

FRANCHISE DISCLOSURE DOCUMENT

SD Franchise, LLC
A Florida limited liability company
2820 Scherer Dr. North, Suite 210
St. Petersburg, FL 33716
(888) 232-2257
info@spashanddashfordogs.com
www.SplashandDashForDogs.com



The franchised business sells pet products, pet grooming and bathing, and related services under the trade name Splash and Dash Groomerie & Boutique.

The total investment necessary to begin operation of a Splash and Dash franchise is \$119,250 to \$221,600. This includes \$63,000 to \$70,500 that must be paid to the franchisor or affiliate. The total investment necessary to begin operation under a three- to five-unit Multi-Unit Development Agreement (including the first unit) is \$141,750 to \$262,100. This includes \$84,500 to \$105,500 that must be paid to the franchisor. You must develop at least three Splash and Dash units under the Multi-Unit Development Agreement.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental 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, please contact Dan Barton at 2820 Scherer Dr. North, Suite 210, St. Petersburg, FL 33716 and (888) 232-2257.

The terms of your contract will govern your franchise relationship. Don't 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, D.C. 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.

Issuance date: May 23, 2019

STATE COVER PAGE

Your state may have a franchise law that requires us 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.**

Call the state 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 YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT TO RENEW.

Please consider the following **RISK FACTORS** before you buy this franchise:

1. **THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN FLORIDA. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN FLORIDA THAN IN YOUR OWN STATE.**
2. **THE FRANCHISE AGREEMENT STATES THAT FLORIDA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.**
3. **THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

We may use 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 of the franchise.

Effective Date: See the next page for state effective dates.

STATE EFFECTIVE DATES

The following chart lists states which require that this disclosure document be registered or filed with the state or be exempt from registration. In these states, the effective date of this disclosure document is as follows:

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

In the following states, we have filed a notice of exemption from the registration or filing requirements of the state's business opportunity laws with respect to the offering described in this disclosure document:

State	Effective Date
Connecticut*	
Florida	July 19, 2018
Kentucky*	
Nebraska*	
Texas*	June 14, 2014
Utah	

* One-time filing

**(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY
THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)**

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protection provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) 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.
- (d) 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 which 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: (i) the term of the franchise is less than 5 years and (ii) 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 symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) 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.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This 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:

- (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
- (ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) 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.

(h) 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 of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless 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 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 ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General
G. Mennen Williams Building, 7th Floor
525 W. Ottawa Street
Lansing, Michigan 48909
Telephone Number: (517) 373 7117

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EXHIBITS

- A. State Administrators and Agents for Service of Process
 - B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
 - C. Multi-Unit Development Agreement
 - D. Financing Documents
 - E. Refundable Deposit Agreement
 - F. Rider to Lease Agreement
 - G. Form of General Release
 - H. Financial Statements
 - I. Operating Manual Table of Contents
 - J. Current and Former Franchisees
 - K. State Addenda to Disclosure Document
 - L. State Addenda to Agreements
- Receipt (2 copies)

Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

In this disclosure document, “we”, “us,” or “our” refers to SD Franchise, LLC. “You” means the person to whom we grant a franchise. If you are a corporation, limited liability company, or other entity, each owner of the franchise entity must sign our Guaranty and Non-Compete Agreement, which means that all of the franchise agreement’s provisions also will apply to your owners.

Us, Any Parents, and Certain Affiliates.

Our name is SD Franchise, LLC. Our principal business address is 2820 Scherer Dr. North, Suite 210, St. Petersburg, FL 33716. We have offered franchises since 2014. We do not have any parent entities. We do not have any affiliates that offer franchises in any line of business or provide products or services to our franchisees. We have offered franchises since 2014.

Our Predecessors

We do not have any predecessors.

Our Business Name

We use the names “SD Franchise, LLC” and “Splash and Dash Groomerie & Boutique”. We do not intend to use any other names to conduct business.

Agent for Service of Process

Our agent for service of process in Florida is Dan Barton, and the agent’s principal business address is 2820 Scherer Dr. North, Suite 210, St. Petersburg, FL 33716. Our agents for service of process in other states are disclosed in Exhibit A.

Business Organization

We are a limited liability company organized in Florida. We were formed on March 11, 2014.

Information About Our Business and the Franchises Offered

We do not operate businesses of the type being franchised.

We do not have any other business activities. We have not offered franchises in other lines of business.

If you sign a franchise agreement with us, you will develop and operate a pet products, pet grooming and bathing, and related services business under the trade name Splash and Dash Groomerie & Boutique. If you sign a Multi-Unit Development Agreement (attached as Exhibit C to this disclosure document), you will develop multiple Splash and Dash outlets, on an agreed-

upon schedule. For each future unit franchise, we will require you to sign our then-current form of franchise agreement, which may be different from the form of franchise agreement included in this disclosure document.

The general market for pet grooming and pet products is highly developed. Sales are not seasonal.

In a few states, a business must have a license to provide pet grooming services, and it must meet certain dimensional and other standards established by the government.

You will compete against national chains, regional chains, and independent owners. Some of these competitors are franchised.

Prior Business Experience

We have offered franchises since 2015. None of our affiliates has offered franchises in other lines of business. None of our affiliates provides products or services to our franchisees.

Our affiliate, SD Depew Inc., took over a Splash and Dash business from a franchisee in New York in 2015. We closed this unit in March, 2016.

Item 2 BUSINESS EXPERIENCE

Dan Barton – Founder and CEO: Dan Barton has been our Founder and CEO in St. Petersburg, Florida since 2014. He has also been Founder and CEO of our affiliate, Splash and Dash International, Inc., in St. Petersburg, Florida since 2009.

Item 3 LITIGATION

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

Refundable Deposit

In our discretion, we may allow you to make a refundable deposit with us of \$3,500 upon signing a Refundable Deposit Agreement in the form attached as Exhibit E. We will return the deposit upon your request at any time prior to execution of a franchise agreement. If you execute

a franchise agreement, this amount will be applied towards the franchise fee. After receipt of the deposit, we will begin to research the market, areas and potential locations for opening a Splash and Dash franchise location. We will work with you to support decision making and evaluation of markets for a franchise.

Franchise Fee

When you sign your franchise agreement, you must pay us \$48,500 as the initial franchise fee. This fee is uniform. It is not refundable.

Construction Assistance

In our discretion in response to a request from you, we may provide construction assistance to you to handle certain tasks in the final build-out of your store for a flat fee of \$8,500. This payment is due when the work is performed.

Initial Inventory of Proprietary Products

You will purchase an opening inventory of our private label proprietary products and printed materials from us. The products are “Splash & Dash Groomerie & Boutique” shampoos and dog treats. The cost of these items before you open will be approximately \$2,500 to \$10,000.

Development Assistance

If you and we agree, we will manage your pre-opening design and construction on your behalf, and/or we will purchase your pre-opening equipment, inventory and other tangible items on your behalf, and we will pass the cost on to you. We reserve the right to charge a reasonable fee for this assistance. You are not obligated to purchase these services and items through us, and we are not obligated to provide these service and items to you.

Grand Opening Marketing Deposit

When you sign a lease for your business, you must deposit \$12,000 with us to be used for your grand opening marketing campaign. We will use this deposit to pay vendors and/or to reimburse you for money spent on vendors for approved products and services for your grand opening marketing.

Multi-Unit Development Agreement

If you agree to develop three units by signing our Multi-Unit Development Agreement, then your total initial franchise fees will be \$70,000. If you agree to develop five units, your total initial franchise fees will be \$84,000. Your royalty fee will be reduced to 6.0% of gross sales.

**Item 6
OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Royalty	6.5% of your gross sales	Weekly, on Tuesday	See Note 1 and Note 2. See also Note 5.
Marketing Fund Contribution	Up to 2% of your gross sales.	Weekly, on Tuesday	See Note 2 and Note 3
Market Cooperative Contribution	As determined by co-op. Currently, none.	Weekly, on Tuesday	We have the right to establish local or regional advertising cooperatives. The maximum contribution that a co-op may require is 5% of gross sales.
Online Sales Commission	From 1 to 1.5 times the amount of the monthly membership dues. Currently, 1 times the amount of monthly dues.	Weekly, on Tuesday	If we sell memberships or other services for you on the internet, we will keep our commission and remit the balance to you. See Note 2.
Deep Cleaning Inspection Fee	\$450	When billed	Every 36 months, you must close your business for a three-day period to repaint, update, and deep clean the location. You must pre-schedule the closure for cleaning with us and we will inspect the location 90 days prior to the closing date.
Bookkeeping Fee	Currently, \$150 per week	Weekly, on Tuesday	We outsource your booking keeping to a CPA to ensure all franchisees maintain proper and consistent books. This fee begins when you open your business, although services begin earlier. See Note 2 and Note 4.
Software License Fee	Currently, \$34 per week	Weekly, on Tuesday	We provide you with our proprietary point-of-sale software system. The system has an optional component for marketing, which is not included in this fee. See Note 2 and Note 4.
Replacement / Additional Training Fee	Currently, \$500	Prior to attending training	If you send a manager or other employee to our training program after you open, we will charge our then-current training fee.

Type of Fee	Amount	Due Date	Remarks
Third Party Vendors	Pass-through of costs, plus reasonable administrative charge. Currently, none.	Varies	We have the right to require franchisees to use third-party vendors and suppliers that we designate. Examples can include computer support vendors, mystery shopping, and customer feedback systems. The vendors and suppliers may bill franchisees directly, or we have the right to collect payment for these vendors together with a reasonable markup or charge for administering the payment program.
Hotel expenses for opening support	At cost	On demand	You are responsible for the cost of lodging (but not airfare or meals) for our on-site opening support representative
Additional opening support	\$400 per day after the first five days	On demand	We provide 5 days of opening support by our representative. If you receive additional opening support, the fee is \$400 per day plus hotel expenses.
National Convention Fee	As determined by us	Prior to national convention	We may charge you the attendance fee for our national convention, even if you do not attend.
Non-compliance fee	\$250	On demand	We may charge you \$250 for any non-compliance with our system specifications or your franchise agreement. If such non-compliance is ongoing, we may charge you \$250 per week until you cease such non-compliance.
Reimbursement	Amount that we spend on your behalf, plus 10%	Within 15 days of invoice	If we pay any amount that you owe or are required to pay to a third party, you must reimburse us.
Late fee	\$100 plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law)	On demand	We may charge a late fee if you fail to make a required payment when due.

Type of Fee	Amount	Due Date	Remarks
Insufficient funds fee	\$50 (or, if such amount exceeds the maximum allowed by law, then the maximum allowed by law)	On demand	We may charge an insufficient funds fee if a payment made by you is returned because of insufficient funds in your account.
Costs of collection	Our actual costs	As incurred	Payable if we incur costs (including reasonable attorney fees) in attempting to collect amounts you owe to us.
Special support fee	Our then-current fee, plus our expenses. Currently, \$600 per day.	On demand	If we provide in-person support to you in response to your request, we may charge this fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).
Customer complaint resolution	Currently, \$49 per complaint, plus our expenses	On demand	We may take any action we deem appropriate to resolve a customer complaint about your business. If we respond to a customer complaint, we may charge a fee we deem reasonable (currently \$49), plus we may require you to reimburse us for our expenses.
Records audit	Our actual cost	On demand	Payable only if (1) we audit you because you have failed to submit required reports or other non-compliance, or (2) the audit concludes that you under-reported gross sales by more than 3% for any 4-week period.
Inspection fee	Currently \$300, plus our out-of-pocket costs	On demand	Payable only if we conduct an inspection of your business because of a governmental report, customer complaint or other customer feedback, or your default or non-compliance with any system specification.
Management fee	5% of gross sales plus expenses	When billed	We have the right to temporarily manage your business and charge this fee if (i) you die or become incapacitated, or (ii) you operate the business in a dangerous manner.
Non-compliance cure costs and fee	Our out-of-pocket costs and internal cost allocation, plus 10%	When billed	We may cure your non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance for you), and you will owe our costs plus a 10% administrative fee.

Type of Fee	Amount	Due Date	Remarks
Transfer fee	\$15,000	When transfer occurs	Payable if you sell your business. If we procure a buyer for your business (either directly or through a broker), we may require that buyer (or you) pay the full initial franchise fee in lieu of the transfer fee.
Indemnity	Our costs and losses from any legal action related to the operation of your franchise	On demand	You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the operation of your franchise (unless caused by our misconduct or negligence).
Prevailing party's legal costs	Our attorney fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party	On demand	In any legal proceeding (including arbitration), the losing party must pay the prevailing party's attorney fees, court costs and other expenses.

All fees are payable only to us. All fees are imposed by us and collected by us. All fees are non-refundable. All fees are uniform for all franchisees, although we reserve the right to change, waive, or eliminate fees for any one or more franchisees as we deem appropriate.

There are currently no marketing cooperatives, purchasing cooperatives, or other cooperatives that impose fees on you.

Notes

1. "Gross Sales" is defined in our franchise agreement as the total dollar amount of all sales generated through your business for a given period, including, but not limited to, payment for any services or products sold by you, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected, (iii) sale of used equipment not in the ordinary course of business, or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales). If you sell products or services at a discounted amount (by coupons or otherwise) from your standard prices without our prior approval, we may calculate Gross Sales as if you had sold such products or services at standard prices.

2. We require you to use EON Payment Processing as your processor of credit and debit cards. EON will remit your payments to us, and we will forward payment to you after deducting all fees that you owe to us.

3. The Marketing Fund Contribution is being gradually increased, as follows (although we reserve the right to change this schedule):

- May 1, 2019: 0.75% of Gross Sales
- July 1, 2019: 1.0% of Gross Sales
- September 1, 2019: 1.25% of Gross Sales
- November 1, 2019: 1.5% of Gross Sales
- January 1, 2021: 1.75% of Gross Sales
- January 1, 2022: 2.0% of Gross Sales

4. The Bookkeeping Fee and Software Fee are subject to annual increases, not to exceed 5% in any year.

5. After your business has been open for a year, it must generate at least \$10,000 per month in Splash & Dash memberships. If your business fails to meet minimum, then your Royalty Fee will increase to 9.5% of Gross Sales until you reach the \$10,000 per month threshold.

Item 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT
FRANCHISE AGREEMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial franchise fee	\$48,500 - \$48,500	Lump sum	Upon signing the franchise agreement	Us
Security deposits, utility deposits, business licenses, and other prepaid expenses	\$250 - \$1,500	As incurred	As incurred	Landlord, utilities, government, vendors
Rent and lease security deposit (see Note 2)	\$2,500 - \$5,000	Lump sum; monthly	Prior to opening	Landlord
Leasehold improvements (see Note 3)	\$10,500 - \$80,000	Lump sum	Prior to opening	General contractor, architects / engineers, us, others
Furniture, fixtures, and equipment	\$5,500 - \$10,000	As incurred	Prior to opening	Vendors and suppliers, or us

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Grooming equipment	\$8,500 - \$12,000	As incurred	Prior to opening	Vendors and suppliers, or us
Computer and POS systems	\$3,500 - \$4,500	As incurred	Prior to opening	Vendors and suppliers, or us
Office expenses	\$150 - \$1,000	As incurred	Prior to opening	Vendors and suppliers
Insurance	\$350 - \$600	Lump sum	Prior to opening	Insurance company
Signage	\$7,500 - \$9,500	Lump sum	Prior to opening	Vendor
Opening inventory and supplies	\$8,500 - \$12,500	Lump sum	Prior to opening	Vendors, us
Professional fees (lawyer, accountant, etc.)	\$500 - \$1,500	As incurred	As incurred	Professional service firms
Market introduction plan / grand opening marketing	\$12,000 - \$12,000	As incurred	When you sign a lease for your business	Us
Travel, lodging and meals for initial training	\$1,500 - \$3,000	As incurred	During training	Airlines, hotels, and restaurants
Additional funds (for first 3 months) (see Note 4)	\$9,500 - \$20,000	As incurred	As incurred	Employees, suppliers, landlord, utilities
Total	\$119,250 - \$221,600			

**YOUR ESTIMATED INITIAL INVESTMENT
MULTI UNIT DEVELOPMENT AGREEMENT**

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial Investment 1 st Splash and Dash business (see Note 5)	\$119,250 - \$221,600	See Above	See Above	See Above
Additional initial franchise fees (see Note 6)	\$21,500 - \$35,500	Check or wire transfer	Upon signing the MUDA	Us
Business planning and miscellaneous expenses	\$1,000 - \$5,000	Check	As incurred	Vendors and suppliers

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Total	\$22,500 - \$40,500			

Notes

1. Your lease security deposit and utility deposits will usually be refundable unless you owe money to the landlord or utility provider. None of the other expenditures in this table will be refundable. Neither we nor any affiliate finances any part of your initial investment, except as disclosed in Item 10.
2. Our estimates in this table assume you pay one month rent plus a security deposit equal to one month rent when you sign your lease, and that you begin regularly paying rent after you open for business. For this to occur, you would need to negotiate a “free rent” period for the time it takes to build out your business. We expect that you will rent your location. If you choose to purchase real estate instead of renting, your costs will be significantly different.
3. This includes the “construction assistance” which we may provide, as described in Item 5.
4. This includes any other required expenses you will incur before operations begin and during the initial period of operations, such as payroll, additional inventory, rent, and other operating expenses in excess of income generated by the business. In formulating the amount required for additional funds, we relied on the following factors, basis, and experience: the development of Splash and Dash businesses by our franchisees, and our general knowledge of the industry.
5. The initial investment for one Splash and Dash business is taken from the first chart above, titled Estimated Initial Investment.
6. This estimate assumes you sign a Multi-Unit Development Agreement for three or five franchises. The \$48,500 franchise fee for your first unit is counted in the “Estimated Initial Investment – Franchise Agreement” table, so the additional initial fee for two additional units is \$21,500 (for a total initial franchise fee of \$70,000 for three units), and the additional initial fees for four additional units is \$35,500 (for a total initial franchise fee of \$84,000 for five units). You will pay all franchise fees upon signing the MUDA.

Item 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Generally

We have the right to require you to purchase or lease all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your business (1) either from us or our designee, or from suppliers approved by us, or (2) according to our specifications.

Specific Obligations

The following are our current specific obligations for purchases and leases:

A. Real Estate. Your business location is subject to our approval and must meet our specifications. You must have your landlord sign our form of Rider to Lease Agreement (attached to this disclosure document as Exhibit F).

B. Insurance. You must obtain insurance as described in the Franchise Agreement and in our Manual, which includes (i) “Special” causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Business, for full repair and replacement value (subject to a reasonable deductible); (ii) Business interruption insurance covering at least 12 months of income; (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an “occurrence” policy form in an amount of not less than \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit, (iv) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000, and (v) Workers Compensation coverage as required by state law. Your policies (other than Workers Compensation) must list us and our affiliates as an additional insured, must include a waiver of subrogation in favor of us and our affiliates, must be primary and non-contributing with any insurance carried by us or our affiliates, and must stipulate that we receive 30 days’ prior written notice of cancellation.

C. Point-of-sale software and hardware, and related software and hardware. You must purchase (or lease) the point-of-sale software and hardware, and related software and hardware, that we specify. See Item 11 for more details.

D. Merchant Processing. You must use EON Payment Processing as your merchant processor.

E. Grooming Supplies and Equipment. Senproco Inc. and Ryan’s Pet Supplies are our sole suppliers of certain grooming supplies and equipment.

F. Private Label Products. You will purchase certain private label products from us. Currently, those products are shampoo, dog treats, and printed materials.

G. Bank. You must use one of the following national banks in the operation of your business and payment of fees to us:

JP Morgan Chase
Bank of America
Citigroup
Wells Fargo
US Bancorp
PNC
Capital One
HSBC
BB&T

Fifth Third Bank

Us or our Affiliates as Supplier

You purchase our “Splash and Dash Groomerie & Boutique” private label products – shampoo, dog treats, and printed materials – from us. You purchase your bookkeeping service and your search engine optimization service through us. You also subscribe to our point-of-sale software system. Otherwise, neither we nor any affiliate is currently a supplier of any good or service that you must purchase, although we reserve to the right to be a supplier (or the sole supplier) of a good or service in the future.

Ownership of Suppliers

None of our officers owns an interest in any supplier to our franchisees.

Alternative Suppliers

If you want to use a supplier that is not on our list of approved suppliers, you must request our approval in writing. We will grant or revoke approvals of suppliers based on criteria appropriate to the situation, which may include evaluations of the supplier’s capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Our criteria for approving suppliers are not available to you. There is no fee for us to review or approve an alternate supplier. We permit you to contract with alternative suppliers who meet our criteria only if you request our approval in writing, and we grant approval. We will provide you with written notification of the approval or disapproval of any supplier you propose within 30 days after receipt of your request. We may grant approvals of new suppliers or revoke past approvals of suppliers on written notice to you, or by updating our Manual.

Issuing Specifications and Standards

We issue specifications and standards to you for applicable aspects of the franchise in our Manual and/or in written directives. We may issue new specifications and standards for any aspect of our brand system, or modify existing specifications and standards, at any time by revising our Manual and/or issuing new written directives (which may be communicated to you by any method we choose). We will generally (but are not obligated to) issue new or revised specifications only after thorough testing in our headquarters, in company-owned or franchisee-owned outlets, and/or a limited market test in multiple units.

Revenue to Us and Our Affiliates

We will derive revenue from the required purchases and leases by franchisees. Our total revenue in 2018 was \$2,114,752. We received \$130,768 from sales of private label products to franchisees. The percentage of our total revenues that were from required purchases or leases in the prior fiscal year was .061%.

Proportion of Required Purchases and Leases

We estimate that the required purchases and leases to establish your business are 25% to 50% of your total purchases and leases to establish your business.

We estimate that the required purchases and leases of goods and services to operate your business are 20% to 35% of your total purchases and leases of goods and services to operate your business.

Payments by Designated Suppliers to Us

You will purchase shop supplies through our internal e-commerce site. You pay us directly for items listed on the site. For Senproco items, we receive 10% discount from the listed price and pass 5% of the discount on to you.

Purchasing or Distribution Cooperatives

No purchasing or distribution cooperative currently exists.

Negotiated Arrangements

We have negotiated a discounted purchasing arrangement on dog food from Phillips Pet Food and Supplies.

Benefits Provided to You for Purchases

We do not provide any material benefit to you based on your purchase of particular goods or services, or your use of particular suppliers.

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 disclosure document.

