

Franchise Disclosure Document (FDD)

  
FRANCHISING  
SOS Franchising, LLC  
a Texas limited liability  
company 8181 Commerce Park  
Drive, #726  
Houston, Texas 77036  
[www.SOSfranchising.com](http://www.SOSfranchising.com)  
[Franchise@successonthespectrum.com](mailto:Franchise@successonthespectrum.com)  
[om Direct Line: \(832\) 975-1999](tel:(832)975-1999)



FRANCHISE DISCLOSURE DOCUMENT

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8181 Commerce Park Drive, #726  
Houston, Texas 77036  
Tel: (832) 975-1999  
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As a

~~The franchise that we offer is for Success On The Spectrum franchisee, you will own, operate and supervise a, an autism treatment center where qualified professionals provide that provides Applied Behavioral Analysis (ABA) therapy, speech therapy, occupational therapy, and Social Skills Classes social skills classes to individuals with developmental disabilities generally between the ages of eighteen months to eighteen years old. developmentally delayed children and young adults, and other products and services.~~

~~The total investment necessary to begin operation of a Success on the On The Spectrum® Center under a franchise ranges from \$313 agreement is \$315,500 to \$813,500 \$42,700. This includes \$39,500 that must be paid to the Franchisor or franchisee or affiliate-its affiliates and 6 months of operating expenses.~~

~~This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read ~~the~~ 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 ~~any~~ affiliate in connection with the proposed franchise sale. **Note, however, that no governmental government agency has verified the information contained in this document.**~~

You may wish to receive your disclosure document in another ~~format~~ that is more convenient for you. To discuss the availability of disclosures in different ~~formats~~, contact:

~~Nichole Daher, President~~  
~~Joe Souza, SOS~~  
Franchising, LLC  
8181 Commerce Park Drive, #726  
Houston, Texas 77036

~~and (832) 975-1999.~~

The terms of your contract will govern your franchise relationship. ~~Don't~~**Do not** rely on the disclosure document alone to understand your contract. Read your entire 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.~~**DC** 20580. You can also visit the FTC's home page at

[WWW.FTC.GOV](http://WWW.FTC.GOV) [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: ~~June 20, 2023~~ May 6, 2024

## How to Use This Franchise Disclosure Document

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

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

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

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

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

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

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

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

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

**When your franchise ends.** The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

### Some States Require Registration

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

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

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

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

1. **Out-of-State Dispute Resolution**. The ~~franchise agreement~~Franchise Agreement requires you to resolve disputes with the ~~Franchisor~~franchisor by mediation, arbitration, and/or litigation only in Texas. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the ~~Franchisor~~franchisor in Texas than in your own state.
2. **Mandatory Minimum Payments**. You must make minimum royalty, advertising, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all your financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse's marital and personal assets at risk if your franchise fails.
- ~~3. **Financial Condition**. The Franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the Franchisor's ability to provide services and support to you.~~
4. **Short Operating History**. The ~~Franchisor~~franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED

5. Financial Condition. The franchisor's financial condition as reflected in its financial statements (See Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

NOTICE REQUIRED BY THE STATE OF 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

The Michigan Franchise Law states in Sec. 445.1527, Sec.27 that 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~~protections 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~~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~~five 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~~six months advance notice of ~~franchisor's~~franchisor's intent not to renew the franchise.
- ~~(d)~~  
(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

(g) 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 \$100,000.00, 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

~~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~~

~~CONSUMER PROTECTION DIVISION~~

~~Attention: Antitrust & Franchise~~

~~G. Mennen Williams Building, 7th Floor~~

~~525 West Ottawa Street~~

~~Lansing, Michigan 48909~~

~~Lansing, Michigan 48909~~

~~Telephone Number: (517) 373-7117~~

Success On The Spectrum  
Franchise Disclosure Document ~~{FDD}~~

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SOS Franchising, LLC

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## ITEM 1

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

#### **The Franchisor is**

SOS Franchising, LLC, a Texas limited liability company. For ease of reference, SOS Franchising, LLC will be the Success On The Spectrum franchise is referred to as “we,” “us,” “our,” “SOSF” or “Franchisor” in this franchise disclosure document (the “Disclosure Document.” We will refer to the person or entity who buys the Franchise as “you,” “your,” and “Franchisee,” throughout.) as “we,” “us” or “our” as the context requires. A franchisee is referred to in this Disclosure Document as “you” and “your” as the context requires. If you are a corporation or a limited liability company, partnership or other legal entity, certain provisions of the (a “Corporate Entity”), our Franchise Agreement will also apply to your individual owners, shareholders, members or owners, officers, directors and will be noted. Any entity such as corporations, partnerships, limited liability companies or other type of entity may be referred to as an “Entity” and those who own the Entity may be referred to as “Owners,” principals.

#### **The Franchisor**

We are a Texas limited liability company, incorporated Limited Liability Company established on March 21, 2018 and have been offering franchises since September 13, 2018. We do business under the same name as our corporate name “SOS Franchising, LLC”. Our principal place of business address is 8181 Commerce Park Drive, #726, Houston, Texas 77036. We operate and sell franchises for the operation of a business known as “Success on the Spectrum” (the “Business,” “Franchise” or “Franchised Business”).

We offer a franchise agreement (“Franchise Agreement”) for the operation of a mental health therapy center that offers and performs various types of behavior modification services for children and young adults with autism, within a protected territory. We do not engage in any other business activities and neither we nor our affiliates have offered franchises in any other line of business. Our agents for service of process are disclosed in Exhibit B.

We offer franchises for the operation of therapy centers (“Centers”) We conduct business under our corporate name SOS Franchising, LLC and under the Success On The Spectrum System (“System”). The System consists of our proprietary process, procedures, policies, methods, know how, standards, and specifications (“System Standards”) and our trademarks, service marks, trade dress, interior and exterior décor, logos, advertising formats, and other indicia of origin (“Marks”). The System Standards are set forth in our confidential and proprietary Operations Manual and otherwise in writing (collectively, the “Manual”). Our Predecessors and Affiliates:

We have no parents or predecessors. Our business is operating the Success On The Spectrum Center franchise system and granting franchises to third parties like you to develop and operate a Center. We began offering franchises on September 13, 2018. Other than as discussed above, we are not in any other business, we have not conducted business

Our affiliates, Success on the Spectrum, LLC (“SOS Southwest Houston”) and SOS MC, LLC (“SOS MedCenter Houston”), owned by Nichole Daher, are Texas limited liability companies that were formed on October 9, 2015 and April 7, 2022 respectively and operated SOS businesses in the Houston, Texas metropolitan area for eight (8) years. These businesses are substantially similar to the Franchise Business being offered by us. We and SOS Southwest Houston and SOS MedCenter are independent entities, and do not assume any of our legal or other obligations, nor us of theirs.

Our affiliate, SOS Distribution, LLC (“SOS Distribution”), owned by Nichole Daher, is a Texas limited liability company that was formed on February 27, 2019. SOS Distribution shares the same physical address as us and SOS Distribution will sell uniforms and logoed materials to franchisees. We and SOS Distribution are independent entities, and SOS Distribution does not assume any of our legal or other obligations, nor us of theirs.

Except as disclosed above, we do not have any affiliates that provide goods or services to franchisees.

~~The Affiliates disclosed above do not engage in any other line of business, we do not conduct or operate a Franchised Business of the type to be operated by a franchisee, and we have not offered or sold franchises or licenses in this or any other line of business.~~

~~**Our Business**—We do not have any predecessors and the Franchises Offered:~~

~~**Franchise Agreement**~~

~~You must enter into our then-current form of franchise agreement to govern each Center youwe do not have any parent company. Our registered agents for service of process are awarded the right to develop. Our current form of franchise agreement is attached todisclosed in Exhibit B of this Disclosure Document as Exhibit E (the “Franchise Agreement”). Your Franchise Agreement will grant you a license to operate a business according to the System.~~

~~A Success on the Spectrum® business is characterized by our: proprietary standards and specifications for certain of the Services; trademarks, service marks, logos, interior and exterior designs, décor, and color schemes for the buildout and construction of a Center; standards and specifications for the furniture, fixtures, and equipment necessary to operate a Center, templates and other document forms for use in the business, sales techniques and merchandising, marketing, advertising, and inventory management methodologies; standardized management procedures, and (f) established vendor relationships or software programs.~~

~~Our YouTube Channel that includes access to our proprietary educational platform that houses a data base of proprietary training modules and courses; guidelines for hiring, training and retaining employees; service standards and specific operational procedures to enhance efficiencies; software, forms, contracts, record keeping and reporting methods; strategies for acquiring clients, marketing, advertising and promotional strategies and materials; our confidential and proprietary operations manuals (“Operations Manual,” “Manuals” or “Operating Manuals”) and other materials which are made available either in hard copy or electronically; all of which may be changed, improved and further developed by us periodically (the “System”).~~

~~**Services and Products**~~

~~As a Success On The Spectrum franchisee, you will own and operate and supervise a center where qualified professionals provide Applied Behavioral Analysis (ABA) therapy, speech therapy, occupational therapy, and Social Skills Classes to individuals with developmental disabilities generally between the ages of eighteen months to eighteen years old.~~

~~We may authorize you to offer additional services and/or sell products in the future such as: psychological testing and assessment services, cognitive behavioral therapy services, or the sale of therapy toys, self-help books and other mental health-related services and products approved by us.~~

~~**Laws and Regulations:**~~

~~**Responsibility**~~

~~You are responsible for operating the~~

~~**The Franchised Business**~~

~~We license a system (the “System”) for the development and operation of a Success On The Spectrum center (each, a “Franchised Business” or “Center”), providing Applied Behavioral Analysis (ABA) therapy, speech therapy, occupational therapy, and social skills classes to developmentally delayed children and young adults, and other products and services~~

(the “Approved Products and Services”). The System includes Approved Products and Services that we currently designate and that we may modify, add to or discontinue from time to time, and our specifications, methods and procedures for marketing, selling, offering, and providing the Approved Products and Services. The System also features and requires, as designated by us, your exclusive purchase, use, and maintenance of curriculum and other merchandise, inventory, products, supplies, and goods comprising or used to provide the Approved Products and Services offered for sale and other products and services related to the merchandizing, display, packaging, and sale of Approved Products and Services, uniforms, trade displays, equipment, furniture, and fixtures designated by us (collectively, the “System Supplies”). The System is presently identified by the Success On The Spectrum trademark, logo and other trademarks, service-marks, logotypes, and commercial symbols as we may designate, modify and adopt from time to time for use in the System and as same may or may not be registered with the United States Patent and Trademark Office (collectively referred to as the “Licensed Marks”). The System features the prominent display of the Licensed Marks and our trade dress. You must only operate the Franchised Business in conformity with the specifications, procedures, criteria, and requirements that we designate in our confidential operations manual and other proprietary manuals that we may designate and loan to you and, as we may from time to time supplement and modify other manuals and communications (collectively, the “Manuals”).

**Required Center** in full compliance with all applicable laws, rules, and regulations. You must secure and maintain in force all required licenses, permits, and certificates relating to the operation of **Personnel**. You must employ at your Center three separate key staff, including an operating manager, office manager and behavior analyst. You must serve as one of the foregoing key staff members at the Center. All of your key staff are required to satisfactorily complete our initial training. Your behavior analyst must also obtain and maintain all required certifications as required in the location where your Center is located. Your key staff must each devote their full time and effort to the Center. You may not hire anyone that has been convicted of a felony or has a history of violent crime, or sexual misconduct.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

#### **Franchise Agreement**

You may enter into a Franchise Agreement in the form attached to this Disclosure Document as Exhibit E to develop and operate one Center from a single Center Location. If you sign a Franchise Agreement, you will be required to develop and operate your Center in conformity with the requirements of our System and at a Center Location that we approve in writing. If you do not have an approved site for your Center Location you must select a site in accordance with the Franchise Agreement and obtain our written approval of the Center Location. Your rights in the System will be limited to the establishment and operation of a single Center offering, selling, and/or providing only our Approved Products and Services from your approved Center Location and using only our System Supplies. Your Center must conform to the requirements of our System.

#### **Option Fee**

In our sole discretion, we may enter into an Option Agreement with you in the form attached hereto as Exhibit F, pursuant to which you will be granted an option (“Option”) for your future development of one additional Center (the “Additional Center”), on the terms and conditions set forth in the Option Agreement and within a specific territory. If we enter into an Option Agreement for your future development of a Center, you must notify us within six months after the date of the Option Agreement of your intent to open an Additional Center (the “Option Term”) and must enter into our then current form of Franchise Agreement, which may contain terms and conditions that are materially different from your first Franchise Agreement. In exchange for us entering into the Option Agreement and the rights granted thereunder, and at the time you enter into the Option Agreement, you will pay to us a nonrefundable fee in the amount of 50% of our then current initial franchise fee (“Option Fee”). If you timely exercise your Option rights under the Option Agreement and sign our then current Franchise Agreement, the Option Fee will be credited toward the initial franchise fee for the Additional Center. The Option Fee is non-refundable and is payable in full when you sign the Option Agreement.

#### **Our Affiliates**

**Success on the Spectrum, LLC**

Our affiliate Success on the Spectrum, LLC is a Texas Limited Liability Company established on October 9, 2015. This affiliate maintains a principal business address at 8181 Commerce Park Dr. Suite 726 Houston, TX 77036. This affiliate operates a business substantially similar to that offered to franchisees hereunder. This affiliate is also the owner of the Licensed Marks. This affiliate has not in the past and does not now offer franchises in any lines of business.

#### SOS MC, LLC

Our affiliate SOS MC, LLC, is a Texas Limited Liability Company established on April 7, 2022. This affiliate maintains a principal business address at 5751 Blythewood Drive, #500, Houston, Texas 77021. This affiliate operates a business substantially similar to that offered to franchisees hereunder. This affiliate has not in the past and does not now offer franchises in any lines of business.

#### SOS Distribution, LLC

Our affiliate SOS Distribution, LLC, is a Texas Limited Liability Company established on February 27, 2019. This affiliate maintains a principal business address at 8181 Commerce Park Dr. Suite 726 Houston, TX 77036. This affiliate provides franchisees with uniforms and branded materials.

#### SOS Land Ho, LLC

Our affiliate SOS Land Ho, LLC is a Texas Limited Liability Company established on February 20, 2019. This affiliate maintains a principal business address at 8181 Commerce Park Dr. Suite 726 Houston, TX 77036. This affiliate is the owner of our "SOS House", a house from which we provide room and/or board to Franchisees and other trainees during their initial training. This affiliate has not in the past and does not now offer franchises in any line of business.

#### Market and Competition

The marketplace for the products and services offered by Success on the Spectrum Centers is well developed and competitive. You will be competing with many other businesses that offer and sell products and services that are similar to or substitutes for the products and services offered by the Franchised Business, including national and local mental health wellness centers, school districts that provide early intervention special education services, non-profit autism support agencies, governmental social service agencies, counseling and therapy centers, and private practice therapists and counselors. You will compete with private and public businesses and organization, as well as businesses that are part of regional or national chains. The Franchised Business that we offer is not seasonal.

#### Industry Specific Laws

Many states and local jurisdictions have laws, rules, and regulations that may apply to the development and operation of the Franchised Business. You should consult with your attorney and investigate and evaluate how these laws, rules, and regulations may affect your development and operation of the Franchised Business. The behavior modification and mental health industry is heavily regulated and strictly enforced.

It is entirely your responsibility to investigate and comply with all laws, regulations, orders, statutes, and rules applicable to your Center, and we strongly advise you to consult with an attorney and

~~contact federal, state, and local agencies before signing a~~ Below are examples of potential healthcare regulatory issues that you should research to determine their application to the operation of your Center. You are solely responsible, at your own expense, for investigating and complying with all laws, regulations, and rules in the state where you wish to manage a Center including laws that regulate the corporate practice of medicine, related “captain-of-the-ship” regulations and the sharing of patient payments. ~~Franchise Agreement~~ or other contract with us to determine your legal obligations and their possible effect on your costs and operations. Laws and regulations vary greatly from state to state so it is critical that you evaluate the specific laws and regulations applicable to the geographic area in which you operate.

During the term of your Franchise Agreement, you must monitor and advise us of any changes to the applicable laws where your Center is located and any related impact or corrective action you are undertaking to address any negative impact the change might have on the operation of your Center.

### **Regulations Related to Ownership**

Many states have laws restricting ownership and control of medical practices by lay persons or corporations (commonly referred to as the corporate practice of medicine doctrine, or “CPOM”). A state’s CPOM doctrine can include a wide range of restrictions such as prohibiting a lay person or corporation from employing a physician to practice medicine and collecting the professional fees, restricting the ownership percentage of a practice that can be physician, non-physician provider such as a nurse practitioner, or lay person, and who can serve in management positions. The ownership and control restrictions applicable in your state may determine the structure for your franchised Clinic. CPOM restrictions can also dictate the manner in which funds must flow within your franchise structure, especially if operating using a structure where funds need to follow a specific route from professionals to non- professionals. Under no circumstance may a lay person (including you as an owner if unlicensed) administer, control, influence, or direct the supervision, administration, delivery, or performance of medical or other services required to be performed or supervised by ~~Licensed~~ ~~Personnel~~ personnel who may be required to be licensed.

### **Anti-Kickback Regulations**

Numerous federal and state “anti-kickback” regulations (including Medicare regulations) prohibit the receipt of compensation or fee-splitting in exchange for referring patients to licensed health care providers. In addition, the federal “Stark I” and “Stark II” laws and comparable state laws may prohibit you from filing a claim with Medicare or any other governmental or third-party payer if you or your business has a financial relationship with a physician (or an immediate family member of a physician) and that physician referred a patient to you or your business for health care related services. Accordingly, you will need to structure your compensation arrangements with your licensed medical professionals carefully to meet the statutory safe harbors or exceptions under these federal and state laws. Compensation arrangements should be based on the fair market value of the bona fide services that are provided and not based on the volume or value of referrals between you and the licensed medical professional. Violations of federal or state fraud and abuse laws can result in serious criminal and civil penalties.

### **Privacy Regulations**

You and all behavior analysts that you hire must also comply with privacy of client records and the Health Insurance Portability and Accountability Act (“HIPAA”) and Health Information for Economic and Clinical Health Act (“HITECH”) as well as any state privacy laws and state mental health privacy obligations which might encompass more stringent privacy obligations than HIPAA and HITECH. We will sign a HIPAA Business Associate Agreement with you that addresses our protection of all client’s privacy rights under HIPAA which is Schedule 3 of the Franchise Agreement).

You should be particularly aware of the various federal, state, and local statutes, rules, regulations, ordinances, requirements, directives, and guidance relating specifically to the furnishing of health care services and items (“Health Care Requirements”). Health Care Requirements impose restrictions and requirements relating to many aspects of the rendering of health care services and items, including those relating to the following: health care facility licensing; billing; claims submission and reimbursement; patient rights and privacy; personnel qualifications and licensing; and fraud and abuse. Violations of Health Care Requirements may subject a person or entity to both civil and criminal liability. This discussion of Health Care Requirements is not a substitute for individual legal advice and counsel or guidance from

regulatory agencies, as appropriate. Our System requires you to manage your Center in full compliance with all applicable laws, including Health Care Requirements. We are not responsible for notifying you of changes to the laws and Health Care Requirements summarized in this Disclosure Document. You are solely responsible for investigating and monitoring all changes and for keeping abreast of new Health Care Requirements.

### **Licensing Regulations**

You are responsible for obtaining all licenses required for you to operate your Business. If you are an individual or legal entity purchasing a Success on the Spectrum®, you either must be a certified behavior analyst or you must partner with (or hire) someone who is a certified behavior analyst. All clinical operations must be under a certified behavior analyst's direct supervision at all times.

~~You (if you are a behavior analyst) and all other~~All behavior analysts that work in the Franchised Business (or represent your interests) must be in good standing with ~~your state and local Board of Mental Health, Examiners of Professional Counselors or whatever~~any agency that regulates behavioral analysts in your state. We require that your behavior analyst (which could be you, any Owner or manager) obtain a board-certified behavior analyst certification (unless you already have such certification) from the Behavior Analyst Certification Board. Your behavior analyst must have such certification prior to attending our initial training program. You are responsible for the costs of obtaining and maintaining such certification during the term of your Franchise Agreement.

In general, you must ensure that you secure and maintain in force all required licenses, permits and certifications related to the management of your Business in addition to the other licenses applicable to your employees. You must not employ any person in a position that requires a license or certification unless that person is currently credentialed and licensed by your state and all applicable authorities and a copy of such license or certification is in your business files. You must also not engage in the practice of medicine or any type of profession that requires specialized training or certification unless such training or certification has been obtained and is authorized by us. You should investigate whether there are any other state or local licenses, regulations or requirements that may apply in the geographic area in which you intend to conduct business. You should consider both their effect on your business and the cost of compliance.

In addition to laws and regulations that apply to businesses generally, there are consumer protection laws that exist in several states. Certain requirements, including compliance with federal and/or state solicitation, telemarketing (for example, the "do not call" registry), email solicitation, privacy and consumer credit and also collection laws which are generally applicable to all businesses that sell and provide services directly to the end-user. You must comply with all local, state and federal laws that apply to your Business and to the public. Those laws include Equal Employment Opportunity Commission ("EEOC"), Occupational Safety and Health Administration ("OSHA"), Federal Trade Commission ("FTC"), pricing laws and employment laws. Such employment laws include regulations concerning wage rates, mandated employee benefits, employment taxes, worker safety, unemployment compensation, workers' compensation, child labor practices, disabled employees and discrimination in employment practices. You will also be subject to the Americans with Disabilities Act ("ADA") which prohibits practices that discriminate against physically and mentally challenged individuals regarding access to public accommodations and employment opportunities. There may be other laws and codes applicable to your business and we urge you to make further inquiries about those laws and codes.

## **ITEM 2** **BUSINESS EXPERIENCE**

### **General Market and Competition**

~~Competition includes national and local mental health wellness centers, school districts that provide early intervention special education services, non-profit autism support agencies, governmental social service agencies and to some extent counseling and therapy centers or private practice therapists or counselors that offer behavior modification services for people diagnosed~~

with autism and learning disabilities similar to those offered by a Success on the Spectrum® business.

Your typical clients will be children and young adults diagnosed with Autism Spectrum Disorder who seek help improving their social skills and becoming more independent. Generally, there is no seasonality to this business. The behavioral health industry is growing, changing and continues to evolve as there is a demand for effective behavioral modification services for those diagnosed with autism. The market for autistic children and young adults seeking help to improve their quality of life is becoming more competitive in the United States.

**ITEM 2**

**BUSINESS EXPERIENCE**

**~~President/CEO: Nichole Daher~~, ~~President/Chief Executive Officer~~**

Nichole ~~Daher~~ is ~~the~~our founder of the ~~Success on the Spectrum®~~ business model serving as our ~~President and Chief Executive Office~~ and has served in these roles since our inception in March 2018. ~~She~~Nichole has been responsible for developing all our programs, protocols, data reporting and service standards in addition to managing regulatory requirements and establishing our administrative procedures. From October 2015 to present, ~~she~~Nichole has ~~been~~servingserved as President for our affiliate Success on the Spectrum, LLC ~~based out of in~~ Houston, Texas. ~~Previously from~~From 2008 to January 2016, ~~she~~Nichole was a Nuclear Medicine Technologist for Woodlake MRI based out of Houston, Texas. Nichole will continue to develop new programs, enhance our protocols, lead our franchise training program and provide ongoing operational support to franchisees.

**~~Kendra Kitchen~~, ~~Director of Training and Support: Kendra Kitchen~~**

Kendra ~~has been serving as~~Kitchen is our Director of Training and Support ~~and has served in this capacity~~ since our inception in March 2018. ~~She~~Kendra has been responsible for enhancing our assessment reporting procedures, managing daily operations and supervising our Behavioral Analysts in addition to training and managing employees for all our company-owned locations. From January 2017 to present, ~~she~~Kendra has ~~been~~servingserved as a Clinical Director for our affiliate, Success on the Spectrum, LLC ~~based out of in~~ Houston, Texas. ~~Previously she was a President from~~From August 2013 to January 2017 ~~for~~, Kendra was President of Caring ABA Therapy based out of Houston, Texas. Kendra will continue to evaluate and enhance operational efficiencies, assist with our franchisee training program and provide ongoing operational support to franchisees.

**~~Daisy DeLeon~~, ~~Director of Support: Administration: Daisy DeLeon~~**

Daisy ~~has been serving as~~DeLeon is our Director of Support, ~~and has served in this capacity~~ since our inception in March 2018. ~~She~~Daisy has been responsible for enhancing our intake processes, managing human resources, orchestrating various events and creating marketing collaboration relationships for all our company-owned locations. From April 2016 to present, Daisy has ~~been~~servingserved as a Center Manager for our affiliate, Success on the Spectrum, LLC ~~based out of in~~ Houston, Texas. ~~Previously from~~From April 2014 to April 2016, ~~she~~Daisy was a Behavior Technician for Positive Behavioral Support ~~based out of in~~ Houston, Texas. From January 2012 to April 2014, ~~she~~Daisy was a Behavior Technician for Therapy and Beyond ~~also based out of in~~ Houston, Texas. Daisy will continue to develop marketing collaboration relationships, assist with our franchisee training program and provide ongoing operational support to franchisees.

**~~Joabe Souza~~, ~~Director of Franchise Development: Joabe Souza~~**

Joabe ~~has been serving as~~Souza is our Director of Franchise Development, ~~and has served in this capacity~~ since June 2020. ~~He~~Joabe has been responsible for guiding potential franchisees through discovery and the contracting process. Previously, ~~he~~Joabe was a development manager for United Franchise Group based out of West Palm Beach, ~~FL~~Florida. Joabe has been a certified business broker with Capital Business Solutions since 2012.

**~~Catherine Hatcher~~, ~~Director of Marketing: Catherine Hatcher~~**

Catherine ~~has been serving as~~Hatcher is our ~~Director of Marketing~~ Director ~~and has served in this capacity~~ since January 2021. ~~She~~Catherine is responsible for creating content that advertises both SOS Franchising and the Success On The Spectrum System. ~~She~~Catherine is a John Maxwell Certified Leadership Coach and ~~is~~ certified in Emotional Intelligence. Starting in 2014, ~~she~~Catherine was Director / Producer for DogAndButterfly Films. From 2015 to 2019, Catherine was the Executive Leadership Coach for the BNSF Railway. From 2000 to present, ~~she was~~Catherine has served as a national motivational speaker about impression management skills.

Sabiha Afreen, Director of Quality Control: ~~Sabiha Afreen.~~

Sabiha ~~has been serving as the~~Afreen is our Director of Quality Control, ~~and has served in this capacity~~ since November 2022. In order to promote uniform standards of care for our entire franchise system, Sabiha performs quarterly audits for each location. ~~Previously~~From October 2017 to November 2022, Sabiha ~~worked~~served as a BCBA and Clinical Director for Success On The Spectrum in Houston ~~from October 2017 to November 2022.~~

Ali Sanchez, Support and Training: ~~Ali Sanchez. Specialist~~

Ali ~~has been serving as~~Sanchez is our ~~bilingual support~~Support and ~~training specialist~~Training Specialist, ~~and has served in this capacity~~ since June 2022. Ali is well versed in our SOS Operations Manual and assists franchisees with operations. Ali has a ~~Master's~~Master of Education Degree and previously worked at Teach for America from 2020-2022. Ali also worked as a bilingual certified teacher at Houston Independent School District (R.P Harris Elementary)

August 2021-June 2022 and Chicago Public Schools (Theodore Herzl Elementary School) August 2020- July 2021. She was also a Manager at Chipotle July 2017-December 2019, a Court Administrator Intern for Lee County Justice Center Alabama August 2019-December 2019 and a Governor Campaign Intern, Summer 2018.

### ITEM 3

#### LITIGATION

Hyung Sun Lee and Autism Family Friendly, LLC v. SOS Franchising, LLC and Nichole Daher, Cause No. 2022-37808, in the 234th District Court, Harris County, Texas, June 23, 2022. Plaintiffs alleged franchisor breached the ~~franchise agreement~~ Franchise Agreement and safekeeping agreement and tortiously interfered with their contractual relationships with the employees and patients. Defendants denied all allegations. On July 6, 2022, Defendants filed counterclaims against Plaintiffs for breach of safekeeping agreement for failure to make required payment when due. On August 12, 2022, the parties entered into a settlement agreement whereby franchisor took back franchisee's territory. The agreement provided for mutual releases. The matter was dismissed with prejudice on August 22, 2022.

Duane Kamias v. Success On The Spectrum, LLC, SOS Franchising, LLC., Nichole Daher, in the District Court of Harris County, Texas, Precinct 5, Place 1. Plaintiff was a prospective franchisee and alleged that franchisor agreed to compensate plaintiff for professional fees plaintiff incurred in its due diligence of the franchise. Franchisor denied all allegations. In order to avoid the costs and uncertainty of litigation, on October 18, 2022, the parties agreed to settle this matter, ~~entered~~ entered into mutual releases and ~~dismissed~~ dismissed this matter with prejudice.

No other 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

##### Franchise Agreement

~~When you sign a Franchise Agreement you will pay to us a non-refundable initial franchise fee in the amount of \$39,500 (the "Initial Franchise Fee~~

~~You must pay us a non-refundable "Initial Franchise Fee" of \$39,500 in a lump sum at the time you enter into your Franchise Agreement with us ("Initial Franchise Fee"). The Initial Franchise Fee will be due and deemed is fully earned on execution of the Franchise Agreement.~~

~~by us upon payment. The Initial Franchise Fee includes method we use to calculate the development of a custom web page Initial Franchise Fee is uniform for your Franchise housed within our national website; access to our proprietary software, our proprietary educational platform, along with access to ongoing news bulletins and templates to support your business; a copy of our proprietary Operations Manual; and a comprehensive 10 day training program for up to 3 key staff, including the travel (on Southwest up to \$400 per person) and lodging (at our SOS House).~~

*Additional Locations*

When determining whether to grant new or additional ~~all~~ franchises, we consider many factors, including your compliance with the requirements described in this Item 8. You are not entitled to (and we do not offer) any other benefit that we offer through this Disclosure Document.

### **Option Fee**

~~In our sole discretion, we may enter into an Option Agreement with you in the form attached hereto as a result of your compliance with these requirements.~~

~~We may offer you Exhibit F, pursuant to which you will be granted an option to reserve a territory for your future development of one Additional Center, on the terms and conditions set forth in the Option Agreement Exhibit F. Under the Option Agreement, you have six months to enter into a Franchise Agreement for a franchised business. In exchange for the Option, you and within a specific territory. If we enter into an Option Agreement for your future development of a Center, you must notify us within the Option Term (six months after the date of the Option Agreement) of your intent to open an Additional Center and must enter into our then current form of Franchise Agreement, which may contain terms and conditions that are materially different from your first Franchise Agreement. In exchange for us entering into the Option Agreement and the rights granted thereunder, and at the time you enter into the Option Agreement, you will pay to us a nonrefundable fee of \$17,500 (“Option Fee”) that: (i) Option Fee in the amount of 50% of our then current initial franchise fee. The Option Fee is in addition to the initial franchisee fee you will pay for your first Center. If you timely exercise your option rights under the Option Agreement during the Option Term and sign our then current Franchise Agreement, the Option Fee will be credited toward the Initial Franchise Fee if you exercise the Option to purchase an initial franchise during the Option Term. The Option Fee is not non-refundable and is payable in full when you sign the Option Agreement, as applicable, except as provided in Exhibit F.~~

~~Additional franchises may be awarded for existing franchisees at a reduced fee of \$20,000 per Franchise. The Initial Franchise Fee is not refundable and is payable in full when you sign the Franchise Agreement. In order to qualify for additional centers, your operating centers must be in good standing. You must enter into our then current form of franchise agreement to govern each Center you are awarded the right to develop.~~

### **Existing Franchise Discount**

~~For existing franchisees that are in full compliance with their Franchise Agreements and, subject to market availability and our discretion to award or deny a request for an additional Success on the Spectrum franchise, we offer a reduced initial franchise fee in the amount of 50% of our then current initial franchise fee. If you are an existing franchisee and we approve your request to open an additional franchise, you will be required to execute our then current Franchise Agreement, which may contain terms and conditions that are materially different than your prior Franchise Agreement(s). The reduced initial franchisee fee is nonrefundable and is payable in full at the time you execute the Franchise Agreement for your additional Center.~~

### **Referral Fee Program**

~~Franchisees can receive a flat referral fee of \$5,000 in cash, or credit for referring If you refer a franchise prospect to us, who ultimately becomes a Success on the Spectrum® franchisee, that we have not previously been introduced to and/or are not previously aware of, and that prospect ultimately executes a Franchise Agreement with us and pays us the initial franchise fee, we will pay you a referral fee in the amount of \$5,000 (“Referral Fee”). You are authorized only to present a prospect/prospects with our informational brochure and to identify the prospect to our company franchise sales staff. You are not authorized to act as our agent or franchise broker and are not instructed or permitted to provide any information, or financial performance representations, to prospects other than our information brochure. If you receive a referral fee from us, notice will be given to the prospective franchisee receiving, at the time that prospective franchisee received our Franchise Disclosure Document, together with the same type of information reported in Item 2 and Item 3 of this Disclosure Document about Franchisee. We retain~~

the right in our sole discretion to modify or terminate this referral program at any time ~~with or~~ without notice. The factors concerning our decision to start, modify, or terminate the referral program include, but are not limited to, the number of franchises that we sell, the number of referrals that we ~~reeeivereceived~~ from current franchisees, and the quality of referrals that we ~~reeeivereceived~~ from current franchisees.

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**ITEM 6**

**OTHER FEES**

You pay all fees to us and they are uniformly imposed. All fees are non-refundable.

Type of Fee <sup>(Note 1)</sup>	Amount	Due Date	Remarks
<del>Royalties</del> <u>Royalty</u> <sup>(Notes 2 and 3)</sup>	5% of Gross Revenue (with a cap of Sales, up to \$4,000 <del>(mo)</del> ); per month	Due by the <del>15<sup>th</sup></del> <u>20<sup>th</sup></u> day of each month for the <del>previous</del> <u>preceding</u> month.	<del>See Note 4</del> <u>Must be paid no later than the 20<sup>th</sup> of each month for the preceding month and in accordance with our invoice. At our option, this fee may be debited automatically from your bank account by ACH or other means designated by us.</u>
<u>Technology Fee</u> <sup>(Note 4)</sup>	Up to \$750 per month, currently \$500 per month	Due by the 20 <sup>th</sup> day of each month for the preceding month.	Payable to us our affiliates or our approved vendors. If payable to us, must be paid no later than the 20 <sup>th</sup> of each month for the preceding month and in accordance with our invoice. At our option, this fee may be debited automatically from your bank account by ACH or other means designated by us.
<del>SOS Software Fees</del> <u>Electronic Mail Fee</u>	\$409/month plus a one time setup fee of \$1000, \$0 for first e-mail address, up to \$25 per month for each additional e-mail address, currently \$15 per month for each additional email address	Due by the <del>15<sup>th</sup></del> <u>20<sup>th</sup></u> day of each month for the <del>previous</del> <u>preceding</u> month.	Payable to us, our affiliates or approved vendors. <del>See Note 5</del> <u>Payable to us our affiliates or our approved vendors. We will provide you with one electronic email address free of charge. If you require additional email addresses, you will be required to pay us a fee in the amount of up to \$25 per month for each additional email address you request. Currently, we charge \$15 for each additional email address.</u>
<u>Phone / Fax Fee</u>	Up to \$60 per month, currently \$40 per month	Due by the 20 <sup>th</sup> day of each month for the preceding month.	Payable to us our affiliates or our approved vendors. We will provide you with a phone number, fax number and other customizations, including but not limited to voicemail greetings.

<u>Annual Conference Attendance Fee</u> <sup>(Note 5)</sup>	<u>Not greater than \$1,000, if you chose to attend our annual conference</u>	<u>When invoiced and before conference</u>	<u>Conference fee for an annual System conference if you chose to attend. Attendance is not mandatory.</u>
<u>Additional Employee Initial Training</u>	<u>Our then current training fee, currently \$250 per person per day</u>	<u>When invoiced and prior to training</u>	<u>There is no initial pre-opening training fee for a total of three key employees. This fee applies to any additional individuals that we authorize to attend training.</u>
<u>Supplemental Training</u>	<u>For Supplemental Training at your Center, our then current daily rate per trainer, plus expenses we incur. Current rate per trainer is \$250 per day.</u>  <u>For Supplemental Training at our affiliate-owned Center, \$250 per person, plus travel expenses.</u>	<u>When invoiced and prior to training</u>	<u>If you request or we require on-site training at your Center, you must pay our then current trainer fee plus our expenses for travel and accommodations. If supplemental training takes place at our affiliate-owned Center or another location that we designate, you must pay \$250 for each person who attends, and will also be responsible for all travel expenses and accommodations that you incur.</u>
<u>Interest</u>	<u>18% per annum from due date</u>	<u>On demand</u>	<u>Payable on all overdue amounts, fees, charges, and payments due to us under the Franchise Agreement. Interest rate cannot exceed legal rate allowed by law and may be adjusted to reflect same.</u>
<u>Reporting Non-Compliance</u>	<u>\$50 for the first violation, \$250 for subsequent violations</u>	<u>10 days of invoice</u>	<u>Payable for failure to timely submit Royalty and Activity Reports, and other reports and financial statements as required under Franchise Agreement.</u>
<u>Operations Non-Compliance</u>	<u>\$50 for the first violation, \$250 for subsequent violations</u>	<u>10 days of invoice</u>	<u>Payable for failure to comply with operational standards as required and specified under Franchise Agreement, plus inspection and re-inspection costs incurred by us.</u>
<u>Payment Non-Compliance</u>	<u>\$50 per violation</u>	<u>10 days of invoice</u>	<u>Payable for failure to timely pay, when due, a fee or payment due to us under the Franchise Agreement, plus interest, costs and legal fees.</u>

<u>Audit</u>	<u>Cost of audit</u>	<u>On demand</u>	<u>For costs incurred by us for each financial audit, provided the audit determines underreporting of 2% or greater during any designated audit period. Includes fees incurred by us including audit, legal, travel and reasonable accommodations.</u>
<u>Quality Assurance Audit</u>	<u>Actual costs incurred by us</u>	<u>As invoiced</u>	<u>Payable to us if we elect to perform or designate a third party to perform periodic quality assurance audits, including mystery shopper type inspections and programs.</u>
<u>Collections</u>	<u>Actual fees, costs, and expenses</u>	<u>On demand</u>	<u>For costs and expenses incurred by us in collecting fees due to us, and/or to enforce the terms of the Franchise Agreement or a termination of the Franchise Agreement. Includes costs and expenses of re-inspections required by quality assurance audit.</u>
<u>NSF Check Fee of Failed Electronic Fund Transfer</u>	<u>5% of amount or \$50, whichever is greater, or maximum fee allowed by law</u>	<u>On demand</u>	<u>Payable if your bank account possesses insufficient funds or fails to process a payment or transfer related to a fee due to us.</u>
<u>Resale Assistance Fee</u>	<u>At least \$5,000, plus broker fees (if any), costs and expenses</u>	<u>On demand</u>	<u>If you ask and we agree to assist you in finding a buyer for your Franchised Business, or if your proposed buyer already appears in our lead generation database at the time of first contact between you and the proposed transferee, you must pay us a fee to cover our costs and expenses. The fee will be no less than \$5,000, plus any broker fees that we incur to third parties.</u>
<u>Supplier Review</u>	<u>Actual fees, costs, and expenses</u>	<u>Within 10 days of invoice</u>	<u>You must pay us the costs incurred by us to review and evaluate a potential supplier, product, or service that you submit to us for approval.</u>

<u>Management Service</u>	<u>Actual costs incurred by us</u>	<u>As invoiced</u>	<u>Payable if we elect to manage the Franchised Business due to a failure by you to have the Franchised Business managed by an authorized Managing Owner or manager.</u>
<u>Reimbursement</u>	<u>Actual expenditures incurred, plus 10% administrative charge</u>	<u>On Demand</u>	<u>You are obligated to reimburse us for any amounts that you owe to third parties and which we pay on your behalf plus an administrative charge equal to 10% of such amounts.</u>
<u>Transfer</u>	<u>\$5,000</u>	<u>Prior to execution of transfer agreements and authorization</u>	<u>Payable if we approve your transfer request.</u>
<u>Renewal</u>	<u>\$1,500</u>	<u>On signing renewal Franchise Agreement</u>	<u>Payable if we approve your renewal request and upon signing our then current Franchise Agreement.</u>
<u>Costs and Attorney's Fees, Liquidated Damages</u>	<u>Varies, depending on the circumstances</u>	<u>On demand</u>	<u>Payable by you if we enforce our obligations under the Franchise Agreement.</u>
<u>Indemnification</u>	<u>Varies, depending on the circumstances</u>	<u>On demand</u>	<u>You must protect, defend, indemnify and hold us harmless against any claims, lawsuits or losses arising out of your operation of the Franchised Business.</u>

<u>Type of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Electronic Mail Fee	\$15 per month for each electronic email address for your Business.	Due by the 15 <sup>th</sup> day of each month for the previous month.	Payable to us, our affiliates or approved vendors. See Note 2
Phone / Fax Fee	\$30/month for a phone and \$10/month for fax number	Due by the 15 <sup>th</sup> day of each month for the previous month.	Payable to us, our affiliates or approved vendors. See Note 5

Key-Staff Additional Training	\$250 per person per day. You are responsible for all room, board and travel expenses.	At time training is scheduled and/or additional assistance is requested by you.	This fee is applicable upon an approved transfer of the Franchise for initial training and additional training in addition to the Transfer Fee disclosed below.
Conference Fee	Not to exceed \$500. You are responsible for all room, board and travel expenses.	When registering for conference	As incurred and payable to third parties and us.  (See Note 8)
Transfer Fee	A flat fee of \$2,500 when you transfer a part of the Business (less than 49% of all the assets) or a flat fee of \$5,000 when you transfer all the Business (more than 49% of all the assets). If transferee came from our lead database, you may be required to pay the then-current resale assistance fee to us plus any costs associated with applicable broker fees.	At the time the transferee signs the Franchise Agreement in effect for transfer or sale.	Payable to us when the Franchise Agreement is signed or a material portion of the assets in the Business is transferred.
Resale Assistance Fee	Actual Costs.	On Demand	If you ask and we agree to assist you in finding a buyer for your Business, you pay us a fee to cover our costs and expenses, including time committed by our personnel.
Renewal Fee	A flat \$1,500 for each Franchise	At the time of the five-year renewal period for each franchise.	For the same protected area

<u>Type of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Interest and Late Charges	1.5% per month or maximum rate allowed by law, plus \$50 provided the interest rate cannot exceed the maximum legal rate	After due date of fees.	See Note 3

Audit	Actual Costs:	On-demand	Payable only if an audit reveals that you have under reported Gross Revenues by 3 percent or more.
Non-Compliance Fee	\$50 for first infraction \$250 for subsequent infraction	On-demand	
Costs and Attorney's Fees and liquidated damages.	Actual Costs:	On-demand or by court order	Payable as incurred by us in obtaining injunctive relief for the enforcement of any section of the Franchise Agreement.
Indemnification	Actual Costs:	On-Demand	As incurred; See Note 4
Reimbursement	Amounts we expend on your behalf to cover payments due from you to third parties plus an administrative charge of 10% of such amounts	On-Demand	You are obligated to reimburse us for any amounts that you owe to third parties and which we pay on your behalf plus an administrative charge equal to 10% of such amounts.
Temporary Management	Actual Costs	On-Demand	Upon death or disability, a manager who completed our training, must be employed to operate the Business. If not done, we can appoint a manager for up to 90 days, renewable up to one year. All expenses, including manager compensation, travel and living expenses will be charged against operating revenues. We also charge against those revenues, the amount of our expenses.
Website Customization Fee	\$65-\$125 per hour.	As Incurred	Payable to us, our affiliates and/or approved vendors.  See Note 7

<u>Type of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
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Early Termination Fee	\$1,500 per month for each remaining month of the term of renewal term of the Franchise Agreement for a termination before the expiration of the term or any renewal term.	On Demand upon termination of the franchise agreement	Payable to us
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**Note 1:** The royalty obligation begins when your Business is collecting income. The royalty fee is due and payable monthly on the 15th day of each month but is to be received how we specify. The royalty rate is 5% of Gross Revenue (with a cap of \$4000/mo.) per calendar month starting after signing the Franchise Agreement then continues for the entire term of your Franchise Agreement (see chart below).

The term “Gross Revenue” shall include all revenue received from the performance of Services and sale of all products (if we authorize Franchisee to sell products in the future) in, at, upon, about, through or from the Business, and income of every kind and nature related to the Business. Gross Revenue also includes fair market value for any service or product Franchisee receives in barter or exchange for its Services and/or products (if we authorize Franchisee to sell products in the future); the retail value of any donated and/or complimentary (free) Services or products given to customers in addition to all insurance proceeds and/or condemnation awards for loss of sales, profits or business. The sale of Services and sale and delivery of all products (if we authorize Franchisee to sell products in the future) away from the Business (such as off-site events) is included in computing Gross Revenue.

**Note 2:** We will provide you with one electronic mail address at our cost. If you need an additional electronic mail addresses, then you will be responsible for the electronic mail fee. Currently this fee is \$15 per electronic email address per month and is payable to us, our affiliates or approved vendors. Electronic mail expenses are uniformly imposed on all franchisees who need more than one email addresses for their Business (Franchise Agreement Section X.E).

**Note 3:** Interest and late charges begin to accrue from the due date of payment. You must also pay any damages, expenses, collection costs and reasonable attorney fees we incur when you do not make the required payments, provided no interest shall exceed the maximum legal rate. All interest and late charges are payable only to us, uniformly imposed and non-refundable.

**Note 4:**

Explanatory Notes to Item 6  
“Other Fees”

Note 1: Type of Fee – The above table describes fees and payments that you must pay to us, our affiliates, or that our affiliates may impose or collect on behalf of a third party. All fees are uniformly imposed for all franchises offered under this Disclosure Document, are recurring, are not refundable, and are payable to us, unless otherwise specified. If you open multiple Centers then these fees shall apply, respectively, to each and every Center, subject to the terms of their respective Franchise Agreement. Currently, we invoice franchisees on or before the 10<sup>th</sup> day of each month for fees due in the prior month. You must pay all invoiced fees no later than the 20<sup>th</sup> of each respective month. Payment is subject to our specification and instruction. At any time in the future, we may elect to have all fees automatically drafted from your business bank account or automatically debited or charged to your business bank account. You will be required to sign an ACH Authorization Form (Franchise Agreement, Exhibit 7) permitting us to electronically debit your designated bank account for payment of all fees payable to us and/or our affiliates. You must deposit all receipts and Gross Sales of your Center into the designated bank accounts that are subject to our ACH authorization. You must install and use, at your

expense, the pre-authorized payment, point of sale, credit card processing, automatic payment, automated banking, electronic debit and/or electronic funds transfer systems that we designate and require in the operation of your Center. You must pay all fees charged by your bank in connection with our ability to debit your bank account.

Note 2: Royalty Fees – The royalty fee is a continuing monthly fee equal to the lesser of: (i) 5% (the “Royalty Rate”) of your monthly Gross Sales or (ii) \$4,000 per month. If any federal, state or local tax other than an income tax is imposed on the Royalty Fee which we cannot directly and, dollar for dollar, offset against taxes required to be paid under any applicable federal or state laws, you must compensate us in the manner prescribed by us so that the net amount or net effective Royalty Fees received by us is not less than 5% of your Gross Sales, up to a maximum of \$4,000 per month.

Note 3: Gross Sales – “Gross Sales” means the total dollar sales from all business and clients of your Center and includes the total gross amount of revenues, receipts, and sales from whatever source derived, whether in form of cash, credit, agreements to pay or other consideration including the actual retail value of any goods or services traded, borrowed, or received by you in exchange for any form of non-money consideration (whether or not payment is received at the time of the sale), from or derived by you or any other person or Corporate Entity from business conducted or which started in, on, from or through your Center and/or your Center Location, whether such business is conducted in compliance with or in violation of the terms of the Franchise Agreement. Gross Sales include the total gross amount of revenues, receipts, and sales from whatever source derived from and/or derived by you (including any person and/or Corporate Entity acting on your behalf) from business conducted within and/or outside your designated territory that is related to your Center and/or a competitive business located and/or operated at your Center Location, within your designated territory, outside your designated territory, and/or otherwise. Gross Sales does not include sales taxes that you collect and remit to the proper taxing authority or promotional discounts that are authorized by us in writing and provided by you to clients of the Franchised Business.

Note 4: Technology Fee – The continuing monthly technology fee (“Technology Fee”) is an administrative fee charged by us. You are required to use our proprietary practice management software at your Center and in connection with your Franchised Business. The Technology Fee is used to cover the cost of our proprietary practice management software, which includes functionality pertaining to, among other things, client activity, stores, employee records, operational compliance and reporting as well as integration with your bookkeeping software. The Technology Fee may also be used, at our discretion, to defray some of our costs related to system website, intranet, and other technology related expenses that we may designate. Currently, we charge a Technology Fee of \$500 per month. We reserve the right to increase the Technology Fee at any time, provided that the Technology Fee will not exceed \$750 per month.

Note 5: Annual Conference Attendance Fee – If we offer a franchisee annual conference in a given year you will have the option to attend the conference on the dates and at the location that we designate. Attendance at our annual conference is recommended, but not required. If you chose to attend our annual conference, you will be responsible for all travel and lodging expenses.

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~~You must protect, defend, indemnify and hold us harmless against any claims, lawsuits or losses arising out of your operation of the Franchised Business. If you default under the Franchise Agreement and we engage an attorney for collection or enforcement, you must pay all our damages, legal fees and costs to the extent permitted by law. All indemnification costs are payable only to us and collected only by us. Indemnification costs will vary depending on the amount of damages, and attorneys' fees that we incur to collect any amounts due and owing by you according to the Franchise Agreement, or to enforce the terms of the Franchise Agreement. Indemnification costs are non-refundable (Franchise Agreement Section XVIII).~~

~~**Note 5:** You must use our proprietary software. Our SOS proprietary software is specific to the Success On The Spectrum Systems that track all client activity, stores, employee records and tracks operational compliance, generates reports and integrates with the billing software and your bookkeeping software. Currently, the practice management software is \$1000 for setup and \$409/month.~~

~~It is your responsibility to install and upgrade all software for your Business. You will have sole authority and control over, day-to-day operations of the Business and your employees. Software fees are non-~~

refundable, uniformly imposed and we may change the software requirements and fees upon 90 days' written notice to you and you will be required to adhere to the new software requirements and fees at your own expense. Software fees may be changed in response to any increase in the United States Consumer Price Index; if additional functionality and/or features become available; or if the manufacturers of such software believe that conditions in the overall economy or in the market for such software warrant any change in fees. Software fees are non-refundable and are uniformly imposed and collected only by us, our affiliates or our approved vendors (See, Franchise Agreement Section X.F, XII.H and XX.A).

**Note 7:** We, our affiliates and/or our approved vendors will complete all changes, updates and promotions to your website. Prior to your opening, we will provide you with a standardized webpage specific for your center.

Any requests for changes or updates to the content of your website and/or any type of website promotion you wish to do must be approved by us in writing and performed by us, our affiliates and/or our approved vendors. We will respond to you within 30 days of our receipt of your request for all website changes. The website customization fee is currently \$65-\$125 per hour and is payable to us, our affiliates, or our approved vendors. We may change our website customization fee requirement upon 90 days' notice to you and you will be required to adhere to our new website maintenance and promotion fee requirements at your own expense. The fees may be changed in response to any increase in the United States Consumer Price Index, if we choose to offer additional features, if we choose to provide additional web pages or if we believe that conditions in the overall economy or in the market for services warrant any change in fees. Website maintenance and promotion fees are non-refundable and are uniformly imposed and collected only by us, our affiliates, or our approved vendors (See, Franchise Agreement Section X.G).

**Note 8:** There will be a registration fee for conferences not to exceed \$500 per person although we will work in good faith to keep the cost to a point that it does not exceed our costs. The registration fee for the conference is payable to us. You are responsible for all travel, meal and accommodation costs for you and your employees to attend. Those costs are paid to third parties.

**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

**A. Franchise Agreement**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is <del>to be</del> Made

Initial Franchise Fee <sup>(Note 1)</sup>	\$39,500	Lump Sum; The initial franchise fee is \$39,500 for a Standard model in a defined territory which includes a training program ; Operations Manual and a webpage ; This fee is nonrefundable. Lump sum	At signing of <u>When Franchise Agreement is signed</u>	Franchisor See Item <u>5Us</u>
<u>Credentialing Fee and Billing Services Fee</u>	<u>\$0</u>			
Royalty Fee	\$2,400 to <u>\$24,000</u>	As incurred monthly. Monthly royalty fees begin when first client payment is received. <u>As arranged</u>	Over course of the first six months. <u>Monthly, after invoice, or as otherwise designated by us</u>	Franchisor <u>Us</u>

<u>Construction and Leasehold Improvements</u> <sup>(Note 2)</sup>	\$0 to – \$175,000	<u>As arranged</u> <u>As incurred</u> costs to construct interior alterations, improvements and to decorate your space. Your costs depend on the extent of the renovations needed to convert your space into separate areas and any allowance you negotiate with your landlord for construction.	<u>Before Opening</u> <u>As incurred</u>	<u>Contractors, suppliers, and/or Landlord</u> . See Note 4
<u>Rent – Six Months</u> <sup>(Note 3)</sup>	<u>\$42,000 – \$105,000</u>	<u>As arranged</u>	<u>As incurred</u>	<u>Landlord</u>
<u>Furniture, Fixtures and Equipment</u> <sup>(Note 4)</sup>	<u>\$50,000 – \$100,000</u>	<u>As arranged</u>	<u>As incurred</u>	<u>Suppliers</u>
<u>Signage</u> <sup>(Note 5)</sup>	<u>\$2,000 – \$15,000</u>	<u>As arranged</u>	<u>As incurred</u>	<u>Suppliers</u>
<u>Computer and Technology</u> <sup>(Note 6)</sup>	<u>\$10,000 – \$30,000</u>	<u>As arranged</u>	<u>As incurred</u>	<u>Suppliers</u>
<u>Software</u> <sup>(Note 7)</sup>	<u>\$4,000 – \$5,200</u>	<u>As arranged</u>	<u>As incurred</u>	<u>Supplier</u>
<u>Utility Deposits</u> <sup>(Note 8)</sup>	<u>\$4,000 – \$18,000</u>	<u>As arranged</u>	<u>As incurred</u>	<u>Suppliers</u>
<u>Insurance Deposits – Six Months</u> <sup>(Note 9)</sup>	<u>\$3,600 – \$4,800</u>	<u>As arranged</u>	<u>As incurred</u>	<u>Insurers</u>
<u>Travel Expenses for Initial Training</u> <sup>(Note 10)</sup>	<u>\$1,500 – \$5,000</u>	<u>As arranged</u>	<u>As incurred</u>	<u>Airlines, hotels, restaurants</u>
<u>Office Supplies</u> <sup>(Note 11)</sup>	<u>\$3,000 to \$4,200</u>	<u>As arranged</u>	<u>As incurred</u>	<u>Suppliers</u>
<u>Uniforms</u> <sup>(Note 12)</sup>	<u>\$800 – \$1,500</u>	<u>As arranged</u>	<u>As incurred</u>	<u>Our affiliate</u>
<u>Professional Fees</u> <sup>(Note 13)</sup>	<u>\$2,000 – \$15,000</u>	<u>As arranged</u>	<u>As incurred</u>	<u>Attorneys, accountants, architects, advisors</u>
<u>Licenses and Permits</u> <sup>(Note 14)</sup>	<u>\$200 – \$500</u>	<u>As arranged</u>	<u>As incurred</u>	<u>Government and licensing authorities and third parties</u>

Staffing and Payroll <sup>(Note 15)</sup>	\$120,000 – \$240,000	As arranged	As incurred	Employees, Government
Additional Funds – Six Months <sup>(Note 16)</sup>	\$30,000 – \$60,000	As arranged	As incurred	Us, employees, suppliers, landlord, utility suppliers
Total Estimate <sup>(Notes 17 and 18)</sup>	\$315,000 – \$842,700			

Explanatory Notes to Item 7 - for a Franchise Agreement

Note 1: Initial Franchise Fee – The Initial Franchise Fee for a single franchise under a Franchise Agreement is \$39,500. All fees are non-refundable. We do not finance any portion of your initial fees.

Note 2: Construction and Leasehold Improvements – This estimate is for the cost of construction, construction management and build-out of a Success On The Spectrum Center Location but does not include costs associated with furniture, fixtures and equipment which are separately disclosed in this Item 7. The typical square footage for a Center is 5,000 square feet has a reception area, private session rooms, one general open area or playroom, one art room, one back-office area, a break room and bathrooms. This estimate assumes that the location that you select is delivered to you in an enhanced condition with pre-installed improvements including installed and functional HVAC systems, essential lighting, electrical switches and outlets, lavatories, a finished ceiling, walls prepared for painting and a concrete slab floor. This estimate does not include architectural fees or other fees charged by licensed professionals other than general contractors and licensed tradesmen and does not include any special heating cooling or ductwork required by a center. The costs for developing your Center may be higher or lower than the estimates provided.

Note 3: Rent – Six Months – You must operate your Success On The Spectrum Center from a Center Location that we approve and that complies with state and local law. If you do not already own or lease a suitable location you will be required to lease a location that has been approved by us as meeting our brand standards. This estimate assumes that you will be leasing your Center Location and is limited to the estimated amount of your initial lease deposit and initial six months of rent. The low and high estimate represent rents that range from \$7,000 per month to \$15,000 per month for a minimum 5,000 sq. foot facility, the typical size of a Success On The Spectrum Center. These sums do not include common area maintenance fees which (if applicable) will vary depending on your location. The amount of your lease deposit and rent is highly variable and is something that you will directly negotiate with your landlord. You may be able to reduce this expense if you are able to occupy a space in an existing location that compliments another business; in which case the space must be enclosed and separate from other businesses with its own locking door. This estimate does not include the purchase of real property. This estimate also includes a lease deposit that you may be required to pay to lease your location.

Note 4:

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Furniture and Fixtures	\$50,000 to \$100,000	As incurred; estimated costs for all equipment, furniture and fixtures necessary for the operation of your Business.	Before Opening	Approved Vendors  See Note 2

Signage	\$2,000 to \$15,000	Lump sum; estimated cost for interior and exterior signage including murals and window graphics. We specify and provide you with guidelines in the operations manual. All signage expenses are not refundable.	Before Opening	Payable to our affiliates or approved vendors.
Technology	\$10,000 to \$30,000	As incurred; for computers or laptops, software, tablets, printer, copier, scanner, router, modem, flat screen televisions, camera surveillance system and phone system.	Before Opening	Approved Vendors See Note 1
Rent	\$42,000 to \$90,000	Over the course of the first six months.	Over the course of the first six months	Approved Vendors See Note 3
Utilities	\$4,000 to \$18,000	As incurred monthly for electricity, phones, internet, water, trash, etc.	Over the course of the first six months	Local Vendors
Office Supplies	\$3,000 to \$4,200	As incurred; estimated costs for all equipment necessary for the operation of your Business.	Before Opening	Approved Vendors See Note 5
Grand Opening Marketing	\$1,000 to \$3,000	As incurred; marketing will vary depending on several factors including your business plan, growth rate, cost of media in your area and ability to attract clients.	Over the course of the first six months	
Local Advertising	\$300 to \$800	As incurred. You must spend a minimum of \$300 per quarter on local advertising.	Over the course of the first six months	See Note 9
Software	\$4,000 - \$5,200	As incurred monthly, for Anti-virus / Anti-Malware, Billing Software, Data Collection software, Electronic Medical Records, Email, etc.	Monthly	Approved Vendors
Insurance	\$3,600 to \$4,800	As incurred monthly for Business Owners Insurance, Professional Liability, Cyber Protection Insurance and workers compensation insurance.	Over the course of the first six months	Payable to third parties See Note 7
Business Licenses, Permits, Certifications, Professional Fees and Association Dues	\$900 to \$2,500	As incurred; licenses may be required to operate your Business and any professional legal and accounting fees incurred.	Before Opening	Appropriate licensing authorities and third parties.
Staffing and Payroll	\$120,000 to \$240,000	As incurred; you will need to hire a behavior analyst, part-time technicians, receptionist and/or office manager. If you are converting your existing business staffing expenses will reflect what you are currently spending.	Over the course of your first six months of operation	Salaries and Expenses

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Uniforms	\$800 to \$1,500	As incurred; this is an estimate for a minimum inventory of logoed scrub tops and dress shirts for your staff. Costs will vary depending on the number employees you hire.	Over the course of the first six months	Payable to us our affiliates or approved vendors. See Note 6

Additional Funds	\$30,000 to \$60,000	Additional funds necessary for the start-up of your Business which includes working capital.	Spent over the course of the first six months	See Note 8
<b>Total</b>	<b>\$313,500 to \$813,500</b>			

Except as provided below, other than security deposits and utility deposits, all payments and fees described in this Item 7 are non-refundable. Furniture, Fixtures and Equipment – Subject to our brand standards

Note 1: Technology Fee You must purchase technology items such as: computers or laptops, tablets, multi-function printer, modems, routers, flat screen televisions, camera surveillance system and a phone system for operation of your Business. You must specifications you will be required to purchase only approved technology items that meet our specifications, which may change from time to time and such items must be purchased through us, our affiliates and/or vendors or suppliers approved by us. All such items may not be refundable depending on the terms of the invoice or purchase agreement with that particular supplier (Franchise Agreement Sections XII.H, XII.I and XX.I)-certain types of

Note 2: Furniture and Fixtures This estimate is for the furniture and fixtures we would expect you to need in order to operate your Business. The items we would expect you to need for furniture and fixtures include: and equipment for your Center. Among other things, you will be required to purchase desk, chairs, benches, couch, futon, various size tables, reception counter, cubical storage units, filing cabinets, filing systems and shelving, a laminating machine, refrigerator, microwave, countertop oven and a water dispensing unit: subject to our specifications. You will also need supplies for children, including: assessment tools, various size mats, a variety of books, playroom items (such as: a trampoline, ball pit, puzzles, board games and miscellaneous toys etc.). You must purchase all equipment, furniture and fixtures that meet or specifications, which may change from time to time and you are encouraged to purchase all equipment, furniture and fixtures directly from us, our affiliates or approved vendors and suppliers. If applicable, you must also pay state and local sales tax on purchases of equipment, furniture and fixtures. The sales taxes may range from 3% to 10% of the purchase price and are not included in these estimates. Expenses for all equipment, furniture and fixtures do not include shipping or delivery costs and your equipment, furniture and fixtures costs may not be refundable depending on the terms of the invoice or purchase agreement with that particular supplier, etc. The costs for furniture and fixtures may differ depending on the material quality and on other factors. Significant factors that will influence and will increase the cost of furniture, fixtures and equipment will depend on the size of your Center. The costs listed here do not include any transportation or set up costs. Third party financing may be available for qualified candidates for some of the leasehold improvement costs, however, with such financing comes associated costs and fees which will cause the cost to exceed what is indicated in this chart.

Note 5: Signage – You are required to purchase, subject to our design and construction specifications and approval, interior and exterior signs and displays that we designate. This estimate is for the cost to produce wall signage to be mounted to the outside of the building as well as all interior signage. This estimate includes other elements of brand identification within the Center such as wall graphics.

Note 6: Computer and Technology – You will be required to purchase, license and use the computers, point of sales system and other technology that we designate, including computers or laptops, software, tablets, printers, copiers, scanners, routers, modems, flat screen televisions, camera surveillance system and a phone system. Information about the point of sale, technology and computer systems are disclosed in Item 11 of this Disclosure Document.

Note 7: Software – You will be required to purchase, license and use the software, programs and applications that we designate, including anti-virus and anti-malware software, billing software, data collection software, electronic medical records (“EMR”) software, and other software that we may designate from time to time and in accordance with our specifications and requirements. Currently, our proprietary practice management software is \$500 per month. The cost of our required EMR data collection and billing software is \$78 per month per employee, plus an additional \$0.20 per claim

filed. The cost of the bookkeeping software that we require is currently \$70 per month, and the cost of the payroll software that we require is \$75 per month, plus \$8 per employee, per month. These charges and rates are subject to change in the future and depend on each specific vendor.

Note 8: Utility Deposits – To secure the appropriate utilities required for the operation of your Center, including gas, electric, water, sewer and internet access, you will be required to pay upfront deposits to each applicable utility company.

Note ~~Note 3~~: Rent A typical Success-on-the-Spectrum® Business is in an office complex, strip center or free-standing structures with approximately 5,000 sq. feet of space. The low and high estimate represent rents that range from \$7,000 per month to \$15,000 per month for a 5,000 sq. foot facility respectively. We used these figures for the low and high estimates given above when leasing a space with moderate visibility. These sums do not include common area maintenance fees which (if applicable) will vary depending on your location or any sums for the purchase of real property, as we do not expect that you will buy real property. Real estate costs depend on geography, location, size, visibility, economic conditions, accessibility and competitive market conditions. You may be able to reduce this expense if you are able to

occupy a space in an existing location that compliments another business; in which case the space must be enclosed and separate from other businesses with its own locking door. We base our estimate on the costs that our affiliate incurs in operating their company-owned locations. Lease payments for the periods of time that you occupy your premises are not refundable. In the event you leave your leased premises before the termination of your lease, you may owe the landlord payment for the entire lease term depending on the terms and conditions of your lease (Franchise Agreement Sections XII.S, XII.T and XX.C).9: Insurance Deposits – Six Months – This estimate is for initial down payment and first six months of installment payments paid to insurance providers to secure and maintain minimum insurance coverage requirements designated by us. Your actual payments for insurance and the timing of those payments will be determined based on your agreement with your insurance company and agent.

Note 10: Travel Expenses for Initial Training – You must complete our pre-opening training program before opening your Center. We do not charge a fee for our pre-opening initial training. In connection with your initial training, we will pay for airfare (on Southwest Airlines only) for three people who attend training, in an amount of up to \$400 per person. We will also provide lodging for the three people who attend training at our SOS House, which is located near our training facility. The low end of this estimate assumes that you will incur minimal travel, food and lodging expenses or that you opt to travel on an airline other than Southwest. The high end assumes that you will make alternative arraignments for travel, lodging and meals other than those provided by us.

Note 11

~~Note 4: Leasehold Improvements.~~ We suggest you find a space needing minimal leasehold improvements. In some cases, you may need to alter the interior of your Business before you open for operation. A typical Success on the Spectrum® business (5,000 sq. foot facility) has a reception area, private session rooms, one general open area or playroom, one art room, one back office area, a break room and bathrooms. Leasehold improvement costs will vary widely and may be significantly higher than what is projected in the table above depending on factors such as property location, the condition of the property and the extent of alterations required for the property (such as electrical and plumbing). The high estimate reflects the potential need to add bathrooms, lighting, fire sprinklers, fire alarms and add or modify an HVAC system that entails mechanical, electrical and plumbing costs all of which may be necessary depending on the type of space you find. You should investigate all these costs in the area in which you wish to establish the Business. You may incur greater or lesser leasehold improvement costs depending on your ability to negotiate leasehold improvements with your landlord. We base our estimates on the costs that our affiliate incurred when building out their company-owned locations. We will provide you with standard layouts and design options for your Business; however, it is your responsibility to hire an architect to create a complete set of drawings based on the size of your facility and local permitting requirements. Architect and permitting costs are not included in this estimate. Whether or not any leasehold improvements or build-out expenses are refundable depends on the terms and conditions of your contracts with construction and mechanical contractors, as well as your lease agreement (Franchise Agreement Section XII.S and XII.T).

