurance policies will contain a provision stating that your insurance coverage is primary to any coverage maintained by us, and we will be entitled to recover under your policies for any loss sustained by us.

### **17.3 Franchisor May Procure Insurance Coverage**

Should you, for any reason, fail to procure or maintain the insurance required by this Agreement, as described from time to time by the Franchisee Manuals or otherwise in writing, we have the right and authority (but no obligation) to procure such insurance and to charge the same to you; said charges, together with a reasonable fee for our expenses in so acting, will be immediately payable to us by you.

## **ARTICLE XVIII**

### **ADDITIONAL PROVISIONS**

#### **18.1 Entire Agreement - Merger**

a. This Franchise Agreement, including all exhibits and addenda, contains the entire agreement between the ~~parties~~Parties and supersedes any and all prior oral, written, express, or implied

agreements, statements or understandings concerning the subject matter hereof; ~~except that nothing in this or in any related agreement is intended to disclaim representations made us in the Franchise Disclosure Document.~~

b. You agree and understand that we are not ~~be~~ liable or obligated for any oral representations or commitments made prior to the execution hereof or for claims of negligent or fraudulent misrepresentation based on any such oral representations or commitments and that no modifications of this Agreement are effective except those in writing and signed by both ~~parties~~ Parties.

c. We do not authorize and will not be bound by any representation of any nature other than those expressed in this Agreement. You further acknowledge that no representations have been made to you regarding projected sales volumes, market potential, revenues, profits of your Business, or of the operational assistance we will provide other than as stated in this Franchise Agreement or in the FDD delivered to you.

d. Nothing in this franchise agreement, or in any related agreement that you sign with us is intended to disclaim any representations in the franchise disclosure document.

## 18.2 Modification and Power of Attorney

a. This Agreement may only be modified in a written agreement that is signed by all parties to this Franchise Agreement.

b. You acknowledge, however, that we may modify our standards, specifications, and operating and marketing procedures ~~including those set forth in the Franchisee Manuals~~, any component of the System, the Marks, ~~and/or~~ any copyrighted or Proprietary Information, unilaterally, under any conditions and to the extent to which we, in our sole discretion, deem necessary to protect, promote or improve the Marks and the quality of the System in general.

c. ~~In the event that you grant us a power of attorney under this Franchise Agreement and to the extent that a specific form is required in your state in order to be enforceable~~ ensure enforceability, you agree to execute ~~in the required form and manner~~ a separate power of attorney ~~meeting in the form required to meet all such legal requirements to ensure enforceability.~~

## 18.3 Delegation

From time to time, we have the right to and will delegate the performance of any portion or all of our obligations and duties hereunder to a third party who is approved by us to deliver such services and perform such duties, whether the same are agents of ours or independent contractors which we have contracted with to provide such services. You agree in advance to any such delegation by us of any portion or all of its obligations and duties hereunder.

## 18.4 Review of Agreement

You acknowledge that you had a copy of this Agreement in your possession for ~~a period of time~~ ~~not no~~ less than 14 calendar days, during which time you had the opportunity to submit ~~same~~ it for professional review and advice by one or more professionals of your choosing prior to freely executing this Agreement.

## 18.5 No Waiver

A waiver by a Party of any term, covenant or condition contained in this Agreement is not a waiver in the future of the enforcement of such term, covenant or condition, and the failure of a Party to exercise a right or remedy granted to it under this Agreement will not constitute or be considered to imply a further waiver by a Party of enforcement of the same or any other condition, covenant, right, or remedy. No custom, usage, concession, or practice on the part of a Party that varies from the literal terms of this Franchise Agreement will preclude at any time the strict enforcement of this Agreement (upon due notice) in accordance with its terms.

## 18.6 No Right to Set Off or Third Party Beneficiaries

a. You are not allowed to set off amounts owed to us for any fees, or other amounts due hereunder, against any monies owed to you, nor will you, in any event, withhold such amounts due to any alleged nonperformance by us hereunder, which right of set-off is hereby expressly waived by you.

b. All of our obligations under this Agreement are solely and exclusively for the benefit you and us, and no other party is entitled to rely on, enforce, benefit from, be deemed to be a third-party beneficiary, or otherwise obtain relief either directly or by subrogation.

## 18.7 Invalidity

If any provision of this Agreement is held invalid, and if such provision will be modified by the arbitrator to eliminate the invalid element and, then the provision as so modified, such provision will be a part of this Franchise Agreement as though originally included. The remaining provisions of this Franchise Agreement will not be affected by such modification. If any provision cannot be modified, then it will be stricken, and the rest of the Franchise Agreement will remain in full force and effect.

## 18.8 Notices

a. ~~Any~~ notice relating to any breach of this Franchise Agreement, and all notices concerning the implementation of the alternative dispute resolution procedures must be given in writing and must be delivered by certified mail, return receipt requested, or by an overnight delivery service providing documentation of receipt, at the address either of us may designate from time to time, and will be effective when received for (or when refused) A copy of all notices will also be sent to:

Corporon & Katz, LLC  
Attention: Michael J. Katz  
5231 S. Quebec Street, Suite 210  
Greenwood Village, Colorado 80111

b. Communication other than relating to any breach of this Franchise Agreement or ~~relating to the~~ implementation of alternative dispute resolution may be given by email (which is effective when received by the other Party) or by the means stated in subparagraph (a) of this Section.

### **18.9 Time is of the Essence and Construction**

- a. In all matters pertaining to this Franchise Agreement, time is of the essence.
- b. The headings are for the convenience only of the reader and are not intended to be inclusive or exclusive of any term, covenant, or condition.
- c. In reading this Agreement, the singular includes the plural, and the reference to one gender includes reference to the other gender and to the neutral gender.
- d. The word “including” means “including, but not limited to...”
- e. Unless otherwise stated, a reference to “days” means calendar days. The counting of days includes weekends and all state and national holidays. If a notice is to be delivered which notice requires the counting of days, such counting will begin on the first calendar day following the day that the notice was received, refused, or deemed to have been delivered pursuant to the terms of this Franchise Agreement. Unless otherwise stated, the last day of any counted time period or the last day of the termination or the expiration of this Franchise Agreement will end at 5:00 pm local time of our then-current headquarters.

### **18.10 Survival of Provisions and Independent Covenants**

- a. Any provisions that by its terms extend beyond the Transfer, expiration or earlier termination of this Franchise Agreement will continue in full force and effect subsequent to and notwithstanding the Transfer, expiration or earlier termination of this Franchise Agreement.
- b. The Parties further agree that each covenant of this Franchise Agreement will be construed to be independent of any other covenant or provision of this Agreement.

### **18.11 Force Majeure**

Except for monetary obligations hereunder, which are due regardless of the language of this Section, and unless otherwise specifically provided in this Franchise Agreement, Force Majeure will apply.

### **18.12 Guaranty**

If you take ownership ~~in~~of the franchise in other than your personal name at any time during ~~the~~ Initial Term or any renewal or extension thereof, you and all ~~shareholders, Members of a limited liability business entity, partners, or other equity owners of an equity interest in the business entity franchisee~~ is are required to sign the Guaranty, which is attached as Exhibit 8. The Guarantors are bound by all restrictive covenants found herein, including, but not limited to, all covenants in Articles 6 and 15.

### **18.13 Acknowledgement**

**BEFORE SIGNING THIS FRANCHISE AGREEMENT, YOU SHOULD READ IT CAREFULLY WITH THE ASSISTANCE OF PROFESSIONAL COUNSEL OF YOUR CHOICE. YOU ACKNOWLEDGE THAT:**

a. THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED HEREIN INVOLVES SUBSTANTIAL RISKS AND DEPENDS UPON YOUR ABILITY AS AN INDEPENDENT BUSINESS PERSON AND ITS ACTIVE PARTICIPATION IN THE DAILY AFFAIRS OF THE BUSINESS, AND

b. NO ASSURANCE OR WARRANTY, EXPRESS OR IMPLIED, HAS BEEN GIVEN AS TO THE POTENTIAL SUCCESS OF SUCH BUSINESS VENTURE OR THE EARNINGS LIKELY TO BE ACHIEVED, AND

c. NO STATEMENT, REPRESENTATION, OR OTHER ACT, EVENT, OR COMMUNICATION, OTHER THAN IS SET FORTH IN THIS FRANCHISE AGREEMENT AND IN THE FRANCHISE DISCLOSURE DOCUMENT IS BINDING ON US.

d. YOU UNDERSTAND THAT IF YOU ARE NOT ABLE TO OPERATE THE BUSINESS PROFITABLY, YOU COULD LOSE PART OR ALL OF YOUR INVESTMENT, PLUS ANY ADDITIONAL FUNDS THAT YOU CONTRIBUTE TO THE BUSINESS.

**18.14 Recitals, State Specific Amendment, Closing Acknowledgement, and Signatures**

a. The Recitals are made part of this Franchise Agreement.

b. Further, you will review and sign the “Closing Acknowledgment” that is attached at Exhibit 8.

c. In some cases, the state in which you are located requires that this Franchise Agreement be amended. Please see Exhibit 6 to learn if there is an amendment that affects your state.

d. This Franchise Agreement may be signed in any number of counterparts, all of which taken together form one original document. Signatures may be done electronically or manually. Facsimile or electronically signed or delivered documents are as effective as an original.

**DONE AS OF THE EFFECTIVE DATE**

**FRANCHISOR**

**FRANCHISEE**

**RINGSIDE DEVELOPMENT COMPANY dba  
Bio-One Colorado, Inc**

\_\_\_\_\_

By: \_\_\_\_\_

President

date: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Telephone: \_\_\_\_\_

Email \_\_\_\_\_

Date: \_\_\_\_\_

**IF FRANCHISEE IS/ARE INDIVIDUALS**

Signature \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_  
State: \_\_\_\_\_  
Zip: \_\_\_\_\_  
Telephone No: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_  
State: \_\_\_\_\_  
Zip: \_\_\_\_\_  
Tele. \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT 1**  
**INITIAL FRANCHISE FEE AND STATEMENT OF OWNERSHIP**

**INITIAL FRANCHISE FEE AND STATEMENT OF OWNERSHIP**

**Franchisee:** \_\_\_\_\_

**Trade Name** (if different from above): \_\_\_\_\_

**The Initial Franchise Fee (IFF) is:** \_\_\_\_\_

**Form of Ownership (Check One)**

\_\_\_\_\_ Individual    \_\_\_\_\_ Partnership    \_\_\_\_\_ Corporation    \_\_\_\_\_ limited liability business entity

If a partnership, provide name and address of each partner showing percentage owned, whether active in management and indicate the state in which the partnership was formed.

If a limited liability business entity, provide the name and address of each equity-interest holder, Member, and Manager, showing percentage owned, and indicate the state in which the limited liability business entity was formed.

If a corporation, ~~give~~provide the state and date of incorporation, the names, and addresses of each officer and director, and list the names and addresses of every shareholder, showing what percentage of stock is owned by each.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Franchisee acknowledges that this Statement of Ownership applies to the Business authorized under this Franchise Agreement.

Use additional sheets if necessary. Any and all changes to the above information must be reported to the Franchisor in writing.

**DONE AS OF THE EFFECTIVE DATE**

**FRANCHISOR**

**FRANCHISEE**

**RINGSIDE DEVELOPMENT COMPANY dba  
Bio-One Colorado, Inc**

\_\_\_\_\_

By: \_\_\_\_\_  
President

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_

date: \_\_\_\_\_

Date: \_\_\_\_\_

**IF FRANCHISEE IS/ARE INDIVIDUALS**

Signature \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT 2**  
**FRANCHISED LOCATION**

**FRANCHISED LOCATION**

The business address (Franchised Location) for any notices mailed under the Franchise Agreement is: \_\_\_\_\_.

**DONE AS OF THE EFFECTIVE DATE**

**FRANCHISOR**

**FRANCHISEE**

**RINGSIDE DEVELOPMENT COMPANY dba  
Bio-One Colorado, Inc**

\_\_\_\_\_

By: \_\_\_\_\_  
          President  
date: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**IF FRANCHISEE IS/ARE INDIVIDUALS**

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT 3**  
**RELEASE FOR CRIMINAL AND CREDIT CHECK**

**CREDIT AND CRIMINAL BACKGROUND CHECK RELEASE FORM**

I understand that an initial and ongoing credit and criminal background check is a condition of being considered as a franchise candidate (and franchisee) of Ringside Development Company d/b/a Bio-One Colorado, Inc. (RDC).

I consent to RDC obtaining my criminal conviction history from any law enforcement agency, criminal background service provider, municipality, state, or the FBI. I understand that RDC will obtain this information at the time I apply to become a franchisee and during the term of my franchise agreement. The criminal history record, as received from the reporting entity may include, but not be limited to, arrest and conviction data, plea bargains, deferred adjudication, as well as social security verification. It may also include information regarding driving history. I understand that I will have a limited opportunity to review the criminal history, and a process is available for clarification if I dispute the record as received.

I further consent to RDC obtaining my credit history from all three credit reporting agencies. I understand that RDC will obtain this information at the time I apply to become a franchisee and during the term of my franchise agreement.

I hereby release and agree to indemnify RDC and its officers, directors, employees, and agents harmless from and against any and all liability, expense (including court cost and attorneys' fees) and claims for damage of any nature whatsoever resulting from the investigation of my background in connection with my application to become, and ongoing performance as a franchisee.

I certify that the information provided in this form is true and complete. I understand that false or misleading information given in my application to purchase a franchise, any subsequent written documents, any interview(s), any other documents given to RDC, or on this form will render my application void, and will result in my not being able to purchase a franchise or may result in the termination of my franchise. I authorize you to make a criminal background investigation and other such investigations as are necessary ~~in~~for arriving at the decision to permit me to purchase a franchise or to retain my rights as a franchisee.

I further understand and agree that should any criminal or credit background checks be done during the term of the franchise agreement disclose any material change in my status, the same may result in the termination of my franchise.

\_\_\_\_\_  
Initials

Notwithstanding the foregoing, any misuse by Franchisor of any information obtained during such background check that results in damage or injury to the below-signed shall permit the below-signed such rights as may be available.

RDC will keep this form on file for the term of my franchise agreement and for a period of two (2) years following its termination for any reason.

**DATE:** \_\_\_\_\_

**PRINTED NAME:** \_\_\_\_\_

\_\_\_\_\_  
Initials                      Initials

**FIRST MIDDLE**

**LAST**

**SIGNATURE:**

\_\_\_\_\_

**DATE OF BIRTH:**

\_\_\_\_\_

**SOCIAL SECURITY  
NO.:**

\_\_\_\_\_

**ADDRESS:**

\_\_\_\_\_  
\_\_\_\_\_

**DRIVER'S LICENSE  
STATE AND NO.:**

\_\_\_\_\_

**GENDER:**

\_\_\_\_\_

**EXHIBIT 4**  
**GENERAL RELEASE**

**GENERAL RELEASE**

This General Release (Release) is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between Ringside Development Company d/b/a Bio One Colorado, Inc, an Arizona corporation authorized to do business in Colorado (hereinafter “Franchisor”), \_\_\_\_\_ (hereinafter “Franchisee”), and \_\_\_\_\_ (hereinafter “Guarantor”). Franchisor, Franchisee and Guarantor may sometimes be referred to as a “Party” or jointly as the “Parties”.

**RECITALS**

WHEREAS, Franchisor and Franchisee entered into that certain franchise agreement dated \_\_\_\_\_ (Franchise Agreement);

WHEREAS, Guarantor guaranteed the performance of the Franchisee under the Franchise Agreement;

WHEREAS, pursuant to the Agreement, Franchisee was permitted to open and operate a franchised business (Business);

WHEREAS, Franchisee desires to take some action (or make some amendment) to the Franchise Agreement, or desires for the Franchisor to take any action for which a General Release is called for in the Franchise Agreement or is required by Franchisor as part of such action;

WHEREAS, as a material inducement to the Franchisor approving the same, the Franchisee and Guarantor have each agreed to provide this Release;

WHEREAS, all capitalized terms not defined herein have the meaning set forth in the Franchise Agreement;

NOW, THEREFORE, for and in consideration of the mutual covenants found herein, for that consideration stated below, and for other good and valuable consideration, the adequacy of which is admitted by all parties hereto, it is agreed as follows:

**COVENANTS**

1. Franchisee, for and on behalf of itself, its officers, directors, shareholders, and employees, and on behalf of any parent corporation or subsidiary, business entity, successor, assignee, and their officers, directors, shareholders, and employees, (Franchisee Parties) and Guarantor for himself or herself and for and on behalf of its family members and for and in consideration of: the Franchisor granting to the Franchisee the right to do the following; \_\_\_\_\_; and for other good and valuable consideration, all of which is deemed to be adequate by all Parties hereto, do each (personally, jointly and severally) from the beginning of time to the Effective Date of this Release, release, indemnify, and forever forgive and discharge Franchisor and Franchisor’s officers, directors, shareholders, agents and employees (Franchisor Parties), from any and all: equitable or legal claims; claims sounding in federal law or state statute; causes of action; complaints; direct, indirect, punitive or consequential damages; judgments; business losses; awards; injury, or any other right or action (separately and together a “Claim” or the “Claims”) which relate in any way to: (i) the manner and method by which Franchisor delivered the FDD to Franchisee, and Guarantor (ii) the content, or lack of content of the FDD (as such content may have

been required by any applicable state or federal law); (iii) the performance or failure of performance of Franchisor or Franchisor Parties in reference to any federal-required or state-required disclosure obligations and requirements; (iv) any oral, written, express or implied promises, statements, disclosures and the like relating in any way to the Franchise Agreement or the franchise relationship between the Franchisor and Franchisor Parties, Franchisee, Guarantor and the Franchisee Parties; (v) the performance or the failure to perform of Franchisor or any Franchisor Party under the Franchise Agreement; (vi) the performance or failure to perform of Franchisor or any Franchisor Party under any other oral or written, express or implied agreement, covenant, or document whether or not found in the Franchise Agreement; and, (vii) any other Claim sounding in equity or law. Notwithstanding the foregoing, nothing in this Release is intended to disclaim any representations made in the Franchise Disclosure Document.

2. Franchisee for itself and on behalf of the Franchisee Parties and Guarantor each ~~agrees~~agree and expressly states that this Release was made in contemplation of not only known Claims and the consequences thereof, but also in contemplation of the possibility that ~~the~~ each such Party identified in this paragraph may or will sustain future damages presently unknown to them and which accrued on or before the Effective Date of this Release but which were not asserted until after that date. By executing this Release Franchisee for itself and on behalf of the Franchisee Parties intend to release Franchisor and the Franchisor Parties, jointly and severally from liability for any and all known, unknown and unforeseen Claims, losses, expenses, damages, costs, liabilities, business losses, and the consequences thereof.

3. Franchisee for itself and on behalf of the Franchisee Parties assume any and all risk that the facts and law may be, or may become, different from the facts and law as known to them, or believed to be known by them as of the date of this Release, and each agrees that if the execution of this Release was made on the basis of mistake (mutual or unilateral) that each will forever waive any right to claim that entering into this Release resulted from a mistake of any kind, thereby waiving all claims based upon the doctrine of mistake.

4. Franchisee for itself and on behalf of the Franchisee Parties and Guarantor deliver this Release with the intent that Franchisor rely upon the same. Should any condition, covenant, or clause herein be considered to be unenforceable, any tribunal of competent jurisdiction shall be permitted to amend the Release to the least extent possible so as to form an enforceable covenant, or if such amendment cannot be fashioned then to excise the offending clause, covenant, or condition so as to form an enforceable Release, which shall be binding upon the Parties to the fullest extent permissible.

5. Notwithstanding the terms of this Release, nothing herein relieves any Party of the obligation to maintain the confidentiality of any confidential, trade secret, proprietary, or similar information of any other Party. The terms of this Release are and will remain confidential and will not be disclosed by any Party, except as required by legal process, and except as required to be disclosed in Franchisor's Franchise Disclosure Document.

6. In the event of a dispute concerning this Release, the Parties agree that the alternative dispute resolution provisions of the Franchise Agreement found at Article 16 are incorporated herein by this reference as if fully set forth here and the same will be the manner by which any such dispute is resolved.

7. If any mandatory provisions of the governing state law limit or prohibit the use of this Release, or which in any manner impose different rights or obligations as are found herein, then such mandatory provisions of state law ~~is~~are incorporated in the Franchise Agreement and this Release by

reference and shall prevail over any inconsistent terms in this Release. If no such law exists, or if such law exists but permits the Franchisee to agree to abide by the terms of this Release, or if by accepting the alternative dispute resolution covenants of the Franchise Agreement found at Article 16, the state law is preempted by the federal law applicable to such dispute resolution, then the Franchisee for itself and on behalf of the Franchisee Parties and Guarantor each agree to abide by the terms of this Release. Notwithstanding the foregoing, excluded from this release are claims arising from representations in the FDD.

8. Notwithstanding anything herein to the contrary:

a. Release of Unknown Claims and Waiver of California Law. The Franchisee, Franchisee Parties, and Guarantors acknowledge that they are aware and informed that the laws of California may purport to limit or reduce the effect of a general release with respect to claims not known or suspected by them at the time of execution of the release, such as Section 1542 of the Civil Code of the State of California which provides that:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release which, if known by him, must have materially affected his or her settlement with the debtor.”