Obligation	Section in agreement	Disclosure document item
a. Site selection and acquisition/lease	§ 6.1, § 6.2	Item 11
b. Pre-opening purchase/leases	§§ 6.2, 6.3	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	Article 6	Items 5, 7, 8 and 11
d. Initial and ongoing training	§§ 5.4, 6.5, 7.6	Items 5, 6, 8 and 11
e. Opening	§§ 6.6, 6.7	Items 7, 8 and 11

Obligation	Section in agreement	Disclosure document item
f. Fees	Article 4, §§ 5.5, 7.3, 7.8, 7.15, 10.5, 11.1, 11.2, 11.3, 15.2, 16.1, 17.6	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	§§ 6.3, 7.1, 7.3, 7.5, 7.7, 7.9 – 7.14, 7.16, 10.1, 10.4, 11.1	Items 8, 11 and 14
h. Trademarks and proprietary information	Article 12, § 13.1	Items 13 and 14
i. Restrictions on products/services offered	§ 7.3	Items 8, 11 and 16
j. Warranty and customer service requirements	§§ 7.7, 7.8, 7.9	Item 8
k. Territorial development and sales quotas	§ 7.3	Items 6 and 12
l. Ongoing product/service purchases	Article 8	Items 6 and 8
m. Maintenance, appearance, and remodeling requirements	§§ 3.2, 7.13, 7.14, 15.2	Items 6, 7 and 8
n. Insurance	§ 7.16	Items 6, 7 and 8
o. Advertising	Article 9	Items 6, 7, 8 and 11
p. Indemnification	Article 16	Items 6 and 8
q. Owner’s participation/management/staffing	§ 2.4	Items 15
r. Records and reports	Article 10	Item 11
s. Inspections and audits	§§ 10.5, 11.2	Items 6 and 11
t. Transfer	Article 15	Items 6 and 17
u. Renewal	§ 3.2	Item 17
v. Post-termination obligations	Article 13, § 14.3	Item 17
w. Non-competition covenants	§ 13.2	Item 17
x. Dispute resolution	Article 17	Items 6 and 17

**Item 10
FINANCING**

We may offer direct financing for individual franchises as follows:

Revenue Now Program – In our discretion, we may allow you to participate in our “Revenue Now” program, in which we advance money on the following conditions:

Topic	Terms	Section in Note
What the financing covers	Operations	N/A
Lender	Us	Preamble
Amount of financing offered	\$1,000 - \$50,000	Schedule 1
Rate of interest	8-16%	Schedule 1
Number of payments	Monthly over a 3 to 120 month period	Schedule 1
Security interest	All assets of the franchised business	Section 5
Guarantor	You	N/A
Prepayment	At your discretion	Section 1
Potential liabilities on default	(A) Accelerated obligation to pay the entire amount due; (B) pay court costs and attorney's fees incurred in collecting the debt; (C) termination of the franchise.	Section 7
Waiver of rights	You waive any right to presentment for payment and other demands and notices. Otherwise, the promissory note does not require to you to waive defenses or other legal rights (for example, confession of judgment), and does not preclude you from asserting a defense against us.	Section 8
Sale or assignment of Promissory Note	We do not sell, assign, or discount to a third party all or part of the financing arrangement.	N/A
Consideration for placing financing with the lender	We do not receive any fees or other consideration for making the loan, other than a \$75 fee and interest.	Schedule 1

Multi-Unit Development Agreement - If you agree to develop multiple franchises by signing our Multi-Unit Development Agreement, then we will allow you to pay your initial franchise fees over time, on the following conditions:

Topic	Terms	Section in Note
What the financing covers	Initial franchise fee if you sign a Multi-Unit Development Agreement	N/A
Lender	Us	Preamble

Topic	Terms	Section in Note
Amount of financing offered	The franchise fee for 3 units is \$70,000. We will finance \$34,500 The franchise fee for 5 units is \$84,500. We will finance \$45,500	Section 1
Rate of interest	3 units: 3.5% 5 units: 1.2%	Section 2
Number of payments	3 units: 60 months payments of \$627.00 each 5 units: 96 monthly payments of \$497.30 each	Section 3
Security interest	None	N/A
Guarantor	You	N/A
Prepayment	Mandatory repayment of \$10,000 as follows: 3 units: upon signing 2 nd franchise agreement 5 units: upon signing 2 nd and 3 rd franchise agreements Optional: any time, without penalty	Sections 5 and 6
Potential liabilities on default	(A) Accelerated obligation to pay the entire amount due; (B) pay court costs and attorney's fees incurred in collecting the debt; (C) termination of the franchise; (D) loss of right to develop additional franchises.	Section 7
Waiver of rights	You waive any right to presentment for payment and other demands and notices. Otherwise, the promissory note does not require to you to waive defenses or other legal rights (for example, confession of judgment), and does not preclude you from asserting a defense against us.	Section 8
Sale or assignment of Promissory Note	We do not sell, assign, or discount to a third party all or part of the financing arrangement.	N/A
Consideration for placing financing with the lender	We do not receive any fees or other consideration for making the loan, other than interest.	N/A

Item 11
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

Our Pre-Opening Obligations

Before you open your business:

A. *Your site.* We will review and advise you regarding potential locations that you submit to us. (Section 5.4). If you sign a Multi-Unit Development Agreement, we will approve the location of future sites and territories for those sites, and our then-current standards for sites and territories will apply. We are not obligated to further assist you in locating a site or negotiating the purchase or lease of the site.

(i) We generally do not own your premises.

(ii) If your site is not already known and approved by us when you sign your franchise agreement, then we and you will specify in your franchise agreement the area in which you must select a site (Franchise Agreement, Summary Page). We do not select your site. Your site is subject to our approval. To obtain our approval, you must provide all information and documents about the site that we require.

(iii) The factors we consider in approving sites are general location and neighborhood, competition, trade area demographics, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms.

(iv) The time limit for us to approve or disapprove your proposed site is 30 days after you submit all of our required documents and information. (Section 6.1). If we and you cannot agree on a site, you will be unable to comply with your obligation to develop and open the franchise by the deadline stated in the franchise agreement. Unless we agree to extend the deadline, you will be in default and we may terminate your franchise agreement.

(v) We are not obligated to assist you in conforming the premises of your site to local ordinances and building codes and obtaining any required permits. This will be your responsibility.

B. *Constructing, remodeling, or decorating the premises.* We will provide you with a set of our standard building plans and specifications and/or standard recommended floor plans, and our specifications for required décor (Section 5.4). In our discretion, we may send an employee or contractor to perform certain build-out work, at your expense. (Section 6.4)

C. *Hiring and training employees.* We will provide you with our suggested staffing levels (Section 5.2), suggested guidelines for hiring employees (Section 5.2), operational instructions in the Manual which you can use as part of training new employees (Section 5.3), and our initial training program described below. Our grand opening support (as described below) includes assisting you in training employees. All hiring decisions and conditions of employment are your sole responsibility.

D. *Necessary equipment, signs, fixtures, opening inventory, and supplies.* We will provide you a list of our specifications and approved suppliers for equipment, signs, fixtures, opening inventory, and supplies necessary to open your business. (Section 5.4) We do not provide these items directly; we only provide the names of approved suppliers. We do not deliver

or install these items (except that if we provide construction assistance to you, our employee or contractor will install certain fixtures and signage) (Section 6.4).

- E. *Operating Manual.* We will give you access to our Operating Manual (Section 5.1).
- F. *Initial Training Program.* We provide our initial training program. (Section 5.4)
- G. *Business plan review.* If you request, we will review your pre-opening business plan and financial projections. (Section 5.4).
- H. *Grand opening marketing plan.* We will advise you regarding the planning and execution of your grand opening marketing plan. (Section 5.4).
- I. *On-site opening support.* We will have a representative provide on-site support for at least five days in connection with your grand opening. (Section 5.4).

Length of Time to Open

The typical length of time between signing the franchise agreement and the opening of your business is 180 days. Factors that may affect the time period include your ability to obtain a lease, obtaining financing, obtaining business permits and licenses, hiring employees, and shortages, or delayed installation of equipment, fixtures, and signs.

Our Post-Opening Obligations

After you open your business:

- A. *Developing products or services you will offer to your customers.* Although it is our intent and practice to refine and develop products or services that you will offer to your customers, the franchise agreement does not obligate us to do so.
- B. *Hiring and training employees.* We will provide you with our suggested staffing levels (Section 5.2), suggested guidelines for hiring employees (Section 5.2), and operational instructions in the Manual which you can use as part of training new employees (Section 5.3). All hiring decisions and conditions of employment are your sole responsibility.
- C. *Improving and developing your business; resolving operating problems you encounter.* If you request, we will provide advice to you (by telephone or electronic communication) regarding improving and developing your business, and resolving operating problems you encounter, to the extent we deem reasonable. If we provide in-person support in response to your request, we may charge a fee (currently \$600 per day) plus any out-of-pocket expenses (such as travel, lodging, and meals for our employees providing onsite support). (Section 5.5).
- D. *Establishing prices.* You will offer pet grooming memberships to your customers at the price we set, unless we approve your request for a different price (or unless applicable law

prohibits us from setting the prices) (Section 7.4). We provide recommended prices for other products and services. (Section 5.5).

E. *Splash and Dash POS System.* In exchange for our POS System Fee, we will license you our proprietary Splash and Dash POS software system, or any replacement or upgraded system. (Section 4.3)

F. *Bookkeeping.* In exchange for our Bookkeeping Fee, we (or an outside vendor) will provide your business with bookkeeping services. We have the right to cease collecting this fee and to cease providing the bookkeeping service. (Section 4.3)

G. *Establishing and using administrative and inventory control procedures.* We will provide you our recommended procedures for administration and inventory control. (Section 5.5). We may make any such procedures part of required (and not merely recommended) procedures for our system.

H. *Marketing Fund.* We will administer the Marketing Fund (Section 5.5). We will prepare an unaudited annual financial statement of the Marketing Fund within 120 days of the close of our fiscal year and will provide the financial statement to you upon request. (Section 9.3)

I. *Website.* We will maintain a website for the Splash and Dash brand, which will include your business information and telephone number. (Section 5.5)

Advertising

Our obligation. We will use the Marketing Fund only for marketing and related purposes and costs. Media coverage is primarily local. We use outside vendors and consultants to produce advertising. We are not required to spend any amount of advertising in the area or territory where any particular franchisee is located. We will maintain the brand website (which will be paid for by the Marketing Fund). We provide search engine optimization services to you (see subparagraph (vii) below). We have no other obligation to conduct advertising.

Your own advertising material. You may use your own advertising or marketing material only with our approval. To obtain our approval, you must submit any proposed advertising or marketing material at least 14 days prior to use. If we do not respond, the material is deemed rejected. If you develop any advertising or marketing materials, we may use those materials for any purpose, without any payment to you.

Advertising council. We do not have an advertising council composed of franchisees. The franchise agreement does not give us the power to form an advertising council.

Local or Regional Advertising Cooperatives. We do not currently have any local or regional advertising cooperatives. We have the right to require you to participate in a local or regional advertising cooperative. We will define the area of the cooperative based on media markets, or other geographic criteria that we deem appropriate. Each franchisee in the area would have one vote per outlet (unless the franchisee is in default under its franchise agreement). The amount you must contribute to the cooperative will be determined by vote of the members, but

not less than 1% and not more than 5% of gross sales. If our own outlets are members of a cooperative, they must contribute to the cooperative on the same basis as franchisees, and they will vote on the same basis as other members. We administer the cooperative, but we have the right to delegate responsibility for administration to an outside company such as an advertising agency or accounting firm, or to the franchisee members of the cooperative. We have the right to require the cooperative to operate from written bylaws or other governing documents that we determine. The documents are not currently available for you to review. Cooperatives will prepare annual financial statements which will be available for review only by us and by the members of cooperative. We have the power to require cooperatives to be formed, changed, dissolved, or merged.

(v) *Advertising Fund.* You and all other franchisees who sign franchise agreements after November 1, 2016 must contribute to our Marketing Fund. Your contribution is up to 2% of gross sales per week. We are gradually increasing the Marketing Fund as follows:

- May 1, 2019: 0.75% of Gross Sales
- July 1, 2019: 1.0% of Gross Sales
- September 1, 2019: 1.25% of Gross Sales
- November 1, 2019: 1.5% of Gross Sales
- January 1, 2021: 1.75% of Gross Sales
- January 1, 2022: 2.0% of Gross Sales

We reserve the right to change this schedule. We reserve the right to have other franchisees contribute a different percentage or a different amount. Any outlets that we operate also contribute to the Marketing Fund on the same basis. We administer the fund. The fund is not audited. We will make unaudited annual financial statements available to you upon request. If not all marketing funds are spent in the fiscal year in which they accrue, the money will remain in the Marketing Fund to be spent in the next year. No money from the Marketing Fund will be spent principally to solicit new franchise sales.

In the most recently concluded fiscal year, did not collect or spend any Marketing Funds.

Grand opening marketing plan. You must develop a grand opening marketing plan and obtain our approval of the plan at least 30 days before the projected opening date of your business. You must spend at least \$12,000 on your grand opening marketing. When you sign a lease for your business, you must deposit \$12,000 with us to be used for your grand opening marketing campaign. We will use this deposit to pay vendors and/or to reimburse you for money spent on vendors for approved products and services for your grand opening marketing.

Required spending. You must spend at least 4% of your gross sales each month on marketing your business.

Point of Sale and Computer Systems

We require you use our proprietary Splash and Dash point-of-sale system. You will also need a computer and typical office applications (such as word processing, spreadsheets, and email).

The Splash and Dash POS system, referred to as “BackSplash” is critical to the day-to-day operations and management of your franchise. The system will help to track, manage, and analyze the following key areas of operations: employee management, payment processing, client management, reporting, automated marketing and security of information.

We estimate that a computer and related hardware and software systems will cost between \$2,000 and \$6,000 to purchase.

The Splash and Dash POS system costs \$34 per week. We are not obligated to provide any ongoing maintenance, repairs, upgrades, or updates. We do not require you enter into any such contract with a third party.

You must upgrade or update any system when we determine. There is no contractual limit on the frequency or cost of this obligation.

The annual cost of our Splash and Dash POS system plus any optional maintenance, updating, upgrading, or support contracts for your computer will be \$1,200 to \$2,000.

You must give us independent access to the information that will be generated or stored in these systems. The information that we may access will include sales, customer data, and reports. There is no contractual limitation on our right to access the information.

Operating Manual

See Exhibit I for the table of contents of our Operating Manual as of our last fiscal year end, with the number of pages devoted to each subject and the total number of pages in the Operating Manual.

Training Program

Our training program consists of the following:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Operations Overview: Manual/ Classroom and Overview, Management & Sales Techniques	8	-	Our headquarters in St. Petersburg, Florida
Field Operations Managing the Business and overview of the Staff Management	8	16	Our headquarters in St. Petersburg, Florida and Online Training
Office Applications I Financial Management / Vendors & Operational Supplies/ Monthly Reports/	4	-	Our headquarters in St. Petersburg, Florida and Online Training

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Office Applications II Business Practices & Responsibilities/ Accounting 101/ Splash and Dash Office Docs & Filing Systems	4	-	Our headquarters in St. Petersburg, Florida and Online Training
Marketing and Selling Generating leads for your business Building a clientele Managing the client relationships Selling the Services	16	24	Our headquarters in St. Petersburg, Florida and Online Training
TOTALS:	40	40	

Training classes will be scheduled in accordance with the needs of new franchisees. We anticipate holding training class four to six times per year. Training will be held at our offices and business location in St. Petersburg, Florida. We reserve the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the initial training program.

The instructional materials consist of the Operating Manual and other materials, lectures, discussions, and on-the-job demonstration and practice.

Training classes will be led by Dan Barton. His experience is described in Item 2. He has eight years of experience in our industry and six years of experience with us or our affiliates. If we use additional trainers, they will have at least one year of experience with us.

There is no fee to attend training. You must pay the travel and living expenses of people attending training.

You must attend training. You may send any additional persons to training that you want (up to a maximum of two additional people). You must complete training to our satisfaction at least four weeks before opening your business.

We do not currently require additional training programs or refresher courses, but we have the right to create additional training refresher courses at which your attendance will be mandatory.

Item 12 TERRITORY

Your Location

Your franchise is for a specific location. If the specific location is not known at the time you sign a franchise agreement, then your location is subject to our approval.

Grant of Territory

Your franchise agreement will specify a territory, which will be determined by us. Your territory will be a three-mile radius around your location or have a population of approximately 150,000 people, whichever is less. If your territory is not specified as radius around your location, we may use other boundaries (such as counties or other political boundaries, streets, geographical features, or trade area).

Relocation; Establishment of Additional Outlets

You do not have the right to relocate your business, and we have no obligation to approve any request for relocation. Our policy is to approve relocation of a franchisee's business on case-by-case basis, considering factors such as changes in demographics, profitability of your current business, or a loss of your premises due to circumstances beyond your control.

You do not have the right to establish additional franchised outlets unless you sign a Multi-Unit Development Agreement ("MUDA") in the form attached as Exhibit C to this disclosure document. If you and we sign a MUDA, then you will have the right establish a mutually-agreed number of additional outlets on mutually-agreed schedule. Under the MUDA, your right to develop additional outlets is subject to (1) you must comply with the mutually-agreed development schedule, (2) you must have sufficient financial and organizational capacity to develop, open, operate, and manage each additional Splash and Dash business, (3) you must be in compliance with all brand requirements at your open Splash and Dash business(es), and (4) you must not be in default under any other agreement with us. We will approve the location of future sites and territories for those sites, and our then-current standards for sites and territories will apply. You are not obligated to develop additional outlets under the MUDA, and you may terminate it any time without penalty. If you do not meet your development schedule in the MUDA, we have the right to terminate your right to develop additional outlets.

Options to Acquire Additional Franchises

You do not receive any options, rights of first refusal, or similar rights to acquire additional franchises.

Territory Protection

We grant you an exclusive territory in your franchise agreement. In your territory, we will not open a Splash and Dash outlet, nor license or franchise another party to open a Splash and Dash outlet. The continuation of your territorial protection does not depend on achieving a certain sales volume, market penetration, or other contingency. There are no circumstances that permit us to modify your territorial rights.

If you sign a MUDA, you do not receive an exclusive territory as an area developer. Therefore, with respect to a MUDA, we make the following disclosure: 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.

Restrictions on Us from Soliciting or Accepting Orders in Your Territory.

There are no restrictions on us from soliciting or accepting orders from consumers inside your territory. We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory using our principal trademarks or using trademarks different from the ones you will use under your franchise agreement. Without limiting the generality of the foregoing, we may sell pet foods and other products via our website to customers who reside in your territory. We do not pay any compensation to you for soliciting or accepting orders from inside your territory.

Soliciting by You Outside Your Territory

There are no restrictions on you from soliciting or accepting orders from consumers outside of your territory, except that (1) you may make sales only to in-store customers, and (2) all marketing and advertising is subject to your approval.

Competition by Us Under Different Trademarks

Neither we nor any of our affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark selling goods or services similar to those you will offer. However, the franchise agreement does not prohibit us from doing so.

**Item 13
TRADEMARKS**

Principal Trademark

The following is the principal trademark that we license to you. The trademark is owned by our owner, Dan Barton. It is registered on the Principal Register of the United States Patent and Trademark Office:

Trademark	Registration Date	Registration Number
	4986783	June 28, 2016
	5606528	November 13, 2018

Because the federal trademark registration is less than six years old, no affidavits are required at this time. The registration has not yet been renewed.

Determinations

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court. There are no pending infringement, opposition, or cancellation proceedings.

Litigation

There is no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

Agreements

There are no currently effective agreements that significantly limit our rights to use or license the use of trademarks listed above in a manner material to the franchise.

Protection of Rights

We protect your right to use the principal trademarks listed in this Item, and we protect you against claims of infringement or unfair competition arising out of your use of the trademarks, to the extent described in this section.

The franchise agreement obligates you to notify us of the use of, or claims of rights to, a trademark identical to or confusingly similar to a trademark licensed to you. The franchise agreement does not require us to take affirmative action when notified of these uses or claims. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you.

If you use our trademarks in accordance with the franchise agreement, then (i) we will defend you (at our expense) against any legal action by a third party alleging infringement by your use of the trademark, and (ii) we will indemnify you for expenses and damages if the legal action is resolved unfavorably to you.

Under the franchise agreement, we may require you to modify or discontinue using a trademark, at your expense.

Superior Prior Rights and Infringing Uses

We do not know of either superior prior rights or infringing uses that could materially affect your use of the principal trademarks.

Item 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

We do not own rights in, or licenses to, patents that are material to the franchise. We do not have any pending patent applications.

Copyrights

All of our original works of authorship fixed in a tangible medium of expression are automatically protected under the U.S. Copyright Act, whether or not we have obtained registrations. This includes our Operating Manual as well as all other sales, training, management and other materials that we have created or will create. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for your franchised business.

We do not have any registered copyrights. There are no pending copyright applications for our copyrighted materials. There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court regarding any copyright.

There are no agreements currently in effect that limit our right to use or license the use of our copyrighted materials.

We have no obligation to protect any of our copyrights or to defend you against claims arising from your use of copyrighted items. The franchise agreement does not require us to take affirmative action when notified of copyright infringement. We control any copyright litigation. We are not required to participate in the defense of a franchisee or indemnify a franchisee for expenses or damages in a proceeding involving a copyright licensed to the franchisee. We may require you to modify or discontinue using the subject matter covered by any of our copyrights.

We do not know of any copyright infringement that could materially affect you.

Proprietary Information

We have a proprietary, confidential Operating Manual and related materials that include guidelines, standards and policies for the development and operation of your business. We also claim proprietary rights in other confidential information or trade secrets that include all methods for developing and operating the business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

You (and your owners, if the franchise is owned by an entity) must protect the confidentiality of our Operating Manual and other proprietary information, and you must use our confidential information only for your franchised business. We may require your managers and key employees to sign confidentiality agreements.

Item 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Your Participation

You are not required to participate personally in the direct operation of your business. However, we recommend that you participate.

You must designate one person as your “Principal Executive”. The Principal Executive is the executive primarily responsible for your business and has decision-making authority on behalf of the business. The Principal Executive must own at least 10% of the business. The Principal Executive must complete our initial training program. The Principal Executive must complete any post-opening training programs that we develop in the future. The Principal Executive must make reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls), including regional or national brand conferences, that we require. The Principal Executive cannot fail to attend more than three consecutive required meetings.

If your business is owned by an entity, all owners of the business must sign our Guaranty and Non-Compete Agreement (see Attachment 2 to Exhibit B).

“On-Premises” Supervision

You are not required to personally conduct “on-premises” supervision (that is, act as general manager) of your business. However, we recommend on-premises supervision by you.

There is no limit on who you can hire as an on-premises supervisor. The general manager of your business (whether that is you or a hired person) must successfully complete our training program.

If the franchise business is owned by an entity, we do not require that the general manager own any equity in the entity.

Restrictions on Your Manager

If we request, you must have your general manager sign a confidentiality and non-compete agreement. We do not require you place any other restrictions on your manager.

Item 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale only goods and services that we have approved.

You must offer for sale all goods and services that we require. We have the right to change the types of authorized goods or services, and there are no limits on our right to make changes.

We do not restrict your access to customers, except that all sales must be made at or from your premises.

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 or other agreement	Summary
a. Length of the franchise term	Franchise Agreement (FA): § 3.1 Multi-Unit Development Agreement (MUDA): none	10 years from date of franchise agreement.
b. Renewal or extension of the term	FA: § 3.2 MUDA: none	You may obtain a successor franchise agreement for up to two additional 5-year terms.
c. Requirements for franchisee to renew or extend	FA: § 3.2 MUDA: none	<p>For our franchise system, “renewal” means that at the end of your term, you sign our successor franchise agreement for an additional 5-year term. You may be asked to sign a contract with materially different terms and conditions than your original contract.</p> <p>To renew, you must give advance notice to us; be in compliance with all contractual obligations to us and third parties; renovate to then-current standard; sign then-current form of franchise agreement and related agreements (including personal guaranty); sign general release (unless prohibited by applicable law).</p>
d. Termination by franchisee	FA: § 14.1 MUDA: § 4	<p>If we violate a material provision of the franchise agreement and fail to cure or to make substantial progress toward curing the violation within 30 days after notice from you.</p> <p>If you sign a MUDA, you may terminate it at any time.</p>
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	FA: § 14.2 MUDA: § 4	<p>We may terminate your agreement for cause, subject to any applicable notice and cure opportunity.</p> <p>If you sign a Multi-Unit Development Agreement, termination of your MUDA does not give us the right to terminate your franchise agreement. However, if your franchise</p>

Provision	Section in franchise or other agreement	Summary
		agreement is terminated, we have the right to terminate your MUDA.
g. "Cause" defined--curable defaults	FA: § 14.2 MUDA: none	Non-payment by you (10 days to cure); violate franchise agreement other than non-curable default (30 days to cure).
h. "Cause" defined--non-curable defaults	FA: § 14.2 MUDA: § 4	FA: Misrepresentation when applying to be a franchisee; knowingly submitting false information; bankruptcy; lose possession of your location; violation of law; violation of confidentiality; violation of non-compete; violation of transfer restrictions; slander or libel of us; refusal to cooperate with our business inspection; cease operations for more than 5 consecutive days; fail to generate \$10,000 in monthly membership after being open for one year; three defaults in 12 months; cross-termination; charge or conviction of a felony, or accusation of an act that is reasonably likely to materially and unfavorably affect our brand; any other breach of franchise agreement which by its nature cannot be cured. MUDA: Failure to meet development schedule; violation of franchise agreement or other agreement which gives us the right to terminate it.
i. Franchisee's obligations on termination/non-renewal	FA: §§ 14.3 – 14.6 MUDA: none	Pay all amounts due; return Manual and proprietary items; notify phone, internet, and other providers and transfer service; cease doing business; remove identification; purchase option by us.
j. Assignment of agreement by us	FA: § 15.1 MUDA: § 7	Unlimited
k. "Transfer" by franchisee - defined	FA: Article 1 MUDA: Background Statement	For you (or any owner of your business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the business, (ii) the franchise agreement, (iii) any direct or indirect ownership interest in the business, or (iv) control of the business.