~~Note 5: Office Supplies~~ – You must purchase some products and supplies for the general operation of your Business. You must purchase only approved products and supplies, and you must purchase such items that meet our specifications, which may change from time to time. The types of products and supplies include, but are not limited to: supplies (such as: coffee, outlet covers, bumper guards, etc. ), disposables (such as: paper cups, plastic plates, plastic utensils, plastic bags, etc.), waste receptacles and storage bins in addition to general office and cleaning supplies miscellaneous forms and other products or supplies as specified by us. You must purchase products and supplies that meet our specifications, which may change from time to time. ~~We will provide you with written lists of approved products and supplies during training. All products and supplies must be purchased through us, our affiliates or approved vendors and/or suppliers. We base our estimate of product and supply costs incurred by our affiliates when opening their company-owned locations. Whether or not any of the products and supplies are refundable depends on the terms of your invoice or purchase agreement (Franchise Agreement Sections XII.I and XX.I).~~

Note 612: Uniforms – You must purchase and maintain an inventory of approved uniforms for the operation of your Business. You must purchase logoed ~~serub-tops-and-dress-shirts~~ for your employees from us, our affiliates and/or our approved vendors. All uniforms must meet our specifications, which may change from time to time. You will need a minimum inventory of approved logoed ~~serub-tops~~ for your staff. The number of uniforms you will need will vary depending upon the number of employees you hire. This estimate does not include any shipping costs, which (if applicable) are your responsibility. Whether or not any of the purchases for uniform apparel are refundable depends on the terms of the invoice or purchase agreement with suppliers.

~~Note 7: Insurance-13: Professional Fees – This estimated amount represents your first 6 months of insurance premiums. You must obtain and keep general liability insurance with a minimum policy limit of \$1,000,000 per occurrence and \$3,000,000 aggregate, professional liability insurance with a minimum policy limit of \$1,000,000 per occurrence and \$3,000,000 aggregate, and Data Protection (otherwise known as Cyber) Insurance with a minimum policy limit of 1,000,000 per occurrence or in amounts as we may require that reflects inflation, identification of new risks, changes in law or other relevant changes in circumstances. You must also obtain property and casualty insurance that covers the assets of the Business, “All Risk” insurance coverage for property that is not included in other insurance policies and business interruption insurance. The estimates provided do not include costs for workers’ compensation insurance because each situation varies depending on the number of employees, previous claim history and if you currently have such insurance for your existing business (if applicable). In general, the cost of insurance coverage will vary depending on the carrier’s charges, terms of payment and your claims history (Franchise Agreement Section XIII).~~

~~You may need other insurance such as tenant’s liability, statutory workers’ compensation insurance (if applicable) with minimum policy limits of \$1,000,000 or an amount we reasonably specify, automotive liability insurance, product liability insurance (covers you for damages that result in injury from products that you use or distribute), employer’s liability insurance, employment practices liability insurance and employee dishonesty insurance are optional however we may require you to obtain such coverage in the future with liability limits of amounts we specify. We may change these insurance requirements on reasonable notice to you. There are no other insurance requirements. Whether or not any insurance premiums are refundable depends on the terms and conditions of your insurance policies as well as your state’s insurance laws and regulations. estimate is for costs associated with the engagement of professionals such as attorneys, accountants and architects for advisories consistent with~~  
~~Note 8: Additional Funds [Six Month Period] Estimate includes minimum working capital for the start-up of your Business. This also includes estimates of miscellaneous costs such as: purchasing additional equipment, product and supplies; hiring additional employees, marketing expenses, workers compensation insurance payments (if applicable), taxes, utilities, prepaid expenses, additional permits, shipping and delivery fees,~~

~~Note 9: Advertising: All marketing and promotional materials and miscellaneous forms must be purchased directly from us.~~

~~Total Estimated Initial Investment. The total estimated initial investment is an estimate only of the range of start-up expenses you may incur. We relied on our principals’ combined expertise when preparing these figures. The actual amount of funds you will need depends on a variety of factors, including: the time of year when you start your Business, if you need to partner with (or hire) a behavior analyst, if you purchase additional equipment, products and supplies; number of employees you hire, prevailing wage rates, implementation of a marketing plan, your own management skill, economic conditions, competition in your area and other factors. The estimate of initial investment funds is based on an owner-operated or starting up your business and does not include benefits for full-time employees. As your Business grows, you may choose to hire employees to carry out support service tasks.~~

## **ITEM 8**

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

#### **Approved Suppliers and Vendors**

~~We have the right to require you to purchase goods and services in connection with your Center and we may further require you to purchase. You will be required goods and services exclusively from suppliers we have approved to supply the required goods or service in, which may include us or our affiliate. We will provide~~

~~you with a list of Approved to hire an architect to Suppliers in writing as part of the Manual or otherwise in writing, and we may update or modify this list as we deem appropriate.~~

~~We will provide you with: a written list of approved equipment, products, supplies and services you can use and offer in your Business; recommended procedures and strategies when purchasing equipment, products and supplies for your Business; and a written list of approved vendors and/or suppliers to purchase equipment, products, supplies and services from during our initial training program.~~

~~If we develop proprietary equipment, products or software in the future, you must purchase such equipment, products and software from our approved suppliers, affiliates or us. We may become approved suppliers or the only approved supplier(s) for other equipment, products, supplies and services. We have negotiated purchase arrangements with the vendors on the approved equipment, products and supplies list for the benefit of you in the areas of costs and customer support.~~

~~You must submit a written request to us to for any alternate supplier you propose using in your Business. We will use best efforts to advise you in writing within thirty (30) days whether such services, products, equipment, vendors or suppliers are approved. We base our specifications for equipment, products, supplies, vendor and supplier approvals on our discretionary determination of demand, relevance to the System, price, value, quality, reliability, accuracy of product claims, safety, installation requirements, warranty, prompt attention to complaints, financial stability, litigation against supplier, recall history, reputation, frequency of delivery, appearance and contributions or other benefits to us and/or any marketing fund. Some of these specifications are contained in our Operations Manual and others will be set forth in periodic written notices to our franchisees. A list of approved vendors and suppliers from whom all equipment, products, supplies and services may be purchased will be provided to you and may be amended by us periodically. We may require vendors and/or suppliers to provide certain information, sign a nondisclosure agreement, and agree to guarantee our level of quality and produce sufficient samples to allow us to test the sample at your expense. We may require you to submit to us sufficient specifications, photographs, drawings or other information and samples to determine whether the items meet our specifications. We may require third party testing, in which case you will pay the actual cost of the tests. We may issue specifications in manuals or directives, in writing or orally, and we may modify them at any time. Our response to an adequate request to approve equipment, products, supplies, vendors and/or suppliers will be made within 30 days after we receive it in writing or by email. Approval may be revoked in our sole discretion where an approved piece of equipment, product, supply, vendor or supplier does not adhere to the specifications described above. We will notify you either by email or any other written form of communication of our approval, disapproval of or revocation of any prior approval of any product, supply, equipment, vendor or supplier.~~

~~SOS Distribution, LLC which is our affiliate and owned by Nichole Daher, is currently the only approved vendor and supplier for all uniforms and advertising, marketing, promotional materials to be purchased by you for the operation of your Business. We do not require you to maintain a specified inventory of equipment, products or supplies to operate your Business, although we retain our rights to do so in the future. We reserve the right to derive revenue from~~

~~any of the purchases (items or services) that our System franchisees are required to make in connection with the Center. Its revenue for 2022 was \$79,044.28 of which \$79,044.28 is attributable to required purchases from franchisees.~~

~~SOS Franchising LLC had revenue of \$673,195.44 in 2022 plans~~

~~For your Business, you must have and/or purchase technology items, software, equipment, furniture, fixtures, products, supplies, uniforms and signage. It is estimated that all of your initial expenditures from us, our affiliates or the vendors that we specify and/or approve that meet our standards and specifications will be approximately 20% 30% of your total initial purchases. During the and comply with applicable laws, rules and regulations for the development and operation of your Center. We recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this Disclosure Document, the Franchise Agreement and, if applicable the Option Agreement. It is also advisable to consult these professionals to review any lease and other contracts that you will enter into as part of the development and operation of~~

the Franchised Business, required purchases from us, our affiliates or the vendors that we specify or approve (not including your lease, royalties or labor costs) are estimated to be approximately 5%-15% of your total monthly purchases in the continuing operation of your Business (depends the size of your facility and number of clients you service).

We do not provide material benefits (for example renewal or additional franchises) to you based solely on your use of designated or approved sources. We do not belong or require you to belong to any purchasing or distribution cooperatives, although we retain the right to establish them and require your membership therein.

Other than as disclosed above, none of our officers own an interest in any Approved Supplier (other than us) from which you must directly purchase or lease any Required Item in connection with your Center.

Note 14 – Staffing and Payroll – You must hire an operations manager, behavior analyst, technicians, and office manager. If you are converting an existing business, staffing expenses will reflect what you currently spend on these salaries.

Note 15: Licenses and Permits – You must apply for, obtain and maintain all required permits and licenses necessary to operate a Center. The licenses will vary depending on local, municipal, county and state regulations. All licensing fees are paid directly to the governmental authorities when incurred and are due prior to opening the Franchised Business. This estimate does not include the cost of specialized licenses such as, for example, liquor licenses that involve a specialized application process and involve costs that vary significantly depending on state and location.

Note 16: Additional Funds – This is an estimate of the minimum recommended levels of additional funds that may be required to cover operating expenses such as employee salaries, inventory, rent, and utilities only for the initial three month period following the opening of your Center. This estimate does not include compensation to you or your owners and does not include interest, finance charges, or payments that may be incurred by you if you financed the development of your Center. In making this estimate, we have relied on the experiences of our affiliate in developing and operating a Success On The Spectrum Center. This is only an estimate for your initial three months of operations and more working capital and additional funds may be required depending on the sales and performance of your Center.

Note 17: About Your Estimated Initial Investment – This is an estimate of the initial start-up expenses for a Success On The Spectrum Center. We have based these estimates on the experiences of our affiliate in developing a Success On The Spectrum Center. These are only estimates and your costs and, the range of those costs, may vary. These estimates do not include interest and financing charges that you may incur, and they do not include management level compensation payable to you or your owners. These estimates are for one Center only.

## **ITEM 8** **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

### **Right to Derive Revenue**

We may derive profit through markups of the prices charged to you for equipment, products, supplies or services we supply. We may derive revenue through license fees, promotional fees, advertising allowances, rebates, commissions or other monies paid by approved suppliers. We do not know the precise basis of these payments because we have never previously collected them. If we require you to buy from us, the equipment or product's price and quality will be comparable to similar equipment and products from other sources. We may take a portion of that income to spend on advertising or place it in a separate franchise advertising account. If we require you to buy equipment, products or services from a vendor that pays such allowances, at our discretion we may spend all such fees on related advertising or place them in the separate franchisee advertising account, described in Item 11 below.

You may only offer and sell the Approved Products and Services. You may only use those products, supplies, equipment, technology systems, and services that we authorize and designate in writing. To ensure that our standards and specifications of quality, service and System development are maintained, you must operate your Center in strict conformity with the Franchise Agreement and the methods, standards, specifications, and sources of supply that we designate and prescribe in the Manuals.

#### **Source Restricted Purchases and Leases – Generally**

We require that you purchase or lease certain source restricted goods and services for the development and operation of your Center. Source restricted goods and services are goods and services that must meet our specifications and/or that must be purchased from an approved or designated supplier that may include us or our affiliates. We may designate a supplier, including ourselves or our affiliates, as the exclusive supplier for the System. Our specifications and list of approved and designated suppliers is contained in our Manuals. We will notify you of any changes to our specifications or list of approved or designated suppliers. We may notify you of these changes in various ways, including written or electronic correspondence, amendments and updates to our Manuals, and other forms of communication. We formulate and modify our standards and specifications for products and services based on our industry experience and our management decisions as to the overall operation and expansion of the System. If we have previously approved a supplier, and their standards fall below our designated standards, we will revoke our approval. We will notify you in writing of us revoking our approval.

#### **Suppliers and Supplier Criteria**

We may designate ourselves and our affiliates as exclusive suppliers of source restricted goods and services. We may designate ourselves or a third party as the sole and exclusive supplier irrespective of the existence of competing suppliers. If, in the Manuals, we do not designate a supplier for a particular item, you will purchase all such products, supplies and services from suppliers who meet our specifications and standards. Our affiliate, SOS Distribution, LLC is currently designated as an approved supplier of uniforms, advertising, marketing and promotional materials. Except for SOS Distribution, LLC, currently, we are not, and our affiliates are not approved suppliers of the source restricted goods and services identified below. Except as to SOS Distribution, LLC, no officer of ours currently owns an interest in any of our designated suppliers. During the fiscal year ending December 31, 2023, our affiliate SOS Distribution, LLC earned \$69,610.10 in revenue from franchisee purchases.

If you want to purchase or lease a source restricted item from a supplier that has not been previously approved or designated by us in writing, you must send us a written request for approval and submit additional information, samples, and testing data that we may request. We may charge you a fee equal to the costs and expenses that we incur in reviewing and evaluating an alternate supplier, product, and/or service requested by you. We may request that you send us samples from the supplier for testing and documentation from the supplier for evaluation. We may also require, subject to our discretion, that we be allowed to inspect the supplier's facilities. We will notify you of our approval or disapproval within a reasonable time not exceeding 60 days after we receive your written request and all additional information and samples that we request. We may, in our sole discretion, withhold our approval. We do not make our procedures or criteria for approving suppliers available to our System franchisees, except that when evaluating the approval of a particular supplier, among other things, we consider: whether the supplier can demonstrate to our reasonable satisfaction the ability to meet our standards, specifications and production requirements, the suppliers quality control, whether or not we are the exclusive supplier of the particular item, whether or not our affiliate or affiliates are the exclusive supplier of the particular item, and whether or not the suppliers approval, in our sole determination, will allow us to advance the overall interests of the System and our company.

We estimate that your purchase of goods and services from us or our approved suppliers, or that must conform to our specifications, will represent approximately 30% of your total purchases in establishing your Center and approximately 15% of your total purchases in the continuing operations of your Center. We currently require that you purchase or lease the following source restricted goods and services:

1. Lease – We do not review the terms of the lease for your Center Location but require that your landlord acknowledge

our rights as set forth in the lease agreement rider attached as Exhibit 4 to the Franchise Agreement (the “Lease Agreement Rider”) and that you collaterally assign the lease to us as set forth in the collateral assignment of lease attached as Exhibit 5 to the Franchise Agreement (the “Collateral Assignment of Lease”). We possess the right to disapprove of a proposed lease if the landlord refuses to sign the Lease Agreement Rider in substantially the form set forth in Exhibit 4 to the Franchise Agreement. The Lease Agreement Rider grants certain rights to us, including our right to be notified in the event of a lease default and, potentially, for us to enter the premises of your Center.

2. System Supplies – Your Center must maintain an initial and ongoing inventory of System Supplies. You must purchase the System Supplies, as designated by us, from us, our affiliates, and/or our designated suppliers.

3. Furniture and Fixtures – Your Center must be equipped with branded and unbranded furniture and fixtures that we designate and that meet our standards and specifications. You may purchase unbranded furniture and fixtures from any supplier of your choosing, provided that the furniture and fixtures meet our specifications and standards, which may also include specified manufacturers, brands and models. If the furniture and fixtures that we designate are specified to be branded with the Licensed Marks, then you may only purchase them from our designated exclusive suppliers.

4. Signage – The signage for your Center must meet our standards and specifications and must be purchased from our designated suppliers.

5. Point of Sale System and Computer Equipment – You are required to purchase, license and utilize a point of sale system, accounting software, billing software, EMR system and other software and systems that we may require, including our proprietary practice management software. Additionally, you must purchase and maintain a computer system on-site at your Center Location, as well as software, tablets, printers, copiers, scanners, routers, modems, flat screen televisions, camera surveillance system and a phone system. In general, you will be required to obtain a computer system that will consist of certain hardware, software, and peripheral devices such as printers. You will be required to meet our requirements involving back office and point of sale systems, security systems, printers, back-up systems, and high-speed internet access.

6. Credit Card Processing – You must use our designated supplier and vendor for credit card processing. Credit card processing fees will, generally, be based on a percentage of all credit card processed Gross Sales.

7. Branded Items and Marketing Materials – All materials bearing the Licensed Marks (including, but not limited to, stationary, business cards, brochures, apparel, signs and displays) must meet our standards and specifications and must be purchased from either us directly or our designated suppliers. All of your marketing materials must comply with our standards and specifications and must be approved by us before you use them. You may market your Center through approved digital media and social media platforms provided that you do so in accordance with our digital media and social media policies. You must purchase all branded marketing materials from either us or our designated exclusive supplier. We may require that you exclusively use, at your cost, our designated supplier for social and digital media marketing services and exclusively use, at your cost, our social media platforms, vendors and marketing channels.

8. Insurance – You must obtain the insurance coverage that we require from time to time as presently disclosed in the Manuals and as we may modify. All insurance policies required under your Franchise Agreement and as set forth in the Franchise Agreement must be written by a responsible carrier, reasonably acceptable to us and all insurance (excluding workers’ compensation) must name us, our officers, directors, shareholders, partners, agents, representatives and independent contractors as additional insureds. The insurance policies must include a provision that the insurance carrier must provide us with no less than 30 days’ prior written notice in the event of a material alteration to, or cancellation of, any insurance policy. A certificate of insurance must be furnished by you to use at the earlier of 90 days after the Effective Date of the Franchise Agreement or prior to the commencement of our initial training program. Insurance coverage must be at least as comprehensive as the minimum requirements set forth in the chart below and in the Franchise Agreement (Franchise Agreement, Article 8). You must consult your carrier representative to determine the level of coverage necessary for the Franchised Business. Higher exposures may require higher limits.

### Insurance Requirements

You must obtain and keep general

a) Coverage against direct physical loss or damage to real and personal property, including improvements and betterments, written on a special form peril basis, including flood and earthquake, if the relevant property is situated in a flood or earthquake zone, in an amount equal to 100% of the Franchised Business' property value;

b) Comprehensive general liability insurance, written on an occurrence basis, extended to include contractual liability, products and completed operations, and personal and advertising injury, with a combined bodily injury and property damage limit of at least \$1,000,000 per occurrence and \$3,000,000 in the aggregate;

c) Professional liability insurance with a minimum policy limit of \$1,000,000 per occurrence and \$3,000,000 aggregate, professional liability insurance with a minimum policy limit of in the aggregate;

\$1,000,000 per occurrence and \$3,000,000 aggregate, and Data Protection (otherwise known as Cyber) Insurance with a minimum policy limit of 1,000,000 per occurrence or in amounts as we may require that reflects inflation, identification of new risks, changes in law or other relevant changes in circumstances. You must also obtain property and casualty insurance that covers the assets of the Business, "All Risk" insurance coverage for property that is not included in other insurance policies and business interruption insurance. The estimates provided do not include costs for workers' compensation insurance because each situation varies depending on the number of employees, previous claim history and if you currently have such insurance for your existing business (if applicable). In general, the cost of insurance coverage will vary depending on the carrier's charges, terms of payment and your claims history (Franchise Agreement Section XIII).

You may need other insurance such as tenant's liability, statutory workers' compensation insurance (if applicable) with minimum policy limits of \$1,000,000 or an amount we reasonably specify, automotive liability insurance, product liability insurance (covers you for damages that result in injury from products that you use or distribute), employer's liability insurance, employment practices liability insurance and employee dishonesty insurance are optional however we may require you to obtain such coverage in the future with liability limits of amounts we specify. We may change these insurance requirements on reasonable notice to you. There are no other insurance requirements. Whether or not any insurance premiums are refundable depends on the terms and conditions of your insurance policies as well as your state's insurance laws and regulations.

d) Statutory workers' compensation insurance and employers' liability insurance as required by the law of the state in which the Franchised Business is located, including statutory workers' compensation limits and employers' liability limits of at least \$1,000,000;

e) Business interruption insurance equal to 12 months of your net income and continuing expenses, including Royalty Fees;

f) Cyber insurance in the amount of at least \$1,000,000 protecting against first party and third party claims; and

g) All other insurance that we require in the Manual or that is required by law or by the lease or sublease for the Franchised Business.

### Purchase Agreements and Cooperatives

We may, in our discretion, negotiate purchase agreements, including price terms, with designated suppliers for source restricted goods and services on behalf of the System. We may establish preferred vendor programs with suppliers on behalf

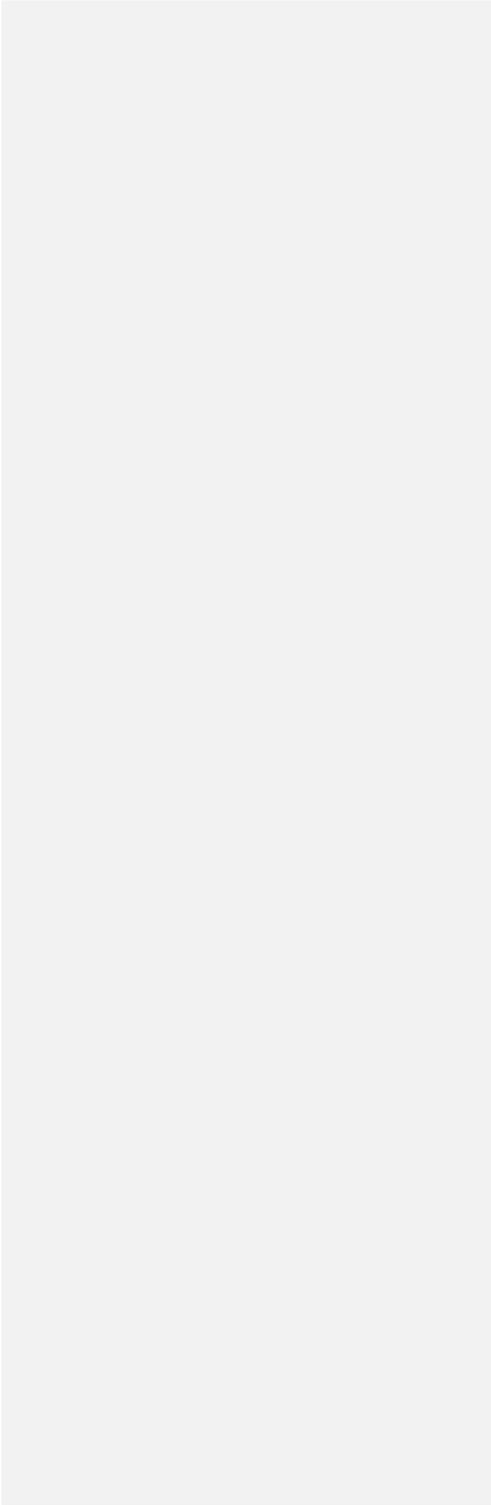
of some or all of the Centers under the System. We may limit the number of approved vendors and/or suppliers that you may purchase from, and we may designate one vendor as your sole supplier. Presently, there are no purchase or supply agreements in effect for source restricted products or services and there are no purchasing or distribution cooperatives that you must join. You will not receive any material benefits for using our designated or approved suppliers

**Our Right to Receive Compensation and Our Revenue from Source Restricted Purchases**

We and/or our affiliates may receive rebates, payments and other material benefits from suppliers based on your purchases and we reserve the right to institute and expand rebate programs in the future. We do not provide our franchisees with any material benefits based on a franchisee's purchase of particular products or services or use of particular suppliers. During the fiscal year ending December 31, 2023, we did not receive revenue from suppliers from franchisee purchases of source restricted products or services.

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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.**

Table Abbreviations: "FA" – Franchise Agreement

**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 the disclosure document.**

Obligation		Section Articles in Agreement	Disclosure Document Item
a.	(a) Site selection and acquisition/lease	Sections XII.S and XX.C. of Franchise AgreementFA: 2.A., 3.A. and 3.B.	Items 7, 11 and 12
b.	(b) Pre-opening purchases and leases	Section VIII of Franchise AgreementFA: 3 and 8	Items 7 and 8
c.	(c) Site development and other pre-opening requirements	Sections VIII, XII.T, XX.C. of Franchise Agreement	6, 7 and 11
d.	(d) Initial and ongoing training	Section XX.A. and XII.U. of Franchise AgreementFA: 4, 7.J., 14.C. and 14.D.	Items 7 and 11
e.	(e) Opening	Section IX.B. of Franchise AgreementFA: 2, 3, 4 and 9.B.	Item 11
f.	(f) Fees	Sections IX and X of Franchise AgreementFA: 3, 4.A., 5, 9, 10, 12, 13, 14, 15, 16 and 18.N.	Items 5, 6, and 7
g.	(g) Compliance with standards and policies /operating /manual	Sections XII.A, XII.H of Franchise Agreement	8 and 11
h.	(h) Trademarks and proprietary information	Sections XV and XVI of Franchise AgreementFA: 6, 7 and 11	Items 13 and 14
i.	(i) Restrictions on products and services offered	Section XII.I. of Franchise AgreementFA: 3, 4.C. and 7	Items 8, 11, and 16
j.	(j) Warranty and customer service requirements	Not ApplicableFA: 7	None
k.	(k) Territory/Territorial development and sales quotas	Section VI of Franchise AgreementFA: 2 and 3	Item 12
l.	(l) On-going/Ongoing product/services and service purchases	Section XII.I. of Franchise AgreementFA: 3, 4.C., 5 and 7	Item 8

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m. <del>(m)</del> Maintenance, appearance and remodeling requirements	Section XII.E. and Section XII.J. of Franchise Agreement FA: 3 and 7	Item 11, 7 and 17
n. <del>(n)</del> Insurance	Section XIII of Franchise Agreement FA: 8	Items 6, 7 and 78
o. <del>(o)</del> Advertising	Sections XFA: 3.G., 4.B., XIII.L., 7.L., 9 and XX.I of Franchise Agreement 11	Items 6, 7, and 11
p. <del>(p)</del> Indemnification	Section XVIII of Franchise Agreement FA: 10 and 11.E.	Item 6
q. <del>(q)</del> Owner's participation, management, and staffing	Sections XII.F., XII.K. of Franchise Agreement FA: 4, 6 and 7	Items 11 and 15
r. <del>(r)</del> Records and reports	Section XIV of Franchise Agreement FA: 5, 9, 12 and 13	Items 6 and 11, 6
s. <del>(s)</del> Inspections and audits	Sections XII.Q., XIV.B. of Franchise Agreement FA: 5, 7.K. and 13	Items 6 and 11
t. <u>Transfer</u>	FA: 14	17
u. <u>Renewal</u>	FA: 15	17
v. <u>Post-termination obligations</u>	FA: 6, 10, 11, 17 and 18	17
w. <u>Non-competition covenants</u>	FA: 6, 17 and 18	17
x. <u>Dispute resolution</u>	FA: 18.F. and 18.G.	17
<del>(t)</del> Section XXII of Franchise Agreement <u>Individual guarantee of franchisee obligations</u>	Items FA: 2.C., 6, 7.J., 14.C., 14.D., 14.E. and 17.C.	9

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(u) <u>Renewal</u>	Section VII.B. of Franchise Agreement	Items 6 and 17
(v) <u>Post-termination obligations</u>	Section XXIV of Franchise Agreement	Item 17
(w) <u>Non-competition covenants</u>	Section XIX of Franchise Agreement	Item 17
(x) <u>Dispute resolution</u>	Section XXV.C. and XXV.D of Franchise Agreement	Item 17
(y) <u>Other: Guarantee of franchisee obligations (Note 1)</u>	Schedules 6 and 9 of Franchise Agreement	Item 15

Notes: Each individual who owns 10% or greater interest in a franchisee that is a corporation or other business entity must sign an agreement not to compete (Schedule 9 of Franchise Agreement) and an agreement assuming and agreeing to discharge all obligations of the franchisee under the Franchise Agreement (Schedule 6 of Franchise Agreement). We will send you a written termination notice upon our determination of qualification.

#### ITEM 10

##### FINANCING

~~Neither we, nor our affiliate currently offers, directly~~

~~We do not offer direct or indirectly, any indirect financing arrangements to you. Neither do we. We do not~~ guarantee your note, lease, or any other obligation. We may assist franchisees in obtaining financing in the future or make other financing arrangements available to you. If we do, you will be free to accept or reject such financing.

#### ITEM 11

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

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

~~Before you open your Business, we will:~~

~~(1) Provide you with written guidelines for site selection. You must, on your own initiative and at your own expense locate, obtain and occupy the site and negotiate the lease for your Business. You select the site for your Business within the protected territory provided in the Franchise Agreement. We do not generally own the site and lease it back to you. You may not sign a lease for the site (or contract to purchase the premises, if applicable) in which you wish to operate your Business until you have obtained our written approval. Additionally, you must not invest any money for the site in which you have not received our written approval. We must accept the site if we feel in our total discretion that it meets or exceeds our standards, but our acceptance does not ensure that your Business will be profitable at the approved location. You must acquire a lease within ninety (90) days of signing your Franchise Agreement. You must obtain an approved site and open within one year of signing Franchise Agreement. If you fail to obtain a site approval within the required time, we have the right to terminate the Franchise Agreement without refunding the initial franchise fee. The factors that we consider in acceptance of the site include population, density, demographics, traffic patterns, convenience, adequate parking, freeway access, neighborhood and physical characteristics of the premises such as size and layout. We evaluate each proposed site and accept, or do not accept each one on a case-by-case basis and will notify you by email or any other form of written~~

communication of our acceptance or rejection of any proposed site within 30 days after we receive your request (Franchise Agreement, Sections XII.S and XX.C).

Neither we nor any of our employees have special expertise in selecting sites; we make no representations that your Business will be profitable or successful by being located at the approved site. Any approval is intended only to indicate that the proposed site meets our minimum criteria based upon our general business experience.

(2) — However, the acceptance of a location and entering it on your Franchise Agreement by us is conditioned upon our determination, in our reasonable judgment, that:

The site which you have submitted

**Pre-Opening Obligations**

1. Grant of Franchise – We will grant you the right to operate a Center at a single Center Location within a designated territory. (Franchise Agreement, Article 2);

2. Franchise Agreement Designated Territory – Once you secure a Center Location that we approve, we will define the Designated Territory for your Center and include the geographic boundaries and/or a description of your Designated Territory within Schedule 1 of the Franchise Agreement. (Franchise Agreement, Article 2 and Schedule 1);

3. Manuals – We will provide you with access to our confidential and proprietary Manuals. You must operate the Franchised Business in accordance with the Manuals and all applicable laws, rules and regulations. At all times, we reserve the right to supplement, modify and update the Manuals. (Franchise Agreement, Article 4.C.). As of the Issuance Date of this Disclosure Document, the Manual consists of 265 pages and the table of contents to the operations manual is attached as Exhibit C to this Disclosure Document (Franchise Agreement, Article 4). The major subjects contained in the operations manual consists of establishing, developing, marketing and operating the Franchised Business;

4. Site Review, Approval and Designated Territory – We will review the proposed site that you select for your Center and will notify you of our approval or disapproval. Once you select a site that we approve for the location of your Center we will designate your Designated Territory. However, if you negotiate and we agree to designate and grant to you a Designated Territory prior to your selection of a Center, then you must locate your Center within the Designated Territory and at a site that we approve. You must obtain our approval of your Center Location. Additional information about site selection is discussed in more detail below in this Item 11;

5. Approved Suppliers and Distributors – We will provide you with a list of our approved suppliers and distributors, either as part of the Manuals or otherwise in writing. (Franchise Agreement, Articles 3 and 4);

6. Signs, Equipment, Furniture, and Fixtures – We will provide you with a list of our approved signage, equipment, furniture and fixtures, either as part of the Manuals or otherwise in writing and we will review and approve, in our discretion, your proposed signage, equipment, furniture and fixtures. We do not provide assistance in delivering or installing signs, equipment, furniture, or fixtures. (Franchise Agreement, Articles 3 and 4);

7. Website and Digital Media – We will identify your Center on our website and will create a Google My Business profile and Facebook page for you. You may not use any websites, web-based media or digital media unless expressly approved by us in writing. We strictly control how you may or may not use websites and digital media and you must assign all website media and digital media accounts to us. (Franchise Agreement, Articles 3.G. and 9);

(†) 8. Initial Training – Within 45 days prior to the opening of your Center we will provide initial training for the three key staff of your Franchised Business. The initial franchise training program must be attended by three key employees, including one operating

manager, one office manager and one certified behavior analyst. You are required to serve in one of the foregoing key roles. Initial training is provided free of charge for the Business is within your allocated territory and is suitable based on criteria we establish periodically; and

(ii) You and your Owners are in compliance with the Franchise Agreement.

(3) — Approve your execution of the lease for your Business, if applicable. You must submit the lease to us for our approval at least ten days before you sign the lease agreement. You must send us a signed copy of the lease within five days of both parties signing the lease. We do not offer legal services to you and you should consult your independent legal counsel for a legal review of the lease. The Franchise Agreement does not provide any time period for our approval or disapproval of your lease (Franchise Agreement, Sections XII.S and XX.C).

(4) — Offer you guidance when obtaining licenses, certifications and applying for permits if required by your locality to operate the Business. It is your responsibility to comply with all laws, ordinances and regulations as you are ultimately responsible for obtaining all necessary approvals, certifications, licenses and permits to operate your Business (Franchise Agreement, Sections XII.C and XX.A).

(5) — Inform you of any mandatory specifications, architectural and design plans, floor plans and layouts to you for your Center at the accepted location. We may provide you with guidelines for the layout and design of your Center and you may need to hire an architect to create a complete set of drawings based on your building size and local permitting requirements. You will be required to conform your site to local zoning ordinances, regulations, fire, health and building codes. We may, if needed, review your final set of drawings. It is your responsibility to comply with all laws, ordinances, regulations, zoning and building codes for your Business (Franchise Agreement, Section XX.D).

(6) — Provide you with: a written list of approved services offered (including our different programs, activities and workshops) you are authorized to offer and perform and products you are authorized to sell (currently you are not authorized to sell products); a written list of approved equipment, products, supplies and services (as described in Item 8) you are authorized to use; a written list of approved vendors and suppliers to purchase all equipment, products, supplies and services from. We will train you on strategies for purchasing such items for your Business. You are responsible for the cost, delivery, installation and maintenance of these items as they are necessary for the operation of your Business. If developed, you are required to purchase all proprietary equipment, products or software from us or our affiliate; and all other items listed above must be purchased either from us, our affiliates and/or our approved vendors (Franchise Agreement, Sections XII.H, XII.I, XX.A and XX.I).

(7) — Provide you with written specifications for all equipment, technology items, furnishings, fixtures and signage (as described in Item 8) necessary for the operation of your Business. You are obligated to repair and maintain all equipment, technology items and related software necessary for the operation of your Business. You will be responsible for these expenses as these expenses are necessary for the operation

of your Business. We will deliver these written specifications for all the above items, and you are responsible for the delivery and installation of all these items. You are required to purchase the items listed above from us, our affiliates, approved vendors and/or suppliers (Franchise Agreement Sections XIII.I, XIII.A and XX.A).

(8) Provide you with a written list of cleaning standards and recommended guidelines when hiring ~~foregoing three key employees~~ in addition to general guidance. You are responsible for all day-to-day activities, including hiring, training, disciplining and/or firing your employees. At no time will you or your employees be deemed an employee of ours. You are responsible for all employees you hire, determining their compensation, determining their benefits, tax withholding and their behavior during the operation of your Business (Franchise Agreement, Sections XII.F, XX.A and XX.E).

(9) Provide an initial training program within 60 days before your Business is deemed open for operation. We estimate that there will be an interval of 180 days between the signing of the Franchise Agreement and the opening of your Center. Factors that may affect this length of time include: obtaining a location that is approved by us, if you need to partner (or hire) a licensed behavior analyst, obtaining certifications and permits from your state (if applicable), leasehold improvements and build-out, time of year, amount of inventory you purchase, completion of your pre-market entry study to determine any customization of services to be offered through your Center, satisfactory completion of our initial training program by you (or one of your Owners if you are an Entity) licensed behavior analyst and/or manager and availability of equipment, products and supplies. We will provide this initial training program (only after you have obtained or have hired (or partnered with) someone who is a behavior analyst and you or that other person has all necessary licenses and/or certifications as required by your state) that is designed. If any key employee fails to assist you and complete our initial training program as required, and to our satisfaction, we may terminate your management staff in the operation of your Business, at no additional charge Franchise Agreement. Nothing in our initial training program is designed to interfere with your behavior analyst's independent clinical judgment when treating clients. ~~The initial franchise training program is designated for you, one Owner and one behavior analyst and/or manager or any combination thereof (a total of three people so long as one of these people is the behavior analyst for your Business) per Franchise. If more than three people attend the training, we may impose a training fee of \$250 per person for each day of training plus your expenses (Franchise Agreement, Section XII.U and XX.A). If any proposed manager, behavior analyst does not satisfactorily complete our training program, we will notify you, and you may then select and enroll a substitute manager, licensed behavior analyst in our training program so long as the substitute manager, licensed behavior analyst satisfactorily completes initial training within the sixty (60) day period allotted after the franchisee's selects a licensed behavior analyst. Franchisee shall have sixty (60) days after signing franchise agreement to hire a licensed behavior analyst. If, during the training program we determine, in our sole discretion, that you (or any Owner if you are an Entity), licensed behavior analyst or any other manager is not qualified to manage and/or execute services (including our different programs, activities and workshops) for the Business, you can appoint someone else to be trained at your expense so long as the training is successfully completed during the sixty (60) day period allotted for successful completion of initial training. If that person does not satisfactorily complete our training, we have the right to terminate the Franchise Agreement. The criteria that we will use to determine whether or not we deem you (or any Owner) qualified to manage a Success on the Spectrum<sup>SM</sup> Business include whether you have (or have partnered with someone who has) the appropriate behavior analyst required licenses or certifications to operate a Success on the Spectrum<sup>SM</sup> franchise. We will send you a written termination notice upon our determination of qualification. If more than three people attend the training, we may impose a training fee of \$250 per person for each day of training and you will also be responsible for all travel costs and expenses incurred with respect to any such person. Training will be provided in accordance with our initial training program. (Franchise Agreement, Article 4). Our current training program takes place at our training facility located in Houston, Texas, or as otherwise designated by us. The training program takes place over an approximate two-week period and is described below in this Item 11 in more detail.~~

9. Obtaining Contracts – We will assist you in completing application to become in-network with health insurance carriers; and

10. Phone/Fax/Text – We will set up a phone number, fax number, and text number for your Center under our account.

(10) — **Site Selection** Advise you of operating problems of a Success on the Spectrum® business disclosed by other company-owned businesses or franchisees, reports submitted to us or inspections made by us. We may furnish to you such guidance and assistance in connection with the operation of your Business, as we deem appropriate. Such guidance and advice will cover: how to onboard clients, execute our programs, activities

and workshops; suggested pricing for services and products (if we authorize you to sell products in the future), efficiencies to manage high volume, service standards and general operating procedures; advertising, marketing and promotional strategies; record keeping, accounting methods and general administrative procedures. You must pay all costs and expenses associated with these items. Additional guidance and assistance may be made available to you at your written request and in our sole discretion at fees and charges established by us (Franchise Agreement, Section XX.A, XX.E and XX.K).

(11) — Loan to you during the term of the Franchise Agreement one copy of our confidential and proprietary Operations Manual and other written materials for the operation of your Center, containing mandatory and suggested specifications, standards and operating procedures required by us and information relative to your other obligations under the Franchise Agreement. Because your Business must be under the supervision and control of a behavior analyst, we do not provide you with operational procedures or manuals related to practicing of mental health. Instead we provide you with suggested operational guidelines you may choose to follow and level of service standards in the form of an Operations Manual. We have the right to add to, and otherwise modify, the Operations Manual to reflect changes in authorized services (including programs, activities and workshops), as well as changes in level of service standards and suggested operational guidelines of a Success on the Spectrum® Business. You must keep the Operations Manual confidential and current and may not copy any part of it. The Operations Manual contains 265 pages and the table of contents of the Operations Manual as of our last fiscal year end is included with this Disclosure Document as Exhibit E (Franchise Agreement, Section XX.G).

(12) — Approve or disapprove samples of all local advertising, marketing and promotional materials not prepared or previously approved by us which are submitted by you (Franchise Agreement, Sections XII.H, XII.L and XX.J). We are not obligated to conduct advertising but all advertising utilized by you must be approved by us in-house prior to use.

(13) — Deliver to you a web page for your Franchise operations that will include access to our proprietary educational platform along with portals online for ongoing news bulletins, message board and templates for advertising materials to support your Business (Franchise Agreement Sections IX.A and XX.B).

(14) — Approve or disapprove any promotions, edits, changes or updates to your web page. All modifications to your web page must be performed by us, our affiliates or approved vendors, and you will be responsible for all related costs (Franchise Agreement Sections XII.L and XX.B).

During your operation of the Business, we may:

(1) — Provide onsite assistance as we deem necessary and in our discretion. Additional visits are for the purpose of advising you with respect to our service standards, executing programs, activities and workshops; and also operational and sales matters related to your Center. You will be responsible for the transportation, room and board and miscellaneous expenses incurred by our personnel during the visits, which will take place per the terms of the Franchise Agreement, or at your request, and at times and dates selected by us (Franchise Agreement, Section XX.A).

(2) — Provide to you, any Owner and/or manager, additional training at locations designated by us, which may be at our headquarters or any other location we specify with a fee not to exceed more than \$250 per person per day. If such training is at a location other than our corporate office you will be responsible for our expenses which can vary. We reserve the right to increase the per day fee a reasonable amount based on reasonable criteria (Franchise Agreement, Section XX.A).

(3) — Conduct quarterly meetings or an annual convention at such place as shall be designated by us

(Franchise Agreement, Section XX.A).

~~(4) — Establish a franchisee elected peer group whose main purpose is to mentor and support each other.~~

~~(5) — Continue to consult with you at no additional charge regarding our vendor and supplier relationships, service standards, programs that we have or will develop, sales and marketing strategies, industry developments, advertising, promotional and marketing materials. We will offer assistance, advice, guidance and experience to you to resolve administrative problems that you may encounter outside the scope of the Operations Manual (Franchise Agreement, Sections XII.V and XX.A).~~

~~(6) — Provide you with updated and approved lists of approved services (including our different programs, activities and workshops) and products you are authorized to offer, perform and sell; and equipment, products, supplies, services, vendor and suppliers (as described in Item 8) that you are authorized to use in the operation your Business. We will also continue to add and approve new vendors and suppliers and provide you with updated and current lists of such approved vendors and suppliers for all equipment, products, supplies and services you are allowed to purchase such items from for the operation of your Business. If we develop proprietary equipment, products or software we will provide you with lists of such items that you will be required to purchase from us or our affiliate. We will provide you with such updated lists, but not the actual items and you are responsible for purchasing these items. We will continue to review and approve or disapprove any piece of equipment, products, supplies, service, vendor or supplier you wish to use, offer, perform or sell in the operation of your Business. You may be responsible for paying any costs related to testing any samples as described in Item 8 (Franchise Agreement, Sections XII.H, XII.I and XX.I).~~

~~(7) — Provide you with a list of updated minimum inventory requirements (currently not in effect) and suggested rates for services and pricing for products (if we authorize you to sell products in the future) you are authorized to offer in your Business. We will establish minimum and maximum rates and/or prices you can charge to the extent allowed by law. We will continue to research new services, equipment and products for the System as we deem necessary (Franchise Agreement Sections XX.A, XX.I and XX.K).~~

~~(8) — Provide an email and instant chat for your management (during regular business hours Central Time Zone). You will be able to contact us for questions, suggestions and guidance (Franchise Agreement Sections XII.V and XX.A).~~

~~(9) — Review and approve all advertising, marketing and promotional materials in addition to any promotions, edits, changes or updates to your web page that you submit to us (Franchise Agreement, Section XII.H, XII.I, XII.L, XX.B and XX.J).~~

~~(10) — Provide continuing education to you, any Owner and/or any new manager of your Business as noted in paragraph 13 (iii) below. We may require that you, any Owners and any manager(s) complete supplemental and refresher training programs during the term of the Franchise Agreement (Franchise Agreement, Sections XII.V and XX.A).~~

~~(11) — Offer assistance in establishing and using administrative, record keeping and accounting procedures in accordance with our Operations Manual, and various policies communicated by us to you in writing from time to time (Franchise Agreement, Section XX.A).~~

~~(12) — Provide you with all update and upgrade requirements for your technology items (as described in Item 8) and software or changes in our policies that are communicated to you in writing. You are required to purchase such items to operate your Business. Your expected costs for such items are approximately from \$8,000 to \$15,000 (see Item 7). The cost for computer hardware and software upgrades is estimated to be approximately \$500 per year. If we develop proprietary software in the future, we will provide you with update and upgrade requirements however we are not obligated to provide any upgrades to any third-~~

party software programs that we do not own and license to you. You are responsible for the installation of all technology-related hardware and software. We are not obligated to provide maintenance or repairs to any computer and software or computer hardware that you use in the operation of your Business. We reserve the right to have independent access to all information that you store in any computer, laptop or tablet used for the Business at all times (Franchise Agreement, Sections XII.H, XII.I and XX.A).

(13) Provide you and your key staff initial training

• After the completion of our training program by you and/or any Owner, manager, behavior analyst we can upon your request provide training to any new key staff for which an additional training fee of up to \$250 per person per day may be required. The trainee(s) will be responsible for all costs related to attending training such as travel, room and board. In addition, we have the right to require that you (or such managing partner, member or shareholder), behavior analyst and any office manager(s) complete supplemental and refresher training programs during the term of the Franchise Agreement, to be furnished at our corporate headquarters (currently in Houston, Texas). There may be an additional cost for a supplemental and refresher training program. You are responsible for all costs associated with attending such training opportunities we may provide for you such as travel, room and board.

• After the opening of your Business, we will provide to you, any Owner, behavior analyst and/or manager, access to information and support through our intranet system. Support may also be available from our corporate headquarters and we may provide refresher training or continuing education all of which can be done either through phone, web-based ("webinars"), video or at locations designated by us (most likely at our headquarters). Such refresher or continuing education (other than by phone, webinars or video) may have a registration charge to you which will not exceed more than \$250 per person per day. You are responsible for costs associated with you attending the programs such as travel, room and board or our expenses if we come to you. The refresher training and/or continuing education will normally not exceed a day and we expect to have at least quarterly programs subject to special need. The content for the refresher and/or continuing education will cover particular aspects including but not limited to: new services (including new programs, activities and workshops), how to execute services, how to maintain our level of service standards, trends in the industry, new equipment and products; operational guidelines, best practices for training employees, vendor and supplier updates, website and software developments, sales strategies, marketing, administration and so forth. We may conduct an annual convention at such place as shall be designated by us for all franchisees but will most likely be at our headquarters. A registration fee for each participant may be required which we will work in good faith to maintain at our cost and you will be responsible for costs associated with attending the convention such as travel, room and board. The fees charged above may be increased based on the increase of actual costs incurred by us.

• no earlier than 60 days before the opening of your Center, we will provide our initial training program for you. This training curriculum is fully detailed in the Operations Manual and may change periodically. Our training team will include directors from our Houston corporate office, members of our website development team, members from our approved suppliers and service providers.

**TRAINING SCHEDULE: AT CORPORATE OFFICES**

The Success on the Spectrum® Franchise Training Program includes an Operations Manual, hands-on training, videos and demos. This training curriculum is fully detailed in the Operations Manual and will change periodically.

### **Training Program**

The Operations Manual will detail all aspects of Franchise operations presented in training and serve as an ongoing reference. Updates to the Operations Manual will be made available to you through various means including online. All of the training sessions will be taught by a combination of Nichole Daher who has over 10 years of medical and business management experience; Kendra Kitchen who has over 6 years of mental health and managerial experience; and Daisy DeLeon who has over 8 years of mental health and administrative experience all of whose backgrounds are described in Item 2 above. Occasionally, different guest speakers may make an appearance at the training program to provide information about various equipment, products, supplies and services used and offered by us. For example, some speakers may be our employees, franchisees, vendors or industry experts.

Although you are responsible for selecting a site for your Center Location you must obtain our approval of your Center Location. We do not typically own or lease the real property that will serve as your Center Location and you are responsible for all costs and expenses in locating and evaluating proposed sites and the demographic data associated with your proposed sites. Before you enter into a lease or other agreement for your Center Location you must obtain our approval. We will provide you with site selection guidelines. If your Franchise Agreement specifies and designates a Designated Territory, your Center Location must be located within your Designated Territory at a site that we approve. Your rights in your Center Location must be subordinate to our rights as set forth in the Lease Agreement Rider attached as Exhibit 4 to the Franchise Agreement and the Collateral Assignment of Lease attached as Exhibit 5 to the Franchise Agreement.

Although there is no specified time limit for us to review the proposed site for your Center Location, we will do so within a reasonable time period, not exceeding 30 days of our receipt of your written request for our review of a proposed site and your submission to us of the information and documentation that we may request. In determining whether to approve or disapprove a proposed site for your Center Location, factors that we take into consideration include: (a) demographic factors, traffic patterns, parking, building structures, visibility and available sign locations; (b) characteristics of the proposed site; (c) the location of your proposed site relative to your overall Designated Territory and proximity to other Centers, if your Designated Territory was previously designated; (d) the location of your proposed site and proximity to other Centers; and (e) whether or not the landlord for the Center Location approves of our Lease Agreement Rider in substantially the same form as contained in Exhibit 4 of the Franchise Agreement.

Within 120 days of signing your Franchise Agreement you must secure a Center Location and lease that we approve (Franchise Agreement, Article 3.A.). If you do not meet this requirement for any reason, including our disapproval of a proposed center location and/or your failure to find a suitable center location that we approve during the 120 day period, we may terminate your Franchise Agreement without refunding any fees to you if you do not cure this default within 30 days of notice from us. It is your obligation to consult with government agencies, architects and legal professionals to evaluate and determine that your Center Location permits the establishment and operation of the Franchised Business and that you possess the necessary licenses and authority to operate a center that offers and provides the Approved Products and Services. (Franchise Agreement, Articles 2, 3, 7 and 16).

#### **Time to Open**

You may not open your Center until your three key employees (including you) have completed our initial training requirements, obtained any necessary licensing and authorization from state and regulatory agencies within your Designated Territory, obtained and provided us with written proof of the required insurance, and have timely secured a Center Location that we approved.

We estimate that the length of time between the signing of your Franchise Agreement and opening your Center to be approximately 270 days. Factors that may affect this estimated time period include: (a) evaluating and selecting a suitable site for your Center Location; (b) timeliness of your submission to us of information and documentation that we may request in determining whether or not to approve of the site for your proposed Center Location; (c) length of time taken by you to successfully complete our initial training program; (d) negotiating and obtaining a suitable lease for your Center Location that is approved by us; (e) obtaining third party lender financing, if necessary; and (f) obtaining the necessary licenses for the operation of your Center (g) and hiring a certified behavior analyst. Other factors that may affect this time period include availability of equipment, delays associated with equipment installation and the construction and/or installation of your leasehold improvements and fixtures. You must open your Center within 10 months from the effective date of your Franchise Agreement, otherwise we may terminate your Franchise Agreement without refunding any fees to you. (Franchise Agreement, Article 3.C.).

### **Post-Opening Obligations**

1. Supplemental Training – We may require that you, your Managing Owner, office manager, operating manager, behavior analyst and/or other employees participate in supplemental on-site training or supplemental training at our corporate headquarters in Houston, Texas or at your Center Location. If we do, you will be required to pay our then current supplemental training fees in connection with such supplemental training. Currently, we charge \$250 per on-site trainer per day, plus travel expenses, meals and accommodation expenses incurred by us in connection with any on-site training at your Center. If training takes place at our affiliate-owned Center in Houston, Texas or any other location that we require, you must pay our then current training fee of \$250 per trainee, per day, plus all travel expenses, meals and accommodation expenses incurred by you in connection with any such training. (Franchise Agreement, Article 4.A.);

2. Initial Training for Replacement Employees –We will offer and make available to your replacement Managing Owner, office manager, behavior analyst or other key employees our initial training program which must be completed to our satisfaction. The initial training program will be provided by us at the facilities that we designate that, presently, is comprised of our affiliate-owned Center located in Houston, Texas. You will be required to pay our then current supplemental training fee, currently \$250 per day per trainee. You will also be responsible for all costs incurred by such individuals in traveling to and attending initial training. Replacement staff must attend initial training within 60 days after they are hired by you. (Franchise Agreement, Articles 4.A. and 7.J.);

3. Communication of Operating Standards – We may establish, update and provide you with consultations and communications as to the standards, procedures and System requirements as to the operation of your Center including, but not limited to, Approved Products and Services, System Supplies, marketing and promotion standards, and as we may, in our discretion, designate, modify, supplement and amend from time to time and as set forth in the Manuals which we may, in our discretion, modify from time to time. (Franchise Agreement, Articles 4.B. and 4.C.);

4. Marketing Standards and Approval – We may establish, update and communicate to you our standards for the marketing and promotion of the Franchised Business including, but not limited to, the marketing materials and mediums that you may utilize. We will respond to your request respecting the communication of our approval or disapproval of marketing materials and mediums that may be requested by you for use in the marketing and promotion of the Franchised Business. We maintain full discretion as to the marketing standards and the marketing materials and media that you may use in the marketing and promotion of the Franchised Business (Franchise Agreement, Article 4.B.);

5. Approved Vendors – We will provide the names and addresses of approved vendors and suppliers for the Approved Products and Services and the System Supplies. (Franchise Agreement, Articles 4.B. and 4.C.);

6. Annual System Conference – We may, in our discretion, coordinate an annual conference to be attended by franchisees of the System that are in good standing. We may charge an annual conference fee not exceeding \$1,000 if you chose to attend. You will be responsible for all travel and accommodation expenses associated with your attendance at the conference. (Franchise Agreement, Article 5.C.);

7. Hiring and Training of Employees – We do not provide assistance with the hiring and training of your employees. You will be directly responsible for the management and supervision of your employees. For the protection of the System, you must ensure that all employees wear and maintain the proper uniforms with our approved System branded apparel and uniforms including, but not limited to, the apparel and uniforms comprising System Supplies. You must monitor and ensure that all System Supplies and Approved Products and Services are prepared, maintained, and served in accordance with the System standards and Manuals; and

8. Pricing – As permitted by law, we reserve the right to designate the maximum, minimum, promotional, and other prices and promotions that you may charge and offer for Approved Products and Services (Franchise Agreement, Articles 3.D. and 3.E.). Our designation of pricing is not a guarantee that you will achieve a specific level of sales or profitability.

### **Advertising**

1. Generally – All advertising, marketing, marketing materials and all marketing mediums used by you in the marketing and promotion of your Center must be pre-approved by us in writing and conform to our standards and specifications. You may only utilize those advertising and marketing materials and mediums that we designate and approve in writing. In our discretion, we may make available to you approved marketing templates comprised of pre-approved ads, ad copy and digital media that you may utilize at your own expense. If you wish to utilize marketing materials and/or marketing mediums that are not currently approved by us in writing, you may submit a written request requesting permission and we will approve or disapprove of your request within 15 days of your submission of the written request and sample marketing materials. We are not required to spend any amount on your behalf on advertising in your designated territory and we are not required to conduct any advertising on behalf of the franchise System or on your behalf. (Franchise Agreement, Article 9);

2. Local Marketing – You are not authorized to engage in any marketing unless it is pre-approved by us in our discretion (Franchise Agreement, Article 9.B.). We will review your local marketing programs and notify you if we approve of them. We will make available to you and provide you with access, in the form of a source document, to our approved marketing campaigns, media, and messaging that may be used by you. In those instances where we provide you with access to our marketing campaigns, we provide you with the source designs, copy, and design specifications. However, you will incur the direct costs associated with customizing, duplicating and using such marketing campaigns and in having them distributed and/or placed with media sources. (Franchise Agreement, Article 9); and

3. Digital Media and Website – All digital media and marketing must be approved by us. We will designate for your Designated Territory information about your Center on the [www.successonthespectrum.com](http://www.successonthespectrum.com) webpage or such other websites as we may designate for the System. (Franchise Agreement, Article 9).

### **Computer System**

You must purchase, license and use the computer, point of sale, business management, electronic medical records systems, ordering systems and other technology that we designate, including computers or laptops, software, tablets, printers, copiers, scanners, routers, modems, flat screen televisions, camera surveillance system and a phone system, and as otherwise designated by us in the Manuals. You must also use our proprietary practice management software. You will be required to obtain a computer system that will consist of certain hardware and software and, among other things, you will be required to meet our requirements for: (a) back office; (b) security systems; (c) printers and other peripheral devices; and (d) high speed internet access. The initial upfront cost of the point of sale and computer system that you will be required to purchase ranges from \$8,000 to \$30,000. You are obligated to install and/or access all required software upgrades as recommended by the manufacturer of the computer system. You are responsible for hardware repairs or replacement of systems that are no longer covered under warranty. Your estimated costs for the maintenance, repair and updates for the computer and point of sale systems is estimated to be approximately \$500 - \$1,000 per year. There are no contractual obligations imposed on us to maintain, repair, update, or upgrade your computer systems. We will have independent access to all data related to the financial performance of your Center. There are no contractual limitations on our right to access your financial records. Currently, the cost of our required EMR data collection and billing software is \$78 per month per

employee, plus an additional \$0.20 per claim filed. The cost of the bookkeeping software that we require is currently \$70 per month, and the cost of the payroll software that we require is \$75 per month, plus \$8 per employee, per month. These charges and rates are subject to change in the future and depend on each specific vendor. The cost of our proprietary practice management software is currently included with the Technology Fee.

**Initial Training**

We will provide you with an initial franchise training program for three key employees, including one operating manager, one office manager and one certified behavior analyst, all of whom are required to attend. You are required to serve in one of the foregoing key roles, but may only serve as a behavior analyst if you possess the certifications necessary for a behavior analyst in the jurisdiction where your Center is located. Initial training is provided free of charge for the foregoing three key employees. We will provide this initial training program only after you have employed behavior analyst with all necessary certifications as required in the jurisdiction where your Center is located. Nothing in our initial training program is designed to interfere with your behavior analyst's independent clinical judgment when treating clients. The foregoing individuals must successfully attend and complete the initial training program to our satisfaction within 45 days before the opening of your Center and you will not be permitted to open your Franchised Business until all of the foregoing key employees have done so. The initial training program takes place over an approximate two week period. We will pay for airfare (on Southwest Airlines only) for the three people who attend our initial training, in an amount of up to \$400 per person. We will also provide lodging for the three people who attend training at our SOS House, which is located near our training facility. You will be responsible for paying all other travel expenses and employee wages that you incur in your initial training attendance and participation. If more than three people attend the training, subject to availability, we may impose a training fee in the amount of \$250 per additional person for each day of training, and you will be responsible for all travel expenses and other expenses incurred by such additional trainees. Currently, we provide our initial training program no less frequently than monthly and on an as-needed basis. (Franchise Agreement, Article 4)

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### TRAINING PROGRAM

The following chart summarizes the subjects covered in our initial training program:

<b>WEEK 1</b> Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
<b>Monday:</b> Overview of SOS, Mission Statement, Services Offered, Website review	8	0	Virtual
<b>Tuesday:</b> Client Intake Process, Billing Protocols, Service Documentation	8	0	Virtual
<b>Wednesday:</b> Staff Acquisition, Onboarding Protocols	8	0	Virtual
<b>Thursday:</b> Protocols for Managing Staff, Safety Protocols	8	0	Virtual
<b>Friday:</b> Scheduling Protocols, Audit Process	8	0	Virtual
Tour 2 open centers, Marketing Protocols and Best practices	0	8	Corporate HQ Houston, TX
Software Training, Protocols for terminating staff, Payroll protocols	0	8	Corporate HQ Houston, TX
Corresponding with Insurance, Insurance Audits	0	8	Corporate HQ Houston, TX
Staff Acquisition, Performance Reviews, Disciplinary Protocols	0	8	Corporate HQ Houston, TX
Crisis Response, Scenario Practice	0	8	Corporate HQ Houston, TX
<b>Subtotal Hours</b>	<b>40</b>	<b>40</b>	
<b>Total Hours</b>	<b>80</b>		

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<b>WEEK 2</b>	Hours of On-The-Job Training	Location
<b>Monday:</b> Tour 2 open centers, Marketing Protocols and Best practices	8	Corporate HQ Houston, TX
<b>Tuesday:</b> Software Training, Protocols for terminating staff, Payroll protocols	8	Corporate HQ Houston, TX
<b>Wednesday:</b> Corresponding with Insurance, Insurance Audits	8	Corporate HQ Houston, TX
<b>Thursday:</b> Staff Acquisition, Performance Reviews, Disciplinary Protocols	8	Corporate HQ Houston, TX
<b>Friday:</b> Crisis Response, Scenario Practice	8	Corporate HQ Houston, TX
<b>TOTAL</b>	<b>80</b>	

~~\*Additional software and record keeping training may be provided to you and performed by our approved vendors after the initial training above is completed.~~

~~\*\*The actual hours of classroom and on-the-job training may vary. For example, it may take less time to cover a subject in a smaller class than a larger class and depending on your experience.~~

**Ongoing Training:**

~~We may also require you and your key staff to participate in virtual group trainings. We will also provide you with announcements and/or newsletters that will contain ongoing training relating to your Business. We will also provide you with access to additional or refresher training programs that may be conducted through the telephone, webinars or video training at no cost to you, including exclusive access to our Training Video Library on YouTube to be accessed on demand. We may periodically require that you or your managing partners, members, shareholders or manager complete additional training or refresher training programs to correct, improve and/or enhance the management and operation of your Business. Such additional or refresher training programs may be conducted through the telephone, webinars, video training or at annual conferences. Anyone attending additional or refresher training programs (training other than by telephone, webinars or video training) will be subject to an additional training fee and all costs associated with attending the training program such as travel, room and board (as described in paragraph 13 (iii) above).~~

**Operations Manual:** The \_\_\_\_\_

Instructional materials that will be used in the initial training process includes our Manuals, live instruction, and handouts. Initial training will be conducted under the direction and supervision of our Nichole Daher, and Kendra Kitchen. Nichole Daher has over 10 years of medical and business management experience; Kendra Kitchen has over six years of mental health and managerial experience. The level of experience of our trainers will, at a minimum, include each trainer's satisfactory completion of our initial training program. In addition to initial training, you will also be required to participate in and satisfy all other training programs that we may designate respecting the Franchised Business. (Franchise Agreement, Articles 4 and 7.J.).

After the opening of your Center, we require that your office manager, operating manager and behavior analyst attend monthly virtual system-wide training. Additionally, after the opening of your Center we reserve the right to require that you, your Managing Owner, office manager, operating manager and/or behavior analyst attend a system-wide training program (the "System-Wide Training Program") that we may establish in our discretion. If we establish a System-Wide Training Program, the program will be offered from our affiliate-owned Center in Houston or any other location that we may require, and you will be responsible for all travel and expenses, lodging, food, automobile rental expenses and employee wages that you incur in connection with attendance. We will not require your attendance at an in-person System-Wide Training Program for more than a total of five days in any calendar year.

Table of Contents of SUCCESS ON THE SPECTURM® prioritize operations manual, showing the number of pages in each section, is attached for your review as Exhibit “E” to this Disclosure Document. The total number of pages in the operations manual is 265.

## ITEM 12

### **TERRITORY**

#### Your Location

Under the Franchise Agreement, we will grant to you the right to develop and operate one Center at a specific Center Location. If the location is not known at the time you sign a Franchise Agreement, then your Center Location is subject to our approval.

#### Grant of Territory

Once you identify a site that we approve for your Center Location we will designate an area around your site as your designated territory (the “Designated Territory”). There is no minimum size for a designated territory. The scope and size of your Designated Territory will, generally, be a radius of 3 miles from the Center Location in all directions, but may be smaller based on population density, demographics, and geographical boundaries. Depending on the demographics and geography we may designate your Designated Territory where your Center is located at the center of the Designated Territory or where your Center is located elsewhere within the Designated Territory. We may identify your Designated Territory by zip code, boundary streets, highways, county lines, designated market area, and/or other recognizable demarcations.

#### Relocation

Your right to relocate your Center is not guaranteed and approval of a request by you to relocate your Center is completely at our discretion. We evaluate relocation requests on a case-by-case basis and consider factors such as operational history, the location of other Centers, our expansion plans, the designated territory, demographics and other factors that, at the time of a relocation request, are relevant to us.

Establishment of ~~You must operate your Success on the Spectrum® Business within the specific location identified in your Franchise Agreement. You are awarded a protected territory (“Territory”) that will include up to 5 miles driven in any direction from the Franchise Business as defined by Google Map or similar mapping program. You must operate your Business within the Territory. We reserve the right to grant a territory that is larger or smaller than the 5-mile area defined above, in order to account for more densely or sparsely populated areas. We will determine your Territory based on the most recently published data from the U.S. Census Bureau (or other source as we may indicate to you). You may not conduct business out of any other site or sites (facility where you operate your Center) other than the accepted site that has been entered in your Franchise Agreement or made part of by an addendum attached to your Franchise Agreement. You can provide services and sell products (if we authorize you to sell products in the future) to anyone who comes from anywhere so long as the services you perform and sales you generate do not result from any Target Marketing (as defined below) activities by you. You can conduct business at off-site events (such as: community events, consumer shows, festivals, expos, etc.) to draw attention to your Business to promote your services and sell products (if we authorize you to sell products in the future); and perform services to anyone so long as such events are within your Territory and the services you perform are from your Center and within your Territory. You may also perform services (specifically limited field trips, in-home sessions, school transitioning and shadowing programs) and conduct business at off-site events in other geographical areas outside your Territory to promote your Business and sell products (if we authorize you to sell products in the future) only~~

after providing notice to us and obtaining our written approval. We shall approve or deny your request, which approval is in our sole discretion, within five (5) business days of receipt of your written request and will respond by email or any other form of written communication (as described below). If we approve your request to perform services or conduct business at off-site events in another geographical

~~area, you must be prepared to immediately cease performing services and discontinue conducting business at such off-site events when that area is purchased (as described below).~~

#### Additional Centers

~~You do not have the right to establish additional Centers unless you sign an Option Agreement with us in the form attached hereto as Exhibit F and are in compliance with the terms and conditions therein. We are under no obligation to enter into an Option Agreement with you. If we enter into and sign an Option Agreement, you will have a six month period from the date of your Franchise Agreement to exercise your option rights, subject to the conditions and restrictions in the Option Agreement, and will have 30 days to execute our then current Franchise Agreement and pay our then current initial franchise fee, less the option fee that you already paid at the time you executed the Option Agreement. Your selection of the Center Location and our approval of your future Center Location and its respective designated territory will be based on our then current site and territory criteria.~~

#### Options and Rights of First Refusal to Acquire Additional Franchises

~~Unless you and we enter into an Option Agreement, you are not granted any options or rights to acquire additional franchises. Other than as set forth in a fully executed Option Agreement, you are not granted any other options, rights of first refusal or similar rights to acquire additional franchises.~~

#### Territory Rights

~~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.~~

~~We cannot establish either a company-owned business, franchise nor license another to locate a Success on the Spectrum<sup>®</sup> business within your Territory identified in your Franchise Agreement during the term of the Franchise Agreement.~~

~~Your licensed Territory is determined by population, competition, demographics of the surrounding area, our own assessment of business potential, market penetration or other conditions important to the successful operation of a Success on the Spectrum<sup>®</sup> Business, as we deem appropriate and as identified in your Franchise Agreement. Your licensed Territory is determined by us once a location is chosen and will not be altered even if there is a population increase or decrease. It will also not be affected by your sales volume or market penetration. Certain locations, such as major metropolitan areas for example, may have smaller territories because of densely populated areas. We must consent to a site within your protected Territory in which you intend to operate the Business in writing before you open for operation.~~

~~You may provide Approved Products and Services from your Center Location and at certain off-site locations that we specifically approve and authorize, which presently include field trip venues, client homes and client schools. Likewise, other System franchisees may provide Approved Products and Services at similar authorized locations within your territory. However, during the term of the Franchise Agreement, provided that you are not in default of your obligations to us or our affiliates and except as to our Reserved Rights set forth below, we will not open, and we will not grant another franchisee the right to open a Success On The Spectrum Center at a Center Location within your Designated Territory.~~

~~We and our affiliates reserve to ourselves the exclusive right on any and all terms and conditions that we deem advisable and, without any compensation or consideration to you (Franchise Agreement, Article 2.), to engage in the following activities (our "Reserved Rights"): (a) operate and grant to others the right to develop and operate Centers and Franchised Businesses using the System and Licensed Marks at locations outside your Designated Territory as we deem appropriate and irrespective of the proximity to your Designated Territory; (b) acquire, be acquired, merge with or otherwise affiliate with one or more businesses of any kind, including businesses that offer and sell products and services that are the same as, or similar to, the Franchised Business, and after such acquisition, merger or affiliation, own and operate and/or franchise or license others to own and operate and to continue to own and operate such businesses (including under and using the Licensed Marks and System) within your Designated Territory, even if such businesses offer and sell products and services that are the same as or similar to the Franchised Business; (c) subject to our then current out of territory delivery rules and requirements, provide Approved Products and Services, and grant other System franchisees the right to provide Approved~~

Products and Services to clients and other individuals within your Designated Territory; (d) use the Licensed Marks and System to sell, distribute, and deliver the Approved Products and Services or products and services similar to the Approved Products and Services to and through retail stores and other outlets located within and/or outside your Designated Territory; (e) use the Licensed Marks and System to sell, distribute, and deliver the Approved Products and Services offered and sold by the Franchised Business or products and services similar to the Approved Products and Services offered and sold by the Franchised Business through website based and/or e-commerce based channels of sale, distribution, or delivery to clients within or outside your Designated Territory; (f) use the Licensed Marks and System to sell, distribute, and deliver the Approved Products and Services offered and sold by the Franchised Business or products and services similar to the Approved Products and Services offered and sold by the Franchised Business in alternative channels of distribution including but not limited to the internet and through similar distribution and delivery channels within or outside your Designated Territory; and (g) use the Licensed Marks and System and to license others to use the Licensed Marks and System, to engage in all other activities not expressly prohibited by the Franchise Agreement.