Franchisee, Franchisee Parties, and each Guarantor waives and relinquishes every right or benefit which they have, or may have, under Section 1542 of the Civil Code of the State of California and under any similar provisions of any other law (as may be applicable to this Release), to the fullest extent that the Franchisee, Franchisee Parties, and Guarantors, may lawfully waive such right or benefit pertaining to the subject matter of this Release. In connection with such waiver and relinquishment, with respect to the Released Claims, the Franchisee, Franchisee Parties, and Guarantors each acknowledge that they are aware and informed that they may hereafter discover facts in addition to or different from those that they now know or believe to be true with respect to the subject matter of this Release, but that it is the Franchisee's, Franchisee Party's, and Guarantor's intention to settle and release fully, finally and forever, all claims, disputes, and differences, known or unknown, suspected or unsuspected, which now exist, may exist or heretofore existed, and in furtherance of such intention, the release given herein shall be and remain in effect as a full and complete release, notwithstanding the discovery or existence of any such additional or different facts that would have affected the release of all Released Claims. Franchisee, and each Franchise Party and Guarantor agree to defend and indemnify Franchisor from any and all claims arising out of, directly or indirectly, the assertion by Franchisee, each Franchisee Party, and each Guarantor, (or any person or entity by, through, or on their behalf) of any Released Claims, positions, defenses, or arguments contrary to this Section 6(a) above.

b. Release of Unknown Claims and Waiver of South Dakota Law. The Franchisee and each Franchisee Party and Guarantor ~~acknowledges~~acknowledge that each is aware and informed that the laws of South Dakota may purport to limit or reduce the effect of a general release with respect to claims not known or suspected by them at the time of execution of the release, such as South Dakota Codified Laws § 20-7-11, which provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.”

Franchisee and each Franchisee Party and Guarantor, waive and relinquish every right or benefit which they have, or may have, under § 20-7-11 of the South Dakota Codified Laws, and under any similar provisions of any other law (as may be applicable to this Release), to the fullest extent that they may lawfully waive such right or benefit pertaining to the subject matter of this Release. In connection with such waiver and—relinquishment, with respect to the Released Claims, Franchisee and each Franchisee Party and Guarantor acknowledge —that they are aware and informed that they may hereafter discover facts in addition to or different from those that Franchisee and each Franchisee Party and Guarantor now know or believe to be true with respect to the subject matter of this Release, but that —it is their intention to settle and release fully, and finally and forever, all Released Claims, disputes and differences, known or unknown, suspected or unsuspected, which now exist, may exist or heretofore existed, and in furtherance of such intention, the release given herein shall be and remain in effect as a full and complete release, notwithstanding the discovery or existence of any such additional or different facts that would have affected the release of all Released Claims. Franchisee and each Franchisee Party and Guarantor agree to defend and indemnify Franchisor and the Franchisor Affiliates from any and all Released Claims arising out of, directly or indirectly, the assertion by the Franchisee and the Franchisee Affiliates (or any person or entity by, through, or on behalf of Releasor) of any Released Claims, positions, defenses, or arguments contrary to this Section 1 (b) of this Release.

9. Additional Provisions

a. Each such Party represents that the execution and delivery of this Release is the duly authorized and binding act of such Party.

b. The Recitals are incorporated herein by this reference.

c. This Release shall be interpreted in accordance with the laws of the state of Colorado without regard to any conflict of laws provision to the contrary. Enforcement of this Release is to be under the alternative dispute resolution provisions of the Franchise Agreement found at Article 16 as though such Article was incorporated in its entirety herein.

d. Each Party shall fully cooperate with all other Parties with respect to the performance of this Release. Each Party will execute, acknowledge and deliver such further documents that may reasonably be required in order to ~~effectively~~ perform this Release effectively and to evidence the release of all obligations and liabilities of the Parties as more fully stated herein.

e. This Release may be executed in one or more counterparts, each of which will be deemed to be an original, but all of which together will constitute one and the same instrument, without the necessity of production of the others. An executed signature page delivered via facsimile transmission or electronic signature shall be deemed as effective as an original executed signature page.

**DONE AS OF THE EFFECTIVE DATE**

**FRANCHISOR**

**FRANCHISEE**

**RINGSIDE DEVELOPMENT COMPANY dba  
Bio-One Colorado, Inc**

\_\_\_\_\_

By: \_\_\_\_\_  
President

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_

date: \_\_\_\_\_

Date: \_\_\_\_\_

**IF FRANCHISEE IS/ARE INDIVIDUALS**

Signature \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**GUARANTORS**

Signature \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT 5**  
**COLLATERAL ASSIGNMENT OF CONTACT AND ELECTRONIC INFORMATION**

## COLLATERAL ASSIGNMENT OF CONTACT AND ELECTRONIC INFORMATION

This Collateral Assignment of Contact and Electronic Information (Agreement) is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between Ringside Development Company d/b/a Bio-One Colorado, Inc. (Franchisor) and \_\_\_\_\_ (Franchisee).

### RECITALS

WHEREAS, on \_\_\_\_\_, 20\_\_\_\_, Franchisor and Franchisee executed a “Franchise Agreement” pursuant to the terms of which Franchisee obtained a franchise from Franchisor to operate a Business at the Franchised Location.

WHEREAS, as part of the Franchise Agreement, the Franchisee agreed that upon the termination of the Franchise Agreement, that the Franchisor would have the right, title, and interest in and to all contact and electronic information relating to the Franchisee’s Business;

WHEREAS, in order to ensure that the Franchisor that it will have such rights, the parties have agreed to enter into this Agreement;

WHEREAS, any capitalized term not defined herein has the meaning set forth in the Franchise Agreement;

NOW THEREFORE, for and in consideration of the covenants found in the Franchise Agreement and for other good and valuable consideration the adequacy of which is admitted by all parties hereto, it is agreed as follows:

### COVENANTS

1. Franchisee acknowledges that, as between Franchisor and Franchisee, the Franchisor has the sole rights to and interest in all telephone, telecopy or facsimile machine numbers, directory listings, URL’s web page identifiers, email addresses, and social network addresses (including Twitter and ~~Face~~ BookFacebook), that are associated with any Mark.

2. Franchisee authorizes Franchisor, and hereby appoints Franchisor and any of its officers, as Franchisee’s attorney-in-fact, coupled with an interest, to direct the telephone company, all telephone directory publishers, any electronic transfer agency, any URL or webpage host, and any other electronic business, company, transfer agent, host, webmaster, and the like to transfer to the Franchisor all telephone, facsimile machine numbers, and directory listings, and all electronic listings, web pages, social network pages or identities (including ~~twitter and Face Book~~ transfer to us of your digital, website and social media accounts with Twitter and Facebook), URL’s, email addresses and the like that relate to the Franchised Business, should Franchisee fail or refuse to do so, and any party named herein may accept such direction under this Agreement as conclusive of Franchisor’s exclusive rights in and to such information, site, URL, electronic media, telephone numbers, directory listings and the like and Franchisor’s authority to direct their transfer. If your state requires you to sign a particular agreement, or agree to specific language as part of a grant of a power of attorney, you will sign such agreement or agree to such specific language as though it was incorporated into this Agreement at the time of execution.

3. This Agreement is only effective at such time as the Franchise Agreement is terminated for any reason, and then only if the Franchisee fails or refuses to make the necessary assignments as contemplated by this Agreement.

4. The Recitals are incorporated into this Agreement by this reference.

In Witness Whereof, the parties hereto have executed and delivered this Agreement as of the day and year first written above.

**DONE AS OF THE EFFECTIVE DATE**

**FRANCHISOR**

**FRANCHISEE**

**RINGSIDE DEVELOPMENT COMPANY dba  
Bio-One Colorado, Inc**

\_\_\_\_\_

By: \_\_\_\_\_  
President  
date: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**IF FRANCHISEE IS/ARE INDIVIDUALS**

Signature \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT 6  
STATE ADDENDA**

## CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to the Franchise Agreement, agreed to this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, between Ringside Development Company d/b/a Bio-One Colorado, Inc, and \_\_\_\_\_, amends and revises said Franchise Agreement as follows:

1. In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§31000-3516 and the California Franchise Relations Act, Cal. Bus. And Prof. Code §§20000-20043, the Franchise Agreement is amended as follows:

a. The California Franchise Relations Act provides rights to Franchisee concerning termination or nonrenewal of the Franchise Agreement, which may supersede provisions in the Franchise Agreement.

b. That part of Article 10 of the Franchise Agreement, which terminates the Franchise Agreement upon the bankruptcy of the Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

c. That part of the Franchise Agreement that contains a covenant not to compete, which extends beyond the expiration or termination of the Agreement, may not be enforceable under California Law.

d. The Franchise Agreement is governed by Colorado Law. This requirement may be unenforceable under California Law.

e. The Franchise Agreement requires litigation to be conducted in Colorado. This provision might not be enforceable for any cause of action arising under California law.

f. The Franchise Agreement requires binding arbitration. The arbitration will occur within 15 miles of our then-current headquarters that now is in Greenwood Village, Colorado, with the prevailing party's costs and expenses to be borne by the other party. Prospective franchisees are encouraged to consult legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code §20040.5, Code of Civil Procedure §1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside of the State of California.

g. The Franchise Agreement may contain a liquidated damages clause. Under California Civil Code §1671, certain liquidated damages clauses are unenforceable.

h. You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516.) California Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§ 20000 through 20043).

i. The California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise if the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

3. In California, we agree that we will defer collecting the IFF and any other fees that are described in this Article until we have provided you with all of our pre-opening services (Article 5), and you are open for business. At that time, all fees to us will be due.

4. Each provision of this Addendum will be effective only to the extent that the jurisdictional requirements of the California Investment Law and/or the California Franchise Relations Act are met independently of this Addendum. To the extent this Addendum is deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum will govern. Notwithstanding the foregoing, if the choice of law, jurisdiction or venue provisions of Article 16 preempt state law, then the terms of the Franchise Agreement will prevail.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and understands and consents to be bound by all of its terms.

**RINGSIDE DEVELOPMENT COMPANY  
d/b/a BIO-ONE COLORADO, INC.**

By: \_\_\_\_\_  
President

Date: \_\_\_\_\_

**FRANCHISEE**

Signature \_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**OR IF A BUSINESS ENTITY**

Company Name: \_\_\_\_\_  
By: \_\_\_\_\_  
Its \_\_\_\_\_  
Date: \_\_\_\_\_

## INDIANA ADDENDUM TO THE FRANCHISE AGREEMENT

This Addendum to the Franchise Agreement, agreed to this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, between Ringside Development Company, d/b/a Bio-One Colorado, Inc., (Franchisor) and \_\_\_\_\_ (Franchisee).

1. In recognition of the requirements of the Indiana Deceptive Franchise Practices Law, IC 23-2.2.7 and the Indiana Franchise Disclosure Law, IC 23-2-2-2.5, the Franchise Agreement is amended as follows:

a. Nothing in the Franchise Agreement will be deemed to release the Franchisor from claims based ~~in~~ on the Indiana Deceptive Franchise Practices Law or the Indiana Franchise Disclosure Law.

b. The Franchise Agreement is amended to prohibit unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement, and termination is not in bad faith.

c. Article 15 of the Franchise Agreement is amended subject to Indiana Code 23-2-2.7-1(9) to provide that post-term non-competitor covenants will have a geographical limitation of the territory granted to Franchisee.

d. The Franchise Agreement is amended to provide that the Franchisee will not be required to indemnify Franchisor for any liability imposed upon Franchisor as a result of Franchisee's reliance upon or use of procedures or products which were required by Franchisor if such procedures or products were utilized by Franchisee in the manner required by Franchisor.

e. The Franchise Agreement is amended to provide that in the event of a conflict of law, the Indiana Franchise Disclosure Law, IC 23-2-2.5, and the Indiana Deceptive Franchise Practices Law will prevail.

f. The Franchise Agreement is amended to provide that Franchisee may commence litigation in Indiana for any cause of action under Indiana law.

g. The Franchise Agreement is amended to provide that arbitration between Franchisor and Franchisee will be conducted in Indiana or a site mutually agreed upon.

2. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Act are met ~~independent~~ independently of this Addendum. To the extent that the Franchise Agreement or any of its exhibits or attachments is/are deemed to be inconsistent with any term, covenant or condition of this Addendum, the terms of this Addendum will govern. Notwithstanding the foregoing, if the choice of law, jurisdiction or venue provisions of Article 16 preempt state law, then the terms of the Franchise Agreement will prevail.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and understands and consents to be bound by all of its terms.

**FRANCHISOR**

**RINGSIDE DEVELOPMENT COMPANY**  
**d/b/a BIO-ONE COLORADO, INC**

**by:** \_\_\_\_\_  
**its:** \_\_\_\_\_  
**date:** \_\_\_\_\_

**FRANCHISEE**

\_\_\_\_\_

**by:** \_\_\_\_\_  
**its:** \_\_\_\_\_  
**date:** \_\_\_\_\_

\_\_\_\_\_  
**Individual Franchisee**

**date:** \_\_\_\_\_

\_\_\_\_\_  
**Individual Franchisee**

**date:** \_\_\_\_\_

**MARYLAND ADDENDUM TO THE FRANCHISE AGREEMENT**

This Addendum to the Franchise Agreement, agreed to this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, between Ringside Development Company d/b/a Bio-One Colorado, Inc., and \_\_\_\_\_, amends and revises said Franchise Agreement as follows:

a. The Franchise Agreement requires Franchisee to sign a general release as a condition of renewal, sale, termination, and transfer of the franchise. These covenants shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

b. A franchisee may bring a lawsuit in Maryland for claims under the Maryland Franchise Registration and Disclosure Law.

c. Any claim under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

d. All representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

e. Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

f. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Act are met ~~independent~~independently of this Addendum. To the extent that the Franchise Agreement or any of its exhibits or attachments is/are deemed to be inconsistent with any term, covenant or condition of this Addendum, the terms of this Addendum will govern. Notwithstanding the foregoing, if the choice of law, jurisdiction or venue provisions of Article 16 preempt state law, then the terms of the Franchise Agreement will prevail.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and understands and consents to be bound by all of its terms.

**FRANCHISOR**

**FRANCHISEE**

**RINGSIDE DEVELOPMENT COMPANY  
d/b/a BIO-ONE COLORADO, INC**

by: \_\_\_\_\_  
President  
date: \_\_\_\_\_

by: \_\_\_\_\_  
its: \_\_\_\_\_  
date: \_\_\_\_\_

**IF FRANCHISEE IS AN INDIVIDUAL**

print name: \_\_\_\_\_  
date: \_\_\_\_\_

print name: \_\_\_\_\_  
date: \_\_\_\_\_



## MINNESOTA ADDENDUM TO THE FRANCHISE AGREEMENT

This Addendum to the Franchise Agreement, agreed to this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, between Ringside Development Company, d/b/a Bio-One Colorado, Inc. (Franchisor) and \_\_\_\_\_ (Franchisee).

1. In recognition of the requirements of the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et seq., (the “Act”) the Franchise Agreement is amended as follows:

a. With respect to franchises governed by Minnesota Law, Franchisor will comply with the Minnesota Franchise Law, which requires, except in certain specified cases, that Franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice of non-renewal of the Agreement.

b. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release which may require the Franchisee to waive any claims under Minnesota Statutes 1973, Supplement, sections 80C.01 to 80C.22.

c. As required by Minnesota Franchise Act, Franchisor will reimburse you for any costs incurred by Franchisee in ~~the~~ defense of Franchisee’s right to use the Marks, so long as Franchisee was using the Marks in the manner authorized by Franchisor, and so long as Franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

d. The Franchise Agreement is amended to state that any claim concerning the Franchised Business or this Agreement or any related agreement will be barred unless an action for a claim is commenced within three (3) years from the date on which Franchisee or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to or the claim.

e. Franchisor will comply with all requirements of the Act that require termination for good cause as defined by the Act.

f. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit ~~Franchisor-franchisors~~ from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Offering Circular or Franchise Agreement can abrogate or reduce any of Franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee’s rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

2. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Act are met ~~independent~~independently of this Addendum. To the extent that the Franchise Agreement or any of its exhibits or attachments is/are deemed to be inconsistent with any term, covenant or condition of this Addendum, the terms of this Addendum will govern. Notwithstanding the foregoing, if the choice of law, jurisdiction or venue provisions of Article 16 preempt state law, then the terms of the Franchise Agreement will prevail.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and understands and consents to be bound by all of its terms.

**FRANCHISOR**

**RINGSIDE DEVELOPMENT COMPANY  
d/b/a BIO-ONE COLORADO, INC**

**by:** \_\_\_\_\_  
**its:** \_\_\_\_\_  
**date:** \_\_\_\_\_

**FRANCHISEE**

\_\_\_\_\_

**by:** \_\_\_\_\_  
**its:** \_\_\_\_\_  
**date:** \_\_\_\_\_

\_\_\_\_\_  
**Individual Franchisee**

**date:** \_\_\_\_\_

\_\_\_\_\_  
**Individual Franchisee**

**date:** \_\_\_\_\_

**RHODE ISLAND ADDENDUM TO THE FRANCHISE AGREEMENT**

This Addendum to the Franchise Agreement, agreed to this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, between Ringside Development Company, d/b/a Bio-One Colorado, Inc. (Franchisor) and \_\_\_\_\_ (Franchisee).

1. In recognition of the requirements of the Rhode Island Franchise Investment Act §§ 19-28.1-1 through 19-28.1-34, the Franchise Agreement for franchises offered or sold in Rhode Island or offered or sold to Rhode Island residents is amended as follows:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

2. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Act are met ~~independently~~ independently of this Addendum. To the extent that the Franchise Agreement or any of its exhibits or attachments is/are deemed to be inconsistent with any term, covenant or condition of this Addendum, the terms of this Addendum will govern. Notwithstanding the foregoing, if the choice of law, jurisdiction or venue provisions of Article 16 preempt state law, then the terms of the Franchise Agreement will prevail.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and understands and consents to be bound by all of its terms.

**FRANCHISOR**

**FRANCHISEE**

**RINGSIDE DEVELOPMENT COMPANY**  
**d/b/a BIO-ONE COLORADO, INC**

**by:** \_\_\_\_\_  
**its:** \_\_\_\_\_  
**date:** \_\_\_\_\_

**by:** \_\_\_\_\_  
**its:** \_\_\_\_\_  
**date:** \_\_\_\_\_

\_\_\_\_\_  
**Individual Franchisee**

**date:** \_\_\_\_\_

\_\_\_\_\_  
**Individual Franchisee**

**date:** \_\_\_\_\_

**VIRGINIA ADDENDUM TO THE FRANCHISE AGREEMENT**

This Addendum to the Franchise Agreement, agreed to this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, between Ringside Development Company d/b/a/ Bio-One Colorado, Inc. (Franchisor) and \_\_\_\_\_ (Franchisee).

a. Any section of the Franchise Agreement, which terminates the Franchise Agreement upon the bankruptcy of the Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

b. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for use in the Commonwealth of Virginia is amended as follows:

c. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Act are met ~~independently~~independently of this Addendum. To the extent that the Franchise Agreement or any of its exhibits or attachments is/are deemed to be inconsistent with any term, covenant or condition of this Addendum, the terms of this Addendum will govern. Notwithstanding the foregoing, if the choice of law, jurisdiction or venue provisions of Article 16 preempt state law, then the terms of the Franchise Agreement will prevail.

**FRANCHISOR**

**FRANCHISEE**

**RINGSIDE DEVELOPMENT COMPANY**  
d/b/a **BIO-ONE COLORADO, INC**

**by:** \_\_\_\_\_  
**its:** \_\_\_\_\_  
**date:** \_\_\_\_\_

**by:** \_\_\_\_\_  
**its:** \_\_\_\_\_  
**date:** \_\_\_\_\_

\_\_\_\_\_  
**Individual Franchisee**  
**date:** \_\_\_\_\_

\_\_\_\_\_  
**Individual Franchisee**  
**date:** \_\_\_\_\_

**STATE OF WISCONSIN**

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes, supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Supplemental Agreements are amended accordingly.

Notwithstanding the foregoing, if the choice of law, jurisdiction and venue provisions of Article 16 preempt state law, then the terms of the Franchise Agreement will prevail.

**EXHIBIT 7  
GUARANTY**

\_\_\_\_\_  
Initials

\_\_\_\_\_  
Initials

## GUARANTY OF FRANCHISEE'S OBLIGATIONS

This Guaranty of Franchisee's Obligations (Guaranty) is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between Ringside Development Company d/b/a Bio-One Colorado, Inc., (Franchisor), and \_\_\_\_\_ (Franchisee) and \_\_\_\_\_, whose address is \_\_\_\_\_ and \_\_\_\_\_, whose address is \_\_\_\_\_ (herein jointly and severally known as Guarantor(s)).

### RECITALS

WHEREAS, Franchisee signed a franchise agreement with Franchisor on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (Franchise Agreement);

WHEREAS, as an inducement to the Franchisor for granting the Franchise Agreement, the Guarantor(s) agreed to fully guaranty the performance of Franchisee under the Franchise Agreement;

NOW, THEREFORE, for and in consideration of the mutual covenants found herein and for other good and valuable consideration, which consideration is deemed to be adequate by all parties, each of the undersigned hereby personally and unconditionally ~~agree~~agrees to the following:

### COVENANTS

1. Guarantor(s) guarantee to Franchisor and its successors and assigns, for the term of the Franchise Agreement, including any amendments thereto or renewals thereof, that the Franchisee shall timely pay any amount required by the Franchise Agreement and shall perform each and every undertaking, agreement, and covenant set forth in the Franchise Agreement and any addenda or Exhibits attached thereto as each may be amended or renewed.

2. Guarantor(s) further agrees to be personally bound by each and every term of the Franchise Agreement, as amended or renewed, and agrees to be personally liable for the breach of, and, if permitted, the cure of each and every breach of any term, covenant, or condition of the Franchise Agreement. Guarantor(s) agree that this Guaranty is one of payment and performance and not one of just collection.