Provision	Section in franchise or other agreement	Summary
l. Franchisor's approval of transfer by franchisee	FA: § 15.2 MUDA: § 7	No transfers without our approval.
m. Conditions for franchisor's approval of transfer	FA: § 15.2 MUDA: none	Pay \$15,000 transfer fee; buyer meets our standards; buyer is not a competitor of ours; buyer and its owners sign our then-current franchise agreement and guaranty; you've made all payments to us and are in compliance with the all contractual requirements; buyer completes training program; you sign a general release; business complies with then-current system specifications.
n. Franchisor's right of first refusal to acquire franchisee's business	FA: § 15.5 MUDA: none	If you want to transfer your business, we have a right of first refusal.
o. Franchisor's option to purchase franchisee's business	Not Applicable	
p. Death or disability of franchisee	FA: §§ 2.4, 11.1, 15.4 MUDA: none	If you die or become incapacitated, a new principal operator acceptable to us must be designated to operate the business, and your executor must transfer the business to an approved new owner within nine months. We have the right to temporarily operate the business if you die or become incapacitated.
q. Non-competition covenants during the term of the franchise	FA: § 13.2 MUDA: none	Neither you, any owner of the business, or any spouse of an owner may have ownership interest in, or be engaged or employed by, any competitor.
r. Non-competition covenants after the franchise is terminated or expires	FA: § 13.2 MUDA: none	For two years, no ownership or employment by a competitor located within five miles of your former territory or the territory of any other Splash and Dash business operating on the date of termination.
s. Modification of the agreement	FA: § 18.4 MUDA: § 7	No modification or amendment of the agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Manual or system specifications.
t. Integration/merger clause	FA: § 18.3	Only the terms of the franchise agreement and other written agreements are binding (subject

Provision	Section in franchise or other agreement	Summary
	MUDA: § 7	to state law). Any representations or promises outside of the disclosure document and written agreements may not be enforceable. However, no claim in made in any written agreement is intended to disclaim the express representations made in this disclosure document.
u. Dispute resolution by arbitration or mediation	FA: § 17.1 MUDA: § 7	All disputes are resolved by arbitration (except for injunctive relief) (subject to applicable state law).
v. Choice of forum	FA: §§ 17.1; 17.5 MUDA: § 7	Arbitration will take place where our headquarters is located (currently, St. Petersburg, Florida) (subject to applicable state law). Any legal proceedings not subject to arbitration will take place in the District Court of the United States, in the district where our headquarters is then located, or if this court lacks jurisdiction, the state courts of the state and county where our headquarters is then located (subject to applicable state law).
w. Choice of law	FA: § 18.8 MUDA: § 7	Florida (subject to applicable state law).

For additional disclosures required by certain states, refer to Exhibit K - State Addenda to Disclosure Document.

Item 18 PUBLIC FIGURES

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

Item 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its 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 Dan Barton, 2820 Scherer Dr. North, Suite 210, St. Petersburg, FL 33716, and (888) 232-2257, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20
OUTLETS AND FRANCHISEE INFORMATION

Table 1
Systemwide Outlet Summary
For years 2016 to 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 Change
Franchised	2016	9	13	+4
	2017	13	15	+2
	2018	15	13	-2
Company-Owned	2016	1	0	-1
	2017	0	0	0
	2018	0	0	0
Total Outlets	2016	10	13	+3
	2017	13	15	+2
	2018	15	13	-2

Table 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2016 to 2018

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Total	2016	1
	2017	1

Column 1 State	Column 2 Year	Column 3 Number of Transfers
	2018	2

**Table 3
Status of Franchised Outlets
For years 2016 to 2018**

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Termi- Nations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at End of the Year
CA	2016	1	0	0	0	0	0	1
	2017	1	1	0	0	0	0	2
	2018	2	0	0	0	0	1	1
FL	2016	0	1	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	1	0	0	0	0
GA	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
ID	2016	0	1	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
IL	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
LA	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
MD	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
MI	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Termi- Nations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at End of the Year
NC	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
NC	2016	3	0	0	0	0	0	0
	2017	3	0	0	0	0	1	2
	2018	2	0	0	0	0	0	2
OK	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	1	0	0	0	0
TX	2016	1	2	0	0	0	0	3
	2017	3	0	0	0	0	0	3
	2018	3	0	0	0	0	1	2
Totals	2016	9	4	0	0	0	0	13
	2017	13	3	0	0	0	1	15
	2018	15	2	2	0	0	2	13

Table 4
Status of Company-Owned Outlets
For years 2016 to 2018

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired From Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
New York	2016	1	0	0	1	0	0
	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0
Totals	2016	1	0	0	1	0	0
	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0

Table 5
Projected Openings As Of December 31, 2018

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets In The Next Fiscal Year	Column 5 Projected New Company- Owned Outlets In the Next Fiscal Year
California	1	2	-
Georgia	-	2	-
Idaho	-	1	-
Louisiana	-	1	-
North Carolina	-	3	-
Texas	-	3	-
Totals	1	12	0

Current Franchisees

Exhibit J contains the names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets.

Former Franchisees

Exhibit J contains the name, city and state, and 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 the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date.

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

Confidentiality Clauses

In the last three fiscal years, no franchisees have signed any contract, order, or settlement provision that directly or indirectly restricts a current or former franchisee from discussing his or her personal experience as a franchisee in our system with any prospective franchisee.

Franchisee Organizations

There are no trademark-specific franchisee organizations associated with our franchise system.

Item 21
FINANCIAL STATEMENTS

Exhibit H contains our audited financial statements dated as of December 31, 2018, December 31, 2017, and December 31, 2016, and our unaudited interim financial statements for the period from January 1, 2019 through March 31, 2019.

Item 22
CONTRACTS

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

- B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
- C. Multi-Unit Development Agreement
- D. Financing Documents
- E. Refundable Deposit Agreement
- F. Rider to Lease Agreement
- G. Form of General Release
- L. State Addenda to Agreements

Item 23
RECEIPTS

Detachable documents acknowledging your receipt of this disclosure document are attached as the last two pages of this disclosure document.

EXHIBIT A

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

We may register this Disclosure Document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Commissioner of Business Oversight Department of Business Oversight 1515 K Street Suite 200 Sacramento, CA 95814-4052 866-275-2677	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, HI 96810 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	

State	State Administrator	Agent for Service of Process (if different from State Administrator)
Minnesota	Minnesota Department of Commerce Securities-Franchise Registration 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Commissioner of Commerce Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500
New York	New York State Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, NY 10005 212-416-8236	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex-69-1 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563	
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760
Wisconsin	Division of Securities Department of Financial Institutions Post Office Box 1768 Madison, WI 53701 (608) 266-2801	Securities and Franchise Registration Wisconsin Securities Commission 201 West Washington Avenue, Suite 300 Madison, WI 53703

EXHIBIT B
FRANCHISE AGREEMENT



Splash and Dash
GROOMERIE & BOUTIQUE

FRANCHISE AGREEMENT

SUMMARY PAGE

- | | |
|---------------------------------|----------|
| 1. Franchisee | _____ |
| 2. Initial Franchise Fee | \$48,500 |
| 3. Development Area | _____ |
| 4. Business Location | _____ |
| 5. Territory | _____ |
| 6. Opening Deadline | _____ |
| 7. Principal Executive | _____ |
| 8. Franchisee's Address | _____ |

FRANCHISE AGREEMENT

This Agreement is made between SD Franchise, LLC, a Florida limited liability company (“SD Franchise”), and effective as of the date signed by SD Franchise (the “Effective Date”).

Background Statement:

A. SD Franchise has created and owns a system (the “System”) for developing and operating a business selling pet products, pet grooming and bathing, and related services under the trade name “Splash and Dash Groomerie & Boutique” (“Splash and Dash”).

B. The System includes (1) methods, standards, and procedures for developing and operating a Splash and Dash business, (2) plans, specifications, equipment, signage and trade dress for Splash and Dash businesses, (3) particular products and services, (4) the Marks, (5) training programs, (6) business knowledge, (7) marketing plans and concepts, and (8) other mandatory or optional elements as determined by SD Franchise from time to time.

C. The parties desire that SD Franchise license the Marks and the System to Franchisee for Franchisee to develop and operate a Splash and Dash business on the terms and conditions of this Agreement.

ARTICLE 1. DEFINITIONS

“**Action**” means any action, suit, proceeding, claim, demand, governmental investigation, governmental inquiry, judgment or appeal thereof, whether formal or informal.

“**Approved Vendor**” means a supplier, vendor, or distributor of Inputs which has been approved by SD Franchise.

“**Business**” means the Splash and Dash business owned by Franchisee and operated under this Agreement.

“**Competitor**” means any business which offers pet products, pet grooming, or pet bathing.

“**Confidential Information**” means all non-public information of or about the System, SD Franchise, and any Splash and Dash business, including all methods for developing and operating the Business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

“**Gross Sales**” means the total dollar amount of all sales generated through the Business for a given period, including, but not limited to, payment for any services or products sold by Franchisee, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected by Franchisee, (iii) sales of used equipment not in the ordinary course of business, or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales). In SD Franchise’s discretion, if Franchisee sells any products or services at a discounted amount (by coupons or otherwise) from

its standard prices without SD Franchise’s prior approval, SD Franchise may calculate Gross Sales as if Franchisee had sold such products or services at standard prices.

“**Input**” means any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Business.

“**Location**” means the location stated on the Summary Page. If no location is stated on the Summary Page, then the Location will be determined in accordance with Section 6.1.

“**Losses**” includes (but is not limited to) all losses; damages; fines; charges; expenses; lost profits; reasonable attorneys’ fees; travel expenses, expert witness fees; court costs; settlement amounts; judgments; loss of SD Franchise’s reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

“**Manual**” means SD Franchise’s confidential Operating Manual(s), including any supplements, additions, or revisions from time to time, which may be in any form or media.

“**Marketing Fund**” means the fund established by SD Franchise into which Marketing Fund Contributions are deposited.

“**Marks**” means the trade name and logo contained on the Summary Page, and all other trade names, trademarks, service marks and logos specified by SD Franchise from time to time for use in a Splash and Dash business.

“**Owner**” means each person or entity which directly or indirectly owns or controls any equity of Franchisee. If Franchisee is an individual person, then “Owner” means Franchisee.

“**Remodel**” means a refurbishment, renovation, and remodeling of the Location to conform to the building design, exterior facade, trade dress, signage, fixtures, furnishings, equipment, decor, color schemes, presentation of the Marks, and other System Standards in a manner consistent with the image then in effect for a new Splash and Dash business.

“**Required Vendor**” means a supplier, vendor, or distributor of Inputs which SD Franchise requires franchisees to use.

“**System Standards**” means, as of any given time, the then-current mandatory procedures, requirements, and/or standards of the System as determined by SD Franchise, which may without limitation, any procedures, requirements and/or standards for appearance, business metrics, cleanliness, customer service, design (such as construction, decoration, layout, furniture, fixtures and signs), equipment, inventory, marketing and public relations, operating days, operating hours, presentation of Marks, product offerings, quality of products and services (including any guaranty and warranty programs), reporting, safety, service offerings, technology (such as computers, computer peripheral equipment, smartphones, point-of-sale systems, back-office systems, information management systems, security systems, video monitors, other

software, backup and archiving systems, communications systems (including email, audio, and video systems), payment acceptance systems, and internet access, as well as upgrades, supplements, and modifications thereto), uniforms, and vehicles.

“**Territory**” means the territory stated on the Summary Page. If no territory is stated on the Summary Page, then the Territory is determined in accordance with Section 6.1.

“**Transfer**” means for Franchisee (or any Owner of Franchisee) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the Business, (ii) this Agreement, (iii) any direct or indirect ownership interest in the Business, or (iv) control of the Business.

ARTICLE 2. GRANT OF LICENSE

2.1 Grant. SD Franchise grants to Franchisee the right to operate a Splash and Dash business solely at the Location. If no Location is stated on the Summary Page when this Agreement is signed, then the parties will determine the Location in accordance with Section 6.1. Franchisee shall develop, open and operate a Splash and Dash business at the Location for the entire term of this Agreement.

2.2 Protected Territory. SD Franchise shall not establish, nor license the establishment of, another Splash and Dash business within the Territory. SD Franchise retains the right to:

- (i) establish and license others to establish and operate Splash and Dash businesses outside the Territory, notwithstanding their proximity to the Territory or their impact on the Business;
- (ii) operate and license others to operate businesses anywhere that do not operate under the Splash and Dash brand name; and
- (iii) sell and license others to sell products and services in the Territory through channels of distribution (including the internet) other than Splash and Dash outlets. Without limiting the generality of the foregoing, Franchisee acknowledges that SD Franchise may sell pet food and other pet products on the internet for delivery to customers in the Territory.

2.3 Franchisee Control. Franchisee represents that Attachment 1 (i) identifies each owner, officer and director of Franchisee, and (ii) describes the nature and extent of each owner’s interest in Franchisee. If any information on Attachment 1 changes (which is not a Transfer), Franchisee shall notify SD Franchise within 10 days.

2.4 Principal Executive. Franchisee agrees that the person designated as the “Principal Executive” on the Summary Page is the executive primarily responsible for the Business and has decision-making authority on behalf of Franchisee. The Principal Executive must have at least 10% ownership interest in Franchisee. The Principal Executive does not have to serve as a day-to-day general manager of the Business, but the Principal Executive must devote substantial time and attention to the Business. If the Principal Executive dies, becomes incapacitated, transfers

his/her interest in Franchisee, or otherwise ceases to be the executive primarily responsible for the Business, Franchisee shall promptly designate a new Principal Executive, subject to SD Franchise's reasonable approval.

2.5 Guaranty. If Franchisee is an entity, then Franchisee shall have each Owner sign a personal guaranty of Franchisee's obligations to SD Franchise, in the form of Attachment 2.

2.6 No Conflict. Franchisee represents to SD Franchise that Franchisee and each of its Owners (i) are not violating any agreement (including any confidentiality or non-competition covenant) by entering into or performing under this Agreement, (ii) are not a direct or indirect owner of any Competitor, and (iii) are not listed or "blocked" in connection with, and are not in violation under, any anti-terrorism law, regulation, or executive order.

ARTICLE 3. TERM

3.1 Term. This Agreement commences on the Effective Date and continues for 10 years.

3.2 Successor Agreement. When the term of this Agreement expires, Franchisee may enter into a successor agreement for up to two additional periods of five years each, subject to the following conditions prior to each expiration:

- (i) Franchisee notifies SD Franchise of the election to renew between 90 and 180 days prior to the end of the term;
- (ii) Franchisee (and its affiliates) are in compliance with this Agreement and all other agreements with SD Franchise (or any of its affiliates) at the time of election and at the time of renewal;
- (iii) Franchisee has made or agrees to make (within a period of time acceptable to SD Franchise) renovations and changes to the Business as SD Franchise requires to conform to the then-current System Standards (including a Remodel, if applicable);
- (iv) Franchisee and its Owners execute SD Franchise's then-current standard form of franchise agreement and related documents (including personal guaranty), which may be materially different than this form (including, without limitation, higher and/or different fees), except that Franchisee will not pay another initial franchise fee and will not receive more renewal or successor terms than described in this Section; and
- (v) Franchisee and each Owner executes a general release (on SD Franchise's then-standard form) of any and all claims against SD Franchise, its affiliates, and their respective owners, officers, directors, agents and employees.

ARTICLE 4. FEES

4.1 Initial Franchise Fee. Upon signing this Agreement, Franchisee shall pay an initial franchise fee in the amount stated on the Summary Page. This initial franchise fee is not refundable.

4.2 Royalty Fee. Franchisee shall pay SD Franchise a weekly royalty fee (the “Royalty Fee”) equal to 6.5% of Gross Sales. The Royalty Fee for any given week is due on the first Tuesday of the following week.

4.3 Service Fees.

(a) Development Assistance. If SD Franchise and Franchisee mutually agree that SD Franchise will conduct store design and construction on behalf of Franchisee, and/or SD Franchise will purchase pre-opening equipment, inventory and other tangible items on behalf of Franchisee, then Franchisee will pay all costs thereof. SD Franchise reserve the right to charge a reasonable fee for this assistance. Franchisee is not obligated to purchase such services and items from SD Franchise, and SD Franchise is not obligated to provide these service and items to Franchisee.

(b) Software License Fee. Beginning when Business opens to the public, Franchisee shall pay SD Franchise a weekly fee to license SD Franchise’s proprietary point-of-sale software system (the “Software License Fee”) equal to \$23. Franchisee acknowledges that SD Franchise may contract with an outside vendor to provide this service to Franchisee. SD Franchise may at any time cease collecting this fee and cease providing the bookkeeping service.

(c) Bookkeeping Fee. Beginning when Business opens to the public, Franchisee shall pay SD Franchise a weekly fee for bookkeeping services (the “Bookkeeping Fee”) equal to \$150. Franchisee acknowledges that SD Franchise may contract with an outside vendor to provide this service to Franchisee. SD Franchise may at any time cease collecting this fee and cease providing the bookkeeping service.

(d) Online Sales Commission. If SD Franchise sells memberships or other products or services via the internet on behalf of Franchisee, SD Franchise may retain a commission. For monthly memberships, the commission will equal one month membership. SD Franchise may raise the commission up to 1.5 times the price of one month membership.

(e) Fee Adjustments. SD Franchise may raise the Bookkeeping Fee and Software License Fee up to 5% in each calendar year.

(f) Deep Cleaning Inspection Fee. In connection with Franchisee’s obligations as set forth in Section 7.13(b), Franchisee will pay SD Franchise a Deep Cleaning Inspection Fee of \$450 which inspection by SD Franchise must occur no less than 90 days prior to the scheduled three-day closing.

4.4 Marketing Contributions.

(a) **Marketing Fund Contribution.** Franchisee shall pay SD Franchise a contribution to the Marketing Fund (the “Marketing Fund Contribution”) equal to 2% of Franchisee’s Gross Sales (or such lesser amount as SD Franchise determines), at the same time as the Royalty Fee.

(b) **Marketing Cooperative Contribution.** If the Business participates in a Marketing Cooperative, then Franchisee shall contribute to the Marketing Cooperative a percentage of Gross Sales (or other amount) determined by the Market Cooperative.

4.5 Opening Support. Franchisee shall pay the hotel expenses of the grand opening support representative provided by SD Franchise in accordance with Section 5.4(f). In addition, if SD provides more than three day of opening support, Franchisee shall pay \$400 per person per day.

4.6 Replacement / Additional Training Fee. If Franchisee sends an employee to SD Franchise’s training program after opening, SD Franchise may charge its then-current training fee. As of the date of this Agreement, the training fee is \$500 per person.

4.7 Third Party Vendors. If SD Franchise requires Franchisee to use a designated third-party vendor, SD Franchise has the right (but not the obligation) to collect payment on behalf of the vendor and remit the payment to the vendor. If SD Franchise does so, it may impose a reasonable markup or charge for administering the payment program.

4.8 Non-Compliance Fee. SD Franchise may charge Franchisee \$250 for any instance of non-compliance with the System Standards or this Agreement (other than Franchisee’s non-payment of a fee owed to SD Franchise). If such non-compliance is ongoing, SD Franchise may charge Franchisee \$250 per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of SD Franchise’s internal cost of personnel time attributable to addressing the non-compliance, and is not a penalty or estimate of all damages arising from Franchisee’s breach. The non-compliance fee is in addition to all of SD Franchise’s other rights and remedies (including default and termination under Section 14.2).

4.9 Reimbursement. SD Franchise may (but is never obligated to) pay on Franchisee’s behalf any amount that Franchisee owes to a supplier or other third party. If SD Franchise does so or intends to do so, Franchisee shall pay such amount plus a 10% administrative charge to SD Franchise within 15 days after invoice by SD Franchise accompanied by reasonable documentation.

4.10 Payment Terms.

(a) **Method of Payment.** Franchisee shall pay the Royalty Fee, Marketing Fund Contribution, and any other amounts owed to SD Franchise by any the following methods as chosen by SD Franchise (i) authorizing SD Franchise to receive all payments from Franchisee’s merchant processor, and to deduct amounts owed to SD Franchise before SD Franchise forwards the remaining balance to Franchisee, (2) by authorized pre-authorized bank draft, or (3) in such other manner as SD Franchise may require. Franchisee shall complete all documentation that SD Franchise may require to implement the payment system.

(b) Calculation of Fees. Franchisee shall report weekly Gross Sales to SD Franchise by Tuesday of the following week. Franchisee acknowledges that SD Franchise has the right to remotely access Franchisee's point-of-sale system to calculate Gross Sales.

(c) Late Fees and Interest. If Franchisee does not make a payment on time, Franchisee shall pay a \$100 "late fee" plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law).

(d) Insufficient Funds. SD Franchise may charge \$50 for any payment returned for insufficient funds (or, if such amount exceeds the maximum allowed by law, then the fee allowed by law).

(e) Costs of Collection. Franchisee shall repay any costs incurred by SD Franchise (including reasonable attorney fees) in attempting to collect payments owed by Franchisee.

(f) Application. SD Franchise may apply any payment received from Franchisee to any obligation and in any order as SD Franchise may determine, regardless of any designation by Franchisee.

(g) Obligations Independent; No Set-Off. The obligations of Franchisee to pay to SD Franchise any fees or amounts described in this Agreement are not dependent on SD Franchise's performance and are independent covenants by Franchisee. Franchisee shall make all such payments without offset or deduction.

ARTICLE 5. ASSISTANCE

5.1 Manual. SD Franchise shall make its Manual available to Franchisee.

5.2 Assistance in Hiring Employees. SD Franchise shall provide its suggested staffing levels to Franchisee. SD Franchise shall provide suggested guidelines for hiring employees. All hiring decisions and conditions of employment are Franchisee's sole responsibility.

5.3 Assistance in Training Employees. SD Franchise shall, to the extent it deems appropriate, provide programs for Franchisee to conduct training of new employees.

5.4 Pre-Opening Assistance.

(a) Selecting Location. SD Franchise shall provide its criteria for Splash and Dash locations to Franchisee. SD Franchise will review and advise Franchisee regarding potential locations submitted by Franchisee.

(b) Pre-Opening Plans, Specifications, and Vendors. Within a reasonable period of time after the Effective Date, SD Franchise shall provide Franchisee with (i) SD Franchise's sample set of standard building plans and specifications and/or standard recommended floor plans; (ii) the applicable System Standards, (iii) other specifications as SD Franchise deems appropriate (which may include specifications regarding inventory, supplies, materials, and other matters), and (iv) SD Franchise's lists of Approved Vendors and/or Required Vendors.