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

There are no restrictions on us or other System franchisees from soliciting or accepting clients inside your territory. We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing to make sales within your territory, including sales of services and/or products, using our principal trademarks or using trademarks different from the ones you will use under the Franchise Agreement. We do not pay any compensation to you if we or other System Franchisees solicit or accept clients from within your territory or if we provide Approved Products and Services inside your territory.

#### Soliciting by You Outside Your Territory

You may direct marketing of your Center to clients located anywhere, including clients located in the territories of other System franchisees. Likewise, we, our affiliates, and other System franchisees, may direct their marketing to clients within your territory.

#### Competition by Us Under Different Trademarks

We do not have plans to operate or franchise a business under trademarks different from the Licensed Marks that sells or will sell goods or services similar to those that will be offered by you through the Franchised Business.

Relocation of your Business requires our written acceptance. Our consent to your relocation is based on the following factors: population, business potential, traffic patterns, proximity to major roads, demographics of the surrounding area, market penetration or other conditions important to the successful operation of a Success on the Spectrum® Business, as we deem appropriate and as identified in your Franchise Agreement

You must obtain our approval of the Site for your Center before you acquire the site. You must also provide us with a copy of the lease for the Site before you execute the contract or lease, and we may condition our approval of any site you propose on the lease containing our prescribed lease rider and other terms contained in Attachment E to our current Franchise Agreement. You must also comply with our System Standards related to the build-out, remodeling, and construction of your Center at the Site.

We maintain specifications for the design and layout of your Center, leasehold improvements, storage, signage and décor to be used for the interior and exterior of your Center. You may not install or permit to be installed on the Business premises any décor items, signage, games, vending machines or other items without our written consent or that do not comply with our appearance specifications. These specifications may include minimum standards for size, color, design, material and other characteristics. Some of these appearance specifications are contained in our Operations Manual and others will be set forth in periodic written notices or email notices to our franchisees. In some cases, our specifications may involve confidential and proprietary information regarding the specifications of a piece of equipment and/or product specifications and such detail will only be made available to a supplier who agrees to sign a confidentiality agreement with us. We develop these appearance specifications either through our experience or through research and development and such specifications may be modified periodically, through periodic written notices to our franchisees.

When you find a location for your franchise and obtain a proposed lease agreement, per the Franchise Agreement, you must submit the proposed lease to us for approval before it is signed. We have the option to require that the lease (i) be collaterally assigned to us by a collateral assignment agreement in a form and substance reasonably acceptable to us in order to secure performance of your liabilities and obligations to us or (ii) contain the following terms and conditions:

1. The lessor must agree that without its consent, the lease and your right, title and interest under the lease may be assigned by you to our designee or us.

2. ~~The lessor must provide written notice to us (at the same time it gives such notice to you) of any default by you under the lease, and we must have, after the expiration of the period during which you may cure such default, an additional 15 days to cure, at our sole option, any such default and, upon the curing of such default, the right to enter upon the leased premises and assume your rights under the lease as if the lease had been assigned by you to us.~~
3. ~~You are required to furnish copies of all insurance policies required by the Franchise Agreement and by the lease to us, or such other evidence of insurance coverage and payment of premiums as we request or permit or require under the lease.~~

~~We estimate that there will be an interval of approximately six months between the signing of your Franchise Agreement and the opening of your Center depending on several factors including acquiring, a location approved by, acquiring a lease, obtaining any financing you may need, develop and buildout your location, obtain business permits and licenses, and certifications required by your state, and partner with or hire a behavior analyst and hire employees. This period may be extended upon our receipt of a written request from you to extend performance if your delay is due to unforeseen events outside of your control rendering performance impossible or impracticable. We may extend the period for you to open under those circumstances as we consider appropriate or elect to terminate the franchise agreement and retain all fees you paid to us or return such fees less our expenses and costs incurred without breach of the franchise agreement.~~

~~Establishment of additional Success on the Spectrum<sup>®</sup> Businesses requires our written acceptance. If other geographical areas are unassigned, we have the right to sell or assign it, or part of it, at any time, without notice to you. You must submit a separate application for each Franchised Business to be established by you. You must pay the fee for each additional franchise acquisition mentioned in Item 5 and must be in compliance with all of the terms and conditions of your current Franchise Agreement. We will evaluate your proposed location of any additional Success on the Spectrum<sup>®</sup> Business based on the criteria mentioned in Items 11 and 12 above.~~

~~The Territory described above will affect where you and our other franchisees may solicit business, promote your services and sell products (if we authorize you to sell products in the future). You are encouraged to directly advertise and market for clients located within your Territory. You can provide services and can sell products (if we authorize you to sell products in the future) to anyone from anywhere so long as your sales do not result from any direct solicitation activities outside your Territory by you (Target Marketing as described below), all services are being performed from your Center and within your Territory (currently the services you are authorized to perform away from your Center are limited to field trips, in-home sessions, school transitioning and shadowing programs) and the products you sell are being sold from your Center or off-site events within your defined Territory. In addition, we may allow you and other franchisees or company-owned businesses to promote services and sell products (if we authorize the sale of products in the future) through alternative channels of distribution (such as on the Internet or Websites). If you are granted permission to promote services and/or sell products through an alternative channel of distribution, per our written approval, you may promote services and sell products, using that method, to anyone from anywhere without compensation to the other franchisees or company-owned businesses so long as all services are performed from your Center and within your Territory; and all products are sold either from your Center or off-site events within your Territory. We, other franchisees and company-owned businesses are subject to the same restrictions and reserve the same right to promote services and/or sell products on alternative channels of distribution to anyone from anywhere so long as services are performed within the boundaries of our and other franchisee's territories without compensation to you. You are prohibited~~

from soliciting and marketing in general to anyone by any means outside of your respective Territory and you must not specifically engage in target marketing (“Target Marketing”) within

~~the territory of another Success on the Spectrum® business (franchise and/or a company-owned business). Target Marketing means a concerted effort by a franchisee to solicit and obtain clients through any type of advertisement or marketing, directed at all or a portion of another franchisee's Territory. We will use commercially reasonable efforts to enforce this requirement regarding Target Marketing if you or any other franchisee violates it.~~

~~If you are asked to perform services (specifically field trips, in-home sessions, school transitioning and shadowing programs which are the only services you are currently authorized to perform away from your Center) or conduct business at off-site events (such as: community events, consumer shows, festivals, expos, etc.) in geographical areas in which there is another franchise or company-owned location, you must refer that request to the Success on the Spectrum® business in that geographical area or directly to us. Whether the other Success on the Spectrum® business is a franchise or company-owned business, you must not perform services or conduct business at off-site events in that geographical area. If the other Success on the Spectrum® franchise or company-owned business gives you permission to perform services or conduct business at such off-site event, then you can proceed immediately. If there is not a Success on the Spectrum® business in that geographical area, then you must submit a request to perform services or conduct business at such off-site event to us and upon our written approval, you can proceed. We shall approve or deny your request to perform services or conduct business at off-site events in other geographical areas not owned by other franchisees or us, which approval is in our sole discretion, within five (5) business days of us receiving your written request. Our response to your request will be made by email or any other form of written communication. Approval may be revoked in our sole discretion. However, you must be prepared to immediately cease performing services and/or conducting such events in that other geographical area when that unassigned area is purchased or another Success on the Spectrum® company-owned business is opened in that area. We and other franchisees must refer services and off-site events that are within your Territory to you and also reserve the same right to perform services (limited services as described above) and conduct events within your Territory with your permission and if it is in the client's best interest; and sell products (if we authorize you to sell products in the future) to anyone who comes from anywhere even if such persons live within your Territory.~~

~~If during the time of the Franchise Agreement, you are unable to accept new clients due to lack of space, excessive work or other cause, you must refer that prospective client to another franchise in the System, company-owned location or to us to the extent permitted by law. If you fail to refer prospective clients or off-site events as set forth herein, we will have the right to terminate the Franchise Agreement. For any default of the Franchise Agreement, as an alternative to termination, we may modify or completely eliminate any rights that you may have with respect to the Territory, effective ten (10) days after delivery of written notice to you. In addition, we may modify or eliminate completely, the Territory (Franchise Agreement, Section VI, XII.H and XXIII.F).~~

~~We encourage all Success on the Spectrum® businesses, when owned by different individuals, to work out a referral relationship and an advertising strategy if they are within close proximity of each other (defined as being within a ten-mile radius of each other). We must be notified of all such arrangements.~~

~~We have the exclusive right to negotiate and enter into agreements or approve forms of agreements to perform services and provide products (if we sell products in the future) to any~~

~~business or organization which owns, manages, controls or otherwise has responsibility for locations in more than one area whose presence is not confined within any one particular franchisee's territory regardless of the contract amount of products or equipment (if applicable) to be provided or services to be performed (a "National Account"). After we sign a contract with a National Account, we may, at our option, provide you the option to perform services or provide products (if we authorize you to sell products in the future) to businesses under the National Account contract. If we choose, or if you choose not to perform services and/or provide products~~

(if applicable) to the National Account, we may direct the National Account to seek such services and/or products from another franchisee or company-owned location even if the National Account is located within your Territory without compensation to you.

We reserve the right to issue binding policies to coordinate marketing councils and/or advertising cooperative programs but do not currently administer any councils or cooperatives. For example, we may require that all franchisees within close proximity to consumer shows, conventions or expos where mental health or autism-related services or products are being offered or sold to participate in the cost and benefit of the show. We intend to direct and coordinate all franchisee Internet advertising. All such programs and policies are our proprietary trade secrets. In such programs, we will require that any client that is acquired through such programs, to be served by the closest or other franchisee, and you will not be charged or receive any type of referral fee. You are not required to participate in any other advertising fund.

Any rights not expressly granted to you are reserved to us. Such rights reserved to us include, but are not limited to the right to:

- (1) Advertise, market and sell Success on the Spectrum®-branded and trademarked services, products and equipment (if we decide to sell products or equipment in the future) in your Territory;
- (2) Advertise, offer and promote any services, products and/or equipment (if we choose to sell products and/or equipment in the future) to promote the System through the Internet and/or other similar venues to anyone from anywhere to brand the System;
- (3) Offer, sell or distribute anywhere services, products or equipment (if we develop and choose to sell products and/or equipment in the future) to anyone from anywhere through any alternative or other channel of distribution, other than local business operations (franchised or owned by us) providing services and products under the Marks and System and on any terms and conditions we deem appropriate. We have this right whether or not we are using the Marks or System or acting inside or outside the Territory designated in your Franchise Agreement;
- (4) Develop, manufacture, produce and distribute any labeled product or piece of equipment that has been branded with our Mark or logo or different-branded products and equipment through any outlet located anywhere regardless of its proximity to your Business (including, by way of illustration, schools, discount clubs, retail stores, over the Internet and/or electronic media and similar venues) and on any terms and conditions we deem appropriate. If we decide to distribute products or equipment, you will receive no compensation from us for such sales inside your Territory unless agreed otherwise in writing by us;
- (5) Implement advertising cooperative programs which may allow us or others to offer services, products, solicit or sell to anyone located anywhere. We also reserve the right to issue mandatory policies to coordinate such advertising cooperative programs;
- (6) Own and/or operate ourselves or authorize others to own and/or operate (a) any business located outside the Territory as designated on your Franchise Agreement, whether or not using the Marks and/or System, (b) any business anywhere, whether using the Marks and

~~/or System or not, which is not substantially similar to the business franchised to you under the Franchise Agreement and/or (c) any business anywhere which does not use the Marks; and~~

~~(7) Acquire, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere, including arrangements in which we are acquired, and/or company-owned, franchised or other businesses (including your Franchised Business) are converted to another format, maintained under the System or otherwise. If we acquire or merge with a business similar to a Success on the Spectrum® business within your Territory, we will make commercially reasonable efforts to maintain the protected status of your Territory. You will fully participate in any conversion subject to any person/entity merging with, or acquiring us, reimbursing you for reasonable costs directly related to the conversion.~~

~~We are not responsible for paying any compensation to you concerning the sale of our services, products or equipment (if we choose to develop and sell products or equipment in the future) by us over the Internet or other similar venues, by alternative means of distribution, advertising cooperative programs, outlets, businesses that are not substantially similar to the Franchised Business or any business that does not use the Marks. For clarity, the Franchise Agreement grants you no rights to promote and/or offer services, sell or distribute products or equipment (if we develop products or equipment in the future) through any alternative channels of distribution (other than our approved list of channels of distribution) without our permission or share in any of the proceeds from our activities through alternative channels of distribution.~~

~~We have not established, and do not presently intend to establish, other franchises or company-owned businesses except as disclosed in Item 1 of this Franchise Disclosure Document, offering similar services under a trade name or trademark different from the Marks.~~

### **ITEM 13**

#### **TRADEMARKS**

~~Under the Franchise Agreement, we grant you the nonexclusive right to use the Marks in connection with the operation of your Franchise. Our principal trademark is “Success on the Spectrum” along with the design, as it appears on the first page of this Disclosure Document. We have the right to use and to license others to use the Marks and under any other trade name, trademarks, service marks and logos currently used or that may hereafter be used in the operation of the Business. You must agree to use the Marks for the operation of your Franchise and in the manner authorized by us.~~

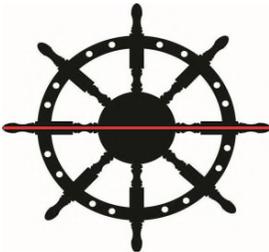
Under the terms of the Franchise Agreement, you will be granted a license to use the “Success On The Spectrum” trademark and those other marks that we designate. Our affiliate Success on the Spectrum, LLC is the owner of the Licensed Marks and has granted to us a license to use the Licensed Marks and to license our franchisees to use the Licensed Marks (the “License Agreement”). Although the License Agreement may be terminated as a result of a breach of the License Agreement, in the event of any termination of the License Agreement, our franchisees will continue to maintain the right to use the Marks pursuant to the terms of their Franchise Agreement. Termination of the License Agreement does not terminate the use of the Marks by our authorized franchisees. We reserve the right to supplement and modify the marks that you may or may not use in connection with the operations of your Center. You may only use the Licensed Marks as authorized by us in writing and under the terms of your Franchise Agreement. You may not use the Licensed Marks in the name of any Corporate Entity that you establish.

Principal Trademarks Registered with the United States Patent and Trademark Office

The principal trademarks identified in the schedule below are a part of the Licensed Marks, our System, are registered with the United States Patent and Trademark Office (the "USPTO") and, unless otherwise designated by us, will be used by you in the operations of the Franchised Business. As to these marks all required affidavits have been filed with the USPTO.

Proprietary Mark	USPTO Registration Number	Registration Type	Registration Date
	5275808	Principal	August 29, 2017 <i>(renewal filed on December 6, 2022)</i>
"Success on the On The Spectrum"	5637164	Principal	December 25, 2018 <i>(renewal filed on March 11, 2024)</i>
	5714411	Principal	April 2, 2019 <i>(renewal filed on April 2, 2024)</i>

Inserted Cells

	5714411	April 2, 2019
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The design "SOS Success on the Spectrum" is registered on the

As to our principal register of the United States Patent and Trademark Office (referred to as "USPTO") bearing the registration number 5275808 dated August 29, 2017 and is owned by our

~~affiliate Success on the Spectrum, LLC and sublicensed to you. The word mark “Success on the Spectrum” is registered on the principal register of the USPTO bearing the registration number 5637164 dated December 25, 2018 and is also owned by our affiliate Success on the Spectrum, LLC and sublicensed to you. The design mark “Ship’s Wheel” is registered on the principal register of the USPTO bearing the registration number 5714411 dated April 2, 2019 also owned our affiliate Success on the Spectrum, LLC and sublicensed to you. Our affiliate Success on the Spectrum, LLC has granted us a license to use the Marks and to franchise the use of the Marks. We also claim common law rights in our trademarks based on our prior use.~~

~~There~~there~~ are no ~~presently~~~~currently~~ effective ~~material~~ determinations ~~of~~~~by~~ the USPTO, the Trademark Trial and Appeal Board, ~~any court, or~~ the trademark administrator of any state ~~or any court, nor any~~. ~~There are no~~ pending infringement, opposition or cancellation ~~proceeding or material proceedings and no pending~~ litigation involving the Marks. ~~We have not yet filed an affidavit of use because our trademarks were recently filed and do not need an affidavit. We do intend to renew all of our trademark registrations.~~~~

~~There are no effective agreements that limit our right to sublicense you the Marks, other than a perpetual, exclusive, non-transferable, worldwide, royalty free license to use, sub-license and display the Marks from our affiliate Success on the Spectrum, LLC pursuant to a trademark license agreement. The trademark license agreement may be modified or terminated if we fail to follow the operating, merchandising and advertising policies, and such other quality standards that are established by our affiliate Success on the Spectrum, LLC. In addition, our affiliate Success on the Spectrum, LLC has the right to substitute alternative trademarks for license at any time. Therefore, you may have to change the trademarks that you use in operating your Franchised Business at your expense. The trademark license agreement will remain in effect for as long as we offer franchises, or unless we are in default of the trademark license agreement. The trademark license agreement can be modified if both we and our affiliate Success on the Spectrum, LLC agree in writing.~~

~~Upon termination of the trademark license agreement for any reason, we and franchisees must discontinue all use of the Marks in any form, remove the Marks from our website and any of our franchisees web page, modify any and all identification of the Franchised Business with, or reference to, the Marks, and refrain from making any subsequent representation, advertisement or published statement or product~~

~~sales using or in reference to the Marks, or the business previously conducted using the Marks, and take such action as shall be necessary to change any corporate name, assumed name or equivalent registration which mentions or refers to the Marks, or any mark similar thereto.~~

~~You must notify us immediately in writing of any apparent infringement of or challenge to your use of any Marks or claim by any person of any rights in any Mark or any similar trade name, trademark or service mark of which you become aware. We have the sole discretion to take such action as we deem appropriate and the right to exclusively control any litigation, USPTO proceeding or other administrative proceeding.~~

~~We are not obligated by the Franchise Agreement to protect any rights granted to you to use the Marks or protect you against claims of infringement or unfair competition with respect to them. The Franchise Agreement does not require that we participate in your defense or indemnify you for expenses or damages if you are a party to a judicial or administrative proceeding involving one of the Marks or if the proceeding gets resolved unfavorably to you. Although we are not contractually obligated to protect the Marks of your right to use them, as a matter of corporate policy, we intend to defend the Marks vigorously (Franchise Agreement Section XV.B).~~

~~You may not, without our written consent, in our sole discretion, commence or prosecute, or seek leave to intervene in, any litigation or other proceeding, including any arbitration proceeding, in which you purport to enforce any right or recover any element of damage arising from the use or infringement of any of the Marks or unfair competition.~~

~~If it becomes advisable at any time, in our sole discretion, to modify or discontinue use of any Mark, and/or use one or more additional or substitute trademarks or service our principal marks, you must comply with our directions with respect to a reasonable time after notice by us. You, in connection with the use of a new or modified Mark, may be required, at your own expense, to remove existing signage from your Business and to purchase and install new signage in addition to all marketing and advertising materials. We have no liability to you.~~

~~There are . We know of no superior rights or infringing uses actually known to us as of the Issuance Date of this Disclosure Document that that could materially affect your use of the Marks in the State of Texas or in any other state. You should understand that there could be other businesses using trademarks, trade names or other symbols similar to our Marks with superior rights to our rights. Before starting your Business, you should research this possibility, using telephone directories, trade directories, Internet directories, or otherwise in order to avoid the possibility of having to change your Business name.~~

~~All your usage of the Marks granted under the Franchise Agreement is nonexclusive, and we retain the right, among others: (a) to use the Marks in connection with offering services and selling products (if we authorize you to sell products in the future); (b) to grant other licenses for the Marks, in addition to those licenses already granted to existing franchisees; (c) to develop and establish other systems using the same or similar Marks, or any other proprietary our principal marks; and to grant licenses or franchises in those systems without providing any rights to you as described in Item 12.~~

~~All your usage of the Marks and any goodwill you establish are to our exclusive benefit and you retain no right or rights in the Marks on the termination or expiration of your Franchise~~

Agreement. You may not use the marks as a part of any corporate or trade name, nor may you use any trade name, trademark, service mark, emblem or logo other than the Marks, as we may designate periodically. You must prominently display the Marks on such items and in the manner we designate. You must obtain such fictitious or assumed name registrations as we require or under applicable law. You must also prominently display in your Business that we are not a joint employer of yours and that you are solely responsible for

all employment or other related decisions and matters. You must also identify yourself as the owner of your Franchise by placing your name on the business and on all vehicles, checks, invoices, receipts, contracts and other documents that bear any of the Marks, and on all printed materials your name must be followed by the phrase "A franchise of Success on the Spectrum®" or such other phrase as we occasionally direct rights in any state.

You are required to provide us with written notice of any claims that you may become aware of respecting the Licensed Marks, including your use of the Licensed Marks and/or any claim associated with a third party's use of a trademark that is identical or confusingly similar to the Licensed Marks. We maintain the exclusive discretion to take any and all actions, or to refrain from any action, that we believe to be appropriate in response to any trademark infringement, challenge or claim. As between us, we possess the sole right to exclusively control any and all litigation, legal proceedings, administrative proceedings and/or settlement(s) involving any actual or alleged infringement, challenge or claim relating to the Licensed Marks. You must sign all documents, instruments and agreements and undertake the actions that we, with the advice of our legal counsel, determine to be necessary or advisable for the protection and/or maintenance of our interests in the Licensed Marks in any legal proceeding, administrative proceeding or as may be otherwise determined by us. As to the foregoing, we will reimburse you for the reasonable out-of-pocket administrative expenses that you incur and pay in complying with our written instructions.

We will protect your right to use the Licensed Marks and other related rights and to protect you against claims of infringement and unfair competition related to the Licensed Marks, provided that you use the Licensed Marks in accordance with the terms of your Franchise Agreement, as designated by us in the Manuals, and, otherwise, as we instruct you. We will indemnify you against direct damages for trademark infringement in a proceeding arising out of your use of the Licensed Marks, provided your use of the Licensed Marks comply with the terms of your Franchise Agreement, the Manuals, our written instructions and, that you have timely notified us of the claim, have given us sole control of the defense and settlement of the claim, and you are in compliance with your Franchise Agreement. If we defend the claim, we have no obligation to indemnify or reimburse you with respect to any fees or disbursements of any attorney that you retain.

If any third party establishes, to our satisfaction and in our discretion that its rights to the Licensed Marks are, for any legal reason, superior to any of our rights or of a nature that we believe, in our discretion, that it is advisable to discontinue and/or modify the Licensed Marks, then we will modify and/or replace the Licensed Marks and you must use the substitutions, replacements and/or variations of and/or to the Licensed Marks and use those trademarks, service marks, logos and trade names required and designated by us. In such event, our sole liability and obligation will be to reimburse you for the direct out-of-pocket costs of complying with this obligation, which you must document to our satisfaction, including, by way of example, alterations in signage and replacement of marketing materials.

#### ITEM 14

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

We do not own any registered patents or copyrights which are material to this franchise; however we claim common law trade secret protection for several aspects of our System, services, programs, equipment, products, operational strategies, software, forms, business procedures, photographs, video presentations, website, design, décor, signage, Operations Manual and related workbooks and materials including advertisement, marketing and promotional materials although such materials may not have been registered with the United States Copyright Center. If we do obtain copyright registration on any of the above materials, we intend to renew our registrations. These materials are considered proprietary and confidential and are considered our property and may be used by you only as provided in your Franchise Agreement. We reserve the right to register any of our copyrighted materials at any time we deem appropriate.

~~There currently are no effective determinations of the United States Copyright Center or any court regarding any of the copyrighted materials. There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. There are no infringing uses actually known to us, which could materially affect your use of the copyrighted materials in any state.~~

~~You must notify us immediately in writing of any apparent infringement of or challenge to your use of our copyrighted materials or trade secrets or claim by any person of any rights in any copyright or trade secret which you become aware. We have the sole discretion to take such action, as we deem appropriate and the right to exclusively control any litigation, United States Copyright Center proceeding or other administrative proceeding. We may require you to discontinue use or modify any materials that may in our opinion infringe on the copyright, trade secret, or patent rights of any other person or business.~~

~~If it becomes advisable at any time, in our sole discretion, to modify or discontinue use of any copyrighted materials or trade secrets, and/or use one or more additional or substitute copyrighted materials or trade secrets, you must comply with our directions with respect to such modification, substitution or discontinuation within a reasonable time after notice by us. We have no liability to you concerning substitution or modification of copyrighted materials or trade secrets.~~

~~We possess certain confidential information including knowledge of our services; proprietary rewards based and motivational led learning programs, different types of social skill programs, activities and themed events in addition to our parent and/or caregiver training programs and workshops; operational strategies, methods, techniques and procedures; specifications for all equipment, products and supplies; purchasing strategies, inventory management systems, vendor and supplier relationships, cost and pricing strategies; procedures for cleanliness, service standards, safety, sanitation and quality control; strategies for site acquisition, build-out and design specifications with unique décor, color scheme and signage; guidelines for hiring, training and retaining employees and proprietary educational platform that houses a data base of proprietary training modules and courses (which includes curriculum, lesson plans and workshops) to complement your ongoing training efforts; our website, software, Operations Manual, photographs, video presentations, forms, contracts, record keeping and reporting methods; proprietary client acquisition, onboarding and sales presentations; advertising and marketing materials, proprietary community give-back programs and promotional strategies in addition to systems and knowledge of, and~~

~~experience in, the operation and franchising of Success on the Spectrum® Business (the “Confidential Information”). We will disclose Confidential Information to you during our franchise training program, seminars, workshops, continuing education sessions (see Item 6 and Item 11) and conventions sponsored by us; in our Operations Manual, and in guidance furnished to you during the term of your Franchise Agreement.~~

~~If you or your partners, members, managers, directors, shareholders, employees, agents or independent contractors, develop or create any new service, program, piece of equipment, product, video presentation, photograph, concept, technique, formula, method, process or improvement in the operation or promotion of your Business, you are required to promptly notify us with all necessary related information, without compensation. However as a matter of corporate policy, we may create an incentive program to reward you, your partners, members, managers, directors, shareholders, employees, agents or independent contractors for any new service, program, piece of equipment, product, video presentation, photograph, concept, technique, formula, method, process or improvement that we implement throughout the System. You and if you are an Entity, then one of your Owners acknowledge that any such new service, program, piece of equipment, product, video presentation, photograph, concept, technique, formula, method, process or improvement will become our property and we may use or disclose such information to other franchisees as we deem appropriate.~~

~~The Franchise Agreement provides that you will not acquire any interest in the Confidential Information other than the right to utilize it in the development and operation of your Success on the Spectrum® Business during the term of your Franchise Agreement, and that the use or duplication of the Confidential Information in any other business would constitute unfair competition. You also agree that the Confidential Information is proprietary to us and is disclosed to you solely on the condition that you (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of your Franchise Agreement; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written or electronic form; and (4) will adopt and implement all reasonable procedures required by us to prevent unauthorized use or disclosure of the Confidential Information, including without limitation, restrictions on disclosures to employees of your Franchise and any other business(es) owned by you and if you are an Entity any of your Owners, and the use of nondisclosure and noncompetition clauses in employment agreements with your employees and Owners.~~

We do not own any rights to, or licenses in any patent or copyrights material to the franchise System. We may copyright advertising materials and design specifications, our Manuals and other written materials and items. We have not applied to the USPTO for the issuance of any patents.

You must keep as confidential our Manuals and any supplements to the Manuals. Our Manuals may take the form of written materials and/or digitally distributed and stored materials and made available to you for use in connection with the Franchised Business. The Manuals contain information about our System, Approved Products and Services, System Supplies, proprietary products, marketing systems, training, and confidential methods of operation. You must use all reasonable and prudent means to maintain the Manuals and the information maintained in the Manuals as confidential and prevent any unauthorized copies, recordings, reproduction, or distribution of the Manuals or the information contained in the Manuals. You must also restrict access to the Manuals to management level employees who sign a confidentiality agreement with you and are required by you to maintain the confidentiality of the Manuals and refrain from distributing or

disclosing the Manuals and the information contained in the Manuals. You must provide us with immediate notice if you learn of any unauthorized use of the Manuals or of the information contained in the Manuals, or any infringement or challenge to the proprietary or confidentiality of the information contained in the Manuals. We will take any and all action(s) or, refrain from taking action, that we determine, in our discretion, to be appropriate. We may control any action or legal proceeding we choose to bring. We need not participate in your defense or indemnify you for damages or expenses in a proceeding involving a copyright or patent. If any third party establishes to our satisfaction, in our discretion, that it possesses rights superior to ours, then you must modify or discontinue your use of these materials in accordance with our written instructions.

**ITEM 15**  
**OBLIGATION TO PARTICIPATE IN THE ACTUAL**  
**OPERATION OF THE FRANCHISE BUSINESS**

~~The Franchise Agreement provides that your Business must at all times be under your direct, day-to-day, full-time supervision (requires that you or, if you are a Corporate Entity such as a limited liability company (“LLC”), then a, that your managing owner of such Entity, approved by us) shareholder or a non-owner manager of your Business approved by us. This person must have successfully completed our training program and must use his or her best efforts in the operation of your Business.~~

You are required to retain a manager (referred to as “Office Manager”) for the operation and management of your Business and you must retain one full-time behavior analyst immediately once your Business is open for operation for the entire term of the Franchise Agreement. The Office Manager and the behavior analyst may, but need not, be you or one of the owners of the Business. The Office Manager and behavior analyst must meet all of our standards and criteria for such position as set forth in the Operations

~~Manual. The Office Manager and behavior analyst need not have any set percentage of the equity partner be personally responsible for the daily management and supervision of the Franchised Business. Your Office Manager must devote all of his or her time and effort to the personal supervision of the Business, must be present at the Center whenever it is open for operation and must use his or her best efforts in the operation of the Center. This individual and their replacements must also satisfy the applicable training requirements as outlined in the Franchise Agreement. We have the right to require that the Office Manager or any other manager be at the Center for any inspection we conduct (Franchise Agreement Section XII.F). (the "Managing Owner"). We must approve your Managing Owner and your Managing Owner must dedicate his or her full time and efforts to the management and operation of the Franchise.~~

~~If we, in our sole discretion, find that your Office Manager is not properly performing his or her duties, we will advise you and you must immediately take steps to correct the situation. However, we are not responsible for the hiring, discipline, or termination of any Office Manager and/or behavior analyst that you employ. Upon termination of employment of your Office Manager or behavior analyst you must appoint a successor within 60 days~~

~~If you are an Entity, each of your Owners that holds more than 10% interest in the Franchise Business must personally guarantee your obligations under the Franchise Agreement and also agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement, agree to be bound by the confidentiality provisions and non-competition provisions of the Franchise Agreement and agree to certain restrictions on their ownership interests. The required Guaranty of Obligations is attached as Schedule 6 of the Franchise Agreement.~~

#### **ITEM 16**

~~At all times, your business must employ three separate key staff, including: (1) an Operating Manager; (2) Office Manager; and (3) Behavior Analyst. Your Managing Owner must serve as one of the foregoing key staff members (i.e. Operating Manager, Office Manager or, if properly certified, the Behavior Analyst) at the Center. Your Operating Manager, Office Manager and Behavior Analyst must satisfactorily complete our initial training. Your Behavior Analyst must also obtain and maintain all required certifications as required in the location where your Center is located. Your Operating Manager, Office Manager and Behavior Analyst must dedicate their full time efforts to the management and operation of the Franchise. We do not require that your Operating Manager, Office Manager or Behavior Analyst have an ownership or equity interest in the Franchised Business (unless the Operating Manager, Office Manager or Behavior Analyst is the Managing Owner).~~

~~You and, if you are a Corporate Entity, each of your members, shareholders and/or partners (collectively, "Owners"), must personally guarantee all of your obligations to us under the Franchise Agreement. Each Owner and the spouse of each Owner must personally guarantee your obligations to us under the Franchise Agreement. You and each Owner and spouse must also promise in writing that, among other things, during the term of the Franchise Agreement you will not participate in any business that in any way competes with the Franchised Business, and that for 24 months after the expiration of termination of the Franchise Agreement (with said period being tolled during any periods of non-compliance), neither you nor your Owners and their spouses will participate in any competitive business located within and/or servicing clients located within your Designated Territory and a 25 mile radius surrounding your Designated Territory. Further you will not participate in any competitive business located within and/or servicing clients located within a 10 mile radius of any other Success On The Spectrum Center and/or the designated territory of any other Success On The Spectrum Center. Your managers and all other employees and agents with access to our confidential information will be required by us to sign a confidentiality agreement.~~

**ITEM 16**  
**RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

Due to the differing nature of markets across the United States, and because climate and geographic areas will vary, you will have a wide variety of possible locations in which to conduct business operations with our approval.

You may ~~not use Business for any other purpose than the operation of a Success on the Spectrum® Business, unless only sell the Approved Products and Services as specified in the Manuals or otherwise approved by us in writing. Alternative operation sites that and may be approved can include for example incorporating your Business operations within the premises of a complementary business.~~

You must comply with all of our standards and specifications relating to: offering and performing services, selling only sell the products (if we authorize you to sell products in the future); purchasing equipment, products, supplies, technology items, software, uniforms, signage, advertising and marketing materials, promotional items, miscellaneous forms and other items to be used, offered or sold in the Business (See Item 8).

You are ~~and services required to offer only by us. We can change the approved products and services and sell approved products (if we authorize you to sell products in the future) as specified by us which include: Applied Behavior Analysis, Speech Therapy, Occupational Therapy, Social Skills Group classes, Caregiver Training and workshops, Field Trips, and Community Outreach Events as expressly authorized by us in writing or developed by us as a result of your pre-market entry study to meet the needs of your unique market. You must offer only the services (including our different programs, activities and workshops) and products that we authorize, and we have expressly approved in writing and you must not deviate from our standards and specifications without first obtaining our written consent. We will provide you with a written list of services (approved programs, activities and workshops) and products (currently you are not authorized to sell any products) you are authorized to offer, perform and sell during our initial training program. We reserve the that you must offer. There is no limitation on our right to change, modify or discontinue such services (including our different programs, activities and workshops) and products you are authorized to offer, perform, use and sell at any time upon 90 days written notice to you and you may be required to participate in any promotion and/or discount programs we offer which may~~

change from time to time. To clarify, you must: offer and perform only the services we specify; offer for sale only the products we specify; comply with our standards pertaining to the execution of all services; and use and maintain the equipment, products, supplies and services for the operation of your Business as described in the Operations Manual or other written instructions. Nothing about our System should be construed to impair your behavior analyst's independent clinical judgment (Franchise Agreement Sections XII.H and XII.I).

You acknowledge that you and other franchisees can provide services to anyone who comes from anywhere so long as the services you perform are from your Center and are within your Territory (currently the only services you are authorized to perform away from your Center are the products and services offered sold by Success On The Spectrum Centers. You are not limited to field trips, in-home sessions, school transitioning and shadowing programs). You can also sell products (if we authorize you to sell products in the future) to anyone so long as such products are sold from your Center or off-site events within your Territory. You can provide such services and sell products (if we authorize you to sell products in the future) to anyone as described above so long as such activities do not result from Target Marketing outside your Territory (see Item 12). We, other franchisees and company-owned businesses reserve the same right to perform services and sell products (if we authorize the selling of products in the future) to anyone from anywhere without compensation to you. You acknowledge that you will not receive any compensation from us, other franchisees or company-owned businesses if such services are provided at a company-owned business or franchised location to persons that live within your Territory and products are sold within your Territory. You can offer services and sell products (if we authorize you to sell products in the future) at any rate and/or price you establish; however, we will suggest pricing and rate strategy and will establish minimum and maximum rates and/or prices at which you may offer services and sell products to the extent allowed by federal and state laws. You may offer additional services and products that are unique to your area in an effort to blend in with your community; however, you must obtain our written approval before such services and products are offered and the time to approve or deny your request is thirty days (as described in Item 8). You must discontinue offering, performing and selling any service or product (if we authorize you to sell products in the future) we may disapprove in writing at any time, whether such service or product is being submitted for approval or currently in use. We can and expect to change and/or modify the types of services and products (if applicable) we authorize at any time. There are no limits on our right to do so. We will inform you by email or by any other form of written communication of such changes and/or modifications. You may not offer any type of service or sell any type of product that has not been specifically approved by us in writing; and you may not independently act as an exclusive distributor for any third-party vendor or secure any exclusive rights to sell any products or equipment without our written consent.

In addition, you acknowledge that we may, in our discretion, allow you and other franchisees or company-owned businesses to promote services and/or sell products (if we authorize the sale of products in the future) through an alternative channel of distribution (such as on the Internet or Websites) provided you adhere to our standards. You acknowledge that this may create competition and you will not receive any compensation from such sales made by other franchisees or company-owned locations. If we authorize you to promote services or sell products (if we authorize the sale of products in the future) through alternative channels of distribution, all services must be performed from your Center and within your Territory and all products must be sold either from your Center or off-site events within your Territory. Unless otherwise approved by us in

writing, you are not authorized to promote services or sell any products on the Internet or in any other media, whether known or hereinafter invented.

You must participate in any gift certificate or gift card program or rewards and/or loyalty program we establish. You may not create or issue your own gift certificates or cards unless otherwise approved by us.

~~You must maintain proper certifications, permits and licenses to operate a whom you may sell products and services of your Success on the On The Spectrum® Business to provide services and sell products and equipment (if applicable) in your area. You must not engage in any trade, practice or other activity that is harmful to our goodwill or reflects unfavorably on our reputation, which constitutes deceptive or unfair competition, or that is in violation of any applicable law or regulation Center, provided you do so exclusively from your Center Location and as otherwise required by and in compliance with the standards we determine for the System.~~

~~You are encouraged to directly advertise and market to promote your Business, offer services and sell products (if we authorize you to sell products in the future) to anyone located within your Territory. We place no restrictions upon your ability to provide services and sell products (if applicable) to anyone from anywhere; provided you perform all services from your Center and within your Territory and sell all products (if applicable) either from your Center and/or at off-site events within your Territory, in accordance with our standards. However, you are prohibited from performing services or conducting business at off-site locations in any other geographical area or through any alternative channels of distribution without our permission (see Item 12).~~

**ITEM 17**

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

The Franchise Relationship Under a Single Unit Franchise Agreement

**THE FRANCHISE RELATIONSHIP**

This table lists certain important provisions of the **Franchise Agreement** and related agreements. You should read these provisions in the **exhibits** attached to this Disclosure Document. **“FA” refers to the Franchise Agreement.**

Provision	Article in Franchise Agreement	Summary
<del>a. Length of the franchise term</del>	<del>2.B.</del>	<del>a. Term of your Franchise Agreement is five years.</del> <del>FA Section VII.A.</del> <del>FA 5 years</del>
<del>b. Renewal or extension of the term.</del>	<del>FA Section VII.B.1</del>	<del>FA—Franchisee You shall have the option to renew this Agreement for subsequent additional terms of five (5) years each, provided you meet certain requirements therefore, and further subject to the following conditions, all of which must be met prior to renewal.</del>
<del>c. Requirements for franchisee to renew or extend</del>	<del>FA Section VII.B.1</del>	<del>FA—Written notice for you to renew, full compliance, not in default under Franchise Agreement, performance standards satisfied, satisfied monetary obligations, sign then current form or new Agreement, execute general release, satisfy any then current qualifications and training requirements, upgrade Business and pay renewal fee. To renew your franchise you must be in compliance with the terms of your Franchise Agreement, provide us with 180 days prior written notice of your request to renew, sign our then current form of Franchise Agreement and related agreements for the renewal term, sign a general release in our favor, pay a renewal fee, remodel and upgrade your Center to meet our standards and specifications, secure and possess</del>

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		the legal right to continue to occupy the premises of your Center location, and meet all other renewal requirements contained in the Franchise Agreement, including obtaining our approval and consent, which we may grant or deny in our Reasonable Business Judgment. Your Owners must be in compliance with their agreements with us, including the Franchise Owner and Spouse Agreement and Guaranty, and they must personally guarantee the terms of your renewal Franchise Agreement which may contain terms materially different from your current Franchise Agreement.
d. Termination by you-franchisee	Section XXIII.D 6.B.	FA—If we have materially failed to comply with terms of the Franchise Agreement after 30 days’ notice, You may terminate the Franchise Agreement if you are in compliance with its terms, we are in material breach of the Franchise Agreement, and we fail to cure the material breach within 30 days of receiving written notice or, if the breach cannot be cured within 30 days, such period of time that is reasonable to cure the material breach. Subject to state law.
e. Termination by franchisor without cause	Not applicable	Not applicable.
f. Termination by franchisor with “cause”	16.A.	We can terminate if you are in default of the terms of the Franchise Agreement.
e. Not Applicable “Cause” defined – curable defaults	16.A.(3) 16.A.(4)	We cannot terminate your FA without cause. You have 10 days to cure a default where you fail to pay any fees and/or obligations due to us and/or to an affiliate of ours, or if you fail to pay a supplier without, as determined by us, a legal justification, provided that the foregoing defaults were not intentionally and knowingly in violation of the Franchise Agreement. You will have 30 days to cure a default where you, fail to: timely lease a location that we approve for your Center; timely develop and open your Center; operate your Center in accordance with the specifications, standards, and requirements set forth in our Manuals; develop or operate your Center in compliance with all federal, state, and local laws, rules, and regulations, unless, such violation poses a threat to public health or safety; maintain insurance coverage that we require; comply with our standards, systems or specifications as we may designate or as otherwise designated in the operations manual; fail to operate your Center in conformity with our System or otherwise violate the Franchise Agreement, except as to events of default that are not curable.
f. FA—Section XXIII “Cause” defined – non-curable defaults	16.A(1) 16.A(2)	FA—We can terminate if you breach a material provision of the Franchise Agreement or fail to open the business. The following are defaults that cannot be cured: three or more instances where you commit a curable default, whether or not you timely cured such default in each instance; you intentionally and knowingly refuse to comply with the terms of the Franchise Agreement, and/or the standards specifications, and/or requirements set forth in the operations manual and/or as communicated to you by us from time to time; you intentionally, knowingly, or negligently operate the Franchised Business in violation of applicable laws, rules, and regulations and, in doing so, create a foreseeable, imminent, and/or immediate threat to the health and safety of others; you abandon the Franchised Business or fail to maintain the required leasehold and/or ownership interests in your Center Locations; you or your Owners intentionally made a material statement or omission in questionnaires submitted to us; the data, information, and/or records that you

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		<p>record and/or submit to us are intentionally misleading or false; you transfer or attempt to transfer the Franchised Business or the ownership interests in your franchise company without our approval; you disclose or permit the disclosure of information contained in the operations manual and/or of confidential information; you or your Owners engage in intentionally dishonest or unethical conduct that impacts our System; you and/or your Owners breach and, if such breach is capable of a cure, fail to timely cure another agreement with us including the Owner and Spouse Agreement and Guaranty; you and your Owners and managers fail to complete, to our satisfaction, our initial and on-going training programs; you fail to notify us of the misuse of confidential information and you fail to protect same; you misappropriate or misuse the Licensed Marks; you are deemed insolvent, make an assignment for the benefit of creditors, admit in writing your inability to pay debts; are adjudicated bankrupt, file a voluntary bankruptcy petition or have one filed against you, and/or you acquiesce to the appointment of a trustee or receiver, or a court orders one; execution is levied against the Franchised Business; a final judgment is entered against the Franchised Business and is not satisfied within 30 days; you are dissolved; a lawsuit or action is commenced against the Franchised Business to foreclose on a lien on equipment of the Franchised Business and such action is not dismissed after 60 days; and/or real or personal property used by the Franchised Business is sold or levied by a sheriff or other law enforcement officer; and/or you abandon or fail to continuously own and operate the Franchised Business; you fail to notify us of any change, addition or replacement of any behavior analyst within the time frames required in this Agreement; you fail to hire or maintain on staff all Required Center Personnel or fail to hire a replacement office manager, operations manager and/or behavior analyst within the time frames set forth in this Agreement; you provide Approved Products and Services outside the Center at locations that are not Approved Off-Site Locations or through Alternative Channels of Distribution without our permission.</p>
i. <u>Franchisee's obligations on termination/non-renewal</u>	6. 17	<p>You must: pay all sums that you owe to us under the Franchise Agreement and all other agreements with us; cease owning and operating the Franchised Business; cease representing yourself as a franchisee of ours; permanently cease using and/or accessing the System, the Licensed Marks, our confidential information, the operations manual, the Business Management System, the Business Management System Data, and the System Supplies; return the operations manual and all confidential information to us in the original form provided to you and document the destruction of all electronic files related to same; completely de-identify the location and/or facility associated with the Franchised Business; as requested by us, transfer to us all data, telephone listings, digital media, accounts, web listings and websites associated with the Franchised Business; and abide by the post-termination non-competition covenants and restrictions.</p>
j. <u>Assignment of the contract by franchisor</u>	14.A.	<p>No restriction on our right to assign.</p>
k. <u>"Transfer" by franchisee - definition</u>	14.B.	<p>A transfer means and includes, whether voluntary or involuntary, conditional or unconditional, direct or indirect: (a) an assignment, sale, gift, transfer, pledge or sub-franchise; (b) the grant of a mortgage, charge, lien or security interest, including, without limitation, the grant of a collateral assignment; (c) a merger, consolidation, exchange of shares or other ownership interests, issuance of</p>

		additional ownership interests or securities representing or potentially representing ownership interests, or redemption of ownership interests; and (d) a sale or exchange of voting interests or securities convertible to voting interests, or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of ownership interests or to control the operations or affairs of Franchisee.
<u>l. Franchisor's approval of transfer by franchisee</u>	<u>14.B.</u>	<u>Transfers require our prior written consent, which may be granted or withheld in our discretion. We will not unreasonable withhold our consent.</u>
<u>m. Conditions for franchisor's approval of transfer</u>	<u>14.C.</u>	<u>For approval of your transfer, you must provide us with 30 days prior written notice of the proposed transfer; you and your Owners must not have defaulted in your obligations under the Franchise Agreement and all other agreements with us; you and your Owners must be in compliance with your obligations under the Franchise Agreement and all other agreements with us; the transferee must agree to be bound by all of the terms and provisions of the Franchise Agreement; the transferee's owners and their spouses must personally guarantee all of the terms and provisions of the Franchise Agreement; you and your Owners and their spouses must sign a general release in favor of us; the transfer must provide for the assignment and/or ownership of the approved location for the Franchised Business, and the transferees continued use and occupancy of such location throughout the term of the Franchise Agreement; the assets of the Franchised Business must be transferred to the transferee; the transferee and the transferee's owners and managers, at the transferee's expense must complete our training programs; we waive our right of first refusal; we approve of the transfer and transferee in writing and subject to our discretion; and you pay the Transfer Fee (subject to applicable state laws).</u>
<u>n. Franchisor's right of first refusal to acquire franchisee's business</u>	<u>14.F.</u>	<u>We have the right to match any offer to purchase your Center or the Corporate Entity operating your Center.</u>
<u>o. Franchisor's option to purchase franchisee's business</u>	<u>Not applicable</u>	<u>Not applicable.</u>
<u>p. Death or disability of franchisee</u>	<u>14.D.</u>	<u>If you are an individual, within 30 days of the death or permanent disability of Franchisee, your executor and/or legal representative must appoint an Office Manager approved by us and within 60 days of such appointment the Office Manager must complete, to our satisfaction, our initial training program. Within 12 months of the date of death or disability, the Franchise Agreement must be transferred to a transferee approved by us and otherwise transferred in accordance with the terms of the Franchise Agreement. If the franchisee is a Corporate Entity, within 30 days of the death or permanent disability of your Managing Owner, if there are other Owners, must appoint a replacement Office Manager approved by us and within 60 days of such appointment the replacement Office Manager must complete, to our satisfaction, our initial training program.</u>
<u>q. Non-competition covenants during</u>	<u>6</u>	<u>No involvement in any competitive business and must comply with confidentiality, non-disclosure and non-solicitation covenants.</u>

<u>the term of the franchise</u>		
<u>f. Non-competition covenants after the franchise is terminated or expires</u>	<u>6.17.C</u>	No involvement, ownership or interest whatsoever for 24 months in any competing business in: your Designated Territory; a 25-mile radius of your Designated Territory; a 10-mile radius of the Designated Territory of any other Center; and you must comply with confidentiality, non-disclosure and non-solicitation covenants. Subject to state law.
<u>s. Modification of the agreement</u>	<u>18.L.</u>	Requires writing signed by you and us, except for unilateral changes that we may make to the Manuals or our unilateral reduction of the scope of a restrictive covenant that we may make in our discretion.
<u>t. Integration/merger clauses</u>	<u>18.M.</u>	Only the terms of the Franchise Agreement and schedules to the Franchise Agreement and the respective signed exhibits to the Franchise Agreement are binding, subject to state law. Nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
<u>u. Dispute resolution by arbitration or mediation</u>	<u>18.G.</u>	Except for certain claims for injunctive relief, all disputes must first be submitted to non-binding mediation in Harris County, Texas and, if mediation is unsuccessful, then to binding arbitration in Harris County, Texas. This provision is subject to applicable state law.
<u>v. Choice of forum</u>	<u>18.G.</u>	All mediation, arbitration and, if applicable, litigation proceedings must be conducted in, or closest to, State court of general jurisdiction that is within or closest to Harris County, Texas. This provision is subject to applicable state law.
<u>w. Choice of law</u>	<u>18.F.</u>	Texas law will govern. However, this provision is subject to state law and as otherwise disclosed in Exhibit I to this Disclosure Document.

<b>Provision</b>	<b>Franchise Agreement</b>	<b>Summary</b>
<u>g. "Cause" defined; curable.</u>	<u>FA—Section XXIII.B</u>	<u>FA—Violation of health or safety laws upon 72 hours notice; 5 days for failure to pay amounts owed; 30 days for all other defaults.</u>
<u>h. "Cause" defined as noncurable</u>	<u>FA—Sections XXIII.C.</u>	<u>Failure to agree on a territory; failure to complete our initial training program to our satisfaction; abandonment of Business; surrender of control; failure to satisfactorily complete initial training; misrepresentation or omission in application; felony conviction; unauthorized assignment or improper assignment upon death or disability; loss of possession of Business; loss of any required permits to operate business; unauthorized use of Confidential Information; failure to pay taxes or liens; dishonest or unethical conduct; You maintain false records or keep false books; assignment for benefit of creditors; bankruptcy; material misrepresentation or omission; and you fail to comply with Sections XII, XIV, XX, or XXI of the Franchise Agreement.</u>

i. Your obligations on termination / non-renewal	FA—Section XXIV	FA—Cease operating franchised business; cease use of Confidential Information and Marks; deliver property containing the Marks; cancel assumed or similar name registrations; pay outstanding amounts and damages; deliver Manuals; assign phone numbers; comply with covenants.
j. Assignment of contract by us.	FA—Section XXII.C.	No restriction on our right to assign.
k. “Transfer” by you definition	FA—Section XXII.B.	Includes transfer of the contract and business assets by you.
l. Our approval of transfer by you.	FA—Section XXII.B. and XXII.E	FA—We have the right to approve all transfers by you.
m. Conditions of our approval of transfer.	FA—Section XXII.C and XXII.E.	FA—Full compliance; transferee qualifies; all amounts due are paid in full; completion of training by transferee; transfer fee paid; transferee agrees to be bound by all terms of Franchise Agreement; you sign and deliver other required documents, including a release.
n. Our right of first refusal to acquire your business.	FA—Section XXII.C and XXII.E.	FA—We have the right to match any offers.
o. Our option to purchase your assets upon termination or non-renewal.	FA—Section XXIII.G and XXIV.F.	FA—Purchase for fair market value determined by appraisal if parties are unable to agree.
p. Your death or disability.	FA—Section XXII.D.	FA—Franchise must be assigned to an approved buyer within 6 months.
q. Non-competition covenants during the term of the Franchise.	FA—Section XIX.B and XIX.C	FA—No involvement in any competitive business anywhere within ten miles of any company-owned business or other franchises.

Provision	Franchise Agreement	Summary
r. Non-competition covenants after the franchise is terminated or upon expiration	FA—Section XIX.B.	FA—No interest in competing business for two (2) years within ten miles of any company-owned business or other franchises.
s. Modification of the Agreement.	FA—Section XXV.J.	FA—No modification except by written agreement. Operations Manuals are subject to change.
t. Integration / merger clause.	FA—Section XXV.J.	FA—Only terms of the Franchise Disclosure Document and Franchise Agreement are binding subject to state law. Notwithstanding the prior sentence, nothing in the Franchise Agreement or any related agreement is intended to disclaim any representations Franchisor has made in the entire Franchise Disclosure Document. Any representations made outside of the Disclosure Document or the Franchise Agreement may not be enforceable.

u. <del>Dispute resolution by arbitration.</del>	FA—Section XXV.D.	FA—Arbitration and mediation in Harris County, State of Texas (subject to State law).
v. <del>Choice of forum.</del>	FA—Section XXV.G.	FA—Litigation in Harris County, State of Texas (subject to state law) or the United States District Court of Texas.
w. <del>Choice of law.</del>	FA—Section XXV.G.	FA—State of Texas laws apply (unless prohibited by laws of state where Franchise is located).
x. <del>Liquidated Damages</del>	FA—Section XXIV.H	FA—Subject to applicable laws, if the Franchise Agreement is terminated prior to its expiration date, you shall be obligated to pay within thirty (30) days of termination or expiration of the Franchise Agreement, a sum determined by adding together the average Royalty Fee payments and average System Advertising Fee payments that was paid to us during the previous twelve (12) months for either the remaining term (or renewal term) of the Franchise Agreement or two years (whichever comes first). If you have not made twelve (12) months of payments to us, then the number of payments you have made will be used to calculate the average of such Royalty and System Advertising Fee payments.

**ITEM 18**

**PUBLIC FIGURES**

We ~~do not~~ currently ~~do not~~ use any public figure to promote our ~~Franchise~~ franchise. ~~No public figure is currently involved in our management.~~

**ITEM 19**

**FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets; if there is a reasonable basis for the information; and if the information is included in the ~~disclosure document~~ 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.

**DEFINITIONS**

- (a) Average – means the sum of all data points in a set, divided by the number of data points in that set.
- (b) Calendar Year – means, as to each respective year, the 12 month period commencing on January 1 and ending on December 31.
- (c) Company Owned Outlet – means an Outlet owned either directly or indirectly by us, our affiliate or any person identified in Item 2 of this Disclosure Document. A Company Owned Outlet also includes any Outlet that is operated as a joint venture owned in part by us, our affiliate or any person identified in Item 2 of this Disclosure Document, or that is managed by us our affiliate or any person identified in Item 2.
- (d) Franchise Outlet – refers to a Center operated under a Franchise Agreement that is not a Company Owned Outlet.
- (e) Gross Sales – means the total revenue derived by an Outlet, less sales tax, discounts, allowances and returns.
- (f) Median – means the data point that is in the center of all data points used. That number is found by examining the total number of data points and finding the middle number in that set. In the event the number of data points is an odd number, the median will be the center number. If the dataset contains an even number of data points, the median is reached by taking the two numbers in the middle, adding them together, and dividing by two.
- (g) Outlet – refers to a Company Owned Outlet or a Franchise Outlet, as the context requires.

**BASES AND ASSUMPTIONS**

The financial information was not prepared on a basis consistent with generally accepted accounting principles. Data for our Operational Company Owned Outlets is based on information reported to us by our affiliates and data for our Operational Franchise Outlets is based on information reported to us by our franchisees. The information in this analysis has not been audited, is based on historical financial data and is not a forecast or projection of future financial performance.

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**COMPANY OWNED OUTLETS**

During the As of December 31, 2022, we have nineteen (19) operating franchisees, and only nine of the franchised units have been operating for nine months or more. The chart below reflects the total gross sales from January 1, 2020 to December 31, 2022 for our two company owned and nine franchised units that have been in operation for at least nine months as of December 31, 2022. We have not audited these results, which were obtained from our and our franchisees' software.

**Some outlets have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.**

**Total Gross Revenue for Franchised Outlets**

2020, 2021, 2022 and 2023 Calendar Years, we had a total of two Company Owned Outlets. Descriptions of our Company Owned Outlets are set forth below in Table 1. Below in Table 2 we report select financial performance data as to the Gross Sales of each of our Company Owned Outlets during the 2020, 2021, 2022 and 2023 Calendar Years.

Table 1

<u>Unit</u> <u>Company Owned Outlets</u>		2020	2021	2022
<u>4</u> <u>Outlet Name</u>	<u>Description</u>	\$598,486	\$734,247	N/A
<u>2</u> <u>Southwest Houston</u>	This Outlet is located at 8181 Commerce Park Drive, #726, Houston, Texas, 77036, and is representative of the Franchised Business. This Outlet is an inline location with access from the street level. This Outlet opened in August 2015.		\$916,887	N/A
<u>3</u> <u>Medcenter Houston</u>	N/A This Outlet is located at 5751 Blythwood Street, Suite 500, Houston, Texas and is representative of the Franchised Business. This Outlet is an inline location with access from the street level. This Outlet opened in January 2018.		\$598,486	\$1,534,619

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4	N/A	N/A	\$515,696
5	N/A	N/A	N/A
6	N/A	N/A	\$414,249
7	N/A	N/A	\$466,878
8	N/A	N/A	\$985,787
9	N/A	\$522,113	\$715,559
10	N/A	N/A	\$584,513
11	N/A	N/A	\$737,112
12	N/A	N/A	N/A

43	N/A	N/A	N/A
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Table

2

14 Company Owned Outlets Gross Sales Data for the 2021, 2022 and 2023 Calendar Years			N/A	N/A	N/A
15 Outlet Name/Location	N/A Gross Sales: 2020 Calendar Year	N/A Gross Sales: 2021 Calendar Year	N/A Gross Sales: 2022 Calendar Year	Gross Sales: 2023 Calendar Year	
16 Southwest Houston	\$819,696 N/A	\$1,150,143 N/A	\$363,084 1,311,562	\$1,039,817	
17 Medcenter Houston	\$1,463,208 N/A	N/A \$1,325,892	N/A \$1,164,223	\$528,511	
<b>Average</b>		<b>\$532,279</b>	<b>\$692,933</b>	<b>\$701,944</b>	
<b>Median</b>		<b>\$532,279</b>	<b>\$666,366</b>	<b>\$584,513</b>	

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Material financial and operational characteristics that are reasonably anticipated to differ from future operational franchise outlets include: (a) managerial skill and efficiency experienced by our Company Owned Outlets as a result of our extensively experienced management team; (b) brand recognition within the local markets in which our Company Owned Outlets operate; and (c) no obligation to pay ongoing monthly fees that a franchisee will pay to us, such as royalties and a brand development fund fee.

**FRANCHISE** In 2022, four of the nine franchisees (44.4%) surveyed attained or surpassed the average gross sales of \$701,944, and five of the nine franchisees (55.5%) attained or surpassed the median gross sales of \$584,513. The highest gross sales during this period was \$1,534,619, and the lowest gross sales during this period was \$363,084.

In 2021, two of the four franchisees (50%) surveyed attained or surpassed the average gross sales of \$692,933, and two of the four franchisees (50%) attained or surpassed the median gross sales of \$1,666,366. The highest gross sales during this period was \$916,887, and the lowest gross sales during this period was \$522,113.

In 2020, one of the two franchisees (50%) surveyed attained or surpassed the average gross sales of \$532,279, and one of the two franchisees surveyed attained or surpassed the median gross sales of \$532,279. The highest gross sales during this period was \$598,486, and the lowest gross sales during this period was \$466,071.

**Total Gross Sales for Company Owned Outlets**

**OUTLETS**

In Table 3 below we report the total Gross Sales for our Franchise Outlets during the 2020, 2021, 2022 and 2023 Calendar Years. In some instances, the reported figures do not report an entire year of Gross Sales. For reference, we have provided the date each Franchise Outlet opened. In Table 4 below, we report additional select financial data for our Franchise Outlets.



30	Englewood Cliffs	9/25/2023	N/A	N/A	N/A	\$1,562
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<sup>1</sup> The Richmond Franchise Outlet was transferred during the 2022 Calendar Year. The transferring franchisee failed to report gross sales to us from January to July 2022. The Gross Sales reported for the Richmond Franchise Outlet during the 2022 Calendar year reflect what was reported to us by our new franchisee at the Richmond Franchise Outlet for the period of August 2022 through December 2022.

<sup>2</sup> During the 2023 Calendar Year, Richmond Franchise Outlet clients were seen at the Memorial-Houston Location while the Richmond Franchise Outlet obtained in-network status with insurance companies. With the exception of \$8,526, Gross Sales for the Memorial-Houston Location include Gross Sales for the Richmond Franchise Outlet clients during the 2023 Calendar Year.

<sup>3</sup> Our Pasadena Franchise Outlet was transferred during the 2022 Calendar Year. The transferring franchisee failed to report gross sales to us for the period of January to July 2022. For the remainder of the 2022 Calendar Year and during the 2023 Calendar Year, Pasadena Franchise Location clients were seen at the Baytown Franchise Outlet while our new franchisee at the Pasadena Franchise Outlet obtained in-network status with insurance companies. Gross Sales for the Baytown Franchise Outlet include Gross Sales for the Pasadena Franchise Outlet during the 2023 Calendar Year.

<sup>4</sup> The Macomb Franchise Outlet was terminated effective December 31, 2022. This Outlet did not report Gross Revenues to us during the 2022 Calendar Year.

In 2022, one of the two (50%) corporate locations surveyed attained or surpassed the average gross sales of \$1,237,892, and one of the two corporate locations surveyed attained or surpassed the median gross sales of \$1,237,892. The highest gross sales during this period was \$1,311,562, and the lowest gross sales during this period was \$1,164,223. The adjusted average for corporate locations during this period was \$1,189,892, and the adjusted median for corporate locations during this period was \$1,189,892.

In 2021, one of the two (50%) corporate locations surveyed attained or surpassed the average gross sales of \$1,238,018, and one of the two corporate locations surveyed attained or surpassed the median gross sales of \$1,238,018. The highest gross sales during this period was \$1,325,892, and the lowest gross sales during this period was \$1,150,143. The adjusted average for corporate locations during this period was \$1,190,018, and the adjusted median for corporate locations during this period was \$1,190,018.

In 2020, one of the two (50%) corporate locations surveyed attained or surpassed the average gross sales of \$1,141,452, and one of the two corporate locations attained or surpassed the median gross sales of \$1,141,452. The highest gross sales during this period was \$1,463,208, and the lowest gross sales during this period was \$1,141,452.

this period was \$819,696. The adjusted average for corporate locations during this period was \$1,093,452, and the adjusted median for corporate locations during this period was \$1,093,452.

\*Adjusted Average and Adjusted Median adjusts the Average and Median for corporate locations to apply a Royalty Fee paid by franchisees with cap on royalties of \$4,000 monthly. Thus each five percent (5%) of Gross Sales figure was reduced by \$48,000 to account for the fact that corporate locations do not pay a Royalty

Fee. Table 4

Franchise Outlets Average, Median, High, and Low Gross Sales					
Calendar Year	Average	Number and Percentage of Outlets Above Average	Median	Low	High
<u>2020</u> <sup>1</sup>	<u>\$532,279</u>	<u>1/2 (50%)</u>	<u>\$532,279</u>	<u>\$466,071</u>	<u>\$598,486</u>
<u>2021</u> <sup>2</sup>	<u>\$314,316</u>	<u>4/8 (50%)</u>	<u>\$124,071</u>	<u>\$0</u>	<u>\$916,887</u>
<u>2022</u> <sup>3</sup>	<u>\$434,928</u>	<u>7/16 (44%)</u>	<u>\$414,249</u>	<u>\$833</u>	<u>\$1,534,620</u>
<u>2023</u> <sup>4</sup>	<u>\$701,944</u>	<u>10/25 (40%)</u>	<u>608,404</u>	<u>\$1,562</u>	<u>\$1,960,220</u>

Notes to Table:

<sup>1</sup> We had two Franchise Outlets that were open for the entire 2020 Calendar Year. In this Table 4 we disclose data for both of these Franchise Outlets during the 2020 Calendar Year.

<sup>2</sup> We had eight Franchise Outlets that were open for all or part of the 2021 Calendar Year. In this Table 4 we disclose data for our eight Franchise Outlets for the 2021 Calendar Year.

<sup>3</sup> We had 18 Franchise Outlets that were open for all or part of the 2022 Calendar Year. Our Richmond Franchise was transferred during the 2022 Calendar Year. While our new franchisee at the Richmond Franchise Outlet reported Gross Sales after July 2022, we did not receive Gross Sales data from the transferring franchisee for the period of January to June 2022. Accordingly, we do not use or report data from our Richmond Franchise Outlet in this Table 4 for the 2022 Calendar Year. Additionally, during the 2022 Calendar Year our Macomb Franchise Outlet was terminated and did not report Gross Sales data to us for the 2021 Calendar Year. Accordingly, we do not report or use data for our Macomb Franchise Outlet during the 2021 Calendar Year.

Of our remaining 16 Franchise Outlets during the 2022 Calendar Year, we do not include data from our Pasadena Franchise Outlet or the Baytown Franchise Outlet when disclosing the “Percentage of Outlets Above Average”, “Low” and “High” for the 2022 Calendar Year. We do not include this data because our Pasadena Franchise Outlet was transferred during the 2022 Calendar Year and the transferring franchisee failed to report gross sales to us for the period of January to July 2022. Additionally, for the remainder of the 2022 Calendar Year, clients for the Pasadena Franchise Outlet were seen at the Baytown Franchise Outlet, while our new franchisee at the Pasadena Franchise Outlet was in the process of obtaining in-network status with insurance companies, thereby resulting in an atypical apportionment of Gross Sales between these two Outlets. We do, however, include data in this Table 4 for our Pasadena Franchise Outlet and Baytown Franchise Outlet for the purposes of calculating the “Average” for the 2022 Calendar Year.