3. By signing this Guaranty, each Guarantor further agrees that each shall also be subject to all restrictive covenants in the Franchise Agreement, including, but not limited to all covenants of Article 6, any in-term or post-term covenants not to compete, found at Article 15, and all indemnification provisions of the Franchise Agreement.

4. As part of the inducement given to Franchisor by the Guarantor(s) to permit the Franchisee to enter into the Franchise Agreement, the Guarantor(s) further agree to waive the following:

- a. acceptance and notice of acceptance of the foregoing undertaking;
- b. notice of demand for payment of any indebtedness or notice of any nonperformance of any obligations hereby guaranteed;
- c. protest and notice of default with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;

d. any right Guarantor may have to require that any action be first brought against Franchisee or any other person or entity as a condition of liability; and

e. any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

5. Guarantor(s) further consent and agrees that:

a. Guarantor is directly and immediately liable under this Guaranty, and if signed by more than one Person, such liability is joint and several;

b. Guarantor(s) shall render any payment or performance required under the Franchise Agreement upon demand of Franchisor if Franchisee fails or refuses punctually to do so;

c. Guarantor(s) performance shall not be contingent or conditioned upon the pursuit of any remedies against Franchisee or any other person;

d. Guarantor(s) liability shall not be diminished, relieved, or otherwise affected by ~~any~~ extension of time, credit, or ~~other~~ another indulgence, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims which Franchisor may from time to time grant to Franchisee or to any other person, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Franchise Agreement, including renewals thereof;

e. this Guaranty will be continuing and irrevocable during the term of the Franchise Agreement, including renewals thereof; and,

f. Franchisor's rights under this Guaranty will not be exhausted by any action of Franchisor until all of the terms, covenants, and conditions of the Franchise Agreement have been met.

6. Guarantor waives all of the following, whether created or imposed by or under statute, common law or otherwise:

a. any right to require Franchisor to proceed against Franchisee or any other person or any security now or hereafter held by Franchisor or to pursue any other remedy whatsoever;

b. any defense based upon any legal disability of Franchisee or any Guarantor, or any discharge or limitation of the liability of Franchisee or any Guarantor to Franchisor, or any restraint or stay applicable to actions against Franchisee or any other Guarantor, whether such disability, discharge, limitation, restraint or stay is consensual, or by order of a court or other governmental authority, or arising by operation of law or any liquidation, reorganization, receivership, bankruptcy, insolvency or debtor-relief proceeding, or from any other cause;

c. all setoffs, counterclaims, presentment, demand, protest or notice of any kind, except for any notice which may be expressly required by the provisions of this Guaranty.

d. any defense based upon the modification, renewal, extension or other alteration of the obligations under the Franchise Agreement, or of the documents executed in connection therewith;

- e. any defense based upon the negligence of Franchisor, including, without limitation, the failure to file a claim in any bankruptcy of the Franchisee or any guarantor;
- f. all rights of subrogation, reimbursement, and, indemnity;
- g. any defense based upon or related to Guarantor's lack of knowledge as to Franchisee's financial condition;
- h. any and all rights to revoke this Guaranty in whole or in part;
- i. any defense based upon any action taken or omitted by Franchisor in any bankruptcy or other insolvency proceeding involving Franchisee; and,
- j. all rights and defenses arising out of an election of remedies by Franchisor, even though that election of remedies impairs or destroys Guarantor's right of subrogation ~~and~~ or reimbursement against Franchisee.

7. Guarantor agrees to pay upon Franchisor's demand, Franchisor's reasonable out-of-pocket costs and expenses, including but not limited to attorneys' fees, costs and disbursements, incurred in ~~any~~ effort to collect or enforce any of the terms, covenants or conditions of the Franchise Agreement, or this Guaranty, regardless whether any lawsuit is filed.

8. Guarantor, and each of the persons or entities executing this Guaranty as Guarantor individually makes the following representations and warranties, which are deemed to be continuing representations and warranties until payment and performance in full of terms, covenants, and conditions of the Franchise Agreement:

- a. Guarantor has all the requisite power and authority to execute, deliver and be legally bound by this Guaranty on the terms and conditions herein stated;
- b. this Guaranty constitutes the legal, valid and binding obligations of Guarantor enforceable against Guarantor in accordance with its terms;
- c. the execution and delivery of this Guaranty and the consummation of the transaction contemplated hereby will not, with or without notice ~~and~~ or lapse of time; (i) constitute a breach of any of the terms and provisions of any note, contract, document, agreement or undertaking, whether written or oral, to which Guarantor is a party or to which Guarantor's property is subject; (ii) accelerate or constitute any event entitling the holder of any indebtedness of Guarantor to accelerate the maturity of any such indebtedness; (iii) conflict with or result in a breach of any writ, order, injunction or decree against Guarantor of any court or governmental agency or instrumentality; or (iv) conflict with or be prohibited by any federal, state, local or other governmental law, statute, rule or regulation;
- d. No consent of any other person is required in connection with the valid execution, delivery or performance by Guarantor of this Guaranty; and,
- e. this Guaranty and any other statement furnished by Guarantor to Franchisor contain no untrue statements of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein true and not misleading.

9. Each Guarantor understands and agrees that each is bound by the Dispute Resolution covenants of the Franchise Agreement found at Article 16, which are incorporated herein by this reference as if fully set forth here.

10. The Recitals are incorporated herein by this reference.

**DONE AS OF THE EFFECTIVE DATE**

**FRANCHISOR**

**FRANCHISEE**

**RINGSIDE DEVELOPMENT COMPANY dba  
Bio-One Colorado, Inc**

\_\_\_\_\_

By: \_\_\_\_\_  
President  
date: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**IF FRANCHISEE IS/ARE INDIVIDUALS**

Signature \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT 8**  
**CLOSING ACKNOWLEDGEMENTS**

\_\_\_\_\_  
Initials

\_\_\_\_\_  
Initials

**CLOSING ACKNOWLEDGEMENT**

Franchisee Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Today's Date: \_\_\_\_\_

**A. GENERAL QUESTIONS**

- 1. I had a face-to-face meeting with a franchise marketing representative.  
Yes \_\_\_\_\_ No \_\_\_\_\_. If yes, the date of said meeting was: \_\_\_\_\_
- 2. The date which I received the Franchise Disclosure Document (FDD) from Franchisor. \_\_\_\_\_
- 3. The earliest date on which I signed the Franchise Agreement or any other binding document (not including the Receipt). \_\_\_\_\_
- 4. The earliest date on which I delivered cash, check, or consideration to the franchise marketing representative or any other person. \_\_\_\_\_
- 5. Did you initiate negotiations about the Franchise Agreement with the Franchisor?  
Yes \_\_\_\_\_ No \_\_\_\_\_. If yes, what was that date? \_\_\_\_\_

**B. REPRESENTATIONS**

**PLEASE RESPOND TO EACH PARAGRAPH. IN RESPONDING, PLEASE STATE WHETHER THE STATEMENT IS TRUE OR FALSE AND PROVIDE ANY OTHER INFORMATION THAT YOU THINK IS IMPORTANT TO YOU.**

1. I had an opportunity to review the FDD and other agreements attached to the disclosure document and understand the terms, conditions, and obligations of these agreements.

Yes       No

\_\_\_\_\_  
\_\_\_\_\_ Initials

2. I had an opportunity to seek professional advice regarding the FDD, the Franchise Agreement, and all matters concerning the purchase of my franchise.

Yes       No

\_\_\_\_\_  
\_\_\_\_\_  
Initials

3. Except as specifically written in the Franchise Agreement, no promises, agreements, contracts, commitments, representations, understandings, "side deals" or otherwise have been made to or with me with respect to any matter, including, but not limited to, any representations or promises regarding advertising (television or otherwise), marketing, site location, operational assistance or other services.

Agree       Disagree

\_\_\_\_\_  
\_\_\_\_\_  
Initials

4. Even if promises, agreements, contracts, commitments, representations, understandings, "side deals" or otherwise have been made to or with me with respect to any matter, including, but not limited to, any representations or promises regarding advertising (television or otherwise), marketing, site location, operational assistance or other services, I have not relied in any way on any such promises, agreements, contracts, commitments, representations, understanding or "side deals" when making my decision to purchase this franchise.

Agree       Disagree

\_\_\_\_\_  
\_\_\_\_\_  
Initials

5. No oral, written, or visual claim or representation, promise, agreement, contract, commitment, representation, understanding, or otherwise which contradicted or was inconsistent with the disclosure document or the Franchise Agreement was made to me.

Agree       Disagree

\_\_\_\_\_  
\_\_\_\_\_  
Initials

6. Even if an oral written or visual claim or representation, promise, agreement, contract, commitment, representation, understanding or otherwise which contradicted or was inconsistent with the disclosure document or the Franchise Agreement was made to me, I have not relied in any way on any such matter the contradicts or is inconsistent with the disclosure document when making the decision to purchase this business.

Agree       Disagree

\_\_\_\_\_  
\_\_\_\_\_  
Initials

7. Except as specifically stated in Item 19 of the disclosure document, no oral, written, visual, or other claim or representations were made which stated or suggested any sales, income,

expense, profits, cash flow, tax effects or otherwise was made to me by any person or entity representing the Franchisor; or if made, I did not rely on the same when making my decision to purchase this business.

Agree

Disagree

\_\_\_\_\_

Initials

8. I have made my own independent determination that I have adequate working capital to develop, open, and operate my Franchised Business.

Agree

Disagree

\_\_\_\_\_

Initials

9. I understand that my investment in this business contains substantial business risks and that there is no guarantee that it will be profitable.

Agree

Disagree

\_\_\_\_\_

Initials

10. I acknowledge that the success of my business depends in large part upon my ability as an independent business person and my active participation in the day to day operation of the business.

Agree

Disagree

\_\_\_\_\_

Initials

### C. STATEMENTS OF THE FRANCHISOR

**THE PARAGRAPHS BELOW ARE POLICIES OF THE FRANCHISOR. IF ANY IS UNTRUE OR IS CONTRADICTED BY YOUR EXPERIENCE, PLEASE PROVIDE AN EXPLANATION.**

1. The Franchisor **does not permit** any employee, salesperson, officer, director or ~~other~~**another** individual to make or endorse any representations, warranties, projections or disclosures of any type relating to the financial success of the franchise business and, except as specifically stated in Item 19, or by you at the line below, no information as to sales, income, expenses, profits, cash flows, tax consequences or otherwise have been given to the Franchisee. *If any such representations have been made to you by any person in the Franchisor's employ, please state so below and immediately inform the President of the Franchisor.*

\_\_\_\_\_

Initials

2. The Franchisor **does not permit** any employee, salesperson, officer, director, franchisee, or ~~other~~**another** individual to project any results that a Franchisee can expect in the

operation of the business. *If any such representations have been made to you by any person, please state so below and immediately inform the President of the Franchisor.*

\_\_\_\_\_  
Initials

3. The Franchisor does not permit any promises, agreements, contracts, commitments, representations, understandings, “side deals” or variations or changes in or supplements to the Franchise Agreement except by means of a written addendum thereto signed by you and the Franchisor. *If any such deals or changes have been made or promised, please state so below and immediately inform the President of the Franchisor.*

\_\_\_\_\_  
Initials

I have completed this Closing Acknowledgement and have disclosed any information that is contrary to any printed statement or have provided any other information that I deem to be important.

**DONE AS OF THE EFFECTIVE DATE**

**FRANCHISOR**

**FRANCHISEE**

**RINGSIDE DEVELOPMENT COMPANY dba  
Bio-One Colorado, Inc**

\_\_\_\_\_

By: \_\_\_\_\_  
President

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_

date: \_\_\_\_\_

Date: \_\_\_\_\_

**IF FRANCHISEE IS/ARE INDIVIDUALS**

Signature \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT C**

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FOR THE OPERATIONS MANUAL**

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**EXHIBIT D**

**CURRENT FRANCHISEES AND  
FRANCHISEES THAT HAVE LEFT THE SYSTEM**

**CURRENT FRANCHISEES AS OF DECEMBER 31, 2018**

<b>State</b>	<b>Franchise</b>	<b>Contact</b>	<b>Owner(s)</b>	<b>Business Phone</b>	<b>Address</b>
Alabama		<del>Don</del>	<del>Myre</del> <u>Jake Snavely</u>	<del>205-937-</del> <u>1708256-677-</u> <u>6111</u>	<del>270 Doug Baker Blvd., Suite 700-302, Birmingham, AL 35242</del> <u>4800 Whitesburg Dr #30-282, Huntsville AL 35802</u>
-	-	-	-	-	-
Arizona		Kurt Draper		480-930-2416	5235 E Southern Ave #D106-203, Mesa AZ 85206
Arizona		<del>Ted</del>	<del>Hooten</del> <u>Josh Wallace</u>	<del>480-276-</del> <u>4061928-863-</u> <u>8276</u>	<del>106322532 N Scottsdale Rd #B303, Scottsdale</del> <u>4th Street #640, Flagstaff AZ 85254</u> <u>86004</u>
Arizona		Todd Weisberg		602-561-6393	428 E Thunderbird Rd #136, Phoenix AZ 85022
Arizona		<del>Josh</del>	<del>Wallace</del> <u>David Scott</u>	<del>928-863-</del> <u>8276520-771-</u> <u>5960</u>	<del>253212090 N 4th Street #640, Flagstaff</del> <u>Thornycroft Rd Suite 110#354, Marana AZ 85604</u> <u>85658</u>
-	-	-	-	-	-
Arkansas	Arkansa	Kyle Evans		870-285-1013	3900 Dave Ward Dr Suite 1900 #237, Conway AR 72034
Colorado		<del>Cheryl</del>	<u>Chiasson</u>	<del>-303-946-8834</del>	<del>-9457 S. University Blvd., Suite 516, Highlands Ranch, CO 80126</del>
Colorado		James Frank		970-817-3229	1151 Eagle Drive #174, Loveland CO 80537
Colorado		Vicky Thurlow		970-812-5468	2695 Patterson Rd Suite 2-221 Grand Junction. CO 81506
Colorado		Dale Palmer		719-421-1121	605 Stetson Hills Blvd #180, Colorado Springs CO 80923
Colorado		<del>Chris</del>	<del>Zamreen</del> <u>Connor Price</u>	<del>720-365-</del> <u>2393810-4866</u>	<del>8200 S Quebec Street Suite A3#277, Centennial CO 80112</del> <u>871 Thornton Parkway #225, Thornton CO 80229</u>
-	-	-	-	-	-
Connecticut		Catherine Walden		860-999-4313	2842 Main Street #236, Glastonbury CT 06033
-	-	-	-	-	-
DC		Antoine Holloman		202-699-2333	1411 H St. NE, Washington, DC 20002
-	-	-	-	-	-
Florida		Mike Dalton		904-910-8588	3545 St. Johns Bluff Road, Suite 1, Jacksonville, FL 32224
Florida		Robert Riley		863-258-7944	5337 N. Socrum Loop Rd., Suite 317, Lakeland, FL 33809
Florida		Keith Clark		954-303-1669	1314 E Las Olas Blvd #734, Fort Lauderdale FL 33301
Florida		Alejandro Flores Sahrur		239-464-2231	13650 Fiddlesticks Blvd Suite 202-319, Fort Myers FL 33912
Florida		Robert Riley		941-402-4722	242 S Washington Blvd Suite 203, Sarasota FL 34236
Florida		<del>Gabriel</del>	<u>Gabe Montenegro</u>	850-855-6349	707 E Cervantes Suite B#129, Pensacola FL 32501
Florida		<del>Steve</del>	<u>Baker</u>	<del>-305-720-6271</del>	<del>-18495 South Dixie Highway Suite 161, Miami FL 33157</del>
Florida		Jamie Akemon		<u>904-778-5125</u>	<u>731 Duval Station Road Ste 107-510, Jacksonville FL 32218</u>
Florida		Christopher Burns		<u>352-448-1366</u>	<u>15202 NW 147th Drive Suite 1200 #161, Alachua FL 32615</u>
Florida		Pierre Reese		<u>786-865-8028</u>	<u>16850 Collins Ave Ste 112-611, Sunny Isles Beach FL 33160</u>
Georgia		Jason Benton		404-889-	1270 Caroline St., Suite D120-369, Atlanta, GA 30307

		<u>641-6417</u>	
Georgia	<del>Remie Roy</del> <del>Mike Wood</del>	<u>770-820-7071</u> <u>470-418-9474</u>	<u>1400 Veterans Memorial Highway Suite 134-408, Mableton, GA 30126</u> <del>3142 Hwy 278 NW 150, Covington GA 30014</del>
Georgia	James Lenny Jackson	<u>706-305-5029</u>	<u>2801 Washington Rd Suite 107#367, Augusta GA 30909</u>
Georgia	Gary Maxey	912-755-1211	5710 Ogeechee Rd #200-321, Savannah GA 31405
Georgia	Lenny Jackson Becca Phillips	<u>470-556-2330</u> <del>706-305-5029</del>	<del>2801 Washington Rd</del> <u>6175 Hickory Flat Hwy Suite 107#367, Augusta 110 #413, Canton GA 30909</u> <u>30115</u>
-Georgia	-Jared Lafferty	-478-733-6235	-722 Collins Hill Road Ste H308, Lawrenceville GA 30046
Idaho	Travis Nichols	208-505-8731	1775 W State Street #159, Boise ID 83702
Idaho	Justin Turley	208-541-0509	2184 Channing Way #135, Idaho Falls ID 83404
-	-	-	-
Illinois	Bill Muir	708-476-4763	2863 W. 95th St., Suite 143-213, Naperville, IL 60564
-Indiana	-Kellen Dooley	-260-450-7547	-921 E Dupont Road #892, Fort Wayne IN 46825
Iowa	Joel Akers	<u>515-776-1044</u>	<u>6750 Westown Parkway Ste 200 #358, West Des Moines IA 50266</u>
Kansas	Travis Hansen	785-221-9795	4021 SW 10th Street Suite 318, Topeka KS 66604
-	-	-	-
Massachusetts	Frank Bozieh	617-304-3105	71 Commercial Street Unit 25, Boston MA 02109
-	-	-	-
Michigan	Martel Williams	586-663-8766	23205 Gratiot Ave. #270, Eastpointe, MI 48021
Michigan	Chris Davis	248-880-7869	<del>35560 Grand River Ave #235, Farmington Hills, MI 48335</del>
Michigan	Jamie Trasciatti	616-724-7971	4370 Chicago Drive, Suite B171, Grandville, MI 49418
-Michigan	-Chris Davis	-248-880-7869	-35560 Grand River Ave #235, Farmington Hills, MI 48335
Minnesota	Michael Loesch	612-806-5834	13055 Roverdale <del>D#</del> Drive NW Suite 500 #218, Coon Rapids MN 55448
-	-	-	-
Mississippi	Michael Mengarelli	601-622-0373	4209 Lakewood Drive #346, Flowood, MS 39232
-Mississippi	-Justin Brady	-228-369-2762	-3586 Sangani Blvd Suite L310, D'Iberville MS 39540
Missouri	Megan Amanda Boccardi	636-279-9570	1939 Wentzville Pkwy., Suite 273, Wentzville, MO 63385
Missouri	Matt Lovasz	314-534-8031	2464 Taylor Rd. #109, Wildwood, MO 63040
Missouri	Gary Kolek	816-492-4210	118 N Conistor Lane Suite B247, Liberty MO 64068
-Missouri	-Jim Ward	-573-712-0052	-1899 N Westwood Blvd Ste C#265, Poplar Bluff MO 63901
Nebraska	Derek Myers	<u>402-521-4301</u>	<u>4089 South 84th Street #263, Omaha NE 68127</u>
Nevada	James Herold	702-403-4242	10040 W. Cheyenne Ave #170-77, Las Vegas NV 89129
Nevada	Tom Maiello	702-704-3724	2764 N Green Valley Parkway #176, Henderson NV 89014
Nevada	Terry Haufler	775-499-5304	59 Damonte Ranch Pkwy Suite B#305, Reno NV 89521
-	-	-	-
New Hampshire	<del>Jim</del> James Kask	603-759-5335	373 S Willow Street #422, Manchester NH 03103
-	-	-	-
New Jersey	Mark Bonanni	856-725-6099	1977 N Olden Ave Unit #555, Ewing NJ 08618