(c) Business Plan Review. If requested by Franchisee, SD Franchise shall review and advise on Franchisee's pre-opening business plan and financial projections. **Franchisee acknowledges that SD Franchise accepts no responsibility for the performance of the Business.**

(d) Pre-Opening Training. SD Franchise shall make available its standard pre-opening training to the Principal Executive and up to two other employees, at SD Franchise's headquarters and/or at a Splash and Dash business designated by SD Franchise. SD Franchise shall not charge any fee for this training. Franchisee is responsible for its own travel, lodging, meal, and other out-of-pocket expenses. SD Franchise reserves the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the program.

(e) Grand Opening Marketing Plan. SD Franchise shall advise Franchisee regarding the planning and execution of Franchisee's grand opening marketing plan.

(f) On-Site Opening Assistance. SD Franchise shall have a representative support Franchisee's grand opening with at least five days of onsite opening training and assistance.

5.5 Post-Opening Assistance.

(a) Advice, Consulting, and Support. If Franchisee requests, SD Franchise will provide advice to Franchisee (by telephone or electronic communication) regarding improving and developing Franchisee's business, and resolving operating problems Franchisee encounters, to the extent SD Franchise deems reasonable. If SD Franchise provides in-person support in response to Franchisee's request, SD Franchise may charge its then-current fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).

(b) Pricing. Upon request, SD Franchise will provide recommended prices for products and services offered by franchisees of the System.

(c) Procedures. SD Franchise will provide Franchisee with SD Franchise's recommended administrative, bookkeeping, accounting, and inventory control procedures. SD Franchise may make any such procedures part of required (and not merely recommended) System Standards.

(d) Marketing. SD Franchise shall manage the Marketing Fund.

(e) Internet. SD Franchise shall maintain a website for Splash and Dash, which will include Franchisee's location (or territory) and telephone number.

ARTICLE 6. LOCATION, DEVELOPMENT, AND OPENING

6.1 Determining Location and Territory. If the Location and Territory are not stated on the Summary Page:

(i) Franchisee shall find a potential Location within the Development Area described on the Summary Page and submit its proposed Location to SD Franchise for acceptance, with all

related information SD Franchise may request. If SD Franchise does not accept the proposed Location in writing within 30 days, then it is deemed rejected.

(ii) When SD Franchise accepts the Location, it shall issue a Location Acceptance Letter in the form of Attachment 2 which states the Location and Territory. SD Franchise shall determine the Territory in its good faith discretion, substantially in accordance with Item 12 of the Franchise Disclosure Document.

(iii) SD Franchise's advice regarding or acceptance of a site is not a representation or warranty that the Business will be successful, and SD Franchise has no liability to Franchisee with respect to the location of the Business.

6.2 Lease. In connection with any lease between Franchisee and the landlord of the Location: (i) if requested by SD Franchise, Franchisee must submit the proposed lease to SD Franchise for written approval, (ii) the term of the lease (including renewal terms) must be for a period of not less than the term of this Agreement, and (iii) Franchisee shall obtain a rider to the lease signed by the landlord to the Location, on the form required by SD Franchise.

6.3 Development. Franchisee shall construct (or remodel) and finish the Location in conformity with SD Franchise's System Standards. If required by SD Franchise, Franchisee shall engage the services of an architect licensed in the jurisdiction of the Location. Franchisee shall not begin any construction or remodeling work without first obtaining SD Franchise's approval of Franchisee's plans. SD Franchise may, but is not required to, inspect Franchisee's construction or remodeling progress at any reasonable time. Franchisee shall not rely upon any information provided or opinions expressed by SD Franchise or its representatives regarding any architectural, engineering, or legal matters (including without limitation the Americans With Disabilities Act) in the development and construction of the Business, and SD Franchise assumes no liability with respect thereto. SD Franchise's inspection and/or approval to open the Business is not a representation or a warranty that the Business has been constructed in accordance with any architectural, engineering or legal standards.

6.4 Construction Assistance. In the sole discretion of SD Franchise, SD Franchise may send an employee or contractor to assist Franchisee with certain build-out tasks. Franchisee shall reimburse SD Franchise for all travel costs (including meals and lodging), plus an hourly or daily rate for services performed by SD Franchise.

6.5 New Franchisee Training. Franchisee's Principal Executive (and Franchisee's general manager, if the Principal Executive will not be operating the business on a day-to-day level) must complete SD Franchise's training program for new franchisees to the satisfaction of SD Franchise at least four weeks before opening the Business.

6.6 Conditions to Opening. Franchisee shall notify SD Franchise at least 30 days before Franchisee intends to open the Business to the public. Before opening, Franchisee must satisfy all of the following conditions: (1) Franchisee is in compliance with this Agreement, (2) Franchisee has obtained all applicable governmental permits and authorizations, (3) the Business conforms to all applicable System Standards, (4) SD Franchise has inspected and approved the Business, (5) Franchisee has hired sufficient employees, (6) Franchisee's officers and employees

have completed all of SD Franchise's required pre-opening training; (7) Franchisee has conducted the grand opening marketing campaign required under Section 9.6, and (8) SD Franchise has given its written approval to open, which will not be unreasonably withheld.

6.7 Opening Date. Franchisee shall open the Business to the public on or before the date stated on the Summary Page.

ARTICLE 7. OPERATIONS

7.1 Compliance with Manual and System Standards. Franchisee shall at all times and at its own expense comply with all mandatory obligations contained in the Manual and with all other all System Standards.

7.2 Compliance with Law. Franchisee and the Business shall comply with all laws and regulations. Franchisee and the Business shall obtain and keep in force all governmental permits and licenses necessary for the Business.

7.3 Products, Services, and Methods of Sale.

(a) Generally. Franchisee shall offer all products and services, and only those products and services, from time to time prescribed by SD Franchise in the Manual or otherwise in writing. Franchisee shall make sales only to retail customers, and only at the Location. Unless otherwise approved or required by SD Franchise, Franchisee shall not make sales by any other means, including without limitation by wholesale, by delivery, by mail order or over the internet, or at temporary or satellite locations. Franchisee shall perform all services in a high-quality manner that meets or exceeds the customer's reasonable expectations and any applicable System Standards. Franchisee shall implement any customer satisfaction guaranties or similar commitments regarding products and/or services that SD Franchise may require.

(b) Memberships. Franchisee shall offer, promote, and sell memberships to Splash & Dash, on the terms and conditions (including services and discounts included in membership) specified by SD Franchise. Franchisee shall comply with all System Standards related to memberships determined by SD Franchise from time to time. Beginning in the 13th full calendar month after the Business opens, Franchisee must generate Gross Sales of at least \$10,000 from memberships each month. If Franchisee fails to meet such minimum in any month, then (i) the Royalty Fee will increase to 9.5% of Gross Sales until the \$10,000 per month threshold is met, and (ii) SD Franchise will have the right to declare Franchisee in default of this Agreement.

7.4 Prices. SD Franchise has the right to set standard required pricing for memberships, which Franchisee must offer unless SD Franchise approves a request for different pricing. Notwithstanding the foregoing, SD Franchise has no right to (and will not) set prices for memberships where such action would violate applicable law. Franchisee has the right to determine the prices of all other products and services it sells.

7.5 Personnel.

(a) Service. Franchisee shall cause its personnel to render competent and courteous service to all customers and members of the public.

(b) Appearance. Franchisee shall cause its personnel to comply with any dress attire, uniform, personal appearance and hygiene standards set forth in the Manual.

(c) Qualifications. SD Franchise may set minimum qualifications for categories of employees employed by Franchisee.

(d) Sole Responsibility. Franchisee is solely responsible for the terms and conditions of employment of all of its personnel, including recruiting, hiring, training, scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and SD Franchise are not joint employers, and no employee of Franchisee will be an agent or employee of SD Franchise.

7.6 Post-Opening Training. SD Franchise may at any time require that the Principal Executive and/or any other employees complete training programs, in any format and in any location determined by SD Franchise. SD Franchise may charge a reasonable fee for any training programs. SD Franchise may require Franchisee to provide training programs to its employees. If a training program is held at a location which requires travel by the Principal Executive or any other employee, then Franchisee shall pay all travel, living and other expenses.

7.7 Software. Without limiting the generality of Sections 7.1, 8.1, or 12.3, Franchisee shall acquire and use all software and related systems required by SD Franchise. Franchisee shall enter into any subscription and support agreements that SD Franchise may require. Franchisee shall upgrade, update, or replace any software from time to time as SD Franchise may require. Franchisee shall protect the confidentiality and security of all software systems, and Franchisee shall abide by any System Standards related thereto. Franchisee shall give SD Franchise unlimited access to Franchisee's point of sale system and other software systems used in the Business, by any means designated by SD Franchise.

7.8 Customer Complaints. Franchisee shall use its best efforts to promptly resolve any customer complaints. SD Franchise may take any action it deems appropriate to resolve a customer complaint regarding the Business. If SD Franchise responds to a customer complaint, SD Franchise may charge a fee that SD Franchise deems reasonable (currently \$49), and SD Franchise may also require Franchisee to reimburse SD Franchise for any expenses.

7.9 Customer Evaluation and System Compliance Programs. Franchisee shall participate at its own expense in programs required from time to time by SD Franchise for obtaining customer evaluations and/or reviewing Franchisee's compliance with the System, which may include (but are not limited to) a customer feedback system, customer survey programs, and mystery shopping. SD Franchise shall share with Franchisee the results of these programs, as they pertain to the Business. Franchisee must meet or exceed any minimum score requirements set by SD Franchise for such programs.

7.10 Payment Systems. Franchisee shall accept payment from customers in any form or manner designated by SD Franchise (which may include, for example, cash, specific credit and/or debit cards, gift cards, electronic fund transfer systems, and mobile payment systems). Franchisee shall purchase or lease all equipment and enter into all business relationships

necessary to accept payments as required by SD Franchise. Franchisee must at all times comply with payment card industry data security standards (PCI-DSS).

7.11 Gift Cards, Loyalty Programs, and Incentive Programs. At its own expense, Franchisee shall sell or otherwise issue gift cards, certificates, or other pre-paid systems, and participate in any customer loyalty programs or customer incentive programs, designated by SD Franchise, in the manner specified by SD Franchise in the Manual or otherwise in writing. Franchisee shall honor all valid gift cards and other pre-paid systems, regardless of whether issued by Franchisee or another Splash and Dash business. Franchisee shall comply with all procedures and specifications of SD Franchise related to gift cards, certificates, and other pre-paid systems, or related to customer loyalty or customer incentive programs.

7.12 Safety and Welfare. Franchisee shall at all times maintain high standards of safety, sanitation, and animal welfare at the Business, including without limitation complying with the following obligations:

- (i) not permit use of tobacco, marijuana, alcohol, or illegal drugs at the Business;
- (ii) require that all customers provide accurate records showing appropriate vaccinations of their dogs;
- (iii) comply with the highest industry standards regarding safety, sanitation, and/or animal welfare; and
- (iv) comply with all System Standards related to safety, sanitation, and/or animal welfare.

7.13 Deep Cleaning, Maintenance and Repair.

(a) Franchisee shall at all times keep the Business in a neat and clean condition, perform all appropriate maintenance, and keep all physical property in good repair. In addition, Franchisee shall promptly perform all work on the physical property to the Business as SD Franchise may prescribe from time to time, including but not limited to periodic interior and exterior painting; resurfacing of the parking lot; roof repairs; and replacement of obsolete or worn out signage, floor coverings, furnishings, equipment and décor. Franchisee acknowledges that the System Standards may include requirements for cleaning, maintenance, and repair.

(b) At least once every 36 months, Franchisee must close the Business for three days to complete a “deep cleaning”, which will include repainting the interior, removing and cleaning all trade fixtures and equipment, and such other cleaning tasks as SD Franchise may require. Franchisee will pay SD Franchise the Deep Cleaning Inspection Fee as provided in Section 4(f) and must schedule the deep cleaning with SD Franchise 90 days prior to the intended closing date of the Business for such purposes. SD Franchise will inspect the premises of the Business within 90 days prior to the closing date. Franchisee must also conduct a deep cleaning any time at the direction of SD Franchise if any site visit by a representative of SD Franchise finds unacceptable odors or lack of cleanliness.

7.14 Remodeling. In addition to Franchisee’s obligations to comply with all System Standards in effect from time to time, SD Franchise may require Franchisee to undertake and complete a Remodel of the Location to SD Franchise’s satisfaction. Franchisee must complete the Remodel in the time frame specified by SD Franchise. SD Franchise may require the Franchisee to submit plans for SD Franchise’s reasonable approval prior to commencing a required Remodel. SD Franchise’s right to require a Remodel is limited as follows: (i) the Remodel will not be required in the first two or last two years of the term (except that a Remodel may be required as a condition to renewal of the term or a Transfer), and (ii) a Remodel will not be required more than once every five years from the date on which Franchisee was required to complete the prior Remodel.

7.15 Meetings; National Convention.

(a) The Principal Executive shall use reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls) that SD Franchise requires, including any national or regional brand conventions. Franchisee shall not permit the Principal Executive to fail to attend more than three consecutive required meetings.

(b) SD Franchise may charge Franchisee the attendance fee for Splash and Dash’s national convention, regardless of whether Franchisee attends.

7.16 Insurance.

(a) Franchisee shall obtain and maintain insurance policies in the types and amounts as specified by SD Franchise in the Manual. If not specified in the Manual, Franchisee shall maintain at least the following insurance coverage:

- (i) “Special” causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Business, for full repair and replacement value (subject to a reasonable deductible);
- (ii) Business interruption insurance covering at least 12 months of income;
- (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an “occurrence” policy form in an amount of not less than \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit;
- (iv) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000; and
- (v) Workers Compensation coverage as required by state law.

(b) Franchisee’s policies (other than Workers Compensation) must (1) list SD Franchise and its affiliates as an additional insured, (2) include a waiver of subrogation in favor of SD Franchise and its affiliates, (3) be primary and non-contributing with any insurance carried by SD Franchise or its affiliates, and (4) stipulate that SD Franchise shall receive 30 days’ prior written notice of cancellation.

(c) Franchisee shall provide Certificates of Insurance evidencing the required coverage to SD Franchise prior to opening and upon annual renewal of the insurance coverage, as well as at any time upon request of SD Franchise.

7.17 Suppliers and Landlord. Franchisee shall pay all vendors and suppliers in a timely manner. If Franchisee leases the Location, Franchisee shall comply with its lease for the Location.

7.18 Public Relations. Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding Splash and Dash, the Business, or any particular incident or occurrence related to the Business, without SD Franchise's prior written approval.

7.19 Association with Causes. Franchisee shall not in the name of the Business (i) donate money, products, or services to any charitable, political, religious, or other organization, or (ii) act in support of any such organization, without SD Franchise's prior written approval.

7.20 No Other Activity Associated with the Business. Franchisee shall not engage in any business or other activity at the Location other than operation of the Splash & Dash Business. Franchisee shall not use assets of the Business for any purpose other than the Business. If Franchisee is an entity, the entity shall not own or operate any other business except Splash & Dash businesses.

7.21 No Third-Party Management. Franchisee shall not engage a third-party management company to manage or operate the Business without the prior written approval of SD Franchise, which will not be unreasonably withheld.

7.22 Identification. Franchisee must identify itself as the independent owner of the Business in the manner prescribed by SD Franchise. Franchisee must display at the Business signage prescribed by SD Franchise identifying the Location as an independently owned franchise.

7.23 Business Practices. Franchisee, in all interactions with customers, employees, vendors, governmental authorities, and other third parties, shall be honest and fair. Franchisee shall comply with any code of ethics or statement of values from SD Franchise. Franchisee shall not take any action which may injure the goodwill associated with the Marks.

ARTICLE 8. SUPPLIERS AND VENDORS

8.1 Generally. Franchisee shall acquire all Inputs required by SD Franchise from time to time in accordance with System Standards. SD Franchise may require Franchisee to purchase or lease any Inputs from SD Franchise, SD Franchise's designee, Required Vendors, Approved Vendors, and/or under SD Franchise's specifications. SD Franchise may change any such requirement or change the status of any vendor. To make such requirement or change effective, SD Franchise shall issue the appropriate System Standards.

8.2 Alternate Vendor Approval. If SD Franchise requires Franchisee to purchase a particular Input only from an Approved Vendor or Required Vendor, and Franchisee desires to purchase the Input from another vendor, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by SD Franchise. SD

Franchise may condition its approval on such criteria as SD Franchise deems appropriate, which may include evaluations of the vendor's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. SD Franchise will provide Franchisee with written notification of the approval or disapproval of any proposed new vendor within 30 days after receipt of Franchisee's request.

8.3 Alternate Input Approval. If SD Franchise requires Franchisee to purchase a particular Input, and Franchisee desires to purchase an alternate to the Input, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by SD Franchise. SD Franchise will provide Franchisee with written notification of the approval or disapproval of any proposed alternate Input within 30 days after receipt of Franchisee's request.

8.4 Purchasing. SD Franchise may negotiate prices and terms with vendors on behalf of the System. SD Franchise may receive rebates or payments from vendors in connection with purchases by franchisees. SD Franchise may implement a centralized purchasing system. SD Franchise may establish a purchasing cooperative and require Franchisee to join and participate in the purchasing cooperative on such terms and conditions as SD Franchise may determine.

8.5 No Liability of Franchisor. SD Franchise shall not have any liability to Franchisee for any claim or loss related to any product provided or service performed by any Approved Vendor or Required Vendor, including without limitation defects, delays, or unavailability of products or services

8.6 Product Recalls. If SD Franchise or any vendor, supplier, or manufacturer of an item used or sold in Franchisee's Business issues a recall of such item or otherwise notifies Franchisee that such item is defective or dangerous, Franchisee shall immediately cease using or selling such item, and Franchisee shall at its own expense comply with all instructions from SD Franchise or the vendor, supplier, or manufacturer of such item with respect such item, including without limitation the recall, repair and/or replacement of such item.

ARTICLE 9. MARKETING

9.1 Implementation. Franchisee shall not use any marketing materials or campaigns (including point-of-sale materials, advertising, social media marketing, and sponsorships) that have not been approved by SD Franchise. Franchisee shall implement any marketing plans or campaigns determined by SD Franchise.

9.2 Use by SD Franchise. SD Franchise may use any marketing materials or campaigns developed by or on behalf of Franchisee, and Franchisee hereby grants an unlimited, royalty-free license to SD Franchise for such purpose.

9.3 Marketing Fund.

(a) Separate Account. SD Franchise shall hold the Marketing Fund Contributions from all franchisees in one or more bank accounts separate from SD Franchise's other accounts.

(b) Use. SD Franchise shall use the Marketing Fund only for marketing, advertising, and public relations materials, programs and campaigns (including at local, regional, national,

and/or international level), and related overhead. The foregoing includes such activities and expenses as SD Franchise reasonably determines, and may include, without limitation: development and placement of advertising and promotions; sponsorships; contests and sweepstakes; development of décor, trade dress, Marks, and/or branding; development and maintenance of brand websites; social media; internet activities; e-commerce programs; search engine optimization; market research; public relations, media or agency costs; trade shows and other events; printing and mailing; and administrative and overhead expenses related to the Marketing Fund (including the compensation of SD Franchise's employees working on marketing and for accounting, bookkeeping, reporting, legal and other expenses related to the Marketing Fund).

(c) Discretion. Franchisee agrees that expenditures from the Marketing Fund need not be proportionate to contributions made by Franchisee or provide any direct or indirect benefit to Franchisee. The Marketing Fund will be spent at SD Franchise's sole discretion, and SD Franchise has no fiduciary duty with regard to the Marketing Fund.

(d) Contribution by Other Outlets. SD Franchise is not obligated to (i) have all other Splash & Dash businesses (whether owned by other franchisees or by SD Franchise or its affiliates) contribute to the Marketing Fund, or (ii) have other Splash & Dash businesses that do contribute to the Marketing Fund contribute the same amount or at the same rate as Franchisee.

(d) Surplus or Deficit. SD Franchise may accumulate funds in the Marketing Fund and carry the balance over to subsequent years. If the Marketing Fund operates at a deficit or requires additional funds at any time, SD Franchise may loan such funds to the Marketing Fund on reasonable terms.

(e) Financial Statement. SD Franchise will prepare an unaudited annual financial statement of the Marketing Fund within 120 days of the close of SD Franchise's fiscal year and will provide the financial statement to Franchisee upon request.

9.4 Marketing Cooperatives. SD Franchise may establish market advertising and promotional cooperative funds ("Market Cooperative") in any geographical areas. If a Market Cooperative for the geographic area encompassing the Location has been established at the time Franchisee commences operations hereunder, Franchisee shall immediately become a member of such Market Cooperative. If a Market Cooperative for the geographic area encompassing the Location is established during the term of this Agreement, Franchisee shall become a member of such Market Cooperative within 30 days. SD Franchise shall not require Franchisee to be a member of more than one Market Cooperative. If SD Franchise establishes a Market Cooperative:

(a) Governance. Each Market Cooperative will be organized and governed in a form and manner, and shall commence operations on a date, determined by SD Franchise. SD Franchise may require the Market Cooperative to adopt bylaws or regulations prepared by SD Franchise. Unless otherwise specified by SD Franchise, the activities carried on by each Market Cooperative shall be decided by a majority vote of its members. SD Franchise will be entitled to attend and participate in any meeting of a Market Cooperative. Any Splash and Dash business owned by SD Franchise in the Market Cooperative shall have the same voting rights as those

owned by its franchisees. Each Business owner will be entitled to cast one vote for each Business owned, provided, however, that a franchisee shall not be entitled to vote if it is in default under its franchise agreement. If the members of a Market Cooperative are unable or fail to determine the manner in which Market Cooperative monies will be spent, SD Franchise may assume this decision-making authority after 10 days' notice to the members of the Market Cooperative.

(b) Purpose. Each Market Cooperative shall be devoted exclusively to administering regional advertising and marketing programs and developing (subject to SD Franchise's approval) standardized promotional materials for use by the members in local advertising and promotion.

(c) Approval. No advertising or promotional plans or materials may be used by a Market Cooperative or furnished to its members without the prior approval of SD Franchise pursuant to Section 9.1. SD Franchise may designate the national or regional advertising agencies used by the Market Cooperative.

(d) Funding. The majority vote of the Market Cooperative will determine the dues to be paid by members of the Market Cooperative, including Franchisee, but not less than 1% or more than 5% of Gross Sales.

(e) Enforcement. Only SD Franchise will have the right to enforce the obligations of franchisees who are members of a Market Cooperative to contribute to the Market Cooperative.

(f) Termination. SD Franchise may terminate any Market Cooperative. Any funds left in a Market Cooperative upon termination will be transferred to the Marketing Fund.

9.5 Required Spending. Franchisee shall spend at least 4% of Gross Sales each month on marketing the Business. Upon request of SD Franchise, Franchisee shall furnish proof of its compliance with this Section. SD Franchise has the sole discretion to determine what activities constitute "marketing" under this Section. SD Franchise may, in its discretion, determine that if Franchisee contributes to a Market Cooperative, the amount of the contribution will be counted towards Franchisee's required spending under this Section.

9.6 Grand Opening Marketing. Franchisee must develop a grand opening marketing plan and obtain SD Franchise's approval of the grand opening marketing plan at least 30 days before the projected opening date of the Business. When Franchisee signs a lease for the Business, Franchisee must deposit \$12,000 with SD Franchise to be used for Franchisee's grand opening marketing campaign. SD Franchise will use this deposit to pay vendors and/or to reimburse Franchisee for moneys spent on vendors for approved products and services for the grand opening marketing. If Franchisee does not incur at least \$12,000 of expenses on approved products and services for grand opening marketing, SD Franchise may retain the remaining deposit.