<sup>4</sup> We had 29 Franchise Outlets that were open for all or part of the 2023 Calendar Year. Of these 20 Franchise

Outlets, we do not include data from our Pasadena Franchise Outlet, Baytown Franchise Outlet, Richmond Franchise Outlet or Memorial-Houston Franchise Outlet when disclosing the “Percentage of Outlets Above Average”, “Low” and High” for the 2023 Calendar Year. We do not disclose this data because, during the 2023 Calendar Year, clients for the Pasadena Franchise Outlet were seen at the Baytown Franchise Outlet, while our new franchisee at the Pasadena Franchise Outlet was in the process of obtaining in-network status with insurance companies. Additionally, during the 2023 Calendar Year, clients for our Richmond Franchise Outlet clients were seen at the Memorial-Houston Franchise Outlet while the Richmond Franchise Outlet was in the process of obtaining in-network status with insurance companies. We do, however, include data in this Table 4 for our Pasadena Franchise Outlet, Baytown Franchise Outlet, Richmond Franchise Outlet and Memorial-Houston Franchise Outlet for the purposes of calculating the “Average” for the 2023 Calendar Year.

**Some Outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.**

### **BASES**

These sales figures are derived from the actual historical performance of the Success on the Spectrum® outlets derived from our or our franchisee's point-of-sale system.

These figures are based on the total gross sales for units as further noted below. Gross sales do not account for the franchisee's costs and expenses.

### **Assumptions**

Our analysis measured Success on the Spectrum® outlet performance in locations in operation for at least nine months. The market where your Success on the Spectrum® outlet is located, however, may be in a smaller urban or suburban area. Actual results vary from market to market and location to location depending on a number of factors.

We have not audited or reviewed the franchisee's financial records in compiling this information, and there are no assurances that generally accepted accounting principles were used by the franchisees.

Further, each of the outlets studied has been in business at least nine months. A newly opened business cannot be expected to achieve sales or incur expenses similar to those of an established business.

Beginning in March 2020, COVID-19 impacted our franchise system. You should factor this into your analysis of this franchise.

You are responsible for developing your own business plan and should consult with your own professional advisors.

The financial information that forms the bases for our financial performance representation is available to you upon reasonable request.

Written substantiation for the financial performance representation of the data used in preparing these sales figures will be made available to the prospective franchisee you upon reasonable request.

~~Other than the information contained in this Item 19, we do not furnish, or authorize any salesperson to furnish, and you should not rely on, any oral or written information concerning the actual or potential sales, income, or profit of an outlet.~~

~~Other than the preceding financial performance representations, SOS Franchising, LLC does not make any financial performance representations.~~ We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting ~~Niehole Daher, Joe Souza, SOS Franchising, LLC~~ at 8181 Commerce Park Drive, #726, Houston, Texas 77036 ~~and~~ (832) 975-1999, ~~or~~ the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20

**OUTLETS AND FRANCHISEE INFORMATION**

**Table 1**  
**Systemwide Outlet Summary**  
**For Years 2020**

**TABLE NO. 1**  
**SYSTEMWIDE OUTLET SUMMARY**  
**FOR YEARS 2021 to 2022/2023**

<b>Column 1</b> Outlet Type	<b>Column 2</b> Year	<b>Column 3</b> Outlets at the Start of the Year	<b>Column 4</b> Outlets at the End of the Year	<b>Column 5</b> Net Change
Franchised	<del>2020</del> 2021	2	<del>28</del>	<del>0</del> +6
	<del>2021</del> 2022	<del>28</del>	1017	+89
	<del>2022</del> 2023	1017	1429	+412
Company- Owned	<del>2020</del> 2021	2	2	0
	<del>2021</del> 2022	2	2	0
	<del>2022</del> 2023	2	2	0
Total Outlets	<del>2020</del> 2021	4	410	<del>0</del> +6
	<del>2021</del> 2022	410	1219	+89
	<del>2022</del> 2023	1219	1631	+412

**Table 2**  
**TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS**  
**(OTHER THAN THE FRANCHISOR)**  
**FOR YEARS 2021 to 2023**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
Texas	2021	0
	2022	2
	2023	0
Totals	2021	0
	2022	2
	2023	0

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**TABLE NO. 3  
STATUS OF FRANCHISED OUTLETS  
FOR YEARS 2021 to 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at End of Year
Arizona	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Colorado	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Georgia	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	1	0	0	0	0	3
Michigan	2021	0	0	0	0	0	0	0
	2022	0	1	1	0	0	0	0
	2023	0	1	0	0	0	0	1
Missouri	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New Jersey	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	2	0	0	0	0	3
Texas	2021	2	5	0	0	0	0	7
	2022	7	7	1	0	0	0	13
	2023	13	4	0	0	0	0	17
Utah	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Virginia	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Totals	2021	2	6	0	0	0	0	8
	2022	8	11	2	0	0	0	17
	2023	17	12	0	0	0	0	29

**TABLE Transfers of Outlets from Franchisees to New Owners (other than Franchisor) For Fiscal Years 2020 thru 2022**

**NO. 4**  
**STATUS OF COMPANY OWNED OUTLETS**  
**FOR YEARS 2021 to 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired by Franchisor	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Texas	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
Totals	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2

**TABLE NO. 5**  
**PROJECTED OPENINGS**  
**AS OF DECEMBER 31, 2023**

State	Franchise Agreement Signed but Outlet Not Opened	Year Projected New Franchised Outlets in the Next Fiscal Year	Number of Transfers Projected New Company Owned Outlets in the Next Fiscal Year
<del>TEXAS</del> Alabama	20200	1	0
Arizona	20242	0	0
Colorado	0	1	0
Connecticut	20221	1	0
Florida	2	3	0
Georgia	1	1	0
Michigan	20200	1	0
<b>TOTAL</b>			
Mississippi	20210	1	0
Nevada	20221	1	0
New Jersey	4	4	0
North Carolina	2	2	0
Ohio	0	1	0
Pennsylvania	1	0	0
Rhode Island	1	0	0
Tennessee	0	1	0
Texas	3	9	0
Utah	0	1	0
Virginia	1	2	0

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Totals	19	30	0
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**Table 3**  
**Status of Franchised Outlets**  
**for Years 2020 to 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
GA	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
MO	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
MI	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
NJ	2020	1	0	0	0	0	0	1
	2021	0	1	0	0	0	1	0
	2022	0	1	0	0	0	0	1
TX	2020	2	0	0	0	0	0	2
	2021	2	6	0	0	0	0	8
	2022	8	3	1	0	0	1	10
Totals	2020	2	0	0	0	0	0	2
	2021	2	9	0	0	0	0	11
	2022	10	6	1	0	0	1	14

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Notes to Tables:

**Table 4**  
**Status of Company-Owned Outlets**  
**for Fiscal Years 2020 thru 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
TX	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
TOTALS	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2

\* “Company-owned Outlets” includes the non-franchised business owned and operated by founder, Nichole Daher. These businesses are not part of the franchise system. They may be sold to others or to a franchisee in the future.

\*\* Our fiscal year end is Dec 31. As of the date of this Disclosure Document, our affiliate operated two non-franchised businesses at the locations listed below:

Success on the Spectrum® 8181 Commerce Park Dr #726 Houston, TX 77036		Success on the Spectrum® 5751 Blythewood St. Suite 500 Houston, TX 77021
---	--	--

**Table 5**  
**Projected Openings**  
**for the Period Ending December 31, 2022**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in the Current Fiscal Year	Projected New Company Owned Outlets in the Current Fiscal Year
Georgia	1	1	0
Michigan	1	1	0
Minnesota	1	1	0
Virginia	1	1	0
New York	1	1	0
Arizona	1	1	0
Utah	1	1	0
Texas	5	5	0

<b>Totals</b>	<b>12</b>	<b>12</b>	<b>0</b>
---------------	-----------	-----------	----------

~~A list of the names of all franchisees and the addresses and telephone numbers of their Success on the Spectrum® Business are listed as Exhibit G to this Disclosure Document. A list of the name and last known home address and telephone number of every franchisee who has had their franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during Fiscal Year 2022 or who has not communicated with us within 10 weeks of our application date is attached as Exhibit H.~~

If you buy this ~~Franchise~~franchise, your contact information may be disclosed to other buyers while you are a franchisee and when you leave the franchise system.

~~At this time, there are no previously owned Success on the Spectrum® franchised outlets for sale.~~

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses with us that restrict them from discussing with you their experiences as a franchisee in our ~~franchised~~franchise system. ~~There are no trademark-specific franchisee organizations associated with the franchise system being offered in this Franchise Disclosure Document. At this time, there are no trademark specific franchisee organizations representing Success on the Spectrum®~~ Exhibit G to this Disclosure Document contains a list of our then current franchisees, and no such trademark specific franchisee organization has asked us to be included in as of the end of the Issuance Date of this Disclosure Document.

~~Exhibit H to this Disclosure Document contains a list of franchisees that had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the Issuance Date of this Disclosure Document.~~

#### **ITEM 21 FINANCIAL STATEMENTS**

~~Our certified, independent,~~

~~Attached as Exhibit D are our audited financial statements for year-ends of December 31, 20202023, December 31, 20212022 and December 31, 2022 are attached2021. We were established on March 21, 2018, and our fiscal year ends on December 31.~~

#### **ITEM 22 CONTRACTS**

~~Attached to this Disclosure Document as Exhibit I. Our fiscal year end is December 31. Also enclosed are our unaudited financial statements as of August 31, 2023.~~

#### **ITEM 22 CONTRACTS**

~~Copies of all proposed agreements regarding the franchise offering are included in or to the Exhibits that follow. These include our attached to and comprising the Franchise Agreement and all exhibits to it attached to this Disclosure Document are copies of the following franchise and other contracts and agreements in use or proposed for use:~~

##### Exhibits to this Disclosure Document

~~Exhibit E Franchise Agreement—Exhibit A  
Exhibit F Option Agreement  
Exhibit I State Specific Addenda~~

##### Schedules and Exhibits to the Franchise Agreement

~~Schedule 1— Location and Designated Territory Acknowledgment  
Schedule 2 Statement of Franchise Owners  
Exhibit 1 Franchise Owner and Spouse Agreement and Guaranty  
Exhibit 2 Confidentiality Agreement  
Exhibit 3 Site Selection Acknowledgment  
Exhibit 4 Lease Agreement Rider~~

- ~~Exhibit 5 Collateral Assignment of Lease~~
- ~~Exhibit 6 Assignment of Telephone Numbers and Digital Media Accounts~~
- ~~Exhibit 7 ACH Authorization for Pre-Arranged Payments Schedule 3 Form~~
- ~~Exhibit 8 General Release~~
- ~~Exhibit 9 HIPAA Business Associate Agreement Schedule 6~~

~~Individual Guarantystate law may supersede the provisions contained in your Franchise Agreement respecting the requirement that you execute a general release as a condition to assignment, sale or transfer. See, the state specific addendums contained in Exhibit I of this Disclosure Document.~~

~~Schedule 8 Collateral Assignment of Lease~~

~~Schedule 9 Confidentiality and Non-Compete Agreement State Addenda Exhibit D~~

**ITEM 23**

**RECEIPTS**

~~Included as~~

~~Two copies of a detachable receipt in Exhibit K are located at the last documentvery end of this Disclosure Document (Exhibit K). Please sign one copy of the receipt and/or as a separate executable form, is a Receipt to be signed by you. This Receipt must be signed and dated and delivered return it to us at least 14 calendar days before signing of the Franchise Agreement or payment of any fee by you.~~

**EXHIBIT A**

**FRANCHISE AGREEMENT**



# FRANCHISE AGREEMENT

**Between**

**following address Joe Souza, SOS Franchising, LLC**

8181 Commerce Park Drive, #726  
Houston, Texas 77036. The duplicate is for your records.

Direct: (832) 975-1999  
Toll Free: (833) 767-4222  
Fax: (844) 561-3797

Web:  
[www.SOSfranchising.com](http://www.SOSfranchising.com) and

---

---

---

**Collectively referred to as "Franchisee"**

[THE DISCLOSURE DOCUMENT ENDS HERE]

Principals/Owners of



Franchisee SUCCESS ON THE SPECTRUM

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT A

STATE ADMINISTRATORS

<b>Franchised Business Address</b>	
<b>Franchised Business Phone Number</b>	
<b>Effective Date</b>	
<b>Royalty Fee</b>	Five percent (5%) of Gross Revenue
<b>Transfer Fee</b>	<del>\$2,500 for approved transfer of up to 49% of Franchisee; all other approved transfers \$5,000</del>
<b>Renewal Fee</b>	\$1,500

List of State Administrators

**California**

Department of Financial Protection and Innovation  
320 West 4th Street Suite 750  
Los Angeles, CA 90013

2101 Arena Boulevard  
Sacramento, CA 95834  
1-866-275-2677

**Connecticut**

Connecticut Banking Commissioner  
Department of Banking  
Securities & Business Investments Division  
260 Constitution Plaza  
Hartford, CT 06103

**Florida**

Division of Consumer Services  
Attn: Business Opportunities  
2005 Apalachee Parkway  
Tallahassee, FL 32399

**Hawaii**

Commissioner of Securities  
Dept. of Commerce & Consumer Affairs  
Business Registration Division  
335 Merchant St., Room 203  
Honolulu, HI 96813

**Illinois**

Office of the Attorney General  
Franchise Bureau  
500 South Second Street  
Springfield, IL 62706

**Indiana**

Indiana Secretary of State  
Indiana Securities Division  
Franchise Section  
302 W. Washington Street Room E-111  
Indianapolis, IN 46204

**Kentucky**

Office of the Attorney General

**Maine**

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

**Maryland**

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

**Michigan**

Michigan Department of the Attorney General  
Consumer Protection Division  
Antitrust and Franchise Unit  
670 Law Building  
PO Box 30213  
Lansing, MI 48909

**Minnesota**

Minnesota Department of Commerce  
Securities Division  
85 7th Place East, Suite 280  
St. Paul, MN 55101

**Nebraska**

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

**New York**

NYS Department of Law  
Investor Protection Bureau  
28 Liberty Street, 21st Floor  
New York, NY 10005  
212-416-8222

**North Carolina**

Secretary of State  
Securities Division

Consumer Protection Division  
Attn: Business Opportunity  
1024 Capital Center Drive  
Frankfort, KY 40601

300 North Salisbury Street, Suite 100  
Raleigh, NC 27603

[List of State Administrators \(](#)

SOS Franchising, LLC FRANCHISE  
AGREEMENT

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**North Dakota**

Securities Department  
600 East Boulevard Avenue, State Capitol  
Fourteenth Floor, Department 414  
Bismarck, ND 58505  
701-328-4712

**Rhode Island**

Department of Business Registration  
Division of Securities  
233 Richmond Street Suite 232  
Providence, RI 02903

**South Carolina**

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

**South Dakota**

Franchise Office  
Division of Securities  
910 E. Sioux Avenue  
Pierre, SD 57501

**Texas**

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

**Utah**

Utah Department of Commerce  
Division of Consumer Protection  
160 East Three Hundred South  
PO Box 146704  
Salt Lake City, UT 84114

**Virginia**

State Corporation Commission  
Division of Securities and Retail Franchising  
1300 E. Main Street, 9th Floor  
Richmond, VA 23219

**Washington**

Department of Financial Institutions  
Securities Division  
PO Box 9033  
Olympia, WA 98507  
360-902-8700

---

**Wisconsin**

Franchise Office  
Wisconsin Securities Commission  
PO Box 1768  
Madison, WI 53701



FRANCHISE DISCLOSURE DOCUMENT  
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SOS Franchising, LLC.

8181 Commerce Park Drive, #726 Houston, Texas 77036

Attn: Nichole Daher, President and Chief Executive Officer

---

**California**

Department of Financial Protection and Innovation  
320 West 4th Street Suite 750  
Los Angeles, CA 90013

2101 Arena Boulevard  
Sacramento, CA 95834  
1-866-275-2677

**Connecticut**

Banking Commissioner  
Department of Banking  
Securities and Business Investment Division  
260 Constitution Plaza  
Hartford, CT 06103

**Hawaii**

Commissioner of Securities  
Dept. of Commerce & Consumer Affairs  
Business Registration Division  
335 Merchant Street, Room 203  
Honolulu, HI 96813

**Illinois**

Illinois Attorney General  
500 South Second Street  
Springfield, IL 62706

**Maryland**

Maryland Securities Commissioner  
200 St. Paul Place  
Baltimore, MD 21202

**Michigan**

Michigan Department of Commerce  
Corporation and Securities Bureau  
6546 Mercantile Way  
Lansing, MI 48910

**Minnesota**

Commissioner of Commerce of Minnesota  
Department of Commerce  
85 7th Place East, Suite 280  
St. Paul, MN 55101

---

**New York**

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

**North Dakota**

North Dakota Securities Department  
Securities Commissioner  
600 East Boulevard Avenue, State Capitol  
Fifth Floor, Dept 414  
Bismarck, ND 58505  
Phone 701-328-4712

**Rhode Island**

Director of Department of Business Regulation  
233 Richmond Street, Suite 232  
Providence, RI 02903

**South Dakota**

Director, Division of Securities  
Department of Commerce and Regulation  
445 East Capitol Avenue  
Pierre, SD 57501

**Virginia**

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

**Washington**

Securities Administrator  
Washington Department of Financial  
Institutions  
150 Israel Road SW  
Tumwater, WA 98501

**Wisconsin**

Wisconsin Commissioner of Securities  
345 W Washington Avenue  
Madison, WI 53703



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Success on the Spectrum<sup>SM</sup>  
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PARTIES



SOS FRANCHISING, LLC **FRANCHISE AGREEMENT**  
Operations Manual for Success On The Spectrum

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FRANCHISE DISCLOSURE DOCUMENT  
**EXHIBIT D**  
FINANCIAL STATEMENTS

# JUNG H. SUNG, CPA

Certified Public Accountant & Business Advisor

140 Sylvan Ave, Suite 206, Englewood Cliffs, NJ 07632

Tel. (201) 286-1869

## CONSENT

**JUNG H. SUNG, CPA consents to the use in the Franchise Disclosure Document issued by SOS FRANCHISING, LLC (“Franchisor”) on MAY 6, 2024 of Franchise Disclosure Document), as it may be amended, of our report dated MAY 3, 2024, relating to the financial statements of Franchisor for the period ending DECEMBER 31, 2023.**

May 7, 2024



Jung H. Sung, CPA

**SOS FRANCHISING, LLC**

**Financial Statements  
December 31, 2023**

**(With Independent Auditor's Report)**

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## **Independent Auditor's Report**

To the Member of  
SOS Franchising LLC  
Houston, TX

We have audited the accompanying financial statements of SOS Franchising, LLC, which comprise the balance sheet as of December 31, 2023, and the related statements of income, member's equity, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

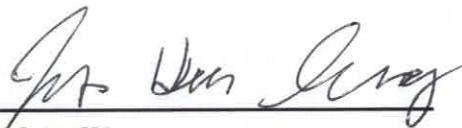
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SOS Franchising, LLC as of December 31, 2023, and the results of its operations and its cash flows for the year then ended, in accordance with U.S. generally accepted accounting principles.

Englewood Cliffs, New Jersey

May 3, 2024

X   
\_\_\_\_\_  
Jung H. Sung, CPA

# SOS FRANCHISING, LLC

BALANCE SHEET  
December 31, 2023

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## ASSETS

### Current Assets:

Cash in bank	\$	62,993
Accounts Receivable		99,333
Other current assets		44,000

Total current assets		<u>206,326</u>
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<b>Total Assets</b>		<b><u><u>206,326</u></u></b>
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## LIABILITIES AND NET ASSETS

### Current Liabilities:

Accounts payable		30,415
Payroll Liabilities		439
Other current Liabilities		209,767

Total current liabilities		<u>240,621</u>
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Total Liabilities		<u>240,621</u>
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### Members' Equity:

Additional paid-in capital		108,216
Retained Earnings		6,515
Net income (loss)		(149,026)

Total Equity		<u>(34,295)</u>
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<b>Total liabilities and Equity</b>		<b><u><u>206,326</u></u></b>
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See accompanying notes and independent auditor's report

**SOS FRANCHISING, LLC**  
STATEMENT OF INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2023

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**REVENUES**

Sales	\$1,102,311
Total revenues	<u>1,102,311</u>

**OPERATING EXPENSES**

Advertising	4,101
Automobile Expenses	4,019
Bank fees	14,706
Continuing Education	170
Contract Services	69,650
Email	4,957
Insurance	779
Legal & Professional fees	45,138
Marketing	102,705
Meals	9,670
Office Expenses	36,033
Office Supplies & Software	220,025
Payroll Expenses	574,686
Payroll Taxes	43,850
Rent & Lease	33,000
Repairs & Maintenance	4,237
Retirement Contribution	28,549
Sponsorship	3,238
Travel	39,174
Utilities	6,297
Welcome packet	6,352
Total operating expenses	<u>1,251,337</u>
<b>NET INCOME (LOSS)</b>	<u><b>(149,026)</b></u>

See accompanying notes and independent auditor's report

**SOS FRANCHISING, LLC**  
 STATEMENT OF MEMBER'S EQUITY  
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Members Units		Additional Paid-in Capital	Retained Earnings	Total
	Units	Amount			
Balance, January 1, 2023	-	-	108,340	6,515	114,855
Capital contributions (distributions)	-	-	(124)	-	(124)
Net income (loss)	-	-	-	(149,026)	(149,026)
Balance, December 31, 2023	<u>-</u>	<u>-</u>	<u>108,216</u>	<u>(142,511)</u>	<u>(34,295)</u>

See accompanying notes and independent auditor's report

**SOS FRANCHISING, LLC**  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2023

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**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net income (loss)	(\$149,026)
Changes on operating assets and liabilities:	
Accounts Receivable and other current assets	53,583
Accounts Payable and other current liabilities	(258)
Net Cash flows provided by operating activities	<u>(95,701)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Net Cash flows used in investing activities	<u>-</u>
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**CASH FLOWS FROM FINANCING ACTIVITIES:**

Capital contributions (distributions)	(124)
Net Cash flows used in financing activities	<u>(124)</u>

**NET INCREASE IN CASH AND CASH EQUIVALENT** (95,825)

Cash and Cash Equivalents - January 1, 2023 158,817

**Cash and Cash Equivalents - December 31, 2023** 62,993

See accompanying notes and independent auditor's report

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## SOS FRANCHISING, LLC

### NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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#### NOTE 1- BUSINESS ACTIVITY

SOS Franchising, LLC was formed in the state of Texas on March 2018; the Company is in the business of offering franchises for the operation of aa mental health therapy center that offers behavior modification services for children and young adults diagnosed with Autism Spectrum Disorder. Unless otherwise indicated, the items “we,” “us,” “our,” and “Company” refer to SOS Franchising, LLC.

#### NOTE 2 – SUMMARY OF SIGNIFICATN ACCOUNTING POLICIES

##### Revenue Recognition

The Company’s revenue recognition policies are in compliance with accounting standard ASC Topis 606, “Revenue from Contracts with Customers”. The new guidance includes the following five-step revenue recognition model:

- Identify the contract with the customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.
- Recognize revenue when (or so) each performance obligation is satisfied.

In 2020, the Financial Accounting Standards Board (FAB) issued Accounting Standards Updates (ASU), *Franchisors-Revenue from Contracts with Customers (Subtopic 952-606) Practical Expedient*. This new practical expedient will allow franchisors that are not public business entitles to account for pre-opening services provided to a franchisee as a single performance obligation if the service is in line with the services listed within the guidance, and they meet certain other conditions.

The Company recognizes franchise royalties and system advertising on a monthly basis, which are generally based upon a percentage of sales made by the Company’s franchisees, when they earned and deemed collectible.

The following services are provided by the Company prior to the opening of a franchised location:

- Development of a custom affiliated website housed within our national website.
- Webserver set up which will include access to our intranet system.
- Comprehensive five to eight-day training program at our corporate headquarter and up to three-days of assistance and guidance pre-opening on site.

### **Concentrations of Credit Risk**

The Company maintains cash in bank and deposit accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

### **Cash and Cash Equivalents**

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

### **Long-Lived Assets**

The Company reviews long-lived assets to be held and used by an entity for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable. As there are no owned assets for the year ended December 31, 2023, no impairment of the carrying values of its long-lived assets existed at that period. There can be no assurance, however, that demands for the Company's products or market conditions will not change, which could result in impairment losses in the future.

### **Property and Equipment**

Property and equipment are stated at cost. Depreciation and amortization are generally provided using the straight-line method over the estimated useful lives of the related assets which ranges between 3 to 10 years.

### **Incomes Taxes**

Deferred taxes are provided on liability method whereby deferred tax assets are recognized for deductible temporary differences and operating losses and tax credit carryforwards, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. The deferred tax liability relates primarily to differences in methods of accounting for long-term contracts for financial reporting and income tax purposes. The deferred tax asset is adjusted for the effects of changes in tax laws and rates on the date of the enactment.

### **Use of Estimates in the Preparation of Financial Statement**

The preparation of financial statement in conformity with accounting principles generally accepted in the United State of America (U.S. GAAP). The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure

of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by the Company's management include, but are not limited to, allowances for doubtful accounts and contracts receivable, the allowance for losses on contracts in process and the percentage of completion on uncompleted contracts. Actual results could materially differ from those estimates.

### **Fair Value of Financial Assets and Liabilities**

We measure and disclose certain financial assets and liabilities at fair value. ASC Topic 820, Fair Value Measurements and Disclosures, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date, ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

We utilize that active market approach to measure fair value for our financial assets and liabilities. We report separately each class of assets and liabilities measured at fair value on a recurring basis and include assets and liabilities that are disclosed but not recorded at fair value in the fair value hierarchy.

### **Recently Issued and Adopted Accounting Pronouncements**

The Company's management has evaluated recently issued accounting pronouncement through the date of this report and concluded that they will not have a material effect on the financial statement as of December 31, 2023.

In February 2016, the FASB issued a new accounting standard on leases. The new standard, among other changes, will require lessees to recognize a right-of-use asset and a lease liability on the balance sheet for all leases. The lease liability will be measured at the present value of the lease payments over the lease term. The right-of-use asset will be measured at the lease liability amount, adjusted for lease prepayments, lease incentives received and the lessee's initial direct costs (e.g., commissions). The Company does not believe that the adoption of this new accounting standard to have a material impact on its financial position and results of operations.

The Company does not believe that any other recently issued but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

### **NOTE 3 – MEMBERS' EQUITY**

During the years ended December 31, 2023, the Company's did not issue membership units. All contributions and distributions are recorded as Additional paid in Capital.

### **NOTE 4 – INCOME TAXES**

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related to differences between the basis of assets and liabilities for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. The provision differs from the expenses that would result from applying federal statutory rates to income before income taxes primarily due to state incomes taxes and certain non-deductible expenses.

### **NOTE 5 – SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through May 3, 2024, the date on which the financial statements were available to be issued and nothing has occurred that would require disclosure.

**SOS FRANCHISING, LLC**

**Financial Statements  
December 31, 2022**

**(With Independent Auditor's Report)**

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## **Independent Auditor's Report**

To the Member of  
SOS Franchising LLC  
Houston, TX

We have audited the accompanying financial statements of SOS Franchising, LLC, which comprise the balance sheet as of December 31, 2022, and the related statements of income, member's equity, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**JUNG H. SUNG, CPA**  
Certified Public Accountant & Business Advisor

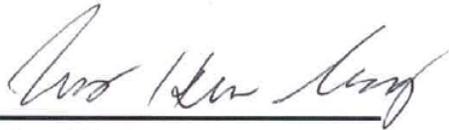
1 Station Plaza, Suite 103, Ridgefield Park, NJ 07660  
Tel. (201) 286-1869

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SOS Franchising, LLC as of December 31, 2022, and the results of its operations and its cash flows for the year then ended, in accordance with U.S. generally accepted accounting principles.

Ridgefield Park, New Jersey

June 17, 2023

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Jung H. Sung, CPA

# SOS FRANCHISING, LLC

## BALANCE SHEET

December 31, 2022

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### ASSETS

#### Current Assets:

Cash in bank	\$	158,817
Accounts Receivable		190,917
Other current assets		<u>6,000</u>

Total current assets 355,734

**Total Assets** 355,734

### LIABILITIES AND NET ASSETS

#### Current Liabilities:

Accounts payable		33,414
Payroll Liabilities		356
Other current Liabilities		<u>207,109</u>

Total current liabilities 240,879

**Total Liabilities** 240,879

#### Members' Equity:

Additional paid-in capital		108,340
Retained Earnings		74,668
Net income (loss)		<u>(68,153)</u>

Total Equity 114,855

**Total liabilities and Equity** 355,734

See accompanying notes and independent auditor's report

**SOS FRANCHISING, LLC**  
STATEMENT OF INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2022

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**REVENUES**

Sales	\$803,524
Total revenues	<u>803,524</u>

**OPERATING EXPENSES**

Automobile Expenses	2,730
Bank fees	5,624
Contract Services	41,750
Donation	215
Employee Reimbursements	6,949
Insurance	670
Legal & Professional fees	109,807
Licenses & Permit	1,250
Marketing	102,379
Melas & Entertainment	5,544
Office Expenses	2,526
Office Supplies & Software	73,583
Payroll Expenses	432,239
Payroll Taxes	33,726
Rent & Lease	12,000
Retirement Contribution	22,359
Travel	18,326
Total operating expenses	<u>871,677</u>
<b>NET INCOME (LOSS)</b>	<u><b>(68,153)</b></u>

See accompanying notes and independent auditor's report

**SOS FRANCHISING, LLC**  
**STATEMENT OF MEMBER'S EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Members Units		Additional Paid-in Capital	Retained Earnings	Total
	Units	Amount			
Balance, January 1, 2022	-	-	3,723	74,668	78,391
Capital contributions (distributions)	-	-	104,617	-	104,617
Net income (loss)	-	-	-	(68,153)	(68,153)
Balance, December 31, 2022	<u>-</u>	<u>-</u>	<u>108,340</u>	<u>6,515</u>	<u>114,855</u>

See accompanying notes and independent auditor's report

**SOS FRANCHISING, LLC**  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2022

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**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net income (loss)	(\$68,153)
Changes on operating assets and liabilities:	
Accounts Receivable and other current assets	(175,341)
Accounts Payable and other current liabilities	221,919
Net Cash flows provided by operating activities	<u>(21,575)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Net Cash flows used in investing activities	<u>-</u>
---	----------

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Capital contributions (distributions)	104,617
Net Cash flows used in financing activities	<u>104,617</u>

**NET INCREASE IN CASH AND CASH EQUIVALENT** 83,042

Cash and Cash Equivalents - January 1, 2022 75,775

**Cash and Cash Equivalents - December 31, 2022** 158,817

See accompanying notes and independent auditor's report

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**SOS FRANCHISING, LLC**

**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2022**

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**NOTE 1- BUSINESS ACTIVITY**

SOS Franchising, LLC was formed in the state of Texas on March 2018; the Company is in the business of offering franchises for the operation of a mental health therapy center that offers behavior modification services for children and young adults diagnosed with Autism Spectrum Disorder. Unless otherwise indicated, the items “we,” “us,” “our,” and “Company” refer to SOS Franchising, LLC.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Revenue Recognition**

The Company’s revenue recognition policies are in compliance with accounting standard ASC Topic 606, “Revenue from Contracts with Customers”. The new guidance includes the following five-step revenue recognition model:

- Identify the contract with the customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.
- Recognize revenue when (or so) each performance obligation is satisfied.

In 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updates (ASU), *Franchisors-Revenue from Contracts with Customers (Subtopic 952-606) Practical Expedient*. This new practical expedient will allow franchisors that are not public business entities to account for pre-opening services provided to a franchisee as a single performance obligation if the service is in line with the services listed within the guidance, and they meet certain other conditions.

The Company recognizes franchise royalties and system advertising on a monthly basis, which are generally based upon a percentage of sales made by the Company’s franchisees, when they earned and deemed collectible.

The following services are provided by the Company prior to the opening of a franchised location:

- Development of a custom affiliated website housed within our national website.
- Webserver set up which will include access to our intranet system.
- Comprehensive five to eight-day training program at our corporate headquarter and up to three-days of assistance and guidance pre-opening on site.

### **Concentrations of Credit Risk**

The Company maintains cash in bank and deposit accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

### **Cash and Cash Equivalents**

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

### **Long-Lived Assets**

The Company reviews long-lived assets to be held and used by an entity for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable. As there are no owned assets for the year ended December 31, 2022, no impairment of the carrying values of its long-lived assets existed at that period. There can be no assurance, however, that demands for the Company's products or market conditions will not change, which could result in impairment losses in the future.

### **Property and Equipment**

Property and equipment are stated at cost. Depreciation and amortization are generally provided using the straight-line method over the estimated useful lives of the related assets which ranges between 3 to 10 years.

### **Incomes Taxes**

Deferred taxes are provided on liability method whereby deferred tax assets are recognized for deductible temporary differences and operating losses and tax credit carryforwards, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. The deferred tax liability relates primarily to differences in methods of accounting for long-term contracts for financial reporting and income tax purposes. The deferred tax asset is adjusted for the effects of changes in tax laws and rates on the date of the enactment.

### **Use of Estimates in the Preparation of Financial Statement**

The preparation of financial statement in conformity with accounting principles generally accepted in the United State of America (U.S. GAAP). The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure

of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by the Company's management include, but are not limited to, allowances for doubtful accounts and contracts receivable, the allowance for losses on contracts in process and the percentage of completion on uncompleted contracts. Actual results could materially differ from those estimates.

### **Fair Value of Financial Assets and Liabilities**

We measure and disclose certain financial assets and liabilities at fair value. ASC Topic 820, Fair Value Measurements and Disclosures, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date, ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

We utilize that active market approach to measure fair value for our financial assets and liabilities. We report separately each class of assets and liabilities measured at fair value on a recurring basis and include assets and liabilities that are disclosed but not recorded at fair value in the fair value hierarchy.

### **Recently Issued and Adopted Accounting Pronouncements**

The Company's management has evaluated recently issued accounting pronouncement through the date of this report and concluded that they will not have a material effect on the financial statement as of December 31, 2022.

In February 2016, the FASB issued a new accounting standard on leases. The new standard, among other changes, will require lessees to recognize a right-of-use asset and a lease liability on the balance sheet for all leases. The lease liability will be measured at the present value of the lease payments over the lease term, The right-of-use asset will be measured at the lease liability amount, adjusted for lease prepayments, lease incentives received and the lessee's initial direct costs (e.g., commissions). The Company does not believe that the adoption of this new accounting standard to have a material impact on its financial position and results of operations.

The Company does not believe that any other recently issued but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

**NOTE 3 – MEMBERS' EQUITY**

During the years ended December 31, 2022, the Company's did not issue membership units. All contributions and distributions are recorded as Additional paid in Capital.

**NOTE 4 – INCOME TAXES**

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related to differences between the basis of assets and liabilities for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. The provision differs from the expenses that would result from applying federal statutory rates to income before income taxes primarily due to state incomes taxes and certain non-deductible expenses.

**NOTE 5 – SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through June 17, 2023, the date which the financial statements were available to be issued and nothing has occurred that would require disclosure.

**SOS FRANCHISING, LLC**

**Financial Statements  
December 31, 2021**

**(With Independent Auditor's Report)**

**Independent Auditor's Report**..... 3-4

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**SUNG & ASSOCIATES CPA, LLC**  
Certified Public Accountants & Business Advisors

1 Station Plaza, Suite 103, Ridgefield Park, NJ 07660  
Tel. (201) 286-1869

## Independent Auditor's Report

To the Member of  
SOS Franchising LLC  
Houston, TX

We have audited the accompanying financial statements of SOS Franchising, LLC, which comprise the balance sheet as of December 31, 2021, and the related statements of income, member's equity, and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**SUNG & ASSOCIATES CPA, LLC**  
Certified Public Accountants & Business Advisors

1 Station Plaza, Suite 103, Ridgefield Park, NJ 07660  
Tel. (201) 286-1869

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SOS Franchising, LLC as of December 31, 2021, and the results of its operations and its cash flows for the year then ended, in accordance with U.S. generally accepted accounting principles.

Ridgefield Park, New Jersey

October 19, 2022

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Jung H. Sung, CPA

# SOS FRANCHISING, LLC

## BALANCE SHEET

December 31, 2021

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### ASSETS

#### Current Assets:

Cash in bank	\$	75,775
Accounts Receivable		21,576

Total current assets		<u>97,351</u>
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<b>Total Assets</b>		<b><u>97,351</u></b>
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### LIABILITIES AND NET ASSETS

#### Current Liabilities:

Accounts payable		2,004
Payroll Liabilities		11,834
Other current Liabilities		<u>5,122</u>

Total current liabilities		<u>18,960</u>
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Total Liabilities		<u>18,960</u>
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#### Members' Equity:

Additional paid-in capital		3,723
Retained Earnings		20,912
Net income (loss)		<u>53,756</u>

Total Equity		<u>78,391</u>
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<b>Total liabilities and Equity</b>		<b><u>97,351</u></b>
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See accompanying notes and independent auditor's report

**SOS FRANCHISING, LLC**  
**STATEMENT OF INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	<b>Without donor restrictions</b>
<b><u>REVENUES</u></b>	
Sales	\$565,290
Total revenues	565,290
<b><u>OPERATING EXPENSES</u></b>	
Automobile Expenses	-
Bank fees	351
Contract Services	1,749
Donation	95,065
Due & Subscription	5,344
Employee Reimbursements	6,813
Insurance	1,496
Legal & Professional fees	670
Licenses & Permit	58,908
Marketing	1,995
Melas & Entertainment	98,596
Office Expenses	2,708
Office Supplies & Software	1,121
Payroll Expenses	30,708
Payroll Taxes	159,828
Repairs & Maintenance	12,656
Retirement Contribution	10,147
Travel	16,888
Total operating expenses	6,489
<b>NET INCOME (LOSS)</b>	<b>53,756</b>

See accompanying notes and independent auditor's report

**SOS FRANCHISING, LLC**  
**STATEMENT OF MEMBER'S EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Members Units		Additional Paid-in Capital	Retained Earnings	Total
	Units	Amount			
Balance, January 1, 2021	-	-	3,723	20,912	24,635
Capital contributions (distributions)	-	-	-	-	
Net income (loss)	-	-		53,756	53,756
Balance, December 31, 2021	<u>-</u>	<u>-</u>	<u>3,723</u>	<u>74,668</u>	<u>78,391</u>

See accompanying notes and independent auditor's report

**SOS FRANCHISING, LLC**  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2021

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**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net income (loss)	\$53,756
Changes on operating assets and liabilities:	
Accounts Receivable	(19,826)
Accounts Payable and other current liabilities	8,714
Net Cash flows provided by operating activities	<u>42,644</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Net Cash flows used in investing activities	<u>-</u>
---	----------

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Capital contributions (distributions)	-
Net Cash flows used in financing activities	<u>-</u>

**NET INCREASE IN CASH AND CASH EQUIVALENT** 42,644

Cash and Cash Equivalents - January 1, 2021 33,131

**Cash and Cash Equivalents - December 31, 2021** 75,775

See accompanying notes and independent auditor's report

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**SOS FRANCHISING, LLC**

**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2021**

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**NOTE 1- BUSINESS ACTIVITY**

SOS Franchising, LLC was formed in the state of Texas on March 2018; the Company is in the business of offering franchises for the operation of a mental health therapy center that offers behavior modification services for children and young adults diagnosed with Autism Spectrum Disorder. Unless otherwise indicated, the items “we,” “us,” “our,” and “Company” refer to SOS Franchising, LLC.

**NOTE 2 – SUMMARY OF SIGNIFICATN ACCOUNTING POLICIES**

**Revenue Recognition**

The Company’s revenue recognition policies are in compliance with accounting standard ASC Topic 606, “Revenue from Contracts with Customers”. The new guidance includes the following five-step revenue recognition model:

- Identify the contract with the customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.
- Recognize revenue when (or so) each performance obligation is satisfied.

In 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updates (ASU), *Franchisors-Revenue from Contracts with Customers (Subtopic 952-606) Practical Expedient*. This new practical expedient will allow franchisors that are not public business entitles to account for pre-opening services provided to a franchisee as a single performance obligation if the service are in line with the services listed within the guidance, and they meet certain other conditions.

The Company recognizes franchise royalties and system advertising on a monthly basis, which are generally based upon a percentage of sales made by the Company’s franchisees, when they earned and deemed collectible.

The following services are provided by the Company prior to the opening of a franchised location:

- Development of a custom affiliated website housed within our national website.
- Webserver set up which will include access to our intranet system.
- Comprehensive five to eight-day training program at our corporate headquarter and up to three-days of assistance and guidance pre-opening on site.

### **Concentrations of Credit Risk**

The Company maintains cash in bank and deposit accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

### **Cash and Cash Equivalents**

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

### **Long-Lived Assets**

The Company reviews long-lived assets to be held and used by an entity for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable. As there are no owned assets for the years ended December 31, 2021, no impairment of the carrying values of its long-lived assets existed at that period. There can be no assurance, however, that demands for the Company's products or market conditions will not change, which could result in impairment losses in the future.

### **Property and Equipment**

Property and equipment are stated at cost. Depreciation and amortization are generally provided using the straight-line method over the estimated useful lives of the related assets which ranges between 3 to 10 years.

### **Incomes Taxes**

Deferred taxes are provided on liability method whereby deferred tax assets are recognized for deductible temporary differences and operating losses and tax credit carryforwards, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. The deferred tax liability relates primarily to differences in methods of accounting for long-term contracts for financial reporting and income tax purposes. The deferred tax asset is adjusted for the effects of changes in tax laws and rates on the date of the enactment.

### **Use of Estimates in the Preparation of Financial Statement**

The preparation of financial statement in conformity with accounting principles generally accepted in the United State of America (U.S. GAAP). The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure

of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by the Company's management include, but are not limited to, allowances for doubtful accounts and contracts receivable, the allowance for losses on contracts in process and the percentage of completion on uncompleted contracts. Actual results could materially differ from those estimates.

### **Fair Value of Financial Assets and Liabilities**

We measure and disclose certain financial assets and liabilities at fair value. ASC Topic 820, Fair Value Measurements and Disclosures, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date, ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

We utilize that active market approach to measure fair value for our financial assets and liabilities. We report separately each class of assets and liabilities measured at fair value on a recurring basis and include assets and liabilities that are disclosed but not recorded at fair value in the fair value hierarchy.

### **Recently Issued and Adopted Accounting Pronouncements**

The Company's management has evaluated recently issued accounting pronouncement through the date of this report and concluded that they will not have a material effect on the financial statement as of December 31, 2021.

In February 2016, the FASB issued a new accounting standard on leases. The new standard, among other changes, will require lessees to recognize a right-of-use asset and a lease liability on the balance sheet for all leases. The lease liability will be measured at the present value of the lease payments over the lease term, The right-of-use asset will be measured at the lease liability amount, adjusted for lease prepayments, lease incentives received and the lessee's initial direct costs (e.g., commissions). The Company does not believe that the adoption of this new accounting standard to have a material impact on its financial position and results of operations.

In June 2020, the Financial Accounting Standards Board released an accounting standard update providing a one-year effective date delay for private companies to apply the revenue recognition and lease standards, due to the COVID-19 pandemic. The update enables private companies that have not yet applied the revenue recognition standard to do so for annual reporting periods starting after December 15, 2019.

The Company does not believe that any other recently issued but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

### **NOTE 3 – MEMBERS' EQUITY**

During the years ended December 31, 2021, the Company's did not issue membership units. All Contribution and distributions are recorded as Additional paid in Capital.

### **NOTE 4 – INCOME TAXES**

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related to differences between the basis of assets and liabilities for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. The provision differs from the expenses that would result from applying federal statutory rates to income before income taxes primarily due to state incomes taxes and certain non-deductible expenses.

### **NOTE 5 – SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through October 19, 2022, the date which the financial statements were available to be issued and nothing has occurred that would require disclosure.



FRANCHISE DISCLOSURE DOCUMENT  
EXHIBIT E  
FRANCHISE AGREEMENT



SUCCESS ON THE SPECTRUM  
FRANCHISE AGREEMENT

<u>FRANCHISEE:</u>

Success On The Spectrum  
FRANCHISE AGREEMENT

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Schedules and Exhibits

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Success  
On The  
Spectrum  
**FRANCHISE  
AGREEMENT**

between SOS Franchising, LLC, a Texas Limited Liability Company with a principal place of business located at 8181 Commerce Park Drive, #726 Houston, Texas 77036, (the "Franchisor") and \_\_\_\_\_ (the "Franchisee").

**RECITALS**

WHEREAS, Franchisor has developed a distinctive and proprietary system (the "System") for the development and operation of a Success On The Spectrum, an autism treatment center that provides Applied Behavioral Analysis (ABA) therapy, speech therapy, occupational therapy, and social skills classes to developmentally delayed children and young adults, and other products and services (the "Approved Products and Services") under the Licensed Marks (defined below) (each, a "Franchised Business" or "Center");

WHEREAS, the System and, therefore, each Center, is identified by the Licensed Marks and distinctive trade dress, service offerings, business formats, equipment, products, supplies, operating procedures, programs, methods, procedures, and marketing and advertising standards, all of which are part of the System and all of which Franchisor may modify from time to time; and

WHEREAS, Franchisee desires to obtain

This  
Franchise  
Agreement  
(the  
"Agreement")  
is  
entered  
into on  
\_\_\_\_\_  
\_\_\_\_\_  
("Effective  
Date"), by  
and

~~**THIS FRANCHISE AGREEMENT**~~ ("Agreement") is made by and between SOS Franchising, LLC, a Texas limited liability company, hereinafter known as "SOSF" or "Franchisor" and the person or entity named above, hereinafter known as "you" or "Franchisee." If the Franchisee is a corporation or limited liability company, partnership or other entity, certain provisions of this Agreement also apply to your shareholders, members, partners or owners. Any such entity may be referred to as an "Entity" and those who own the Entity may be referred to as "Owners." For ease of reference, SOS Franchising, LLC will also be referred to as "we," "us" or "our" in this Agreement. The persons signing as Franchisee or Guarantors may be referenced to herein individually as "you" or "yours" or collectively as "Franchisee." We and Franchisee (sometimes collectively referred to as the "Parties" and individually as a "Party") are entering into this Agreement to evidence the agreement and understanding between the Parties as follows:  
~~RECITALS~~the non-exclusive license and right to use the System in the development and operation of one Center from a single fixed location within a designated territory and pursuant to the terms of this Agreement.

~~WHEREAS~~, we have developed standards, specifications, business techniques and procedures (the "System") to operate a mental health therapy center that offers behavior modification services for children and young adults diagnosed with Autism Spectrum Disorder ("ASD") to improve social skills and promote independence. The model will offer will offer our proprietary rewards based and motivational led learning programs created by board certified behavior analysts and performed by trained technicians in combination with our social skills programs and activities that include but not limited to: individual therapy sessions, group therapy interaction sessions, parent and/or caregiver training programs and workshops; a variety of interactive, therapeutic, sensory friendly, developmentally appropriate group activities (such as: music, arts and crafts, play, fitness, etc.) and limited field trips, limited in-home sessions in addition to our customized school transitioning and shadowing programs (hereinafter referred to as "Services") at any Success on the Spectrum<sup>SM</sup> franchised business (hereinafter referred to as the "Franchise," "Business" or "Franchised Business"); and

Success on the Spectrum<sup>SM</sup>  
Franchise Agreement - 2023  
Franchise Agreement - 2023

~~WHEREAS, we identify our System by means of certain trade names, service marks, trademarks, logos, emblems, trade dress, and other indicia of origin, including but not limited to the mark “Success on the Spectrum”<sup>®</sup> and all other trade names, service marks, trademarks and trade dress as are now designated (and may in the future be designated by us in writing) for use in connection with the System (the “Names and Marks” or “Names” or “Marks”); and~~

~~WHEREAS, we have entered into an exclusive license agreement (“License Agreement”) with Success on the Spectrum, LLC for the right to use and sublicense to our franchisees the Names, Marks and other property in connection with the operation of a Success on the Spectrum<sup>®</sup> business; and~~

~~WHEREAS, we continue to develop, use, and control the use of such Names and Marks to identify for the public the source of services and products marketed thereunder and under our System, and to represent the System’s high standards of consistent quality, appearance, and service; and~~

~~WHEREAS, we have established substantial goodwill and business value in our Names and Marks, expertise and System; and~~

~~WHEREAS, we have the right to license a system or business program, including expertise for conducting and operating a business under the mark and design Success on the Spectrum<sup>®</sup>; and~~

~~WHEREAS, Franchisee desires to obtain a franchise from us for the right to use the Names, Marks and the expertise for operating a Success on the Spectrum<sup>®</sup> business, and the right to obtain the benefits and knowledge of our System including, but without limitation our: build out and design specifications; Services, proprietary rewards based and motivational led learning programs, different types of social skill programs, activities and themed events in addition to our parent and/or caregiver training programs; specifications for all equipment and products used and procedures for purchasing such items; relationships with vendors and suppliers; guidelines for hiring, training and retaining employees; guidelines for hiring, training and retaining employees, service standards and specific operational procedures to enhance efficiencies; proprietary educational platform that houses a data base of proprietary training modules and courses to complement Franchisee's ongoing training efforts; operational and safety procedures, website, forms, software, marketing, advertising and promotional strategies and materials; record keeping and accounting methods; and in general a style and method of business operation utilizing our Names and Marks as a Franchisee of ours; and~~

~~WHEREAS, Franchisee recognizes the benefits to be derived from being identified with and licensed by us, and Franchisee understands and acknowledges the importance of our high standards of quality, appearance, and service and the necessity of operating the Business in conformity with our standards and specifications.~~

~~NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the Parties hereto, intending to be legally bound, parties do hereby agree, as follows:~~

#### ARTICLE 1 DEFINITIONS

Supplementing the terms and definitions contained in the foregoing "Recitals":

"Accounting Period" means the period of time selected and determined by Franchisor for the required measurement and reporting of financial information and payment of financial obligations by Franchisee. The applicable measurement period will be determined by Franchisor from time to time with respect to Franchisee's obligations to report financial information and data to Franchisor and Franchisee's payment of all fees and other obligations under this Agreement. The respective "Accounting Period" shall be those Franchisor designated times, whether, weekly, monthly, or otherwise, as designated by Franchisor, with all such Accounting Periods automatically commencing on the earlier of the (a) Scheduled Business Commencement Date, or (b) the Actual Business Commencement Date of the Franchised Business and, continuing, throughout the Term of this Agreement. Unless otherwise designated by Franchisor at any time, unless otherwise specified in this Agreement, the Accounting Period shall be a monthly period for each and every month throughout the Term of this Agreement.

"Actual Business Commencement Date" means the date of the grand opening of the Franchised Business and/or the date upon which the Franchised Business is open to the public.

"Additional Initial Training Fee" shall have the meaning defined and set forth in Article 4.A. of this Agreement.

"Alternative Channels of Distribution" means outlets that do not include Centers but do include stores, and/or internet / web based sales and similar outlets that sell Approved Products and Services, services and products similar to the Approved Products and Services and/or related branded products or services to the public.

Success on the Spectrum<sup>®</sup>  
Franchise Agreement 2023

“Ancillary Agreements” means, individually and collectively, each and every agreement between: (a) Franchisor and Franchisee, but not including this Agreement; (b) Franchisor and each of Franchisee’s Owners, whether individually and/or collectively; and (c) Franchisor and each Spouse of Franchisee’s Owners, whether individually and/or collectively. Without limitation to the foregoing, the term Ancillary Agreements includes the Franchise Owner and Spouse Agreement and Guaranty, Lease Agreement Rider, Collateral Assignment of Lease and the Assignment of Telephone Numbers and Digital Media Accounts, as said agreements, individually and/or collectively, may have been entered into between the foregoing parties.

“Annual Conference Attendance Fee” means an annual conference attendance fee to be paid by Franchisee to Franchisor in an amount determined by Franchisor but not to exceed \$1,000 annually.

“Annual System Conference” means a conference that may be established and organized by Franchisor for the purpose of facilitating networking among Success On The Spectrum Center franchisees, and general education. Franchisor shall designate and determine whether or not an Annual System Conference shall occur and, if one is established in any particular year, the dates, content and location of the Annual System Conference. Franchisee is responsible for all costs and expenses associated with Franchisee’s travel to and attendance at the Annual System Conference.

“Approved Off-Site Location(s)” means the location(s) that are not the Center Location and which are approved and authorized by Franchisor in Franchisor’s sole discretion. Approved Off-Site Locations currently consist of field trip venues, client homes and client schools, but may be modified, changed or eliminated in Franchisor’s sole discretion, at any time.

“Approved Products and Services” shall have the meaning defined in the “Recitals” section of this Agreement and shall further refer to and mean those products and services that Franchisor authorizes for sale by Success On The Spectrum Centers. Franchisor shall exclusively designate and determine the Approved Products and Services and Franchisor, in Franchisor’s Reasonable Business Judgment, may change, modify, reduce or supplement the Approved Products and Services that must be offered and sold by the Franchised Business and those products and services that may not be sold by the Franchised Business. The Operations Manual, subject to changes that Franchisor may make from time to time and Franchisor’s right to change and modify the Approved Products and Services, shall designate the Approved Products and Services that must be offered and sold by the Franchised Business. The Franchised Business may only offer and sell the Approved Products and Services.

“Assignment of Telephone Numbers and Digital Media Accounts” means the Assignment of Telephone Numbers and Digital Media Accounts agreement attached to this Agreement as Exhibit 6.

“Behavior Analyst” means an individual that has obtained and continues to maintain a current certification with the Behavior Analyst Certification Board and any other boards or agencies that require similar certification within the state where the Franchised Business is operated.

“Business Management System” means the software, internet, web based and/or cloud based system or systems, point of sale system or systems and client relationship management system or systems as same may be individually, or collectively, designated by Franchisor, in Franchisor’s Reasonable Business Judgment, as being required for use by the Franchised Business.

“Business Management System Data” means the forms, data, tools, client information, inventory, sales, and other information that: (a) is pre-populated or entered into the Business Management System; (b) is entered by Franchisor or Franchisee into the Business Management System; and/or (c) is recorded, stored and/or maintained in connection with the Franchised Business.

“Center Facility” means the fixed commercial center facilities including, the fixtures and improvements, from which Success On The Spectrum Centers are established, operated and managed.

“Center Location(s)” means the fixed locations from which Success On The Spectrum Centers are developed, operated and managed.

“Collateral Assignment of Lease” means the Collateral Assignment of Lease agreement attached to this Agreement as Exhibit 5.

“Competitive Business” means any business that (i) is the same as or similar to a Success On The Spectrum Center; and/or (ii) offers, sells, and/or provides Applied Behavioral Analysis (ABA) therapy, speech therapy, occupational therapy, and social skills classes to developmentally delayed children and/or young adults.

“Confidential Information” means all of Franchisor’s and Franchisor’s affiliates trade secrets, methods, standards, techniques, procedures, data and information, as same may exist as of the Effective Date of this Agreement and as same may be developed, modified and supplemented in the future, constituting and comprising: (a) Approved Product and Services methods, specifications, product offerings, service offerings, supply, and distribution information; (b) standards, concepts, programs and systems relating to the Approved Products and Services and the development, establishment, marketing, promotion and operation of Success On The Spectrum Centers; (c) information concerning consumer preferences for services, products, materials and supplies used or sold by Success On The Spectrum Centers, and specifications for and knowledge of suppliers of inventory, equipment, products, supplies and procedures used or sold by Success On The Spectrum Centers; (d) information concerning clients, client lists, email lists, database lists, product sales, operating results, financial performance and other financial data of Success On The Spectrum Centers; (e) Business Management System Data; (f) current and future information contained in the Operations Manual; and (g) Know-How.

“Confidentiality Agreement” means the sample form of “Confidentiality Agreement” attached to this Agreement as Exhibit 2.

“Controlling Interest” shall exist for the following individuals, Owners, partners and/or entities: (a) (If Franchisee is a corporation) a controlling interest shall exist for such shareholders and Owners of the voting shares of stock of Franchisee as (i) shall permit voting control of Franchisee on any issue and/or (ii) shall prevent any other person, group, combination, or entity from blocking voting control on any issue or exercising any veto power; (b) (If Franchisee is a general partnership) a controlling interest shall exist for such partners and Owners that possess a managing partnership interest or such percentage of the general partnership interests in Franchisee as (i) shall permit determination of the outcome on any issue, and (ii) shall prevent any other person, group, combination, or entity from blocking voting control on any issue or exercising any veto power; (c) (If Franchisee is a limited partnership) a controlling interest shall exist for such partners and Owners that possess a general partnership interest; and (d) (If Franchisee is a limited liability company) a controlling interest shall exist for such members and Owners that possess a percentage of the membership interests as (i) shall permit determination of the outcome on any issue, and (ii) shall prevent any other person, group, combination or entity from blocking voting control on any issue or exercising any veto power.

“Copyrights” means all works and materials for which Franchisor or any affiliate of Franchisor has secured common law or registered copyright protection and Franchisor uses and/or allows Success On The Spectrum Center franchisees to use in the operation of a Success On The Spectrum Center, whether as of the Effective Date of this Agreement or any time in the future.

“Corporate Entity” means a corporation, limited liability company, partnership or other corporate legal entity that is not an individual person.

“Designated Territory” means the territory identified and described in Schedule 1 attached to and made a part of this Agreement or, if Schedule 1 is not completed at the time of signing this Agreement, as Schedule 1 is otherwise completed in accordance with this Agreement. Franchisor, in Franchisor’s Reasonable Business

Judgment and discretion, shall determine the Designated Territory. If Schedule 1 is not completed and/or is not signed by Franchisor there shall be no Designated Territory.

“Digital Media” means any interactive or static digital document, application or media that is connected to and/or in a network of computers and/or other devices linked by communications software, part of the world wide web, linked by the internet or part of a web based application, software application, smart phone application or social media platform such as Facebook, LinkedIn, Twitter / X, Pinterest, Instagram, SnapChat, and YouTube, and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to Success On The Spectrum Centers, the Franchised Business, the Licensed Marks, the System and/or Franchisor. Digital Media further includes the System Website, and all other media and/or publications relating to the System that is displayed and/or transmitted digitally.

“Due Date” shall have the meaning defined and set forth in Article 5.B. of this Agreement.

“E-Commerce” means the sale, distribution, and/or delivery of products and services including, but not limited to the Approved Products and Services, through channels of distribution that originate from and include, among other things, the System Website, websites, web based portals, e-commerce platforms, online marketplaces, and other platforms related to the marketing, sale, and/or distribution of Approved Products and Services and/or other products and/or services other than the direct in-person and on-site at Franchisee’s Success On The Spectrum Center retail sale of Approved Products and Services that are delivered to the in-person and on-site client at Franchisee’s Success On The Spectrum Center or delivered to the client’s home located within Franchisee’s Designated Territory.

“Effective Date” shall be the date set forth, defined and referred to in the first paragraph of this Agreement.

“Franchise Owner and Spouse Agreement and Guaranty” means the form of “Franchise Owner and Spouse Agreement and Guaranty” attached to this Agreement as Exhibit 1.

“Franchised Business” means the Success On The Spectrum Center that Franchisee is required to develop, maintain and operate as part of the System and in accordance with the terms, conditions and obligations set forth in this Agreement and the Operations Manual.

“Franchisee’s Center Facility” means the Center Facility from which Franchisee develops, operates and manages the Franchised Business. Franchisee’s Center Facility must be located at a Center Location that has been approved by Franchisor.

“Franchisee’s Center Location” shall have the meaning defined and set forth in Article 2.A. of this Agreement. Franchisee’s Center Location must be designated in accordance with Schedule 1 of this Agreement and must be approved by Franchisor, in Franchisor’s Reasonable Business Judgment.

“Franchisor’s Reasonable Business Judgment” refers to, means, and relates to any and all decisions, actions and choices made by Franchisor concerning or relating to this Agreement, the System generally, Success On The Spectrum Centers and/or the Franchised Business where Franchisor undertakes or makes such decision with the intention of benefitting or acting in a way that could benefit the System. When making decisions and/or taking actions in Franchisor’s Reasonable Business Judgment, Franchisor may, in addition to all other rights afforded to Franchisor under this Agreement, consider factors, in whole or in part, that include: Franchisor’s profits, enhancing the value of the Licensed Marks; increasing customer satisfaction, minimizing potential customer confusion as to the Licensed Marks, determining designated territory markets, minimizing potential customer confusion as to the location of Success On The Spectrum Centers, expanding brand awareness of the Licensed Marks, implementing marketing and accounting control systems, approving products, services, supplies and equipment. Franchisee agrees that when a decision, determination, action and/or choice is made by Franchisor in Franchisor’s Reasonable Business Judgment that such decision, determination, action or choice shall take precedence and prevail, even if other alternatives, determinations, actions and/or choices are reasonable or

arguably available and/or preferable. Franchisee agrees that in connection with any decision, determination, action and/or choice made by Franchisor in Franchisor's Reasonable Business Judgment that: (a) Franchisor possesses a legitimate interest in seeking to maximize Franchisor's profits; (b) Franchisor shall not be required to consider Franchisee's individual economic or business interests as compared to the overall System; and (c) should Franchisor economically benefit from such decision, determination, action and/or choice that such economic benefit to Franchisor shall not be relevant to demonstrating that Franchisor did not exercise reasonable business judgment with regard to Franchisor's obligations under this Agreement and/or with regard to the System. Franchisee agrees that neither Franchisee and/or any third party, including, but not limited to, any third party acting as a trier of fact, shall substitute Franchisee's or such third party's judgment for Franchisor's Reasonable Business Judgment. Franchisee further agrees that should Franchisee challenge Franchisor's Reasonable Business Judgment in any legal proceeding that Franchisee possesses the burden of demonstrating, by clear and convincing evidence, that Franchisor failed to exercise Franchisor's Reasonable Business Judgment.

"GAAP" means United States Generally Accepted Accounting Principles.

"Gift Cards" means any and all gift cards, vouchers, receipts, cards and other evidence of a pre-paid purchase transaction or credit that Franchisor authorizes concerning a Success On The Spectrum Center.

"Gross Sales" means the total dollar sales from all business and clients of the Franchised Business and includes the total gross amount of revenues, receipts, and sales from whatever source derived, whether in form of cash, credit, agreements to pay or other consideration including the actual retail value of any goods or services traded, borrowed, or received by Franchisee in exchange for any form of non-money consideration (whether or not payment is received at the time of the sale), from or derived by Franchisee or any other person or Corporate Entity from business conducted or which started in, on, from or through the Franchised Business, Franchisee's Center Location, and/or Franchisee's Center Facility whether such business is/was conducted in compliance with or in violation of the terms of this Agreement. Supplementing the foregoing, Gross Sales further includes the total gross amount of revenues, receipts, and sales from whatever source derived from and/or derived by Franchisee (including any person and/or Corporate Entity acting on behalf of Franchisee) from business conducted within and/or outside the Designated Territory that is related to the Franchised Business and/or a Competitive Business located and/or operated at Franchisee's Center Location, at Franchisee's Center Facility, within the Designated Territory, outside the Designated Territory, and/or otherwise (the foregoing does not constitute approval for Franchisee's operation of a Competitive Business and/or the operation of a Success On The Spectrum Center outside of the Designated Territory). Gross Sales does not include sales taxes that Franchisee collects and remits to the proper taxing authority or promotional discounts that are authorized by Franchisor in writing.

"Immediate Family Member" means the spouse of a person and any other member of the household of such person, including, without limitation, children, and grandchildren of such person. Immediate Family Member shall further refer to and mean the spouse, children, grandchildren, and other members of the household of each Franchisee, if Franchisee is an individual, or each Owner of Franchisee if Franchisee is a Corporate Entity.

"IP Claim" shall have the meaning defined and set forth in Article 11.E. of this Agreement.

"Know-How" means Franchisor's trade secrets and proprietary information relating to the development, establishment, marketing, promotion and/or operation of a Success On The Spectrum Center including, but not limited to, methods, techniques, inventory, products and services standards and specifications and information reflected in, included in, comprising and/or constituting a part of the System. Without limitation to the foregoing, Know-How includes information contained in the Operations Manual and the Confidential Information.

"Lease Agreement Rider" means the form "Lease Agreement Rider" attached to this Agreement as Exhibit 4.

"Licensed Marks" means the trademarks, service marks, indicia of origin, including the "Success On The Spectrum" trademark, the Success On The Spectrum logo, Trade Dress, and other trademarks, service marks,

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logos, slogans and designs authorized by Franchisor in connection with the identification of Success On The Spectrum Centers and the Approved Products and Services, provided that such trade names, trademarks, service marks, logos and designs are subject to modification, replacement and discontinuance by Franchisor at any time in Franchisor's Reasonable Business Judgment.

"Management Service Fees" shall have the meaning defined and set forth in Articles 7.J. and 14.D. of this Agreement.

"Managers" means the Managing Owner plus all assistant managers of the Franchised Business and all other employees, independent contractors, consultants, directors, officers and board members who may possess access to the Confidential Information.

"Managing Owner" means, if Franchisee is a partnership or Corporate Entity, the Managing Owner shall be the Owner responsible for the day-to-day oversight, management and operation of the Franchised Business. The Managing Owner must possess, maintain and own not less than 25% of the equity and ownership interests in Franchisee. At all times, the Managing Owner must manage the operations of the Franchised Business.

"Office Manager" means an individual designated by Franchisee who is charged with supervising and managing (on site at Franchisee's Center Facility) the day-to-day operations of the Franchised Business including but not limited to client intake, scheduling and managing staff.

"Operating Manager" means an individual designated by Franchisee who is responsible for administrative duties for the Franchised Business, including but not limited to payroll, finances, bookkeeping, marketing, claims and billing.

"Operations Manual" means, individually and collectively, the manual(s) designated by Franchisor and relating to the development and/or operations of Success On The Spectrum Centers including, but not limited to, the policies, procedures and requirements for the development and operation of Success On The Spectrum Centers. The Operations Manual may consist of one or more volumes, handbooks, manuals, written materials, videos, electronic media files, cloud/internet based list-service, intranet, internet based and accessed databases, computer media, email, webinars and other materials as may be modified, added to, replaced or supplemented by Franchisor from time to time in Franchisor's Reasonable Business Judgment, whether by way of supplements, replacement pages, franchise bulletins, or other official pronouncements or means. Subject to Franchisor's modification from time to time and, based on Franchisor's Reasonable Business Judgment, the Operations Manual may, among other things, designate the Approved Products and Services that must be exclusively offered and sold by the Franchised Business and, the System Supplies and designated vendors that must be exclusively used by Franchisee.

"Operations Non-Compliance Fee" shall have the meaning defined and set forth in Article 7.K. of this Agreement.

"Operations Violation" shall have the meaning defined and set forth in Article 7.K. of this Agreement.

"Owner" means collectively, individually and jointly: (a) the officers and directors of Franchisee (including the officers and directors of any general partner of Franchisee) who hold an ownership interest in Franchisee; (b) the managing member or manager of Franchisee, if franchisee is a limited liability company; (c) all holders of a 5% or more direct or indirect ownership interest in Franchisee and/or of any entity directly or indirectly controlling Franchisee; and (d) the Managing Owner(s). Franchisee's Owners are identified in Schedule 2 to this Agreement.

"Payment Non-Compliance Fee" shall have the meaning defined and set forth in Article 5.D. of this Agreement.

"Post-Term Restricted Period" means the 24 month period after the earliest to occur of the following: (a) the expiration or termination of this Agreement for any reason; or (b) the date on which Franchisee, in compliance

with the terms of this Agreement, Transfers this Agreement to another person or Corporate Entity. Provided however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the “Post-Term Restricted Period” means the 18 month period after the earliest to occur of the following: (a) the expiration or termination of this Agreement for any reason; or (b) the date on which Franchisee, in compliance with the terms of this Agreement, Transfers this Agreement to another person or Corporate Entity.

“Prohibited Activities” shall have the meaning defined and set forth in Article 6.D. of this Agreement.

“Published Content” means any and all information, data, articles, communications, videos and other information relating to or concerning the Franchised Business, the System, or the Licensed Marks that is or was made available by Franchisee or Franchisee’s agents to the public in print or electronic media that is published, listed, made available, uploaded on, downloaded to, posted or distributed through Digital Media.

“Renewal Ancillary Agreements” shall have the meaning defined and set forth in Article 15.B. of this Agreement.