-	-	-	-
New Mexico	Justin Turley	505-400-7370	<del>13170 Central Ave SE Suite B Box 259,3301 Coors Blvd. NW Ste. R #196 Albuquerque, NM 87123</del> 87120
-	-	-	-
New York	Jim Wurts	212-203-7124	2744 Hylan Boulevard, Suite 130 Staten Island, New York 10308
-	-	-	-
North Carolina	John Symons	704-726-5905	13000 S Tryon Street Suite F-232, Charlotte NC 28278
<del>North Carolina-</del>	<del>Nadine Black</del>	<del>-336-830-1336</del>	<del>-380 Knollwood St, Suite H 239, Winston-Salem NC 27103</del>
Ohio	Tim Lockard	614-743-1795	3000 East Main St. #151, Columbus, OH 43209
Ohio	Devin Drambarean	513-299-8807	8190-A Beechmont Ave., Suite #142, Cincinnati, OH 45255-6117
Ohio	Terrence Pounds	419-480-9800	6725 W. Central Ave Suite M #348, Toledo, OH 43617
Ohio	Jonathan Schaffer	937-286-0165	707 Miamisburg-Centerville Rd #245, Dayton OH 45459
<del>Ohio</del>	<del>Cuyler Costanzo</del>	<del>-330-888-5665</del>	<del>-3867 W Market Street #226, Akron OH 44333</del>
Oklahoma	Ralph Trenary	918-932-6085	2608 W Kenosha Suite 502, Broken Arrow OK 74012
Oklahoma	Marty Mayfield	405-816-5744	202 N Mustang Rd Suite 12, Mustang OK 73064
-	-	-	-
Oregon	<del>Brad Ake</del>	<del>503-858-2541</del>	<del>6107 SW Murray Blvd. #331, Beaverton, OR 97008</del>
Oregon	Phillip Kirton	503-277-8763	8630 SW Scholls Ferry Road #244, Beaverton OR 97008
<del>Oregon</del>	<del>Owen McGovern</del>	<del>-914-987-0875</del>	<del>-2852 Willamette Street #111, Eugene OR 97405</del>
Pennsylvania	James McArthur	267-258-3583	58 Snyder Ave., Suite 37118, Philadelphia, PA 19148
Pennsylvania	Jeffrey Kuhn	717-507-7806	6059 Allentown Blvd# 901, Harrisburg PA 17112
Pennsylvania	Tom Gervasio	484-995-3949	64 E Uwchlan Ave #208, Exton PA 19341
-	-	-	-
South Carolina	Kris Elliott	803-669-7089	1670 Springdale Drive, Unit 9 #137, Camden, SC 29020
South Carolina	<del>Dan</del> Daniel Paffe	843-800-5453	3022 S Morgans Point Road #250, Mt Pleasant SC 29466
-	-	-	-
Tennessee	Tim Ballard	901-474-9510	1779 Kirby Parkway #1-544, Memphis TN 38138
Tennessee	Stephanie Hix	615-970-1573	5543 Edmondson Pike Suite #189, Nashville TN 37211
Tennessee	Jade Atwood	865-356-9718	448 N Cedar Bluff Suite #183, Knoxville TN 37923
-	-	-	-
Texas	George Morrison	512-897-9193	13492 Research Blvd., Suite 120-359, Austin TX 78750
Texas	Todd Roach	972-850-8246	820 S. MacArthur Blvd., Suite 105-365, Coppell, TX 75019
Texas	George Morrison	832-444-8352	945 Mckinney St., Suite 435, Houston, TX 77002
Texas	Garrett Spooner	432-661-5711	3001 West Loop 250 N., Suite C-105 #270, Midland, TX 79705
Texas	Daniel Avila	469-975-9492	8301 Lakeview Parkway Suite 111-304, Rowlett TX 75088
Texas	Rigo Melendez	915-588-2934	3800 N Mesa Street Suite AZ #330, El Paso TX 79902
Texas	Juan Acuna	469-677-6300	6245 Rufe Snow Drive Suite 280-32, Fort Worth TX 76148
Texas	Thomas Polcyn	346-831-7405	16720 Stuebner Airline Unit#149, Spring, TX 77379
Texas	Michael Fulweber	713-591-1522	1127 Eldridge Parkway Suite 300-366, Houston, TX 77077
-	-	-	-
Utah	Joe Dussol	385-528-7574	4287 S. Harrison Blvd., Suite 229, Ogden, UT 84403
-	-	-	-

Virginia	<del>Josh</del> Joshua Williams	571-200-2461	8116 Arlington Blvd #180, Falls Church VA 22042
Virginia	Marc Garber	804-300-3892	12220 Chattanooga Plaza, Midlothian VA 2311
Washington	Brandon Passe	360-305-3262	3957 Irongate Rd., Suite 100, Bellingham, WA 98226

**FRANCHISEES THAT HAVE LEFT THE SYSTEM IN 2018**

<del>California</del> West Virginia	<del>Nate Plett</del> Catherine Viernes	<del>619-432-5119</del> 304-308-0794	9187 Clairemont Mesa Blvd., Suite 6, San Diego, CA 92123 630 N Mildred Street #446, Ranson WV 25438
<del>Wisconsin</del> North Carolina	<del>Michael Ziechin</del> Tim Budz	<del>704-900-4078</del> 920-228-2461	9935 D Rea Road #170, Charlotte, NC 28277 101 S Military Ave #134, Green Bay WI 54303

**Transferred as of Franchisees That Have Left The System**  
**December 31, 2018**

<del>Connecticut</del> Colorado	<del>Cheryl Chiasson</del> Catherine Walden	<del>303-946-8834</del> 860-999-4313	9457 S. University Blvd., Suite 516, Highlands Ranch, CO 80126 2842 Main Street #236, Glastonbury CT 06033
Georgia	<del>Mike Wood</del> Remie Roy	<del>470-418-9574</del> <del>770-820-7071</del>	3142 Hwy 278 NW 150, Covington GA 30014 400 Veterans Memorial High Ste 134 408, Mableton, GA 30126
Ohio	Michelle Pounds	419-480-9800	6725 W. Central Ave Suite M #348, Toledo, OH 43617
Oregon	Brad Ake	503-858-2547	6107 SW Murray Blvd. #331, Beaverton, OR 97008
Tennessee	Jade Atwood	865-356-9718	448 N Cedar Bluff Suite #183, Knoxville TN 37923

**Transferred as of December 31, 2019**

Arizona	Rebecca Wallace	480-276-4061	10632 N Scottsdale Rd #B303, Scottsdale AZ 85254
Colorado	Daneil Paffe	720-365-2393	303 S Broadway Ste 200-482, Denver Co 80209
Massechusettes	Bruce Ballard	774-501-3464	11 Robert Toner Blvd Ste 5, Attleboro Falls MA 02763

**EXHIBIT E**

**TRADEMARK-SPECIFIC FRANCHISEE ASSOCIATIONS AND  
INDEPENDENT FRANCHISEE ASSOCIATIONS**

**NONE**

**EXHIBIT F**  
**STATE ADDENDA**

## STATE OF CALIFORNIA

Section 31125 of the Franchise Investment Law requires us to give ~~to~~ you a disclosure document approved by the Department of Business Oversight before we ask you to consider a material modification of your Franchise Agreement.

### **THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT**

The Franchise Agreement requires you to resolve disputes ~~with us~~ with us by mediation and arbitration only in Colorado. Out-of-state mediation and arbitration may force you to accept a ~~less favorable~~ less favorable settlement for disputes. It may also cost you more to mediate and arbitrate in Colorado than in your own state.

The Franchise Agreement states that Colorado law governs the agreement, and this law ~~may not~~ may not provide the same protections and benefits as local law. You may want to compare these laws.

ITEM 1 is amended to provide the following:

In California, you must obtain a Trauma Scene Waste Management Practitioner (TSW) permit from the California Department of Health. This requires the filing of a form and fee. See generally, <https://www.cdph.ca.gov/Programs/CEH/DRSEM/Pages/EMB/MedicalWaste/Trauma-Scene.aspx>, which is the page from the California Department of Public Health that describes this procedure.

ITEM 2 is amended to provide the following:

The franchisor, any person or franchise broker listed in Item 2 of the disclosure document are not subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

ITEM 3 is amended to state the following:

The franchisor, any person or franchise broker in Item 2 of the UFDD is not subject to any currently effective order of any national securities association or national securities exchange, as defined by the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

ITEM 4 is amended to state the following:

No person previously identified in Item 2 of this Disclosure Document has been involved as a debtor in proceedings under the U.S. Bankruptcy Code.

ITEM 5 is amended to state the following:

We will refrain from collecting the IFF or any other fees from you until we have delivered all of our pre-opening services (Item 11)), and you are open for business. At that time, we will collect all pre-opening fees that are due to us.

ITEM 12 is amended to state that we reserve the right to establish alternative channels of distribution without compensation to the franchisee.

ITEM 17 of the Disclosure document is amended to add the following:

The California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise if the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A., Sec. 101 et seq.)

The Franchise Agreement requires Franchisee to sign a general release as a condition of transfer. This general release excludes claims arising under California law and will exclude any claims arising from representations in the FDD.

The Franchise Agreement contains a covenant not to compete, which extends beyond the term of the agreement. This provision might not be enforceable under California law.

The Franchise Agreement requires litigation to be conducted by arbitration held in Denver, Colorado. This provision might not be enforceable for any cause of action arising under California law.

The Franchise Agreement requires the application of the laws of the state of Colorado. This provision might not be enforceable under California law.

The Franchise Agreement may contain a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516).

Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professional Code Sections 2000 through 20043).

The Franchise Agreement requires binding arbitration. The arbitration will occur no further than 15 miles from our then-current headquarters that now is Greenwood Village, Colorado, with the costs being borne by the prevailing party. Prospective franchisees are encouraged to consult legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside the State of California.

The following URL address is for the franchisor's website:

[www.BioOneInc.com](http://www.BioOneInc.com)

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT [www.dbo.ca.gov](http://www.dbo.ca.gov).

## **STATE OF INDIANA**

1. ITEM 8 of the Disclosure Document is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), the franchisor will not obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for and transmitted by the franchisee.

2. ITEMS 6 and 9 of the Disclosure Document are amended to add the following:

The franchisee will not be required to indemnify franchisor for any liability imposed upon franchisor as a result of franchisee's reliance upon or use of procedures or products which were required by franchisor, if such procedures or products were utilized by franchisee in the manner required by franchisor.

3. ITEM 17 of the Disclosure Document is amended to add the following:

Indiana Code 23-2-2.7-1(7) makes unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement, and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

ITEM 17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term non-competition covenant shall have a geographical limitation of the territory granted to franchisee.

ITEM 17(u) is amended to provide that arbitration between a franchisee and franchisor will be conducted in Indiana or a site mutually agreed upon.

ITEM 17(v) is amended to provide that franchisees will be permitted to commence litigation in Indiana for any cause of action under Indiana Law.

ITEM 17(w) is amended to provide that in the event of a conflict of law, Indiana Law governs any cause of action which arises under the Indiana Disclosure Law or the Indiana Deceptive Franchise Practices Act.

## **STATE OF MARYLAND**

The Franchise Disclosure Document is amended to add the following:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

In Item 17 and the Franchise Agreement requires you to sign a general release. The general release required as a condition of renewal, termination or transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

In Item 17 and the Franchise Agreement, we require you to arbitrate in Tennessee using Tennessee law. This is amended to provide that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

In Item 17 and the Franchise Agreement, we require Tennessee law to prevail. This is amended to provide that in the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.

Item 17 and the Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

Item 17 is amended to state: "Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

In Item 17, all representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure law.

Item 5 is amended to provide that all initial fees and payments shall be deferred until such time as the franchisor completes its initial obligations under the franchise agreement.

The Closing Acknowledgment that is attached to the Franchise Agreement is amended to state: "All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

## STATE OF MINNESOTA

The following Minnesota-specific language must be included in an exhibit attached to the Franchise Disclosure Document and also to the franchise agreements:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
- Minnesota considers it unfair ~~to~~ not to protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5. 3.

## **STATE OF RHODE ISLAND**

In recognition of the requirements of the Rhode Island Franchise Investment Act §§ 19-28.1-1 through 19-28.1-34, the Franchise Disclosure Document for Ringside Development Company d/b/a Bio-One Colorado, Inc., for use in Rhode Island is amended as follows:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

## STATE OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Ringside Development Company, for use in the Commonwealth of Virginia shall be amended as follows:

### **ADDITIONAL DISCLOSURES**

The State Cover Page is amended to include the following **RISK FACTORS**

3. THE FRANCHISOR AND FRANCHISEE EACH AGREE THAT HE, SHE, OR IT WILL BE LIMITED TO BRINGING ANY ACTION AGAINST THE OTHER WITHIN 1 YEAR OF THE DATE THAT THE FACTS WHICH GIVE RISE TO THE CLAIM WERE DISCOVERED OR 1 YEAR FROM THE DATE THAT SUCH FACTS REASONABLY SHOULD HAVE BEEN DISCOVERED.

4. IF FRANCHISEE OBTAINS FINANCING FROM THE FRANCHISOR, THE FRANCHISEE'S SPOUSE MAY BE REQUIRED TO SIGN A PERSONAL GUARANTY MAKING SUCH SPOUSE JOINTLY AND SEVERALLY LIABLE FOR THE OBLIGATIONS WHICH ALSO PLACES THE SPOUSES PERSONAL ASSETS AT RISK. YOU MAY WANT TO CONSIDER THIS WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY.

5. WE BOTH AGREE TO WAIVE THE RIGHT TO A JURY TRIAL AND TO BE AWARDED EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES.

6. **THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

Item 3 is amended to say:

No person previously identified in Item 2 of this Disclosure Document has been involved as a debtor in proceedings under the U.S. Bankruptcy Code.

Item 5 is amended to say:

Franchisor agrees that it will defer collection of the initial fees until Franchisor has delivered all of its pre-opening services to Franchisee and Franchisee is open for business. At that time, the initial fees will be due.

The following statements are added to Item 17.h:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

## STATE OF WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes, supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

**EXHIBIT G**  
**FINANCIAL STATEMENTS**

**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED**

**DECEMBER 31, 2019 and 2018**

**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**

**AUDITED FINANCIAL STATEMENTS**

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March 31, 2020

**SUBJECT: AUTHORIZATION TO USE ACCOUNTANT'S AUDIT REPORT AND FINANCIAL STATEMENTS**

To whom it may concern:

By signature of this letter, I, Richard X. Robinett, C.P.A., hereby authorize Ringside Development Company DBA Bio-One Inc., to use the prepared audited financial statements as of December 31, 2019, the accompanying footnotes, and the Independent Auditor's Report as an exhibit within the required franchise disclosure document for Ringside Development Company DBA Bio-One Inc.

Richard X. Robinett, C.P.A., takes no responsibility for and will not express an opinion or any other form of assurance on any other information presented in the disclosure document.

Sincerely,

*Richard Robinett*

Richard X. Robinett, C.P.A. LLC

**INDEPENDENT AUDITOR'S REPORT**

---

To: The Board of Directors of  
Ringside Development Company DBA Bio-One Inc.  
Greenwood Village, CO

**Report on the Financial Statements**

We have audited the accompanying financial statements of Ringside Development Company DBA Bio-One Inc. which comprise the balance sheet as of December 31, 2019 and 2018, and the related statements of income, changes in owners' equity, and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Other Matters**

We did not audit the December 31, 2017 financial statements as they were audited by another auditor nor do we issue an opinion on those statements. They are presented for presentational purposes only.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ringside Development Company DBA Bio-One Inc. as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Richard Robinett*

Richard X. Robinett, C.P.A. LLC

March 31, 2020

**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**

**Balance Sheets**  
**As of December 31,**

**ASSETS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Current Assets			
Cash	\$ 501,414	\$ 840,414	\$ 561,077
Restricted cash	39,632	23,053	67,859
Accounts receivable	240,079	152,625	81,832
Inventory	1,705	26,422	6,675
Current portion of deferred franchise costs	48,500	38,500	48,500
Other current assets	17,924	12,483	14,581
Total Current Assets	<u>849,254</u>	<u>1,093,497</u>	<u>780,524</u>
Non-Current Assets			
Deferred franchise costs, net of current portion	875	6,125	7,875
Property and equipment, net	44,641	45,822	11,340
Deferred tax asset	202,365	-	88,338
Cash surrender value of life insurance	312,462	170,956	90,903
Other asset held for investment	41,520	-	-
Total Non-Current Assets	<u>601,863</u>	<u>222,903</u>	<u>198,456</u>
TOTAL ASSETS	<u>\$ 1,451,117</u>	<u>\$ 1,316,400</u>	<u>\$ 978,980</u>

**LIABILITIES AND OWNERS' EQUITY**

Current Liabilities			
Accrued liabilities	\$ 146,269	\$ 102,478	\$ 233,143
Income taxes payable	96,367	68,834	96,681
Current portion of deferred franchise revenues	313,570	179,410	233,889
Deferred revenue - marketing fees	-	-	13,869
Total Current Liabilities	<u>556,206</u>	<u>350,722</u>	<u>577,582</u>
Non-Current Liabilities			
Deferred franchise revenues, net of current portion	<u>121,875</u>	<u>144,375</u>	<u>166,875</u>
Total Liabilities	<u>678,081</u>	<u>495,097</u>	<u>744,457</u>
Shareholder's Equity			
Common stock, no par value; 100,000 shares authorized; 2,500 shares issued and outstanding	2,500	2,500	2,500
Retained earnings (deficit)	<u>770,536</u>	<u>818,803</u>	<u>232,023</u>
Total Shareholder's Equity (deficit)	<u>773,036</u>	<u>821,303</u>	<u>234,523</u>
Total Liabilities and Owners' Equity	<u>\$ 1,451,117</u>	<u>\$ 1,316,400</u>	<u>\$ 978,980</u>

See accompanying notes to the financial statements and accountant's audit report

**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**

**Statements of Operations**

**For the Years Ended December 31,**

	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Net revenues</b>			
Franchise fees	\$ 787,500	902,500	883,500
QSP revenues	691,635	738,024	776,986
Franchise royalties	1,263,876	807,127	462,040
National branding fees	395,282	287,457	201,020
Franchise support revenues	716,089	438,538	246,567
Licensing fees	3,500	3,500	8,500
Recession fees	-	-	(156,541)
Total net revenues	<u>3,857,882</u>	<u>3,177,146</u>	<u>2,422,072</u>
<b>Operating expenses</b>			
Franchise support expenses	764,379	705,744	197,436
General and administrative expenses	2,715,221	1,419,593	1,811,553
Marketing expenses	395,282	287,457	201,020
Total operating expenses	<u>3,874,882</u>	<u>2,412,794</u>	<u>2,210,009</u>
Income (loss) from operations	(17,000)	764,352	212,063
Income tax expense (benefit)	31,267	177,572	129,902
<b>Net income (loss)</b>	<u>\$ (48,267)</u>	<u>\$ 586,780</u>	<u>\$ 82,161</u>

See accompanying notes to the financial statements and accountant's audit report

**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**  
**Statement of Changes in Shareholder's Equity**  
**For the Years Ended December 31, 2019, 2018, and 2017**

	Capital		Retained Earnings	Total Shareholder's Equity
	Units	Amount		
Balance - December 31, 2016	2,500	2,500	149,862	152,362
Net income	-	-	82,161	82,161
Balance - December 31, 2017	2,500	2,500	232,023	234,523
Net income	-	-	586,780	586,780
Balance - December 31, 2018	2,500	2,500	818,803	821,303
Net income	-	-	(48,267)	(48,267)
Balance - December 31, 2019	<u>2,500</u>	<u>2,500</u>	<u>770,536</u>	<u>773,036</u>

See accompanying notes to the financial statements and accountant's audit report

**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**  
**Statements of Cash Flows**  
**For the Years Ended December 31,**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Cash flows from operating activities			
Net income (loss)	\$ (48,267)	\$ 586,780	\$ 82,161
Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Bad debt expense	-	-	-
Deferred income taxes	(202,365)	88,338	103,845
Cash surrender value of life insurance			8,455
Changes in operating assets and liabilities			
Restricted cash	(16,579)	44,806	(3,609)
Accounts receivable	(87,454)	(70,793)	53,600
Inventory	24,717	(19,747)	8,625
Deferred franchise costs	(27,250)	11,750	(6,500)
Other current assets	(5,441)	2,098	(13,402)
Accrued liabilities	43,791	(130,665)	202
Income taxes payable	27,533	(27,847)	(12,443)
Deferred franchise revenues	134,160	(76,979)	54,139
Deferred revenue - marketing fees	-	(13,869)	(52,289)
Net cash provided by operating activities	<u>(157,155)</u>	<u>393,872</u>	<u>222,784</u>
Cash flows from investing activities			
Purchase of property and equipment	1,181	(34,482)	(11,340)
Premiums on life insurance policies	(141,506)	(80,053)	(99,358)
Asset held for investment	(41,520)	-	-
Net cash used in investing activities	<u>(181,845)</u>	<u>(114,535)</u>	<u>(110,698)</u>
Net increase in cash	(339,000)	279,337	112,086
Cash - beginning of year	840,414	561,077	448,991
Cash - end of year	<u>\$ 501,414</u>	<u>\$ 840,414</u>	<u>\$ 561,077</u>

See accompanying notes to the financial statements and accountant's audit report

**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**

**Notes to Financial Statements  
December 31, 2019**

**Note 1 - Description of Business and Summary of Significant Accounting Policies**

Ringside Development Company dba Bio-One Inc. (the "Company"), an Arizona corporation, was incorporated on May 27, 2010. On March 24, 2016, the Company registered as a foreign corporation in Colorado as Bio-One Colorado, Inc. The Company is engaged in the business of franchising Bio-One franchises across the United States. Bio-One provides crime and trauma scene services.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of American requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. There were no cash equivalents as of December 31, 2019, 2018, and 2017. The Company continually monitors its positions with, and the credit quality of, the financial institutions with which it invests. As of the balance sheet date, and periodically throughout the year, the Company has maintained balances in various operating accounts in excess of federally insured limits of 250,000.

Restricted Cash

The Company established and has collected contributions for a National Branding Fund pursuant to the Franchise Disclosure Document and individual franchise agreements, which are segregated in a separate bank account.

Accounts Receivable

Accounts receivable primarily consist of amounts due from franchisees for royalties and National Branding Fund fees earned by the Company but not yet collected as well as unbilled miscellaneous billings for items such as insurance, training, and expendable equipment. Interest and late fees may also be charged on overdue accounts. An account is considered past due based on stated invoice terms. The Company has not experienced significant losses related to receivables from individual franchisees and believes all accounts to be collectible. Therefore, the Company has not provided an allowance for uncollectible accounts as of December 31, 2019, 2018, and 2017.

Concentrations of Credit Risk

The Company grants credit in the normal course of business to franchisees in the United States. The Company periodically performs credit analysis and monitors the financial condition of its franchisees to reduce credit risk. The Company performs ongoing credit evaluations of its franchisees but generally does not require collateral to support accounts receivable.