9.7 Internet Marketing. SD Franchise has the exclusive right to conduct and manage all marketing and commerce on the internet or other electronic medium, including all websites and "social media" marketing. Franchisee shall not conduct such marketing or commerce, nor establish any website or social media presence independently, except as SD Franchise may specify, and only with SD Franchise's consent. SD Franchise retains the right to approve any

linking to or other use of SD Franchise's website. Franchisee must comply with any internet, online commerce and/or social media policy that SD Franchise may prescribe.

ARTICLE 10. RECORDS AND REPORTS

10.1 Systems. Franchisee shall use such customer data management, sales data management, administrative, bookkeeping, accounting, and inventory control procedures and systems as SD Franchise may specify in the Manual or otherwise in writing.

10.2 Reports.

(a) Financial Reports. Franchisee shall provide such periodic financial reports as SD Franchise may require in the Manual or otherwise in writing, including:

- (i) a monthly profit and loss statement and balance sheet for the Business within 30 days after the end of each calendar month;
- (ii) an annual financial statement (including profit and loss statement, cash flow statement, and balance sheet) for the Business within 90 days after the end of SD Franchise's fiscal year; and
- (iii) any information SD Franchise requests in order to prepare a financial performance representation for SD Franchise's franchise disclosure document.

(b) Legal Actions and Investigations. Franchisee shall promptly notify SD Franchise of any Action or threatened Action by any customer, governmental authority, or other third party against Franchisee or the Business, or otherwise involving the Franchisee or the Business. Franchisee shall provide such documents and information related to any such Action as SD Franchise may request.

(c) Government Inspections. Franchisee shall give SD Franchise copies of all inspection reports, warnings, certificates, and ratings issued by any governmental entity with respect to the Business, within three days of Franchisee's receipt thereof.

(d) Other Information. Franchisee shall submit to SD Franchise such other financial statements, budgets, forecasts, reports, records, copies of contracts, documents related to litigation, tax returns, copies of governmental permits, and other documents and information related to the Business as specified in the Manual or that SD Franchise may reasonably request.

10.3 Initial Investment Report. Within 120 days after opening for business, Franchisee shall submit to SD Franchise a report detailing Franchisee's investment costs to develop and open the Business, with costs allocated to the categories described in Item 7 of SD Franchise's Franchise Disclosure Document and with such other information as SD Franchise may request.

10.4 Business Records. Franchisee shall keep complete and accurate books and records reflecting all expenditures and receipts of the Business, with supporting documents (including, but not limited to, payroll records, payroll tax returns, register receipts, production reports, sales invoices, bank statements, deposit receipts, cancelled checks and paid invoices) for at least three

years. Franchisee shall keep such other business records as SD Franchise may specify in the Manual or otherwise in writing.

10.5 Records Audit. SD Franchise may examine and audit all books and records related to the Business, and supporting documentation, at any reasonable time. SD Franchise may conduct the audit at the Location and/or require Franchisee to deliver copies of books, records and supporting documentation to a location designated by SD Franchise. Franchisee shall also reimburse SD Franchise for all costs and expenses of the examination or audit if (i) SD Franchise conducted the audit because Franchisee failed to submit required reports or was otherwise not in compliance with the System, or (ii) the audit reveals that Franchisee understated Gross Sales by 3% or more for any 4-week period.

ARTICLE 11. FRANCHISOR RIGHTS

11.1 Manual; Modification. The Manual, and any part of the Manual, may be in any form or media determined by SD Franchise. SD Franchise may supplement, revise, or modify the Manual, and SD Franchise may change, add or delete System Standards at any time in its discretion. SD Franchise may inform Franchisee thereof by any method that SD Franchise deems appropriate (which need not qualify as “notice” under [Section 18.9](#)). In the event of any dispute as to the contents of the Manual, SD Franchise’s master copy will control.

11.2 Inspections. In addition to the Deep Cleaning Inspection set forth in [Section 7.13\(b\)](#), SD Franchise may enter the premises of the Business from time to time during normal business hours and conduct an inspection. Franchisee shall cooperate with SD Franchise’s inspectors. The inspection may include, but is not limited to, observing operations, conducting a physical inventory, evaluating physical conditions, monitoring sales activity, speaking with employees and customers, and removing samples of products, supplies and materials. SD Franchise may videotape and/or take photographs of the inspection and the Business. SD Franchise may set a minimum score requirement for inspections, and Franchisee’s failure to meet or exceed the minimum score will be a default under this Agreement. Without limiting SD Franchise’s other rights under this Agreement, Franchisee will, as soon as reasonably practical, correct any deficiencies noted during an inspection. If SD Franchise conducts an inspection because of a governmental report, customer complaint or other customer feedback, or a default or non-compliance with any System Standard by Franchisee (including following up a previous failed inspection), then SD Franchise may charge all out-of-pocket expenses plus its then-current inspection fee to Franchisee.

11.3 SD Franchise’s Right to Cure. If Franchisee breaches or defaults under any provision of this Agreement, SD Franchise may (but has no obligation to) take any action to cure the default on behalf of Franchisee. SD Franchise will not have any liability for taking (or declining to take) any such action. Franchisee shall reimburse SD Franchise for its costs and expenses (including the allocation of any internal costs) for such action, plus 10% as an administrative fee.

11.4 Right to Discontinue Supplies Upon Default. While Franchisee is in default or breach of this Agreement, SD Franchise may (i) require that Franchisee pay cash on delivery for products or services supplied by SD Franchise, (ii) stop selling or providing any products and services to Franchisee, and/or (iii) request any third-party vendors to not sell or provide products

or services to Franchisee. No such action by SD Franchise shall be a breach or constructive termination of this Agreement, change in competitive circumstances or similarly characterized, and Franchisee shall not be relieved of any obligations under this Agreement because of any such action. Such rights of SD Franchise are in addition to any other right or remedy available to SD Franchise.

11.5 Temporary Public Safety Closure. If SD Franchise discovers or becomes aware of any aspect of the Business which, in SD Franchise's opinion, constitutes an imminent danger to the health or safety of any person or animal, then immediately upon SD Franchise's order, Franchisee must temporarily cease operations of the Business and remedy the dangerous condition. SD Franchise shall have no liability to Franchisee or any other person for action or failure to act with respect to a dangerous condition.

11.6 Innovations. Franchisee shall disclose to SD Franchise all ideas, plans, improvements, concepts, methods and techniques relating to the Business (collectively, "Innovations") conceived or developed by Franchisee, its employees, agents or contractors. SD Franchise will automatically own all Innovations and will have the right to use and incorporate any Innovations into the System, without any compensation to Franchisee. Franchisee shall execute any documents reasonably requested by SD Franchise to document SD Franchise's ownership of Innovations.

11.7 Communication Systems. If SD Franchise provides email accounts and/or other communication systems to Franchisee, then Franchisee acknowledges that it has no expectation of privacy in the assigned email accounts and other communications systems, and Franchisee authorizes SD Franchise to access such communications.

11.8 Business Data. All customer data and other data generated by the Business will be exclusively owned by SD Franchise. SD Franchise hereby licenses such data back to Franchisee without charge solely for Franchisee's use in connection with the Business for the term of this Agreement.

11.9 Delegation. SD Franchise may delegate any duty or obligation of SD Franchise under this Agreement to an affiliate or to a third party.

11.10 System Variations. SD Franchise may vary or waive any System Standard for any one or more Splash and Dash franchises due to the peculiarities of the particular site or circumstances, density of population, business potential, population of trade area, existing business practices, applicable laws or regulations, or any other condition relevant to the performance of a franchise or group of franchises. Franchisee is not entitled to the same variation or waiver.

11.11 Temporary Control. If (i) Franchisee (or, if Franchisee is an entity, the Owner with the largest interest in Franchisee) dies or becomes incapacitated, (ii) this Agreement is terminated or expires and SD Franchise elects to purchase assets of the Business as provided in Section 14.6, or (iii) Franchisee is operating the Business in a manner which, in SD Franchise's reasonable opinion, constitutes a danger to the health or safety of any person or animal, then SD Franchise may (but is not obligated to) enter the Location and operate and manage the Business for

Franchisee's (or Franchisee's estate's) account until this Agreement is terminated, the Business is transferred, the Business is purchased by SD Franchise, or SD Franchise returns the Business to Franchisee. SD Franchise's operation and management will not continue for more than 90 days without Franchisee's consent (or the consent of the representatives of Franchisee's estate). If this Agreement has not terminated or expired, then SD Franchise will account to Franchisee for all net income from the Business during the period in which SD Franchise operates the Business. SD Franchise may collect a temporary management fee equal to 5% of Gross Sales for the period in which SD Franchise operates the Business, plus all out-of-pocket expenses incurred by SD Franchise.

ARTICLE 12. INTELLECTUAL PROPERTY

12.1 Authorized Marks. Franchisee shall use no trademarks, service marks or logos in connection with the Business other than the Marks. Franchisee shall use all Marks specified by SD Franchise, and only in the manner as SD Franchise may require. Franchisee has no rights in the Marks other than the right to use them in the operation of the Business in compliance with this Agreement. All use of the Marks by Franchisee and any goodwill associated with the Marks, including any goodwill arising due to Franchisee's operation of the Business, will inure to the exclusive benefit of SD Franchise.

12.2 Change of Marks. SD Franchise may add, modify, or discontinue any Marks to be used under the System. Within a reasonable time after SD Franchise makes any such change, Franchisee must comply with the change, at Franchisee's expense.

12.3 Software License.

(a) Grant. SD Franchise grants to Franchisee a nontransferable, nonexclusive single-site license for the Software, solely for use by Franchisee in connection with the Business. This Agreement does not include a grant to Franchisee of any ownership right, title or interest, nor any security interest or other interest, in any the Software or any part of the Software, including any and all rights to exclude under patent law, copyright law, oral rights law, trade-secret law, trademark law, unfair competition law or other similar rights.

(b) Revisions. SD Franchise may, from time to time, revise the Software or any part of the Software. SD Franchise reserves the right to add and/or delete, at its sole option, computer programs and/or features of or to the Software. Any updates, replacements, revisions, enhancements, additions or conversions to the Software furnished by SD Franchise to Franchisee will become part of the "Software" under this Agreement and subject to this Agreement.

(c) Rights of SD Franchise. Franchisee recognizes that SD Franchise is supplying the Software and all additional materials and information, including but not limited to all processes, ideas, data and printed material, to Franchisee subject to SD Franchise's proprietary rights. Franchisee agrees with SD Franchise that the Software and all information and/or data supplied by SD Franchise in any form, including but not limited to machine-readable and/or printed form, are trade secrets of SD Franchise embodying substantial creative efforts and confidential information, ideas, and expressions, are protected by civil and criminal law, and by the law of copyright, are very valuable to SD Franchise, and that their use and disclosure must be carefully

and continuously controlled. Accordingly, Franchisee agrees to treat (and take precautions to ensure that its employees treat) the Software as confidential in accordance with the confidentiality requirements and conditions set forth in this Agreement. SD Franchise is not obligated to provide and Franchisee acquires no right of any kind under this Agreement with respect to any source code for the Software.

(d) Ownership. SD Franchise retains title to the Software, the system documentation manuals, any additional materials and information furnished by SD Franchise in any form (including but not limited to object, machine-readable and/or printed form). Franchisee agrees to keep every item to which SD Franchise retains title free and clear of all claims, liens and encumbrances except those of SD Franchise. Any act of Franchisee, voluntary or involuntary, purporting to create a claim, lien or encumbrance on such an item will be void.

(e) Copies. Franchisee will not (a) copy or duplicate, or permit anyone else to copy or duplicate, the Software in any form, or (b) create or attempt to create, or permit others to create or attempt to create, by reverse engineering or otherwise, the source programs or any part of them from the object program or from any other information made available under this license or otherwise (whether oral, written, tangible or intangible).

(f) Modification or Reverse Engineering. Franchisee will not modify, translate, enhance, merge, reverse engineer, reverse assemble, disassemble, or decompile the Software or any portion of the Software, derive the source code or the underlying ideas, algorithms, structure or organization form of the Software or any portion thereof or otherwise reduce the Software or any portion of the Software to human-readable form. Franchisee may not, and may not attempt to, defeat, avoid, by-pass, remove, deactivate or otherwise circumvent any software protection mechanisms in the Software including, without limitation, any such mechanism used to restrict or control the functionality of the Software. Franchisee shall not create any derivative works from the Software. Franchisee agrees that any derivative works created by Franchisee from the Software, including, but not limited to, software or other electronic works, are considered derivative works under U.S. law and that use of the derivative work is subject to the terms and conditions of this License Agreement. Derivative works may not be sublicensed, sold, leased, rented, lent, or given away without written permission from SD Franchise.

(g) No Transfer. If Franchisee transfers possession of any copy, modification, translation or merged portion of the Software to another party, the attempt at transfer is void and this license is automatically terminated. Franchisee shall not rent, lease, loan, distribute, sell, sublicense or encumber the Software.

(h) Non-Disclosure. Franchisee agrees not to disclose, publish, display, translate, release, transfer or otherwise make available the Software or any part of the Software to any person, without the written consent of SD Franchise, which may be withheld with or without cause. Franchisee agrees that it will take all necessary action including, but not necessarily limited to, instructing and entering into agreements with all of Franchisee's employees, agents, representatives, affiliates, subsidiaries, and/or other third persons/entities associated with Franchisee to protect the copyright and trade secrets of SD Franchise in and to those materials licensed under this Agreement and to assure Franchisee's compliance with its obligations under this Agreement. Franchisee shall use its best efforts to assist SD Franchise in identifying and

preventing any unauthorized use, copying or disclosure of the Software or any portions thereof. Without limitation of the foregoing, Franchisee shall advise SD Franchise immediately in the event Franchisee learns or has reason to believe that any person who Franchisee has given access to the Software, or any portion thereof, has violated or intends to violate the terms of this Agreement. The provisions of this Section will survive the termination of this Agreement.

(i) Security. Franchisee understands and agrees that SD Franchise may from time to time adopt whatever mechanical or other electronic methods that SD Franchise deems necessary (in its sole and exclusive judgment) to prevent the unauthorized use and/or distribution of the Software.

12.4 Infringement.

(a) Defense of Franchisee. If Franchisee has used the Marks and Software in accordance with this Agreement, then (i) SD Franchise shall defend Franchisee (at SD Franchise's expense) against any Action by a third party alleging infringement by Franchisee's use of a Mark or Software, and (ii) SD Franchise will indemnify Franchisee for expenses and damages if the Action is resolved unfavorably to Franchisee.

(b) Infringement by Third Party. Franchisee shall promptly notify SD Franchise if Franchisee becomes aware of any possible infringement of a Mark or the Software by a third party. SD Franchise may, in its sole discretion, commence or join any claim against the infringing party.

(c) Control. SD Franchise shall have the exclusive right to control any prosecution or defense of any Action related to possible infringement of or by the Marks, the Software, or other intellectual property owned by SD Franchise and/or licensed to Franchisee by SD Franchise.

12.4 Name. If Franchisee is an entity, it shall not use the word "Splash & Dash" in its legal name.

ARTICLE 13. COVENANTS

13.1 Confidential Information. With respect to all Confidential Information, Franchisee shall (a) adhere to all procedures prescribed by SD Franchise for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized in writing by SD Franchise, (d) exercise the highest degree of diligence and effort to maintain the confidentiality of all such information during and after the term of this Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Franchisee acknowledges that all Confidential Information is owned by SD Franchise (except for Confidential Information which SD Franchise licenses from another person or entity). Franchisee acknowledges that all customer data generated or obtained by Franchisee is Confidential Information belonging to SD Franchise. This Section will survive the termination or expiration of this Agreement indefinitely.

13.2 Covenants Not to Compete.

(a) Restriction – In Term. During the term of this Agreement, neither Franchisee, any Owner, nor any spouse of an Owner (the “Restricted Parties”) shall directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor.

(b) Restriction – Post Term. For two years after this Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer), no Restricted Party shall directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor within five miles of Franchisee’s Territory or the territory of any other Splash and Dash business operating on the date of termination or transfer, as applicable.

(c) Interpretation. The parties agree that each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court or arbitrator, then the parties intend that the court or arbitrator modify such restriction to the extent reasonably necessary to protect the legitimate business interests of SD Franchise. Franchisee agrees that the existence of any claim it may have against SD Franchise shall not constitute a defense to the enforcement by SD Franchise of the covenants of this Section. If a Restricted Party fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

13.3 General Manager and Key Employees. If requested by SD Franchise, Franchisee will cause its general manager and other key employees to sign SD Franchise’s then-current form of confidentiality and non-compete agreement.

ARTICLE 14. DEFAULT AND TERMINATION

14.1 Termination by Franchisee. Franchisee may terminate this Agreement only if SD Franchise violates a material provision of this Agreement and fails to cure or to make substantial progress toward curing the violation within 30 days after receiving written notice from Franchisee detailing the alleged default. Termination by Franchisee is effective 10 days after SD Franchise receives written notice of termination.

14.2 Termination by SD Franchise.

(a) Subject to 10-Day Cure Period. SD Franchise may terminate this Agreement if Franchisee does not make any payment to SD Franchise when due, or if Franchisee does not have sufficient funds in its account when SD Franchise attempts an electronic funds withdrawal, and Franchisee fails to cure such non-payment within 10 days after SD Franchise gives notice to Franchisee of such breach.

(b) Subject to 30-Day Cure Period. If Franchisee breaches this Agreement in any manner not described in subsection (a) or (c), and Franchisee fails to cure such breach to SD Franchise’s satisfaction within 30 days after SD Franchise gives notice to Franchisee of such breach, then SD Franchise may terminate this Agreement.

(c) Without Cure Period. SD Franchise may terminate this Agreement by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee misrepresented or omitted material facts when applying to be a franchisee, or breaches any representation in this Agreement;
- (ii) Franchisee knowingly submits any false report or knowingly provides any other false information to SD Franchise;
- (iii) a receiver or trustee for the Business or all or substantially all of Franchisee's property is appointed by any court, or Franchisee makes a general assignment for the benefit of Franchisee's creditors or Franchisee makes a written statement to the effect that Franchisee is unable to pay its debts as they become due, or a levy or execution is made against the Business, or an attachment or lien remains on the Business for 30 days unless the attachment or lien is being duly contested in good faith by Franchisee, or a petition in bankruptcy is filed by Franchisee, or such a petition is filed against or consented to by Franchisee and the petition is not dismissed within 45 days, or Franchisee is adjudicated as bankrupt;
- (iv) Franchisee fails to open for business by the date specified on the Summary Page;
- (v) Franchisee loses possession of the Location;
- (vi) Franchisee or any Owner commits a material violation of Section 7.2 (compliance with laws) or Section 13.1 (confidentiality), violates Section 13.2 (non-compete) or Article 15 (transfer), or commits any other violation of this Agreement which by its nature cannot be cured;
- (vii) Franchisee abandons or ceases operation of the Business for more than five consecutive days;
- (viii) Franchisee or any Owner slanders or libels SD Franchise or any of its employees, directors, or officers;
- (ix) Franchisee refuses to cooperate with or permit any audit or inspection by SD Franchise or its agents or contractors, or otherwise fails to comply with Section 10.5 or Section 11.2;
- (x) the Business is operated in a manner which, in SD Franchise's reasonable judgment, constitutes a significant danger to the health or safety of any person or animal, and Franchisee fails to cure such danger within 48 hours after becoming aware of the danger (due to notice from SD Franchise or otherwise);
- (xi) Franchisee has received two or more notices of default and Franchisee commits another breach of this Agreement, all in the same 12-month period;
- (xii) SD Franchise (or any affiliate) terminates any other agreement with Franchisee (or any affiliate) due to the breach of such other agreement by Franchisee (or its

affiliate) (provided that termination of a Multi-Unit Development Agreement with Franchisee or its affiliate shall not give SD Franchise the right to terminate this Agreement); or

- (xiii) Franchisee or any Owner is accused by any governmental authority or third party of any act that in SD Franchise's opinion is reasonably likely to materially and unfavorably affect SD Franchise's brand, or is charged with, pleads guilty to, or is convicted of a felony.

14.3 Effect of Termination. Upon termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to non-competition, confidentiality, and indemnity, will remain in effect, and Franchisee must immediately:

- (i) pay all amounts owed to SD Franchise based on the operation of the Business through the effective date of termination or expiration;
- (ii) return to SD Franchise all copies of the Manual, Confidential Information and any and all other materials provided by SD Franchise to Franchisee or created by a third party for Franchisee relating to the operation of the Business, and all items containing any Marks, copyrights, and other proprietary items; and delete all Confidential Information and proprietary materials from electronic devices;
- (iii) notify the telephone, internet, email, electronic network, directory, and listing entities of the termination or expiration of Franchisee's right to use any numbers, addresses, domain names, locators, directories and listings associated with any of the Marks, and authorize their transfer to SD Franchise or any new franchisee as may be directed by SD Franchise, and Franchisee hereby irrevocably appoints SD Franchise, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or appropriate to accomplish the foregoing; and
- (iv) cease doing business under any of the Marks.

14.4 Remove Identification. Within 30 days after termination or expiration, Franchisee shall at its own expense "de-identify" the Location so that it no longer contains the Marks, signage, or any trade dress of a Splash and Dash business, to the reasonable satisfaction of SD Franchise. Franchisee shall comply with any reasonable instructions and procedures of SD Franchise for de-identification. If Franchisee fails to do so within 30 days after this Agreement expires or is terminated, SD Franchise may enter the Location to remove the Marks and de-identify the Location. In this event, SD Franchise will not be charged with trespass nor be accountable or required to pay for any assets removed or altered, or for any damage caused by SD Franchise.

14.5 Other Claims. Termination of this Agreement by SD Franchise will not affect or discharge any claims, rights, causes of action or remedies (including claims for SD Franchise's lost future income after termination), which SD Franchise may have against Franchisee, whether arising before or after termination.

14.6 Purchase Option. When this Agreement expires or is terminated, SD Franchise will have the right (but not the obligation) to purchase all of the assets (or any particular assets chosen by SD Franchise) related to the Business, and/or to require Franchisee to assign its lease or sublease to SD Franchise. To exercise this option, SD Franchise must notify Franchisee no later than 30 days after this Agreement expires or is terminated. The price of all tangible assets will be their book value after deducting regular, bonus, and immediate expensing allowance depreciation and amortization. SD Franchise's purchase will be of assets only (free and clear of all liens), and it will not include any liabilities of Franchisee. The purchase price for assets will not include any factor or increment for any trademark or other commercial symbol used in the business, nor any goodwill or "going concern" value for the Business, nor any value of memberships or subscriptions by customers. SD Franchise may withdraw its exercise of the purchase option at any time before it pays for the assets. Franchisee will sign a bill of sale for the purchased assets and any other transfer documents reasonably requested by SD Franchise. If SD Franchise exercises the purchase option, SD Franchise may deduct from the purchase price: (a) all amounts due from Franchisee; and (b) amounts paid or to be paid by SD Franchise to cure defaults under Franchisee's lease and/or amounts owed by Franchisee to third parties. If any of the assets are subject to liens, SD Franchise may pay a portion of the purchase price directly to the lienholders to pay off such liens. SD Franchise may withhold 25% of the purchase price for 90 days to ensure that all of Franchisee's taxes and other liabilities are paid. SD Franchise may assign this purchase option to another party.

ARTICLE 15. TRANSFERS

15.1 By SD Franchise. SD Franchise may transfer or assign this Agreement, or any of its rights or obligations under this Agreement, to any person or entity, and SD Franchise may undergo a change in ownership and/or control, without the consent of Franchisee.