“Renewal Fee” is a fixed sum of \$1,500.

“Renewal Franchise Agreement” shall have the meaning defined and set forth in Article 15.B. of this Agreement.

“Renewal Notice” shall have the meaning defined and set forth in Article 15.B. of this Agreement.

“Renewal Term” shall have the meaning defined and set forth in Article 15.A. of this Agreement.

“Reporting Non-Compliance Fee” shall have the meaning defined and set forth in Article 12.C. of this Agreement.

“Reporting Violation” shall have the meaning defined and set forth in Article 12.C. of this Agreement.

“Reputation Management Services” means the client review, review monitoring, reporting and/or reputation management services designated by Franchisor. Franchisor, in Franchisor’s Reasonable Business Judgement, shall exclusively select the Reputation Management Services to be used by Franchisee and to determine and select the websites, social media sites, reporting services, surveys, and service platforms to be included in any evaluation and/or determination of Franchisee’s client satisfaction or approval ratings.

“Required Center Personnel” – shall have the meaning defined and set forth in Article 3.I. of this Agreement.

“Reserved Rights” shall have the meaning defined and set forth in Article 2.D. of this Agreement.

“Restricted Territory” means the geographic area: (a) comprising Franchisee’s Designated Territory; (b) comprising a 25 mile radius surrounding Franchisee’s Designated Territory or, if Franchisee is not granted or designated a designated territory, then a 25 mile radius surrounding Franchisee’s Center Location; (c) comprising a 10 mile radius surrounding the Center Locations for all other Success On The Spectrum Centers operating and/or under development as of the Effective Date of this Agreement; and (d) comprising a 10 mile radius surrounding the Center Locations for all other Success On The Spectrum Centers that are in operation or under development during all or any part of the Post-Term Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the “Restricted Territory” means the geographic area comprising Franchisee’s Designated Territory plus a 25 mile radius surrounding Franchisee’s Designated Territory or, if Franchisee is not granted or designated a designated territory, then a 25 mile radius surrounding Franchisee’s Center Location.

“Royalty and Activity Report” shall have the meaning defined and set forth in Article 5.B. of this Agreement.

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“Royalty Fee” shall have the meaning defined and set forth in Article 5.B. of this Agreement.

“Royalty Rate” shall have the meaning defined and set forth in Article 5.B. of this Agreement.

“Scheduled Business Commencement Date” means the date that occurs on the 10 month anniversary of the Effective Date of this Agreement.

“Site Selection Acknowledgment” means the form “Site Selection Acknowledgment” attached to this Agreement as Exhibit 3.

“Site Selection Area” shall have the meaning defined and set forth in Article 2.A.(4) of this Agreement.

“Site Selection Period” means the period of time commencing on the Site Selection Acknowledgment Date (as such date may be set forth by Franchisor, and only Franchisor, in the Site Selection Acknowledgment) and automatically expiring 60 calendar days after the Site Selection Acknowledgment Date. If the Site Selection Acknowledgment Date is not set forth and acknowledged by Franchisor in the Site Selection Acknowledgment then, the Site Selection Period shall be 0 days. If the Site Selection Acknowledgment is not signed by Franchisor, then there shall be no Site Selection Period.

“Spouse” means the legal spouse of an Owner as of the Effective Date.

“Success On The Spectrum Center(s)” shall have the meaning defined in the Recitals section of this Agreement and, without limitation to the Recitals section, the definition of “Success On The Spectrum Centers”, shall further include, refer to and mean: every business and all businesses owned and/or operated by Franchisor, Franchisor’s affiliates and/or authorized franchisees that use and/or is/are required to use the System and/or Licensed Marks, and, including, but not limited to, the Franchised Business.

“Supplemental Training” shall have the meaning defined and set forth in Article 4.A. of this Agreement.

“Supplemental Training Fee” shall have the meaning defined and set forth in Article 4.A. of this Agreement.

“Supplier Evaluation Fee” means the fee determined by Franchisor, in Franchisor’s Reasonable Business Judgment, and based upon the fees and/or expenses incurred by Franchisor in connection with the evaluation of a request by Franchisee for Franchisor’s consideration and/or review of a potential supplier. Under no circumstance is Franchisor required to approve of suppliers requested by Franchisee.

“System” shall have the meaning defined in the “Recitals” section of this Agreement and is further supplemented, as follows: without limitation to the Recitals section of this Agreement and supplementing the definition and meaning of the term “System”, System shall be defined to further include and mean: (a) the Approved Products and Services, System Supplies and the services, procedures and systems that are designated by Franchisor, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a Success On The Spectrum Center; (b) the Licensed Marks; (c) the Trade Dress; (d) Copyrights; (e) other trade names, service marks, signs, and logos, copyrights and trade dress that is designated by Franchisor, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a Success On The Spectrum Center; (f) Operations Manual; (g) Business Management System Data; (h) Know-How; (i) Confidential Information; and (j) Digital Media. All determinations as to the system including components to the system and modifications and replacements thereto shall be determined by Franchisor in Franchisor’s Reasonable Business Judgment.

“System Supplies” means all: (a) merchandise, inventory, products, supplies, and/or goods constituting or comprising the Approved Products and Services, or a portion thereof, authorized for sale by the Franchised

Business or designated for the preparation of Approved Products and Services; (b) products, supplies, services, and/or goods used to prepare, provide, offer, and/or sell services constituting or comprising the Approved Products and Services; (c) products, supplies, and/or goods as designated by Franchisor for the marketing, sale, provision, and/or delivery of the Approved Products and Services including, without limitation, uniforms, point of sale displays, packaging; (d) furniture, fixtures, and equipment designated by Franchisor; and (e) other items as designated by Franchisor in the Operations Manual, and as may be modified and supplemented by Franchisor from time to time, in Franchisor's Reasonable Business Judgment, as being required for the development and operation of the Franchised Business.

"System Website" means the web page and pages located on the world wide web at the www.SOSfranchising.com URL and shall further include all webpages and subdomains, including those that are franchisee and/or geography specific, that are a part of www.SOSfranchising.com, or as designated by Franchisor being associated with the URL of www.SOSfranchising.com and/or Success On The Spectrum Centers.

"Technology Fee" shall have the meaning defined and set forth in Article 5.C. of this Agreement.

"Term" means the period of time set forth and defined in Article 2.B. of this Agreement and, the Renewal Term(s) if Franchisee invokes Franchisee's renewal rights in accordance with the terms of this Agreement.

"Trade Dress" means the Success On The Spectrum Center designs, images, marketing materials, packaging, branding and/or branding images which Franchisor authorizes and requires Franchisee to use in connection with the operation of the Franchised Business and as may be revised and further developed by Franchisor from time to time.

"Training Program" shall have the meaning defined and set forth in Article 4.A. of this Agreement.

"Transfer" means and shall include, without limitation, the following, whether voluntary or involuntary, conditional or unconditional, and/or direct or indirect: (a) an assignment, sale, gift, transfer, pledge or sub-franchise; (b) the grant of a mortgage, charge, lien or security interest, including, without limitation, the grant of a collateral assignment; (c) a merger, consolidation, exchange of shares or other ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or redemption of ownership interests; (d) a sale or exchange of voting interests or securities convertible to voting interests, or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of ownership interests or to control the operations or affairs of Franchisee; and/or (e) the legal and/or equitable transfer and/or sale of an Owners interests and/or voting rights in Franchisee.

"Transfer Fee" is a fixed sum of \$5,000.

## ARTICLE 2 GRANT OF FRANCHISE

### 2.A. GRANT OF FRANCHISE

Franchisee has requested that Franchisor grant to Franchisee the non-exclusive license and right to develop, own and operate a Success On The Spectrum Center from a fixed Center Location located within a specified territory. Relying on the representations made by Franchisee and/or Franchisee's Owners in any submitted application and during the application process and subject to the terms and conditions of this Agreement, Franchisee's request has been approved by Franchisor, subject to the following terms and conditions:

(1) During the Term of this Agreement and subject to the rights of Franchisor as set forth and/or reserved to franchisor in this Agreement including, but not limited to, the Reserved Rights, Franchisor grants to Franchisee and Franchisee accepts, the non-exclusive license, right and obligation to develop and operate, one Success On

The Spectrum Franchised Business in conformity with the System and this Agreement from a single fixed center location, selected by Franchisee but requiring the approval of Franchisor (“Franchisee’s Center Location”).

(2) If, as of the Effective Date, Franchisee has selected a proposed Center Location that Franchisor approves as Franchisee’s Center Location, then Franchisee’s Center Location and Designated Territory, if any, shall be identified in Schedule 1 of this Agreement. To be effective, Schedule 1 must be completed and signed by Franchisor. Franchisee’s execution of Schedule 1 with a specific location for Franchisee’s Center Location shall constitute Franchisee’s obligation to develop and operate the Franchised Business at the designated Franchisee Center Location.

(3) If, as of the Effective Date, Franchisee has not selected a proposed Center Location or has not obtained Franchisor’s approval of the proposed Center Location, and/or Schedule 1 to this Agreement is left incomplete or is not signed by Franchisor, Franchisee must locate, identify and secure a Center Location for the Franchised Business in accordance with the terms of this Agreement, including the requirement that Franchisee must obtain Franchisor’s approval of Franchisee’s Center Location. If, after the Effective Date, Franchisee proposes and Franchisor approves of Franchisee’s proposed Center Location, such approval must be in writing and must be evidenced by Franchisor’s execution of Schedule 1 with a specific Center Location designated and identified in Schedule 1. At the time of executing a completed Schedule 1 and, thereby, approving Franchisee’s proposed Center Location, Franchisor, in Franchisor’s discretion and Reasonable Business Judgment, shall designate and determine Franchisee’s Designated Territory.

(4) If, as of the Effective Date or other appropriate periods after the Effective Date, Franchisee has not selected a proposed Center Location that is approved by Franchisor but, Franchisee has identified an area in which Franchisee may look to secure a center location for the Franchised Business, Franchisor, in Franchisor’s discretion and Reasonable Business Judgment, may enter into the Site Selection Acknowledgment attached to this Agreement as Exhibit 3. If executed by Franchisor, within the Exhibit 3 Site Selection Acknowledgment, Franchisor shall designate a geographic area (the “Site Selection Area”) within which Franchisor, during the Site Selection Period, shall not, on behalf of any third party, approve any new Center Location. The Site Selection Acknowledgment does not constitute Franchisor’s approval of a proposed Center Location, does not constitute Franchisor’s designation of Franchisee’s Designated Territory, does not afford Franchisee any territorial rights in or to the Site Selection Area, and does not extend and/or modify any obligation on the part of Franchisee to timely secure an approved Center Location in accordance with the terms of this Agreement.

(5) At all times, Franchisee’s rights in and to the real property and the business premises of Franchisee’s Center Location shall be subordinate and subject to Franchisee’s and Franchisee’s landlord’s agreement to and execution of the Center Location Lease Agreement Rider attached to this Agreement as Exhibit 4, and Franchisee’s agreement and execution of the Collateral Assignment of Lease attached to this Agreement as Exhibit 5.

(6) Except as otherwise provided in this Agreement including, but not limited to, the Reserved Rights, provided that, at all times Franchisee is and remains in compliance with all of the terms of this Agreement, during the Term of this Agreement, neither Franchisor nor any affiliate of Franchisor will open or grant a franchise the right to open a Center using the Licensed Marks and System at a Center Location within Franchisee’s Designated Territory, provided, that a Designated Territory has been designated and approved by Franchisor in accordance with the terms of this Agreement. Notwithstanding the foregoing, Franchisee agrees that Franchisee may face competition from other Success on the Spectrum franchisees and other System franchisees.

(7) Franchisee may only offer and sell the Approved Products and Services: (a) from Franchisee’s Center Location and/or (b) at Approved Off-Site Locations, subject to Franchisor’s rules and restrictions. Franchisee acknowledges and understands that other System franchisees may offer and provide Approved Products and Services at Approved Off-Site Locations within Franchisee’s Designated Territory, without any compensation to Franchisee.

(8) Franchisee may solicit clients, and direct marketing and advertising, outside of Franchisee's Designated Territory. Franchisee acknowledges and understands that other System franchisees may solicit clients within Franchisee's Designated Territory, without any compensation to Franchisee.

(9) The foregoing rights granted in this Article 2.A. are subject to and contingent on the terms and conditions of this Agreement, the rights of any prior user, and are non-exclusive and subordinate to the Reserved Rights.

#### **2.B. TERM**

Unless previously terminated pursuant to the terms of this Agreement, the term of this Agreement will be for a period of five consecutive years, commencing from the Effective Date (the "Term").

#### **2.C. GUARANTEES, CONFIDENTIALITY AND RESTRICTIVE COVENANTS**

If Franchisee is, at any time, a Corporate Entity, Franchisee agrees that each Owner and their respective Spouse shall execute, sign and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1 and, in doing so, among other things, will individually, jointly, and severally, guarantee Franchisee's obligations under this Agreement and personally bind themselves to confidentiality and non-competition covenants and restrictions.

#### **2.D. RESERVATION OF RIGHTS**

Franchisor on behalf of itself, its affiliates, and its assigns, retains all rights, on any and all terms and conditions that Franchisor deems advisable and without any compensation or consideration to Franchisee to engage in the following activities (the "Reserved Rights"): (a) operate and grant to others the right to operate a Franchised Business, Success On The Spectrum Center and/or other centers using the System and Licensed Marks at locations outside Franchisee's Designated Territory; (b) acquire, be acquired by, merge with, or otherwise affiliate with one or more businesses of any kind, including businesses that are Competitive Businesses, and after such acquisition, merger or affiliation to own and operate and to franchise or license others to own and operate and to continue to own and operate such businesses (including under and using the Licensed Marks and System), within your Designated Territory, and even if such businesses are Competitive Businesses and/or offer and sell products and services that are the same or similar to the Franchised Business; (c) subject to Franchisor's then current out of territory delivery rules and requirements, provide Approved Products and Services, and grant other System franchisees the right to provide Approved Products and Services to clients and other individuals within Franchisee's Designated Territory; (d) use the Licensed Marks and System to sell, distribute, and deliver the Approved Products and Services or products and services similar to the Approved Products and Services to and through retail stores and other outlets located within and/or outside Franchisee's Designated Territory; (e) use the Licensed Marks and System to distribute the Approved Products and Services or products and services similar to the Approved Products and Services through E-Commerce channels of sale, distribution, and/or delivery within and/or outside Franchisee's Designated Territory; (f) use the Licensed Marks and System to sell, distribute, and deliver the Approved Products and Services or products and services similar to the Approved Products and Services in Alternative Channels of Distribution within and/or outside Franchisee's Designated Territory; and (g) use the Licensed Marks and System and to license others to use the Licensed Marks and System to engage in all other activities not expressly prohibited by this Agreement.

#### **2.E. MODIFICATION OF SYSTEM**

Franchisor, in Franchisor's Reasonable Business Judgment, reserves the right at all times to supplement, modify, alter and/or amend the System. Franchisee shall promptly comply with all such modifications to the System whether such modification(s) results in the addition, subtraction, modification and/or enhancement to any and/or all components of the System. Franchisor shall provide Franchisee with a reasonable time period to comply with any change or modification to the System which shall be communicated in writing by Franchisor to Franchisee, including, but not limited to, modifications, updated, amendments, and changes made by Franchisor to the Operations Manual. Franchisor's modifications to the System shall not materially alter Franchisee's fundamental rights under this Agreement.

**2.F. CORPORATE ENTITY OWNERSHIP**

If Franchisee is a Corporate Entity, Franchisee represents that the information contained in Schedule 2 to this Agreement is and shall remain complete, true and accurate throughout the Term of this Agreement.

**ARTICLE 3**  
**CENTER DEVELOPMENT AND OPERATIONS**

**3.A. CENTER LOCATION**

Franchisee shall develop, operate and manage the Franchised Business from a Center Facility that is developed and established at a Center Location, that: (a) was identified and evaluated by Franchisee; (b) complies with the terms and conditions of this Agreement; (c) satisfies and meets Franchisor's standards and specifications; (d) is timely presented by Franchisee to Franchisor for approval as Franchisee's proposed Center Location; (e) is approved by Franchisor as Franchisee's Center Location; (f) is timely secured by Franchisee within 120 days of the Effective Date of this Agreement, as evidenced by a binding lease with a duration equal to the full Term of this Agreement; (g) is and, at all times, shall be exclusively dedicated to the operation of the Franchised Business; (h) is located within the Designated Territory, if Franchisor previously designated and approved, in writing, a Designated Territory; and (i) otherwise meets the terms and conditions of this Agreement and Franchisor's standards and specifications.

Franchisee will not lease, purchase or otherwise acquire a proposed Center Location until such information as Franchisor may require as to the proposed Center Location has been provided to Franchisor by Franchisee and, Franchisor has approved the location in accordance with the terms and conditions of this Agreement including, but not limited to, Article 2.A. of this Agreement. Franchisor shall respond to Franchisee's request for approval of a proposed Center Location within a reasonable time period but not exceeding 30 days following Franchisor's receipt, from Franchisee, of complete written information about Franchisee's proposed Center Location. If Franchisor rejects or disapproves Franchisee's proposed Center Location, Franchisee must nevertheless identify and obtain Franchisor's approval of a proposed Center Location within the time requirements set forth in this Agreement. Franchisor's disapproval of a proposed Center Location shall not serve as a basis to extend any deadline or requirement set forth in this Agreement.

Franchisor's approval of Franchisee's proposed Center Location is not and does not constitute a representation or warranty by Franchisor of any kind other than that Franchisor does not object to or disapprove of Franchisee's proposed Center Location. No provision of this Agreement shall be construed or interpreted to impose an obligation on Franchisor to locate a Center Location for the Franchised Business, to assist Franchisee in the selection of a suitable Center Location for the Franchised Business or to provide assistance to the Franchisee in the purchase or lease of a Center Location. If Franchisee leases Franchisee's Center Location, Franchisee must use Franchisee's best efforts to ensure that the landlord signs the Lease Agreement Rider that is attached to this Agreement as Exhibit 4. If Franchisee's landlord refuses to sign the Lease Agreement Rider in substantially the same form as the attached Exhibit 4, such refusal may constitute grounds upon which Franchisor refuses to approve Franchisee's proposed Center Location or withdraws such approval.

**3.B. CENTER DEVELOPMENT**

Franchisee shall develop and construct Franchisee's Center Facility and Center Location in accordance with Franchisor's standards and specifications and using only those types of construction materials, decorating materials, furniture, fixtures, equipment, trade dress signs, suppliers, advisors and contractors that Franchisor has approved in the Operations Manual, in supplements to the Operations Manual or as Franchisor otherwise designates and approves of in a writing specifically directed to Franchisee and signed by Franchisor.

Franchisee's Center Facility and Franchisee's Center Location must be constructed and established in accordance with Franchisor's plans and specifications. Promptly after signing a lease or closing on a purchase of the premises of Franchisee's Center Location, Franchisor shall provide Franchisee with Franchisor's generalized prototype

plans and specifications. Prior to constructing, equipping and building out Franchisee's Center Facility and Franchisee's Center Location, Franchisee shall:

(1) Prepare and submit to Franchisor for approval, which approval, specific plans and specifications prepared by the design consultants designated or approved by Franchisor and hired by Franchisee, at Franchisee's sole expense, whereby such plans and specifications are prepared specifically for Franchisee's Center Facility and Franchisee's Center Location and shall reflect and comply with Franchisor's generalized plans and specifications and otherwise satisfy the specifications and requirements set forth in the Operations Manual. If Franchisor determines, in Franchisor's Reasonable Business Judgment, that any plans are not consistent with Franchisor's prototype plans and specifications, Franchisor may prohibit implementation of the plans and disapprove the plans;

(2) Obtain all required building, utility, sign, health, sanitation, liquor (if the System Products and Service include and permit the service of alcohol), and business permits and licenses, and any other required permits and licenses;

(3) Construct all required improvements to Franchisee's Center Location, purchase and install all required furniture, fixtures and equipment and decorate the premises in compliance with the plans and specifications approved in writing by Franchisor and all applicable ordinances, building codes, permit requirements and lease or deed requirements and restrictions;

(4) Provide Franchisor timely written reports regarding the process of construction and remodeling in compliance with Franchisor's then current specifications; and

(5) Establish filing, accounting, and inventory control systems, conforming to the requirements prescribed by Franchisor, if any. \_\_\_\_\_

At all times, in the construction and operation of the Franchised Business, Franchisee shall exclusively install, use, attach, maintain, replenish and replace only those types of construction and decorating materials, furniture, fixtures, equipment, and signs that Franchisor has approved or designated in the Operations Manual for Success On The Spectrum Centers as meeting Franchisor's specifications and standards for appearance, function and performance. Franchisee only may purchase approved or designated types of construction and decorating materials, fixtures, equipment, furniture and signs from any supplier approved or designated by Franchisor, which may include Franchisor and Franchisor's affiliates.

### **3.C. CENTER OPENING**

Franchisee must develop and open the Franchised Business to the public and, commence the day-to-day operations of the Franchised Business, on or before the Scheduled Business Commencement Date. Notwithstanding the foregoing, Franchisee agrees that prior to opening the Franchised Business to the Public, Franchisee must, as determined by Franchisor: (a) be in compliance with the terms and conditions of this Agreement; (b) have satisfied the pre-opening obligations set forth by Franchisor in the Operations Manual; (c) have completed and satisfied the training obligations designated by Franchisor; and (d) obtained Franchisor's written consent to open.

### **3.D. CENTER OPERATIONS**

At all times, the Franchised Business shall: (a) be exclusively operated from Franchisee's Center Location that has been approved by Franchisor and within Franchisee's Designated Territory, as authorized by Franchisor in the Operations Manuals; (b) be exclusively operated from a Center Facility approved by Franchisor; (c) exclusively offer and sell the Approved Products and Services as designated by Franchisor, in Franchisor's Reasonable Business Judgment, and as modified by Franchisor from time to time; (d) ensure that the Approved Products and Services are only offered and provided by Franchisee through employees and/or Owners that have, to Franchisor's satisfaction, completed brand standard related training requirements and Training Programs as designated by Franchisor, in Franchisor's Reasonable Business Judgment and as may be modified and supplemented by Franchisor from time to time; (e) exclusively utilize, maintain and stock in inventory the System Supplies in such quantities and as designated by Franchisor, in Franchisor's Reasonable Business Judgment, and

as modified by Franchisor from time to time; (f) exclusively purchase the System Supplies from the suppliers and vendor(s) approved by Franchisor and designated by Franchisor, in Franchisor's Reasonable Business Judgment, and as modified by Franchisor from time to time; (g) comply with all pricing and promotion requirements as designated by Franchisor in accordance with Article 3.E., below; (h) issue, sell, redeem, honor, and accept, without the offset to any fees due to Franchisor, all Gift Cards designated by Franchisor and participate in, offer, redeem, and honor, without the offset to any fees due to Franchisor, all Gift Card and client loyalty programs designated by Franchisor and in accordance with the rules and regulations adopted by Franchisor and as may be modified by Franchisor from time to time in Franchisor's Reasonable Business Judgment; (i) maintain openings and operating hours in conformity with Franchisor's then current standards and requirements, as designated by Franchisor in Franchisor's Reasonable Business Judgment, respecting, among other things, days, hours, and time of Center operations and service offered to the public, and days, times, and holidays for opening and closing; and, without limitation to the foregoing; and (j) be operated in conformity with the Operations Manual as such Operations Manual exists as of the Effective Date of this Agreement and as the Operations Manual may be modified and supplemented from time to time in the future by Franchisor, in Franchisor's Reasonable Business Judgment. At all times Franchisee must maintain the necessary licenses and permits and those licenses and permits recommended and/or required by Franchisor in connection with Franchisee's ownership and operation of the Franchised Business.

Franchisee agrees that control over the nature, quality, branding and source of the System Supplies is critical to the System and that irrespective of the availability of substitute products, supplies, inventory, apparel, merchandising displays, and/or accessories, Franchisee shall only utilize the System Supplies as designated by Franchisor and only from those suppliers approved by Franchisor. Franchisee agrees that in many instances Franchisor and/or Franchisor's affiliates may be or may become the exclusive supplier of System Supplies.

Notwithstanding anything contained in this Article 3.D. or otherwise in this Agreement, Franchisee agrees that Franchisor possesses the right and discretion, in Franchisor's Reasonable Business Judgment, to grant other System franchisees and Success On The Spectrum Centers variances from System standards, service and/or product offering requirements, inventory requirements, supply chain requirements, and operational requirements for the purpose of accommodating local or regional consumer preferences, supply chain availability, and/or operational conditions and that Franchisor may do so without affording similar variances or rights to Franchisee.

### **3.E. PRICING AND PROMOTIONS**

Where permitted by applicable law and, to the fullest extent permitted by law, Franchisor reserves the right to designate and establish, maximum, minimum, promotional, and other pricing requirements that Franchisee must comply with respecting prices charged to clients of the Franchised Business and promotions that Franchisee may and/or must offer to clients of the Franchised Business. Franchisee agrees that Franchisor's pricing and promotion requirements may change from time to time and may vary depending on geography (towns, cities, states, regions) and other factors designated by Franchisor including, Franchisor's designation of any local, regional, or national promotional campaigns. Franchisee agrees that Franchisor's pricing and promotional requirements may directly or indirectly impact Franchisee's Center and that Franchisor may designate specific pricing to be included in advertisements and promotional materials. Franchisee agrees that nothing contained in this Article 3.E. shall be deemed a representation by Franchisor that if Franchisee follows Franchisor's pricing or promotion requirements that Franchisee will generate a profit. Franchisee agrees that pricing and/or promotional requirements designated by Franchisor may or may not optimize the revenues or profitability of Franchisee's Center. Franchisee waives any and all claims related to Franchisor's establishment of prices charged and/or promotions offered at Franchisee's Center. At all times, Franchisee agrees to inform Franchisor of all prices charged for services and/or products offered and sold by Franchisee's Center and to inform Franchisor of any modifications of Franchisee's prices and/or promotional offerings.

### **3.F. BUSINESS MANAGEMENT SYSTEM**

Franchisee shall exclusively use the Business Management Systems designated by Franchisor, in Franchisor's Reasonable Business Judgment, and as may be modified, supplemented, or replaced by Franchisor from time to

time. Franchisee cannot substitute or replace the Business Management System in favor of any substitutes or other systems. To the extent that the Business Management System is hosted, maintained, licensed or operated by third party suppliers, Franchisee shall purchase, license and maintain such Business Management System and/or systems from such third party suppliers designated by Franchisor and subject to Franchisor's standards and specifications. Franchisor may require that Franchisee's license, and use of the Business Management System occur through accounts registered to Franchisor, controlled by Franchisor, or licensed through Franchisor and that Franchisee provide Franchisor with internet and complete remote access to such systems.

Franchisee is responsible for initial license fees, training fees and continuing monthly license fees required for use of the Business Management System as specified by Franchisor and as may be designated and determined by Franchisor from time to time in Franchisor's Reasonable Business Judgment or by the suppliers designated by Franchisor and approved by Franchisor. Franchisee must complete training, purchase and license the Business Management Systems no later than 45 days prior to the earlier of the Actual Business Commencement Date or the Scheduled Business Commencement Date. Franchisor may be and/or become the exclusive supplier and/or reseller of the Business Management System.

Supplementing the foregoing, Franchisee agrees that the Business Management System will contain proprietary and confidential information owned by Franchisor and related to the System, and that:

(1) Franchisee shall use the Business Management System and the Business Management System Data for the exclusive benefit of the Franchised Business and in accordance with the terms of this Agreement and Franchisor's standards and specifications as set forth in the Operations Manual;

(2) All rights in and to the Business Management System are non-transferable and non-assignable to Franchisee and shall be utilized by Franchisee subject to the terms and conditions of this Agreement. Business Management System licenses that Franchisor may approve of and otherwise as determined by Franchisor in Franchisor's Reasonable Business Judgment;

(3) As between Franchisee and Franchisor, Franchisor is and shall be the exclusive owner of the Business Management System Data, except that Franchisee shall store and maintain such data in accordance with all applicable local, state and federal privacy, data collection and solicitation laws. Among other things, upon expiration or termination of this Agreement for any reason, Franchisee shall preserve and maintain the Business Management System data for the purpose of transferring such data to Franchisor;

(4) At all times, Franchisee shall provide and permit Franchisor to maintain direct and independent access to the Business Management System and Franchisee shall electronically transfer and transmit to Franchisor all Business Management System Data;

(5) When instructed by Franchisor, Franchisee shall upgrade, replace and modify the Business Management System;

(6) Franchisee shall promptly disclose to Franchisor all ideas and suggestions for modifications or enhancements to the Business Management System, to the configuration and templates associated with the Business Management System and that Franchisor shall have the right to use such ideas and suggestions and that Franchisee shall not receive or obtain any ownership rights or interests in any modifications or enhancements to the Business Management System;

(7) Other than permitting access to employees of the Franchised Business for the purpose of conducting the authorized operations of the Franchised Business, Franchisee shall not permit nor allow any third party to access, use or duplicate the Business Management System or the Business Management System Data without Franchisor's prior written consent;

(8) Franchisee shall keep and maintain the Business Management System and the Business Management System Data as secret and confidential, and Franchisee shall maintain security precautions to maintain the confidentiality and secrecy of the Business Management System Data and to prevent the unauthorized access or use; and

(9) In no event shall Franchisor be liable to Franchisee for any damages, including any lost profits, lost savings, or other incidental or consequential damages, relating to Franchisee's use or, Franchisee's inability to use, the Business Management System even if Franchisor has been advised of the possibility of such damages, or for any claim by any other party including the software manufacturer. The foregoing limitations of liability are intended to apply without regard to whether other provisions of the Agreement have been breached or proven ineffective.

### **3.G. DIGITAL MEDIA, SYSTEM WEBSITE AND TELEPHONE NUMBERS**

As between Franchisor and Franchisee, Franchisee agrees that Franchisor is the absolute owner of the Digital Media. Franchisee shall not use, access or open accounts regarding or related to Digital Media unless expressly approved by Franchisor in writing which approval Franchisor may withhold, condition or limit as determined by Franchisor in Franchisor's Reasonable Business Judgment and which approval, if given, shall be limited to the marketing and promotion of the Franchised Business in accordance with Franchisor's standards and specifications. Upon expiration or termination of this Agreement for any reason, any prior authorization by Franchisor as to Franchisee's right to use the Digital Media and/or otherwise as to any rights of Franchisee in or to the Digital Media shall be automatically terminate and, at Franchisor's election, the right to any and all accounts and/or sites (if any) associated with Digital Media utilized by Franchisee shall be transferred to Franchisor. Under no circumstance shall Franchisee utilize the Digital Media for purposes of or with the effect of libeling or disparaging another nor shall Franchisee violate any copyrights – as to such actions as between Franchisee and any third party, Franchisee is exclusively responsible for disparagement, libel and/or copyright infringement if Franchisee published and/or caused such content to be published.

Franchisee agrees that Digital Media must be approved by Franchisor prior to publication or use in any form. Digital Media and Published Content that is approved by Franchisor or that otherwise is acceptable to Franchisor as meeting Franchisor's standards shall be owned by Franchisor. As between Franchisor and Franchisee, any and all interest and right in or to the Digital Media and/or Published Content shall, at all times, be and is the exclusive property of Franchisor both during the Term of this Agreement and upon the expiration or termination of this Agreement. Franchisee agrees that the System Website and all improvements and modifications made to the System Website, Digital Media, and Published Content is and shall be the exclusive property of Franchisor. During the Term of this Agreement and subject to Franchisee's compliance with the terms and conditions of this Agreement, the System Website, shall include information related to the Franchised Business as shall be determined and designated by Franchisor in Franchisor's Reasonable Judgment.

In the event of the termination of this Agreement, for any reason, that the accounts related to all telephone numbers associated with the Franchised Business and all rights in and to the telephone numbers associated with the Franchised Business, shall, at Franchisor's election, be transferred to Franchisor.

Without limitation to the foregoing, Franchisee shall, upon the request of Franchisor, execute and deliver to Franchisor the Assignment of Telephone Numbers and Digital Media Accounts attached to this Agreement as Exhibit 6. Upon the request of Franchisor, Franchisee shall execute, update, and/or re-execute the Assignment of Telephone Numbers and Digital Media agreement upon the request of Franchisor. As between Franchisor and all third parties, Franchisee does hereby represent and acknowledge that such third party is authorized to rely on the Assignment of Telephone Numbers and Digital Media agreement, irrespective of any dispute and/or controversy between Franchisor and Franchisee and irrespective of any contrary instructions of Franchisee.

### **3.H. CENTER RELOCATION**

To the extent that Franchisee wishes to relocate the Franchised Business and, thereby, Franchisee's Center Location and Franchisee's Center Facility, Franchisee must obtain Franchisor's prior written consent, which Franchisor may refuse in Franchisor's Reasonable Business Judgment. Franchisee agrees that if Franchisor does

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consent to the relocation of the Franchised Business, that Franchisor may condition Franchisor's consent to Franchisee's relocation request on requirements imposed by Franchisor which may include, among other things: (a) that the proposed Center Location meet and satisfy Franchisor's then current standards for Center Locations; (b) that the proposed Center Facility meet and satisfy Franchisor's then current standards for Center Facilities; (c) that the proposed Center Facility be constructed and established in accordance with Franchisor's current standards and specifications; (d) that the proposed Center Location be located within Franchisee's Designated Territory; (e) that the proposed Center Location (even if it is located within the Designated Territory) not be within a close proximity to the Designated Territory and/or Center Location of another Success On The Spectrum Center; and (f) that, as to the proposed Center Facility and proposed Center Location, Franchisee satisfy the terms and conditions set forth in this Agreement for Center Facilities, and Center Locations including, but not limited to, the requirements set forth in Articles 2.A. and 3.B. of this Agreement. Franchisee agrees that Franchisor possesses sole discretion as to whether or not Franchisor approves of Franchisee's relocation request.

### **3.I. REQUIRED PERSONNEL AND STAFF**

At all times, Franchisee employ three separate key staff for the Franchised Business, including an Operating Manager, Office Manager and Behavior Analyst. Your Managing Owner must serve as one of the foregoing three key staff members (i.e. Operating Manager, Office Manager or, if properly certified, the Behavior Analyst). Your Operating Manager, Office Manager and Behavior Analyst must satisfactorily complete our initial training. Your Behavior Analyst must also obtain and maintain all required certifications as required in the jurisdiction where your Franchised Business is located. Your Operating Manager, Office Manager and Behavior Analyst must dedicate their full time and effort to the management and operation of the Franchise. We do not require that your Operating Manager, Office Manager or Behavior Analyst have an ownership or equity interest in the Franchised Business (unless the Operating Manager, Office Manager or Behavior Analyst is the Managing Owner). For the purposes of this Agreement, your Operating Manager, Office Manager and Behavior Analyst are sometimes collectively referred to herein as your "Required Center Personnel").

In the event Franchisee's Behavior Analyst is terminated or ceases to be employed or retained by Franchisee as required hereunder, Franchisee must employ or retain a new Behavior Analyst within 60 days after the outgoing Behavior Analyst has departed the Center. In the event Franchisee's Office Manager or Operations Manager is terminated or ceases to be employed or retained by Franchisee as required hereunder, Franchisee must employ or retain a new Office Manager or Operations Manager within thirty days (30) days after the outgoing Office Manager has departed the Center.

Each replacement Behavior Analyst, Operation Manager or Office Manager must attend and complete, to Franchisor's satisfaction, Franchisor's required Training Program within thirty (60) days after they are retained or hired for the Franchised Business. Franchisee will be required to pay all training fees in connection with such training, including all travel expenses incurred by Franchisee. If Franchisor provides training at Franchisee's Center Location, Franchisee shall pay Franchisor's then current training fee for Franchisor's trainer(s), currently \$250 per trainer, per day, and shall reimburse Franchisor for all travel expenses incurred by Franchisor in connection with the training. If Franchisor provides training at Franchisor's affiliate-owned location or another location that is not the Center Location, Franchisee shall pay to Franchisor \$250 per day per trainee. Franchisee must also pay all travel costs and expenses incurred in connection with such training. If Franchisor provides training at the Center, Franchisor may require Franchisor, Franchisor's Owners, and other Required Center Personnel to be present.

Franchisee acknowledges that it is Franchisee's sole and absolute responsibility to hire and train all technicians, administrative support and any other employees to perform the Approved Products and Services according to Franchisor's standards and specifications. Franchisee and its employees are prohibited from providing any services that require certifications or licenses that have not been approved by Franchisor in writing. Franchisee acknowledges it is Franchisee's responsibility to ensure that its employees and contractors obtain and keep in good standing at all times valid licenses and certifications as required in the location within which the Franchised Business operates. Franchisee shall ensure that Franchisee's Required Center Personnel and other employees

obtain and maintain valid licenses and certifications as may be required and that the failure to do so will constitute an immediate material breach of this Agreement. Franchisee may not hire anyone that has been convicted of a felony or has a history of violent crime or sexual misconduct. Franchisee must ensure that all staff members undergo yearly criminal background checks. Franchisee may not employ anyone with a history of violence, sexual misconduct, or any felony. All of Franchisee's employees, including any Required Center Personnel, who will have access to Confidential Information shall execute the Confidentiality Agreement attached hereto as Exhibit 2.

**ARTICLE 4**  
**TRAINING AND OPERATING ASSISTANCE**

**4.A. INITIAL TRAINING, SUPPLEMENTAL TRAINING AND SYSTEM-WIDE TRAINING**

(1) Within 45 days prior to the earlier of the Scheduled Business Commencement Date or the Actual Business Commencement Date, Franchisee's Required Center Personnel, must complete, to Franchisor's satisfaction, Franchisor's initial training program (the "Training Program"). Franchisor will provide this initial training program only after Franchisee has obtained, hired or partnered with a Behavior Analyst who maintains all necessary licenses and/or certifications as required by the state where Franchisee will be operating the Franchised Business. Franchisor will pay for airfare (on Southwest Airlines only) for the three Required Center Personnel who attend the Training Program training, in an amount of up to \$400 per person, and will provide lodging for the three Required Center Personnel in Franchisor's affiliate-owned "SOS House". If Franchisee requests that more than three individuals attend the initial Training Program, subject to Franchisor's approval and availability, Franchisee shall pay to Franchisor a fee of \$250 per additional person, per day (the "Additional Employee Initial Training Fee"), plus any additional expenses incurred by Franchisor. Franchisee will also be responsible for all other costs and expenses incurred by such additional individuals to attend training, including travel, lodging and meal expenses. Additional Employee Initial Training Fees shall be pre-paid in advance of training and upon submission of invoice by Franchisor to Franchisee. Franchisee will not be permitted to commence operations of the Franchised Business until all trainees have successfully completed training to Franchisor's satisfaction.

(2) The training may include classroom and on-the-job instruction at a location or facility designated by Franchisor, and/or, at the election of Franchisor and as determined by Franchisor, in Franchisor's Reasonable Business Judgment, may be conducted remotely through online web based conferencing. Following completion of the Training Program, Franchisee shall be responsible for the ongoing training of Franchisee's employees, staff and all other employees of the Franchised Business. Said on-going training must conform to Franchisor's standards and specifications. The Training Program shall be structured, configured and established by Franchisor from time to time. The Training Program may be structured so that it is offered and completed by Franchisee in various phases.

(3) Franchisee, Franchisee's Required Center Personnel, at Franchisee's sole cost and expense, must attend and successfully complete all refresher training courses or system-wide training courses, additional training programs and seminars as Franchisor periodically may designate, require or offer in Franchisor's Reasonable Business Judgment. Franchisor provides instructors and training materials for those programs and seminars, but Franchisor reserves the right to assess Franchisee reasonable charges for such training. Franchisee is responsible for all expenses Franchisee and Franchisee's employee incurs in connection with attendance and participation in these programs and seminars, including, without limitation, the cost of transportation, lodging, meals and any salaries and other wages.

(4) Other than may be expressly stated elsewhere in this Agreement, Franchisee shall pay all costs and expenses incurred by Franchisee, and those attending training on behalf of Franchisee, in connection with Franchisee's participation in all Training Programs and satisfaction of Franchisee's Training Program obligations as designated by Franchisor.

(5) Subject to Franchisor's approval and agreement, Franchisor may provide supplemental training to Franchisee at Franchisee's Center Location or, as elected by Franchisor, remotely through online web based conferencing

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(hereinafter referred to as “Supplemental Training”). Franchisor also may also require such Supplemental Training. Franchisor, in Franchisor’s Reasonable Business Judgment, reserves the right to reject or approve of any request by Franchisee for Supplemental Training. If Franchisor does offer, require and/or provide Supplemental Training, and the Supplemental Training takes place on-site at the Center Location, Franchisee shall pay to Franchisor a supplemental training fee at the rate of \$250 per trainer per day plus, if applicable, reimbursement of travel and hotel accommodation expenses incurred by Franchisor (the “Supplemental Training Fee”). If the Supplemental Training takes place at Franchisor’s headquarters, affiliate-owned Center or other location required by Franchisor other than the Center, Franchisee will be required to pay to Franchisor \$250 per attendee per day, and will be responsible for all travel costs and expenses incurred by Franchisee in connection with the training. Franchisee agrees that in each instance where Franchisee hires one or more new Required Center Personnel and/or Franchisor, in Franchisor’s Reasonable Business Judgment determines that Franchisee is not satisfying and/or meeting Franchisor’s operational standards, then, Franchisor may require that Franchisee, and/or, as applicable, Required Center Personnel, to participate in and, successfully complete, Supplemental Training and pay the required Supplemental Training Fees designated by Franchisor. Supplemental Training Fees shall be pre-paid in advance of training and upon submission of invoice by Franchisor to Franchisee.

(6) Franchisor, in Franchisor’s Reasonable Business Judgment must approve of all individuals attending and participating in the Training Program and all Supplemental Training programs.

(7) Any Required Center Personnel designated by Franchisee as a replacement, including but not limited to replacement or successor Required Center Personnel, must attend Franchisor’s training within 60 days of first employment by Franchisee.

(8) Franchisor is not obligated to provide the initial Training Program if the Franchised Business is the second or subsequent franchise collectively owned by Franchisee and any affiliate of Franchisee.

#### **4.B. OPERATING ASSISTANCE**

From time to time and as determined by Franchisor, in Franchisor’s Reasonable Business Judgment, Franchisor shall advise Franchisee of those applicable standards, procedures and System requirements concerning the Franchised Business. Operating assistance may, as determined by Franchisor, in Franchisor’s sole discretion, consist of:

(1) Establishing and communicating systems and procedures related to the development and operation of the Franchised Business;

(2) Establishing and communicating Approved Products and Services and, as applicable and as determined by Franchisor, modifications, if any, to the Approved Products and Services including, but not limited to, additions, deletions, and/or changes to the Approved Products and Services;

(3) Designating and communicating System Supplies and, as applicable and as determined by Franchisor, modifications, if any, to the System Supplies including, but not limited to, additions, deletions, and/or changes to the System Supplies;

(4) Designating and communicating approved and designated suppliers of the Franchised Business and, as applicable and as determined by Franchisor, modifications, if any, to approved and designated suppliers including, but not limited to, additions, deletions, and/or changes to the approved and designated suppliers;

(5) Establishing and communicating marketing and brand standards related to the promotion of the Franchised Business;

(6) Approving or disapproving of Franchisee requests related to marketing materials and Digital Media that may be used to market the Franchised Business; and

(7) Establishing and communicating System standards and requirements in the form of the Operations Manual and, as Franchisor, in Franchisor's sole discretion.

#### 4.C. OPERATIONS MANUAL

Franchisor shall provide Franchisee with access to the Operations Manual. The Operations Manual contains, as designated and determined by Franchisor, mandatory and, as applicable, suggested specifications, standards and operating procedures that Franchisor prescribes for Success On The Spectrum Centers. Franchisee shall operate the Franchised Business in strict accordance with the standards, specifications, and requirements set forth in the Operations Manual as, such standards, specifications, and requirements including, but not limited to, the Approved Products and Services, System Supplies, and, authorized and designated suppliers, as of the Effective Date of this Agreement, and, as they may be supplemented, modified, changed, and/or replaced in the future and, from time to time, by Franchisor, in Franchisor's Reasonable Business Judgment. Franchisee shall keep and maintain the confidentiality of the Operations Manual and, shall keep and maintain all files, data and information contained in the Operations Manual in a secure location and/or in a protected confidential state and, as otherwise directed by Franchisor. The master copy and official version of the Operations Manual is and shall be the copy and/or version maintained and designated by Franchisor in Franchisor's ordinary course of business.

Franchisor shall provide Franchisee with reasonable notice of modifications and changes made to the Operations Manual and, such notice may take form of electronic communications including emails and, if the Operations Manual is maintained on an online web based platform, notifications within said platform. Franchisor shall provide Franchisee with a reasonable period of time, as determined by Franchisor, in Franchisor's Reasonable Business Judgment, to implement change and modifications to the as set forth in the Operations Manual. Without limitation to the foregoing, Franchisee may only offer and sell the Approved Products and Services and utilize the System Supplies as designated by Franchisor, in Franchisor's Reasonable Business Judgment, in the Operations Manual and, in accordance with the terms, specifications and requirements set forth in the Operations Manual and as Franchisor may supplement and modify the Operations Manual from time to time or, as Franchisor may otherwise designate in writing.

#### I. ~~ARTICLE~~ ~~FRANCHISEE'S ACKNOWLEDGEMENT OF BUSINESS RISK AND~~ ~~ABSENCE OF GUARANTEE~~

~~Franchisee (and each Owner) hereby represents that it has conducted an independent investigation of our Business and System and recognizes that the business venture contemplated by this Agreement involves business risks, and that its success will depend upon Franchisee's abilities as an independent businessperson. We expressly disclaim the making of, and Franchisee acknowledges that it has not received any, warranty or guarantee, express or implied, as to the potential volume, revenues, gross income, margins, profits or success of the Business contemplated by this Agreement. Franchisee further acknowledges that none of our employees, or agents has any authority to make any statement, warranty, or guarantee of the potential volume, revenues, gross income, margins, profits or success of the Business contemplated by this Agreement, and that we have expressly instructed all of our employees not to make any warranty, guarantee, statement, or representation regarding the potential volume, revenues, gross income, margins, profits or success of the Business contemplated by this Agreement. Franchisee acknowledges that Franchisee has been given the opportunity to clarify any provision of this Agreement that Franchisee may not have initially understood and that we have advised Franchisee to have this Agreement reviewed by an attorney. Franchisee hereby releases us, our employees, shareholders, members, directors, managers, our affiliated companies and agents from liability based on such representations or agreements, to the extent permitted by law or regulation.~~

~~Success on the Spectrum®  
Franchise Agreement 2023~~

~~The Franchisee acknowledges that we have not made, and does not hereby make, any representation or warranty as to potential revenues, income, margin, gross income, profits, volume or success of the Franchise or merchantability, performance, accuracy of informational content, system~~

integration, quality of any computer programs that we may provide the Franchisee, condition, fitness or suitability for the Franchisee's purposes of any component of the System, or any other representation or warranty with respect to the System. We shall not be liable to Franchisee for, nor shall Franchisee's obligations hereunder be affected by, any loss, claim, liability, cost, damage or expense of any kind caused, or alleged to be caused, directly or indirectly, by the System, or by an inadequacy of the System for any purpose, or by any defect in, the use or maintenance of, any repairs, servicing or adjustments of, or any interruption or loss of service or use of, the Business, or any loss of business, profits, consequential or other damages of any nature. The preceding will not apply to our acts of willful misconduct or gross negligence.

#### **II. ~~FRANCHISEE'S ACKNOWLEDGMENTS CONCERNING RECEIPT AND THOROUGH EVALUATION OF AGREEMENT~~**

Franchisee acknowledges having received, read, and understood this Agreement, the Franchise Disclosure Document and all attachments. Franchisee further acknowledges that we have accorded Franchisee with ample time and opportunity to consult with independent legal counsel and other advisors of its own choosing concerning the potential benefits and risks of entering into this Agreement. Franchisee acknowledges that Franchisee has received a completed copy of this Agreement, attachments and schedules (collectively referred to as the "Schedules") referred to herein, and agreements relating hereto, as well as the entire Franchise Disclosure Document, at least fourteen (14) calendar days prior to the date on which this Agreement was executed or money was paid by Franchisee for the franchise.

Franchisee acknowledges that it has read and understands this Agreement, the Schedules and any agreements relating thereto, and that Franchisee has been advised by our representative to consult with an attorney or advisor of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement prior to its execution.

Franchisee acknowledges that any statements, oral or written, by us or our agents preceding the execution of this Agreement were for informational purposes only and do not constitute any representation or warranty by us. The only representations, warranties and obligations we have made are those specifically set forth in the Franchise Disclosure Document and this Agreement. Franchisee must not rely on, and the Parties do not intend to be bound by, any statement or representation not contained therein.

Franchisee acknowledges that we will not provide or designate locations for Franchisee, will not provide financial assistance to Franchisee, and we have made no representation that we will buy back from Franchisee any equipment, products, supplies, technology items (such as computers or laptops, software, tablets, flat screen televisions, camera surveillance system printers, modems, etc.), furnishings, fixtures or signage purchased by Franchisee in connection with the Business, except where we are otherwise required by law or regulation to buy back such items upon expiration or termination of this Agreement.

#### **III. ~~NO PROJECTED OR FORECASTED FRANCHISE SALES, PROFITS OR EARNINGS~~**

Franchisee, and each Party executing this document hereto, acknowledges that neither we nor any of our officers, directors, employees or agents have made, and Franchisee has not received or relied upon, any express or implied oral, written, or visual information, representations,

~~assurances, warranties, guarantees, inducements, promises or agreements concerning the actual, average, projected or forecasted franchise sales, revenues, profits, earnings or likelihood of success that Franchisee might expect to achieve from operating the Business (defined as “Financial Performance Representations”). Furthermore, we do not authorize any agent, officer, director or employee of us to make any Financial Performance Representations.~~

**IV. RELATIONSHIP OF THE PARTIES**

**Franchisee is an Independent Contractor**  
**FEES**

**5.A. INITIAL FRANCHISE FEE**

Upon execution of this Agreement Franchisee shall pay to Franchisor a non-recurring initial franchisee fee (the "Initial Franchise Fee") of \$39,500. The Initial Franchise Fee is fully earned by Franchisor upon execution of this Agreement and is not refundable.

**5.B. ROYALTY FEES**

Throughout the Term of this Agreement, Franchisee shall pay to Franchisor a continuing monthly non-refundable royalty fee (the "Royalty Fee") in an amount equal to the lesser of: (i) 5% (the "Royalty Rate") of Franchisee's monthly Gross Sales or (ii) \$4,000 per month. The Royalty Fee shall be calculated on a monthly basis for each respective monthly Accounting Period. The Royalty Fee during any Renewal Term shall be determined by Franchisor but shall not be less than the Royalty Fee and Royalty Rate set forth in this Agreement. If any federal, state or local tax or withholding obligation, other than an income tax, is imposed on the Royalty Fee paid by Franchisee to Franchisor that, Franchisor cannot directly and, dollar for dollar, offset against taxes required to be paid by Franchisor under any applicable federal or state laws, then Franchisee must compensate Franchisor in amounts that offset the tax and withholding obligations.

On-Going Obligation: The Royalty Fee is an on-going obligation due from Franchisee to Franchisor, is payable in United States Dollars and, as designated by Franchisor, is to be calculated and paid monthly (unless another recurring Accounting Period is designated by Franchisor) on the Gross Sales for the previous monthly Accounting Period for each and every month throughout the Term of this Agreement and any applicable renewal term.

Payment and Due Date: On or before the 10<sup>th</sup> day of each month during the Term of this Agreement, Franchisor will provide Franchisee with an invoice for Royalty Fees due and which accrued in the prior month. Franchisee must pay all amounts due, as set forth in each invoice prior to the 20<sup>th</sup> day of the month that invoice was received. Franchisor may, in its sole discretion, require that Franchisee send payment by ACH, electronic funds transfer, or as otherwise designated by Franchisor and may further specify, in its sole discretion, and from time to time, any other specific day of the month on which Royalty Fees and other payments hereunder shall be due (the "Due Date")(the term Due Date is further defined in Article 1 of this Agreement). If required by us, Franchisee must deposit all receipts and Gross Sales of the Center into the designated bank accounts that are subject to Franchisor's ACH authorization. Franchisee must install and use, at Franchisee's expense, the pre-authorized payment, point of sale, credit card processing, automatic payment, automated banking, electronic debit and/or electronic funds transfer systems that Franchisor designates and requires in the operation of the Center. Franchisee must pay all fees charged by Franchisee's bank in connection with our ability to debit your bank account.

Tax Obligations: If any federal, state or local tax, other than an income tax, is imposed on the Royalty Fee paid by Franchisee to Franchisor that, Franchisor cannot directly and, dollar for dollar, offset against taxes required to be paid by Franchisor under any applicable federal or state laws, Franchisee must compensate Franchisor in the manner prescribed by Franchisor so that the net amount or net rate received by Franchisor for the Royalty Fee is not less than that which has been established by this Agreement and which was due to Franchisor on the effective date of this Agreement.

Payment Authorization: Upon the request of Franchisor, Franchisee shall execute Franchisor's designated ACH Authorization Form and such other authorization agreements, in the form proscribed by Franchisor and permitting Franchisor's direct withdrawal and/or electronic transfer of sums from Franchisee's designated business bank account, for the on-going payment of Royalty Fees, and other fees and sums due from Franchisee

under this Agreement. As of the Effective Date, Franchisor's current ACH Authorization that must be executed and complied with by Franchisee is attached to this Agreement as Exhibit 7. Franchisor may require Franchisee to pay the Royalty Fees and other amounts due under this Agreement by means other than ACH and/or automatic debit whenever Franchisor deems appropriate, and Franchisee agrees to comply with Franchisor's payment instructions.

Royalty and Activity Reports: On the Due Date each month, Franchisee shall report, transmit, confirm, and/or otherwise make available to Franchisor, as designated by Franchisor, a Royalty and Activity Reports containing information as designated by Franchisor and relating to the Gross Sales, financial performance, and operations of the Franchised Business for the preceding monthly Accounting Period (the "Royalty and Activity Report"). Franchisor shall have the right to verify such royalty payments from time to time, as it deems necessary in any reasonable manner.

### **5.C. OTHER FEES**

As designated by Franchisor in this Agreement, the Operations Manual, or otherwise, Franchisee shall pay to Franchisor and/or as otherwise directed by Franchisor, each of the following additional fees:

(1) Technology Fee – Throughout the Term of this Agreement, Franchisee shall pay to Franchisor a continuing monthly non-refundable technology fee (the "Technology Fee"). Franchisor, in Franchisor's Reasonable Business Judgment, possesses the right, at any and all times throughout the Term of this Agreement, to implement and charge Franchisee a monthly Technology Fee in an amount designated by Franchisor but provided that such monthly fee does not exceed \$750 per month. The Technology Fee is a general administrative fee and is not connected to any particular service. The Technology Fee shall be paid to Franchisor each and every month on the Due Date. In addition to the Technology Fee, Franchisee must also pay for all other software and programs that Franchisor requires, including Franchisor's required EMR data collection and billing software (currently \$78 per month plus \$0.20 per claim), bookkeeping software (currently \$70 per month) and payroll software (currently \$75 per month, plus \$8 per employee, per month). Payment for this additional software programs shall be made to us or our designated vendors as required.

(2) Online Ordering, Customer Rewards, and Gift Card System Fees – Franchisee shall pay to Franchisor, Franchisor's affiliates, or Franchisor's designees on-going weekly, monthly, and/or per use fees related to licensing and utilizing the technology systems and platforms used for facilitating, managing, and integrating online services, customer rewards and/or gift card processing as designated and specified by Franchisor, in Franchisor's Reasonable Business Judgment.

(3) Quality Assurance Audit Fees – Franchisee shall pay to Franchisor, Franchisor's affiliates, or Franchisor's designees on-going weekly, monthly, and/or per use fees, as designated and determined by Franchisor, related to quality assurance programs designated by Franchisor related to periodic inspections of Franchisee's Centers and/or secret shopper evaluations.

(4) Annual Conference Fees – If Franchisee chooses to attend, Franchisee shall be responsible for all expenses of its personnel attending the Annual System Conference including travel, meals and lodging. Franchisee shall be required to pay to Franchisor an Annual Conference Attendance Fee.

(5) Supplemental Training Fees – Franchisee shall pay to Franchisor all training fees in accordance with the terms of this Agreement including, but not limited to, Additional Initial Training Fees and Supplemental Training Fees.

(6) Non-Compliance Fees – Franchisee shall pay to Franchisor all non-compliance fees in accordance with the terms of this Agreement including, but not limited to, Payment Non-Compliance Fees, Operations Non-Compliance Fees, and Reporting Non-Compliance Fees.

(7) Electronic Mail Fee – If Franchisor provides Franchisee with more than one email address, Franchisee shall pay to Franchisor or Franchisor’s affiliates or designees, a fee in the amount of up to \$25 per month for each additional email address that Franchisor provides over and above the first email address. Currently, we charge \$15 per month for each such additional email address.

(8) Phone/Fax Fee – If Franchisor provides a phone number, fax number and/or any related services Franchisee shall pay to Franchisor, or Franchisor’s affiliates or designees, a fee for such services in amount of up to \$60 per month.

(9) Resale Assistance Fee – If Franchisee requests, and Franchisor agrees, to assist Franchisee in finding a buyer for Franchisee’s Franchised Business, Franchisee must pay to Franchisor a fee to cover Franchisor’s costs and expenses, but no less than \$5,000. Franchisee must reimburse Franchisor for any broker fees and costs incurred by Franchisor in connection with the resale. Franchisor is not obligated to assist Franchisee in finding a buyer for Franchisee’s Franchised Business.

(10) Reimbursement Fee – If Franchisor pays any amounts to third parties on Franchisee’s behalf, Franchisee is obligated to reimburse Franchisor such amounts paid, plus an administrative charge equal to 10% of such amounts. Notwithstanding the foregoing, Franchisor is not under any circumstances required to pay amounts to third parties on Franchisee’s behalf.

(11) All Other Fees and Obligations Set Forth in this Agreement – Franchisee shall pay to Franchisor, Franchisor’s affiliates, or Franchisor’s designees all other fees, charges, and/or expenses set forth in this Agreement and in accordance with the terms of this Agreement. If no particular due date is stated in this Agreement then such date or dates shall be determined by Franchisor in Franchisor’s Reasonable Business Judgment.

#### **5.D. PAYMENT NON-COMPLIANCE FEES AND CHARGES**

In addition to all other rights afforded to Franchisor under this Agreement, in connection with each and every fee, charge, and/or obligation payable and due from Franchisee to Franchisor under the terms of this Agreement including, but not limited to, this Article 5, within 10 days of Franchisor’s invoice, Franchisee shall pay to Franchisor: (a) a payment non-compliance fee in the amount of \$50 for each and every instance where a fee, charge and/or obligation payable to Franchisor under this Agreement is not paid in full when due (the “Payment Non-Compliance Fee); plus (b) interest on all unpaid fees, sums, and/or obligations payable and due from Franchisee to Franchisor at an interest rate equal to the lesser of either 18% per annum, or the maximum interest rate allowed by applicable law and with interest accruing on the date when such fee, sum, or obligation was due; plus (c) all costs incurred by Franchisor in the collection of such unpaid and past due obligations including, but not limited to, reasonable attorney’s fees, costs, and expenses. Additionally, if Franchisee’s bank account possesses insufficient funds and/or fails to process a payment related to any fee due to Franchisor, Franchisor may charge the greater of either (i) 5% of the amount; (ii) \$50 for each instance; or (iii) the maximum amount allowed by law. The foregoing does not constitute Franchisor’s agreement to accept payments after they are due or a commitment by Franchisor to extend credit to, or otherwise finance Franchisee’s operation of the Franchised Business. Nothing contained in this Article 5.D. shall be interpreted as interfering with and/or negating Franchisor’s rights and remedies as set forth in Article 16 and, as otherwise set forth in this Agreement. All rights and remedies of Franchisor are cumulative and shall be interpreted as cumulative to one another.

#### **5.E. APPLICATION OF PAYMENTS**

Franchisor has sole discretion to apply any payments received from Franchisee or to offset any indebtedness of Franchisee to Franchisor to any past due indebtedness of Franchisee for Royalty Fees, Advertising Contributions, purchases from Franchisor or its affiliates, interest or any other indebtedness of Franchisee to Franchisor or its affiliates.

**5.F. WITHHOLDING PAYMENTS UNLAWFUL**

Franchisee agrees that under no circumstance is Franchisee entitled to withhold payments due to Franchisor under this Agreement. Among other things and without limitation to the foregoing, Franchisee expressly agrees that any claim by Franchisee as to the alleged non-performance of Franchisor's obligations shall not permit and/or entitle Franchisee to withhold payments due Franchisor under this Agreement.

**ARTICLE 6**  
**RESTRICTIVE COVENANTS AND OBLIGATIONS**

**6.A. NECESSITY FOR RESTRICTIVE COVENANTS**

Franchisee agrees that only through the course of entering into this Agreement is Franchisee being provided with access to the System, Franchisor's training, use of the Licensed Marks and, access to the Operations Manual and Confidential Information. Franchisee agrees that competition by Franchisee, Owners, Spouses and/or Immediate Family Members could jeopardize the entire System and cause irreparable harm to Franchisor and franchisees of Success On The Spectrum Centers. Accordingly, Franchisee and Franchisee's Owners and Spouses agree to comply with the restrictive covenants set forth in this Article 6 and throughout this Agreement.

**6.B. RESTRICTIVE COVENANTS: KNOW-HOW**

Franchisee agrees that, at all times, both during the Term of this Agreement and after its expiration or termination, Franchisee: (a) shall not use the Know-How in any business or capacity other than the operation of the Franchised Business pursuant to this Agreement and as instructed by Franchisor; (b) shall maintain the confidentiality of the Know-How at all times; (c) shall not make unauthorized copies of documents containing any Know-How; (d) shall take all reasonable steps that Franchisor requires from time to time to prevent unauthorized use or disclosure of the Know-How; and (e) shall stop using the Know-How immediately upon the expiration, termination or Transfer of this Agreement. Franchisee agrees that the foregoing covenants and obligations shall also apply to: (a) Franchisee's Owners and Spouses and that Franchisee's Owners and Spouses shall each execute and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1; and (b) Franchisee's directors, officers, employees and agents where disclosure of the Know-How was necessary for the operations of the Franchised Business and where such individual previously executed and timely delivered to Franchisor the Confidentiality Agreement in the form attached as Exhibit 2.

**6.C. RESTRICTIVE COVENANTS: CONFIDENTIAL INFORMATION**

Franchisee agrees that, at all times, both during the Term of this Agreement and, after its expiration or termination, Franchisee: (a) shall not use the Confidential Information in any business or capacity other than the Success On The Spectrum Center operated by Franchisee; (b) shall maintain the confidentiality of the Confidential Information at all times; (c) shall not make unauthorized copies of documents containing any Confidential Information; (d) shall take such reasonable steps as Franchisor may ask of Franchisee from time to time to prevent unauthorized use or disclosure of the Confidential Information; and (e) shall stop using the Confidential Information immediately upon the expiration, termination or Transfer of this Agreement. Franchisee agrees that the foregoing covenants and obligations shall also apply to: (a) Franchisee's Owners and Spouses and that Franchisee's Owners and Spouses shall each execute and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1; and (b) Franchisee's directors, officers, employees and agents (including all Required Center Personnel), where disclosure of the Confidential Information was necessary for the operations of the Franchised Business and where such director, officer, employee and/or agent previously executed and timely delivered to Franchisor the Confidentiality Agreement in the form attached as Exhibit 2.

**6.D. RESTRICTIVE COVENANTS: UNFAIR COMPETITION AND IN-TERM NON-COMPETITION OBLIGATIONS**

Franchisee agrees that during the Term of this Agreement, Franchisee shall not engage in the following activities (the "Prohibited Activities"): (a) owning and/or having any legal or equitable interest whether, as an individual proprietor, owner, partner, member or shareholder of a Corporate Entity, or, in any similar capacity, in a

Competitive Business other than, owning an interest of 3% or less in a publicly traded company that is a Competitive Business; (b) operating, managing, funding and/or performing services whether, as an employee, officer, director, manager, consultant, representative, agent, and/or creditor or, in any similar capacity, for or benefitting a Competitive Business; (c) diverting or attempting to divert any business or clients from Franchisor or, one of Franchisor's affiliates or franchisees; (d) inducing any customer or client of Franchisor, Franchisor's affiliates, franchisees of the System, or, of Franchisee, to any other person or business that is not a Success On The Spectrum Center; and/or (e) engaging in any actions, inactions, and/or activities in violation of Articles 6.B. and/or 6.C. of this Agreement (all, individually and, collectively, referred to as the "Prohibited Activities"). Franchisee agrees that if Franchisee were to engage in the Prohibited Activities that such actions would be unfair, would constitute unfair competition and would cause harm to Franchisor, the System and other Success On The Spectrum Center franchisees. Franchisee agrees that the foregoing covenants and obligations shall also apply to Franchisee's Owners and Spouses and that Franchisee's Owners and Spouses shall each execute and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1.

**6.E. RESTRICTIVE COVENANTS: UNFAIR COMPETITION AND POST-TERMINATION NON-COMPETITION OBLIGATIONS**

Franchisee agrees that during the Post-Term Restricted Period, Franchisee shall not engage in any Prohibited Activities provided, however, that the Prohibited Activities relating to Franchisee's having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within a Restricted Territory. If Franchisee is engaged in any Prohibited Activities during the Post-Term Restricted Period, Franchisee agrees that Franchisee's Post-Term Restricted Period will be extended by the period of time during which Franchisee was engaging in the Prohibited Activity and, any such extension of time will not be construed as a waiver of Franchisee's breach or otherwise impair any of Franchisor's rights or remedies relating to Franchisee's breach. Franchisee agrees that the foregoing covenants and restrictions shall also apply to Franchisee's Owners and Spouses and that Franchisee's Owners and Spouses shall each execute and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1. Franchisee agrees that the covenants and restrictions set forth in this Article 6.E. and, otherwise in this Article 6, are fair and reasonable and, that if Franchisee engaged in any Prohibited Activity that such actions would constitute acts of unfair competition, causing irreparable harm to Franchisor and the System.

**6.F. IMMEDIATE FAMILY MEMBERS**

Franchisee agrees that should Franchisee circumvent the restrictive covenants and obligations of this Article 6 by disclosing Confidential Information or Know-How to an Immediate Family Member, that Franchisor and the System, will be irreparably harmed. Franchisee agrees that if Franchisee or, one of Franchisee's Owners, discloses Confidential Information or Know-How to an immediate family member and, the immediate family member of Franchisee or an Owner, uses the Confidential Information or Know-How to engage in activities that, for Franchisee, qualify as Prohibited Activities, that Franchisor and the System will be irreparably harmed. Franchisee agrees that as between Franchisee and Franchisor, that Franchisee and Franchisee's Owners are in a better position to know if Franchisee permitted and/or provided an immediate family member with access to the Confidential Information or Know-How and that, therefore, Franchisee agrees that Franchisee will be presumed to have violated the terms of this Agreement and, in particular, the restrictive covenants and obligations set forth in this Article 6 if any member of Franchisee's immediate family or the immediate family of an Owner: (a) engages in any Prohibited Activities during any period of time during which Franchisee is prohibited from engaging in the Prohibited Activities; and/or (b) uses or discloses the Confidential Information and/or Know-How. Franchisee may rebut the foregoing presumption by providing evidence conclusively demonstrating that neither Franchisee nor Franchisee's Owners disclosed the Confidential Information and did not permit disclosure of the Confidential Information to the family member of Franchisee or Franchisee's Owner. Franchisee agrees that the foregoing covenants, obligations, representations, and burden of proof shall also apply to Franchisee's Owners and Spouses and, that Franchisee's Owners and Spouses shall each execute and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1.