**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**

**Notes to Financial Statements  
December 31, 2019**

**Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)**

Concentrations of Credit Risk (continued)

The Company considers any franchisee with a balance in excess of 10% of accounts receivable or revenue to be a concentration. There were no concentrations of accounts receivable or revenue as of and for the years ended December 31, 2019 and 2018.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided utilizing the straight-line method over the estimated useful lives for owned assets and the shorter of the estimated economic life or related lease terms for leasehold improvements. Construction in progress is included in property and equipment. These assets begin depreciating when placed in service.

Life Insurance Policies

The Company has recorded the amount that would be realized upon discontinuance and surrender of various insurance contracts for franchise owners and employees as a non-current asset. Premiums paid and changes in the net cash surrender value are recorded in operating expenses. Variations between individual contracts are minimal.

Income Taxes

The Company recognizes deferred tax liabilities and assets based on the differences between the tax basis of assets and liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in future years.

The Company evaluates its tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions will more likely than not be sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold are not recorded as a tax benefit or expense in the current year. Interest and penalties, if applicable, are recorded in the period assessed as general and administrative expenses. However, no interest or penalties have been assessed as of December 31, 2019, 2018, and 2017.

The Tax Cuts and Jobs Act ("Tax Act") was signed into law on December 22, 2017. The Tax Act includes significant changes to the U.S. corporate income tax system, including a federal corporate rate reduction from 35% to 21%; limitations on the deductibility of interest expense and executive compensation; eliminating the corporate alternative minimum tax ("AMT") and changing how existing AMT credits can be realized; changing the rules related to uses and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017; and the transition of U.S. international taxation from a worldwide tax system to a territorial tax system.

**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**

**Notes to Financial Statements  
December 31, 2019**

**Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)**

As a result of the reduction in the federal tax rate, the Company is required to revalue its ending deferred tax liabilities and assets as of December 31, 2017, as well as evaluate whether a valuation allowance is needed for deferred tax assets. The impact of the change in federal tax rate is included in income tax expense (benefit) on the statements of operations. During the year ended December 31, 2017, approximately \$44,000 of the change in deferred tax asset on the balance sheets and the related income tax expense (benefit) on the statements of operations was due to the change in the federal statutory rate.

**Shipping and Handling**

Costs associated with the shipping and handling of the Company's product are included in general and administrative expenses.

**Franchise Operations**

The Company enters into franchise agreements with unrelated third parties to build and operate crime scene clean-up companies using the Bio-One brand. The franchisees are required to operate their companies in compliance with their franchise agreements, which includes adherence to operating and quality control procedures established by the Company.

As of January 1st of 2019, 2018, and 2017, the number of franchised locations was 74, 50, and 24, respectively. As of December 31st of 2019, 2018, and 2017, the number of franchised locations was 95, 74, and 50, respectively.

**Initial Franchise Fees and Related Franchise Costs**

Initial franchise fees paid by franchisees are recognized as revenue when all material services and conditions required to be performed by the Company have been substantially completed, which is generally when the franchise commences operations. Initial franchise fees collected by the Company before all material services and conditions are substantially performed are recorded as deferred franchise revenue. These franchise fees are non-refundable except in certain circumstances. In 2016, the Company determined that the Federal Trade Commission could potentially assert that the Company was out of compliance with certain Federal Trade Commission requirements for franchisors. No such assertion was ultimately made by the Federal Trade Commission. Regardless, the Company offered all current franchisees as of November 2016 the opportunity to rescind their franchise agreement in exchange for a refund of their initial franchise fee. During the year ended December 31, 2017, the Company paid \$156,541 in rescissions fees, which are presented as a reduction of total revenues on the statements of operations. In conjunction with the rescissions, for franchisees that chose not to rescind, the Company offered a one percentage point discount in royalty payments and a 20% discount on other purchased goods from the Company for the year ended December 31, 2017.

Deferred franchise costs represent certain costs incurred to develop new franchises and are expensed when the related revenue is recognized, generally when the franchise commences operations. Franchise costs will not be deferred in excess of the amount to be recognized.

**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**

**Notes to Financial Statements**

**December 31, 2019**

**Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)**

License Fees

License fees provide third parties the right to use the Company's brand over an agreed-upon term. License fees collected by the Company are recorded as deferred franchise fee revenue and recognized ratably over the term. These license fees are non-refundable.

Area Director Marketing Agreements

In the past, the Company offered area director marketing agreements that provided the area director a non-exclusive right to sell and open franchises in a defined geographic territory in the U.S. and required that the area director be responsible for advertising, soliciting, and screening prospective franchisees. The agreements stipulate a minimum number of new franchised locations to be opened each year. In addition, the area director was responsible for providing on-site opening assistance and providing quality assurance services to franchises in the defined area. The Company agreed to pay the area director a portion of the initial franchise fee as defined by the agreement for each new franchised location sold by the area director and 50% of the royalties received by the Company from each franchise within the defined area. The agreement was for a period of 10 years, with the option to extend for an additional 10 years after certain restrictive performance criteria are met. All franchised locations opened by the area director were required to pay the Quick Start Package ("QSP") fee, as defined in the agreement, to the Company. The Company agreed that it would defer revenue associated with the area director marketing agreement, recognizing it ratably over the term of the agreements. These agreements are no longer offered as of January of 2018.

QSP Revenues

In some instances, franchisees are required by the Company to purchase from the Company an intimal package of equipment, tools, and supplies needed to open a franchised location. This package of equipment is described as a QSP. The revenue from the sale of a QSP is recognized by the Company when the QSP is shipped to franchisees.

Franchise Royalties

Pursuant to the various franchise agreements, U.S. franchisees are required to pay the Company royalties based on a percentage of sales of 7%, which are recognized when earned.

National Branding Fund

Under the terms of the standard franchise agreement, the Company may establish a National Branding Fund (the "Fund") and charge a fee of up to 2% of each franchisee's gross receipts to pay for marketing costs that benefit multiple franchisees. The Fund is used to promote the brand. Fund revenues and expenses are recognized in equal amounts as marketing expenses are incurred. Any amounts collected but unspent at the end of the year are recorded as deferred revenue - marketing fees on the accompanying balance sheets. The Company recognizes national branding fees collected as deferred revenue - marketing fees until a related expense has been incurred, at which time revenue is recognized. The Company records related advertising expenses as they are incurred.

**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**

**Notes to Financial Statements**

**December 31, 2019**

**Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)**

Accounting Pronouncements issued but Not Yet Adopted or Currently in Effect Revenue from Contracts with Customers (Topic 606)

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FASB issued ASU 2015-14 that deferred the effective date for the Company until annual periods beginning after December 15, 2018 which is December 31, 2019. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. The Company has implemented the comprehensive new revenue standard.

In November 2015, the FASB issued ASU No. 2015-17, *Income Taxes (Topic 740), Balance Sheet Classification of Deferred Taxes*. The amendments under the new guidance require that deferred tax liabilities and assets be classified as non-current in a classified statement of financial position. The guidance is effective for financial statements issued for annual periods beginning after December 15, 2017, and interim period within those annual periods. The amendments in this ASU may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. The Company adopted this guidance effective December 31, 2017 on a retrospective basis.

Subsequent Events

The Company has evaluated all subsequent events through the auditors' report date, which is the date the financial statement were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

**Note 2: Income Taxes**

The Company's temporary differences are comprised mainly of deferred revenue and deferred franchise costs. The Company's effective tax rate differs from the U.S. federal statutory tax rate due to a graduated federal tax rate adjustment, state taxes, and permanent differences.

Components of income tax expense (benefit) reflected on the statements of operations are as follows:

	2019	2018	2017
Current	\$ 4,906	\$ 204,374	\$ 26,057
Deferred	26,361	(26,802)	103,845
	<u>\$ 31,267</u>	<u>\$ 177,572</u>	<u>\$ 129,902</u>

**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**

**Notes to Financial Statements  
December 31, 2019**

**Note 3: Commitments and Contingencies**

Litigation

In the normal course of business, the Company may be party to litigation. The Company has not been party to any litigation as of the auditors' report date, which is the date the financial statements were available to be issued. The Company maintains insurance to cover certain actions.

**Note 4: Employee Benefit Plan**

Effective January 1, 2015, the Company adopted the Ringside Development Company Profit Sharing Plan (the "Plan") to provide retirement benefits for its employees. The Plan provides for employee elective deferrals and discretionary employer profit sharing contributions. In 2016, the Company amended the Plan to add a 3% employer safe-harbor contribution to be effective January 1, 2017. The total profit sharing contribution to the Plan for the year ended December 31, 2019 was \$140,713, of which \$119,383 was contributed to the Plan, and \$21,330 was payable as of December 31, 2019.

**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2018**

**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**

**AUDITED FINANCIAL STATEMENTS**

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June 6, 2019

**SUBJECT: AUTHORIZATION TO USE ACCOUNTANT'S AUDIT REPORT AND FINANCIAL STATEMENTS**

To whom it may concern:

By signature of this letter, I, Richard X. Robinett, C.P.A., hereby authorize Ringside Development Company DBA Bio-One Inc., to use the prepared audited financial statements as of December 31, 2018, the accompanying footnotes, and the Independent Auditor's Report as an exhibit within the required franchise disclosure document for Ringside Development Company DBA Bio-One Inc.

Richard X. Robinett, C.P.A., takes no responsibility for and will not express an opinion or any other form of assurance on any other information presented in the disclosure document.

Sincerely,

*Richard Robinett*

Richard X. Robinett, C.P.A. LLC

**INDEPENDENT AUDITOR'S REPORT**

---

To: The Board of Directors of  
Ringside Development Company DBA Bio-One Inc.  
Greenwood Village, CO

**Report on the Financial Statements**

We have audited the accompanying financial statements of Ringside Development Company DBA Bio-One Inc. which comprise the balance sheet as of December 31, 2018, and the related statements of income, changes in owners' equity, and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Other Matters**

We did not audit the December 31, 2017 or December 31, 2016 financial statements as they were audited by another auditor nor do we issue an opinion on those statements. They are presented for presentational purposes only.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ringside Development Company DBA Bio-One Inc. as of December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Richard Robinett*

Richard X. Robinett, C.P.A. LLC

June 6, 2019

**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**

**Balance Sheets**  
**As of December 31,**

**ASSETS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Current Assets			
Cash	\$ 840,414	\$ 561,077	\$ 448,991
Restricted cash	23,053	67,859	64,250
Accounts receivable	152,625	81,832	135,432
Inventory	26,422	6,675	15,300
Current portion of deferred franchise costs	38,500	48,500	38,500
Other current assets	12,483	14,581	1,179
Total Current Assets	<u>1,093,497</u>	<u>780,524</u>	<u>703,652</u>
Non-Current Assets			
Deferred franchise costs, net of current portion	6,125	\$ 7,875	\$ 11,375
Property and equipment, net	45,822	11,340	-
Deferred tax asset	-	88,338	192,183
Cash surrender value of life insurance	170,956	90,903	-
Total Non-Current Assets	<u>222,903</u>	<u>198,456</u>	<u>203,558</u>
 TOTAL ASSETS	 <u>\$ 1,316,400</u>	 <u>\$ 978,980</u>	 <u>\$ 907,210</u>

**LIABILITIES AND OWNERS' EQUITY**

Current Liabilities			
Accrued liabilities	\$ 102,478	\$ 233,143	\$ 232,941
Income taxes payable	68,834	96,681	109,124
Current portion of deferred franchise revenues	179,410	233,889	157,250
Deferred revenue - marketing fees	-	13,869	66,158
Total Current Liabilities	<u>350,722</u>	<u>577,582</u>	<u>565,473</u>
Non-Current Liabilities			
Deferred franchise revenues, net of current portion	144,375	166,875	189,375
Total Liabilities	<u>495,097</u>	<u>744,457</u>	<u>754,848</u>
Shareholder's Equity			
Common stock, no par value; 100,000 shares authorized; 2,500 shares issued and outstanding	2,500	2,500	2,500
Retained earnings (deficit)	818,803	232,023	149,862
Total Shareholder's Equity (deficit)	<u>821,303</u>	<u>234,523</u>	<u>152,362</u>
 Total Liabilities and Owners' Equity	 <u>\$ 1,316,400</u>	 <u>\$ 978,980</u>	 <u>\$ 907,210</u>

See accompanying notes to the financial statements and accountant's audit report

**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**

**Statement of Operations**

**For the Years Ended December 31,**

	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Net revenues</b>			
Franchise fees	\$ 902,500	883,500	584,565
QSP revenues	738,024	776,986	625,765
Franchise royalties	807,127	462,040	464,969
National branding fees	287,457	201,020	111,211
Franchise support revenues	438,538	246,567	171,249
Licensing fees	3,500	8,500	5,250
Recession fees	-	(156,541)	(414,019)
Total net revenues	<u>3,177,146</u>	<u>2,422,072</u>	<u>1,548,990</u>
<b>Operating expenses</b>			
Franchise support expenses	705,744	197,436	202,064
General and administrative expenses	1,419,593	1,811,553	1,279,294
Marketing expenses	287,457	201,020	111,211
Total operating expenses	<u>2,412,794</u>	<u>2,210,009</u>	<u>1,592,569</u>
Income (loss) from operations	764,352	212,063	(43,579)
Income tax expense (benefit)	177,572	129,902	(10,150)
<b>Net income (loss)</b>	<u><b>\$ 586,780</b></u>	<u><b>\$ 82,161</b></u>	<u><b>\$ (33,429)</b></u>

See accompanying notes to the financial statements and accountant's audit report

**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**  
**Statement of Changes in Shareholder's Equity**  
**For the Years Ended December 31, 2018, 2017, and 2016**

	Capital		Retained Earnings	Total Shareholder's Equity
	Units	Amount		
Balance - December 31, 2015	2,500	\$ 2,500	\$ 183,291	\$ 185,791
Net loss	-	-	(33,429)	(33,429)
Balance - December 31, 2016	2,500	2,500	149,862	152,362
Net income	-	-	82,161	82,161
Balance - December 31, 2017	2,500	2,500	232,023	234,523
Net income	-	-	586,780	586,780
Balance - December 31, 2018	<u>2,500</u>	<u>2,500</u>	<u>818,803</u>	<u>821,303</u>

See accompanying notes to the financial statements and accountant's audit report

**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**  
**Statements of Cash Flows**  
**For the Years Ended December 31,**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Cash flows from operating activities			
Net income (loss)	\$ 586,780	\$ 82,161	\$ (33,429)
Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Bad debt expense	-	-	18,260
Deferred income taxes	88,338	103,845	(154,648)
Cash surrender value of life insurance		8,455	-
Changes in operating assets and liabilities			
Restricted cash	44,806	(3,609)	(14,765)
Accounts receivable	(70,793)	53,600	(90,264)
Inventory	(19,747)	8,625	(15,300)
Deferred franchise costs	11,750	(6,500)	(49,875)
Other current assets	2,098	(13,402)	(1,179)
Accrued liabilities	(130,665)	202	157,740
Income taxes payable	(27,847)	(12,443)	(2,375)
Deferred franchise revenues	(76,979)	54,139	325,375
Deferred revenue - marketing fees	(13,869)	(52,289)	15,781
Net cash provided by operating activities	<u>393,872</u>	<u>222,784</u>	<u>155,321</u>
Cash flows from investing activities			
Purchase of property and equipment	(34,482)	(11,340)	-
Premiums on life insurance policies	(80,053)	(99,358)	-
Net cash used in investing activities	<u>(114,535)</u>	<u>(110,698)</u>	<u>-</u>
Net increase in cash	279,337	112,086	155,321
Cash - beginning of year	561,077	448,991	293,670
Cash - end of year	<u>\$ 840,414</u>	<u>\$ 561,077</u>	<u>\$ 448,991</u>

See accompanying notes to the financial statements and accountant's audit report

**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**

**Notes to Financial Statements  
December 31, 2018**

**Note 1 - Description of Business and Summary of Significant Accounting Policies**

Ringside Development Company dba Bio-One Inc. (the "Company"), an Arizona corporation, was incorporated on May 27, 2010. On March 24, 2016, the Company registered as a foreign corporation in Colorado as Bio-One Colorado, Inc. The Company is engaged in the business of franchising Bio-One franchises across the United States. Bio-One provides crime and trauma scene services.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of American requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. There were no cash equivalents as of December 31, 2018, 2017, and 2016. The Company continually monitors its positions with, and the credit quality of, the financial institutions with which it invests. As of the balance sheet date, and periodically throughout the year, the Company has maintained balances in various operating accounts in excess of federally insured limits of 250,000.

Restricted Cash

The Company established and has collected contributions for a National Branding Fund pursuant to the Franchise Disclosure Document and individual franchise agreements, which are segregated in a separate bank account.

Accounts Receivable

Accounts receivable primarily consist of amounts due from franchisees for royalties and National Branding Fund fees earned by the Company but not yet collected as well as unbilled miscellaneous billings for items such as insurance, training, and expendable equipment. Interest and late fees may also be charged on overdue accounts. An account is considered past due based on stated invoice terms. The Company has not experienced significant losses related to receivables from individual franchisees and believes all accounts to be collectible. Therefore, the Company has not provided an allowance for uncollectible accounts as of December 31, 2018, 2017, and 2016.

Concentrations of Credit Risk

The Company grants credit in the normal course of business to franchisees in the United States. The Company periodically performs credit analysis and monitors the financial condition of its franchisees to reduce credit risk. The Company performs ongoing credit evaluations of its franchisees but generally does not require collateral to support accounts receivable.

**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**

**Notes to Financial Statements**

**December 31, 2018**

**Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)**

Concentrations of Credit Risk (continued)

The Company considers any franchisee with a balance in excess of 10% of accounts receivable or revenue to be a concentration. There were no concentrations of accounts receivable or revenue as of and for the years ended December 31, 2018 and 2017. The following table detail the concentrations of accounts receivable and revenues as of and for the year ended December 31, 2016.

As of and for the year ended December 31, 2016:

	<u>Percent of Accounts Receivable</u>	<u>Percent of Revenues</u>
Franchise A	10%	4%
Remaining twenty-three franchisees	90%	96%

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided utilizing the straight-line method over the estimated useful lives for owned assets and the shorter of the estimated economic life or related lease terms for leasehold improvements. Construction in progress is included in property and equipment. These assets begin depreciating when placed in service.

Life Insurance Policies

The Company has recorded the amount that would be realized upon discontinuance and surrender of various insurance contracts for franchise owners and employees as a non-current asset. Premiums paid and changes in the net cash surrender value are recorded in operating expenses. Variations between individual contracts are minimal.

Income Taxes

The Company recognizes deferred tax liabilities and assets based on the differences between the tax basis of assets and liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in future years.

The Company evaluates its tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions will more likely than not be sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold are not recorded as a tax benefit or expense in the current year. Interest and penalties, if applicable, are recorded in the period assessed as general and administrative expenses. However, no interest or penalties have been assessed as of December 31, 2018, 2017, and 2016.

The Tax Cuts and Jobs Act ("Tax Act") was signed into law on December 22, 2017. The Tax Act includes significant changes to the U.S. corporate income tax system, including a federal corporate rate reduction from 35% to 21%; limitations on the deductibility of interest expense and executive compensation; eliminating the corporate alternative minimum tax ("AMT") and changing how existing AMT credits can be realized; changing the rules related to uses and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017; and the transition of U.S. international taxation from a worldwide tax system to a territorial tax system.

**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**

**Notes to Financial Statements**

**December 31, 2018**

**Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)**

As a result of the reduction in the federal tax rate, the Company is required to revalue its ending deferred tax liabilities and assets as of December 31, 2017, as well as evaluate whether a valuation allowance is needed for deferred tax assets. The impact of the change in federal tax rate is included in income tax expense (benefit) on the statements of operations. During the year ended December 31, 2017, approximately \$44,000 of the change in deferred tax asset on the balance sheets and the related income tax expense (benefit) on the statements of operations was due to the change in the federal statutory rate.

Reclassifications

Certain amounts in the 2016 financial statements have been reclassified to conform to the 2017 presentation. These reclassifications had no effect on previously reported results of operations or retained earnings.

Shipping and Handling

Costs associated with the shipping and handling of the Company's product are included in general and administrative expenses.

Franchise Operations

The Company enters into franchise agreements with unrelated third parties to build and operate crime scene clean-up companies using the Bio-One brand. The franchisees are required to operate their companies in compliance with their franchise agreements, which includes adherence to operating and quality control procedures established by the Company.

As of January 1st of 2018, 2017, and 2016, the number of franchised locations was 50, 24, and 24, respectively. As of December 31st of 2018, 2017, and 2016, the number of franchised locations was 74, 50, and 24, respectively.

Initial Franchise Fees and Related Franchise Costs

Initial franchise fees paid by franchisees are recognized as revenue when all material services and conditions required to be performed by the Company have been substantially completed, which is generally when the franchise commences operations. Initial franchise fees collected by the Company before all material services and conditions are substantially performed are recorded as deferred franchise revenue. These franchise fees are non-refundable except in certain circumstances. In 2016, the Company determined that the Federal Trade Commission could potentially assert that the Company was out of compliance with certain Federal Trade Commission requirements for franchisors. No such assertion was ultimately made by the Federal Trade Commission. Regardless, the Company offered all current franchisees as of November 2016 the opportunity to rescind their franchise agreement in exchange for a refund of their initial franchise fee. During the years ended December 31, 2017 and 2016, the Company paid \$156,541 and \$414,019, respectively, in rescissions fees, which are presented as a reduction of total revenues on the statements of operations. In conjunction with the recessions, for franchisees that chose not to rescind, the Company offered a one percentage point discount in royalty payments and a 20% discount on other purchased goods from the Company for the year ended December 31, 2017.

Deferred franchise costs represent certain costs incurred to develop new franchises and are expensed when the related revenue is recognized, generally when the franchise commences operations. Franchise costs will not be deferred in excess of the amount to be recognized.