15.2 By Franchisee. Franchisee acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that SD Franchise entered into this Agreement in reliance on Franchisee's business skill, financial capacity, personal character, experience, and business ability. Accordingly, Franchisee shall not conduct or undergo a Transfer without providing SD Franchise at least 60 days prior notice of the proposed Transfer, and without obtaining SD Franchise's consent. In granting any such consent, SD Franchise may impose conditions, including, without limitation, the following:

- (i) SD Franchise receives a transfer fee equal to \$15,000 (provided that if SD Franchise procures the buyer (either directly or through a broker), SD Franchise may require that the buyer or Franchisee pay the then-current initial franchise fee in lieu of the transfer fee);
- (ii) the proposed assignee and its owners have completed SD Franchise's franchise application processes, meet SD Franchise's then-applicable standards for new franchisees, and have been approved by SD Franchise as franchisees;
- (iii) the proposed assignee is not a Competitor;

- (iv) the proposed assignee executes SD Franchise's then-current form of franchise agreement and any related documents, which may contain materially different provisions;
- (v) all owners of the proposed assignee provide a guaranty in accordance with Section 2.5;
- (vi) Franchisee has paid all monetary obligations to SD Franchise and its affiliates, and to any lessor, vendor, supplier, or lender to the Business, in full, and Franchisee is not otherwise in default or breach of this Agreement or of any other obligation owed to SD Franchise or its affiliates;
- (vii) the proposed assignee and its owners and employees undergo such training as SD Franchise may require;
- (viii) Franchisee, its Owners, and the transferee and its owners execute a general release of SD Franchise in a form satisfactory to SD Franchise; and
- (ix) the Business fully complies with all of SD Franchise's most recent System Standards.

15.3 Transfer for Convenience of Ownership. If Franchisee is an individual, Franchisee may Transfer this Agreement to a corporation or limited liability company formed for the convenience of ownership after at least 15 days' notice to SD Franchise, if, prior to the Transfer: (1) the transferee provides the information required by Section 2.3; (2) Franchisee provides copies of the entity's charter documents, by-laws (or operating agreement) and similar documents, if requested by SD Franchise, (3) Franchisee owns all voting securities of the corporation or limited liability company, and (4) Franchisee provides a guaranty in accordance with Section 2.5.

15.4 Transfer upon Death or Incapacity. Upon the death or incapacity of Franchisee (or, if Franchisee is an entity, the person with the largest ownership interest in Franchisee), the executor, administrator, or personal representative of that person must Transfer the Business to a third party approved by SD Franchise within nine months after death or incapacity. Such transfer must comply with Section 15.2.

15.5 SD Franchise's Right of First Refusal. Before Franchisee (or any Owner) engages in a Transfer (except under Section 15.3), SD Franchise will have a right of first refusal, as set forth in this Section. Franchisee (or its Owners) shall provide to SD Franchise a copy of the terms and conditions of any Transfer. For a period of 30 days from the date of SD Franchise's receipt of such copy, SD Franchise will have the right, exercisable by notice to Franchisee, to purchase the assets subject of the proposed Transfer for the same price and on the same terms and conditions (except that SD Franchise may substitute cash for any other form of payment). If SD Franchise does not exercise its right of first refusal, Franchisee may proceed with the Transfer, subject to the other terms and conditions of this Article.

15.6 No Sublicense. Franchisee has no right to sublicense the Marks or any of Franchisee's rights under this Agreement.

15.7 No Lien on Agreement. Franchisee shall not grant a security interest in this Agreement to any person or entity. If Franchisee grants an “all assets” security interest to any lender or other secured party, Franchisee shall cause the secured party to expressly exempt this Agreement from the security interest.

ARTICLE 16. INDEMNITY

16.1 Indemnity. Franchisee shall indemnify and defend (with counsel reasonably acceptable to SD Franchise) SD Franchise, its parent entities, subsidiaries and affiliates, and their respective owners, directors, officers, employees, agents, successors and assignees (collectively, “Indemnitees”) against all Losses in any Action by or against SD Franchise and/or any Indemnitee directly or indirectly related to, or alleged to arise out of, the operation of the Business. Notwithstanding the foregoing, Franchisee shall not be obligated to indemnify an Indemnitee from claims arising as a result of any Indemnitee’s willful misconduct or gross negligence. Any delay or failure by an Indemnitee to notify Franchisee of an Action shall not relieve Franchisee of its indemnity obligation except to the extent (if any) that such delay or failure materially prejudices Franchisee. Franchisee shall not settle an Action without the consent of the Indemnitee. This indemnity will continue in effect after this Agreement ends.

16.2 Assumption. An Indemnitee may elect to assume the defense of any Action subject to this indemnification, and control all aspects of defending the Action (including negotiation and settlement) at Franchisee’s expense. Such an undertaking shall not diminish Franchisee’s obligation to indemnify the Indemnitees.

ARTICLE 17. DISPUTE RESOLUTION

17.1 Arbitration.

(a) Disputes Subject to Arbitration. Except as expressly provided in subsection (c), any controversy or claim arising out of or relating to this Agreement (including its formation), shall be resolved by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, including the Optional Rules for Emergency Measures of Protection. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction.

(b) Location. The place of arbitration shall be the city and state where SD Franchise’s headquarters are located.

(c) Injunctive Relief. Either party may apply to the arbitrator seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either party also may, without waiving any remedy or right to arbitrate under this Agreement, seek from any court having jurisdiction any interim or provisional injunctive relief.

(d) Confidentiality. All documents, information, and results pertaining to any arbitration or lawsuit will be confidential, except as required by law or as required for SD Franchise to comply with laws and regulations applicable to the sale of franchises.

(e) Performance During Arbitration or Litigation. Unless this Agreement has been terminated, SD Franchise and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the arbitration or litigation process.

17.2 Damages. In any controversy or claim arising out of or relating to this Agreement, each party waives any right to punitive or other monetary damages not measured by the prevailing party's actual damages, except damages authorized by federal statute. In the event of termination of this Agreement prior to the expiration of the term, SD Franchise's actual damages will include its lost future income from Royalty Fees and other amounts that Franchisee would have owed to SD Franchise but for the termination.

17.3 Waiver of Class Actions. The parties agree that any claims will be arbitrated, litigated, or otherwise resolved on an individual basis, and waive any right to act on a class-wide basis.

17.4 Time Limitation. Any arbitration or other legal action arising from or related to this Agreement must be instituted within two years from the date such party discovers the conduct or event that forms the basis of the arbitration or other legal action. The foregoing time limit does not apply to claims (i) by one party related to non-payment under this Agreement by the other party, (ii) for indemnity under Article 16, or (iii) related to unauthorized use of Confidential Information or the Marks.

17.5 Venue Other Than Arbitration. For any legal proceeding not required to be submitted to arbitration, the parties agree that any such legal proceeding will be brought in the United States District Court where SD Franchise's headquarters is then located. If there is no federal jurisdiction over the dispute, the parties agree that any such legal proceeding will be brought in the court of record of the state and county where SD Franchise's headquarters is then located. Each party consents to the jurisdiction of such courts and waives any objection that it, he or she may have to the laying of venue of any proceeding in any of these courts.

17.6 Legal Costs. In any legal proceeding (including arbitration) related to this Agreement or any guaranty, the non-prevailing party shall pay the prevailing party's attorney fees, costs and other expenses of the legal proceeding. "Prevailing party" means the party, if any, which prevailed upon the central litigated issues and obtained substantial relief.

ARTICLE 18. MISCELLANEOUS

18.1 Relationship of the Parties. The parties are independent contractors, and neither is the agent, partner, joint venturer, or employee of the other. SD Franchise is not a fiduciary of Franchisee. SD Franchise does not control or have the right to control Franchisee or its Business. Any required specifications and standards in this Agreement and in the System Standards exist to protect SD Franchise's interest in the System and the Marks, and the goodwill established in them, and not for the purpose of establishing any control, or duty to take control, over the Business

18.2 No Third-Party Beneficiaries. This Agreement does not confer any rights or remedies upon any person or entity other than Franchisee, SD Franchise, and SD Franchise's affiliates.

18.3 Entire Agreement. This Agreement constitutes the entire agreement of the parties and supersedes all prior negotiations and representations. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made by SD Franchise in its franchise disclosure document.

18.4 Modification. No modification or amendment of this Agreement will be effective unless it is in writing and signed by both parties. This provision does not limit SD Franchise's rights to modify the Manual or System Standards.

18.5 Consent; Waiver. No consent under this Agreement, and no waiver of satisfaction of a condition or nonperformance of an obligation under this Agreement will be effective unless it is in writing and signed by the party granting the consent or waiver. No waiver by a party of any right will affect the party's rights as to any subsequent exercise of that right or any other right. No delay, forbearance or omission by a party to exercise any right will constitute a waiver of such right.

18.6 Cumulative Remedies. Rights and remedies under this Agreement are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

18.7 Severability. The parties intend that (i) if any provision of this Agreement is held by an arbitrator or court to be unenforceable, then that provision be modified to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded, and (ii) if an unenforceable provision is modified or disregarded, then the rest of this Agreement will remain in effect as written.

18.8 Governing Law. The laws of the state of Florida (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The parties agree that any Florida law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 18.8.

18.9 Notices. Any notice will be effective under this Agreement only if made in writing and delivered as set forth in this Section to: (A) if to Franchisee, addressed to Franchisee at the notice address set forth in the Summary Page; and (B) if to SD Franchise, addressed to 2820 Scherer Dr. North, Suite 210, St. Petersburg, FL 33716. Any party may designate a new address for notices by giving notice of the new address pursuant to this Section. Notices will be effective upon receipt (or first rejection) and must be: (1) delivered personally; (2) sent by registered or certified U.S. mail with return receipt requested; or (3) sent via overnight courier. Notwithstanding the foregoing, SD Franchise may amend the Manual, give binding notice of changes to System Standards, and deliver notices of default by electronic mail or other electronic communication.

18.10 Joint and Several Liability. If two or more people sign this Agreement as "Franchisee", each will have joint and several liability.

18.11 No Offer and Acceptance. Delivery of a draft of this Agreement to Franchisee by SD Franchise does not constitute an offer. This Agreement shall not be effective unless and until it is executed by both Franchisee and SD Franchise.

ARTICLE 19. CERTIFICATION OF FRANCHISOR'S COMPLIANCE

By signing this Agreement, Franchisee acknowledges the following:

- (1) Franchisee understands all the information in SD Franchise's Disclosure Document.
- (2) Franchisee understands the success or failure of the Business will depend in large part upon Franchisee's skills, abilities and efforts and those of the persons Franchisee employs, as well as many factors beyond Franchisee's control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace.
- (3) That no person acting on SD Franchise's behalf made any statement or promise regarding the costs involved in operating a Splash and Dash franchise that is not in the Disclosure Document or that is contrary to, or different from, the information in the Disclosure Document.
- (4) That no person acting on SD Franchise's behalf made any claim or representation to Franchisee, orally, visually, or in writing, that contradicted the information in the Disclosure Document.
- (5) That no person acting on SD Franchise's behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money Franchisee may earn, or the total amount of revenue a Splash and Dash franchise will generate, that is not in the Disclosure Document or that is contrary to, or different from, the information in the Disclosure Document.
- (6) That no person acting on SD Franchise's behalf made any statement or promise or agreement, other than those matters addressed in this Agreement, concerning advertising, marketing, media support, market penetration, training, support service, or assistance that is contrary to, or different from, the information contained in the Disclosure Document.
- (7) Franchisee understands that this Agreement contains the entire agreement between SD Franchise and Franchisee concerning the Splash and Dash franchise, which means that any oral or written statements not set out in this Agreement will not be binding. In deciding to enter into this Agreement, Franchisee is not relying on any statement, promise, claim, or representation not expressly set forth in this Agreement or in the Disclosure Document.

Agreed to by:

FRANCHISOR:

SD FRANCHISE, LLC

By: _____

Name: Dan Barton

Title: Chief Executive Officer

Date: _____

FRANCHISEE:

[if an individual:]

Name: _____

Date: _____

[if an entity:]

By: _____

Name: _____

Title: _____

Date: _____

(Check if applicable) At the same time as the parties execute this Agreement, they are also executing a Rider to Franchise Agreement pursuant to:

- _____ Illinois
- _____ Indiana
- _____ Maryland
- _____ Minnesota
- _____ New York
- _____ North Dakota
- _____ Rhode Island
- _____ Washington
- _____ Other

Attachment 1 to Franchise Agreement

OWNERSHIP INFORMATION

1. Form of Ownership. Franchisee is a (check one):

- _____ *Sole Proprietorship*
- _____ *Partnership*
- _____ *Limited Liability Company*
- _____ *Corporation*

State: _____

2. Owners. If Franchisee is a partnership, limited liability company or corporation:

Name	Shares or Percentage of Ownership

3. Officers. If Franchisee is a limited liability company or corporation:

Name	Title

Attachment 2 to Franchise Agreement

LOCATION ACCEPTANCE LETTER

To: _____

This Location Acceptance Letter is issued by SD Franchise, LLC for your Splash and Dash franchise in accordance with Section 6.1 of the Franchise Agreement.

1. The Location of the Business is:

2. The Territory of the Business is:

SD FRANCHISE, LLC

By: _____

Name: Dan Barton

Title: Chief Executive Officer

Date: _____

Attachment 3 to Franchise Agreement

GUARANTY AND NON-COMPETE AGREEMENT

This Guaranty and Non-Compete Agreement (this “Guaranty”) is executed by the undersigned person(s) (each, a “Guarantor”) in favor of SD Franchise, LLC, a Florida limited liability company (“SD Franchise”).

Background Statement: _____ (“Franchisee”) desires to enter into a Franchise Agreement with SD Franchise for the franchise of a Splash and Dash business (the “Franchise Agreement”; capitalized terms used but not defined in this Guaranty have the meanings given in the Franchise Agreement). Guarantor owns an equity interest in Franchisee. Guarantor is executing this Guaranty in order to induce SD Franchise to enter into the Franchise Agreement.

Guarantor agrees as follows:

1. Guaranty. Guarantor hereby unconditionally guarantees to SD Franchise and its successors and assigns that Franchisee shall pay and perform every undertaking, agreement and covenant set forth in the Franchise Agreement and further guarantees every other liability and obligation of Franchisee to SD Franchise, whether or not contained in the Franchise Agreement. Guarantor shall render any payment or performance required under the Franchise Agreement or any other agreement between Franchisee and SD Franchise upon demand from SD Franchise. Guarantor waives (a) acceptance and notice of acceptance by SD Franchise of this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations of Franchisee; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right Guarantor may have to require that an action be brought against Franchisee or any other person or entity as a condition of liability hereunder; (e) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guaranty by the undersigned; (f) any law which requires that SD Franchise make demand upon, assert claims against or collect from Franchisee or any other person or entity (including any other guarantor), foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any other person or entity (including any other guarantor) prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; and (g) any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

2. Confidential Information. With respect to all Confidential Information Guarantor shall (a) adhere to all security procedures prescribed by SD Franchise for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized or approved in writing by SD Franchise, (d) exercise the highest degree of diligence and make every effort to maintain the confidentiality of all such information during and after the term of the Franchise Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Guarantor acknowledges that all Confidential Information is owned by

SD Franchise or its affiliates (except for Confidential Information which SD Franchise licenses from another person or entity). Guarantor acknowledges that all customer data generated or obtained by Guarantor is Confidential Information belonging to SD Franchise. This Section will survive the termination or expiration of the Franchise Agreement indefinitely.

3. Covenants Not to Compete.

(a) Restriction - In Term. During the term of the Franchise Agreement, Guarantor shall not directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor.

(b) Restriction – Post Term. For two years after the Franchise Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer by Guarantor), Guarantor shall not directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor located within five miles of Franchisee’s Territory or the territory of any other Splash and Dash business operating on the date of termination or transfer, as applicable.

(c) Interpretation. Guarantor agrees that each of the foregoing covenants is independent of any other covenant or provision of this Guaranty or the Franchise Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court, then the parties intend that the court modify such restriction to the extent reasonably necessary to protect the legitimate business interests of SD Franchise. Guarantor agrees that the existence of any claim it or Franchisee may have against SD Franchise shall not constitute a defense to the enforcement by SD Franchise of the covenants of this Section. If Guarantor fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

5. Modification. Guarantor agrees that Guarantor’s liability hereunder shall not be diminished, relieved or otherwise affected by (a) any amendment of the Franchise Agreement, (b) any extension of time, credit or other indulgence which SD Franchise may from time to time grant to Franchisee or to any other person or entity, or (c) the acceptance of any partial payment or performance or the compromise or release of any claims.

6. Governing Law; Dispute Resolution. This Guaranty shall be governed by and construed in accordance with the laws of the state of Florida (without giving effect to its principles of conflicts of law). The parties agree that any Florida law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 6. The provisions of Article 17 (Dispute Resolution) of the Franchise Agreement apply to and are incorporated into this Guaranty as if fully set forth herein. If multiple Guarantors sign this Guaranty, each will have joint and several liability.

Agreed to by:

Name: _____

Address: _____

Date: _____

Name: _____

Address: _____

Date: _____

Name: _____

Address: _____

Date: _____

EXHIBIT C

MULTI-UNIT DEVELOPMENT AGREEMENT

This Multi-Unit Development Agreement (this “MUDA”) is made between SD Franchise, LLC, a Florida limited liability company (“SD Franchise”) and _____, a _____ (“Franchisee”) on the Effective Date.

Background Statement: On the same day as they execute this MUDA, SD Franchise and Franchisee have entered into a Franchise Agreement for the franchise of a Splash and Dash business (the “Franchise Agreement”; capitalized terms used but not defined in this MUDA have the meanings given in the Franchise Agreement). SD Franchise and Franchisee desire that Franchisee develop multiple Splash and Dash businesses.

1. Multi-Unit Commitment.

(a) Development Schedule. Franchisee shall develop and open Splash and Dash businesses on the following schedule:

Store #	Deadline for Opening	Total # of Stores to be Open and Operating On Deadline	Initial Franchise Fee	Royalty Rate
1		1	\$28,000	6.0%
2		2	\$24,000	6.0%
3		3	\$18,000	6.0%

(b) Payment. Upon execution of this MUDA, Franchisee shall pay \$_____ of the Initial Franchise Fees to SD Franchise. This payment is not refundable. Franchisee shall pay the balance of the Initial Franchise Fees in accordance with the Promissory Note executed simultaneously herewith.

(c) Reduced Royalty Rate. For so long as Franchisee complies with the development schedule above, Franchisee will pay a 6% royalty rate for each Store. If Franchisee breaches the development schedule, the royalty rate for each Store will automatically revert to 6.5%.

2. Form of Agreement. For Store #1, Franchisee and SD Franchise have executed the Franchise Agreement simultaneously with this MUDA. For each additional Splash and Dash franchise, Franchisee shall execute SD Franchise’s then-current standard form of franchise agreement at least 90 days before the deadline for opening, and no later than three business days after Franchisee leases or acquires a location. This MUDA does not give Franchisee the right to construct, open, or operate a Splash and Dash business, and Franchisee acknowledges that Franchisee may construct, open, and operate each Splash and Dash business only pursuant to a

separate franchise agreement executed pursuant to this MUDA for each such Splash and Dash business.

3. Development Area. Franchisee shall locate each Splash and Dash business it develops under this MUDA within the following area: _____
_____ (the “Development Area”). Franchisee acknowledges that it does not have exclusive rights to develop, open or operate Splash and Dash businesses in the Development Area.

4. Default and Termination. SD Franchise may terminate this MUDA by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee fails to satisfy the development schedule; or
- (ii) SD Franchise has the right to terminate any franchise agreement between SD Franchise and Franchisee (or any affiliate thereof) due to Franchisee’s default thereunder (whether or not SD Franchise actually terminates such franchise agreement).

5. Limitation of Liability. Franchisee’s commitment to develop Splash and Dash businesses is in the nature of an option only. If SD Franchise terminates this MUDA for Franchisee’s default, Franchisee shall not be liable to SD Franchise for lost future revenues or profits from the unopened Splash and Dash businesses. Franchisee may terminate this MUDA at any time.

6. Conditions. Franchisee’s right to develop each Splash and Dash franchise after the Store #1 is subject to the following:

- (i) Franchisee must possess sufficient financial and organizational capacity to develop, open, operate, and manage each additional Splash and Dash business, in the reasonable judgment of SD Franchise, and
- (ii) Franchisee must be in full compliance with all brand requirements at its open Splash and Dash businesses, and not in default under any Franchise Agreement or any other agreement with SD Franchise.

7. Dispute Resolution; Miscellaneous. The laws of the State of Florida (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The parties agree that any Florida law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 7. Franchisee shall not Transfer this MUDA without the prior written consent of SD Franchise, and any Transfer without SD Franchise’s prior written consent shall be void. The provisions of Article 17 (Dispute Resolution) and Article 18 (Miscellaneous) of the Franchise Agreement apply to and are incorporated into this MUDA as if fully set forth herein.

[Signatures on Next Page]

Agreed to by:

FRANCHISOR:

SD FRANCHISE, LLC

By: _____
Name: Dan Barton
Title: Chief Executive Officer
Date: _____

FRANCHISEE:

[if an individual:]

Name: _____

[if an entity:]

By: _____
Name: _____
Title: _____
Date: _____

(Check if applicable) At the same time as the parties execute this Agreement, they are also executing a Rider to Multi-Unit Development Agreement pursuant to:

- _____ Illinois
- _____ Indiana
- _____ Maryland
- _____ Minnesota
- _____ New York
- _____ North Dakota
- _____ Rhode Island
- _____ Washington
- _____ Other

EXHIBIT D
FINANCING DOCUMENTS

Exhibit D-1 – Revenue Now Program

REVENUE NOW LOAN AGREEMENT

The Agreement is made by the undersigned debtor (“Debtor”) in favor of SD Franchise, LLC, a Florida limited liability company (“SD Franchise”).

Background Statement: SD Franchise and Debtor are parties to a Franchise Agreement (the “Franchise Agreement”) for the operation of a Splash and Dash Groomerie & Boutique business located at the address below Debtor’s signature (the “Business”). The parties desire that Debtor loan funds to Debtor on the terms and conditions of this Agreement.

1. Loan Amount and Repayment. SD Franchise shall advance money to Debtor (the “Debt”) to be repaid by Debtor as set forth on Schedule 1, in accordance with the terms and conditions of this Agreement. Debtor may prepay the debt at any time, in whole or in part. Debtor agrees that any failure to make a schedule payment hereunder will be grounds for immediate termination of the Franchise Agreement, without notice or opportunity to cure.
2. Purpose. Debtor shall use the Debt solely for the purposes of the Business.
3. Manner of Payment. Debtor shall make payment to SD Franchise in the manner specified in the Franchise Agreement. Without limiting the foregoing, Debtor shall authorize SD Franchise to make electronic withdrawals from Debtor’s bank account(s), and Debtor shall execute such authorization documents as SD Franchise may require. If SD Franchise holds any money on behalf of Debtor, or if SD Franchise owes any money to Debtor, Debtor hereby authorizes SD Franchise to deduct such moneys from the amounts payable by Debtor to SD Franchise.
4. Creditor Rights. If (A) Debtor fails to make any payment when due hereunder, (B) the Business ceases operations or if the Franchise Agreement is terminated for any reason, or (C) if Debtor commits any other breach or default under the Franchise Agreement or this Agreement (an “Event of Default”), then without notice or opportunity to cure, then (i) SD Franchise may declare the entire unpaid balance of the debt to be immediately due and payable, (ii) the outstanding balance of the debt shall automatically bear a default fee equal to 1.5% per month, and (iii) SD Franchise may exercise and any all remedies available to a creditor upon default as provided herein and at law.
5. Grant of Security Interest. To secure the payment of the Debt and the payment and performance of all other obligations of Debtor to SD Franchise under this Agreement, the Franchise Agreement or otherwise (the “Secured Obligations”), Debtor grants to SD Franchise a security interest all of the assets of Debtor related to the Business, now owned or hereafter acquired, and all proceeds and products thereof, including without limitation all accounts, chattel paper, inventory, equipment, instruments (including promissory notes), documents, deposit accounts, and general intangibles (the “Collateral”). Debtor authorizes SD Franchise to file a financing statement and amendments thereto in any filing office in any Uniform Commercial Code jurisdiction describing the Collateral. Debtor agrees, at Debtor’s expense, to take any actions requested by SD Franchise to further the attachment, perfection and first priority of, and the ability of SD Franchise to enforce, SD Franchise’s security interest in the Collateral.