**6.G. REASONABLENESS OF RESTRICTIVE COVENANTS AND OBLIGATIONS**

Franchisee agrees that: (a) the terms of this Article 6 are reasonable both in time and in scope of geographic area; and (b) Franchisee has sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Article 6. Franchisee hereby waives any right to challenge the terms of this Article 6 as being overly broad, unreasonable or otherwise unenforceable. Although Franchisee and Franchisor both believe that the restrictive covenants and obligations of this Article 6 to be reasonable in terms of scope, duration and geographic area, Franchisor may at any time unilaterally modify the terms of this Article 6 (provided that such modification is in writing and signed by Franchisor) by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Post-Term Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon Franchisee under this Article 6 to ensure that the terms and covenants are enforceable under applicable law.

**6.H. BREACH OF RESTRICTIVE COVENANTS AND OBLIGATIONS**

Franchisee agrees that Franchisee's failure and/or Franchisee's Owner(s) failure to comply with the restrictive covenants and obligations set forth in this Article 6 will cause irreparable harm to Franchisor and/or other Success On The Spectrum Center franchisees for which there is no adequate remedy at law. Franchisee agrees that any violation of these Article 6 covenants and obligations by either Franchisee and/or any Owner(s) will entitle Franchisor to injunctive relief. Franchisee agrees that Franchisor may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of Franchisee, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon a hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the Franchisee and Franchisor agree that the amount of the bond shall not exceed \$1,000. Franchisor's remedies under this Article 6.H. are not exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

**6.I. OWNERSHIP OF INNOVATIONS, IMPROVEMENTS, AND INFORMATION**

Franchisee agrees that with regard to the Franchised Business all client lists and their contents and information represent Confidential Information and constitute an asset of Franchisor whether or not such information was supplied by Franchisor. During the Term of this Agreement and in connection with the development, establishment, marketing, promotion and operation of the Franchised Business, Franchisee shall disclose to Franchisor all of Franchisee's ideas, concepts, methods and products conceived or developed by Franchisee and Franchisee's affiliates, Owners, agents, and employees relating to the development and operation of Success On The Spectrum Centers. Franchisee hereby assigns to Franchisor and Franchisee agrees to procure from Franchisee's Owners, affiliates and employees assignment of any such ideas, concepts, methods, and products that Franchisee is required to disclose to Franchisor under this Article 6.I. Franchisor shall have no obligation to make any lump sum or on-going payments to Franchisee or Franchisee's Owners, affiliates or employees with respect to any such idea, concept, method, technique or product. Franchisee agrees that Franchisee will not use or allow any other person or entity to use any such concept, method or product without obtaining Franchisor's prior written approval.

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**ARTICLE 7  
OPERATING STANDARDS**

**7.A. OPERATIONS, MAINTENANCE, AND APPEARANCE**

At all times, Franchisee and the Franchised Business shall: (a) exclusively offer and sell the Approved Products and Services as designated by Franchisor in the Operations Manual and/or as otherwise designated by Franchisor in writing and as may be modified by Franchisor from time to time; (b) exclusively operate the Center in

accordance with the standards, specifications, and operational requirements as designated by Franchisor in this Agreement, the Operations Manuals, and/or as otherwise designated by Franchisor in writing and as may be modified by Franchisor from time to time; (c) exclusively purchase and use the System Supplies as designated by Franchisor in the Operations Manual and as may be modified by Franchisor from time to time; (d) maintain a complete and updated inventory and supply of System Supplies as designated by Franchisor in the Operations Manual and as may be modified by Franchisor from time to time; (e) maintain Franchisee's Center Facility in a clean, sanitary, functional and well maintained condition and in compliance with all federal, state, and local laws, rules, regulations, and ordinances; (f) maintain Franchisee's Center Facility, equipment, furniture, and fixtures as designated by Franchisor in the Operations Manual and/or as otherwise designated by Franchisor in writing and, as may be modified by Franchisor from time to time; (g) take all requested corrective measures and actions designated and/or requested, in writing, by Franchisor and/or Franchisor's agents following on-site inspections, reviews, and/or assessments, including secret shopper programs and other announced or unannounced; and (h) maintain and satisfy, as ongoing and continuing obligations, all operational requirements set forth in this Agreement including, but not limited to, Articles 3.D. and 3.E. of this Agreement.

#### **7.B. UPDATING, REMODELING, AND REDECORATING**

Upon written request of Franchisor, Franchisee must, as specified by Franchisor, update, remodel, redecorate, upgrade, add to, and improve Franchisee's Center, Center Facility, equipment, furniture, and fixtures in compliance with and satisfaction of Franchisor's then current standards and specifications as designated and determined by Franchisor in Franchisor's Reasonable Business Judgment. Franchisee agrees to make such improvements, additions, and/or modifications in accordance with the instruction of Franchisor. Franchisor will not require, pursuant to this Article 7.B., such updates, remodeling and/or redecorating more frequently than every four years during the term of this Agreement, except that if the Center is transferred pursuant to Article 14, Franchisor may request that the transferee update, remodel redecorate, upgrade, add to, and improve the Center as described in this Article 7.B.

#### **7.C. REMEDIES FOR NON-COMPLIANCE WITH UPDATES, UPGRADES, AND APPEARANCE REQUIREMENTS**

If Franchisee fails or refuses to initiate within 30 days after Franchisor's request, and/or fails to continue in good faith and with due diligence, any required improvement, modification, refurbishment, renovation, and/or remodel of Franchisee's Center, then Franchisor has the right, but is not obligated, to enter upon Franchisee's Center Facility and Franchisee's Center Location and effect such improvement, modification, refurbishment, renovation, and/or remodel on Franchisee's behalf, and Franchisee must pay the entire cost to Franchisor on demand.

#### **7.D. DAMAGE CAUSED BY CASUALTY**

If Franchisee's Center is damaged or destroyed by fire or any other casualty, Franchisee must, as soon as practicable but in no event later than two months after such casualty, initiate repairs or reconstruction, and thereafter in good faith and with due diligence continue until completion of the repairs or reconstruction, to restore the premises of the Franchised Business and Franchisee's Center Facility to its original condition before casualty and otherwise in compliance with Franchisor's standards and specifications.

#### **7.E. ALTERATIONS**

Franchisee shall not make any material alterations to Franchisee's Center Facility without Franchisor's prior written consent. Franchisee shall not replace or make any unapproved replacements of or material alterations to the fixtures, equipment, furniture, designs or signs, comprising or being a part of Franchisee's Center Facility. Franchisor has the right, in its sole discretion and at the sole expense of Franchisee, to rectify any material alterations to Franchisee's Center Facility not previously approved by Franchisor or contrary to the specifications and standards of Franchisor as contained in the Operations Manual or otherwise set forth by Franchisor. Franchisor will provide written notice to Franchisee before Franchisor makes the correction, if Franchisor elects to do so.

#### **7.F. BRAND STANDARDS AND FRANCHISOR DESIGNATED REQUIREMENTS**

Franchisee shall develop and operate the Franchised Business in strict conformity with the methods, standards, specifications, procedures, and operational requirements as designated and determined by Franchisor, in Franchisor's Reasonable Business Judgment, and as set forth in the Operations Manual, as prescribed by Franchisor in writing, and, as Franchisor, in Franchisor's Reasonable Business Judgment, may supplement, modify, and amend from time to time. Supplementing, and without limitation to the foregoing, Franchisee, agrees that the foregoing standards, specifications, procedures, and operational requirements shall relate to and include, among other things, the Approved Products and Services, the System Supplies, System standards and service requirements as designated by Franchisor, authorized and mandatory inventory levels and inventory items, authorized and mandatory supplies and inventory supply levels, designated suppliers, standards related to brand uniformity including, brand standards regarding uniforms, marketing materials, marketing media, the appearance and operations of the Franchised Business, client service and satisfaction standards including, customer rewards programs, refund policies, gift card policies, special promotions and other customer incentive and goodwill programs, brand standards and brand standard requirements as to employee knowledge and implementation of System brand standards but, not related to employment or joint employment policies, secret shopper programs, Franchisor designated secret quality control inspections, payment processing systems, Franchisor access to Business Management Systems, and, the overall operations of the Franchised Business.

#### **7.G. APPROVED SERVICES, PRODUCTS, EQUIPMENT AND SUPPLIERS**

Franchisee agrees that, among other things, the products and services to be offered and sold by the Franchised Business, the products, inventory, supplies, suppliers and equipment used by the Franchised Business, the methods for monitoring client satisfaction and, the methods for marketing and promoting the Franchised Business must conform to Franchisor's System standards and specifications as determined by Franchisor, in Franchisor's Reasonable Business Judgment, and, as designated by Franchisor in the Operations Manual and, as modified by Franchisor from time to time. Without limitation to the foregoing, Franchisee agrees that:

(1) The Franchised Business shall exclusively offer and sell, at retail, the Approved Products and Services, as designated and determined by Franchisor in Franchisor's Reasonable Business Judgment and as may be modified by Franchisor from time to time, on-site at Franchisee's Center Location, for delivery to clients located within Franchisee's Designated Territory.

(2) The Franchised Business will exclusively: (a) offer and sell the Approved Products and Services; (b) provide the Approved Products and Services in accordance with the System's standards and specifications; (c) exclusively purchase all System Supplies, including, but not limited to, merchandise, inventory, and supplies, from Franchisor or Franchisor's designated suppliers; (d) exclusively purchase and use equipment, supplies, promotional materials, point of sale systems and Business Management Systems designated by Franchisor and subject to Franchisor's specifications; (e) purchase interior displays, point of sale displays, uniforms, supplies, marketing materials and promotional materials including, but not limited to, System Supplies, as designated by Franchisor and only from Franchisor or Franchisor's approved supplier(s); and (f) purchase from distributors and other suppliers approved by Franchisor all other materials, inventory, goods, and supplies including, but not limited to, System Supplies, used in offering, selling, preparing, providing, marketing, and/or selling the Approved Products and Services.

(3) Franchisor has and will periodically approve suppliers and distributors of the equipment, materials, supplies and products including, but not limited to, System Supplies, that meet Franchisor's standards, specifications, and requirements including, without limitation, standards, specifications, and requirements relating to the equipment and supplies to be used by the Franchised Business.

(4) Franchisor, in Franchisor's Reasonable Business Judgment, may from time to time modify the list of approved brands, suppliers and distributors of System Supplies and approved equipment, supplies and services to be utilized by the Franchised Business and Franchisee shall, after receipt in writing of such modification,

not reorder any brand and/or purchase from any supplier or distributor that is no longer designated or approved by Franchisor.

(5) Franchisor reserves the right to designate from time to time a single supplier and/or distributor for any services, products, equipment, supplies, or materials including, but not limited to, the System Supplies and to require Franchisee to use such a designated supplier exclusively, which exclusive designated supplier and/or distributor may be Franchisor and/or Franchisor's affiliates. Franchisor and its affiliates may receive payments from suppliers and/or distributors on account of such supplier's or distributor's dealings with Franchisee and other franchisees and Franchisor may use all amounts so received without restriction and, for any purpose, including Franchisor's profit.

(6) If Franchisee proposes or requests that Franchisor consider the approval of products, services, equipment, supplies, suppliers and/or distributors for use in the Franchised Business where such products, services, equipment, supplies, suppliers and/or distributors are not presently, at the time of Franchisee's request, approved for use in the System: (a) Franchisee must provide Franchisor with a written request where Franchisee specifies the product, service, equipment, supply, supplier and/or distributor, the reason for Franchisee's request; (b) shall timely submit to Franchisor such information, reports, specifications, and samples as Franchisor, in Franchisor's Reasonable Business Judgment requests; and (c) shall pay to Franchisor a Supplier Evaluation Fee per requested product, service, equipment, supply, supplier and/or distributor to be considered including, but not limited to, the Supplier Evaluation Fees that Franchisor, in Franchisor's Reasonable Business Judgment, establishes and assesses based on, among other things, the administrative costs and time associated with evaluating, assessing and testing the proposed product, service, equipment, supply, supplier and/or distributor including, but not limited to Franchisor's internal employees and independent third parties engaged and/or retained by Franchisor for evaluation and testing. The foregoing fees and payments shall be paid by Franchisee to Franchisor within 10 days of the date of Franchisor's invoice. Upon Franchisee's compliance with the foregoing, within 60 days of the completion of all inspections and evaluations, Franchisor shall notify Franchisee of Franchisor's approval or disapproval which shall be determined by Franchisor in Franchisor's Reasonable Business Judgment. Under no circumstance shall the foregoing be construed as implying that Franchisor is required to approve alternative suppliers.

**7.H. MARKET RESEARCH AND TESTING**

Franchisor may conduct market research and testing to evaluate, modify, test and/or sample the services, products, equipment and supplies authorized by Franchisor and to determine consumer trends and the viability of certain services and products. Franchisee agrees to participate in Franchisor's market research programs that may be conducted by Franchisor in its discretion, by test marketing services and/or products from the Franchised Business. Franchisee agrees to provide Franchisor with timely reports and other relevant information regarding such market research. Franchisee agrees to purchase a reasonable quantity of the tested products and effectively promote and make a reasonable effort to sell the products and/or services.

**7.I. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES**

(1) Franchisee shall secure and maintain in full force all required licenses, permits and certificates relating to the operation of the Franchised Business, and Franchisee must operate the Franchised Business in full compliance with all applicable laws, ordinances, codes and regulations.

(2) Franchisee shall, at all times, investigate, review, and comply with all laws applicable to the operation of the Franchised Business, including, without limitation, all labor laws and obligations, wage and hour laws and obligations, employer practices laws and obligations, labor department rules and regulations, workers compensation and unemployment laws and rules, insurance obligations, and health and safety laws, rules and obligations.

(3) Franchisee shall, at all times, investigate, review, and comply with all laws, rules, and regulations related to all laws, rules, and regulations related to client and employee privacy obligations and protections and, all laws,

rules, and regulations, related to the privacy and protection of client and employee information and data and, all laws, rules, and regulations related to client and employee solicitations.

(4) Franchisee must immediately notify Franchisor in writing of any of the following concerning Franchisee, the Franchised Business, Franchisee's Center Location and/or Franchisee's Center Facility: (a) any cause of action, claim, lawsuit, proceeding, and investigation; (b) issuance of any order, writ, injunction, award, and/or decree by any court, agency, or other governmental entity; and (c) any notice of violation of any law, ordinance, code, permit, or regulation.

(5) Franchisee shall, at all times, ensure that all advertising and promotion of the Franchised Business by Franchisee is completely factual and conforms to the highest standards of ethical advertising, and is in conformity with Franchisor's standards and specifications. Franchisee shall refrain from any business practice, advertising practice, or personal conduct that may be injurious to Franchisor, the System, Success On The Spectrum Centers, and the Licensed Marks. Franchisor, in Franchisor's sole discretion, shall possess, among other things, the unilateral right to reject any and all advertising relating to the Franchised Business, Franchisor, the System, Success On The Spectrum Centers and/or using the Licensed Marks.

(6) Franchisee and Owners agree to comply with, and/or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee and each Owner certify, represent, and warrant that Franchisee's or any Owner's property or interests is not subject to being "blocked" under any of the Anti-Terrorism Laws, and Franchisee and each Owner are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee further certifies that Franchisee and each Owner are not listed on the Annex to Executive Order 13244 (the Annex is available at <http://www.treasury.gov>) and will not become so listed, hire any person so listed, or have dealings with any person so listed. Franchisee agrees to immediately notify Franchisor if Franchisee or any Owner become so listed. "Anti-Terrorism Laws" refers to and means Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing, or in any way relating to, terrorist acts and acts of war. If Franchisee, an Owner, or Franchisee's employees violate any of the Anti-Terrorism Laws and/or become listed on the Annex to Executive Order 13244, then Franchisor may terminate this Agreement immediately without prior notice to Franchisee.

A. (7) Franchisee must

~~During the term of this Agreement, and any renewals or extensions hereof, the Franchisee shall hold itself out to the public as an independent contractor operating its business pursuant to a franchise from us. This Agreement is not intended to create, and shall not be interpreted as creating, a partnership, joint venture, agency, employment or personal services or similar relationship between us and Franchisee. Franchisee agrees to take such affirmative action as may be necessary, including, without limitation, exhibiting multiple public notices of that fact, the content and display of which we shall have the right to specify. For example, such notices shall be provided on letterhead, business cards, bank account names, bank checks, and signs at the place of business. Franchisee is responsible for collecting and remitting Social Security, Medicare, unemployment contributions and/or any other mandated county, state or federal obligations on behalf of its employees. Franchisee acknowledges that we have no responsibility to ensure that Franchisee's Business is developed and operated in compliance with all application of laws, ordinances and regulations and that we shall have no liability in the event the development or operation of the Business violates any law, ordinance or regulation.~~

B. Franchisor Is Not in A Fiduciary Relationship with Franchisee

~~It is understood and agreed by the Parties hereto that this Agreement does not establish a fiduciary relationship between them, and that nothing in this Agreement is intended to constitute either Party as an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of the other for any purpose whatsoever.~~

~~It is understood and agreed that nothing in this Agreement authorizes the Franchisee, and the Franchisee shall have no authority, to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt, bond, indenture, promissory note or other obligation in our name; and that we shall in no event assume liability for, or be deemed liable hereunder or thereunder as a result of any such action; nor shall we be liable by reason of any act or omission of the Franchisee in its conduct of the Business or for any claim or judgment arising therefrom against the Franchisee or us.~~

~~The Franchisee represents, warrants and agrees as follows: the Franchisee is duly organized and is in good standing in all jurisdictions where legally required in order to carry on its business; has duly authorized the execution, delivery and performance of this Agreement and all other documents contemplated hereby, which are, or upon signing, will be binding on the Franchisee; do not and will not contravene any other instrument or agreement to which the Franchisee is party and there is no pending litigation, tax claim, lien, encumbrance or mortgage, proceeding or dispute that may adversely affect the Franchisee's financial condition or impair its ability to perform its obligation under the terms of this Agreement.~~

~~It is understood that Franchisee must be a behavior analyst or must partner with or employ a license behavior analyst (the Business must be under the operational control of a behavior analyst at all times as described in Section XII.C) and Franchisee will have sole responsibility for its employees and all acts of its employees and all employment related decisions involving wages, benefits, hours of work, scheduling, hiring, firing, discipline, supervision, record keeping, withholding income tax, social security contributions, Medicare contributions, unemployment fund contributions and all other terms and conditions of employment (as described in Section XII.F). Franchisee must disclose to each of its employees in writing, in a form approved by us in advance, that we are not a "joint employer" of the Franchisee's employees. Franchisee acknowledges that we do not control the Franchisee's personnel policies, including establishing wage and hour requirements, hiring, firing, setting wages, disciplining, supervising and record keeping of employees.~~



~~direction from the Center as defined by Google Maps or a similar mapping program. We reserve the right to grant a Territory that is larger or smaller than the three (3) mile area described above, in order to account for more densely or sparsely populated areas. Franchisee may not conduct business at any other location or locations other than the Accepted Location identified above; however, Franchisee may conduct business at off-site events (for example any type of community event, consumer show, festival and/or expo) to draw attention to the Business to promote its Services and sell products (if we authorize Franchisee to sell products in the future) so long as such off-site events are within Franchisee's Territory; and~~

~~Franchisee can perform Services to anyone from anywhere so long as such Services are performed from Franchisee's Accepted Location and within its Territory. However, Franchisee may be able to conduct business at such off-site events and perform Services (specifically limited field trips, in-home sessions, school transitioning and shadowing programs) in unassigned geographic areas outside its Territory with written permission by us as described below.~~

~~The size of the Territory which normally will be up to three (3) miles driven in any direction from the Accepted Location (as described above), will be determined by population base, demographics of the surrounding area, competition, availability of appropriate sites, reasonable rent, business potential or other conditions important to the successful operation of a Franchised Business as we deem appropriate. The Territory is determined once a location is chosen and approved by us, and will not be altered even if there is a population increase or decrease during the term of this Agreement. The Territory is not dependent upon achievement of certain revenues, sales volume, market penetration or any other contingency. The boundaries of the Territory shall be determined by major topographical features which clearly define contiguous areas such as: Streets, highways, freeways or other roadways, rivers, streams, mountains and underdeveloped land.~~

~~Franchisee's Accepted Location must be within its Territory as identified above. We must consent to the site for the Business within the Territory in writing, especially prior to Franchisee becoming obligated to a lease or purchase agreement (if applicable). Franchisee may not operate the Business out of any other location other than its Accepted Location including operating any other business other than a Success on the Spectrum<sup>SM</sup> Business at the Accepted Location unless otherwise set forth in this Agreement or made a part hereof by an addendum attached to this Agreement. Franchisee shall not relocate the Business within its Territory, without our express prior written consent (specified in Section XXII.A). During the term of this Agreement, we shall not establish or license another party or entity to establish, a Success on the Spectrum<sup>SM</sup> business within the Territory outlined above. If Franchisee decides to buy the rights to additional Businesses, then those separate franchise agreement(s) will dictate the terms of the applicable territory (a separate Franchise Agreement is required for each additional Business as defined in Section IX.D of this Agreement). If a geographical area is unassigned, we have the right to sell or assign it, or part of it, at any time, without notice to Franchisee and Franchisee might not have right of first refusal or the option to buy the territory that was formally unassigned.~~

~~Franchisee is encouraged to directly advertise and market to promote and offer Services and sell products (if we authorize Franchisee to sell products in the future) within its Territory. Franchisee may provide Services and can sell products (if we authorize Franchisee to sell products in the future) to anyone from anywhere so long as the Services Franchisee performs are performed from Franchisee's Center and within its Territory (currently the Services Franchisee is authorized to perform away from its Center are limited to field trips, in-home sessions, school transitioning and shadowing programs) and the products Franchisee sells (if we authorize Franchisee to sell products in the future) are sold from the Franchisee's Center at the Accepted Location or at off-site events within Franchisee's Territory. For clarification purposes, Franchisee may provide Services to anyone who contacts Franchisee on their own volition for Services consistent with this Agreement so long as Franchisee does not directly or indirectly solicit outside of its assigned geographic area. We, other franchisees and company-owned businesses reserve the same right to perform Services and sell products (if applicable) to anyone who comes from anywhere without~~

~~Success on the Spectrum<sup>SM</sup>  
Franchise Agreement 2023~~

compensation to Franchisee. Franchisee is not restricted as to the geographic area into which Franchisee may attract clients, however Franchisee cannot perform any Target Marketing into any other territory of another franchisee or company-owned business. The term "Target Marketing" means a concerted effort by Franchisee to solicit and obtain clients by any type of advertising or marketing directed at all or a portion of another franchisee's territory, territory of a company-owned business or any unassigned area. We shall use commercially reasonable efforts to address any Franchisee that violates this policy.

~~Franchisee is prohibited from promoting and offering Services and/or selling products (if we authorize Franchisee to sell products in the future) through any alternative channels of distribution (such as Websites as defined below) without our written approval. If Franchisee is granted permission to promote its Services and/or sell products (if we authorize Franchisee to sell products in the future) through an alternative channel of distribution, per our written approval, Franchisee may promote its Services and/or sell products (if we authorize Franchisee to sell products in the future) to anyone from anywhere without compensation to the other franchisees or company-owned businesses so long as all Services are performed from its Center and within its Territory and all products are sold from the Accepted Location or at off-site events within its Territory. Our response to Franchisee's request to promote and offer Services and sell products (if applicable) through an alternative channel of distribution will be made within thirty (30) days after we receive it by email or any other form of written communication within thirty (30) days after we receive it. Approval may be revoked in our sole discretion by a written communication to Franchisee.~~

~~If Franchisee is asked to conduct business at off-site events to promote its Services (for example any type of community event, consumer show, festival and/or expo) and sell products (if we authorize Franchisee to sell products in the future) or perform Services (specifically field trips, in-home sessions, school transitioning and shadowing programs which are the only Services Franchisee is currently authorized to perform away from its Center) in geographical areas in which there is another franchisee, Franchisee must immediately refer that request to the Success on the Spectrum<sup>®</sup> business in that geographical area or directly to us. Franchisee must not conduct business at off-site events or perform Services in that geographical area if another franchisee or company-owned business is operating in that area. If the other franchisee or company-owned business gives Franchisee permission to conduct business at such off-site event or perform Services (limited Services as described above), then Franchisee can immediately proceed. If there is not a Success on the Spectrum<sup>®</sup> business in that geographical area, then upon providing us with written notice and upon our consent, in our sole discretion, Franchisee can proceed. Our response to Franchisee's request will be made within five (5) business days after we receive it, and we will respond by email or any other form of written communication. Approval may be revoked in our sole discretion by a written communication to Franchisee. Franchisee must be prepared to immediately cease conducting such off-site events and/or performing Services in that other geographical area when that unassigned area is purchased or if a company-owned business is placed in such area. We and other franchisees and company-owned businesses must refer off-site events and Services within Franchisee's Territory to Franchisee.~~

~~If during the term of this Agreement, Franchisee is unable to promptly and properly provide Services to clients due to lack of space, excessive work or for any other cause Franchisee must refer that prospective client to another franchisee, company-owned business or to us. If Franchisee fails to: (i) refrain from Target Marketing, or (ii) refer off-site events or clients as described herein, we will have the right to terminate this Agreement as described in Section XXIII.C of this Agreement. For any default of this Agreement which triggers our ability to terminate, as an alternative to termination, we will have the right, in our sole discretion, to modify or completely eliminate any rights Franchisee may have with respect to the protected status of the Territory, effective ten (10) days after delivery of written notice to Franchisee as provided in Section XXIII.F.~~

We encourage Success on the Spectrum<sup>®</sup> businesses, when owned by different individuals, to work out a referral relationship and an advertising strategy if they are within close proximity of each other.

We may, from time to time, establish certain programs for the benefit of franchisees and the System whereby Success on the Spectrum<sup>®</sup> franchisees will be permitted to perform Services and provide products (if we authorize the sale of products in the future) in accordance with the specifications described in any particular program established by us. Currently in effect is our National Account program. The National Account program is defined as follows:

- a) ~~The term “National Account” means a special class of clients which may include but are not limited to large businesses, national or regional organizations or non-profit organizations with outlets located in multiple territories and government agencies who on their own behalf or through agents, franchisees or other third parties owns, manages, controls or otherwise has responsibility for buildings or common services in more than one location whose presence is not confined within any one particular franchisee’s Territory regardless of the aggregate contract amount of Services and/or products (if we authorize Franchisee to sell products in the future) the Franchisee wishes to perform and/or provide. Any dispute as to whether a particular client or account is a National Account shall be determined by us in our sole and absolute discretion and our determination shall be final and binding;~~
- b) ~~We shall have the exclusive right, unless otherwise specifically delegated in writing, on behalf of ourselves, Franchisee and/or any other franchisees utilizing our Marks, to negotiate and enter into agreements or approve forms of agreement to offer Services and provide products (if we authorize the sale of products in the future) to National Account, including any affiliate, company-owned or franchised locations within the Territory;~~
- c) ~~Following the execution of a contract with or the acceptance of a bid by a National Account which contemplates the provision of Services or products (if we authorize Franchisee the sale of products in the future) to one or more National Account locations within the Territory, we will, if Franchisee is qualified and not in default under any terms of this Agreement and any Schedules, provide Franchisee the option to perform Services and/or offer such products (if applicable) pursuant to the terms and conditions of the National Account contract or on such terms and conditions as we in our sole discretion determine;~~
- d) ~~If Franchisee elects not to perform Services or provide products (if we authorize Franchisee to sell products in the future) to a National Account in conformity with the terms and conditions of the National Account bid or contract, or fails to make an election within the time specified by us, of being offered the opportunity by us, we shall have the right, exercisable in our sole discretion, to:~~
- i. ~~Provide directly or through any other affiliate, franchisee or company-owned business utilizing our proprietary marks, Services and/or products (if applicable) to the National Account within the Territory on the terms and conditions contained in the National Account bid or contract; and/or~~
- ii. ~~Contract with another party to provide such Services or products (if applicable) to the National Account within the Territory on the terms and conditions contained in the National Account bid or contract between us and the National Account, utilizing our proprietary marks or any trademarks, service marks or trade names.~~
- e) ~~Neither the direct provision by us (or a franchisee, affiliate or agent of ours) of Services or products (if we authorize the sale of products in the future) to National Accounts as authorized in (i) above, nor if we contract with another party to provide such Services and/or products as authorized in (ii) above, shall constitute a violation of Section VI of this Agreement relating to the protected status of the Territory, even if such Services and/or products are performed or delivered within the Territory. Franchisee disclaims any compensation for Services performed or products sold by others in the Territory pursuant to this section.~~

Franchisee's rights in the Territory are exactly (and only) as expressly set forth in this ~~Section VI~~. Except as expressly provided in this Agreement, Franchisee has no right to exclude, control or impose conditions on any specific locations, operation, or otherwise of present or future ~~Success on the Spectrum<sup>SM</sup>~~ (or any other brand) units or distribution channels of any type, franchised or company-owned, regardless of their location or proximity to the Business and whether or not they provide Services or products (if we authorize the sale of products in the future) within the Territory. Franchisee does not have any rights with respect to other and/or related businesses, Services, equipment and/or products, in which we or any of our related persons or entities may be involved, now or in the future.

We and any of our related persons/Entities expressly reserve all other rights, and can (along with anyone we designate):

- ~~1) Own and/or operate ourselves, and/or authorize others to own and/or operate:
  - a) ~~Any~~ kind of business in the Territory which is not substantially similar to a ~~Success on the Spectrum<sup>SM</sup>~~ business, whether or not using the Marks and System; and
  - b) ~~Any~~ kind of business outside of the Territory, including, without limitation, ~~Success on the Spectrum<sup>SM</sup>~~ businesses, whether or not using the ~~Success on the Spectrum<sup>SM</sup>~~ Marks and System;~~
- ~~2) Develop, manufacture, distribute and sell ~~Success on the Spectrum<sup>SM</sup>~~ labeled and branded (or any other brand) products or equipment, (whether or not competitive) to anyone located anywhere (including within the Territory) using any channel of distribution (including, but not limited to, schools, discount clubs, retail stores or other similar venues and other channels of distribution such as television, mail, catalog sales or over the Internet) other than Franchisee's Business and on any terms and conditions we deem appropriate;~~
- ~~3) Develop or become associated with other concepts (including dual branding and/or other franchise systems), whether or not using ~~Success on the Spectrum<sup>SM</sup>~~ System and/or the Marks, and award franchises under such other concepts for businesses located and/or operating anywhere.~~
- ~~4) Acquire, be acquired by, sell our assets, sell our stock, membership units, or partnership units to, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), located anywhere. Such transactions may include (but are not limited to) arrangements involving competing businesses and brand conversions (to or from the ~~Success on the Spectrum<sup>SM</sup>~~ Marks and System). You agree to participate at your expense in any such conversion as instructed by us. However, if we acquire or merge with a business within Franchisee's Territory that is similar to a ~~Success on the Spectrum<sup>SM</sup>~~ business, we will make commercially reasonable efforts to maintain the protected status of Franchisee's Territory;~~
- ~~5) We may choose in our Business Judgment (as defined in ~~Section XXI~~ of this Agreement) to advertise, promote, offer and sell Services, products or equipment (if we choose to sell products and/or equipment in the future) through the Internet and other similar venues to promote the System. The Internet is a channel of distribution we reserve to ourselves exclusively, and Franchisee may not independently market on the Internet or conduct e-commerce without our prior written consent.~~

6) — Acquire any Websites utilizing a domain name incorporating our Marks and one or more of the words: active, attention, autism, analysis, applied, behavior, center, deficit, disorder, hyperactive, learn, live, interactive, movement, social, solution, spectrum, step, success, tailor, therapy, therapist, treatment or trusted. The term “Website” includes the Internet as well as other electronic sites (such as social networking sites including, but not limited to, Facebook, Twitter, LinkedIn, Pinterest, Yelp, and blogs). Franchisee shall not establish a Website on the Internet using any domain name containing the words listed above or any variation thereof. Franchisee acknowledges that we have all right, title and interest in and to such domain names, websites, and content, as we shall designate in the Operations Manual. Franchisee must comply with our requirements regarding discussing, advertising or disseminating any information, or otherwise having a presence on a Website, regarding the Business. If we approve a separate Website (which we are not obligated to do), then each of the following provisions will apply: (i) Franchisee may neither establish nor use any Website without our prior written approval; (ii) before establishing any Website, Franchisee must submit to us, for our prior written approval, a sample of the proposed Website, including its domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including meta-tags), in the form and manner we may require and all such work must be performed by us, our affiliates or approved vendors; (iii) Franchisee must not use or modify a Website without our prior written approval; (iv) Franchisee must comply with the standards and specifications for Websites that we may periodically prescribe in the Operations Manual or otherwise in writing; and (v) if we require, you must establish hyperlinks to our website and other Websites; and (vi) neither Franchisee nor any of its employees shall post any information regarding us or the System, on any Website or any internet site, without our prior written approval, nor any disparaging statement either during or after termination or expiration of the Agreement. Further Franchisee shall monitor its employees to avoid them making any such postings. We retain the right to pre-approve Franchisee’s use of linking and framing between the Franchisee’s web page and all other Websites. The Franchisee shall within five (5) days, dismantle any blogs, frames and links between the Franchisee’s web page and any other Websites, if and as requested by us.

We may provide Franchisee with options, rights of first refusal or similar rights to acquire additional franchises in other areas or areas contiguous to the Territory. Franchisee’s Territory may be altered during the initial term, but only: (i) by mutual consent in writing from both Franchisee and us; (ii) at the time of transfer or renewal as a condition to transfer or renewal; or (iii) for any default of this Agreement which triggers our ability to terminate as described above.

## **VII. TERM AND RENEWAL OF AGREEMENT**

### **A. Term**

The franchise herein granted for a Success on the Spectrum<sup>®</sup> Franchise, shall be for a term of five (5) years commencing from the date of execution and acceptance (the “Effective Date”) of this Agreement by us and subject to earlier termination as herein provided.

### **B. Renewal**

Franchisee shall have the option to renew this Agreement for subsequent additional terms of five (5) years each, and further subject to the following conditions, all of which must be met prior to renewal:

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1. ~~Franchisee shall give us written notice of its election to renew not more than twelve (12) months and not less than six (6) months prior to the end of the then current term. We will~~

respond to Franchisee's written notice to renew no later than thirty (30) days after receipt of such notice by email or any other form of written communication;

2. Franchisee must not be in default under any provision of the Agreement, any amendment hereof or successor hereto, or any other agreement between us and Franchisee, and Franchisee shall have complied with all the terms and conditions of all such agreements during the terms thereof;
3. Franchisee's right to renew is contingent on satisfactory performance of and full compliance with this Agreement and any renewal agreement. We may refuse to renew or extend the Franchised Business if: (a) the Franchise is terminable by law, regulation, or under this Agreement; (b) Franchisee fails to give timely written or email notice of its exercise of its renewal option; and (c) Franchisee fails to satisfy our then-current standards for new franchisees or (d) Franchisee is in default of this Agreement.
4. Franchisee shall have satisfied all monetary obligations owed by Franchisee to us and our affiliates, if any, and shall have timely met these obligations throughout the previous term;
5. Franchisee shall execute, before the renewal term, our then-current form of Agreement, which agreement shall supersede this Agreement in all respects, and the terms of which may differ substantially from the terms of this Agreement. We will charge Franchisee a flat one thousand five hundred dollars (\$1,500) renewal fee for the same protected area as outlined in Section VI or Territory above;
6. Franchisee's royalty rates will not start over after renewal. For all franchise renewals royalty payments may either: continue at the Franchisee's current royalty rate; continue at the Franchisee's current tier level with the corresponding then-current royalty payment structure; or be subject to the terms of the then-current form Agreement if our royalty structure changes, as determined by us in our sole discretion;
7. Franchisee shall comply with our then-current qualification requirements;
8. Franchisee must execute a general release, in a form prescribed by us as described in Section XXII.B of this Agreement, of any and all claims against us and our affiliates, and their respective officers, directors, agents and employees, if such release is not in conflict with any local, state or federal laws; and
9. Franchisee shall, at its own expense, upgrade, remodel and/or refurbish the Center (both inside and outside) in order to meet our then-current standards. All signage, equipment, furnishings, fixtures and technology items (such as computers or laptops, software, tablets, flat screen televisions, camera surveillance system printers, modems, etc.) located at the Center must be updated to meet our then-current requirements. All remodeling, modernization, redecoration, or replacements will be completed at Franchisee's expense in accordance with our specific standards and specifications.

#### **VIII. FRANCHISEE'S INITIAL INVESTMENT**

The Franchisee's initial investment will vary depending upon: If Franchisee needs to partner with (or hire) licensed behavior analyst, the location, time of year when Franchisee starts business, amount of equipment, products and supplies Franchisee purchases; number of

employees Franchisee hires, implementation of a marketing plan, Franchisee's management skills, economic conditions, competition in the surrounding area and other factors.

Franchisee hereby certifies that he or she has reviewed the estimated initial investment and start-up costs as detailed in the Franchise Disclosure Document and has sufficient cash resources available to meet said expenses. These start-up costs include the Initial Franchise Fee.

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

**IX. — FRANCHISEE'S INITIAL FRANCHISE FEE / TIMING FOR STARTING BUSINESS**

**A. — Initial Franchise Fee**

By executing this Franchise Agreement, the applicant agrees to become a Franchisee and pay an Initial Franchise Fee in the amount of thirty-nine thousand five hundred dollars (\$39,500). This Initial Franchise Fee includes a license to operate a single Success on the Spectrum<sup>®</sup> Business in a Territory that is up to three (3) miles driven in any direction from the Business determined by boundaries as described in Section VI of this Agreement. The Initial Franchise Fee includes an affiliate web page housed within our national website that will include access to our intranet system which houses our proprietary educational platform, a ten (10) day initial training program and held at corporate headquarters.

The Initial Franchise Fee per this Agreement is due upon execution of this Franchise Agreement. The Initial Franchise Fee is uniform as to all persons currently acquiring a Franchise, and it is non-refundable. The Initial Franchise Fee shall be paid in a lump sum in United States funds and shall be deemed fully earned upon the opening of the Business for the deliverables as described above in Section IX.A.

**B. — Time Limit for Starting Business**

The Franchisee shall maintain the Business in accordance with the provisions and requirements of Section XII hereof, secure a lease that has been approved by us (as described in Section XII.S) within ninety (90) days of the execution of this Franchise Agreement ("Effective Date") and/or open the Business for operation (the "Opening") within one year of the date of execution of this Agreement. This includes securing a lease that has been approved by us (as described in Section XII.S). Prior to the opening, it is Franchisee's responsibility to obtain all necessary business licenses, permits and certifications needed to perform the Services as described in Section XII.C of this Agreement. We may, in our discretion, grant Franchisee one sixty-day (60) extension past the allotted time within which to open the Business for operation.

Upon Franchisee's failure to acquire a lease within ninety (90) days from the Effective Date and/or timely satisfy the Opening requirement within one year from the Effective Date, we may, at our sole discretion, terminate the Franchise and this Agreement and either retain all fees paid by Franchisee or return such fees less our expenses and cost, without breach of this Agreement as specified in Section XXIII.C. This time period may be extended upon Franchisor's receipt of a written request from Franchisee in the event Franchisee's delay is due to unforeseen events and outside of Franchisee's control rendering performance impossible or impractical. In the event performance is rendered impossible and performance cannot be perfected within one year after the

Franchisor's receipt of written request to extend performance herein, Franchisor may elect to either extend the period of time as it deems appropriate or terminate this Agreement and either retain all fees paid by Franchisee, without breach of this Agreement as specified in Section XXIII.C.

~~During the term of this Agreement, the Accepted Location shall be used exclusively for the purpose of operating a franchised Success on the Spectrum<sup>®</sup> business. In the event the Center shall be damaged or destroyed by fire or other casualty, or be required to be repaired, Franchisee shall commence the required repair of the Center within thirty (30) days from the date of such casualty or notice of such governmental requirement (or such lesser period as shall be designated by such governmental requirement), and shall complete all required repairs as soon as possible thereafter. The minimum acceptable appearance for the restored Center will be that which existed just prior to the casualty; however, every effort should be made to have the restored Center include the then-current image, design and specifications of a Success on the Spectrum<sup>®</sup> business.~~

~~As between us and the Franchisee, the Franchisee shall bear the entire risk of any damage, loss, theft or destruction to the Center from any cause whatsoever or requisition of the Center by any governmental entity or the taking of title to the Center by eminent domain or otherwise (collectively, "Loss"). The Franchisee shall advise us in writing within ten (10) days of any such Loss. No such Loss shall relieve the Franchisee of the obligation to pay Royalty Fees and all other amounts owed hereunder. In the event of any such Loss, we, at our option, may: (a) if the Loss has not materially impaired the Center (in our reasonable Business Judgment), require that the Franchisee, upon our demand, place the Center in good condition and repair reasonably satisfactory to us as mentioned above; or (b) if the Loss has materially impaired the Center and is substantially destroyed (in our sole judgment), we may require the Franchisee to repair the existing Center or find an alternative location within the Territory within thirty (30) days. We may extend this period an additional thirty (30) days at our discretion and failure of Franchisee to comply may result in termination of this Agreement. We may choose at our option if the Loss materially impairs the Franchised Center, to relieve the Franchisee of all obligations under this Agreement, and the Franchisee must return to us the System (including all materials) and we have the first right of refusal to purchase all Assets (as described in Section XXIV.G), but any such purchase price will be reduced to account for the Loss the Franchisee incurred.~~

~~It is understood and agreed that, except as expressly provided herein or any other agreement that is executed, this Agreement includes no right of Franchisee to sub-franchise.~~

~~C. — Cooperation Required~~

~~Franchisee shall cooperate reasonably with us to ensure that the various actions occur, which is necessary to obtain acceptance by us of the Business location. In particular, Franchisee shall furnish any pertinent information as may be reasonably requested by us regarding Franchisee's Business and finances.~~

~~D. — Establishing Additional Franchise Businesses~~

~~If Franchisee desires to establish and operate additional Success on the Spectrum<sup>®</sup> businesses, we may in our sole discretion, grant Franchisee a license to operate a second Business (and any additional Businesses thereafter) for a reduced Franchise Fee of seventeen thousand five hundred dollars (\$17,500) each subject to the payment of an option fee discussed elsewhere in this Agreement. Franchisee must meet minimum conditions: (a) Franchisee must satisfy our then-current qualifications and training requirements;~~

~~(b) Franchisee must execute our then current franchise agreement; and (c) the Franchisee must not be in default of any of the terms of this Agreement plus any other requirements to purchase an additional franchise.~~

~~X. — OTHER FEES~~

~~A. — Royalty Fees~~

~~In addition to the Initial Franchise Fee described in Section IX above, the following recurring or isolated payments are required to be made by the Franchisee. Franchisee's royalty obligation begins once the Business is deemed open for operation. The royalty obligation begins immediately when Franchisee starts collecting registration fees. Franchisee shall pay to us a "Royalty Fee" of five percent (5%) of "Gross Revenue" each calendar "Royalty Month" due by the fifteenth (15<sup>th</sup>) day of each month for the entire term of this Agreement. Royalties are capped at \$4,000 per month.~~

~~The term "Gross Revenue" shall include all revenue received from the performance of Services and sale of all products (if we authorize Franchisee to sell products in the future) in, at, upon, about, through or from the Business, and income of every kind and nature related to the Business. Gross Revenue also includes fair market value for any service or product Franchisee receives in barter or exchange for its Services and/or products (if we authorize Franchisee to sell products in the future); the retail value of any donated and/or complimentary (free) Services or products given to customers in addition to all insurance proceeds and/or condemnation awards for loss of sales, profits or business.~~

~~The Royalty Fee is uniform as to all persons currently acquiring a Success on the Spectrum<sup>®</sup> Franchise and is nonrefundable. If the Franchise Agreement is terminated, Franchisee may be required to continue such royalty payments as described in Section XXIV.H.~~

~~Any payment or report not actually received by us on or before the specified date shall be deemed overdue. If any payment is overdue, in addition to the right to exercise all rights and remedies available to us under this Agreement, Franchisee shall pay us, in addition to the overdue amount, a flat fee of fifty dollars (\$50) plus interest on such amount from the date it was due until paid at the lesser of the rate of one and a half percent (1.5%) per month or the maximum rate allowed by the laws of the State in which Franchisee's business is located or any successor or substitute law (referred to as the "Default Rate"), until paid in full.~~

~~B. — System Advertising Fee~~

~~There are no System Advertising Fees.~~

~~C. — Local Advertising~~

~~Franchisee must spend a minimum of three hundred dollars (\$300) each quarter on local advertising and promotion. This local advertising requirement starts immediately once the Franchisee's Business is deemed open for operation (as defined in Section X.A). We shall have the right to approve or disapprove any advertising proposed for use by Franchisee. Franchisee may choose to advertise the Business any way it chooses so long as such advertisements and marketing materials are approved by us (as described in Section XII.L) and are in the format as specified in our operations manual.~~

~~D. — Electronic Funds Transfer~~

~~We reserve the right to require Franchisee to remit fees and other amounts due to us hereunder via electronic funds transfer or other similar means utilizing our approved computer system or otherwise. If we notify Franchisee to use such payment method, Franchisee agrees to comply with procedures specified by us and/or perform such acts and deliver and execute such documents including authorization, the attached Schedule 1 "Authorization Agreement for Prearranged Payments" for direct debits from Franchisee's business bank operating account, as may be necessary to assist in or accomplish payment by~~

~~such method. Under this procedure Franchisee shall authorize us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to us and any interest and related processing fees charged due thereon. Franchisee shall make funds available to us for withdrawal by electronic transfer no later than the due date for these payments. If Franchisee has not timely paid its Royalties, then we shall be authorized to, at our option, debit Franchisee's account for Royalties due in an amount equal to (a) the fees transferred from Franchisee's account for the last calendar month of Royalties previously paid or (b) fees based on Franchisee's current Royalty Month as described in Section X.A (whichever is greater).~~

~~E. — Electronic Mail Fee~~

~~Franchisee will be required to access, use and operate electronic mail (email addresses) for the operation of its Business. We will provide Franchisee with one email address at our cost as part of the initial training program however, Franchisee will be responsible for the costs of additional electronic mail accounts (email addresses) and ongoing fees provided by a third-party vendor. The current fee for electronic mail ongoing usage is currently ten (\$10) to twenty (\$20) for each email address. Franchisee may be required to use a specific third-party vendor for electronic mail services and all electronic mail fees are payable to us or our affiliate.~~

~~The use of all electronic mail may require Franchisee to sign a third-party license agreement. It is Franchisee's responsibility to install, maintain and upgrade any hardware and software necessary to access and operate electronic mail (email) at its own expense. We, at our sole discretion, may change such electronic mail requirements (including approved vendors) at any time and will provide Franchisee with ninety (90) days' written notice to implement such changes. Franchisee acknowledges that Franchisee must comply with such changes in electronic mail requirements at its own expense. If Franchisee fails to comply with our electronic mail requirements within the timeframe stated above, such failure will be deemed a material breach of this Agreement subjecting Franchisee to all remedies at law, and equity, as well as set forth in this Agreement.~~

~~F. — Software Fees and Ongoing Support~~

~~Franchisee must purchase and use our approved software for its Business. The current cost of practice management software is one thousand dollars (\$1,000) for set up, plus four hundred nine (\$409) per month thereafter. Currently, the cost for our EMR data collection and billing software is currently seventy-eight dollars (\$78) per month per employee plus and additional twenty cents (.20¢) per claim filed and is payable to us, our affiliates or approved vendors. Currently, the bookkeeping software is seventy dollars (\$70) per month, and the payroll software is seventy-five dollars (\$75) per month, plus eight dollars (\$8) per employee, per month.~~

~~It is Franchisee's responsibility to install, maintain and upgrade any hardware and networking functionality necessary to operate the software at its own expense. The use of the billing and data collection software, as described above, may require Franchisee to sign a third-party license agreement. Franchisee will have sole authority and control over the use of such software, day-to-day operations of the Business and its employees. At no time will Franchisee's employees be deemed to be employees of ours. Franchisee acknowledges that software fees may be changed in response to any increase in the United States Consumer Price Index; if we or our vendors make~~

~~more functionality and/or features available; or if we or our vendors believe that conditions in the overall economy or in the market for such software functionality warrant any change in fees. We, at our sole discretion, may change such software requirements (including fees, programs, codes and/or vendors) at any time and will provide Franchisee with ninety (90) days' written notice to implement such changes. Franchisee acknowledges that Franchisee must comply with such changes in software requirements at its own expense. If Franchisee fails to use such operating software~~

and/or fails to comply with our software fee requirements as stated above, such failure will be deemed a material breach of this Agreement as described in Section XXIII.C of this Agreement.

G. — Web Page Edits, Updates, Changes, Maintenance and Promotion Fee

We, our affiliates and/or approved vendors will perform all web page changes, updates, content revision and perform all website promotions over the Internet for Franchisee. Franchisee will pay a rate of sixty-five to one hundred and twenty-five dollars (\$65-\$125) per hour (or current fair market rates) to us, our affiliates or approved vendors for such services. Any requests for changes, edits or updates to Franchisee's web page (including the online scheduling system) or any type of website promotion over the Internet must be approved by us in writing and the work is to be performed by either us, our affiliates or approved vendors. We shall approve or deny Franchisee's request, which approval is in our sole discretion, within thirty (30) days of receipt of Franchisee's written request by email or any other form of written communication. We may change such web page maintenance, update and promotion requirements, at our sole discretion, and Franchisee shall have ninety (90) days after receipt of written notice by us within which to adhere to the new web page maintenance, update and promotion requirements at Franchisee's expense, without any liability to us. If Franchisee fails to comply with our new web page maintenance, update and promotion requirements within the timeframe mentioned above, such failure may be deemed a material breach of this Agreement subjecting Franchisee to all remedies at law and as set forth in this Agreement.

H. — Fines

You must strictly comply with the obligations under this Agreement. You may be fined if you fail to cure any default within the period allowed under this Agreement. The fine for the first infraction is fifty dollars (\$50). The fine for any subsequent infraction is two hundred fifty dollars (\$250). If you are assessed three or more fines within any twelve-month period, we may elect to terminate this Agreement.

**XI. — FINANCING ARRANGEMENTS**

Franchisee hereby acknowledges that financing is the responsibility of the Franchisee. We do not finance or guarantee the obligations of the Franchisee for a Success on the Spectrum<sup>®</sup> Business. The Initial Franchise Fee is due and payable upon execution of this Agreement and as set forth in Section IX.A of this Agreement.

**XII. — GENERAL OBLIGATIONS OF FRANCHISEE**

A. — Follow Operations Manual and Directives of Franchisor

Franchisee agrees that use of our System, Operations Manual (the "Operations Manual" or "Manual"), adherence to our level of service and compliance with our standardized design and specifications for décor, signage and Center appearance specifications are essential to our image and goodwill thereof. The Manual contains mandatory and suggested specifications for the Business, standards and operating procedures and further define Franchisee's obligations under this Agreement. We may change or add to the Manual to reflect changes in our image, specifications and level of service standards and will lend Franchisee copies of any changes or additions. Franchisee shall cooperate and assist us with any consumer or marketing research

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~~program that we may institute from time to time. Franchisee's cooperation and assistance shall include, but not be limited to, test marketing new Services, products and equipment, purchasing a reasonable quantity of products or equipment to be tested, providing communication with us regarding such testing programs, the distribution, display and collection of client surveys, comment cards, questionnaires, evaluations and similar items. Nothing in the Operations Manual or our System shall be construed to interfere with Franchisee's behavior analyst's independent clinical judgment.~~

~~B. — Operate Franchised Business Only~~

~~Franchisee shall use the System and the Names and Marks provided to Franchisee by us for the operation of the Business and shall not use them in connection with any other line of business or any other activity. Neither Franchisee, nor any of its employees, may conduct any other business other than that authorized pursuant to this Agreement, without our prior written approval. Neither Franchisee, nor any of its employees, may conduct any activity in the Business or in connection therewith which is illegal or which could result in damage to the Names and/or Marks or the reputation and goodwill of us. Franchisee must also not engage in any type of profession or activity that requires special training, certification or license unless otherwise authorized by us (as further described in Section XII.C) Franchisee will not allow the Franchised Business to be used for any immoral, unethical, unauthorized or illegal purpose.~~

~~Franchisee must conduct all business through the Success on the Spectrum<sup>®</sup> Business.~~

~~C. — Comply with Laws~~

~~Franchisee shall comply with all federal, state and local laws, ordinances and licensing requirements specific to the behavioral health industry. It is Franchisee's sole responsibility and absolute obligation to research all applicable federal, state and local laws and regulations governing the operation of a Success on the Spectrum<sup>®</sup> Business. Franchisee must secure and maintain in force all required governmental licenses, permits and industry specific licenses, certifications and/or registrations relating to the operation of a Success on the Spectrum<sup>®</sup> Business. Franchisee must either be a behavior analyst or must partner with (or hire) someone who is a behavior analyst, and the Business must be under a behavior analyst's direct supervision at all times. We require that Franchisee's behavior analyst (which could be Franchisee, any Owner or manager) obtain a behavior analyst board certification (unless such certification is already obtained) from the Behavior Analyst Certification Board. Franchisee, any Owner or manager (minimum of one person) must have such certification prior to attending our initial training program. If Franchisee's behavior analyst license and certification, as described above, (or the behavior analyst license or certification of any of its Owners, managers or employees that work in the Business or represent Franchisee's interest) is revoked, suspended or restricted or an action is instituted by any governmental agency, Franchisee must immediately notify us in writing. Franchisee shall also furnish us with copies of certificates and endorsements evidencing that such required behavior analyst license and certification (and any licenses and certifications of its Owners, managers or employees as stated above and/or as required by its state) is valid within ten (10) days after each of the following events (i) at any renewal period and (ii) all instances of any change to, addition to or replacement of any behavior analyst working in the Business. Failure to maintain (including any lapse, alteration, or cancellation of) Franchisee's required behavior analyst license and certification as described above (or if any of its Owners, managers or employees that work in the Business and represent Franchisee's interest fail to maintain such license and certification as described above); notify us of any change, addition or replacement of any behavior analyst within the timeframe described above; or if any such behavior analyst license or certification is revoked, suspended or restricted; and/or if any action is instituted by any governmental agency all of which require immediate notice to us. **Before termination of the Agreement, we will provide you with written notice via email, of our intent to terminate the Agreement and Franchisee will be provided with an opportunity to cure such default within a reasonable amount of time but not more than ninety (90) days.** If Franchisee fails to cure~~

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such default within the cure period, we, in our sole discretion, may deem the default an immediate material breach of this Agreement and terminate pursuant to grounds for termination of this Agreement as set forth in Section XXIII.C.

The behavioral health industry is heavily regulated and such laws may include federal, state and local regulations relating to: the practice of mental health care and the operation and licensing of mental health or behavior modification services; the relationship between providers and suppliers of mental health care or behavior modification services, payment systems for mental health care or behavior modification

and benefits available to individuals through insurance and government resources (including Medicare and Medicaid); and the advertising of mental health care or behavior modification services. Franchisee and all its other behavior analysts that Franchisee chooses to hire must also comply with privacy of client records and the Health Insurance Portability and Accountability Act (“HIPAA”) and Health Information for Economic and Clinical Health Act (“HITECH”) as well as any state privacy laws and state mental health privacy obligations which might encompass more stringent privacy obligations than HIPAA and HITECH. We will sign a HIPAA Business Associate Agreement with Franchisee that addresses our protection of all client’s privacy rights under HIPAA which is Schedule 3 of the Franchise Agreement). Franchisee (if Franchisee is a license behavior analyst) and all its other behavior analysts must be in good standing with its state and local Board of Mental Health, Examiners of Professional Counselors or whatever agency regulates behavioral analysts in its state. In addition, Franchisee must ensure that it secures and maintains in force all required licenses, certifications, and permits related to the operation and management of its Business in addition to the other licenses applicable to its Business or employees as required by its state. Franchisee must not employ any person in a position that requires a license or certification unless that person is currently licensed or certified by Franchisee’s state and all applicable authorities and a copy of such license or certification is in Franchisee’s business files. Franchisee must also not engage in the practice of medicine or any type of profession that requires specialized training or certification unless such training or certification has been obtained and is authorized by us. Franchisee should investigate whether there are any other state or local licenses, regulations or requirements that may apply in the geographic area in which Franchisee intends to operate the Business.

Franchisee must also comply with all consumer protection laws and regulations, including compliance with federal and/or state solicitation, telemarketing (for example, the “do not call” registry), email solicitation, privacy and consumer credit and collection laws are generally applicable to all businesses that sell directly to the end-user. Such laws include but are not limited to: wage and hour laws, child labor laws, Workers’ Compensation and unemployment laws, laws relating to non-discrimination in hiring and accessibility and the Americans with Disabilities Act (“ADA”), zoning laws, transportation laws, fire codes and building construction, health and safety ordinances, Equal Employment Opportunity Commission (“EEOC”), Occupational Safety and Health Administration (“OSHA”), Federal Trade Commission (“FTC”) laws and other laws and regulations that may be required for full and proper operation of the Business franchised under this Agreement in Franchisee’s state of operation. In addition, with respect to credit card transactions, client and/or account information obtained through credit card usage, Franchisee agrees to diligently comply with all laws and rules regarding such usage and Franchisee will protect the privacy of credit card users and must be at all times compliant with the payment card industry data security standards (“PCI Compliant”). Copies of all subsequent inspection reports, with regards to the conduct of the Business which indicates the Franchisee’s failure to meet or maintain governmental standards, or less than substantial compliance by the Franchisee with any applicable law, rule or regulation, shall be forwarded to us within five (5) days of the Franchisee’s receipt thereof. Franchisee agrees to indemnify us under Section XVIII of this Agreement which includes any claims arising out of Franchisee’s failure to perform Franchisee’s obligations as described above.

(9) In connection with Franchisee’s compliance with the terms of this Article 7.I., if Franchisee discovers, learns of, and/or becomes aware of any conflict and/or discrepancy between Franchisee’s obligations under this Article 7.I. with Franchisor’s standards and/or specifications as contained in this Agreement, in the Operations Manual, and/or as otherwise designated by Franchisor from time to time, Franchisee shall immediately notify Franchisor in writing of such discrepancy. In the event of any conflict or ambiguity, Franchisor’s determination and/or

resolution made by Franchisor, in writing, and, specifically with regard to the presented conflict or ambiguity, shall be determinative as between Franchisor and Franchisee and the operations of the Franchised Business

(10) You and we must sign a HIPAA Business Associate Agreement, in the form attached as Exhibit 9, that addresses the protection of client privacy rights under HIPAA.

#### **7.J. MANAGEMENT OF CENTER**

(1) Franchisee agrees that critical to the success of the Franchised Business is the active, continuing and substantial personal involvement and supervision of the Required Center Personnel, who must devote their full time and effort to the operations of the Center. Franchisee must maintain, hire and/or have on staff all Required Center Personnel.

(2) Franchisee must, at all times, faithfully, honestly and diligently perform its obligations hereunder, and continuously exert its best efforts to promote and enhance the business of the Franchised Business and the goodwill of the Licensed Marks.

(3) If, at any time, the Franchised Business is not being managed by individuals who have satisfactorily completed the Training Program, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of the Franchised Business for and on behalf of Franchisee. Franchisor's appointment of a manager of the Franchised Business does not relieve Franchisee of its obligations or constitute a waiver of Franchisor's right to terminate the Franchise pursuant to Article 16. Franchisor is not liable for any debts, losses, costs or expenses incurred in the operations of the Franchised Business or to any creditor of Franchisee for any products, materials, supplies or services purchased by the Franchised Business while it is managed by Franchisor's appointed manager. Franchisor has the right to charge fees and expenses, as determined by Franchisor, in Franchisor's Reasonable Business Judgment, for management services (the "Management Service Fees"). Any determination as to whether or not Franchisor may elect to provide management services, if any, and the extent of such services, and/or the discontinuation thereof, shall be exclusively determined by Franchisor in Franchisor's Reasonable Business Judgment. The Management Service Fee shall be immediately payable upon invoice by us.

(4) Franchisee will at all times maintain sufficient working capital to fulfill its obligations under this Agreement.

(5) Franchisee will keep Franchisor advised, in writing, of all Required Center Personnel involved in the operation of the Franchised Business.

#### **7.K. REMEDIES FOR NONCOMPLIANCE WITH OPERATIONAL STANDARDS**

In addition to all other rights afforded to Franchisor under this Agreement, in connection with any, each, and every violation of any term, provision, and/or operational requirement as set forth in this Article 7 (an "Operations Violation"), within 10 days of Franchisor's invoice, Franchisee shall pay to Franchisor an operations non-compliance fee (the "Operations Non-Compliance Fee") (a) for each and every instance / event related to an Operations Violation involving the sale of services and/or products that are not Approved Products and Services; (b) for each and every instance / event related to an Operations Violation involving the failure to exclusively use System Supplies, and/or Franchisor designated suppliers; and (c) for all other Operations Violations. The Operations Non-Compliance Fee shall be: (a) \$50 for the first Operations Violation and \$250 for each subsequent Operations Violation. Additionally, in each of the foregoing instances, within 10 days of Franchisor's invoice, Franchisee shall pay to Franchisor all costs and expenses incurred by Franchisor in connection with any inspections, audits, and/or re-inspections directed and/or undertaken by Franchisor for the purpose, as determined by Franchisor in Franchisor's Reasonable Business Judgment, of determining whether or not Franchisee's Operations Violation has been cured in accordance with Franchisor's standards and specifications. The foregoing does not constitute Franchisor's consent to and/or acquiescence to Operations Violations. Nothing contained in this Article 7.K. shall be interpreted as interfering with and/or negating Franchisor's rights and remedies as set forth in Article 16, and as otherwise set forth in this Agreement. All rights and remedies of Franchisor are cumulative and shall be interpreted as cumulative to one another.

**ARTICLE 8**  
**INSURANCE**

Franchisee must procure and maintain in full force at all times during the Term of this Agreement, at Franchisee's sole expense, on a primary rather than a participatory basis with Franchisor, an insurance policy or policies protecting Franchisee as named insured and naming, as additional insureds, Franchisor, Franchisor's affiliates, Franchisor's successors and assigns, and the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Franchisor against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the Franchised Business. The policy or policies must be written by a responsible carrier or carriers with an AM Best Rating of at least A-, VII and reasonably acceptable to Franchisor.

The currently required insurance policies, insurance coverage requirements, and insurance coverage amounts are designated and set forth in the Operations Manual. Franchisor may, in Franchisor's Reasonable Business Judgment, periodically change the amounts of coverage required under such insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. Notwithstanding the immediately foregoing sentence, Franchisor shall not increase such minimum coverage more than once every two years. All public liability and property damages policies must contain a provision that Franchisor is entitled to recover under these policies on any loss occasioned to Franchisor, Franchisor's affiliates, Franchisor's successors and assigns, and the officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, and employees of Franchisor by reason of the negligence of Franchisee and/or Franchisee's officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, and employees.

By It is Franchisee's sole responsibility and absolute obligation to research all applicable federal, state and local laws and regulations governing the operation of a Success on the Spectrum<sup>®</sup> Business. Our standards may exceed any and all of the requirements of any laws and regulations. We make no representations or assurances as to what licenses, certifications, permits, inspections, authorizations or otherwise will be required for Franchisee in the Franchisee's state or Territory in connection with a Success on the Spectrum<sup>®</sup> business. We may provide with assistance and guidance to Franchisee when obtaining licenses, certifications, permits, inspections and authorizations; however, it is Franchisee's sole responsibility to identify and obtain all licenses, certifications, permits, inspections and authorizations necessary for operation at its own cost. Franchisee agrees to maintain high standards of honesty, integrity, fair dealing and ethical conduct in all Business activities

Franchisee shall agree to comply and/or assist us in our compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to antiterrorist activities, including without limitation the U.S. Patriot Act, Executive Order 13224 and related U.S. Treasury and/or other regulations. In connection with such compliance efforts, Franchisee agrees not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to the Franchised Business as may be required by law. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such laws, orders and/or regulations, and specifically acknowledge and agree that Franchisee's indemnification responsibilities as provided in Section XVIII pertain to Franchisee's obligations hereunder. Franchisee agrees to sign and deliver to us, along with a signed copy of this Agreement, the attached Schedule 4 "Executive Order 13224 and Related Certifications."

A Success on the Spectrum<sup>®</sup> business is designed, constructed and is to be operated in compliance with all local, state and federal laws, including (without limitation) the American with Disabilities Act ("ADA"). Even though we may have designed the Business space and regardless of which model Franchisee operates, Franchisee is responsible for compliance with all applicable federal, state and local laws and regulations concerning access by clients with disabilities. Any required modifications to the Business must first be approved by us and are Franchisee's sole responsibility and expense. Franchisee agrees to execute and deliver to us an ADA Certification in the form attached to this Agreement as Schedule 5 before Franchisee opens the Business and to confirm and certify that the Business and any proposed renovations comply with the ADA requirements.

D. — Maintain Confidentiality of Proprietary Information

Neither Franchisee nor any of its owners, managers, partners, shareholders, officers, directors, agents, or employees, except as required in the performance of the duties contemplated by this Agreement, may disclose or use at any time, whether during the terms of this Agreement or thereafter, any confidential and proprietary information disclosed to or known by Franchisee or any such person as a result of this Agreement. Such information, includes, but shall not be limited to, confidential matters, trade secrets, our: Services, proprietary rewards based and motivational led learning programs, different types of social skill programs, activities and themed events in addition to our parent and/or caregiver training programs and workshops; operational strategies, methods, techniques and procedures; specifications for all equipment, products and supplies; purchasing strategies, inventory management systems, vendor and supplier relationships, cost and pricing strategies; best practices for managing efficiency, procedures for cleanliness, service standards, safety, sanitation and quality control; strategies for site acquisition, build-out and design specifications with unique décor, color scheme and signage; guidelines for hiring, training and retaining employees and proprietary educational platform that houses a data base of proprietary training modules and courses (which includes curriculum, lesson plans and workshops) to complement your ongoing training efforts; our website, software, Operations Manual, photographs, video presentations, forms, contracts, record keeping and reporting methods; proprietary client acquisition, onboarding and sales presentations; advertising and marketing materials, proprietary community give back programs and promotional strategies in addition to proprietary information conceived, originated, discovered, or developed by Franchisee or by any employee of Franchisee which is not generally known in the trade or behavioral health industry including information relating to performing Services, discoveries, ideas, purchasing, operations, accounting, website development and design, promoting and marketing of our Services

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(collectively referred to as “Confidential Information” and further defined in Section XVI.A of this Agreement).