**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**

**Notes to Financial Statements**

**December 31, 2018**

**Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)**

License Fees

License fees provide third parties the right to use the Company's brand over an agreed-upon term. License fees collected by the Company are recorded as deferred franchise fee revenue and recognized ratably over the term. These license fees are non-refundable.

Area Director Marketing Agreements

The area director marketing agreement provides the area director a non-exclusive right to sell and open franchises in a defined geographic territory in the U.S. and requires that the area director be responsible for advertising, soliciting, and screening prospective franchisees. The agreements may also stipulate a minimum number of new franchised locations to be opened each year. In addition, the area director is responsible for providing on-site opening assistance and providing quality assurance services to franchises in the defined area. The Company pays the area director a portion of the initial franchise fee as defined by the agreement for each new franchised location sold by the area director and 50% of the royalties received by the Company from each franchise within the defined area. The agreements are for a period of 10 years, with the option to extend for an additional 10 years after certain restrictive performance criteria are met. All franchised locations opened by the area director are required to pay the Quick Start Package ("QSP") fee, as defined in the agreements, to the Company. The Company defers revenues associated with the area director marketing agreements, recognizing it ratably over the term of the agreements.

QSP Revenues

In some instances, franchisees are required by the Company to purchase from the Company an intimal package of equipment, tools, and supplies needed to open a franchised location. This package of equipment is described as a QSP. The revenue from the sale of a QSP is recognized by the Company when the QSP is shipped to franchisees.

Franchise Royalties

Pursuant to the various franchise agreements, U.S. franchisees are required to pay the Company royalties based on a percentage of sales of 7%, which are recognized when earned.

National Branding Fund

Under the terms of the standard franchise agreement, the Company may establish a National Branding Fund (the "Fund") and charge a fee of up to 2% of each franchisee's gross receipts to pay for marketing costs that benefit multiple franchisees. The Fund is used to promote the brand. Fund revenues and expenses are recognized in equal amounts as marketing expenses are incurred. Any amounts collected but unspent at the end of the year are recorded as deferred revenue - marketing fees on the accompanying balance sheets. The Company recognizes national branding fees collected as deferred revenue - marketing fees until a related expense has been incurred, at which time revenue is recognized. The Company records related advertising expenses as they are incurred.

**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**

**Notes to Financial Statements**

**December 31, 2018**

**Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)**

Accounting Pronouncements issued but Not Yet Adopted or Currently in Effect Revenue from Contracts with Customers (Topic 606)

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FASB issued ASU 2015-14 that deferred the effective date for the Company until annual periods beginning after December 15, 2018 which is December 31, 2019. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. The Company is currently evaluating the impact of this ASU on its financial statements.

In November 2015, the FASB issued ASU No. 2015-17, *Income Taxes (Topic 740), Balance Sheet Classification of Deferred Taxes*. The amendments under the new guidance require that deferred tax liabilities and assets be classified as non-current in a classified statement of financial position. The guidance is effective for financial statements issued for annual periods beginning after December 15, 2017, and interim period within those annual periods. The amendments in this ASU may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. The Company adopted this guidance effective December 31, 2017 on a retrospective basis.

Subsequent Events

The Company has evaluated all subsequent events through the auditors' report date, which is the date the financial statement were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

**Note 2: Income Taxes**

The Company's temporary differences are comprised mainly of deferred revenue and deferred franchise costs. The Company's effective tax rate differs from the U.S. federal statutory tax rate due to a graduated federal tax rate adjustment, state taxes, and permanent differences.

Components of income tax expense (benefit) reflected on the statements of operations are as follows:

	2018	2017	2016
Current	\$ 204,374	\$ 26,057	\$ 144,498
Deferred	(26,802)	103,845	(154,648)
	\$ 177,572	\$ 129,902	\$ (10,150)

**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**

**Notes to Financial Statements  
December 31, 2018**

**Note 3: Commitments and Contingencies**

Litigation

In the normal course of business, the Company may be party to litigation. The Company has not been party to any litigation as of the auditors' report date, which is the date the financial statements were available to be issued. The Company maintains insurance to cover certain actions.

**Note 4: Employee Benefit Plan**

Effective January 1, 2015, the Company adopted the Ringside Development Company Profit Sharing Plan (the "Plan") to provide retirement benefits for its employees. The Plan provides for employee elective deferrals and discretionary employer profit sharing contributions. In 2016, the Company amended the Plan to add a 3% employer safe-harbor contribution to be effective January 1, 2017. The total profit sharing contribution to the Plan for the year ended December 31, 2018 was \$100,000, all of which was contributed to the Plan and \$0 was payable as of December 31, 2018. There was no profit sharing contribution to the Plan as of December 31, 2016.



**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**

**Financial Statements  
and  
Independent Auditors' Report  
December 31, 2017, 2016, and 2015**

**EKS&H**

**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**

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## **INDEPENDENT AUDITORS' REPORT**

To the Shareholder, Franchisees, and Potential Franchisees  
Ringside Development Company dba Bio-One Inc.  
Highlands Ranch, Colorado

We have audited the accompanying financial statements of Ringside Development Company dba Bio-One Inc., which are comprised of the balance sheets as of December 31, 2017, 2016, and 2015, and the related statements of operations, changes in shareholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

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

### **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

To the Shareholder, Franchisees, and Potential Franchisees  
Ringside Development Company dba Bio-One Inc.  
Page Two

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **OPINION**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ringside Development Company dba Bio-One Inc. as of December 31, 2017, 2016, and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*EKS&H LLLP*  
EKS&H LLLP

April 19, 2018  
Denver, Colorado

**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**

**Balance Sheets**

	December 31,		
	2017	2016	2015
<b>Assets</b>			
Current assets			
Cash	\$ 561,077	\$ 448,991	\$ 293,670
Restricted cash	67,859	64,250	49,485
Accounts receivable	81,832	135,432	63,428
Inventory	6,675	15,300	-
Current portion of deferred franchise costs	48,500	38,500	-
Other current assets	<u>14,581</u>	<u>1,179</u>	<u>-</u>
Total current assets	<u>780,524</u>	<u>703,652</u>	<u>406,583</u>
Non-current assets			
Deferred franchise costs, net of current portion	7,875	11,375	-
Property and equipment, net	11,340	-	-
Deferred tax asset	88,338	192,183	37,535
Cash surrender value of life insurance	<u>90,903</u>	<u>-</u>	<u>-</u>
Total non-current assets	<u>198,456</u>	<u>203,558</u>	<u>37,535</u>
Total assets	<u>\$ 978,980</u>	<u>\$ 907,210</u>	<u>\$ 444,118</u>
<b>Liabilities and Shareholder's Equity</b>			
Current liabilities			
Accrued liabilities	\$ 233,143	\$ 232,941	\$ 75,201
Income taxes payable	96,681	109,124	111,499
Current portion of deferred franchise revenues	233,889	157,250	21,250
Deferred revenue - marketing fees	<u>13,869</u>	<u>66,158</u>	<u>50,377</u>
Total current liabilities	577,582	565,473	258,327
Non-current liabilities			
Deferred franchise revenues, net of current portion	<u>166,875</u>	<u>189,375</u>	<u>-</u>
Total liabilities	<u>744,457</u>	<u>754,848</u>	<u>258,327</u>
Commitments and contingencies (Note 3)			
Shareholder's equity			
Common stock, no par value; 100,000 shares authorized; 2,500 shares issued and outstanding	2,500	2,500	2,500
Retained earnings	<u>232,023</u>	<u>149,862</u>	<u>183,291</u>
Total shareholder's equity	<u>234,523</u>	<u>152,362</u>	<u>185,791</u>
Total liabilities and shareholder's equity	<u>\$ 978,980</u>	<u>\$ 907,210</u>	<u>\$ 444,118</u>

See notes to financial statements.

**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**

**Statements of Operations**

	For the Years Ended		
	December 31,		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net revenues			
Franchise fees	\$ 883,500	\$ 584,565	\$ 333,970
QSP revenues	776,986	625,765	330,058
Franchise royalties	462,040	464,969	321,137
National branding fees	201,020	111,211	52,863
Franchise support revenues	246,567	171,249	91,238
Licensing fees	8,500	5,250	-
Rescission fees	<u>(156,541)</u>	<u>(414,019)</u>	<u>-</u>
Total net revenues	<u>2,422,072</u>	<u>1,548,990</u>	<u>1,129,266</u>
Operating expenses			
Franchise support expenses	197,436	202,064	123,159
General and administrative expenses	1,811,553	1,279,294	731,850
Marketing expenses	<u>201,020</u>	<u>111,211</u>	<u>52,863</u>
Total operating expenses	<u>2,210,009</u>	<u>1,592,569</u>	<u>907,872</u>
Income (loss) from operations	212,063	(43,579)	221,394
Income tax expense (benefit)	<u>129,902</u>	<u>(10,150)</u>	<u>86,041</u>
Net income (loss)	<u>\$ 82,161</u>	<u>\$ (33,429)</u>	<u>\$ 135,353</u>

See notes to financial statements.

**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**

**Statement of Changes in Shareholder's Equity  
For the Years Ended December 31, 2017, 2016, and 2015**

	<u>Capital</u>		<u>Retained Earnings</u>	<u>Total Shareholder's Equity</u>
	<u>Units</u>	<u>Amount</u>		
Balance - December 31, 2014	2,500	\$ 2,500	\$ 47,938	\$ 50,438
Net income	<u>-</u>	<u>-</u>	<u>135,353</u>	<u>135,353</u>
Balance - December 31, 2015	2,500	2,500	183,291	185,791
Net loss	<u>-</u>	<u>-</u>	<u>(33,429)</u>	<u>(33,429)</u>
Balance - December 31, 2016	2,500	2,500	149,862	152,362
Net income	<u>-</u>	<u>-</u>	<u>82,161</u>	<u>82,161</u>
Balance - December 31, 2017	<u>2,500</u>	<u>\$ 2,500</u>	<u>\$ 232,023</u>	<u>\$ 234,523</u>

See notes to financial statements.

**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**

**Statements of Cash Flows**

	For the Years Ended		
	December 31,		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash flows from operating activities			
Net income (loss)	\$ 82,161	\$ (33,429)	\$ 135,353
Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Bad debt expense	-	18,260	-
Deferred income taxes	103,845	(154,648)	(21,778)
Cash surrender value of life insurance	8,455	-	-
Changes in operating assets and liabilities			
Restricted cash	(3,609)	(14,765)	(37,396)
Accounts receivable	53,600	(90,264)	(22,793)
Inventory	8,625	(15,300)	-
Deferred franchise costs	(6,500)	(49,875)	-
Other current assets	(13,402)	(1,179)	-
Accrued liabilities	202	157,740	55,348
Income taxes payable	(12,443)	(2,375)	94,761
Deferred franchise revenues	54,139	325,375	(2,500)
Deferred revenue - marketing fees	(52,289)	15,781	38,890
	<u>140,623</u>	<u>188,750</u>	<u>104,532</u>
Net cash provided by operating activities	<u>222,784</u>	<u>155,321</u>	<u>239,885</u>
Cash flows from investing activities			
Purchase of property and equipment	(11,340)	-	-
Premiums on life insurance policies	(99,358)	-	-
Net cash used in investing activities	<u>(110,698)</u>	<u>-</u>	<u>-</u>
Net increase in cash	112,086	155,321	239,885
Cash - beginning of year	<u>448,991</u>	<u>293,670</u>	<u>53,785</u>
Cash - end of year	<u>\$ 561,077</u>	<u>\$ 448,991</u>	<u>\$ 293,670</u>

Supplemental disclosure of cash flow information:

Cash paid for income taxes for the years ended December 31, 2017, 2016, and 2015 was \$44,500, \$146,873, and \$13,058, respectively.

See notes to financial statements.

## RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.

### Notes to Financial Statements

#### **Note 1 - Description of Business and Summary of Significant Accounting Policies**

Ringside Development Company dba Bio-One Inc. (the "Company"), an Arizona corporation, was incorporated on May 27, 2010. On March, 24, 2016, the Company registered as a foreign corporation in Colorado as Bio-One Colorado, Inc. The Company is engaged in the business of franchising Bio-One franchises across the United States. Bio-One provides crime and trauma scene services.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Cash

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. There were no cash equivalents as of December 31, 2017, 2016, and 2015. The Company continually monitors its positions with, and the credit quality of, the financial institutions with which it invests. As of the balance sheet date, and periodically throughout the year, the Company has maintained balances in various operating accounts in excess of federally insured limits.

#### Restricted Cash

The Company established and has collected contributions for a National Branding Fund pursuant to the Franchise Disclosure Document and individual franchise agreements, which are segregated in a separate bank account.

#### Accounts Receivable

Accounts receivable primarily consist of amounts due from franchisees for royalties and National Branding Fund fees earned by the Company but not yet collected as well as unbilled miscellaneous billings for items such as insurance, training, and expendable equipment. Interest and late fees may also be charged on overdue accounts. An account is considered past due based on stated invoice terms. The Company has not experienced significant losses related to receivables from individual franchisees and believes all accounts to be collectible. Therefore, the Company has not provided an allowance for uncollectible accounts as of December 31, 2017, 2016, and 2015.

#### Concentrations of Credit Risk

The Company grants credit in the normal course of business to franchisees in the United States. The Company periodically performs credit analysis and monitors the financial condition of its franchisees to reduce credit risk. The Company performs ongoing credit evaluations of its franchisees but generally does not require collateral to support accounts receivable.

# RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.

## Notes to Financial Statements

### Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)

#### Concentrations of Credit Risk (continued)

The Company considers any franchisee with a balance in excess of 10% of accounts receivable or revenue to be a concentration. There were no concentrations of accounts receivable or revenue as of and for the year ended December 31, 2017. The following tables detail the concentrations of accounts receivable and revenues as of and for the years ended December 31, 2016 and 2015.

As of and for the year ended December 31, 2016:

	<u>Percent of Accounts Receivable</u>	<u>Percent of Revenues</u>
Franchisee A	10 %	4 %
Remaining twenty-three franchisees	90 %	96 %

As of and for the year ended December 31, 2015:

	<u>Percent of Accounts Receivable</u>	<u>Percent of Revenues</u>
Franchisee B	15 %	8 %
Franchisee C	12 %	5 %
Remaining twenty-two franchisees	73 %	87 %

#### Property and Equipment

Property and equipment are stated at cost. Depreciation is provided utilizing the straight-line method over the estimated useful lives for owned assets and the shorter of the estimated economic life or related lease terms for leasehold improvements. Construction in progress is included in property and equipment. These assets begin depreciating when placed in service.

#### Life Insurance Policies

The Company has recorded the amount that would be realized upon discontinuance and surrender of various insurance contracts for franchise owners and employees as a non-current asset. Premiums paid and changes in the net cash surrender value are recorded in operating expenses. Variations between individual contracts are minimal.

#### Income Taxes

The Company recognizes deferred tax liabilities and assets based on the differences between the tax basis of assets and liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in future years.

# RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.

## Notes to Financial Statements

### Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)

#### Income Taxes (continued)

The Company evaluates its tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions will more likely than not be sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold are not recorded as a tax benefit or expense in the current year. Interest and penalties, if applicable, are recorded in the period assessed as general and administrative expenses. However, no interest or penalties have been assessed as of December 31, 2017, 2016, and 2015.

The Tax Cuts and Jobs Act ("Tax Act") was signed into law on December 22, 2017. The Tax Act includes significant changes to the U.S. corporate income tax system, including a federal corporate rate reduction from 35% to 21%; limitations on the deductibility of interest expense and executive compensation; eliminating the corporate alternative minimum tax ("AMT") and changing how existing AMT credits can be realized; changing the rules related to uses and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017; and the transition of U.S. international taxation from a worldwide tax system to a territorial tax system.

As a result of the reduction in the federal tax rate, the Company is required to revalue its ending deferred tax liabilities and assets as of December 31, 2017, as well as evaluate whether a valuation allowance is needed for deferred tax assets. The impact of the change in federal tax rate is included in income tax expense (benefit) on the statements of operations. During the year ended December 31, 2017, approximately \$44,000 of the change in deferred tax asset on the balance sheets and the related income tax expense (benefit) on the statements of operations was due to the change in the federal statutory rate.

#### Reclassifications

Certain amounts in the 2016 and 2015 financial statements have been reclassified to conform to the 2017 presentation. These reclassifications had no effect on previously reported results of operations or retained earnings.

#### Shipping and Handling

Costs associated with the shipping and handling of the Company's product are included in general and administrative expenses.

**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**

**Notes to Financial Statements**

**Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)**

Franchise Operations

The Company enters into franchise agreements with unrelated third parties to build and operate crime scene clean-up companies using the Bio-One brand. The franchisees are required to operate their companies in compliance with their franchise agreements, which includes adherence to operating and quality control procedures established by the Company.

The following table summarizes the number of the franchised locations in operation:

	December 31,		
	2017	2016	2015
Franchised locations open at beginning of year	24	24	13
Franchised locations opened during the year	26	16	12
Franchised locations with ceased operations during the year	-	(16)	(1)
Franchised locations in operation as of the end of the year	50	24	24
Franchised locations sold but not yet operational	4	4	-

Initial Franchise Fees and Related Franchise Costs

Initial franchise fees paid by franchisees are recognized as revenue when all material services and conditions required to be performed by the Company have been substantially completed, which is generally when the franchise commences operations. Initial franchise fees collected by the Company before all material services and conditions are substantially performed are recorded as deferred franchise revenue. These franchise fees are non-refundable except in certain circumstances. In 2016, the Company determined that the Federal Trade Commission could potentially assert that the Company was out of compliance with certain Federal Trade Commission requirements for franchisors. No such assertion was ultimately made by the Federal Trade Commission. Regardless, the Company offered all current franchisees as of November 2016 the opportunity to rescind their franchise agreement in exchange for a refund of their initial franchise fee. During the years ended December 31, 2017 and 2016, the Company paid \$156,541 and \$414,019, respectively, in rescission fees, which are presented as a reduction of total revenues on the statements of operations. In conjunction with the rescissions, for franchisees that chose not to rescind, the Company offered a one percentage point discount in royalty payments and a 20% discount on other purchased goods from the Company for the year ended December 31, 2017.

Deferred franchise costs represent certain costs incurred to develop new franchises and are expensed when the related revenue is recognized, generally when the franchise commences operations. Franchise costs will not be deferred in excess of the amount to be recognized.

## RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.

### Notes to Financial Statements

#### **Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)**

##### License Fees

License fees provide third parties the right to use the Company's brand over an agreed-upon term. License fees collected by the Company are recorded as deferred franchise fee revenue and recognized ratably over the term. These license fees are non-refundable.

##### Area Director Marketing Agreements

The area director marketing agreement provides the area director a non-exclusive right to sell and open franchises in a defined geographic territory in the U.S. and requires that the area director be responsible for advertising, soliciting, and screening prospective franchisees. The agreements may also stipulate a minimum number of new franchised locations to be opened each year. In addition, the area director is responsible for providing on-site opening assistance and providing quality assurance services to franchises in the defined area. The Company pays the area director a portion of the initial franchise fee as defined by the agreement for each new franchised location sold by the area director and 50% of the royalties received by the Company from each franchise within the defined area. The agreements are for a period of 10 years, with the option to extend for an additional 10 years after certain restrictive performance criteria are met. All franchised locations opened by the area director are required to pay the Quick Start Package ("QSP") fee, as defined in the agreements, to the Company. The Company defers revenues associated with the area director marketing agreements, recognizing it ratably over the term of the agreements.

##### QSP Revenues

In some instances, franchisees are required by the Company to purchase from the Company an initial package of equipment, tools, and supplies needed to open a franchised location. This package of equipment is described as a QSP. The revenue from the sale of a QSP is recognized by the Company when the QSP is shipped to franchisees.

##### Franchise Royalties

Pursuant to the various franchise agreements, U.S. franchisees are required to pay the Company royalties based on a percentage of sales of 7%, which are recognized when earned.

##### National Branding Fund

Under the terms of the standard franchise agreement, the Company may establish a National Branding Fund (the "Fund") and charge a fee of up to 2% of each franchisee's gross receipts to pay for marketing costs that benefit multiple franchisees. The Fund is used to promote the brand. Fund revenues and expenses are recognized in equal amounts as marketing expenses are incurred. Any amounts collected but unspent at the end of the year are recorded as deferred revenue - marketing fees on the accompanying balance sheets. The Company recognizes national branding fees collected as deferred revenue - marketing fees until a related expense has been incurred, at which time revenue is recognized. The Company records related advertising expenses as they are incurred.

# RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.

## Notes to Financial Statements

### **Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)**

#### Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers*, which amended revenue recognition guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required about customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. ASU No. 2014-09 is effective for privately held entities for annual reporting in fiscal years that begin after December 15, 2018. The Company has begun the process of evaluating the impact of this change in revenue recognition on its financial statements. This standard is expected to have a significant change as to the recognition of the Company's various sources of revenue and various disclosures related to those revenues. This evaluation will continue to be addressed in anticipation of adoption on January 1, 2019.

In November 2015, the FASB issued ASU No. 2015-17, *Income Taxes (Topic 740), Balance Sheet Classification of Deferred Taxes*. The amendments under the new guidance require that deferred tax liabilities and assets be classified as non-current in a classified statement of financial position. The guidance is effective for financial statements issued for annual periods beginning after December 15, 2017, and interim periods within those annual periods. The amendments in this ASU may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. The Company adopted this guidance effective December 31, 2017 on a retrospective basis.