6. Organization. If Debtor is an entity, then Debtor represents and warrants to SD Franchise the preamble to this Note correctly identifies Debtor's exact legal name, state of organization or incorporation, and type of entity. Debtor shall maintain its type of entity, jurisdiction of organization or incorporation, and legal structure. Debtor shall not change its name. Debtor shall preserve its corporate existence, and not merge with or consolidate with another entity, or sell all or substantially all of its assets.

7. Existing Liens; Prohibition on Additional Liens. Debtor represents and warrants to SD Franchise that Debtor owns the Collateral, free from any right or claim or any person or any adverse lien, security interest or other encumbrance. So long as any of the Debt remains outstanding, Debtor shall not grant or allow to exist any lien, security interest or other encumbrance on any of the Collateral, without the prior written consent of SD Franchise.

8. Power of Attorney. Debtor hereby irrevocably constitutes and appoints SD Franchise and any officer or agent thereof, with full power of substitution, as its true and lawful attorneys-in-fact with full irrevocable power and authority in the place and stead of Debtor or in SD Franchise's own name, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments that may be necessary or useful to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, hereby gives said attorneys the power and right, on behalf of Debtor, without notice to or assent by Debtor, upon the occurrence and during the continuance of an Event of Default, generally to sell, transfer, pledge, make any agreement with respect to or otherwise dispose of or deal with any of the Collateral in such manner as is consistent with the Uniform Commercial Code of the State and as fully and completely as though SD Franchise were the absolute owner thereof for all purposes, and to do, at Debtor's expense, at any time, or from time to time, all acts and things which SD Franchise deems necessary or useful to protect, preserve or realize upon the Collateral and SD Franchise's security interest therein, in order to effect the intent of this Agreement, all at least as fully and effectively as Debtor might do. To the extent permitted by law, Debtor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and is irrevocable.

9. Secured Party Remedies. If an Event of Default shall have occurred and be continuing, SD Franchise, without any other notice to or demand upon Debtor, shall have in any jurisdiction in which enforcement hereof is sought, in addition to all other rights and remedies, the rights and remedies of a secured party under the Uniform Commercial Code of the State and any additional rights and remedies which may be provided to a secured party in any jurisdiction in which Collateral is located, including, without limitation, the right to take possession of the Collateral, and for that purpose SD Franchise may, so far as Debtor can give authority therefor, enter upon any premises on which the Collateral may be situated and remove the same therefrom. SD Franchise may in its discretion require Debtor to assemble all or any part of the Collateral at such location or locations within the jurisdiction(s) of Debtor's principal office(s) or at such other locations as SD Franchise may reasonably designate. Except for Collateral which perishable or threatens to decline speedily in value, SD Franchise shall give to Debtor at least five business days prior written notice of the time and place of any public sale of Collateral or of the time after which any private sale or any other intended disposition is to be made. Debtor hereby

acknowledges that five business days prior written notice of such sale or sales shall be reasonable notice. In addition, Debtor waives any and all rights that it may have to a judicial hearing in advance of the enforcement of any of SD Franchise's rights and remedies hereunder, including, without limitation, its right following an Event of Default to take immediate possession of the Collateral and to exercise its rights and remedies with respect thereto.

10. Termination of Security Interest; Release of Collateral. Upon the payment in full of all of the Debt, if Debtor is not then in default of the Franchise Agreement: (a) the security interests and licenses granted to SD Franchise under this Agreement shall terminate, (b) all rights to the Collateral shall revert to Debtor, (c) SD Franchise will, at Debtor's expense, execute and deliver to Debtor such documents as Debtor may reasonably request to evidence the termination of such security interests and the release of such Collateral, and (d) this Agreement shall be terminated.

11. Release of Prior Claims. By executing this Agreement, Debtor forever releases and discharges SD Franchise and its affiliates, and their respective owners, directors, officers, employees, agents, and representatives, from any and all claims relating to or arising under any franchise agreement or any other agreement between the parties executed prior to the date hereof, including, but not limited to, any and all claims, whether presently known or unknown, suspected or unsuspected, arising under the franchise, securities or antitrust laws of the United States or of any state or territory thereof.

12. Temporary Management. If an Event of Default occurs, SD Franchise may (but is not obligated to) enter the Location and operate and manage the Business until ownership of the Business is acquired by SD Franchise or a third party, or until SD Franchise returns the Business to Debtor. If this Agreement has not terminated or expired, then SD Franchise will account to Debtor for all net income from the Business during the period in which SD Franchise operates the Business. SD Franchise may collect a temporary management fee equal to 10% of Gross Sales for the period in which SD Franchise operates the Business, plus all out-of-pocket expenses incurred by SD Franchise. Debtor acknowledges that such temporary management protects that value of the Business. Debtor shall cooperate in all respects with the temporary management of SD Franchise.

13. Business Value. If SD Franchise exercises its right to purchase the assets of the Business upon termination of the Franchise Agreement pursuant to Section 14.6 thereof, the parties agree that the fair market value of the Business will be the book value of the tangible assets.

14. Waiver. Debtor hereby waives presentment for payment, demand, protest and all other demands and notices.

15. Merchant Payments. If requested by SD Franchise, Debtor shall direct its merchant card processor to delivery electronic payments to an account in the name of SD Franchise, or to such other account as SD Franchise specifies.

16. Miscellaneous. The laws of the State of Florida (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The provisions of Article 17 (Dispute Resolution) and Article 18 (Miscellaneous) of the Franchise Agreement apply to and are incorporated into this Agreement as if fully set forth herein. Debtor shall be

liable to SD Franchise for all costs of collection incurred by SD Franchise, including attorney fees. If any fees or interest hereunder exceed the amount permitted by applicable law, then the such fees and/or interest shall automatically be reduced to the maximum permitted amount. This Agreement may be changed or modified only by an agreement in writing executed by Debtor and SD Franchise. No delay in enforcement, acceptance of past due amount, or course of dealing shall constitute a waiver of any right or remedy of SD Franchise. If more than one person or entity executes this Agreement, then each signatory shall be jointly and severally liable hereunder.

Agreed to by:

SD FRANCHISE, LLC

By: _____
Name: Dan Barton
Title: Chief Executive Officer

DEBTOR:

By: _____
Name: _____
Title: _____
Date: _____
Business Address:

Personal Guaranty: The undersigned, as owner of Debtor, hereby personally guaranties payment and performance of this Agreement by Debtor, and agrees to be jointly and severally liable for the Debt. This guaranty is an addition to (and not in lieu of) any other guaranty executed by the undersigned.

Name: _____
Date: _____

SCHEDULE 1 – LOAN TERMS

A: Net Advance (actual deposit) = \$ _____

B: Total Fees or Rate of Interest = _____

C: Total Due with Fee/Interest = \$ _____

D: Closing /Wire Fee = \$ 75.00

E: Date of Final Payment: _____

F: Payment Schedule:

	Loan Payment	Fees	Total Due	Due Date
Month 1	\$	\$	\$	
Month 2	\$	\$	\$	
Month 3	\$	\$	\$	
Month 4	\$	\$	\$	
Month 5	\$	\$	\$	
Month 6	\$	\$	\$	
Month 7	\$	\$	\$	
Month 8	\$	\$	\$	

Exhibit D-2 – Financing of Multi-Unit Development Fee

PROMISSORY NOTE

The Promissory Note (this “Note”) is made as of _____ by the undersigned (the “Franchisee”) in favor of SD Franchise, LLC, a Florida limited liability company (“SD Franchise”).

Background Statement: On the same day as they execute this Promissory Note, SD Franchise and Franchisee have entered into a Franchise Agreement (the “Franchise Agreement”) and Multi-Unit Development Agreement for the development of multiple Splash and Dash business (the “MUDA”). The parties agree that a portion of the Initial Franchise Fees due from Franchisee will be financed on the terms of this Note.

- 1. Payment Amount.** Franchisee promises to pay to the order of SD Franchise the principal sum of \$_____.
- 2. Rate of Interest.** The principal amount of this Note bears interest at a rate of ____% per annum.
- 3. Payment Schedule and Amounts.** Franchisee shall make ____ equal monthly payments of \$_____ principal and interest. Each monthly payment is due on _____.
- 4. Place of Payment.** Franchisee shall make payment to SD Franchise in the manner specified in the Franchise Agreement.
- 5. Mandatory Prepayment.** Franchisee shall repay \$10,000 of the principal upon executing a Franchise Agreement for its second unit. If Franchisee has signed a MUDA for five stores, then Franchisee shall repay another \$10,000 of the principal upon executing a Franchise Agreement for its third unit. Franchisee shall continue paying the same monthly payments thereafter until the principal is repaid in full.
- 6. Optional Prepayment.** Franchisee may prepay the debt at any time, in whole or in part.
- 7. Default.** If Franchisee fails to make any payment when due, or if Franchisee defaults under the Franchise Agreement past any applicable cure period, then (i) SD Franchise may declare the entire unpaid balance of the debt to be immediately due and payable, (ii) the outstanding balance of the debt shall automatically bear a default fee equal to 1.5% per month, and (iii) SD Franchise may exercise any all remedies available to a creditor upon default as provided herein and at law.
- 8. Waiver.** Franchisee hereby waives presentment for payment, demand, protest and all other demands and notices.
- 9. Amendment.** This Note may be changed or modified only by an agreement in writing executed by Franchisee and SD Franchise. No delay in enforcement, acceptance of past due amount, or course of dealing shall constitute a waiver of any right or remedy of SD Franchise.

10. Dispute Resolution; Miscellaneous. The laws of the State of Florida (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The provisions of Article 17 (Dispute Resolution) and Article 18 (Miscellaneous) of the Franchise Agreement apply to and are incorporated into this Note as if fully set forth herein.

11. Joint and Several Liability. If more than one person or entity executes this Note, then each signatory shall be jointly and severally liable hereunder.

Agreed to by:

SD FRANCHISE, LLC

By: _____
Name: Dan Barton
Title: Chief Executive Officer
Date: _____

FRANCHISEE:

[if an individual:]

Name: _____

[if an entity:]

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT F

RIDER TO LEASE AGREEMENT

Landlord: _____

Notice Address: _____

Telephone: _____

Tenant: _____

Leased Premises: _____

Franchisor: SD Franchise, LLC

Notice Address: 2820 Scherer Dr. North,
Suite 210, St. Petersburg, FL 33716

Telephone: (888) 232-2257

1. Use. Tenant is a franchisee of Franchisor. The Leased Premises shall be used for the operation of a Splash and Dash business (or any name authorized by Franchisor).

2. Notice of Default and Opportunity to Cure. Landlord shall provide Franchisor with copies of any written notice of default (“Default”) given to Tenant under the Lease, and Landlord grants to Franchisor the option (but not the obligation) to cure any Default under the Lease (should Tenant fail to do so) within 10 days after the expiration of the period in which Tenant may cure the Default.

3. Termination of Lease. Landlord shall copy Franchisor on any notice of termination of the Lease. If Landlord terminates the Lease for Tenant’s Default, Franchisor shall have the option to enter into a new Lease with Landlord on the same terms and conditions as the terminated Lease. To exercise this option, Franchisor must notify Landlord within 15 days after Franchisor receives notice of the termination of the Lease.

4. Termination of Franchise Agreement. If the Franchise Agreement between Franchisor and Tenant is terminated during the term of the Lease, then upon the written request of Franchisor, Tenant shall assign the Lease to Franchisor. Landlord hereby consents to the assignment of the Lease to Franchisor.

5. Assignment and Subletting. Notwithstanding any provision of the Lease to the contrary, Tenant shall have the right to assign or sublet the Lease to Franchisor, provided that no such assignment or sublease shall relieve Tenant or any guarantor of liability under the Lease. If Franchisor becomes the lessee of the Leased Premises, then Franchisor shall have the right to assign or sublease its lease to a franchisee of the Splash and Dash brand.

6. Authorization. Tenant authorizes Landlord and Franchisor to communicate directly with each other about Tenant and Tenant’s business.

7. Right to Enter. Upon the expiration or termination of the Franchise Agreement or the Lease, or the termination of Tenant’s right of possession of the Leased Premises, Franchisor or its designee may, after giving reasonable prior notice to Landlord, enter the Leased Premises

to remove signs and other material bearing Franchisor's brand name, trademarks, and commercial symbols, provided that Franchisor will be liable to Landlord for any damage Franchisor or its designee causes by such removal.

8. No Liability. By executing this Rider, Franchisor does not assume any liability with respect to the Leased Premises or any obligation as Tenant under the Lease.

Executed by:

LANDLORD:

By: _____

Name: _____

Title: _____

Date: _____

TENANT:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

SD FRANCHISE, LLC

By: _____

Name: Dan Barton

Title: Chief Executive Officer

Date: _____

EXHIBIT G

FORM OF GENERAL RELEASE

[This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale of your franchise, we may require you to sign a general release.]

This General Release (“Release”) is executed by the undersigned (“Releasor”) in favor of SD Franchise, LLC, a Florida limited liability company (“SD Franchise”).

Background Statement: *[describe circumstances of Release]*

Releasor agrees as follows:

- 1. Release.** Releasor (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees (collectively, the “Releasing Parties”)) hereby releases SD Franchise, its affiliates, and their respective directors, officers, shareholders, employees, and agents (collectively, the “Released Parties”) from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature, known or unknown, which any Releasing Party now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of the Franchise Agreement (collectively, “Claims”).
- 2. Covenant Not to Sue.** Releasor (on behalf of all Releasing Parties) covenants not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any Released Party with respect to any Claim.
- 3. Representations and Acknowledgments.** Releasor represents and warrants that: (i) Releasor is the sole owner of all Claims, and that no Releasing Party has assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim; (ii) Releasor has full power and authority to sign this Release; and (iii) this Release has been voluntarily and knowingly signed after Releasor has had the opportunity to consult with counsel of Releasor’s choice. Releasor acknowledges that the release in Section 1 is a complete defense to any Claim.
- 4. Miscellaneous.** If any of the provisions of this Release are held invalid for any reason, the remainder of this Release will not be affected and will remain in full force and effect. In the event of any dispute concerning this Release, the dispute resolution, governing law, and venue provisions of the Franchise Agreement shall apply. Releasor agrees to take any actions and sign any documents that SD Franchise reasonably requests to effectuate the purposes of this Release. This Release contains the entire agreement of the parties concerning the subject matter hereof. This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Agreed to by:

Name: _____

Date: _____

EXHIBIT H
FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT.
 PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED
 THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR
 EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

SD Franchise, LLC

BALANCE SHEET

As of March 31, 2019

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
1000 Unmatched Payments Recieved	906.24
1002 Chase Bank (8788)	147,800.73
3387 Chase Merchant (3887)	2,840.91
3388 Chase Savings (9902)	47,000.00
Total Bank Accounts	\$198,547.88
Other Current Assets	
1200 Inventory Asset	51,602.96
1300 Loans to Others	248,505.27
1350 RVN - Loans	22,420.46
1812 Undeposited Funds	1,723.33
1814 Uncategorized Asset	0.00
Payroll Refunds	192.47
Total Other Current Assets	\$324,444.49
Total Current Assets	\$522,992.37
Fixed Assets	
1402 2014 Furniture & Fixture	3,911.83
1404 2015 Furniture & Fixture	4,340.10
1502 Leasehold Improvements	0.00
1504 Capital Items-leasehold Impvmt (CPA)	0.00
1506 Software Development Costs	89,036.42
Accumulated Depreciation	-18,377.00
Total Fixed Assets	\$78,911.35
Other Assets	
1820 Lease Security Deposit	1,752.66
Franchise Gator Portal Deposit	0.00
Total Other Assets	\$1,752.66
TOTAL ASSETS	\$603,656.38
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
2004 AMEX 2-01002 /2000 SDL DO NOT USE	0.00
Amazon	0.00
AMEX 1001 SDF	12,215.66
Amex 7009	31,497.46
Barclay 3554	7,897.04
Barclay Aviator 1836	6,699.39
BOA 3359	4,569.74
Capital One Venture 9843	6,312.82

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	TOTAL
Chase Ink 5950	16,051.96
Shell	0.00
Total Credit Cards	\$85,244.07
Other Current Liabilities	
21205 SD Dues Line Variance (recourse)	20,489.35
2208 Deposit - Startup	0.00
On Deck Capital	21,912.39
OnDeck Loan 6/27/2018	37,347.71
Payroll Liabilities	0.00
Payroll Liabilities FL SUTA	0.53
Payroll Liabilities FUTA	122.61
Payroll Liabilities SDF	11,388.95
Total Other Current Liabilities	\$91,261.54
Total Current Liabilities	\$176,505.61
Long-Term Liabilities	
2800 Notes Payable - Dan Barton	83,881.11
Total Long-Term Liabilities	\$83,881.11
Total Liabilities	\$260,386.72
Equity	
3100 Opening Balance Equity	33,113.73
3200 Owner Draw	-53,351.15
3500 Retained Earnings	248,392.62
Net Income	115,114.46
Total Equity	\$343,269.66
TOTAL LIABILITIES AND EQUITY	\$603,656.38

SD Franchise, LLC

PROFIT AND LOSS

January - March, 2019

	TOTAL
Income	
4000 Franchise Agreement Revenue	146,968.86
4003 Misc. Services Income	29,154.94
4033 DC / Private Label Product Sales	32,639.36
4100 Uncategorized Income	881.42
4400 Unapplied Cash Payment Income	2,384.23
4500 RVN	1,000.00
4600 Dues Line - Mnthly Membership	329,807.73
46001 Franchise Start Up Services	18,262.48
46100 3rd Party Service	24,586.00
46104 Marketing Royalty	1,912.16
46105 Franchise Royalties	73,144.40
Cloud Cart Sales Tax Income	-4.08
Sales of Product Income	132.82
Total Income	\$660,870.32
Cost of Goods Sold	
5033 DC / Private Label Products - GOGS	22,928.91
56001 Franchise Start Up Cost	12,279.14
56100 3rd Party Services Cost	14,338.06
56105 Franchise Royalty Share Cost	3,878.25
7005 Dues Line Service Cost	363,965.23
Total Cost of Goods Sold	\$417,389.59
GROSS PROFIT	\$243,480.73
Expenses	
6032 Unapplied Cash Bill Payment Expense	55.74
FIXED EXPENSES	13,312.09
GENERAL EXPENSES	56,948.86
MARKETING EXPENSE	7,321.79
Owner Related Expenses	4,152.25
PAYROLL EXPENSE	47,683.89
Total Expenses	\$129,474.62
NET OPERATING INCOME	\$114,006.11
Other Expenses	
666 Uncategorized J/E Expense	227.10
ask Dan	-1,335.45
Total Other Expenses	\$ -1,108.35
NET OTHER INCOME	\$1,108.35
NET INCOME	\$115,114.46

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A. ANDREW GIANIODIS
CERTIFIED PUBLIC ACCOUNTANT

SD FRANCHISE LLC
DECEMBER 31, 2018 AND 2017
FINANCIAL STATEMENTS

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

SD FRANCHISE LLC

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A. ANDREW GLIANODIS
CERTIFIED PUBLIC ACCOUNTANT

May 23, 2019

INDEPENDENT AUDITORS' REPORT

Board of Directors and Members of
SD Franchise LLC:

REPORT ON FINANCIAL STATEMENTS

I have audited the accompanying balance sheet of SD Franchise LLC (a limited liability Company) as of December 31, 2018 and 2017 and the related statements of operations, changes in owner's equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with generally accepted auditing standards as 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 of material misstatement.

An audit includes 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 risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company's internal control. Accordingly, I express no such opinion.

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279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

An audit also includes evaluating 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. examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

OPINION

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SD Franchise LLC (a limited liability company) as of December 31, 2018 and 2017 and the results of operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in dark ink, appearing to read "A. Andrew Gianiodis CPA". The signature is written in a cursive style with a distinct "A" and "G".

A. Andrew Gianiodis

Certified Public Accountant

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

SD Franchise LLC
Balance Sheet
December 31, 2018 and 2017

	2018	2017
Assets		
Current assets		
Cash	\$ 54,485	\$ 72,759
Inventory	53,862	37,353
Prepaid expenses	744	-
Accounts receivable	275,746	214,967
Total Current Assets	<u>384,837</u>	<u>325,079</u>
Fixed assets		
Equipment	94,453	78,828
Accumulated depreciation	<u>(18,377)</u>	<u>(14,806)</u>
Total fixed assets	<u>76,076</u>	<u>64,022</u>
Other assets		
Security Deposit	<u>1,753</u>	<u>1,753</u>
Total Assets	<u>\$ 462,666</u>	<u>\$ 390,854</u>
Liabilities & Equity		
Current liabilities		
Accounts Payable	\$ 85,431	\$ 31,032
Franchise deposits	<u>-</u>	<u>93,440</u>
	85,431	124,472
Long-term liabilities		
Due to Owner	<u>144,731</u>	<u>120,463</u>
Total liabilities	<u>230,162</u>	<u>244,935</u>
Total equity	<u>232,504</u>	<u>145,919</u>
Total liabilities and equity	<u>\$ 462,666</u>	<u>\$ 390,854</u>

See accompanying notes

SD Franchise LLC
Statement of Operations
Years ending December 31, 2018 and 2017

	2018	2017
Revenues		
Franchise fee revenue	\$ 50,218	\$ 156,753
Franchise royalties	299,114	247,730
Other franchise revenue	<u>1,766,047</u>	<u>1,555,716</u>
Total revenue	<u>2,115,379</u>	<u>1,960,199</u>
Cost of sales	<u>1,484,686</u>	<u>1,450,002</u>
Gross margin	<u>630,693</u>	<u>510,197</u>
 Expenses		
Advertising	51,176	38,306
Bank charges	54,511	47,780
Commissions	10,775	21,570
Dues & subscriptions	23,911	27,591
Franchise training	4,000	3,845
Insurance	5,653	4,414
Marketing	68,985	94,756
Miscellaneous	8,250	5,088
Office expenses	53,233	44,770
Payroll exepnses	97,585	-
Professional fees	14,222	11,909
Rent and occupancy	40,016	36,584
Repairs	15,845	17,253
Supplies	454	360
Telephone and communications	638	599
Travel and meals	<u>79,934</u>	<u>51,544</u>
Total expenses	<u>529,188</u>	<u>406,369</u>
Operating Income	101,505	103,828
 Other expenses		
Depreciation	778	778
Amortization	<u>2,793</u>	<u>4,501</u>
Net Income	<u>\$ 97,934</u>	<u>\$ 98,549</u>

See accompanying notes

SD Franchise LLC

Statement of Changes in Owner's Equity Years ending December 31, 2018 and 2017

	Total Equity
Owners' Equity at January 1, 2017	\$ 82,601
Member capital contributions	-
Member draws	(34,616)
Net Income	<u>97,934</u>
Owners' equity at December 31, 2017	<u>\$ 145,919</u>
Owners' Equity at January 1, 2018	\$ 145,919
Member capital contributions	14,548
Member draws	(25,897)
Net Income	<u>97,934</u>
Owners' equity at December 31, 2018	<u>\$ 232,504</u>

See accompanying notes

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SD Franchise LLC
Statement of Cash Flows
Years ending December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Net Income	\$ 97,934	\$ 98,549
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation & amortization	3,571	5,279
Changes in assets and liabilities		
Current assets	(78,032)	(131,339)
Current liabilities	(39,041)	96,582
Net cash provided by operating activities	<u>(15,568)</u>	<u>69,071</u>
Cash flows from investing activities:		
Expenditures for fixed assets	<u>(15,625)</u>	<u>(67,506)</u>
Net cash provided by investing activities	<u>(15,625)</u>	<u>(67,506)</u>
Cash flows from financing activities:		
Loan from owner	24,268	65,830
Member capital contributions	14,548	-
Member draws	<u>(25,897)</u>	<u>(34,616)</u>
Net cash provided by investing activities	<u>12,919</u>	<u>31,214</u>
Net increase in cash	(18,274)	32,779
Cash - beginning of year	<u>72,759</u>	<u>39,980</u>
Cash - end of year	<u>\$ 54,485</u>	<u>\$ 72,759</u>
Supplemental Disclosures		
Interest Paid	-	-
Income Taxes Paid	-	-

See accompanying notes

SD FRANCHISE LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND NATURE OF BUSINESS

The Company was incorporated under the laws of the State of Florida for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own Splash and Dash Groomerie & Boutique franchise.