Franchisee further acknowledges that the Confidential Information was unknown to Franchisee prior to negotiation for and execution of this Agreement and that the unique and novel combination of “know how” and methods developed by us and licensed to Franchisee for the operation of a Success on the Spectrum<sup>®</sup> Business are particular to the behavioral health industry conducted by a Success on the Spectrum<sup>®</sup> Business. Franchisee agrees to take all steps necessary, at Franchisee's expense, to protect against the disclosure and dissemination of the Confidential Information to any other person both during

~~the term of this Agreement and subsequent to the termination or expiration of this Agreement without our prior written consent.~~

~~Franchisee further agrees that it will not contest in any litigation, arbitration, mediation or in any other matter our ownership rights to any or all of the above Confidential Information.~~

~~E. — Maintain and Renovate the Center~~

~~Franchisee shall at all times maintain the Center in a clean, orderly condition and in first class repair in accordance with all maintenance and operating standards set forth in the Manual. Franchisee shall make, at Franchisee's expense, all additions, repairs, replacements, improvements and alterations that may be determined by us to be necessary so that the facilities which are viewed by the public will conform to the uniform corporate image, as may be prescribed by us from time to time. Franchisee shall undertake and complete such additions, repairs, replacements, improvements and alterations within the time and under the terms and conditions that may be reasonably specified by us.~~

~~If at any time, in our sole and absolute discretion, the general state of repair, appearance or cleanliness of the Center or its equipment, furnishings or signage does not meet our standards, we have the right to notify Franchisee, specifying the action Franchisee must take to correct the deficiency. If Franchisee does not initiate action to correct such deficiencies within ten (10) days after Franchisee receives our notice, and then does not continue in good faith and with due diligence, a bona fide program to complete any required maintenance and refurbishing, we have the right, in addition to all other remedies, to enter the premises of the Business and do any required maintenance or refurbishing on Franchisee's behalf, and Franchisee agrees to reimburse us on demand for any expenses we incur.~~

~~Franchisee shall maintain and refurbish the Center at its expense, to conform to our design, trade dress, color schemes, and presentation of Marks consistent with our designated image, including, without limitation, remodeling, redecoration and modifications to existing improvements.~~

~~F. — Maintain Competent Staff~~

~~We will make available to Franchisee and its Owners our Operations Manual and selected operational materials as we deem appropriate. Franchisee must either be a behavior analyst or partner with (or hire) someone who is a behavior analyst and its Business must be under the direct supervision of such behavior analyst at all times (as described in Section XII.C). Franchisee's Business must also staff a manager to have day-to-day supervision for the management of the Business (referred to as "Office Manager"). Franchisee's Business must be supervised on a full-time basis by a behavior analyst and managed by an Office Manager who has successfully completed our mandatory training and meets our then-current standards. The behavior analyst and the Office Manager may, but need not, be the Franchisee or one of the Owners of the Business however, this does not relieve Franchisee of its responsibility. Franchisee's behavior analyst must have any license and certification as required by its state and us (as described in Section XII.C) and both the behavior analyst and Office Manager must meet all of our standards and criteria for such positions as set forth in the Operations Manual. Franchisee's behavior analyst and Office Manager must be readily and continuously available~~

~~to us. Franchisee will keep us advised, in writing, of all behavior analysts and management personnel involved in the Business. Upon termination of Franchisee's behavior analyst or Office Manager, Franchisee must replace its behavior analyst within thirty (30) days and its Office Manager within sixty (60) days and train such replacements (who we may disapprove in our sole and absolute discretion) at its expense. Replacement behavior analysts and Office Managers may attend our training program for a fee and subject to space availability. Currently the fee is two hundred and fifty dollars (\$250) per person per day as described in Section XX.A of this Agreement. Franchisee is responsible for all our travel expenses (travel, room, board and food expenses) if we train its behavior analyst or Office Manager at Franchisee's location;~~

and Franchisee is responsible for all travel expenses for its behavior analyst or Office Manager if training is at our corporate headquarters. We have the right to require that Franchisee's behavior analyst and Office Manager be at the Business for any inspection we, our affiliates or third parties conduct.

Franchisee acknowledges that it is Franchisee's sole and absolute responsibility to hire and train all technicians, administrative support and any other employees ("Employees") to perform Services according to our standards as outlined in the Operations Manual and Section XX.E of this Agreement. Franchisee, its Office Manager and Employees are prohibited from providing any type of services that require certain certifications or licenses that have not been approved by us in writing. Franchisee acknowledges it is Franchisee's responsibility to ensure that its Employees obtain and keep in good standing at all times valid licenses and certifications as required by its state. Franchisee's Employees are prohibited from performing any type of service that requires specialized training, certification or license unless such training, certification or licensing has been obtained and such services are approved by us. It is Franchisee's responsibility to ensure its Employees obtain and maintain valid licenses and certifications as required by its state or us at all times (or any other certification or license as may be required by its state) and failure of Franchisee to do so may be deemed an immediate material breach of this Agreement as set forth in Section XXIII.C. As Franchisee hires its Employees, Franchisee can negotiate any rate for such services that is consistent with applicable federal and state laws and regulations. Franchisee is solely responsible for its terms of employment, compensation and the proper training of its Employees in the operation of the Business. Franchisee is solely responsible for all employment decisions and functions, including hiring, firing, establishing wage and hour requirements, disciplining, supervising, promotions, demotions, and record keeping. Franchisee acknowledges that at no time will Franchisee or any of its Employees be deemed to be employed by us.

Franchisee must not use unethical tactics to recruit Employees. Franchisee shall properly hire Employees (subject to applicable employee protection laws) which will include carefully screening Employees by the use of background checks before employing them, to ascertain fitness for employment. Specifically, Franchisee must use its best efforts, including taking every action required by applicable laws related to criminal background checks of persons working in the Business, to ensure that no person is employed who has a record of child molestation or abuse, immoral conduct, drug, alcohol or substance abuse; criminal behavior or any other pattern of conduct which might jeopardize the welfare of clients or reflect adversely on our reputation or the System (if Franchisee chooses to perform background checks). Franchisee will indemnify us (as described in Section XVIII) for all claims arising out of or relating to Franchisee's Employees and Franchisee's hiring, firing and discipline decisions regarding employees including payment of wages, overtime and any applicable benefits, as well as failure of Franchisee to utilize background checks on any potential Employee.

Franchisee will keep us advised, in writing, of all behavior analysts and management personnel involved in the operation of the Business.

Direct staff must have a minimum of a high school diploma, complete our onboarding training and competency checklists before working independently with clients. A minimum of 50% of Franchisee's direct staff must hold a BACB certification or obtain such certification within 6 months of being hired.

Every staff member must have an annual criminal background check. You may not employ anyone with a history of violence, sexual misconduct, or any felony. A minimum of 75% of all staff members should hold a BLS certification (or obtain it within 6 months of hire).

~~G. — Open Business within Time Limit~~

~~Time is of the essence. Franchisee must open its Business for operation within one year after execution of this Agreement which includes having obtained our approval prior to opening (if applicable), subject to Section IX.B of this Agreement. Before opening its Business for operation, Franchisee shall complete, to our satisfaction, all preparations of the Business, in accordance with specifications set forth in the Operations Manual and other written materials, and as required by local governmental agencies. This includes the acquisition of all equipment, furnishings, fixtures, signage, technology items and inventory of products and supplies; completion of the franchisee initial training program and provision to us of all required local information, artwork and photos for the completion of the Franchisee's web page.~~

~~H. — Operate Business in Strict Conformity to Requirements~~

~~Franchisee shall offer and perform our approved Services and programs (such as our proprietary rewards based and motivational led learning programs and different types of social skill programs) in strict conformity with our level of service standards as we may from time to time prescribe in the Operations Manual, or otherwise in writing, and shall not deviate without our prior written consent. Franchisee agrees to purchase equipment (as defined in Section XII.I) along with technology items (such as computers or laptops, software, tablets, flat screen televisions, camera surveillance system printers, modems, etc.) and agrees to operate, service, repair, maintain and clean all such items according to our recommended guidelines as outlined in the Operations Manual. Franchisee must keep all equipment and technology items in clean and good working order at all times and purchase only approved parts to repair its equipment and technology items from a qualified vendor or can choose to use our approved vendors and suppliers. All maintenance to the equipment and technology items that cannot be completed by Franchisee is encouraged to be performed by such qualified vendor or our approved vendors. Unless otherwise agreed by us in writing, in no event shall Franchisee use any piece of equipment that is more than ten (10) years old; and any technology item that is more than ten (10) years old. Franchisee agrees to replace all equipment and technology items at Franchisee's expense as such items (i) become obsolete or inoperable; or (ii) if, in our sole discretion, replacement is necessary because of new functionality, change in software, change in levels of service or because of health or safety considerations. Franchisee has ninety (90) days after Franchisee receives written notice from us to either remove or replace such items. Failure of Franchisee to remove, replace and/or maintain its equipment and technology items as described above may result in termination as described in Section XXIII.C of this Agreement.~~

~~Franchisee is required to offer and perform only approved Services and programs (such as our proprietary rewards based and motivational led learning programs and different types of social skill programs) and sell approved products (if we authorize Franchisee to sell products in the future) while adhering to our level of service standards, which may, from time to time, be amended or modified in writing, designated and approved by us. All Services must be performed at the Center and within the Franchisee's Territory (specifically field trips, in-home sessions, school transitioning and shadowing programs which are the only Services Franchisee is currently authorized to perform away from its Center); however, Franchisee can perform off-site events to promote its Business as described in Section VI of this Agreement. Prior to opening for operation, Franchisee must either have or adequately supply its Business with an assortment of equipment, products and supplies (as described in Section XII.I). Franchisee will be required to offer all~~

~~Services and programs (including our proprietary rewards-based and motivational led learning programs and different types of social skill programs and any other type of program we may authorize in the future) and abide by the policies for such programs as developed by us. We will provide Franchisee with a written list of all Services and programs Franchisee is required to offer during the initial training program. Nothing in this Agreement shall be construed to interfere with or impair Franchisee's behavior analyst's independent clinical judgment. Further, nothing in this Agreement shall be construed to be a promise or guarantee by us as to the continued existence of a particular Service, program or product (if we authorize Franchisee to sell products in the future); nor shall any provision herein imply or establish~~

an obligation on the part of us to reinstate any Service, program or product (if applicable) discontinued by us or for any liability to Franchisee for any loss of revenue incurred by Franchisee as a result of our decision to discontinue a particular Service, program or product (if we authorize Franchisee to sell products in the future). Franchisee agrees that we have the right, in our sole discretion, to change, modify, add or discontinue any approved Service, program (including our proprietary rewards based and motivational led learning programs and different types of social skill programs or any other type of program developed by us) or product at any time. Franchisee promises to promptly accept and implement, in the operation of the Business, all such additions, modifications and changes at Franchisee's expense within ninety (90) days of receiving such notice. Additional Services, programs or products Franchisee desires to offer and sell in its Business must be authorized in writing by us (as described in Section XIII.D). Failure of Franchisee to: adhere to our approved Services, programs or products (if applicable) that Franchisee is authorized to offer, perform and/or sell; adhere to our level of service standards as outlined in our Operations Manual; and/or to adhere to any additions, modifications or changes to such Services, programs or products after receiving written notice from us (as described above) will be considered to be in breach of this Agreement and we, in our sole discretion, may terminate this Agreement as described in Section XXIII.C.

Franchisee agrees to fully adhere with our level of service standards, comply with all programs (including our proprietary rewards based and motivational led learning programs and different types of social skill programs and other such programs we may develop) and products offered (if we authorize Franchisee to sell products in the future), which may change from time to time, in addition to maintaining the appearance of the Center and all its equipment, technology items, furniture, fixtures, décor and signage. Franchisee is prohibited from promoting and offering Services or programs and selling products (if we authorize Franchisee to sell products in the future) through alternative channels of distribution (such as on Websites); however, if given permission to do so, as described in Section VI, Franchisee must adhere to our Website standards as outlined in the Operations Manual. If Franchisee is given permission, which we are not obligated to grant, all products (if we authorize Franchisee to sell products in the future) sold over the Internet must be sold directly from the Center. Except for Internet and Website sales (if Franchisee is authorized to do so) and conduct off-site events within its Territory (also described in Section VI), Franchisee is not permitted to perform Services (other than limited field trips, in-home sessions, school transitioning and shadowing programs) from anywhere other than its Center or sell products (if we authorize Franchisee to sell products in the future) from any other location other than from its Center or at off-site events within its Territory. If Franchisee attempts to perform Services (other than field trips, in-home sessions, school transitioning and shadowing programs) outside its Center, offer Services, programs or sell products through any alternative channel of distribution (as described above) without our prior written permission, such action will be considered a breach of this Agreement and may result in termination of this Agreement as described in Section XXIII.C.

Franchisee cannot implement, offer or perform any other service, program or sell any products unless approved by us in writing. We will respond to Franchisee's request to implement, offer or perform a new service, program or sell a product (if we authorize Franchisee to sell products in the future) by email or any other form of written communication within thirty (30) days from the date the request is received. Such approval or disapproval shall be made by e-mail or any other form of written communication. We shall have the right to require, as a condition of our approval and review, that Franchisee submit to us all materials and supporting documentation describing the service, type of program or product Franchisee wishes to implement, offer, perform

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~~and/or sell in its Business. The cost of such investigation for approval shall be paid by the Franchisee (if applicable) and we shall not be liable for denying Franchisee's request. Failure of Franchisees to adhere to these guidelines will result in termination of this Agreement as specified in Section XXIII.C.~~

~~Franchisee must accept credit and debit cards and may choose to use other payment systems and check verification services as specified by us, and which we may change from time to time. Franchisee shall also offer for sale, and will honor any incentive, coupon, or loyalty programs, gift card or gift~~

~~certificate program which we may institute from time to time, and Franchisee shall do so in compliance with our standards and procedures for such programs to the extent permitted by the laws of Franchisee's state. These programs may include, without limitation, membership programs, repetitive use for service and/or product programs, co-op programs and other local and national activities. Franchisee's full and complete participation in such programs are required. Except as otherwise provided herein, compliance and participation shall be at Franchisee's expense.~~

~~Franchisee can perform Services and sell products to anyone from anywhere so long as such Services are performed from the Center and within its Territory (limited Services can be performed away from its Center as described above) and products (if applicable) are sold from the Center or at off-site events within its Territory. Franchisee is encouraged to accept the referral of any client from another franchisee, company-owned business or us who desires Services or products from Franchisee. If Franchisee chooses not to accept the referral, then we may provide Services and/or products directly or through another franchisee or third party without compensation to Franchisee. In addition, Franchisee agrees to comply with the client transfer policy that we have established as outlined in the Operations Manual and such policy may change from time to time. Currently all registrations are non-refundable and non-transferable. We encourage all Success on the Spectrum<sup>®</sup> businesses, when owned by different individuals, to work out a referral or transfer arrangement.~~

~~Franchisee must respond promptly to all inquiries and complaints in order to achieve client satisfaction. If Franchisee does not provide its clients with satisfactory service and/or fails to resolve complaints at the time the complaint is registered; or if Franchisee does not adhere to our level of service standards or this Agreement, we may, in addition to other remedies, complete the services and bill the Franchisee or its client for such Services. Franchisee shall reimburse us for any expense incurred. In addition, there may be other System-oriented programs designed to promote to the public the quality care and service provided by a Success on the Spectrum<sup>®</sup> business that we may wish to implement on a system-wide basis and advertise and market. Franchisee shall be required to participate in the then-current specials or promotions as may be developed by and as may be modified periodically by us, in our sole discretion.~~

~~We may institute various programs designed to verify client satisfaction and/or Franchisee's compliance with our level of service standards and other aspects of the System, including (but not limited to) a toll-free number, online surveys, comment cards, secret shoppers or otherwise. We will share results of such programs with Franchisee as they pertain to Franchisee's Territory and Franchisee will reimburse us for all costs associated with any and all such programs provided that Franchisee is not in compliance with our level of service standards, this Agreement and/or the System.~~

~~Franchisee recognizes that one of our primary methods of communication with Franchisees is through emails, announcements and/or memos we may periodically publish and distribute to Franchisees. Franchisee is responsible for knowing all of the information contained in the emails, announcements, memos and complying with any standards and specifications provided within them. Franchisee shall have a reasonable amount of time to implement such changes to our standards and specifications. We may establish and change our level of service standards for the operation of your Business through our emails, announcements, memos and the SOS YouTube Channel which houses our proprietary educational platform that incorporates our~~

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~~videos training modules and courses (including curriculum, lesson plans and workshops) intended to complement Franchisee's efforts in training its Employees. All training modules and courses within our educational platform are owned by us. Franchisee will be provided with access to our educational platform at no cost during the initial training program. Nothing in this Agreement shall be construed to be a promise or guarantee by us as to the continued existence of our educational platform or a particular training module or course; nor shall any provision herein imply or establish an obligation on the part of us to reinstate our educational platform or any type of training module and/or course if discontinued by us or for any liability to Franchisee for any loss revenue incurred by Franchisee as a result of our decision to discontinue our educational platform or a particular training module or course.~~

Franchisee agrees that we have the right, in our sole discretion, to change, modify, add or discontinue our educational platform or any training module or course at any time, in our sole discretion. We will have no obligation for the hosting of our proprietary software (for example if hosting company goes down or shuts down our proprietary software for maintenance or security reasons) or to maintain our proprietary software indefinitely and may dismantle it at any time without notice and liability to Franchisee and the following will apply:

- (1) We have established policies and procedures for use of our proprietary software. These policies, procedures and other terms of use may address the issues such as (i) restrictions on the use of abusive, slanderous or otherwise offensive language in electronic communications; (ii) restrictions on communications between or among franchisees that endorse or encourage breach of any agreement with us; (iii) confidentiality of materials that we transmit; (iv) password protocols and other security procedures; (v) grounds for suspending, or revoking Franchisee's access to our proprietary software; (vi) restrictions on copyright and other intellectual property infringement matters; and (vii) a privacy policy governing our access to and use of electronic communications that franchisees submit the internet system. Franchisee acknowledges that as administrator of our proprietary software, we can access and view any communication that anyone posts on the intranet system. Franchisee further acknowledges that our proprietary software educational platform and all communications that are posted to it will become our property, free of any claims of privacy or privilege that Franchisee or any other person may assert.
- (2) Franchisee agrees to purchase and install all necessary additions to its computers and/or laptops and to establish and to continuously maintain an electronic connection with our proprietary software to allow us to send messages to and receive messages from Franchisee. Franchisee's obligation to maintain connectivity with our proprietary software will continue until expiration or termination of this Agreement.

We may require Franchisee to join and participate in industry specific, local or national associations. Such associations include, but are not limited to Franchisee's mental health association in its state, its local Chamber of Commerce and Better Business Bureau. These associations are deemed invaluable and necessary for the continued growth of the Business. Franchisee is responsible for all membership fees and any related costs. We reserve the right to require Franchisee to join and participate in other professional organizations as we deem appropriate in our sole discretion. Franchisee's full and complete participation in such programs and associations are required. Except as otherwise provided herein, compliance and participation shall be at Franchisee's expense.

In the marketing and operation of Franchisee's Business, Franchisee will use each of, and only, the contracts, waivers and/or other forms and/or materials as are designated by us periodically. However, Franchisee may stay subject to the landlord's lease, as long as the lease contains all of the terms and conditions required by this Agreement; the lease is adjusted to accommodate this Agreement (ideally the lease is coterminous with this Agreement but not required); and Franchisee may execute its lender's standard promissory note, personal guaranty and security agreement provided that the terms and conditions of any promissory note, personal guaranty and security agreement do not affect or impair this Agreement, or any of our rights or remedies under this Agreement. If Franchisee has two or more Owners or it is an Entity, then Franchisee must submit a copy of its Operating Agreement, Partnership Agreement, or

~~Shareholders Agreement and bylaws, as applicable for our review prior to execution as specified in Section XII.R of this Agreement.~~

~~All advertising and promotions by Franchisee in any medium shall be conducted in a dignified manner and shall conform to the standards and requirements of us as set forth in the Operations Manual.~~

Franchisee shall have the right to offer Services and/or sell products (if we authorize Franchisee to sell products in the future) at any rates or prices Franchisee may determine, except that we reserve the right to establish minimum and maximum rates and prices for any given Service or product nationwide to the extent allowed by federal and state laws. To clarify, Franchisee agrees we have the right, in our sole discretion, to establish minimum and maximum rates and/or prices for any Service or product so long as such decisions are made with the honest belief that the measure we are adopting will help everyone in the System meet competition and succeed in the marketplace. Franchisee is prohibited from heavily discounting Services and products offered for sale (if we authorize Franchisee to sell products in the future) and must adhere to our minimum and maximum pricing guidelines, except as otherwise provided by applicable federal or state laws. If Franchisee elects to offer or sell any Service and/or product at any rate or price recommended by us, Franchisee acknowledges that we have made no guarantee, statement, or warranty that offering such Services and/or products at the recommended rate or price will enhance Franchisee's sales or profits. Franchisee shall participate in and comply with all sales and promotional programs and/or product promotions promulgated by us periodically.

I. Use of Approved Equipment, Products, Supplies and Vendors

Franchisee acknowledges that we have spent considerable time in determining what products, supplies, processes, methods, services and vendors to use in the operation of a Success on the Spectrum<sup>®</sup> business. Accordingly, Franchisee acknowledges that Franchisee is required to use on approved equipment, products and supplies that meet our specifications that include but are not limited to: equipment (laminating machine, electric keyboard, refrigerator, microwave, countertop oven, water dispensing unit etc.), furniture and fixtures, technology items (such as computers or laptops, software, tablets, flat screen televisions, camera surveillance system printers, modems, etc.), products (such as: various size mats, trampoline, ball pit, puzzles, board games, books, etc.), supplies (such as: storage bins, disposables, outlet covers, bumper guards, office supplies, cleaning supplies, etc.), software, signage, uniforms, miscellaneous forms, printed advertising materials and promotional items, merchant account providers, shows and event marketing opportunities and vendor, co-branding, affinity programs. We will provide Franchisee with a written list of approved vendors and/or suppliers for all equipment, products, supplies and services that Franchisee is authorized to use in its Business. We may derive income through license fees, promotional fees, advertising allowances, rebates or other monies paid by approved vendors and/or suppliers. We do not know the precise basis of these payments because we have never previously collected them. If we require Franchisee to buy from us, we will exercise commercially reasonable efforts to ensure that the equipment or product's price and quality will be comparable to similar equipment and products from other sources. Franchisee agrees that we may periodically and upon written notice, add to, modify or change such our specifications for equipment, products and supplies and our approved vendors and suppliers. Franchisee promises to promptly accept and implement, in the operation of the Business, all such additions, modifications and changes at Franchisee's expense. In addition, Franchisee acknowledges that:

- I. We have spent considerable time designing the decoration and outfitting of a Success on the Spectrum<sup>®</sup> business with equipment, furnishings, fixtures, décor and signage. This is part of our trade dress. Franchisee must purchase such items from us and/or our affiliates or approved vendors as specified in the Operations Manual and Section XII.T of this Agreement;

~~2. To insure the consistent uniformity and level of service standards for all Services performed and products offered (if we authorize Franchisee to sell products in the future) by Success on the Spectrum<sup>®</sup> franchised businesses, Franchisee must purchase equipment, products, supplies and services (as described above) from us, our affiliates or those approved vendors (including manufacturers, distributors and other sources) who demonstrate to our continuing satisfaction an ability to meet our standards and specifications. We are not liable to Franchisee for any loss or damage, or deemed to be in~~

~~breach of this Agreement, if we, our affiliates or approved vendors and/or suppliers cannot deliver, or cause to be delivered, Franchisee's order of the items mentioned above where such items are out-of-stock or discontinued. Franchisee is prohibited from purchasing equipment, products, supplies and services from unapproved vendors and/or suppliers who are not on our approved list without our written approval. All vendors and suppliers that Franchisee purchases from must be approved in writing by us and may be disapproved by us anytime thereafter. We shall approve or deny Franchisee's request, which approval is in our sole discretion, within thirty (30) days of receipt of Franchisee's written request. Such approval or disapproval shall be made by e-mail or any other form of written communication. If Franchisee purchases any equipment, products, supplies or services from any unapproved vendor or supplier without our permission, as described above, it may result in termination of this Agreement as specified in Section XXIII.C.~~

- ~~3. In approving any vendor or supplier, we may consider factors such as: price, quality, composition, performance, accuracy of product claims, durability, safety, frequency of delivery, service determination of quality control, value, prompt attention to complaints, litigation against the supplier, reputation of supplier, any product recalls instituted by the United States Consumer Product Safety Commission, the supplier's financial strength and capacity to supply all of our franchisee needs promptly, reliably, and cost effectively. All vendors and suppliers must be approved in writing by us and may be disapproved by us anytime thereafter. If Franchisee desires to purchase unapproved equipment, products or supplies from unapproved vendors or if Franchisee wants to offer unique products that blend in with Franchisee's community (if we authorize Franchisee to sell products in the future), Franchisee must submit to us a written request for such approval. We will respond to Franchisee request within thirty (30) days from the date the request is received by email or any other form of written communication. We shall have the right to require, as a condition of our approval and review, that our representatives be permitted to inspect the facilities of the proposed vendor or supplier and that the proposed item is delivered to us or our designee for testing. The cost of such inspection and testing shall be paid by Franchisee, vendor or supplier and we shall not be liable for damage to or for the return of any sample. We reserve the right to re-inspect the facilities and to re-test any piece of equipment or product of any approved vendor or supplier and to revoke any approval if the vendor fails to continue to meet our high standards.~~
- ~~4. Franchisee will not make any claims against us with respect to any vendor and/or related supplier (including our affiliates) for any equipment, products, supplies or services (as described above) that Franchisee chooses to purchase from for the operation of the Business (and/or our designation of, or our relationship with, any vendor or supplier). WE MAKE NO WARRANTIES REGARDING ANY VENDOR, EQUIPMENT, PRODUCTS OR SUPPLIES AND HEREBY DISCLAIM THE IMPLIED WARRANTY OF MERCHANTABILITY, THE IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, THE IMPLIED WARRANTY OF QUALITY OF COMPUTER PROGRAMS, THE IMPLIED WARRANTY OF SYSTEM INTEGRATION, AND THE IMPLIED WARRANTY OF INFORMATION CONTENT. WE MAKE NO WARRANTY THAT ANY VENDOR PROVIDED SOFTWARE WILL BE BUG FREE, VIRUS FREE, OR FREE OF TROJAN HORSES OR WORMS. FRANCHISEE HEREBY AGREES THAT SUCH DISCLAIMER IS AN ESSENTIAL PART OF THE BARGAIN, AND THAT WE WOULD NOT HAVE ENTERED INTO~~

~~THIS TRANSACTION ABSENT SUCH DISCLAIMER. Any claim with respect to any vendor related and/or similar matters shall be made only against the vendor in question. Franchisee will provide us with written notice prior to taking any action in connection with~~

such a claim. We will use diligent efforts to assist franchisees in resolving any disputes with vendors approved and/or designated by us.

5. ~~Franchisee may be required to use and/or offer for sell all branded merchandise or Proprietary Products developed by us, which will be listed in the Operations Manual (currently not in effect). The term "Proprietary Products" is defined as all equipment, products, supplies, marketing materials and Success on the Spectrum<sup>®</sup> branded products or equipment all of which must be purchased by the Franchisee directly either from us, our affiliates or approved vendors, unless the Franchisee has submitted and received written approval from us to use an alternate supplier. Currently we have not developed any Proprietary Products; however, if Proprietary Products are developed, we may become the only approved supplier for such items and failure to use and/or sell such Proprietary Products will result in termination of this Agreement as specified in Section XXIII.C of this Agreement.~~
6. ~~Franchisee acknowledges that we do not now but may require Franchisee to maintain in inventory a minimum representation of equipment, products and Proprietary Products in its Center (however we retain the right to do so in the future). "Minimum Representation" shall be defined as the continuous maintenance of an amount of equipment, products and/or Proprietary Products meeting requirements as defined in the Operations Manual. Franchisee shall at all times comply with our Minimum Representation requirements and the terms of any auto-ship requirements (currently we do not have any auto-ship requirements, however we do require that Franchisee purchase updates for all advertising, promotional and marketing materials when designated as mandatory by us and as specified in the Operations Manual). If we require Franchisee to carry a Minimum Representation of equipment, products and/or Proprietary Products in the future, we will provide Franchisee with written notice and Franchisee will have ninety (90) days to comply with such requirement. If a particular product or piece of equipment does not sell well in the Franchisee's Business (if we authorize Franchisee to sell products or equipment in the future), Franchisee may request that that specific item be removed from the Business and the required Minimum Representation list (if applicable). We shall approve or deny Franchisee's request, which approval is in our sole discretion, within thirty (30) days of receipt of Franchisee's written request. Such approval or disapproval shall be made by email or any other form of written communication.~~
7. ~~Franchisee shall not make changes to any piece of equipment, product, Proprietary Products, any third-party products including changing the containers, packaging, labeling, promotional materials, advertising, cartons or the like without our or the manufacturer's prior written approval, which may be withheld in our sole discretion or manufacturer's sole discretion. Failure to adhere to these guidelines will result in termination of this Agreement as specified in Section XXIII.C.~~
8. ~~Franchisee may not independently act as an exclusive distributor for any third-party vendor or secure any exclusive rights to distribute any products, Proprietary Products and/or any type of product or equipment inside or outside of Franchisee's Territory without our written consent. We shall approve or deny Franchisee's request to act as an exclusive distributor, which approval is in our sole discretion, within thirty (30) days of receipt of Franchisee's written request. Failure to adhere to these guidelines will result in termination of this agreement as specified in Section XXIII.C of this Agreement.~~
9. ~~Franchisee shall not manufacture or produce any product, supply or equipment that is similar to, or competes with any of our Services, Proprietary Products, product or any~~

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~~piece of equipment used or offered in a Success on the Spectrum® business without the advanced written consent of us or manufacturer, which may be granted or denied in ours or the manufacturer's sole discretion. Violation of this shall be grounds for immediate termination as specified in Section XXIII.C of this Agreement.~~

~~Franchisee is encouraged to inspect all equipment and products promptly upon receipt and may reject any equipment or product that fails in any material respect to conform to manufacturer's description. Rejected equipment or products must be returned to the manufacturer within three (3) business days of the date on which manufacturer authorizes the return or as manufacturer specifies; the earlier of 90 days after the Effective Date or prior to the commencement of the Training Program. Franchisee must deliver, or cause to be delivered, to Franchisor a copy of the certificates of insurance demonstrating Franchisee's compliance with this Article 8. All insurance policies required must expressly provide that no less than 30 days' prior written notice shall be given to Franchisor in the event of a material alteration to, or cancellation of, any insurance policy Franchisee is required to maintain in accordance with this Agreement.~~

~~In the event Franchisee fails, for any reason, to procure or maintain the insurance required by this Agreement, then Franchisor has the right and authority (but not the obligation) to immediately procure insurance and charge all costs, fees, and expenses associated with same to Franchisee, which such charges, together with a reasonable administrative fee for Franchisor's expenses in so acting, shall be immediately payable by Franchisee to Franchisor upon demand. The foregoing remedies are in addition to any other remedies Franchisor may have under this Agreement, at law, or in equity.~~

## **ARTICLE 9** **MARKETING**

~~Franchisor is not required to conduct any marketing on behalf of Franchisee or the System.~~

### **9.A. COMMUNITY OUTREACH**

~~Throughout the Term of this Agreement, Franchisee must conduct, at Franchisee's expense (if any) at least one community outreach event during each calendar year quarter. All community outreach events must comply with Franchisor's standards, specifications and qualifications for community outreach events and must be approved by Franchisor at least one week in advance of the event. Within 15 days after the conclusion of each community outreach event, Franchisee must provide Franchisor with a video demonstrating that the community outreach event was conducted in accordance with this Article 9.A.~~

### **9.B. LOCAL MARKETING**

~~All marketing of the Franchised Business by Franchisee must be pre-approved, in writing by Franchisor. Franchisor reserves the right to reject any and all marketing efforts requested by Franchisee and to prescribe all marketing, marketing media, marketing channels, promotions, copy, creative, and messaging that Franchisee may or may not use in Franchisee's marketing of the Franchised Business. Franchisee further agrees that:~~

~~(1) In addition to monthly reports, Franchisee shall provide Franchisor with such other reports documenting Franchisee's marketing initiatives, expenses incurred, placements secured, and other metrics and financial information as designated by Franchisor;~~

~~(2) At all times, Franchisee's marketing efforts and the distribution of each marketing channel and media engaged by Franchisee must be directly targeted to Franchisee's Designated Territory. Franchisee shall not direct or target Franchisee's marketing efforts with the purpose or effect of soliciting or attracting clients outside of Franchisee's Designated Territory. To the extent that Franchisee's marketing efforts involve a marketing medium or distribution channel that is targeted to Franchisee's Designated Territory but reaches~~

outside of and beyond Franchisee's Designated Territory Franchisor, in Franchisor's Reasonable Business Judgment, shall have the right to direct and require Franchisee to discontinue such marketing; and

(3) At all times, Franchisee hereby grants to Franchisor the right, without compensation to Franchisee, to use Franchisee's name, address, photograph, biographical information, and financial information related to the performance of the Franchised Business in any publication related to the System, Franchisee's operation of the Franchised Business, or Franchisor's sale of Success On The Spectrum Center franchises.

#### **9.C. REQUIRED FRANCHISOR APPROVAL OF ALL MARKETING**

All marketing and promotion of the Franchised Business and all marketing media, campaigns, marketing channels, and efforts used by Franchisee must conform to Franchisor's standards and specifications as set forth in the Operations Manual or, as may be otherwise directed by Franchisor in writing from time to time.

If Franchisee wishes to propose to Franchisor for approval or disapproval marketing or promotional efforts, campaigns, and/or media that are not presently and expressly approved and authorized by Franchisor, Franchisee shall submit a written request, including samples of all proposed marketing materials and a description of the marketing channels and distribution to Franchisor for Franchisor's approval or disapproval, that shall be at the sole discretion of Franchisor, in Franchisor's Reasonable Business Judgment. Provided that Franchisee has satisfied the written notice requirements set forth in this Article 9.C. and provided that Franchisee otherwise timely responds in writing to any and all requests by Franchisor for additional information, if Franchisor does not notify Franchisee that Franchisor disapproves the materials within 15 days from the date Franchisor receives the materials, then Franchisee may commence using the materials. However, Franchisor may still disapprove such materials by notice to Franchisee, and Franchisee must then cease using such materials upon receipt of such notice. Franchisee must not use any advertising or promotional materials that Franchisor has disapproved.

#### **9.D. DIGITAL MEDIA AND WEBSITE PROHIBITIONS**

Franchisee's use of Digital Media shall be subject to and require Franchisor's express written consent which shall and may be withheld by Franchisor for any or no reason at all. Without limitation to the foregoing, Franchisee possesses no right or authority to utilize Digital Media and Franchisee agrees that Franchisor reserves all rights respecting the marketing, sale and distribution of Approved Products and Services through Digital Media. Franchisee agrees that all Digital Media and Digital Media accounts associated with and/or relating to the Franchised Business and/or the System shall, upon demand of Franchisor, be transferred to Franchisor. Upon execution of this Agreement and any and all future dates demanded by Franchisor, Franchisee shall execute and deliver to Franchisor the Assignment of Telephone Numbers and Digital Media Accounts Agreement attached to this Agreement as Exhibit 6. Franchisee agree that the foregoing shall not be interpreted or construed as permitting Franchisee to establish, designate, utilize and/or otherwise establish accounts as to Digital Media respecting and/or concerning the Franchised Business and/or the System.

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### **ARTICLE 10** **RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION**

#### **10.A. INDEPENDENT CONTRACTORS AND NO JOINT EMPLOYER RELATIONSHIP**

This Agreement does not create a fiduciary relationship between Franchisor and Franchisee. Franchisor and Franchisee are independent contractors and nothing in this Agreement is intended to, nor shall it make either party an agent, legal representative, subsidiary, joint venturer, partner, or employee of the other for any purpose. The parties' relationship is strictly a Franchisor and Franchisee relationship. At all times Franchisee, in accordance with Franchisor's brand standards, must conspicuously identify itself at the premises of the Franchised Business and in all dealings with clients, lessors, contractors, suppliers, public officials and others as the owner of a Center under a franchise from Franchisor, and Franchisee must place other notices of independent ownership on signs,

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forms, stationery, advertising and other materials as Franchisor requires. Franchisee shall not employ any Licensed Mark in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument, or other legal obligation. Franchisee shall not employ any Licensed Mark in a manner that is likely to result in liability of Franchisor for any indebtedness, action, inaction, or obligation of Franchisee. Franchisor and Franchisee shall not make any express or implied agreements, guaranties or representations, or incur any debt, in the name, or on behalf, of the other. Franchisor and Franchisee shall not represent that their relationship is anything other than franchisor and franchisee. Franchisor and Franchisee shall not be obligated by, or have any liability under, any agreements or representations made by the other that are not expressly authorized. Franchisor shall not be obligated for any damages to any person or property directly or indirectly arising out of the operation of the Franchised Business, whether or not caused by Franchisee's negligent, willful act or failure to act. Franchisor shall have no liability for any sales, use, excise, gross receipts, property or other taxes, whether levied upon Franchisee, the Franchised Business or its assets, or upon Franchisor in connection with sales made, services performed, or business conducted by Franchisee.

At all times, Franchisee will be, is, and shall remain the sole and exclusive employer of all employees of the Franchised Business. Franchisor is not a joint employer and nothing contained in this Agreement shall be interpreted as creating a joint employer relationship. Franchisee possesses the sole right to select, hire and discharge Franchisee's employees. Franchisee is responsible for all decisions regarding hiring, firing, training, supervising, disciplining, scheduling, paying wages to, and withholding and paying taxes for all employees. Franchisee, each Owner, each Spouse, and Franchisee's officers, directors, manager, agents, representatives, independent contractors and employees are not employees, representatives, or agents of Franchisor and shall never represent themselves as employees, representatives, or agents of Franchisor.

There is no joint employer relationship between Franchisor and Franchisee or Franchisee's employees. Franchisee's compliance with all federal, state and local labor laws rules and regulations shall be exclusively determined and managed by Franchisee. To the extent that the Operations Manual and/or any other communications from Franchisor includes information, specifications, procedures, criteria and/or requirements as to employees of the Franchised Business, such requirements shall be interpreted, exclusively, for the purpose of maintaining brand standards associated with the System, to protect the good will associated with the System, and to ensure System uniformity requirements and standards concerning the Approved Products and Services, and under no circumstance shall same relate to the employer-employee relationship. As to the foregoing issue of joint employer and the non-existence thereof, in the event of any inconsistency or conflict between this Agreement and the Operations Manual, the terms of this Agreement shall take precedence and govern.

#### **10.B. INDEMNIFICATION BY FRANCHISEE**

Franchisee and each Owner shall indemnify, defend through counsel acceptable to Franchisor, and hold Franchisor, Franchisor's affiliates, and their respective officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, employees, assigns and successors (the "Franchisor Indemnified Parties") harmless from all losses, expenses, claims, causes of action, lawsuits, liabilities, taxes, costs, demands, proceedings, investigations, hearings, and/or damages arising out of, or relating to, Franchisee's Center Facility, Franchisee's Center Location, and/or the Franchised Business (including, without limitation, the ownership and operation of the Franchised Business), unless such loss, expense, claim, cause of action, lawsuit, liability, tax, cost, demand, proceeding, or damage is solely due to Franchisor's gross negligence, and Franchisee shall pay all of the Franchisor Indemnified Parties' reasonable costs, fees and expenses of defending any such claim, cause of action, lawsuit, demand, proceeding, investigation, and/or hearing brought against any of the Franchisor Indemnified Parties or any such claim, cause of action, lawsuit, demand, proceeding, investigation, and/or hearing in which any of the Franchisor Indemnified Parties is named as a party, including, without limitation, reasonable accountant fees, attorney fees, and expert witness fees, court costs, deposition fees, travel expenses and other litigation expenses. At the expense and risk of Franchisee and each Owner, Franchisor may elect to assume (but is not obligated to undertake) the defense and/or settlement of any action, lawsuit, proceeding, claim, or demand. Such an election by Franchisor to assume its defense shall not diminish the obligation of Franchisee and each Owner to indemnify, defend and hold harmless Franchisor. Franchisee and each Owner

acknowledge and agree that the terms of this Article 10.B. shall survive the termination, expiration or Transfer of this Agreement. Under no circumstances are the Franchisor Indemnified Parties required or obligated to seek recovery from third parties or otherwise mitigate their respective losses in order to maintain a claim against Franchisee or any Owner. Franchisee and each of the Owners agree that Franchisor's failure to pursue recovery or mitigate loss in no way reduces the amounts recoverable from Franchisee or any Owner.

**10.C. INDEMNIFICATION BY FRANCHISOR**

Franchisor shall indemnify, defend, and hold Franchisee and Franchisee's officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, employees, assigns and successors (the "Franchisee Indemnified Parties") harmless from all losses, expenses, claims, causes of action, lawsuits, liabilities, taxes, costs, demands, proceedings, investigations, hearings, and/or damages solely arising out of, or solely relating to, Franchisor's gross negligence in the operation of Franchisee's Success On The Spectrum Center that was the direct cause of any such loss, expense, liability or damage provided Franchisee immediately notifies Franchisor of such claim, cause of action, lawsuit, demand, proceeding, investigation or hearing, and Franchisor shall pay all of the Franchisee Indemnified Parties' reasonable costs, fees and expenses of defending any such claim, cause of action, lawsuit, demand, proceeding, investigation, and/or hearing brought against any of the Franchisee Indemnified Parties or any such claim, cause of action, lawsuit, demand, proceeding, investigation, and/or hearing in which any of the Franchisee Indemnified Parties is named as a party, including, without limitation, reasonable accountant fees, attorney fees, and expert witness fees, court costs, deposition fees, travel expenses and other litigation expenses provided Franchisee immediately notifies Franchisor of such claim, cause of action, lawsuit, demand, proceeding, investigation or hearing. Franchisor agrees that the terms of this Article 10.C. shall survive the termination, expiration or Transfer of this Agreement.

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**ARTICLE 11**  
**LICENSED MARKS AND SYSTEM; INNOVATIONS TO SYSTEM**

**11.A. OWNERSHIP AND GOODWILL**

Franchisee agrees that Franchisor is the owner of all right, title and interest in and to the Licensed Marks, the System, Web Based Media, Published Content and the goodwill associated with the Licensed Marks and the System. Except as otherwise specifically provided in this Agreement, Franchisee further agrees that Franchisee possesses no interest or right, whatsoever, in or to the Licensed Marks, the System, Web Based Media, Published Content and the goodwill associated with the Licensed Marks and the System, and Franchisee's right to use the Licensed Marks and the System is derived solely from this Agreement. Any unauthorized use of the Licensed Marks and/or the System by Franchisee or any of Franchisee's affiliates shall constitute an infringement of the rights of Franchisor in and to the Licensed Marks and/or the System. Franchisee agrees that all usage of the Licensed Marks and/or the System by Franchisee, and all goodwill associated with the Licensed Marks and System, shall exclusively benefit Franchisor without granting any goodwill interests or rights to Franchisee except for Franchisee's non-exclusive interest and limited right to use the Licensed Marks and the System in the operation of the Franchised Business, subject to the terms and conditions of this Agreement. Franchisee shall not, at any time during the Term or after the expiration, termination or Transfer of this Agreement, contest the validity or ownership of the Licensed Marks, the System, Web Based Media, Published Content, and/or the goodwill associated with the Licensed Marks and the System, and at no time shall Franchisee assist any other person in contesting the validity or ownership of the Licensed Marks, the System, Web Based Media, Published Content, and/or the goodwill associated with the Licensed Marks and the System. Franchisee and each Owner shall not take any action that prejudices or interferes with the validity of Franchisor's rights with respect to Licensed Marks, the System, Web Based Media, Published Content, and/or the goodwill associated with the Licensed Marks and the System.

**11.B. USE OF THE LICENSED MARKS**

Franchisee agrees that the Licensed Marks shall be the sole identification of the Franchised Business. Franchisee must operate, advertise and market the Franchised Business only under the Licensed Marks as designated and specified by Franchisor in Franchisor's Reasonable Business Judgment. Franchisee shall not use the Licensed Marks as part of its corporate or other legal name, and Franchisee shall not use the Licensed Marks with modifying words, terms, designs, or symbols, or in any modified form. Franchisee shall comply with Franchisor's instructions in filing and maintaining their requisite trade name or fictitious name registrations as may be required by applicable law.

**11.C. NOTIFICATION OF INFRINGEMENT AND CLAIMS**

Franchisee must notify Franchisor immediately in writing of any apparent infringement of, or challenge to, Franchisee's use of any Licensed Mark and/or the System or of any claim by any person claiming any rights in any manner with respect to the Licensed Mark, the System, or any similar trade name, trademark or service mark of which Franchisee becomes aware. Franchisee must not communicate with any person other than Franchisor and its counsel in connection with any infringement, challenge, or claim by any third party to the Licensed Marks and/or the System. Franchisor and/or Franchisor's licensor shall possess sole and complete discretion, in Franchisor's Reasonable Business Judgment, to take any action and/or to refrain from taking action. Franchisor and/or Franchisor's licensor deems appropriate, including, without limitation, the right to exclusively control any litigation or administrative proceeding arising out of, or relating to, any infringement, challenge, claim or otherwise relating to any Licensed Mark and/or the System. Franchisee agrees to execute all documents, render assistance, and take all actions as may be necessary or advisable to protect and maintain the interests of Franchisor and/or Franchisor's licensor in any litigation or administrative proceeding or to otherwise protect and maintain, as directed by Franchisor, the interests of Franchisor and/or Franchisor's licensor in the Licensed Marks. Franchisor will reimburse Franchisee for reasonable direct expenses incurred by Franchisee in assisting Franchisor in any such litigation or administrative proceeding provided Franchisee timely notifies Franchisor of such litigation or administrative proceeding, and Franchisee complies with the written instructions of Franchisor respecting any such litigation or administrative proceeding.

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**11.D. DISCONTINUANCE OF USE OF LICENSED MARKS**

Franchisee agrees that at any time should Franchisor determine, in Franchisor's sole discretion and based on Franchisor's Reasonable Business Judgment, that it is advisable for Franchisor, the System, and/or Franchisee to replace, modify, substitute, and/or discontinue use of any Licensed Marks, then Franchisee shall comply with Franchisor's determination and instructions as to the replacement, modification, substitution, and/or discontinuance of such Licensed Mark(s). Franchisee shall comply within the foregoing requirements within a reasonable time period after notice by Franchisor. If Franchisee is required to take action pursuant to instruction by Franchisor pursuant to this Article 11.D. or, if Franchisee is otherwise required to replace, modify, substitute, and/or discontinue use of any Licensed Marks, the sole liability and obligation of Franchisor to Franchisee shall be to reimburse Franchisee for the reasonable and direct costs incurred by Franchisee in complying with this obligation, which Franchisee shall document to the satisfaction of Franchisor. Franchisor maintains the exclusive right, in Franchisor's Reasonable Business Judgment, to, in whole or in part, replace, modify, substitute and/or discontinue any and all features and/or components of the Licensed Marks and/or the System at any time.

**11.E. INDEMNIFICATION OF FRANCHISEE**

If Franchisee is sued in a legal proceeding or is threatened with legal action and/or a notice of infringement by a third party where the claims and/or causes of action directly relate to a third party claiming trademark infringement, unfair competition, and/or trademark dilution as a result of Franchisee's use of the Licensed Marks in accordance with the terms of this Agreement and the System (the "IP Claim"), then Franchisor shall indemnify Franchisee for the reasonable and direct costs incurred by Franchisee and/or a judgment entered against Franchisee, provided: (i) Franchisee immediately notified Franchisor of the IP Claim by a written notice sent to Franchisor via priority overnight courier; (ii) Franchisee provided and afforded Franchisor the absolute opportunity and right to defend against the IP Claim and to select and appoint legal counsel of Franchisor's choosing; and (iii) Franchisee utilized the Licensed Marks in accordance with the terms of this Agreement and the System. Franchisee agrees that time is of the essence with respect to notifying Franchisor of the IP Claim in accordance with this Agreement, including this Article 11.E.

**11.F. OWNERSHIP OF INNOVATIONS, IMPROVEMENTS AND INFORMATION**

Franchisee agrees that with regard to the Franchised Business, all client lists, including the contents and information contained in all client lists, constitute Confidential Information and an asset of Franchisor whether or not such information was supplied by Franchisor. During the Term, and in connection with the development, establishment, marketing, promotion and operation of the Franchised Business, Franchisee shall disclose to Franchisor all of Franchisee's ideas, concepts, methods, and products conceived or developed by Franchisee, any Owner, and/or Franchisee's affiliates, officers, directors, shareholders, partners, agents, members, representatives, independent contractors, servants and employees relating to the development and operation of Success On The Spectrum Centers and the System. Franchisee hereby assigns to Franchisor, and Franchisee agrees to procure an assignment of any such ideas, concepts, methods, and products that Franchisee is required to disclose to Franchisor under this Article 11.F. from each Owner and Franchisee's affiliates, officers, directors, shareholders, partners, agents, members, representatives, independent contractors, servants and employees. Franchisor shall have no obligation to tender any lump sum payment, on-going payments, or any other consideration to Franchisee, any Owner, each Owner and Franchisee's affiliates, officers, directors, shareholders, partners, agents, members, representatives, independent contractors, servants and employees with respect to any such idea, concept, method, technique or product. Franchisee agrees that Franchisee shall not use, or allow any other person or entity to use, any such concept, method, technique, or product without obtaining Franchisor's prior written approval.

**ARTICLE 12**  
**RECORDS AND REPORTS**

**12.A. MAINTENANCE AND PRESERVATION OF RECORDS**

Franchisee shall maintain, preserve, and make available to Franchisor, at the request of Franchisor and on an on-going basis throughout the Term of this Agreement and for a period of three years following the expiration or

termination of this Agreement, true and accurate books, accounting, receipts, financial statements, tax returns, and records relating to the operations and business of the Franchised Business. Such records shall be maintained and preserved in the form and manner requested by Franchisor and/or as prescribed by Franchisor in the Operations Manual or otherwise prescribed in writing.

## **12.B REPORTING OBLIGATIONS**

In addition to the reporting obligations otherwise set forth in this Agreement, Franchisee agrees to the following additional reporting obligations that shall be compiled, organized, and contain all of the data and information requested by Franchisor, in Franchisor's Reasonable Business Judgment, and as may be modified by Franchisor from time to time:

(1) Royalty and Activity Reports – on the Due Date each month, Franchisee shall report, transmit, confirm, and/or otherwise make available to Franchisor, the Royalty and Activity Report as designated by Franchisor and in accordance with the terms of this Agreement;

(2) Monthly Financial Statements and Reports – within 30 days of the end of each calendar month Franchisee shall submit to Franchisor monthly financial statements and other reports related to the operations of the Franchised business including, but not limited to, income statement, statement of cash flows, balance sheet, and other operational reports designated by Franchisor. At all times Franchisee represents that the financial statements, information, and reports submitted to and/or made available to Franchisor shall be and remain true and accurate. The financial statements must be prepared in accordance with GAAP and, additionally, shall reconcile Gross Sales per GAAP to Gross Sales per this Agreement;

(3) Annual Financial Statements and Reports – within 60 days of the end of each calendar year, Franchisee shall submit to Franchisor Franchisee's annual financial statements and other reports related to the operations of the Franchised business including, but not limited to, income statement, statement of cash flows, balance sheet, and other operational reports designated by Franchisor. The financial statements must be prepared by a licensed CPA and in accordance with GAAP and, additionally, shall reconcile Gross Sales per GAAP to Gross Sales per this Agreement;

(4) Tax Returns – Franchisee shall provide to Franchisor, Franchisee's annual federal, state and local tax returns as same are prepared and submitted to the applicable federal, state and local entities. Said tax returns shall be submitted to Franchisor within 45 days of Franchisee or Franchisee's agent filing such returns with the applicable federal, state and local entities; and

(5) Other Reports – Franchisee shall timely submit to Franchisor, all other forms, reports, records, information, and data as Franchisor may reasonably request in writing or as otherwise set forth in the Operations Manuals.

## **12.C. REMEDIES FOR NON-COMPLIANCE WITH RECORDS AND REPORTING**

~~10. In addition to all other rights afforded to Franchisor under this Agreement, in connection with any~~

~~11. Notwithstanding anything to the contrary contained in this Agreement, Franchisee acknowledges and agrees that, at our sole option, we may establish one or more strategic alliances or preferred vendor programs with one or more nationally or regionally known suppliers who are willing to supply all or some Success on the Spectrum<sup>®</sup> businesses with some or all of the equipment, products and supplies or services (as defined above) that we require for use and/or sale (if we authorize franchisees to sell products in the future) in the development and/or operation of the Business. In this event, we may limit the number of approved vendors with whom Franchisee may deal, designate sources that Franchisee must use for some or all equipment, products, supplies and services, and/or refuse any of Franchisee's requests if we believe that this action is in the best interests of the System. We shall have unlimited discretion to approve or disapprove the vendors or suppliers who~~

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may be permitted to sell equipment, products and supplies to franchisees;

12. ~~Franchisee agrees to maintain and update at Franchisee's expense all technology items (as described above) and software that meets our specifications, as we may modify such specifications from time to time. Franchisee will be required to purchase billing and data collection software from us, our affiliates or our approved vendors. We reserve the right to have independent access to all information that Franchisee stores in any computer, laptop or tablet used for the Business. Franchisee agrees to comply with our then-current Terms of Use and Privacy Policies and any other upgrade requirements regarding all computers and software, including Internet usage. Supplier and/or licensor charges for use, maintenance, support and/or updates of such required items are the Franchisee's responsibility.~~
13. ~~We cannot estimate the future costs of the technology items or software or required service and/or support, and although these costs might not be fully amortizable over this Agreement's remaining term. Franchisee agrees to incur the costs of obtaining and maintaining all technology items and software (or additions and modifications) and required networking and technology support services. Within ninety (90) days after Franchisee receives notice from us, Franchisee agrees to obtain the software and hardware components that we may designate from any source or from our approved vendors and to ensure that such technology items and software as modified, functions properly.~~
14. ~~Franchisee is required to use our proprietary software for the operation of the Center. We will provide all update and upgrade requirements for the proprietary software as necessary. The installation, maintenance, repairs and upgrade costs for the proprietary software will be the responsibility of the Franchisee. Usage of any propriety software ("Software"), will be subject to the following terms:
  - A. ~~Franchisee will use our Software on a computer, laptop or tablet. Franchisee will be licensed to use our Software only for Franchisee's internal, in-house data~~~~

~~processing and data communications purposes and only in connection with the Business and not for re-marketing or redistribution under any circumstances;~~

- ~~B. Franchisee acknowledges and agrees that we will be the sole and exclusive owner of all right, title and interest in and to our Software, including all trade secrets and copyrights related to the Software, subject only to the rights we expressly license to Franchisee in this Agreement. This license will not provide Franchisee with title or ownership of the Software, but only a limited right of use. Franchisee agrees that Franchisee will not contest or otherwise seek to share, diminish or invalidate our ownership rights in our Software;~~
- ~~C. Franchisee will not modify the Software in any way without our prior written consent. Franchisee will promptly disclose to us all ideas and suggestions for modifications or enhancements to the Software that Franchisee conceives or develops and we will have the right to use such ideas and suggestions. All modifications or enhancements made to the Software will be our property and belong exclusively to us, without regard to the source or creator of the modification or enhancement, however we may provide incentive programs for such contributions;~~
- ~~D. We will have the right at all times to access Software and to retrieve, analyze and use all the data in Franchisee's files stored on Franchisee's computers and tablets. Additionally, Franchisee will electronically transfer all files and reports to us on our request.~~
- ~~E. Franchisee and Franchisee's employees will not make available the Software, or portions thereof, to any person other than Franchisee's or our employees without our prior written consent. Franchisee agrees that Franchisee will not: (i) copy the Software except as necessary for use in the Business; (ii) translate, reverse engineer, reverse compile, disassemble or create derivative works based on the Software; (iii) sublicense, rent, lease, sell or otherwise transfer the Software or any portion thereof, or any rights therein, to any person or entity. Failure to adhere to these guidelines or allowing unauthorized usage of the Software will result in termination of this agreement as specified in Section XXIII.C of this Agreement;~~
- ~~F. Franchisee acknowledges and agrees that the Software, is our valuable, proprietary product, the design and development of which took the investment of considerable time, money and the effort of skilled computer programmers. Franchisee will keep the Software and any data generated by the use of the Software confidential during and after the term of this Agreement and will maintain security precautions to maintain the secrecy of the Software and to prevent unauthorized access or use of the Software. Franchisee agrees that we will treat the Software as confidential and that the Software will contain substantial trade secrets of ours that we have entrusted to Franchisee in confidence to use only as we authorize under this Agreement. We will claim and reserve all rights and benefits afforded under copyright law, patent law, intellectual property law and other laws relating to confidential and proprietary material. Franchisee agrees not to improperly use, disseminate, or disclose the Software, and to ensure that Franchisee's employees who gain access to the Software will protect them against improper use, dissemination or disclosure;~~

- ~~G. THE SOFTWARE WOULD BE PROVIDED ON AN “AS-IS” BASIS WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE WARRANTIES OF MERCHANTABILITY, SYSTEM INTEGRATION, QUALITY OF COMPUTER PROGRAMS, INFORMATIONAL CONTENT AND FITNESS FOR A PARTICULAR PURPOSE. ALL WARRANTIES AGAINST INFRINGEMENT ARE HEREBY DISCLAIMED EXCEPT WE REPRESENT THAT WE HAVE SUFFICIENT AUTHORIZATION TO LICENSE THE SOFTWARE TO FRANCHISEE. WE WILL NOT WARRANT THAT THE FUNCTIONS CONTAINED IN THE SOFTWARE MEET FRANCHISEE’S REQUIREMENTS OR THAT THE USE OF THE SOFTWARE WILL BE UNINTERRUPTED OR ERROR FREE. In no event will we be liable to Franchisee for damages, including any lost profits, lost savings, or other incidental or consequential damages, relating to the use of or inability to use the Software, even if we have been advised of the possibility of such damages, or for any claim by any other party. The foregoing limitations of liability are intended to apply without regard to whether other provisions of this Agreement have been breached or proven ineffective;~~
- ~~H. Franchisee acknowledges and agrees that Franchisee’s license to the Software will terminate immediately should Franchisee fail to adhere to any of Franchisee’s obligations under this license or if this Agreement expires or is terminated for any reason;~~
- ~~I. Franchisee acknowledges and agrees that any violation by Franchisee of the provisions of the Software license would cause us irreparable harm for which we would not have an adequate remedy at law; and that, in addition to other remedies available to us, we will be entitled to seek injunctive relief against any such violation;~~
- ~~J. In the event Franchisee fails to adhere to any of Franchisee’s obligations under this Agreement, or is no longer a franchisee of ours, or this Agreement expires or terminates for any reason, Franchisee will immediately (within five (5) days) terminate the use of the Software and destroy any and all material or information related to the Software or any data generated by use of the Software unless we specifically instruct otherwise; and~~
- ~~K. Franchisee must update all computers, laptops and tablets upon our request to optimize performance of the Software.~~
- ~~15. Franchisee acknowledges that neither we nor our affiliates, will have any liability and/or obligation (and neither you or any managing partners, managing members, members or shareholders will make any claims) about any loss of data, loss of information, inability to use, failures, errors or any other occurrences relating to any computer, laptop or tablet hardware and/or software without an express written warranty from us, even if recommended or specified by us. Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting themselves from these problems. Franchisee must also take reasonable steps to verify that information about Franchisee’s vendors, suppliers, lenders, landlords, clients and governmental agencies on which Franchisee relies, are reasonably protected. This may include taking reasonable steps to secure Franchisee’s systems, including, but not limited to, firewalls, access code protection, anti-virus systems~~

and use of backup systems.

~~16. We may set standards or specifications for leases, real estate, the construction and build out of the Business; furnishings, fixtures, décor items, signage and Internet or network access services, at our discretion, including our subjective determinations relating to quality, value and appearance.~~

~~Nothing in this Agreement shall be construed to be a promise or guarantee by us as to the continued existence of a particular piece of equipment, product or supply nor shall any provision herein imply or establish an obligation on the part of us and our affiliates to sell equipment, products or supplies to Franchisee if Franchisee is in default of any payment to us, our affiliates, or any other designated vendor or approved supplier, or otherwise is in default under this Agreement. If Franchisee fails to pay in advance in full for each shipment of items purchased (if applicable), we or our affiliates shall not be obligated to sell such items to Franchisee.~~

~~J. Use Approved Design and Signage for the Business~~

~~In operating Success on the Spectrum<sup>®</sup> business, Franchisee must adhere to our design requirements and signage standards, and utilize such signage designs (including on any vehicle if Franchisee chooses to use a vehicle to advertise the Business) in accordance with our standards and specifications or required by us. Franchisee may use an approved supplier for signage, or submit an alternate supplier to us for our approval. Franchisee shall purchase or lease, subject to local building codes and regulations, such signs that provide maximum displays of our Names and Marks. Franchisee shall be totally responsible for obtaining and equipping the Center with the signage that is approved for use by us from time to time. The color, size, design and location of said signage shall be as specified and/or approved by us. Franchisee shall not place additional signs, posters, newspaper racks, video games, juke boxes, gaming machines, gum machines, games, rides, vending machines or other similar devices and décor items in the Center without our prior written consent.~~

~~K. Participation in the Operation of the Business~~

~~Franchisee acknowledges that a Success on the Spectrum<sup>®</sup> business involves hard work and sometimes long hours, similar to most small businesses that are owner-operated. Franchisee acknowledges that we have not represented that this Business is going to be easy for Franchisee (or any of its Owners) and agrees to participate in the day-to-day operation of the Business. Franchisee also acknowledges that a Franchisee must either be a behavior analyst, partner with or hire someone who is a behavior analyst and its Business must be under the direct supervision of such behavior analyst at all times (as described in Section XII.F). The Business must also be managed by an Office Manager and such Office Manager known to us will supervise all Employees. The Office Manager will also be responsible for providing continuing guidance, oversight, day-to-day management, instruction and ensure all Services are properly executed.~~

~~L. Advertising the Business~~

~~Franchisee agrees that if Franchisee creates a local advertising and marketing plan by which Franchisee shall place local advertising in any media it desires, Franchisee shall do so provided that such advertising conforms to our standards and requirements as set forth in the Operations Manual or otherwise designated by us. Such advertising may include but is not limited to: any type of media (media advertising is further described below), telephone, mail, email (or any type of electronic network), directory and listings of the Business per our written approval.~~

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~~All items mentioned are our property and on termination will revert to us. Franchisee agrees to execute any and all documents needed to perfect such reversions. Franchisee shall not advertise the Business in connection with any other business, except with our prior written approval. Franchisee shall obtain our prior approval of all unapproved advertising and promotional plans and materials (including photographs and video presentations) that Franchisee desires to use thirty~~

~~(30) days before the start of any such plans. Franchisee shall submit such unapproved plans and materials to us (by personal delivery, through the mail with return receipt if requested or any method we prescribe). Franchisee shall not use such plans or materials until they have been approved by us and shall promptly discontinue use of any advertising or promotional plans and material upon the request of us. Any plans or materials submitted by Franchisee to us, that have not been approved or disapproved in writing, within thirty (30) days of receipt by us, shall be deemed not approved.~~

~~Franchisee will not independently advertise or promote the Business in any media (including on any Websites as defined in Section VI) without our prior written approval of the contents. Franchisee can use any materials previously approved by us. Franchisee must submit a request to us to use unapproved materials (such as photographs or video presentations) for any type of media promotion in addition to any edits, changes or updates to Franchisees web page and all such edits, changes or updates must be performed by us, its affiliates or approved vendors. We shall approve or deny Franchisee's request, which approval is in its sole discretion, within thirty (30) days of receipt of Franchisee's written request. If we fail to respond to Franchisee's request within said thirty (30) day period, Franchisee's request shall be deemed denied. Franchisee will participate in, at its own expense, and cooperate with all advertising and promotional programs we or any advertising group of franchisees selects, including any franchise marketing council we may implement. Franchisee is not required to follow or maintain any rates or sales price for Services and products (if we authorize Franchisee to sell products in the future) except that we will set minimum and maximum rates and/or prices and will suggest rates and prices, to the extent allowed by federal or state law.~~

~~Franchisee shall at all times use its best efforts to promote and increase recognition of the Services and products offered (if we authorize Franchisee to sell products in the future) by the Business pursuant to the System and Operations Manual, to affect the widest and best possible distribution of Services and products from the Business and to devote its best efforts to growing the Business.~~

~~You must spend a minimum of \$300 per quarter on local advertising.~~

~~Franchisee must host or participate in a Community Outreach Event at least once each calendar quarter. Franchisee's expenses incurred for such events are credited to Franchisee's local expenditure advertising requirement.~~

~~M. — Maintain Regular Business Hours~~

~~Franchisee's Business must be open for operation at a minimum of five days a week from 8am to 4pm Monday thru Friday, except holidays as specified in the Operations Manual; or the hours otherwise approved in writing by us; or as required by the lease of the premises on which the Business is operated. Saturdays and Sundays are optional. It is required that the Franchisee respond to after-hour inquiries immediately or within twenty-four (24) hours of the initial inquiry (as further described in the Operations Manual), an e-mail address for the Business and monitor such to take messages and respond to client concerns outside of regular business hours.~~

~~N. — Maintain Uniform Operating Standards~~

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~~Franchisee understands and acknowledges that every detail of the operation of the Business is important to the Franchisee, us and other franchisees in order to develop and maintain uniform level of service standards, to increase the demand for the Services offered and products sold (if we authorize Franchisee to sell products in the future) sold by the Business under our System and to protect our reputation, quality standards, and goodwill.~~

~~Franchisee acknowledges and agrees that the System must continue to evolve in order to reflect changing market conditions and meet new and changing consumer demands. As a consequence, changes, modifications and variations to the System's level of service standards, Services, programs and products offered (if we authorize Franchisee to sell products in the future) may be required from time to time to preserve and enhance the operational efficiency of all franchises.~~

~~Franchisee therefore agrees that we may periodically and upon written notice, add to, modify or change the System, including without limitation making changes to approved: Services, programs or products (if we authorize Franchisee to sell products in the future) Franchisee is authorized to offer; vendors and supplier relationships, equipment and products used in the operation of the Business; the adoption and use of new or modified trademarks, décor, signage and Center appearance specifications, software, advertising, promotion and marketing materials. Franchisee promises to promptly accept, implement, and use in the operation of the Business, all such additions, modifications and changes at Franchisee's expense.~~

~~Franchisee agrees to maintain high standards of honesty, integrity, fair dealing and ethical conduct in all business activities. Franchisee will not engage in any services or sell any product (if we authorize Franchisee to sell products in the future), trade practices, abusive, excessive or illegal collection techniques or other activity that we determine to be harmful to the goodwill, quality standards, or to reflect unfavorably on the reputation of Franchisee or us, the Franchised Business, or the Services and products offered thereof; or which constitutes deceptive or unfair competition, results in unfounded litigation against Franchisee's clients or otherwise is in violation of any applicable laws. The above limitations are closely related to our business image, purpose and marketing strategy of the System, and therefore any change therefrom would fundamentally change the nature of the business;~~

~~We will not require Franchisee to make any changes, modifications and variations to the System that are not required of all franchisees (unless such change, modification or variation relates only to certain franchisees due to one or more unique factors such as geographic location, local laws, regulations or customs); furthermore, we may periodically meet with representative groups of franchisees and solicit their input prior to the implementation of any material change or modification. Franchisee's failure to comply with modifications to the System within ninety (90) days of such written notice is an incurable default as described in Section XXIII.C of this Agreement.~~

~~O. — Telephone Number of Business and Web Page~~

~~Franchisee understands and agrees that the telephone number(s), URL address, web page and if permitted, Website for the Business (and any mobile phone numbers) constitute a part of the System and are subject to the restrictions of this Agreement. Accordingly, Franchisee shall not change the telephone number(s), URL address, web page or Website for the Business without our prior notice and written approval. Franchisee shall advertise and publicize the telephone number(s), URL address, web page and Website for the Business in the manner prescribed by us. As stated above, all telephone numbers, URL addresses, web page, Websites, Internet or similar connections, directory and listings for the Franchised Business are our property and upon termination will revert to us.~~

P. ~~Disclose Discoveries and Ideas to Franchisor~~

~~Franchisee shall promptly disclose to us all services, products, equipment, discoveries, methods, techniques, formulas, processes, programs, video presentations, photographs, concepts, operational procedures, inventions or ideas, whether patentable or not, relating to behavior modification services for children and young adults diagnosed with Autism Spectrum Disorder, which are conceived or made by Franchisee or any Owner, agent, or employee of Franchisee solely or jointly with others, during the term of this Agreement, whether or not our facilities, materials, or personnel are utilized in the conception or~~

making of such discoveries or ideas. Franchisee hereby acknowledges and agrees that all such services, products, equipment, discoveries, methods, techniques, formulas, processes, programs, video presentations, photographs, concepts, operational procedures, inventions or ideas are the exclusive property of us, and that we shall have no obligation to compensate the Franchisee for any such discovery or idea. However, as a matter of corporate policy, we may, in our sole discretion, create an incentive program to reward Franchisee, its owners, employees or agents for any such new service, product, equipment, method, technique, formula, process, program, video presentation, photograph, concept, invention or improvement that we implement throughout the System. Franchisee, its officers, directors, managers, members, partners and shareholders agree to execute all documents deemed reasonably necessary by us to assign all such patent, trade secret, trademark, copyright and intellectual property rights in any Franchisee discovery or idea to us. The term "all copyright and intellectual property rights" shall mean all means, methods, and process, by all media whether now known or hereinafter invented, including complete and entire interactive rights and rights to derivative works. The purpose of this clause is to ensure that ideas for improvements to the System that may be generated by franchisees within the System will be distributed to the other franchisees as a benefit of belonging to the System. Franchisee agrees to execute all documents that we deem are reasonably necessary to carry out such transfer of intellectual property rights to us.