#### Subsequent Events

The Company has evaluated all subsequent events through the auditors' report date, which is the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

### **Note 2 - Income Taxes**

The Company's temporary differences are comprised mainly of deferred revenue and deferred franchise costs. The Company's effective tax rate differs from the U.S. federal statutory tax rate due to a graduated federal tax rate adjustment, state taxes, and permanent differences.

# RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.

## Notes to Financial Statements

### Note 2 - Income Taxes (continued)

Components of income tax expense (benefit) reflected on the statements of operations are as follows:

	For the Years Ended		
	December 31,		
	2017	2016	2015
Current	\$ 26,057	\$ 144,498	\$ 107,819
Deferred	103,845	(154,648)	(21,778)
	<u>\$ 129,902</u>	<u>\$ (10,150)</u>	<u>\$ 86,041</u>

### Note 3 - Commitments and Contingencies

#### Litigation

In the normal course of business, the Company may be party to litigation. The Company has not been party to any litigation as of the auditors' report date, which is the date the financial statements were available to be issued. The Company maintains insurance to cover certain actions.

### Note 4 - Employee Benefit Plan

Effective January 1, 2015, the Company adopted the Ringside Development Company Profit Sharing Plan (the "Plan") to provide retirement benefits for its employees. The Plan provides for employee elective deferrals and discretionary employer profit sharing contributions. In 2016, the Company amended the Plan to add a 3% employer safe-harbor contribution to be effective January 1, 2017. The total employer safe-harbor contribution to the Plan for the year ended December 31, 2017 was \$21,028, which was payable as of December 31, 2017. The total profit sharing contribution to the Plan for the year ended December 31, 2017 was \$137,566, of which \$70,406 was contributed to the Plan and \$67,160 was payable as of December 31, 2017. There was no profit sharing contribution to the Plan as of December 31, 2016. The total profit sharing contribution to the Plan for the year ended December 31, 2015 was \$80,000, of which \$32,250 was contributed to the Plan and \$47,750 was payable as of December 31, 2015.



**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**

**Financial Statements  
and  
Independent Auditors' Report  
December 31, 2016, 2015, and 2014**

**EKS&H**  

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**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**

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## **INDEPENDENT AUDITORS' REPORT**

To the Shareholder  
Ringside Development Company dba Bio-One Inc.  
Highlands Ranch, Colorado

We have audited the accompanying financial statements of Ringside Development Company dba Bio-One Inc., which are comprised of the balance sheets as of December 31, 2016, 2015, and 2014, and the related statements of operations, changes in shareholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

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

### **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

To the Shareholder  
Ringside Development Company dba Bio-One Inc.  
Page Two

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**OPINION**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ringside Development Company dba Bio-One Inc. as of December 31, 2016, 2015, and 2014, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

*EKS&H LLLP*

EKS&H LLLP

April 28, 2017  
Denver, Colorado

**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**

**Balance Sheets**

	December 31,		
	2016	2015	2014
<b>Assets</b>			
Current assets			
Cash	\$ 448,991	\$ 293,670	\$ 53,785
Restricted cash	64,250	49,485	12,089
Accounts receivable	135,432	63,428	40,635
Deferred tax asset	192,183	37,535	15,757
Inventory	15,300	-	-
Deferred franchise costs	38,500	-	-
Other current assets	<u>1,179</u>	<u>-</u>	<u>-</u>
Total current assets	895,835	444,118	122,266
Non-current assets			
Deferred franchise costs	<u>11,375</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 907,210</u>	<u>\$ 444,118</u>	<u>\$ 122,266</u>
<b>Liabilities and Shareholder's Equity</b>			
Current liabilities			
Accounts payable and accrued liabilities	\$ 232,941	\$ 27,451	\$ 19,853
Current income taxes payable	109,124	111,499	16,738
Deferred franchise revenues	346,625	21,250	23,750
Deferred revenue - marketing fees	66,158	50,377	11,487
Accrued profit sharing	<u>-</u>	<u>47,750</u>	<u>-</u>
Total current liabilities	<u>754,848</u>	<u>258,327</u>	<u>71,828</u>
Commitments and contingencies (Note 3)			
Shareholder's equity			
Common stock, no par value; 100,000 shares authorized; 2,500 shares issued and outstanding	2,500	2,500	2,500
Retained earnings	<u>149,862</u>	<u>183,291</u>	<u>47,938</u>
Total shareholder's equity	<u>152,362</u>	<u>185,791</u>	<u>50,438</u>
Total liabilities and shareholder's equity	<u>\$ 907,210</u>	<u>\$ 444,118</u>	<u>\$ 122,266</u>

See notes to financial statements.

**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**

**Statements of Operations**

	For the Years Ended		
	December 31,		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenues			
Franchise fees	\$ 584,565	\$ 333,970	\$ 133,806
QSP revenues	625,765	330,058	65,593
Franchise royalties	464,969	321,137	111,165
National marketing fees	111,211	52,863	22,448
Franchise support revenues	170,568	90,722	33,016
Licensing fees	5,250	-	-
Rescission fees	(414,019)	-	-
Total net revenues	<u>1,548,309</u>	<u>1,128,750</u>	<u>366,028</u>
Operating expenses			
General and administrative expenses	1,481,358	855,009	305,131
Marketing expenses	<u>111,211</u>	<u>52,863</u>	<u>22,448</u>
Total operating expenses	<u>1,592,569</u>	<u>907,872</u>	<u>327,579</u>
(Loss) income from operations	(44,260)	220,878	38,449
Other income			
Interest income	<u>681</u>	<u>516</u>	<u>4,202</u>
(Loss) income	(43,579)	221,394	42,651
Income tax (benefit) expense	<u>(10,150)</u>	<u>86,041</u>	<u>7,808</u>
Net (loss) income	<u>\$ (33,429)</u>	<u>\$ 135,353</u>	<u>\$ 34,843</u>

See notes to financial statements.

**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**

**Statement of Changes in Shareholder's Equity  
For the Years Ended December 31, 2016, 2015, and 2014**

	<u>Capital</u>		<u>Retained Earnings</u>	<u>Total Shareholder's Equity</u>
	<u>Units</u>	<u>Amount</u>		
Balance - December 31, 2013	2,500	\$ 2,500	\$ 13,095	\$ 15,595
Net income	<u>-</u>	<u>-</u>	<u>34,843</u>	<u>34,843</u>
Balance - December 31, 2014	2,500	2,500	47,938	50,438
Net income	<u>-</u>	<u>-</u>	<u>135,353</u>	<u>135,353</u>
Balance - December 31, 2015	2,500	2,500	183,291	185,791
Net loss	<u>-</u>	<u>-</u>	<u>(33,429)</u>	<u>(33,429)</u>
Balance - December 31, 2016	<u>2,500</u>	<u>\$ 2,500</u>	<u>\$ 149,862</u>	<u>\$ 152,362</u>

See notes to financial statements.

**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**

**Statements of Cash Flows**

	For the Years Ended		
	<u>December 31,</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Cash flows from operating activities			
Net (loss) income	\$ (33,429)	\$ 135,353	\$ 34,843
Adjustments to reconcile net (loss) income to net cash provided by operating activities			
Bad debt expense	18,260	-	6,895
Deferred income taxes	(154,648)	(21,778)	(14,343)
Changes in operating assets and liabilities			
Restricted cash	(14,765)	(37,396)	(10,783)
Accounts receivable	(90,264)	(22,793)	(34,961)
Inventory	(15,300)	-	-
Deferred franchise costs	(49,875)	-	-
Other current assets	(1,179)	-	-
Accounts payable and accrued liabilities	205,490	7,598	16,179
Current income taxes payable	(2,375)	94,761	10,559
Deferred franchise revenues	325,375	(2,500)	17,049
Deferred revenue - marketing fees	15,781	38,890	9,313
Accrued profit sharing	(47,750)	47,750	-
	<u>188,750</u>	<u>104,532</u>	<u>(92)</u>
Net cash provided by operating activities	155,321	239,885	34,751
Cash - beginning of year	<u>293,670</u>	<u>53,785</u>	<u>19,034</u>
Cash - end of year	<u>\$ 448,991</u>	<u>\$ 293,670</u>	<u>\$ 53,785</u>

Supplemental disclosure of cash flow information:

Cash paid for income taxes for the years ended December 31, 2016, 2015, and 2014 was \$146,873, \$13,058, and \$11,592, respectively.

See notes to financial statements.

# RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.

## Notes to Financial Statements

### **Note 1 - Description of Business and Summary of Significant Accounting Policies**

Ringside Development Company dba Bio-One Inc. (the "Company"), an Arizona corporation, was incorporated on May 27, 2010. On March, 24, 2016, the Company registered as a foreign corporation in Colorado as Bio-One Colorado, Inc. The Company is engaged in the business of franchising Bio-One franchises across the United States. Bio-One provides crime and trauma scene services.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Cash

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. The Company continually monitors its positions with, and the credit quality of, the financial institutions with which it invests. There were no cash equivalents as of December 31, 2016, 2015, and 2014.

#### Restricted Cash

The Company established and has collected contributions for a National Marketing Fund pursuant to the Franchise Disclosure Document and individual franchise agreements, which are segregated in a separate bank account.

#### Accounts Receivable

Accounts receivable primarily consist of amounts due from franchisees for royalties and marketing fund fees earned by the Company but not yet collected as well as unbilled miscellaneous billings for items such as insurance, training, and expendable equipment. Interest may also be charged on overdue accounts. Interest of \$681, \$516, and \$4,202 was charged during the years ended December 31, 2016, 2015, and 2014, respectively, and is included on the accompanying statements of operations. An account is considered past due based on stated invoice terms. The Company has not experienced significant losses related to receivables from individual franchisees and believes all accounts to be collectible. Therefore, the Company has not provided an allowance for uncollectible accounts as of December 31, 2016, 2015, and 2014.

#### Concentrations of Credit Risk

The Company grants credit in the normal course of business to franchisees in the United States. The Company periodically performs credit analysis and monitors the financial condition of its franchisees to reduce credit risk. The Company performs ongoing credit evaluations of its franchisees but generally does not require collateral to support accounts receivable.

# RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.

## Notes to Financial Statements

### Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)

#### Concentrations of Credit Risk (continued)

The Company considers any franchisee with a balance in excess of 10% of accounts receivable or revenue to be a concentration. The following tables detail the concentration of accounts receivable and revenues.

As of and for the year ended December 31, 2016:

	<u>Percent of Accounts Receivable</u>	<u>Percent of Revenues</u>
Franchisee A	10 %	4 %
Remaining twenty-three franchisees	90 %	96 %

As of and for the year ended December 31, 2015:

	<u>Percent of Accounts Receivable</u>	<u>Percent of Revenues</u>
Franchisee B	15 %	8 %
Franchisee C	12 %	5 %
Remaining twenty-two franchisees	73 %	87 %

As of and for the year ended December 31, 2014:

	<u>Percent of Accounts Receivable</u>	<u>Percent of Revenues</u>
Franchisee D	44 %	6 %
Franchisee E	15 %	2 %
Franchisee F	8 %	19 %
Franchisee G	7 %	18 %
Franchisee H	- %	16 %
Franchisee I	6 %	12 %
Remaining seven franchisees	20 %	27 %

#### Income Taxes

The Company has elected to be treated as a C corporation for income tax purposes and recognizes deferred tax liabilities and assets based on the differences between the tax basis of assets and liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in future years. The Company's temporary differences result primarily from cash basis tax recognition.

**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**

**Notes to Financial Statements**

**Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)**

Income Taxes (continued)

The Company evaluates its tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions will more likely than not be sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold are not recorded as a tax benefit or expense in the current year. Interest and penalties, if applicable, are recorded in the period assessed as general and administrative expenses. However, no interest or penalties have been assessed as of December 31, 2016.

Franchise Operations

The Company enters into franchise agreements with unrelated third parties to build and operate crime scene clean-up companies using the Bio-One brand within a defined geographical area. The franchisees are required to operate their companies in compliance with their franchise agreements, which includes adherence to operating and quality control procedures established by the Company.

The following table summarizes the number of the franchise locations in operation:

	<u>December 31,</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Franchise locations open at beginning of year	24	13	10
Franchise locations sold and opened during the year	16	12	4
Franchise locations with ceased operations during the year	<u>(16)</u>	<u>(1)</u>	<u>(1)</u>
Franchise locations in operation as of the end of the year	<u>24</u>	<u>24</u>	<u>13</u>
Shops sold but not yet operational	<u>4</u>	<u>-</u>	<u>-</u>

# RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.

## Notes to Financial Statements

### **Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)**

#### Initial Franchise Fees and Related Franchise Costs

Initial franchise fees paid by franchisees are recognized as revenue when all material services and conditions required to be performed by the Company have been substantially completed, which is generally when the franchise commences operations. Initial franchise fees collected by the Company before all material services and conditions are substantially performed are recorded as deferred franchise revenue. These franchise fees are non-refundable except in certain circumstances. As a result of the Company being out of compliance with certain Federal Trade Commission requirements for franchisors, the Company offered all current franchisees the opportunity to rescind their franchise agreement in exchange for a refund of their initial franchise fee. During the year ended December 31, 2016, the Company paid \$414,019 in rescission fees, which are presented net against franchise fees on the statements of operations. In conjunction with the rescissions, for franchisees that chose not to rescind, the Company offered a one percentage point discount in royalty payments and a 20% discount on other purchased goods from the Company for the year ending December 31, 2017.

#### License Fees

License fees provide third parties the right to use the Company's brand over an agreed-upon term. License fees collected by the Company are recorded as deferred franchise fee revenue and recognized ratably over the term. These license fees are non-refundable.

#### Area Director Marketing Agreements

The area director marketing agreement provides the area director a non-exclusive right to sell and open franchises in a defined geographic territory in the U.S. and requires that the area director be responsible for advertising, soliciting, and screening prospective franchisees. The agreements also stipulate a minimum number of new franchised locations to be opened each year. In addition, the area director is responsible for providing on-site opening assistance and providing quality assurance services to franchises in the defined area. The Company pays the area director 50% of the initial franchise fee for each new franchised location sold by the area director and 50% of the royalties received by the Company from each franchise within the defined area. The agreements are for a period of 10 years, with the option to extend for an additional 10 years after certain restrictive performance criteria are met. All franchised locations opened by the area director are required to pay the Quick Start Package ("QSP") fee, as defined in the agreements, to the Company. The Company defers revenues associated with the area director marketing agreements, recognizing it ratably over the term of the agreements.

#### QSP Revenues

In some instances, franchisees are required by the Company to purchase from the Company an initial package of equipment, tools, and supplies needed to open a franchise location. This package of equipment is described as a QSP. The revenue from the sale of a QSP is recognized by the Company when the QSP is shipped to franchisees.

# RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.

## Notes to Financial Statements

### **Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)**

#### Franchise Royalties

Pursuant to the various franchise agreements, U.S. franchisees are required to pay the Company royalties based on a percentage of sales of 7%, which are recognized when earned.

#### Marketing Fund

Under the terms of the standard franchise agreement, the Company may establish a National Marketing Fund (the "Fund") and charge a fee of up to 2% of each franchisee's gross receipts to pay for marketing costs that benefit multiple franchisees. The Fund is used to promote the brand. Fund revenues and expenses are recognized in equal amounts as marketing expenses are incurred. Any amounts collected but unspent at the end of the year are recorded as deferred revenue - marketing fees on the accompanying balance sheets. The Company recognizes national marketing fees collected as deferred revenue - marketing fees until a related expense has been incurred, at which time revenue is recognized. The Company records related advertising expenses as they are incurred.

#### Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers*, which amended revenue recognition guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required about customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. ASU No. 2014-09 is effective for privately held entities for annual reporting in fiscal years that begin after December 15, 2018. In the normal course of adoption of a new accounting standard, the Company has begun the process of evaluating the impact of this change in revenue recognition on its financial statements. This standard is expected to have a significant change as to the recognition of the Company's various sources of revenue and various disclosures related to those revenues. This evaluation will continue to be addressed over the next two years in anticipation of adoption on January 1, 2019.

#### Subsequent Events

The Company has evaluated all subsequent events through the auditors' report date, which is the date the financial statements were available for issuance. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

# RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.

## Notes to Financial Statements

### **Note 2 - Income Taxes**

The Company recognizes deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Deferred tax liabilities and assets are determined based on the differences between financial statements and the tax basis of assets and liabilities using the enacted tax rates in effect for the year in which the differences are expected to reverse. The measurement of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that are not expected to be realized based on available evidence.

The Company's temporary differences are comprised mainly of accrual to cash adjustments. The Company's effective tax rate differs from the U.S. federal statutory tax rate due to a graduated federal tax rate adjustment, state taxes, and permanent differences.

Components of income tax (benefit) expense reflected on the statements of operations are as follows:

	For the Years Ended		
	December 31,		
	2016	2015	2014
Current	\$ 144,498	\$ 107,819	\$ 22,151
Deferred	(154,648)	(21,778)	(14,343)
	<u>\$ (10,150)</u>	<u>\$ 86,041</u>	<u>\$ 7,808</u>

### **Note 3 - Commitments and Contingencies**

#### Litigation

In the normal course of business, the Company is party to litigation from time to time. The Company maintains insurance to cover certain actions and believes that resolution of such litigation will not have a material adverse effect on the Company.

### **Note 4 - Employee Benefit Plan**

Effective January 1, 2015, the Company adopted the Ringside Development Company Profit Sharing Plan (the "Plan") to provide retirement benefits for its employees. The Plan provides for employee elective deferrals and employer profit sharing contributions. There is no profit sharing contribution to the Plan as of December 31, 2016. The total profit sharing contribution to the Plan for the year ended December 31, 2015 was \$80,000, of which \$32,250 was contributed to the Plan and \$47,750 was payable as of December 31, 2015. In 2016, the Company amended the Plan to add a 3% employer safe-harbor contribution to be effective January 1, 2017.

**EXHIBIT H  
APPLICATION**

# APPLICATION

## APPLICATION FEE

The Application Fee of \$1,000.00 (Application Fee).

We will review your application to determine whether we are a right fit for each other. If we approve your Application, which means that you are eligible for the award of a Bio-One franchise. If, before you sign the franchise agreement, you decide not to go forward, we will retain your Application Fee. If we determine not to accept the application, we will return your full Application Fee. In exchange for considering your application, you and we agree that any disagreement concerning this Application or your acceptance as a prospective franchisee will be subject to binding arbitration as more fully stated at the end of the Application.

## BACKGROUND CHECK DISCLOSURE

Ringside Development Company d/b/a Bio-One Colorado, Inc., (Bio-One) will procure a consumer report and/or investigative consumer report on you in connection with your application for franchise ownership.

TalentWise, a consumer-reporting agency, will obtain the report for Bio-One. Further information regarding TalentWise, including its privacy policy, may be found online at [www.Talentwise.com](http://www.Talentwise.com). TalentWise is located at 19910 North Creek Parkway, Suite 200, Bothell, WA 98011, and can be reached at (866) 338-6739.

The report may contain information bearing on your character, general reputation, personal characteristics, mode of living and/or credit standing. The information that may be included in your report include: social security number trace, authorization to work checks, criminal records checks, civil record checks, financial information and credit checks (Experian U.S. Credit), federal record checks, public court records checks, driving records checks, drug tests, physical tests, educational records checks, employment history verification, references checks, sanction, licensing and certification checks. The information contained in the report will be obtained from private and/or public record sources, including sources identified by you in your job application or through interviews or correspondence with your past or present coworkers, neighbors, friends, associates, current or former employers, educational institutions or other acquaintances.

Provided to you with this authorization is a Summary of Your Rights Under the Fair Credit Reporting Act in a form prescribed by the Federal Trade Commission. Please do not sign this authorization until you have received this summary.

You have the right, upon written request made within a reasonable time after receipt of this notice, to request disclosure of the nature and scope of any investigative consumer report from Bio-One. Submit any such written requests to Jason OBrien at our then-current headquarters that now is 5231 S. Quebec Street, Greenwood Village, CO 80111.

Any controversy or claim arising out of or relating to this contract, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial or other Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The venue of such arbitration will be in the city and state in which our then-current headquarters is located (now Greenwood Village, Colorado) without regard to *forum non conveniens* considerations, and Colorado law will be the choice of law used in arbitrating this matter,

without regard to conflicts of laws considerations to the contrary. There will be one arbitrator, who will decide all matters relating to the controversy including whether or not arbitration is applicable. You and we agree to split the cost of the arbitrators, and each will bear that party's own costs. As part of the award, the arbitrator will determine which of the party's substantially prevailed in the controversy and will award that party its attorneys' fees, expert witness fees and costs associated with the arbitration.

#### **ADDITIONAL STATE LAW NOTICES**

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If you are in California, Maine, New York, or Washington, please also note:

**CALIFORNIA:** Pursuant to section 1786.22 of the California Civil Code, you may contact TalentWise during normal business hours (9am to 5pm PST, Monday through Friday) to obtain and review all information in your file. You may obtain such information by appearing in person at TalentWise's offices, during normal business hours and upon reasonable notice, and upon submitting proper identification and paying the costs duplication services. You may be accompanied by one other person, provided that person furnishes proper identification. You may also obtain a copy of your file by certified mail, if you have previously provided identification in a written request that your file be sent to you or a third party identified by you. You may also obtain a summary of your file by telephone, upon providing proper identification. TalentWise has trained personnel available to explain your file to you, including any coded information.