BASIS OF PRESENTATION

The financial statements are presented on the accrual basis of accounting.

REVENUE RECOGNITION

Initial franchise fees will be recorded as income when the company provides substantially all the initial services agreed upon in the franchise agreement or when the franchise has commenced operations, whichever comes first. If the fee is received over a period of time and the Company has no reasonable basis for estimating the collectability of the fee, the Company will use the installment method of recognition of the initial fee as revenue.

Monthly royalty fees will be recognized when paid by the franchisee.

COMPANY INCOME TAXES

The Company is an LLC; as such, the Company will not be responsible for income taxes on the company level. Instead, its taxable income will be included on the owner's personal tax returns.

NOTE 2 DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company estimates that the fair value of all financial instruments at December 31, 2018 and 2017, as defined in FASB 107, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

SD FRANCHISE LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 3 FRANCHISE AGREEMENT

The terms of the Company's franchise agreement will be as follows:

- A. The Company will grant the right to use the Company name, trademark and system in the franchisee's franchise development business.
- B. The franchisee is obligated to pay a non-refundable initial franchise fee.
- C. The franchisee is obligated to pay a monthly royalty fee. Certain other fees are also outlined in the agreement.

NOTE 4 OTHER REVENUE

The Company earned revenues during the course of business other than Franchise Fees and Royalties. These revenues are summarized as follows:

	2018	2017
Membership dues	\$ 1,291,861	\$ 1,110,639
Start-up Income	77,833	83,094
Services provided franchisees	265,586	249,245
Private Label Sales	130,767	112,738
Rebates	-	-
	<u>\$ 1,766,047</u>	<u>\$ 1,555,716</u>

NOTE 5 SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 23, 2019, the date that the financial statements were available to be issued.



A. ANDREW GIANIODIS

CERTIFIED PUBLIC ACCOUNTANT

SD FRANCHISE LLC

DECEMBER 31, 2017 AND 2016

FINANCIAL STATEMENTS

279 Niagara Falls Blvd.

Amherst, New York 14226

716 – 510-6068

SD FRANCHISE LLC

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STATEMENT OF CHANGES IN EQUITY.....	4
STATEMENT OF CASH FLOWS.....	5
NOTES TO FINANCIAL STATEMENTS.....	6 - 7



A. ANDREW GLANIODIS
CERTIFIED PUBLIC ACCOUNTANT

February 20, 2018

INDEPENDENT AUDITORS' REPORT

Board of Directors and Members of
SD Franchise LLC:

REPORT ON FINANCIAL STATEMENTS

I have audited the accompanying balance sheet of SD Franchise LLC (a limited liability Company) as of December 31, 2017 and 2016 and the related statements of operations, changes in owner's equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with generally accepted auditing standards as 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 of material misstatement.

An audit includes 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 risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company's internal control. Accordingly, I express no such opinion.

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An audit also includes evaluating 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. examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

OPINION

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SD Franchise LLC (a limited liability company) as of December 31, 2017 and 2016 and the results of operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in dark ink, appearing to read "A. Andrew Gianiodis CPA". The signature is written in a cursive, flowing style.

A. Andrew Gianiodis

Certified Public Accountant

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

SD Franchise LLC
Balance Sheet
December 31, 2017 and 2016

	2017	2016
Assets		
Current assets		
Cash	\$ 72,759	\$ 39,980
Inventory	37,353	16,126
Prepaid expenses	-	58,763
Accounts receivable	214,967	46,092
Total Current Assets	<u>325,079</u>	<u>160,961</u>
Fixed assets		
Equipment	78,828	4,340
Accumulated depreciation	<u>(14,806)</u>	<u>(2,545)</u>
Total fixed assets	<u>64,022</u>	<u>1,795</u>
Other assets		
Security Deposit	<u>1,753</u>	<u>1,753</u>
Total Assets	<u>\$ 390,854</u>	<u>\$ 164,509</u>
Liabilities & Equity		
Current liabilities		
Accounts Payable	\$ 30,417	\$ 27,275
Franchise deposits	93,440	-
	<u>123,857</u>	<u>27,275</u>
Long-term liabilities		
Due to Owner	<u>120,463</u>	<u>54,633</u>
Total liabilities	<u>244,320</u>	<u>81,908</u>
Total equity	<u>146,534</u>	<u>82,601</u>
Total liabilities and equity	<u>\$ 390,854</u>	<u>\$ 164,509</u>

See accompanying notes

SD Franchise LLC
Statement of Operations
Years ending December 31, 2017 and 2016

	2017	2016
Revenues		
Franchise fee revenue	\$ 156,753	\$ 151,140
Franchise royalties	247,730	85,956
Other franchise revenue	1,555,716	799,814
Total revenue	<u>1,960,199</u>	<u>1,036,910</u>
Cost of sales	<u>1,450,002</u>	<u>663,437</u>
Gross margin	<u>510,197</u>	<u>373,473</u>
Expenses		
Advertising	38,306	50,114
Bank charges	47,780	16,886
Commissions	21,570	12,485
Dues & subscriptions	27,591	21,364
Franchise training	3,845	9,380
Insurance	4,414	3,144
Marketing	94,756	67,653
Miscellaneous	5,088	4,184
Office expenses	44,770	27,605
Professional fees	11,909	12,879
Rent and occupancy	36,584	36,327
Repairs	17,253	8,973
Supplies	360	3,117
Telephone and communications	599	1,201
Travel and meals	51,544	34,747
Total expenses	<u>406,369</u>	<u>310,059</u>
Operating Income	103,828	63,414
Other expenses		
Depreciation	778	-
Amortization	4,501	-
Net Income	<u>\$ 98,549</u>	<u>\$ 63,414</u>

See accompanying notes

SD Franchise LLC

Statement of Changes in Owner's Equity Years ending December 31, 2017 and 2016

	Total Equity
Owners' Equity at January 1, 2016	\$ (16,670)
Member capital contributions	40,000
Member draws	(4,143)
Net Income	<u>63,414</u>
Owners' equity at December 31, 2016	<u>\$ 82,601</u>
Owners' Equity at January 1, 2017	\$ 82,601
Member capital contributions	-
Member draws	(34,616)
Net Income	<u>98,549</u>
Owners' equity at December 31, 2017	<u>\$ 146,534</u>

See accompanying notes

- 4 -

SD Franchise LLC
Statement of Cash Flows
Years ending December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Net Income	\$ 98,549	\$ 63,414
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation & amortization	5,279	-
Changes in assets and liabilities		
Current assets		(65,147)
Current liabilities		(2,513)
Net cash provided by operating activities	<u>103,828</u>	<u>(4,246)</u>
Cash flows from investing activities:		
Reductions in fixed assets		<u>2,810</u>
Net cash provided by investing activities	<u>-</u>	<u>2,810</u>
Cash flows from financing activities:		
Loan from owner		(6,619)
Member capital contributions		40,000
Member draws		<u>(4,143)</u>
Net cash provided by investing activities	<u>-</u>	<u>29,238</u>
Net increase in cash	103,828	27,802
Cash - beginning of year	<u>30,880</u>	<u>3,078</u>
Cash - end of year	<u>\$ 134,708</u>	<u>\$ 30,880</u>
Supplemental Disclosures		
Interest Paid	-	-
Income Taxes Paid	-	-

See accompanying notes

SD FRANCHISE LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND NATURE OF BUSINESS

The Company was incorporated under the laws of the State of Florida for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own Splash and Dash Groomerie & Boutique franchise.

BASIS OF PRESENTATION

The financial statements are presented on the accrual basis of accounting.

REVENUE RECOGNITION

Initial franchise fees will be recorded as income when the company provides substantially all the initial services agreed upon in the franchise agreement or when the franchise has commenced operations, whichever comes first. If the fee is received over a period of time and the Company has no reasonable basis for estimating the collectability of the fee, the Company will use the installment method of recognition of the initial fee as revenue.

Monthly royalty fees will be recognized when paid by the franchisee.

COMPANY INCOME TAXES

The Company is an LLC; as such, the Company will not be responsible for income taxes on the company level. Instead, its taxable income will be included on the owner's personal tax returns.

NOTE 2 DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company estimates that the fair value of all financial instruments at December 31, 2017 and 2016, as defined in FASB 107, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

SD FRANCHISE LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 3 FRANCHISE AGREEMENT

The terms of the Company's franchise agreement will be as follows:

- A. The Company will grant the right to use the Company name, trademark and system in the franchisee's franchise development business.
- B. The franchisee is obligated to pay a non-refundable initial franchise fee.
- C. The franchisee is obligated to pay a monthly royalty fee. Certain other fees are also outlined in the agreement.

NOTE 4 OTHER REVENUE

The Company earned revenues during the course of business other than Franchise Fees and Royalties. These revenues are summarized as follows:

	2017		2016
Membership dues	\$ 1,110,639	\$	574,427
Start-up Income	83,094		113,807
Services provided franchisees	247,245		96,802
Private Label Sales	112,738		10,945
Rebates	-		3,833
	<u>\$ 1,553,716</u>		<u>\$ 799,814</u>

NOTE 5 SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 28 2018, the date that the financial statements were available to be issued.

EXHIBIT I

OPERATING MANUAL TABLE OF CONTENTS

Manual Section	Number of Pages
Introduction	16
Establishing A Splash and Dash Business	84
Managing A Splash & Dash Location	41
Personnel	79
Daily Procedures	149
Advertising	35
Appendix I – Operating System Procedures	
Appendix II – Pet Management Procedures	
Total Number of Pages	404

EXHIBIT J

CURRENT AND FORMER FRANCHISEES

Current Franchisees

Names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets:

Store #	Franchisee	Opening Date
81009	Beth McElroy 14 Lakes Rd Monroe, NY 10950 (845) 783-2033	1/1/2015
81011	Jaime Meyers 150 S Denton Tap Rd Coppell, TX 75019 (972) 745-7387	1/1/2015
81012	Tom Carney 224 Peachtree East Shopping Center Peachtree City, GA 30269 (770) 703-3037	2/9/2015
81015	Susan D'amodio 556 North Country Road Unit 4 St. James, NY 11780 (631) 686-6880	10/5/2015
81016	Montana Lipton 4011 W Point Loma Blvd San Diego, CA 92110 (619) 221-9233	9/2/2015
81017	Beverly Murphy 6710 Virginia Parkway Suite B-220 McKinney, TX 75071 (214) 592-0060	3/8/2016
81018	Sandy Yueng 7784 McGinnis Ferry Road Suwanee, GA 30024 (470) 719-8713	10/8/2015
81019	Wanda Camper 9991 Stedwick Road Gaithersburg, MD 20886 (301) 330-9991	10/29/2015
81021	Natalie Dufek 6233 N. Linder Rd Suite 120 Meridian, ID 83646 (208) 895-8244	4/22/2016

Store #	Franchisee	Opening Date
81023	Bill Williams 637 Metropolitan Way Des Plaines, IL 60016 (847) 528-6540	8/16/2017
8027	Vicki Lesperance 6471 28th St SE Grand Rapids, MI 49546 (616) 570-0166	7/20/2017
8028	Allison Blough 120 Brucewood Rd. Southern Pines, NC 28387 (910) 246-3274	4/28/2018
8029	Charlotte Pasqua 11575 Coursey Blvd. B1 Baton Rouge, LA 70816 (225) 412-4428	6/19/2018

Former Franchisees

Name, city and state, and 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 the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date:

Closed:

Valayia Jones-Smith
5231 Broadway
Suite 101
San Antonio, TX 78209
(210) 467-5439

Charles Edgar
168 W. Green St.
Pasadena, CA 91105
(626) 765-9889

Marie Risner
116 N.9th Ave.
Durant, OK 74701
(580) 924-5951

Steve Douglas
4038 Cattlemen Road
Sarasota, FL 34233
(941) 379-8725

EXHIBIT K
STATE ADDENDA TO DISCLOSURE DOCUMENT

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department Of Business Oversight, prior to a solicitation of a proposed material modification of an existing franchise.

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 OFFERING CIRCULAR.

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.

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF BUSINESS OVERSIGHT NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

ALL THE OWNERS OF THE FRANCHISE WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE MARITAL ASSETS OF THE SPOUSES DOMICILED IN COMMUNITY PROPERTY STATES – ARIZONA, CALIFORNIA, IDAHO, LOUISIANA, NEVADA, NEW MEXICO, TEXAS, WASHINGTON AND WISCONSIN AT RISK IF YOUR FRANCHISE FAILS.

1. The following paragraph is added to the end of Item 3 of the Disclosure Document:

Neither franchisor nor any person or franchise broker in Item 2 of this disclosure document is 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 that association or exchange.

2. The following paragraph is added to the end of Item 6 of the Disclosure Document:

With respect to the Late Fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is 10%.

3. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

The Franchise Agreement requires franchisee to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

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 contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement requires binding arbitration. The arbitration will occur in St. Petersburg, Florida, with the costs being borne equally by Franchisor and Franchisee. Prospective franchisees are encouraged to consult private 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 a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires application of the laws of Florida. This provision may not be enforceable under California law.

HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Hawaii only, this Disclosure Document is amended as follows:

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities
335 Merchant Street
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective or an offering circular is on file in the following states: _____
2. A proposed registration or filing is or will be shortly on file in the following states: _____
3. No states have refused, by order or otherwise to register these franchises.
4. No states have revoked or suspended the right to offer these franchises.
5. The proposed registration of these franchises has not been withdrawn in any state.

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, as amended (the “Act”), this Disclosure Document is amended as follows:

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Act provides that any provision in a franchise agreement that designates jurisdiction of venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Act.

MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Maryland only, this Disclosure Document is amended as follows:

The following is added to Item 17:

The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

You have the right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law.

MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Minnesota only, this Disclosure Document is amended as follows:

- 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 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, which states "No action may be commenced pursuant to this Section more than three years after the cause of action accrues."

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

In the State of New York only, this Disclosure Document is amended as follows:

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY ST. 21ST FLOOR, NEW YORK, NY 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise,

securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for franchisee to renew or extend,**” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), titled “**Assignment of contract by franchisor**”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”: The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

9. The following is added to the end of Item 19:

REPRESENTATIONS REGARDING EARNINGS CAPABILITY

SD FRANCHISE, LLC DOES NOT FURNISH OR AUTHORIZE ITS SALESPERSONS TO FURNISH ANY ORAL OR WRITTEN INFORMATION CONCERNING THE ACTUAL OR POTENTIAL SALES, COSTS, INCOME OR PROFITS OF A FRANCHISE. ACTUAL RESULTS VARY FROM UNIT TO UNIT AND SD FRANCHISE, LLC CANNOT ESTIMATE THE EARNINGS OF ANY PARTICULAR FRANCHISE.

NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of North Dakota only, this Disclosure Document is amended as follows:

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

1. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.
2. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.
3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
5. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.
6. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.
7. Waiver of Exemplary and Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.
8. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.
9. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
10. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Rhode Island only, this Disclosure Document is amended as follows:

Item 17, summary columns for (v) and (w) are amended to add the following:

Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT

In the Commonwealth of Virginia only, this Disclosure Document is amended as follows:

The following statements are added to Item 17(h):

Under 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.

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to the franchisee under the franchise, that provision may not be enforceable.

Item 17(t) is amended to read as follows:

Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.

WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT

(See Exhibit I for Washington Addendum to Disclosure Document and Rider to Franchise Agreement)

EXHIBIT L
STATE ADDENDA TO AGREEMENTS

ILLINOIS RIDER TO _____ AGREEMENT

This Rider amends the _____ Agreement dated _____ (the "Agreement"), between SD Franchise, LLC, a Florida limited liability company ("SD Franchise") and _____, a _____ ("Franchisee").

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Illinois Act" means the Illinois Franchise Disclosure Act of 1987.
- 2. Governing Law and Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, the Agreement is governed by Illinois law. The parties irrevocably submit to the jurisdiction and venue of the federal and state courts in Illinois, except for matters which the Agreement provides will be resolved by arbitration.
- 3. Limitation of Claims.** No action can be maintained to enforce any liability created by the Illinois Act unless brought before the expiration of 3 years from the act or transaction constituting the violation upon which it is based, the expiration of 1 year after Franchisee become aware of facts or circumstances reasonably indicating that Franchisee may have a claim for relief in respect to conduct governed by the Illinois Act, or 90 days after delivery to the Franchisee of a written notice disclosing the violation, whichever shall first expire.
- 4. Waivers Void.** Notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.
- 5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

SD FRANCHISE, LLC

By: _____

Name: _____

Title: _____

Date: _____

INDIANA RIDER TO _____ AGREEMENT

This Rider amends the _____ Agreement dated _____ (the “Agreement”), between SD Franchise, LLC, a Florida limited liability company (“SD Franchise”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Indiana Acts” means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

2. Certain Provisions Modified. Any provision of the Agreement which would have any of the following effects is hereby modified to the extent required for the Agreement to be in compliance with the Indiana Acts:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or services or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to 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 to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

SD FRANCHISE, LLC

By: _____

Name: _____

Title: _____

Date: _____

MARYLAND RIDER TO FRANCHISE AGREEMENT [if applicable: AND MULTI-UNIT DEVELOPMENT AGREEMENT]

This Rider amends the Franchisee Agreement [if applicable: and Multi-Unit Development Agreement] dated _____ (the “Agreement”), between SD Franchise, LLC, a Florida limited liability company (“SD Franchise”) and _____, a _____ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Maryland Franchise Law” means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.
- 2. Releases, Estoppels and Waivers of Liability.** 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 Law.
- 3. Statute of Limitations.** Any provision of the Agreement which provides for a period of limitations for causes of action shall not apply to causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland. Franchisee must bring an action under such law within three years after the grant of the franchise.
- 4. Jurisdiction.** Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.
- 5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

SD FRANCHISE, LLC

By: _____

Name: _____

Title: _____

Date: _____

MINNESOTA RIDER TO _____ AGREEMENT

This Rider amends the _____ Agreement dated _____ (the “Agreement”), between SD Franchise, LLC, a Florida limited liability company (“SD Franchise”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Minnesota Act” means Minnesota Statutes, Sections 80C.01 to 80C.22.

2. Amendments. The Agreement is amended to comply with the following:

- 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 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, and therefore the applicable provision of the Agreement is amended to state “No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues.”

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

SD FRANCHISE, LLC

By: _____

Name: _____

Title: _____

Date: _____

NEW YORK RIDER TO _____ AGREEMENT

This Rider amends the _____ Agreement dated _____ (the “Agreement”), between SD Franchise, LLC, a Florida limited liability company (“SD Franchise”) and _____, a _____ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

- 2. Waivers Not Required.** Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve SD Franchise or any other person from any duty or liability imposed by New York General Business Law, Article 33.

- 3. Waivers of New York Law Deleted.** Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by SD Franchise with any provision of New York General Business Law, or any rule promulgated thereunder, is hereby deleted.

- 4. Governing Law.** Notwithstanding any provision of the Agreement to the contrary, the New York Franchises Law shall govern any claim arising under that law.

- 5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

SD FRANCHISE, LLC

By: _____

Name: _____

Title: _____

Date: _____

NORTH DAKOTA RIDER TO _____ AGREEMENT

This Rider amends the _____ Agreement dated _____ (the “Agreement”), between SD Franchise, LLC, a Florida limited liability company (“SD Franchise”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. Amendments. The Agreement (and any Guaranty Agreement) is amended to comply with the following:

- (1) Restrictive Covenants: Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind is subject to NDCC Section 9-08-06.
- (2) Situs of Arbitration Proceedings: Franchisee and any Guarantor are not required to agree to the arbitration of disputes at a location that is remote from the site of Franchisee’s business.
- (3) Restrictions on Forum: Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.
- (4) Liquidated Damages and Termination Penalties: Franchisee is not required to consent to liquidated damages or termination penalties.
- (5) Applicable Laws: The Agreement (and any Guaranty Agreement) is governed by the laws of the State of North Dakota.
- (6) Waiver of Trial by Jury: Franchisee and any Guarantor do not waive a trial by jury.
- (7) Waiver of Exemplary and Punitive Damages: Neither party waives exemplary and punitive damages.
- (8) General Release: Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement.
- (9) Limitation of Claims: Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- (10) Enforcement of Agreement: The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

SD FRANCHISE, LLC

By: _____

Name: _____

Title: _____

Date: _____

RHODE ISLAND RIDER TO _____ AGREEMENT

This Rider amends the _____ Agreement dated _____ (the “Agreement”), between SD Franchise, LLC, a Florida limited liability company (“SD Franchise”) and _____, a _____ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

- 2. Jurisdiction and Venue.** Any provision of the Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.

- 3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

FRANCHISOR:

SD FRANCHISE, LLC

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

**WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT
AND
RIDER TO _____ AGREEMENT**

The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitation period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

SD FRANCHISE, LLC

By: _____

Name: _____

Title: _____

Date: _____

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If SD Franchise, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If SD Franchise, LLC 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit A).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Dan Barton	2820 Scherer Dr. North, Suite 210, St. Petersburg, FL 33716	(888) 232-2257

Issuance Date: May 23, 2019

I received a disclosure document dated May 23, 2019, that included the following Exhibits:

- A. State Administrators and Agents for Service of Process
- B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
- C. Multi-Unit Development Agreement
- D. Financing Documents
- E. Refundable Deposit Agreement
- F. Rider to Lease Agreement
- G. Form of General Release
- H. Financial Statements
- I. Operating Manual Table of Contents
- J. Current and Former Franchisees
- K. State Addenda to Disclosure Document
- L. State Addenda to Agreements

Signature: _____

Print Name: _____

Date Received: _____

Keep This Copy For Your Records

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If SD Franchise, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If SD Franchise, LLC 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit A).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Dan Barton	2820 Scherer Dr. North, Suite 210, St. Petersburg, FL 33716	(888) 232-2257

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- G. Form of General Release
- H. Financial Statements
- I. Operating Manual Table of Contents
- J. Current and Former Franchisees
- K. State Addenda to Disclosure Document
- L. State Addenda to Agreements

Signature: _____

Print Name: _____

Date Received: _____

Return this copy to us.