**CALIFORNIA (En Español):** De acuerdo con el artículo 1786.22 del Código Civil, se puede llamar a TaletnWise por los horarios normales de trabajo (9 de la mañana a 5 de la tarde, tiempo del pacífico, lunes a viernes) para sacar y examinar su archivo privado en detalle. Para conseguir una copia de su archivo privado, se puede hacer una visita en persona a la oficina de TalentWise por los horarios normales de trabajo, al darnos aviso razonable, al presentarnos de identificación apropiada, y al pagarnos las costas de duplicación. Otra persona puede acompañarle con tal que también setraiga identificación apropiada. Se puede pedirnos que le mandamos por correo certificado una copia de su archivo privado con tal que hayamos recibido una solicitud escrita que se lo mandemos una copia de su archivo privado a Usted o tal tercer partido que esté identificado por Usted. También se puede pedir por teléfono un resumen de su archivo privado, al presentarnos identificación apropiada. Empleamos trajabadores cualificados, a quienes están disponibles para explicárselo el contenido de su archivo privado con más detalles, incluso algunos datos cifrados.

**MAINE:** You have the right, upon request, to be informed of whether an investigative consumer report was requested, and if one was requested, the name and address of the consumer-reporting agency furnishing the report. You may request and receive from Bio-One, within five business days of our receipt of your request, the name, address, and telephone number of the nearest unit designated to handle inquiries for the consumer reporting agency issuing an investigative consumer report concerning you. You also have the right, under Maine law, to request and promptly receive from all such agencies copies of any such reports.

**NEW YORK:** You have the right, upon request, to be informed of whether an investigative consumer report was requested, and if one was requested, the name and address of the consumer-reporting agency furnishing the report. At the time you consent to your employer obtaining a report you are entitled to receive a copy of Article 23-A of New York Correction Law. Do not sign your consent until you receive a copy of that law.

**WASHINGTON:** If Bio-One requests and investigative consumer report, you have the right, upon written request made within a reasonable period of time after your receipt of this disclosure, to receive from Bio-One a complete and accurate disclosure of the nature and scope of the investigation requested by Bio-One. You also have the right to request from the consumer-reporting agency a written summary of your rights and remedies under the Washington Fair Credit Reporting Act.

**BACKGROUND CHECK AUTHORIZATION**

I have carefully read and understand this disclosure and authorization form and I have received a copy of the “Summary of Your Rights under the Fair Credit Reporting Act” provided with this form. I have had the opportunity to review my rights. By my signature below, I consent to the preparation of background reports by TalentWise, and to the release of such reports to Bio-One and its designated representatives.

I understand that, to the extent allowed by law, information contained in my background check request form or otherwise disclosed to Bio-One by me may be utilized for the purpose of obtaining such consumer reports and/or investigative consumer reports about me.

I hereby authorize law enforcement agencies, learning institutions (including public and private schools and universities), information service bureaus, record/data repositories, courts (federal/state/local), my past or present employers, the military, and other individuals or sources to furnish any and all information on me that is requested by the consumer reporting agency.

By my signature (including electronic) below, I certify the information provided on and in connection with this form is true, accurate, and complete. I agree that this form in original, faxed, photocopied or electronic form will be valid for any background reports that may be requested by or on behalf of Bio-One.

First Name: \_\_\_\_\_ Middle Name: \_\_\_\_\_

Last Name: \_\_\_\_\_

Present Street Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Social Security Number: \_\_\_\_\_

Driver’s License Number: \_\_\_\_\_

Professional License Number (If Applicable):

State: \_\_\_\_\_ Type: \_\_\_\_\_ Number: \_\_\_\_\_

**FOR IDENTIFICATION PURPOSES ONLY:**

Date of Birth: \_\_\_\_\_ Gender: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

*Para informacion en espanol, visite [www.ftc.gov/credit](http://www.ftc.gov/credit) o escribe a la FTC Consumer Response Center, Room 130-A 600 Pennsylvania Ave. N.W., Washington, D.C. 20580.*

## **SUMMARY OF YOUR RIGHTS UNDER THE FAIR CREDIT REPORTING ACT**

The Federal Fair Credit Reporting Act (FCRA) promotes the accuracy, fairness, and privacy of information in the files of consumer reporting agencies. There are many types of consumer reporting agencies, including credit bureaus and specialty agencies (such as agencies that sell information about check writing histories, medical records, and rental history records). Here is a summary of your major rights under the FCRA. For more information, including information about additional rights, go to [www.ftc.gov/credit](http://www.ftc.gov/credit) or write to: Consumer Response Center, Room 130-A, Federal Trade Commission, 600 Pennsylvania Ave. N.W., Washington, D.C. 20580.

- **You must be told if information in your file has been used against you.** Anyone who uses a credit report or another type of consumer report to deny your application for credit, insurance, or employment – or to take another adverse action against you – must tell you, and must give you the name, address, and phone number of the agency that provided the information.
- **You have the right to know what is in your file.** You may request and obtain all the information about you in the files of a consumer-reporting agency (your “file disclosure”). You will be required to provide proper identification, which may include your Social Security number. In many cases, the disclosure will be free. You are entitled to a free file disclosure if:
  - a person has taken adverse action against you because of information in your credit report;
  - you are the victim of identity theft and place a fraud alert in your file;
  - your file contains inaccurate information as a result of fraud;
  - you are on public assistance;
  - you are unemployed but expect to apply for employment within 60 days.

In addition, by September 2005 all consumers will be entitled to one free disclosure every 12 months upon request from each nationwide credit bureau and from nationwide specialty consumer reporting agencies. See [www.ftc.gov/credit](http://www.ftc.gov/credit) for additional information.

- **You have the right to ask for a credit score.** Credit scores are numerical summaries of your credit-worthiness based on information from credit bureaus. You may request a credit score from consumer reporting agencies that create scores or distribute scores used in residential real property loans, but you will have to pay for it. In some mortgage transactions, you will receive credit score information for free from the mortgage lender
- **You have the right to dispute incomplete or inaccurate information.** If you identify information in your file that is incomplete or inaccurate, and report it to the consumer reporting agency, the agency must investigate unless your dispute is frivolous. See [www.ftc.gov/credit](http://www.ftc.gov/credit) for an explanation of dispute procedures.
- **Consumer reporting agencies must correct or delete inaccurate, incomplete, or unverifiable information.** Inaccurate, incomplete or unverifiable information must be removed or corrected, usually within 30 days. However, a consumer reporting agency may continue to report information it has verified as accurate.

- **Consumer reporting agencies may not report outdated negative information.** In most cases, a consumer-reporting agency may not report negative information that is more than seven years old, or bankruptcies that are more than 10 years old.
- **Access to your file is limited.** A consumer-reporting agency may provide information about you only to people with a valid need --usually to consider an application with a creditor, insurer, employer, landlord, or other business. The FCRA specifies those with a valid need for access.
- **You must give your consent for reports to be provided to employers.** A consumer reporting agency may not give out information about you to your employer, or a potential employer, without your written consent given to the employer. Written consent generally is not required in the trucking industry. For more information, go to [www.ftc.gov/credit](http://www.ftc.gov/credit).
- **You may limit “prescreened” offers of credit and insurance you get based on information in your credit report.** Unsolicited “prescreened” offers for credit and insurance must include a toll-free phone number you can call if you choose to remove your name and address from the lists these offers are based on. You may opt-out with the nationwide credit bureaus at 1-888-5-OPTOUT (1-888-567-8688).
- **You may seek damages from violators.** If a consumer reporting agency, or, in some cases, a user of consumer reports or a furnisher of information to a consumer reporting agency violates the FCRA, you may be able to sue in state or federal court.
- **Identity theft victims and active duty military personnel have additional rights.** For more information, visit [www.ftc.gov/credit](http://www.ftc.gov/credit).

**States may enforce the FCRA, and many states have their own consumer reporting laws. In some cases, you may have more rights under state law. For more information, contact your state or local consumer protection agency or your state Attorney General. Federal enforcers are:**

<b>TYPE OF BUSINESS:</b>	<b>CONTACT:</b>
Consumer reporting agencies, creditors and others not listed below	Federal Trade Commission: Consumer Response Center – FCRA Washington, DC 20580 1-877-382-4357
National banks, federal branches/agencies of foreign banks (word "National" or initials "N.A." appear in or after bank's name)	Federal Trade Commission: Consumer Response Center - FCRA Washington, DC 20580 1-877-382-4357
Federal Reserve System member banks (except national banks, and federal branches/agencies of foreign banks)	Federal Trade Commission: Consumer Response Center - FCRA Washington, DC 20580 1-877-382-4357
Savings associations and federally chartered savings banks (word "Federal" or initials "F.S.B." appear in federal institution's name)	Office of Thrift Supervision Consumer Complaints Washington, DC 20552 800-842-6929
Federal credit unions (words "Federal Credit Union" appear in institution's name)	National Credit Union Administration 1775 Duke Street Alexandria, VA 22314 703-519-4600
State-chartered banks that are not members of the Federal Reserve System	Federal Deposit Insurance Corporation Consumer Response Center, 2345 Grand Avenue, Suite 100 Kansas City, Missouri 64108-2638 1-877-275-3342
Air, surface, or rail common carriers regulated by former Civil Aeronautics Board or Interstate Commerce Commission	Department of Transportation , Office of Financial Management Washington, DC 20590 202-366-1306
Activities subject to the Packers and Stockyards Act, 1921	Department of Agriculture Office of Deputy Administrator - GIPSA Washington, DC 20250 202-720-7051

## APPLICATION

I submit the following information as my complete and true personal and financial information as of the date shown below. I expressly authorize any past or present employer, any law enforcement agency, federal, state, or local governmental agency, or any person who has personal knowledge of my character, work experience or criminal records to release this information to Ringside Development Company d/b/a Bio-One Colorado, Inc. I understand that the reporting agencies will make the results of the credit, criminal and other background checks available to Ringside Development Company d/b/a Bio-One Colorado, Inc, and that it may use those results in determining whether to grant me a franchise. I understand that Ringside Development Company d/b/a Bio-One Colorado, Inc is relying upon all the above information as a material factor in considering my application, and I therefore agree to promptly notify Ringside Development Company d/b/a Bio-One Colorado, Inc of any material change in any of the information provided.

Ringside Development Company d/b/a Bio-One Colorado, Inc., agrees not to use any confidential information obtained through this confidential questionnaire for any purpose except to evaluate and engage in discussions concerning a potential franchise relationship between applicant and Ringside Development Company d/b/a Bio-One Colorado, Inc.

Ringside Development Company d/b/a Bio-One Colorado, Inc agrees not to disclose any confidential information to any third parties except as may be required by the law or a court order.

Completing this confidential questionnaire does not obligate either party to proceed with any transaction, and each party reserves the right, in its sole discretion, to terminate all discussions concerning franchise opportunities.

**IN CONSIDERATION OF OUR REVIEW OF THE APPLICATION, YOU AND WE AGREE THAT DISPUTES CONCERNING THIS APPLICATION ARE SUBJECT TO ARBITRATION**

**Signature** \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Applicant's Name \_\_\_\_\_

Spouse/Partner Name: \_\_\_\_\_ \*

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Telephone Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

Birthdate: \_\_\_\_\_

Your Education: \_\_\_\_\_

Are you a Veteran:  Yes  No

**\* If you have a spouse, partner, civil partner, or family member that will participate in the business, that person must separately apply.**

1. Are you a United States citizen:  Yes  No

2. If you are not a citizen, do you have a permanent visa that allows you to remain indefinitely in the United States:  Yes  No

**If you answer to numbers 1 and 2 are "no", then you will not be awarded a franchise**

3. If you answer to number 2 is "yes" what type of visa do you have?  
\_\_\_\_\_.

4. Do you have a driver's license?  Yes  No

5. If your answer to number 4 was "yes":

a. What state issued the license: \_\_\_\_\_

b. License number: \_\_\_\_\_

6. Have you been convicted of a felony  Yes  No

7. Have you been charged or are you now under indictment in any court for a crime for which you could be imprisoned for more than 1 year?  Yes  No

8. Are you subject to any court order that restrains you from harassing, stalking, or threatening another person:  Yes  No

9. Have you ever had a federal firearms license suspended or revoked?  
 Yes  No

10. Are you a fugitive from justice:  Yes  No

**If you answer to any of the questions 6 through 10 is “yes”, then you will not be awarded a franchise**

11. Where are you currently employed: \_\_\_\_\_
- a. How long have you been employed here: \_\_\_\_\_
- b. What is your current position: \_\_\_\_\_
- c. What is your current salary or wage: \_\_\_\_\_

12. What is your employment history for the past 5 years:

<b><u>Company Name</u></b>	<b><u>Type of Business</u></b>	<b><u>Title</u></b>	<b><u>Date</u></b>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

13. What do you like most about your current job:  
\_\_\_\_\_

14. What do you like least about your current job:  
\_\_\_\_\_

15. On the basis of your past experience, what do you believe your strengths are:  
\_\_\_\_\_  
\_\_\_\_\_

16. On the basis of your you past experience, what do you believe your weaknesses are:  
\_\_\_\_\_  
\_\_\_\_\_

17. Have you ever owned your own business?  Yes  No

18. If you answered “yes” to number 17, please tell us about the business:

- a. What type of business: \_\_\_\_\_
- b. Dates of operation: \_\_\_\_\_
- c. Why did you stop the business: \_\_\_\_\_

d. What did you like about the business: \_\_\_\_\_

e. What did you dislike about the business: \_\_\_\_\_

19. Do you have business management experience:  Yes  No

If “yes”, please describe:  
\_\_\_\_\_  
\_\_\_\_\_

If "no" who will personally manage the business? \_\_\_\_\_

20. If you are awarded a franchise, when will you be able to start? \_\_\_\_\_

21. In what city and state do you wish to open the business: \_\_\_\_\_

22. Please include on a separate sheet any other information that you think may be relevant.

### PERSONAL FINANCIAL STATEMENT

23. Annual reported income to the IRS for the past 3 calendar years:

20\_\_ : \_\_\_\_\_  
 20\_\_ : \_\_\_\_\_  
 20\_\_ : \_\_\_\_\_

24. Please complete the below financial statement

ASSETS	VALUE	LIABILITIES	WHEN DUE	MONTHLY PAYMENT
Cash on Hand		Credit Card Balances		
Savings		Income Taxes Due for Current Year		
Retirement Accounts		Residence - 1st Mortgage		
Marketable Securities		Residence - 2d Mortgage		
Money Due to You from Others		Equity Loans		
Residence		Other Real Estate Loans		
Real Estate Other				
Household and Personal Goods		Other Outstanding Loans		
Ownership Interest in any Business		Other Liabilities		
Automobiles and other Motorized Vehicles (including Boats)				
Other Assets:				
			<b>NET WORTH</b>	
<b>TOTAL ASSETS</b>		<b>TOTAL LIABILITIES</b>		

25. How much money do you have immediately available to invest in the business?

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26. What is the source of these immediately available funds?

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27. Have you filed for bankruptcy in the past 10 years?  Yes  No

28. If your answer to question 27 is "yes", please provide the following information

- a. Date of filing: \_\_\_\_\_
- b. Date of discharge: \_\_\_\_\_
- c. Location of filing (state): \_\_\_\_\_
- d. The filing/action number of the filing: \_\_\_\_\_
- e. Parties to the filing: \_\_\_\_\_

29. Please provide on a separate sheet any other information you think may be relevant to your financial status.

### 30. DISPUTE RESOLUTION

Any controversy or claim arising out of or relating to this contract, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial or other Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The venue of such arbitration will be in the city and state in which our then-current headquarters is located (now Greenwood Village, Colorado) without regard to *forum non conveniens* considerations, and Colorado law will be the choice of law used in arbitrating this matter, without regard to conflicts of laws considerations to the contrary. There will be one arbitrator, who will decide all matters relating to the controversy including whether or not arbitration is applicable. You and we agree to split the cost of the arbitrators, and each will bear that party's own costs. As part of the award, the arbitrator will determine which of the party's substantially prevailed in the controversy and will award that party its attorneys' fees, expert witness fees and costs associated with the arbitration.

**I CERTIFY THAT THE INFORMATION PROVIDED IN THIS CONFIDENTIAL QUESTIONNAIRE IS TRUE AND ACCURATE TO THE BEST OF MY KNOWLEDGE.**

**I FURTHER AGREE THAT BY SIGNING BELOW, I AGREE THAT SHOULD THE ANSWER TO ANY QUESTION CHANGE, OR SHOULD MY FINANCIAL CONDITION CHANGE IN ANY MATERIAL WAY THAT I WILL NOTIFY RINGSIDE DEVELOPMENT COMPANY D/B/A BIO-ONE COLORADO, INC WITH A WRITTEN UPDATE.**

**Signature** \_\_\_\_\_  
**Print Name:** \_\_\_\_\_  
**Date:** \_\_\_\_\_

**CREDIT AND CRIMINAL BACKGROUND CHECK RELEASE FORM**

I understand that an initial and ongoing credit and criminal background check is a condition of being considered if I am to purchase a franchise from Ringside Development Company d/b/a Bio-One Colorado, Inc Group, LLC. (Ringside Development Company d/b/a Bio-One Colorado, Inc)

I consent to Ringside Development Company d/b/a Bio-One Colorado, Inc obtaining my criminal conviction history from any law enforcement agency, criminal background service provider, municipality, state, and/or the FBI. I understand that Ringside Development Company d/b/a Bio-One Colorado, Inc will obtain this information at the time I apply to become a franchisee and during the term of my franchise agreement. The criminal history record, as received from the reporting entity may include arrest and conviction data, plea bargains, deferred adjudication, as well as social security verification. It may also include information regarding driving history. I understand that I will have a limited opportunity to review the criminal history and a process is available for clarification if I dispute the record as received.

I further consent to Ringside Development Company d/b/a Bio-One Colorado, Inc obtaining my credit history from all three credit reporting agencies. I understand that Ringside Development Company d/b/a Bio-One Colorado, Inc will obtain this information at the time I apply to become a franchisee and during the term of my franchise agreement.

I hereby release and agree to indemnify Ringside Development Company d/b/a Bio-One Colorado, Inc and its officers, directors, employees and agents harmless from and against any and all liability, expense (including court cost and attorneys’ fees) and claims for damage of any nature whatsoever resulting from the investigation of my background in connection with my application to, and ongoing performance as a franchisee.

I certify that the information provided in this form is true and complete. I understand that false or misleading information given in my application to purchase a franchise, any interview(s), any other documents given to Ringside Development Company d/b/a Bio-One Colorado, Inc, or on this form will render my application void, and will result in my not being able to purchase a franchise. I authorize you to make a criminal background investigation and other such investigations as are necessary in arriving at the decision to permit me to purchase a franchise.

I further understand and agree that should any criminal or credit background checks done during the term of the franchise agreement disclose any material change in my status, the same may result in the termination of my franchise.

\_\_\_\_\_  
initials

Ringside Development Company d/b/a Bio-One Colorado, Inc will keep this form on file for the term of my franchise agreement and for a period of two (2) years following its termination for any reason.

**SIGNATURE PAGE FOLLOWS**

**Signature:** \_\_\_\_\_

**Print Name:** \_\_\_\_\_  
**First**                      **Middle**                      **Last**

**Date:** \_\_\_\_\_

**Date of Birth:** \_\_\_\_\_

**Social Security No.:** \_\_\_\_\_

**Address:** \_\_\_\_\_  
\_\_\_\_\_

**Driver's License No.:** \_\_\_\_\_

**State of Issuance:** \_\_\_\_\_

## State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

<u>STATE</u>	<u>EFFECTIVE DATE</u>
<u>California</u>	<u>Pending</u>
<u>Illinois</u>	<u>Pending</u>
<u>Indiana</u>	<u>Pending</u>
<u>Michigan</u>	<u>Pending</u>
<u>Minnesota</u>	<u>Pending</u>
<u>Rhode Island</u>	<u>Pending</u>
<u>Virginia</u>	<u>Pending</u>
<u>Wisconsin</u>	<u>Pending</u>

Connecticut    May 30, 2019 (One time filing)  
Florida        September 13, 2019  
Kentucky      May 10, 2018 (One time filing)  
Nebraska      May 8, 2018 (One time filing)  
Texas         April 10, 2017 (One time filing)  
Utah            Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT I  
RECEIPTS**

## RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain English. Read this disclosure document and all agreements carefully.

If Ringside Development Company d/b/a Bio-One Colorado, Inc, offers you a franchise, we must provide this disclosure document to you 14 days before you sign a binding agreement or make a payment to us or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island law requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan and Oregon require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Ringside Development Company d/b/a Bio-One Colorado, Inc, does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the New York State Department of Law, 120 Broadway, 23rd floor, New York, N.Y. 10271, and the appropriate state agency identified on Exhibit A.

Date of Issuance: ~~June 7, 2020~~ April 3, 2020

The Franchisor is Ringside Development Company d/b/a Bio-One Colorado, Inc, 5231 S. Quebec Street, Suite 303, Greenwood Village, Colorado 80111.

The franchise seller for this offering is Jason OBrien, President, 5231 S. Quebec Street, Greenwood Village, CO 80111.

Ringside Development Company d/b/a Bio-One Colorado, Inc, authorizes the respective state agencies identified in Exhibit A to receive services of process for it in the particular state.

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I have received a disclosure document dated ~~June 7, 2020~~ April 3, 2020, that included the following Exhibits:

- Exhibit A. List of State Agencies/Agents for Service of Process
- Exhibit B. Franchise Agreement
- Exhibit C. Table of Contents
- Exhibit D. Current Franchisees and Franchisees that Have Left the System
- Exhibit E. Trademark Specific Franchisee Associations and Independent Franchisee Associations
- Exhibit F. State Specific Addenda
- Exhibit G. Financial Statements
- Exhibit H Application

Exhibit I.      Receipts

\_\_\_\_\_  
Prospective Franchisee

\_\_\_\_\_  
Date Signed

You should return ~~four~~ one copy of this signed and dated receipt by mailing to Ringside Development Company d/b/a Bio-One Colorado, Inc, 5231 S. Quebec Street, Suite 303, Greenwood Village, Colorado 80111. Keep a copy for your records.

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