Q. — Permit Franchisor to Enter the Business

Franchisee shall permit us and our agents or representatives to enter the Business at any time without notice during normal business hours for the purpose of conducting inspections of the Business to review business operations (which includes photographing and taking video or digital recordings of the operations of the Business and execution of Services for observation purposes) and to remove equipment or samples of products, without payment, for our review to determine if operations and execution of Services meet our then current level of service standards. Franchisee shall cooperate fully with our representatives in such inspections by rendering such assistance as they may reasonably request, and, upon notice from us or our agents, and without limiting our other rights under this Agreement, shall take such steps as may be deemed necessary to immediately correct any deficiencies detected during such inspections. In the event Franchisee fails or refuses to promptly correct immediately any deficiency detected during such inspection, we shall have the right to make or cause to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand. The foregoing shall be in addition to any other remedies we may have pursuant to this Agreement.

R. — Additional Requirements for Corporate Franchisee

If Franchisee is or becomes a corporation, limited liability company, general partnership or other organization or entity, the following requirements shall apply:

1. — Franchisee shall confine its activities to the establishment and operation of the Business;
2. — Franchisee's Certificate, Articles of Incorporation or Articles of Organization, Certificate of Formation, Shareholders Agreement, Operating Agreement, Partnership Agreement Business Trust Agreement, and/or Bylaws (or comparable governing documents) shall at all times provide that its activities are confined exclusively to the operation of the Business and that the issuance, redemption, purchase for cancellation and transfer of voting stock, or other ownership interest therein, is restricted by the terms of this Agreement. Franchisee

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~~shall furnish us promptly upon request copies of Franchisee's Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, Business Trust Agreement, Shareholders Agreement, and other governing documents, and any other documents we may reasonably request, and any amendments thereto, from time to time;~~

3. ~~Franchisee shall maintain a current list of all owners of record and beneficial owners of any class of voting stock or other ownership interest in Franchisee and shall furnish such list to us upon request;~~
4. ~~Franchisee shall maintain stop transfer instructions against the transfer on its record of any equity securities (voting or otherwise) or the certificate of any other entity evidencing ownership except in accordance with the provisions of Section XV of this Agreement. All securities or other ownership interests issued by Franchisee shall bear the following legend, which shall be printed legibly and conspicuously on each stock certificate or other evidence of ownership interest:~~

~~THE TRANSFER OF THESE SECURITIES IS SUBJECT TO THE TERMS AND CONDITIONS OF THIS FRANCHISE AGREEMENT WITH SOS FRANCHISING, LLC AS OF THE SIGNING DATE. REFERENCE IS MADE TO SAID AGREEMENT AND TO THE RESTRICTIVE PROVISIONS OF THE ARTICLES AND BYLAWS OF THIS CORPORATION (IF THE FRANCHISEE IS A LIMITED LIABILITY COMPANY, REFERENCE WILL BE MADE TO THE TRANSFER OF OWNERSHIP RESTRICTIONS SET FORTH IN THIS FRANCHISE AGREEMENT, IN THE LIMITED LIABILITY COMPANY'S OPERATING AGREEMENT, IF THE FRANCHISEE IS A PARTNERSHIP, REFERENCE WILL BE MADE TO THE TRANSFER OF OWNERSHIP RESTRICTIONS SET FORTH IN THIS FRANCHISE AGREEMENT, IN THE PARTNERSHIP AGREEMENT. IF THE FRANCHISEE IS A BUSINESS TRUST, REFERENCE WILL BE MADE TO THE TRANSFER OF OWNERSHIP RESTRICTIONS SET FORTH IN THIS FRANCHISE AGREEMENT, IN THE TRUST AGREEMENT);~~

5. ~~Any individual or Entity who owns ten percent (10%) or more ownership in the Franchise Business shall jointly and severally guarantee Franchisee's performance hereunder and shall bind themselves to the terms of this Agreement; provided, however, that the requirements of this Section XII.R. shall not apply to any corporation registered under the Securities Exchange Act of 1934 (hereinafter known as a "Publicly Held Corporation");~~
6. ~~If Franchisee is or becomes a partnership, corporation or limited liability company, Franchisee shall furnish us a copy of its partnership agreement or comparable agreement, and any other documents we may reasonably request, and any amendments thereto, from time to time. If Franchisee is or becomes a limited liability company, Franchisee shall furnish us with a copy of its operating agreement and any other documents we may reasonably request, and any amendments thereto, from time to time. If Franchisee is or becomes a corporation, Franchisee shall furnish us a copy of its shareholders agreement bylaws, and any other documents we may reasonably request, and any amendments thereto, from time to time; If Franchisee is or becomes a business trust, Franchisee shall furnish us a copy of its trust agreement, and any other documents we may reasonably request, and any amendments thereto, from time to time;~~

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~~7. Each individual or Entity holding a ten percent (10%) or greater ownership or beneficial ownership interest in the Franchisee's Business, directly or indirectly, (including each individual holding a fifty percent (50%) or greater interest in any limited liability~~

company, partnership or corporation which has a ten percent (10%) or greater interest in the Franchisee's Business) shall enter into a continuing guaranty agreement, in the form attached hereto as Schedule 6 as such form may be amended or modified by us, from time to time (if such guaranty agreement is to be executed subsequent to the date hereof in accordance with the terms of this Agreement); and

8. From and after the date of this Agreement, Franchisee and its Owners shall not sell, transfer, assign, pledge, mortgage, hypothecate or encumber all or any direct or indirect ownership interest in Franchisee without first obtaining our written consent which consent shall be given or withheld within thirty (30) days of Franchisee's request.

S. Site Selection

Franchisee assumes all costs, liability, expense, and responsibility for locating, obtaining, and developing a space for the Business to be established under the Franchise Agreement and for the build-out and equipping the business at such premises. A typical Success on the Spectrum<sup>®</sup> business has approximately five thousand (5,000) square feet of space. The space for the Business must be enclosed and separate from other businesses with its own locking door, unless otherwise approved by us in writing by us. Franchisee may buy or lease the required real property and improvements from any source and on terms approved by us in writing. Franchisee may not sign a lease (or a contract to purchase the premises, if applicable) for the Business until Franchisee has obtained our written approval. Franchisee must not invest any monies for a site which Franchisee wishes to open a Business until Franchisee has obtained our written approval for the site which will be made by email or any other form of written communication. On the execution of any lease for the Business, Franchisee will deliver to us a copy of the executed lease and an option to assume the lease executed by the lessor in favor of us in a form acceptable to us. All improvements to the Business must be approved by us.

~~FRANCHISEE ACKNOWLEDGES THAT OUR ACCEPTANCE OF A PROSPECTIVE SITE AND THE RENDERING OF ASSISTANCE IN THE SELECTION OF A SITE DOES NOT CONSTITUTE A REPRESENTATION, PROMISE, WARRANTY, OR GUARANTEE BY US THAT A SUCCESS ON THE SPECTRUM<sup>®</sup> FRANCHISE OPERATED FROM THE SITE WILL BE PROFITABLE OR OTHERWISE SUCCESSFUL.~~

Franchisee acknowledges that the Center and every component of the equipment, furnishings, fixtures and technology items in good order and repair at all times as specified in the Operations Manual. Franchisee may be required to upgrade such items as technology advances or in our sole discretion because of new functionality, so as to always use and be in compliant with our then current specifications:

1. Franchisee will maintain the Center and every component of the equipment, furnishings, fixtures and technology items in good order and repair at all times as specified in the Operations Manual. Franchisee may be required to upgrade such items as technology advances or in our sole discretion because of new functionality, so as to always use and be in compliant with our then current specifications;
2. Franchisee will keep the Center fully insured as specified in this Agreement and in the Operations Manual;
3. Franchisee will keep the Center at all times in a clean and tidy condition and free of any

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~~advertising and promotional material other than that required by law or the Operations Manual, and will exhibit such signage, colors and logos in the Center and upgrade or review the same as specified in the Operations Manual;~~

4. ~~Franchisee will not alter or in any way amend the décor or appearance of the Center or any equipment, furnishings, fixtures and technology items contained within the Center as specified in the Operations Manual;~~
5. ~~Franchisee shall maintain the cleanliness of the Center (as described in the Operations Manual). Franchisee shall also meet and maintain the highest level of health standards and ratings applicable to the operation of the Center. Franchisee shall furnish to us, within five (5) days after receipt thereof, a copy of all inspection reports, warnings, citations, certificates and/or ratings resulting from inspections conducted by any federal, state or local governmental authority with jurisdiction over the Business; and~~
6. ~~Franchisee may be required to use only approved vendors for repairs and maintenance of any furnishing, fixtures, equipment, technology items and signage in the Center.~~

~~Franchisee shall not execute a lease or sublease for the Business, or make any modifications or amendments to the lease or sublease, without our prior written consent, which we may grant, condition or withhold in our Business Judgment. Franchisee must deliver a copy of the signed lease or sublease to us within five (5) business days after it is signed. We do not offer legal services to Franchisee and Franchisee is encouraged to consult with independent legal counsel for a legal review of the lease. Franchisee shall ensure that the lease or sublease for the Business contains, in an addendum or otherwise, the following provisions which:~~

- 1) ~~Permit Franchisee to operate a Success on the Spectrum<sup>®</sup> business in accordance with this Agreement;~~
- 2) ~~Provide that the site will be used only for the operation of a Success on the Spectrum<sup>®</sup> business, and prohibit Franchisee from assigning or modifying any of Franchisee's lease rights, or extending the term without our prior written consent;~~
- 3) ~~Require the lessor to concurrently provide us with a copy of any written notices (whether of default or otherwise) to Franchisee under the lease and give us the right to cure any default if we so choose; within fifteen (15) days following the expiration of the Franchisee's cure period under the lease;~~
- 4) ~~Provide us with a right to take assignment and possession of the Business, without the lessor's consent or any additional consideration. If we exercise this right and Franchisee is in good standing, we'll sign a sublease with Franchisee for the same rent Franchisee is paying. In any case, we won't have any liability for any obligations incurred prior to our occupancy. Franchisee agrees to take whatever actions are necessary to accomplish such assignment and will when signing this Franchise Agreement, also sign the Collateral Assignment of Lease attached as Schedule 8. If Franchisee loses lease rights to the site in connection with any bankruptcy, the lessor will, on our request, enter into a new lease with us on essentially the same terms as the terminated lease;~~
- 5) ~~Provide that the lessor consents to the use of the Marks, trade dress and other aspects of the System, as modified from time to time, and give us the right to enter the premises during normal business hours for purposes of inspection, to take steps to protect the Marks and trade dress and/or prevent/cure any default.~~
- 6) ~~Not contain any clause providing that if the Franchisee sells the assets of its Business, or the stock/membership units/partnership units of the Business, Franchisee must pay the~~

landlord a certain percentage or a flat amount of the sale. Provided, that nothing in this

~~sentence shall impair the Franchisee from entering into a lease that allows its landlord to impose a reasonable administrative fee for processing the assignment or sublease.~~

~~T. — Development and Construction of the Center~~

~~Franchisee may be required to select and employ licensed contractors for the complete build-out and/or any leasehold improvements, unless otherwise approved by us. Franchisee is solely responsible for the selection and work of any contractor selected and/or employed by Franchisee, even if referred by us, and for the preparation of working drawings necessary to complete construction and/or build-out at the Approved Location. Franchisee will be provided with mandatory requirements and specifications (interior and exterior) for the build-out of the Center which includes specifications for Center layout, storage, furnishings, fixtures, décor and signage. We may if needed, review Franchisee's final set of drawings and plans prior to implementation. Such drawings, plans and specifications are subject to alteration as may be necessary in our sole discretion and Franchisee must be in full and strict compliance with plans and specifications approved by us. Franchisee is responsible for the cost and installation of all build-out specifications. We reserve the right to receive rebates, commissions or other forms of consideration from designated or approved vendors and suppliers involved in the construction or fixturing of the Center and to use such rebates, commissions or other consideration in any way we deem appropriate in our sole discretion, without obligation to share or remit any portion of such rebates, commissions or other consideration to Franchisee.~~

~~We would expect that when opening, Franchisee's site will need minimal construction improvements, if any. Costs may vary widely depending on such factors as property location, climate, the condition of the property and the extent of alterations required for the property. Franchisee shall be responsible for obtaining all zoning classifications, clearances, permits and certifications which may be required by state or local laws, ordinances or regulations or which may be necessary or advisable owing to any restrictive covenants relating to Franchisee's location. After having obtained such approvals and clearances, Franchisee shall submit to us, for our approval, final plans for construction based upon the preliminary plans and specifications. Once approved by us, such final plans shall not thereafter be changed or modified without the prior written permission of us. Any such change made without our prior written permission may be considered a material default under this Agreement and we may withhold our authorization to open the Business until the unauthorized change is rectified (or reversed) to our reasonable satisfaction.~~

~~Franchisee shall comply with all federal, state and local laws, codes and regulations, including without limitation, the applicable provisions of the ADA regarding the construction, design and operation of the Center. If Franchisee receives any complaint, claim or other notice alleging a failure to comply with the ADA or other law or regulation related to health or safety, Franchisee agrees that it shall provide us with a copy of such notice within five (5) days after receipt thereof.~~

~~Except as provided in Section IX.A of this Agreement, Franchisee shall construct, furnish and open the Business according to the requirements contained herein, and Franchisee shall open its Business no later than one year from the Effective Date. Time is of the essence.~~

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~~Prior to opening for operation, Franchisee shall provide us with evidence of lien-free completion of all work (including, without limitation, any and all mechanic liens) and to comply with all pre-opening requirements set forth in this Agreement (including without limitation those with respect to the grand opening advertising program), the Operations Manual, and/or elsewhere in writing by us.~~

~~Franchisee shall not open the Business for operation until we have determined that all construction has been substantially completed, and that such construction conforms to our standards including, but not limited to: materials, quality of work, equipment, furnishings, fixtures, signage,~~

decor, paint and we have given Franchisee written approval to open, which approval shall not be unreasonably withheld. Our approval to open the Center does not constitute a waiver of our right to require Franchisee to conform the Center to our standards.

U. Training

Prior to Franchisee's opening of the Business for operation, Franchisee, its Owners and Office Manager and behavior analyst shall complete to our satisfaction the ten (10) day training program as required by this Agreement. We may, at our discretion, make available additional training programs, certifications, seminars, as well as refresher courses available to the Franchisee and/or Franchisee's designated individual(s) from time to time. We may, at any time, discontinue the training program and decline to certify Franchisee and/or its designated individual(s) who fail to demonstrate an understanding that is acceptable to us. If Franchisee or its designated individual's training is discontinued by us, Franchisee shall have thirty (30) days to present an alternative acceptable candidate for management training to us. If Franchisee's new candidate does not adequately complete the initial training program, then we shall have the option of terminating this Agreement. We shall provide instructors, training materials for all required training programs; and Franchisee shall be responsible for all other expenses incurred by Franchisee, its Owners or managers and behavior analyst in connection with any such program, including, without limitation, the cost of transportation, lodging, meals, and wages. New key staff must complete the initial franchise training within 60 days of hire.

V. Ongoing Training and Support

Franchisee will have access to our personnel for questions, ongoing training and support by instant chat, video conference, and e-mail during regular business hours (Central Time Zone). We will continue to consult with and advise Franchisee on Services, operational matters and provide a dedicated phone line to all our franchisees, free of charge, to answer any questions from Franchisee or its staff (Section XX.A of this Agreement), provide the Manual in addition to vendor, supplier, product, equipment, marketing and operational updates as they become available; and review advertising, equipment, product, vendor and/or supplier approval requests. Only key staff that have completed the initial training program will get support.

~~**XIII. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO INSURANCE**~~

A. Overall Coverage Required

Before Franchisee opens its Business, Franchisee must purchase insurance coverage from a responsible carrier with a performance rating of A or higher as rated in the most recent edition of Best Insurance Reports (or comparable criteria as we may specify Franchisee must maintain such insurance throughout the duration of the initial term of the Franchise Agreement and any renewal terms. Franchisee will procure and maintain Business Owner's Insurance, including general liability, property and casualty, business interruption, personal injury, advertising injury;

~~completed operations and fire damage coverage, in the amount of \$1,000,000 per occurrence and \$3,000,000 aggregate; Professional Liability Insurance (including coverage for HIPAA) that covers you for damages that do not result in property or bodily injury with a minimum policy limit of \$1,000,000 per occurrence and \$3,000,000 aggregate or an amount we reasonably specify; Cyber or Data Privacy insurance with a minimum policy limit of \$1,000,000 per occurrence or an amount we reasonable specify; Workers' compensation insurance in amounts provided by applicable law or, if permissible under applicable law, any legally appropriate alternative providing~~

~~substantially similar compensation to injured workers, subject to the conditions set forth in the Franchise Agreement; and other insurance coverage, as we or the landlord (if applicable) may reasonably require.~~

~~Each insurance policy that we require under this Agreement must contain a provision that the policy cannot be canceled without thirty (30) days' written notice to us. All insurance policies will name Franchisee as certificate holder and us and our affiliates as an additional named insured with waiver of subrogation by Franchisee for the benefit of us. We may establish minimum standards for coverage to be met by underwriters for insurance. Before beginning operations, Franchisee will obtain any other liability insurance required by law, provide us with certificates of insurance and a complete copy of all insurance policies within ten (10) days of issuance, and maintain all required insurance during the term of this Agreement. Franchisee shall also furnish us with certificates and endorsements evidencing insurance coverage within ten (10) days after each of the following events (i) at all policy renewal periods, no less often than annually and (ii) at all instances of any change to, addition to or replacement of any insurance. Lapses, alterations, or cancellations require immediate notice to us and shall, in our sole discretion, be deemed an immediate material breach of this Agreement as set forth in Section XXIII.C. If Franchisee fails to obtain the required insurance and to keep the same in full force and effect, we may, but shall not be obligated to, pay the premiums or acquire insurance, and bill Franchisee. Franchisee shall reimburse us for the full cost of such insurance, along with a reasonable service charge to compensate us for the time and effort expended to secure such insurance. We may change these insurance requirements on reasonable notice to Franchisee.~~

~~Franchisee's insurance will cover all claims for injury, damage and death or otherwise, arising directly or indirectly out of the Franchised Business.~~

~~Franchisee shall notify us immediately in writing of the occurrence of any material event that does or could give rise to an insurable claim by Franchisee or the Franchised Business, and no later than the date on which Franchisee notifies its insurance carrier.~~

~~We reserve the right to change or modify (including increasing) the required minimum coverage limits. We make no representation or warranty to Franchisee that the amount of insurance to be carried by Franchisee under the terms of this Agreement is adequate to fully protect Franchisee's interest. If Franchisee believes that the amount of any such insurance is insufficient, Franchisee is encouraged to obtain, at its sole cost and expense, such additional insurance as it may deem desirable or adequate. Franchisee agrees to seek the advice of its insurance advisor regarding the appropriate types of coverage and coverage limits Franchisee may need to sufficiently protect its Business. Franchisee acknowledges that we shall not, by the fact of approving, disapproving, waiving, accepting, or obtaining any insurance, incur any liability for or with respect to the amount of insurance carried, the form or legal sufficiency of such insurance, the solvency of any insurance companies or the payment or defense of any lawsuit in connection with such insurance coverage, and Franchisee hereby expressly assumes full responsibility therefore and all liability, if any, with respect thereto.~~

~~Franchisee's compliance with insurance requirements shall not relieve Franchisee of its liability under the indemnity provisions of this Agreement, Section XVIII. Obligations to maintain insurance coverage will not be affected by reason of any separate insurance maintained by us, nor~~

~~will the maintenance of such insurance relieve Franchisee of any obligations under this Agreement.~~

~~Franchisee shall also acquire tenant's liability insurance (if applicable); any other insurance required by the state or locality in which the Business is located and operated, in such amounts as required by statute; and other insurance coverage, as we or the landlord may reasonably require.~~

~~Franchisee shall furnish us with certified copies of each of the insurance policies described above prior to when the Business is deemed open for operation as described in Section X.A of this Agreement.~~

~~XIV. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO ACCOUNTING AND RECORDS~~

~~A. Bookkeeping, Accounting and Records~~

~~Franchisee acknowledges that the maintenance of accurate financial records and the preparation of financial statements on a timely basis is essential to the efficient operation of the Business. If Franchisee is not qualified to maintain accurate financial records, in our reasonable determination, the Franchisee agrees to hire a qualified bookkeeper who will maintain the financial records of the Franchise and who will attend to the bookkeeping for the Business not less than once per month for that purpose.~~

~~Franchisee shall maintain during the term of this Agreement, and shall preserve for a minimum of seven (7) years, full, complete accurate records of sales, payroll, accounts payable and accounts receivable in accordance with the standard accounting system described by us in the Operations Manual or otherwise specified in writing. Franchisee will keep its books and records related to the Business separate from any other business owned by Franchisee or its principals. Any such separate business will be conducted by a separate entity.~~

~~Franchisee will provide us with all hard copy and digital copies of reports we prescribe on or before the fifth (5<sup>th</sup>) day of each month or daily or as we require. Franchisee will deliver or provide electronic access to business records (we will have independent access to all information that Franchisee stores in any computer, laptop, tablet or software), including an itemized report of Franchisee's gross revenue for the prior period on a form we prescribe, which will include payment for that periods' or months' fees due, and may include, to the extent that we require:~~

- ~~1. Franchisee's profit and loss statements, payroll records, certification or records of gross revenue, vendor summary reports and report of account receivables for the month, week, day or period reported; and/or~~
- ~~2. Copies of any invoices and registration-related contracts with updated client information in any format we specify;~~
- ~~3. Copies of all invoices for purchases of equipment, products and supplies;~~
- ~~4. Copies of Franchisee's most recent sales tax report and/or sales tax return;~~
- ~~5. Copies of all inspections for the Business from governmental agencies;~~
- ~~6. Copies of all merchant account printouts received from Franchisee's merchant account banking provider (i.e. records of credit and debit card transactions);~~
- ~~7. Copies of all bank deposits, and bank deposit records made by the Franchisee; and~~
- ~~8. A complete list of all clients, their email addresses, physical addresses and telephone numbers, who: have canceled or terminated Service, filed a complaint (internally or with governmental or with third parties such as the Better Business Bureau) or sought any type of refund during the preceding month, by the fifth (5<sup>th</sup>) day of each month.~~

~~Franchisee acknowledges and agrees that we, at all times during and after termination, expiration or cancellation of this Agreement, have the right to access (electronically or otherwise) all Business~~

Records of the Business. We may use, transfer, copy or analyze such Business Records as we determine in our sole discretion to be in the best interest of the System. For purposes of this Agreement, "Business Records" means all records, documents, insurance policies, databases and the like (whether in print, electronic or other form), including all names, addresses, phone numbers, email addresses of clients (access to client records will comply with HIPAA guidelines), contracts, purchase agreements, vendor and/or supplier records and all other records contained in databases created and maintained by Franchisee pertaining to the operation of a Success on the Spectrum<sup>®</sup> business, including but not limited to employees, vendors and other professionals related to the Business.

Franchisee can purchase its own technology items on its own or use our approved vendors; however, will be required by us to obtain specific software that is HIPAA compliant, including, without limitation, a license to use Software (if developed by us in the future), or software from any of our vendors in accordance with Section XII.I of this Agreement and the Operations Manual. Franchisee agrees to pay all costs in connection with obtaining, maintaining, upgrading, etc. all hardware and software and other systems (upgrades, maintenance and support for our Software (if developed) will be provided by us as described in Section XX.I). We have the right to charge a reasonable fee for the license, modification, maintenance and/or support of Software (if developed) that we may license to Franchisee and other products and services that we furnish to Franchisee related to its computers and other systems.

Franchisee will adopt a fiscal year as designated by us and prepare all financial reports in accordance with U.S. generally accepted accounting principles, consistently applied. Franchisee must periodically deliver to us accounting, tax and other information or copies of documents, as we request.

B. — Franchisor's Right to Audit

We or our agents may enter the Franchisee's location to examine or audit Franchisee's business at any time without notice. We will examine, inspect or audit Franchisee's database and Business Records, which records will include, but will not be limited to: payroll records, ledgers, sales reports, timecards, check stubs, bank deposits, bank statements, merchant account printouts, receipts, sales tax records and returns, payroll tax records, insurance policies and other documents. We will bear the cost of the audit and Franchisee must correct any deficiency found at Franchisee's own expense and provide us with written evidence that such deficiency was corrected.

C. — Method of Payment

All payments Franchisee makes to us will be by any method we specify, including cash, check, certified check, money order, credit card, automatic pre-authorized payment plan, Internet, or electronic funds transfer (as described in Section X.D of this Agreement). All payments to us and dollar amounts stated in this Agreement are in United States dollars unless otherwise expressed. Notwithstanding any other provision in this Agreement to the contrary, in the event the United States currency is redeemed, re-nominated or another currency is issued in its place the new currency will be required. If a conversion of royalties or other payments from another currency is made, the conversion shall be made as of the date the payment is due, or the date the payment is actually made, whichever is more beneficial to us. Franchisee is responsible for any fees associated with payment methods other than cash or check.

D. Submission of Financial Statements

~~Franchisee will provide us with a copy of Franchisee's annual financial statements including a profit and loss statement and a balance sheet and containing complete notes and disclosures. Such statements will be prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), by an independent accountant, and will be delivered to us within ninety (90) days after Franchisee's fiscal year end.~~

E. ~~Disclosure of Financial Statements~~

~~Franchisee hereby grants us permission to release to Franchisee's lenders or prospective lenders and to our purchasers or prospective resell purchasers, any financial and operational information relating to Franchisee and/or the Business; however, we have no obligation to do so. Should we have acquired Franchisee's business and intend to sell it to a prospective franchisee, we may show such buyer Franchisee's financial statements and related information.~~

~~Franchisee also authorizes us to make reasonable inquiries of Franchisee's bank, suppliers and creditors concerning the Business and hereby directs such persons and companies to provide to us such information and copies of documents pertaining to the Business as we may request.~~

~~XV. **SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO USES OF NAMES AND MARKS**~~

~~A. Names and Marks are Owned by Franchisor~~

~~We warrant with respect to the proprietary Names and Marks that:~~

- ~~1. Pursuant to a License Agreement between us and Success on the Spectrum, LLC, we have been granted the exclusive right to use the Names and Marks to establish Success on the Spectrum<sup>®</sup> franchises in the United States.~~
- ~~2. We will take such steps as are reasonably necessary to preserve and protect the ownership and validity of such Names and Marks; and~~
- ~~3. Franchisee acknowledges that there may be third party pre-existing users or applicants/registrants of trademarks, trade names, or business names similar to the Marks. We and Franchisee shall investigate such use, applications, or registrations, if any, and we shall in our sole discretion decide on the appropriate action to be taken. Any unsuccessful challenge made by us shall not constitute a ground for the termination of this Agreement. In the event we determine in our sole judgment that challenging any such third party's use of the Marks will not likely be successful, or would not be economically feasible to achieve, or if Franchisee shall be required to cease using the Marks (or any of them) by court order, or as a result of any settlement of any such trademark claim by a prior registrant or any pre-existing user, or any other such trademark claim, or if we shall deem it necessary or appropriate to change the name of the Franchise in order to mitigate any potential exposure or damages arising under any trademark claim, Franchisee shall promptly change the name of its Franchise, and thereafter utilize an alternative name established by us. We shall not otherwise be liable for any losses or any consequential damages, incidental damage, exemplary damages, special damages, including lost future profits, resulting from or arising out of any trademark, service mark, and/or unfair competition claim(s). We shall have no obligation to reimburse the Franchisee for any costs, causes of action, damages, demands, expenses, fines, liabilities, or penalties, arising out of such a trademark, service mark, logo or trade name change.~~
- ~~4. We will use and permit Franchisee and other franchisees to use the Marks in compliance with the System and standards attendant thereto and contained in the Operations Manual as well as our policy statements, which underlie the goodwill associated with and symbolized by the Marks.~~

~~B. Franchisee is Licensed to Use Names and Marks~~

~~With respect to Franchisee's use of the Names and Marks pursuant to this Agreement, Franchisee agrees that:~~

- ~~1. Franchisee shall use only the Names and Marks as are approved in writing by us for Franchisee's use, and shall use them only in the manner authorized and permitted by us and that in any use whatsoever of our Names and Marks that the Names and Marks are identified as being registered to or owned by Success on the Spectrum, LLC with exclusive rights given to us;~~
- ~~2. Franchisee shall use the Names and Marks only in connection with the operation of the Business and in advertising for the Business conducted at or from the Franchisee's web page and Accepted Location;~~
- ~~3. Franchisee shall use and display, as we may require in the operation of the Business, a notice in the form approved by us indicating that Franchisee is a "Franchisee" of Success on the Spectrum<sup>®</sup> and that the Names and Marks are used by Franchisee under such Franchisee. Franchisee must indicate to third parties that it is "independently owned and operated" and we own the Marks and Franchisee uses them under a license;~~
- ~~4. Unless otherwise authorized or required by us, Franchisee shall operate and advertise the Business under the Name and Mark "Success on the Spectrum<sup>®</sup>";~~
- ~~5. Franchisee's right to use the Names and Marks is limited to such usages as are authorized under this Agreement, and any unauthorized use shall constitute an infringement of our rights and material breach of this Agreement;~~
- ~~6. Franchisee must obtain our approval for any use of any item of printed or digital material of any kind bearing any of the Names and Marks, unless we supplied the item. We shall approve or deny Franchisee's request, which approval is at our sole discretion, within thirty (30) days of receipt of Franchisee's written request. If we fail to respond to Franchisee's request within said thirty (30) day period, Franchisee's request shall be deemed denied. Franchisee shall use such notices of trademark registrations and copyrights as we specify;~~
- ~~7. Franchisee shall not use the Names and Marks to incur any obligations or indebtedness on our behalf;~~
- ~~8. Franchisee shall not use the Names and Marks or any part thereof as part of its corporate or other legal name;~~
- ~~9. Franchisee shall not, without Franchisor's written approval of contents of materials, use the Names and Marks or any part thereof in any form on the Internet or any Website including but not limited to, addresses, domain names, URLs, links, metatags, locators and search techniques;~~
- ~~10. Franchisee shall comply with our instructions in filing and maintaining the requisite trade name or fictitious name registration, and shall execute any documents deemed necessary by us or our counsel to obtain protection for our Names and Marks or to maintain their continued validity and enforceability; and~~

~~11. In the event any litigation involving the Names and Marks is instituted or threatened against Franchisee, Franchisee shall promptly notify us and shall cooperate fully with us in defending such litigation. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may be, in our sole opinion, reasonably necessary or advisable to protect and maintain the interests of us or any other interested party in the Names and Marks. Other than what is stated in this Agreement, we are not obligated to protect Franchisee's right to use the Marks or protect Franchisee against claims of infringement or unfair competition with respect to them and may direct Franchisee not to use the Marks or to change the Marks at Franchisee's expense. We will control any and all such litigation, arbitration and mediation involving our Marks. The Franchisee has no authority to institute any litigation, file an arbitration, or institute any request for mediation regarding our Marks, nor does the Franchisee have any authority to enter into any settlement negotiations. Although we are not contractually obligated to protect the Names and Marks or Franchisee's right to use them, as a matter of corporate policy, we intend to defend the Marks vigorously;~~

~~12. During the term of this Agreement and any renewal, Franchisee shall identify itself as the owner of the Business in conjunction with any use of the Names and Marks, including, but not limited to, on invoices, order forms, receipts and contracts, as well as at such conspicuous locations on the premises as we may designate in writing. The form and content of such identification shall comply with standards set forth in the Operations Manual; and~~

~~13. Franchisee further agrees to follow all of our level of service and quality standards that are inherent in our Names and Marks. Such level of service standards and quality standards are contained in the Operations Manual, as well as various policy statements issued by us, and may be changed from time to time at our sole discretion.~~

~~C. Franchisee Will Not Challenge Franchisor's Rights in Its Use of the Names and Marks~~

~~Franchisee expressly understands and acknowledges that:~~

~~1. As between the Parties hereto, Success on the Spectrum, LLC is the owner and except as otherwise provided in our license agreement, has all right, title and interest in and to the Names and Marks and the goodwill associated with and symbolized by them;~~

~~2. The Names and Marks are valid and serve to identify the System and those who are franchised under the System;~~

~~3. Franchisee shall not directly or indirectly contest the validity or the ownership of the Names and Marks;~~

~~4. Franchisee's use of the Names and Marks pursuant to this Agreement does not give Franchisee any ownership interest or other interest in or to the Names and Marks, except the non-exclusive Franchise granted herein;~~

~~5. Any goodwill arising from Franchisee's use of the Names and Marks in its Business under the System shall inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the Franchise herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Names and Marks;~~

6. ~~We reserve the right to substitute different Names and Marks for use in identifying the System, the Business and other franchised businesses operating there under;~~
7. ~~Franchisee hereby agrees to comply, at Franchisee's expense, with any directions from us to discontinue, modify, substitute or add Names and Marks. We cannot and do not make any guaranty that a modification, discontinuance or otherwise will not be required for any reason. In such event, we have no liability to Franchisee. Franchisee agrees to make no claim in connection with any modification, discontinuance or other action, and/or with any dispute regarding the Names and Marks. There is always a possibility that there might be one or more businesses using a name and/or marks similar to us with superior rights;~~
8. ~~Franchisee hereby agrees not to register or attempt to register the Names and Marks in Franchisee's name or that of any other firm, person, business, or corporation.~~
9. ~~The right and license of the Names and Marks granted to Franchisee is nonexclusive, and we thus have and retain the rights, among others:
  - a. ~~To use the Names and Marks in connection with offering Services and selling products (if we choose to sell products in the future);~~
  - b. ~~To use the Names and Marks to market on the Internet, including all use of Websites, domain names, URL's, linking, advertising and co-branding arrangements. Franchisee may not establish a presence on the Internet except as we may specify and only with our prior written consent. We retain the right to approve any linking to or other use of our website or any other Website specific to our Services;~~
  - c. ~~To grant other licenses for the Names and Marks, in addition to those licenses already granted to existing franchisees; and~~
  - d. ~~To develop and establish other systems using similar Names and Marks, or any other proprietary marks, and to grant licenses or franchises thereto at any location(s) whatsoever without providing any rights therein to Franchisee.~~~~
10. ~~Franchisee understands and acknowledges that we have the unrestricted right to engage, directly or indirectly, through our employees, representatives, licensees, assigns, agents and others, at wholesale, retail and otherwise, in the production, distribution and sale of products and/or Software (if developed) bearing the Names and Marks licensed or other names or marks, including without limitation, products included as part of the System. Franchisee shall not under any circumstances engage in any wholesale trade or sale of System equipment, products and/or Software for resale and/or independently act as an exclusive distributor for any third-party vendor or secure any exclusive rights for any System equipment, products and/or Software or non-System equipment, products or software without our written consent.~~

~~D. Ownership of Intellectual Property~~

~~Franchisee acknowledges that we are the exclusive owner of the Names and Marks (some by our license agreement from Success on the Spectrum, LLC), all Confidential Information, all intellectual property associated with the Names, Marks and the System, all vendor and supplier relationships, Employee and client lists and all relevant phone listings/addresses/URLs held by~~

~~Franchisee. Franchisee agrees that Franchisee will not use these lists for any purpose other than in relation to the Franchised~~

Business. Subject to applicable law, Franchisee will, on demand, promptly deliver to us a complete list of Franchisee's clients, accounts, Employees including information we may request related to such clients (without violating HIPAA compliance regulations), accounts and Employees. The use of any or all such intellectual property shall not create in Franchisee, its managing partners, members or shareholders title or interest in or to any of it except as expressly provided in this Agreement. Neither Franchisee nor any of its Owners shall directly or indirectly assert any right, title or interest in or to any of the Marks or any other part of the intellectual property other than as provided for in this Agreement. Franchisee acknowledges that we shall own all intellectual property rights to any materials provided to the Franchisee by us, or developed by the Franchisee pursuant to this Agreement. Such ownership rights shall be in all media, whether now known or hereinafter invented, by all means, methods and processes, including complete and entire interactive rights and rights to derivative works.

**XVI. SPECIFIC OBLIGATIONS OF THE FRANCHISEE RELATING TO CONFIDENTIALITY OF PROPRIETARY INFORMATION**

**A. Franchisee Shall Learn Proprietary Matters**

Franchisee acknowledges that it will obtain knowledge of proprietary matters, techniques and business procedures of ours that are necessary and essential to the operation of the Franchise, without which Franchisee could not effectively and efficiently operate the Business, including, without limitation, knowledge regarding our: System, Services, proprietary rewards based and motivational led learning programs, different types of social skill programs, activities and themed events; specifications for equipment, products and supplies used; vendor and supplier relationships, build-out and design specifications, advertising, promotional and marketing materials and strategies; operational procedures of the Business and the Operations Manual. Franchisee further acknowledges that such proprietary information was not known to Franchisee prior to execution of this Agreement and that our methods are unique and novel to the System. Franchisee acknowledges that Confidential Information shall also include:

1. Persons, corporations or other entities, which are, have been or become franchisees of the System and any investors therein;
2. Persons, corporations or other entities, which are, have been or become clients of Business;
3. The terms of and negotiations relating to past or current Franchise Agreements with respect to the System;
4. The operating procedures and best practices of the System, which include but not limited to: how to effectively execute our proprietary rewards based and motivational led learning programs; knowledge of and strategies for securing and retaining clients, how to conduct sales presentations, how to implement community give back programs, advertising, promotional and marketing materials; how to use our educational platform; recommendations for hiring and training employees and best practices for billing, record keeping and efficiencies with administrative tasks;
5. The economic and financial characteristics of the System and franchisees, including without limitation: pricing policies, profitability, earnings and losses and capital and debt structures;

6. ~~The Services and products (if we authorize Franchisee to sell products in the future) offered to clients of a Success on the Spectrum<sup>®</sup> business, including, without limitation, the scope of services performed and services refused, products offered as well as all future service and product development plans, marketing strategies; and~~

~~7. All documentation of the information listed in Sections XVI.A.1 through XVI.A.7 including, without limitation, our training program and Operations Manual. During the term of this Agreement and for a period of five (5) years, following the expiration or termination of this Agreement, Franchisee agrees not to use, divulge, directly or indirectly, any Confidential Information, without our prior written consent. Nothing contained herein shall be construed so as to require Franchisee to divulge any secret processes, formulas, or the like.~~

~~B. Franchisee's Employees Will Not Disclose Confidential Information~~

~~Franchisee must keep the methods of operations (confidential information found in the Manuals and other documents) and Manuals confidential and not disclose them except to Franchisee's Office Manager, Employees, agents and representatives, as those who must have access to it in order to operate a Success on the Spectrum<sup>SM</sup> business. Franchisee is encouraged to follow all our security procedures, which include the execution and delivery to us of approved nondisclosure or non-competition agreement from its Office Manager and behavior analyst within one week after they are hired. These agreements state that such person shall not during the course of his/her employment, representation, or agency with Franchisee, or for a period of three (3) years thereafter, use, divulge, disclose or communicate, directly or indirectly, in any form or manner, to any person, firm or corporation, any of our Confidential Information.~~

~~The Operations Manual (and all other manuals, workbooks and materials) are and remain our exclusive property. We will loan Franchisee one copy (hard or electronic) for the term of this Agreement. Franchisee must return the Operations Manual (and/or destroy any electronic version of the Manual) to us at the termination or expiration of this Agreement for any reason, or at any other time at our request. The Operations Manual contains mandatory level of service standards and recommended operating procedures that we prescribe for franchised businesses and contain information about Franchisee's other obligations under this Agreement. We may change or add to the Operations Manual to reflect changes in our image, specifications, and procedures and methods of operation, and will lend Franchisee copies of any changes or additions. However, we will not make any change that will change Franchisee's fundamental status and rights under this Agreement. Franchisee cannot copy any part of the Operations Manual (except for designated training sections), either physically or electronically. If Franchisee's copy of the Operations Manual is lost, destroyed or significantly damaged, Franchisee must replace the Operations Manual at its own expense as set forth in Section XX.G.~~

~~C. Relationship with Former Franchisees~~

~~Franchisee acknowledges that former franchisees (those whose franchise agreements have expired or have been terminated) are in a position to compete unfairly with Franchisee and/or other members of the System and to cause great injury to the reputation of the System and the Names and Marks. Franchisee therefore agrees as follows:~~

~~1. Franchisee will not sell, loan, give or otherwise transfer or deliver to any former franchisee, or allow any former franchisees to copy or otherwise obtain, any Confidential Information; any advertising or promotional materials produced by us or which bear any of our Names and Marks; any other materials or publications of us, including, without limitation, the Operations Manual; any directory or roster of franchisees or approved vendors and suppliers, any other client lists or mailing lists pertaining in any way to the~~

~~System; or any other information about the System, business or Confidential Information which is not available to the public.~~

2. ~~Franchisee will not refer prospective clients to any former franchisee.~~

3. ~~Franchisee will not notify or advise any former franchisee of, or in any other way assist any former franchisee in learning about, the date, time and place of any meetings of franchisees.~~
4. ~~If Franchisee observes any former franchisee using any of our Names and Marks in any way, or utilizing a business facility (including on any vehicles) for which our Names and Marks and/or distinctive color scheme have not been completely obliterated, Franchisee shall immediately report such observations to us along with all details available to Franchisee.~~
5. ~~Franchisee shall in general have no dealings with former franchisees.~~
6. ~~The provisions of this Section XVI.C shall apply to Franchisee as soon as Franchisee is on notice of the expiration or termination of another franchise agreement. Franchisee shall be deemed to be on such notice when:~~
  - i. ~~Franchisee receives a new franchisee directory in which such franchisee does not appear; or~~
  - ii. ~~Franchisee receives written notice from us that one or more particular franchise agreements have expired or a franchisee has been terminated.~~

~~D. Injunctive Relief is Available to Franchisor~~

~~Franchisee acknowledges that any failure to comply with the requirements of this Section XVI will cause us irreparable injury, and we shall be entitled to obtain specific performance of, or an injunction against any violation of, such requirements; Franchisee waives any requirements for the posting of any bond(s) relating thereto. Franchisee agrees to pay all court costs and reasonable attorneys' fees incurred by us in obtaining specific performance of, or an injunction against, violation of requirements of this Section XVI. The foregoing remedies shall be in addition to any other legal or equitable remedies, which we may have.~~

~~E. Franchisor's Patent Rights and Copyrights~~

~~We do not own rights in or to any patents that are material to the Franchise at this time. However, we claim copyright protection for the Operations Manual and all related materials, Software (if developed), website, intranet and all training, promotions, marketing, sales, and advertising materials (including all photographs and video presentations) and operations materials. Such copyright protection and ownership shall extend to all media, whether now known or hereinafter invented, by all means, methods, and processes, whether now known or hereinafter invented, including rights to interactive works, and derivative works. Furthermore, we claim rights to certain trade secrets and Confidential Information as discussed above.~~

~~F. Franchisee Shall Not Contest the Franchisor's Ownership Right to Any Confidential Information, Trade Secrets, Patents or Copyrights~~

~~Franchisee expressly understands and acknowledges that:~~

1. ~~To the best of Franchisee's knowledge our Confidential Information, trade secrets, copyrights, and patent rights are valid;~~

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Franchise Agreement 2023~~

- ~~2. Franchisee shall not directly or indirectly contest the validity or the ownership of our Confidential Information, trade secrets, copyrights, and patents;~~
- ~~3. Franchisee's use of our Confidential Information, trade secrets, copyrights, and patents does not give Franchisee any ownership interest or other interest in or to the Confidential Information, trade secrets, copyrights, and patents, except the non-exclusive Franchise granted herein;~~
- ~~4. Any goodwill arising from Franchisee's use of our Confidential Information, trade secrets, copyrights and patents in its Business under the System shall inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the Franchise herein granted, no monetary amount shall be assigned as attributable to any licensed Confidential Information, trade secrets, copyrights, and patents;~~
- ~~5. We reserve the right to substitute different Confidential Information, trade secrets, copyrights, and patents for use in operating and maintaining the System.~~
- ~~6. Franchisee hereby agrees to comply, at Franchisee's expense, with any directions from us to discontinue, modify, substitute or add any new Confidential Information, trade secrets, copyrights and patents. We cannot and do not make any guaranty that a modification, discontinuance or otherwise will not be required for any reason. In such event, we have no liability to Franchisee. Franchisee agrees to make no claim in connection with any modification, discontinuance or other action, and/or with any dispute regarding any licensed Confidential Information, trade secrets, copyrights, and patents.~~
- ~~7. Franchisee hereby agrees not to register or attempt to register any Confidential Information, trade secrets, copyrights, and patents in Franchisee's name or that of any other firm, person or corporation.~~
- ~~8. The right and license of the Confidential Information, trade secrets, copyrights and patents granted to Franchisee is nonexclusive, and we have and retain the rights, among others:
  - ~~a. To use the trade secrets, Confidential Information, patents and copyrights and itself in connection with offering Services and products;~~
  - ~~b. To use the trade secrets, Confidential Information, copyrights, and patents to market on the Internet, including all use of Websites, domain names, URL's, linking, advertising and co-branding arrangements.~~
  - ~~c. To grant other licenses for the trade secrets, Confidential Information, copyrights and patents, in addition to those licenses already granted to existing franchisees; and~~
  - ~~d. To develop and establish other systems using similar trade secrets, Confidential Information, patents, and copyrights, and to grant licenses or franchises thereto at any location(s) whatsoever without providing any rights therein to Franchisee.~~~~
- ~~9. Franchisee understands and acknowledges that we have the unrestricted right to engage, directly or indirectly, through our employees, representatives, licensees, assigns, agents and others, at wholesale, retail and otherwise, in the production, distribution and sale of products (if we choose to develop and sell products in the future) bearing our trade secrets;~~

Confidential Information, patents, and copyrights licensed, including without limitation, products included as part of the System.

**XVII. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO TAXES, PERMITS AND LAWSUITS**

**A. Franchisee Must Notify Franchisor of Lawsuits**

Franchisee shall notify us in writing within five (5) days of notice of the commencement of any action, suit, or proceeding against Franchisee, its Owners and any of its behavior analyst (including if Franchisee or any of its Owners or behavior analyst are found guilty of a felony as defined in its state), and of the issuance of any inquiry, subpoena, order, writ, injunction, award or decree of any court, agency, or other governmental instrumentality, which arises out of, concerns, or may affect the operation or financial condition of the Business, including, without limitation, any criminal action or proceedings brought by Franchisee against its Employees, clients, or other persons. The parties shall give each other advance written notice of Franchisee's intent to institute legal action against the other, specifying the basis for such proposed action, and shall grant the other party thirty (30) days from receipt of said notice to cure the alleged act upon which such legal action is to be based. This provision is not meant to impede a party's ability to seek immediate injunctive relief from a court of law in the event the party demonstrates irreparable harm.

**B. Franchisee Must Pay Taxes Promptly**

Franchisee shall promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of any kind incurred by Franchisee in the conduct of the Business. Franchisee shall pay us an amount equal to any sales tax, gross receipts tax or similar tax imposed on us with respect to any payments to us required under this Agreement, unless tax is credited against income tax otherwise payable by us.

**C. Franchisee May Contest Tax Assessments**

In the event of any bona fide dispute as to any liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law. However, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor to occur against the site of the Business, or any improvements thereon.

**XVIII. SPECIFIC OBLIGATION OF FRANCHISEE RELATING TO INDEMNIFICATION**

Franchisee understands and agrees that nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name or the name of any of our officers, owners, members, agents, directors, shareholders or employees. Franchisee further understands and agrees that we, and our officers, owners, members, agents, directors, shareholders and employees, shall in no event have or assume liability for, or be deemed liable as a result of, any such action, or by reason of any act or omission of Franchisee in its conduct of the Business or any claim or judgment arising there from against Franchisee.

For the purposes of this indemnification, the terms “claim, loss or obligation” will include compensatory, exemplary or punitive damages; fines and penalties; attorneys’ fees; experts’ fees; court costs; costs associated with investigating and defending against claims; settlement amounts; judgments, compensation for damages to our reputation and goodwill; and all other costs associated with any of the foregoing claims, losses or obligations.

~~Franchisee shall defend, indemnify and hold us and our officers, directors, shareholders and employees harmless against all fines, suits, proceedings, claims (including but not limited to, any safety and security claims, claims of injury, claims of theft, claims arising as a result of the operation and/or maintenance of any equipment and/or vehicles, claims of neglect, abuse, death, vicarious or other liability), demands, actions, losses, damages, costs, expenses, fees (including legal fees, disbursements and related expenses), penalties and/or any other liability of any kind or nature, however arising, growing out of or otherwise connected with and/or related to any act, error and/or omission of Franchisee (including Franchisee's ownership, operation, training of Employees and/or management of the Franchised Business) and/or any referral, service provider, supplier or other agent/independent contractor, employee of Franchisee's including acts, errors or omissions committed or incurred, negligent or intentional acts in connection with Franchisee's operation of the Business and infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Confidential Information. This provision includes any liability arising from labor or employment law violations as well as any liability related to joint employer and harassment claims. This provision includes all claims as indicated above, of us, directly against Franchisee (without a third party involvement) due to acts or omissions of Franchisee in which we suffer damages including but not limited to, harm to our goodwill and reputation. This provision includes any liability arising from any claims associated with federal, state or local privacy laws.~~

~~We will have the right to control all litigation, including selection and management of counsel, and defend and/or settle any claim, against and/or including us and/or our related persons/entities, or affecting our and/or their interests with no obligation to Franchisee and without affecting our rights under this indemnity or otherwise. Franchisee may appoint separate independent counsel to represent Franchisee's interest in such suits, proceedings, claims, etc., all at Franchisee's expense. Franchisee's indemnification obligations survive the termination or expiration of this Agreement.~~

~~**XIX. MISCELLANEOUS COVENANTS OF FRANCHISEE**~~

~~A. Covenants are Independent~~

~~The Parties agree that each covenant herein shall be construed to be independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Agreement is held to be unenforceable or unreasonable by a court or agency having competent jurisdiction in any final decision to which we are a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resultant covenant were separately stated in and made a part of this Agreement.~~

~~B. Franchisee's Principals~~

~~The term "Franchisee's Principals" shall include, collectively and individually, Franchisee's spouse, if Franchisee is an entity, all managing partners, general partners, members, managers, shareholders officers, directors, and other operational personnel whom we designate as Franchisee's Principals and all holders of an ownership interest in any entity directly or indirectly controlling Franchisee, and any other person or entity controlling, controlled by or under common~~

~~control with Franchisee. The initial Franchisee's Principals shall be listed on Schedule 7 of this Agreement.~~

~~C. — Franchisee Will Not Compete Against Franchisor~~

~~Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training, our Confidential Information and our System.~~

~~Franchisee agrees that, except as otherwise approved in writing by us, Franchisee shall not, during the term of this Agreement and for a period of two (2) years from the date of (i) a transfer permitted under~~

this Agreement; (ii) the expiration or termination of this Agreement (regardless of the cause for termination); or (iii) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to the enforcement of this ~~Section XIX.C~~, either directly or indirectly for itself, or through, on behalf of, or in conjunction with, any person, persons, or legal entity, own, maintain, operate, engage in, be employed by, or have any interest in any type of business using any aspect of the System, using the overall Success on the Spectrum<sup>®</sup> concept or having or offering similar programs of a Success on the Spectrum<sup>®</sup> Business (Franchisee is not prohibited from working in the behavioral health industry however cannot be associated with any type of business that uses or offers any similar programs or aspects of our System or that which characterizes a Success on the Spectrum<sup>®</sup> business) within a ten (10) mile radius of the Accepted Location designated hereunder, or within a ten (10) mile radius of any other System franchise or company-owned business in existence or planned as of the time of termination or expiration of this Agreement, as identified in the Franchise Disclosure Document in effect as of the date of expiration or termination of this Agreement.

The unenforceability of all or part of this covenant not to compete in any jurisdiction will not affect the enforceability of this covenant not to compete in other jurisdictions, or the enforceability of the remainder of this Agreement. This covenant not to compete is given in part in specific consideration for access to trade secrets provided as a part of our training or ongoing support programs. In any jurisdiction in which the covenant contained in this ~~Section XIX~~ or any part of it is deemed not enforceable in whole or in part, Franchisee hereby grants us an option to purchase Franchisee's Business on expiration or termination of this Agreement. We may exercise this option by giving thirty (30) days' written notice to Franchisee (~~Sections XXII.C and XXII.E~~). Upon termination or expiration, Franchisee will deliver to us a list of these Assets (as described in ~~Section XXIV.G~~) and their cost as well as receipts evidencing their cost. Franchisee must relinquish possession on receipt of payment, but no later than ninety (90) days after expiration or termination. Franchisee's other post termination obligations under this Agreement and by law remain in effect on termination or expiration of this Agreement.

~~D. — Exception to Covenant Not to Compete~~

~~Section XIX.C~~ hereof shall not apply to ownership by Franchisee or any of its Owners of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly-held corporation. As used in this Agreement the term "publicly-held corporation" shall be deemed to refer to a corporation which has securities that have been registered under the Federal Securities Exchange Act of 1934.

~~E. — Franchisee Will Not Divert Business~~

During the term of this Agreement and for a period of two (2) years following the expiration or termination of this Agreement, Franchisee agrees that it will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity:

- ~~1. — Solicit, service, sell or attempt to divert business directly or indirectly to any competitor by direct or indirect inducement or otherwise, or to any clients of its Business subject to applicable law or any other franchisees including company-owned businesses under the~~

~~Success on the Spectrum® business with which or with whom Franchisee has had contact during the term of this Agreement to any competitor by direct or indirect inducement or otherwise; or~~

~~2. Do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Names and Marks or the System or both; or~~

3. — Induce, directly or indirectly, any person (regardless of position) who is at that time employed by us or by any other franchisee of ours, to leave his or her employment. This also applies to any person (regardless of position) who was at any time during the prior twelve (12) months employed by us, company owned business or by any other franchisee of ours. The only exception is if Franchisee receives written consent by us or any other franchisee and works out some type of an arrangement to compensate the former employer for actual costs and expenses related to replacing the person.

F. — Franchisor Is Entitled to Injunctive Relief

In addition to any and all other remedies and damages to which it is entitled, in order to protect our Names and Marks, Services, Confidential Information, proprietary materials and rights, and goodwill, we may seek a permanent injunction and the preliminary or temporary equitable relief we deem necessary, to restrain the violation of this Agreement by Franchisee or any persons, parties, and entities acting for Franchisee. Franchisee agrees that we may obtain the injunctive relief and enter it in any court or arbitration forum that we deem appropriate.

~~In recognition of the difficulty in determining on an expedited basis the value of, and the necessity of us to avoid irreparable harm and to protect, our Names and Marks, Services, Confidential Information, proprietary materials and rights, and goodwill, Franchisee waives, to the extent permitted by law, the right to interpose the defense that we have an adequate remedy at law. Franchisee further waives any requirement that we post a bond or other security, to the extent permitted by law.~~

G. — Covenants Are Enforceable Independent of Claims

Franchisee expressly agrees that the existence of any claim it may have against us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by us of the covenants of this Section XIX. Franchisee further agrees that we shall be entitled to set off any amounts owed by us to Franchisee against any loss or damage to us resulting from Franchisee's breach of this Section XIX.

H. — Set-Off

Franchisee expressly agrees that the existence of any claims it may have against us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by us of the covenants in this Section XIX. Franchisee agrees to pay all damages, costs and expenses (including reasonable attorney's fees) incurred by us in connection with the enforcement of this Section XIX.

I. — Disclosure of Contact Information in FDD

Franchisee acknowledges that its contact information will be included in our Franchise Disclosure Document in the future, as required by Texas and other state agencies and the Federal Trade Commission, and that such inclusion may result in prospective franchisees contacting Franchisee.

~~XX. — OBLIGATIONS OF THE FRANCHISOR: SUPERVISION, ASSISTANCE AND SERVICES~~

We will provide the Franchisee with the following assistance and services:

A. — Training Programs

We will provide Franchisee with an initial training program at our headquarters or another location of our choice. The initial training program will take place after Franchisee pays the Initial Franchisee Fee

~~and only after has obtained, partnered with or hired a behavior analyst and that person has all licenses and certifications as required by us and its state (as described in Section XII.C). Such training must occur no earlier than sixty (60) days the Franchisee anticipates opening its Business (as defined in Section IX.B). We will provide a ten (10) day initial training program without charge to Franchisee and for up to two additional individuals (total of three people so long as one of these people is Franchisee's behavior analyst for the Business) as designated by Franchisee. We will provide up to 3 flights from Southwest Airlines (up to \$400 each) and lodging at the SOS House. If Franchisee, its Owners or Office Manager or behavior analyst fails to timely complete the initial training program to our satisfaction, Franchisee has the right to appoint two (2) additional rounds of candidates for its Office Manager or behavior analyst to be trained by us at Franchisee's expense and if all three (3) rounds of candidates for the Office Manager or behavior analyst do not satisfactorily complete the training to our satisfaction, then Franchisee and Franchisor shall attend mediation within two (2) weeks (or such longer period as mutually agreed upon by the parties) to determine how to proceed forward. If the parties do not resolve the matter at mediation, we may terminate this Agreement as described in Section XXIII.C.~~

~~Any Owner, and/or Office Manager designated by Franchisee as a replacement must be trained within sixty (60) days of first employment and any behavior analyst designed by Franchisee as a replacement must be trained within thirty (30) days of first employment according to our standards as outlined in the Operations Manual at Franchisee's cost as provided below. For a second or subsequent franchise, we will not be obligated to provide additional training to Franchisee.~~

~~We may reasonably require Franchisee, its Owners and/or Office Managers or behavior analyst to receive or attend and complete to our satisfaction additional or advanced training from time to time. Any such training before the Franchisee opens its Business for operation (as described in Section IX.B) of the Business will be at no charge to Franchisee. Thereafter, Franchisee must pay for such training at our actual cost of up to two hundred and fifty dollars (\$250) per person per day plus costs associated with attending the training such as travel, room and board or our expenses if such training is held onsite at Franchisee's location. Franchisee must also pay travel, food, and accommodations and all other related expenses of its trainees. We may attempt to use distance learning techniques where possible, to minimize these costs.~~

~~Depending on availability, we may provide additional training to Franchisee or its Owners and/or Office Managers or behavior analysts at Franchisee's request. Franchisee may be required to pay us any additional costs over and above the additional training fees such as travel expenses we reasonably incur should training be held onsite at Franchisee's location. If additional training is held at our corporate headquarters, Franchisee will be responsible for our travel, accommodation and other related costs~~

~~We offer training resources, such as our Operations Manual, to assist franchisees at their Business location. Franchisee acknowledges that its compliance with the Operations Manual is vitally important to us and other System franchisees and is necessary to protect our representation and the guidance of the Names and Mark and to maintain the uniform level of service throughout the System. However, while the Operations Manual is designed to protect our reputation and the good will of the Names and Marks the Operations Manual is not designed to control the day-to-day operation of the Business. Further, nothing in our initial training, training resources;~~

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~~Operations Manual or subsequent training shall be construed to interfere with Franchisee's behavior analyst's independent clinical judgment when treating clients. Franchisee shall give us not less than a thirty (30) day notice of when Franchisee is available for training program. Training dates must be mutually agreed upon by Franchisee and us.~~

- ~~i. We shall also offer additional training resources to the Franchisee to be determined by us, for the operation, advertising and promotion of the Business including refresher training programs, seminars, workshops, annual conference~~

~~and/or information available through the intranet system for the benefit of the Franchisee and the Franchisee's employees. We may charge a reasonable fee for additional training if deemed appropriate (distinct from continuing education as described below) but not to exceed the additional training fee. Any and all traveling, living and other expenses incurred by the Franchisee or Franchisee's representatives or employees attending our training shall be paid by Franchisee.~~

- ~~ii. We may conduct an annual conference at such place as shall be designated by us for all Franchisees but initially will most likely be at our headquarters. A registration fee for each participant may be required not to exceed five hundred dollars (\$500) per person plus its expenses and Franchisee will be responsible for costs associated with attending the conference such as travel, room and board. We reserve the right to increase the registration fee a reasonable amount based on reasonable criteria.~~
- ~~iii. We may provide refresher or continuing education sessions "Continuing Education" through the phone, web based (webinars), video or at locations designated by us but most likely at our headquarters. Continuing Education sessions (other than by phone, webinars or video) may have a registration charge of up to two hundred and fifty dollars (\$250) per person per day. Franchisee is responsible for costs associated with attending the meetings such as travel, room and board or our expenses (such as travel, room and board) if we provide such training at Franchisee's location. The training programs will normally not exceed one (1) day and we expect to have programs subject to special need. The content will cover particular aspects of the franchise including but not limited to: new Services and programs, how to execute Services and maintain our level of service standards, trends in the industry, new equipment and products; operational guidelines, best practices for training employees, vendor and supplier updates; website and software developments, sales strategies, marketing, administration and so forth. We reserve the right to increase the per person per day fee a reasonable amount based on reasonable criteria.~~

~~We may, but are not obligated to, offer additional training resources to the Franchisee to be determined by us, for the operation, advertising and promotion of the Business which may include certification programs, seminars, workshops, annual convention and information available through our intranet system for the benefit of the Franchisee and its employees. After the completion of the initial training program, any additional training may be subject to a fee of up to two hundred and fifty dollars (\$250) per person per day. Any and all traveling, living and other expenses incurred by the Franchisee or Franchisee's representatives or employees attending any training shall be paid by the Franchisee.~~

~~As part of the initial training program, we will provide Franchisee with: a written list of approved Services, programs (including our proprietary rewards based and motivational led learning programs and different types of social skill programs) and products (if we authorize the sale of products in the future) Franchisee is required to offer; a written list of approved equipment, products, supplies and services (as described in Section XII.D) Franchisee is authorized to purchase and use; a written list of approved vendors and suppliers to purchase equipment, products, supplies and services from; specifications, strategies for purchasing equipment, products and supplies; specifications, maintenance and operation guidelines for all equipment and technology items (as~~

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~~described in Section XII.D); a written list of Minimum Representation requirements; a written list of cleaning standards and recommended procedures for hiring and training Employees; access to our intranet system that houses our proprietary educational platform; specific strategies, techniques and methods for performing Services, operational standards, safety procedures, suggesting rates for Services and pricing for products (if we authorize Franchisee to sell products in the~~

future) in addition to strategies for securing clients, advertising, marketing and promotional materials that have been developed by us (or our affiliates) and are necessary in the operation of each Business. We reserve the right, in our sole discretion, to add, modify, change or discontinue any Service, program or product (if we authorize Franchisee to sell products in the future) from time to time as specified in Sections XII.H and XII.I of this Agreement. Franchisee will be responsible for all costs associated with the administration of such changes.

We will provide Franchisee with any Software. Basic training for the Software and all other software programs necessary to run the Business will be provided as part of the initial franchise training program. We will provide specifications for all technology items and software programs necessary to operate the Business. We shall also provide guidance for the requirements, if any, for all technology items (as described in Section XII.I) and related software programs. In addition, we may provide technical support, ongoing assistance, consultation and upgrade requirements for Franchisee's technology items and software programs. We will update and make changes to our Software, if developed, as we deem necessary. All costs associated with installation, upgrading, protecting and maintaining the technology items and all other software programs necessary for the operation of the Business are the sole responsibility of the Franchisee.

We will provide additional guidance in the operation of the Success on the Spectrum® Business and provide assistance to resolve operational challenges Franchisee may encounter outside the scope of the Operations Manual. This guidance can be furnished in whatever manner we consider appropriate in our Business Judgment, including electronically via an intranet system, free of charge, to answer questions from Franchisee and its staff (during regular business hours Central Time Zone). Guidance may also be furnished in writing, telephonically, through training programs and/or onsite consultations, web-based computer training, among other methods. Onsite consultations are subject to additional training fees as mentioned above.

We will provide guidance to Franchisee in its efforts to obtain all licenses, permits, inspections and approvals required by governmental agencies to construct and operate the Business. Ultimately, however it is Franchisee's responsibility and obligation to obtain and maintain all such licenses, certifications, permits registrations and approvals and all out of pocket costs associated with obtaining and maintaining such licenses, certifications, permits and approvals as described in Section XII.C of this Agreement.

We may, from time to time, provide to Franchisee, at Franchisee's expense, such advertising and promotional plans and materials for local advertising and may direct the discontinuance of such plans and materials, from time to time. All other advertising and promotional materials that Franchisee proposes to use must be reviewed and approved by us, pursuant to Section XII.L of this Agreement.

We may provide announcements, memos, bulletins, brochures, manuals and reports, if any, as may from time to time be published by or on our behalf regarding our plans, policies, developments and activities. In addition, we may provide such communication concerning our Services, programs, products (if we authorize franchisees to sell products in the future); equipment, products and supplies Franchisee is authorized to use; industry developments, techniques and improvements to the management of the Business that we determine are relevant to the operation of the Business and communication with other franchisees by means of an intranet

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~~system. We may also establish a franchisee elected peer group whose main purpose will be to mentor, support each other and regularly communicate to franchisees. We have the power to dissolve, merge or change such peer advisory groups.~~

~~We shall offer guidance to Franchisee in establishing standardized accounting, record keeping and cost management control systems. We may provide Franchisee with all update and upgrade requirements for technology items and related software programs in response to changes in the Operations Manual, or~~

changes in our policies that are communicated to Franchisee in writing. The cost for such updates and/or upgrades is Franchisee's responsibility.

We will provide instant chat and video conference only for our franchisees, free of charge, to answer any questions from Franchisee, Behavior Analyst or its Office Manager (during regular business hours, Eastern Time Zone). Franchisee will also be able to send us questions and suggestions using Internet email or intranet system as described above. We will consult with Franchisee at no additional charge regarding policies, sales, marketing and operational issues.

All of our obligations under this Agreement shall benefit only the Franchisee, and no other party is entitled to rely on, enforce, benefit from or obtain relief for breach of such obligations, either directly or by subrogation.

#### B. Web Page

We will provide to Franchisee a Success on the Spectrum<sup>®</sup> URL or web page housed within the corporate website at no additional cost. Franchisee may customize parts of the web page with our approval however the look is to remain consistent as specified in the Operations Manual. Franchisee agrees and acknowledges that maintenance and any changes, edits or updates to the web page and/or any Website promotions over the Internet must be performed by us, our affiliates and/or approved vendors. Upon approval of Franchisee request, which must be submitted in writing, Franchisee is responsible for the cost of such changes. Franchisee may neither establish nor use any Website without our prior written approval and if such approval is granted Franchisee must comply with our requirements regarding discussing, advertising or disseminating any information on a Website, regarding the Business as described in Section VI of this Agreement. Such approval may be revoked at any time by us in our sole and absolute discretion. We shall own all copyright and other intellectual property rights to the web page, as well as the contents of the corporate website or any other Website upon expiration or termination of this Agreement as described in Section XXIV.E. This shall include ownership rights in all media, whether now known or hereinafter invented, by all means, methods, and processes, whether now known or hereinafter invented, including interactive rights and rights to derivate works.

#### C. Site Selection

If Franchisee is leasing a space for the Business, we must review and consent to the lease prior to the lease being signed. If the Franchisee is purchasing property, we must review and consent to the purchase contract prior to it being signed. We will review and accept or not accept the location of the Business and will not unreasonably withhold our acceptance. We shall have the right, but not the obligation, to inspect the Business prior to opening. Franchisee is also responsible for all lease negotiations.

We do not represent that we have any special expertise in selecting sites. Our acceptance of a site is not a representation or warranty that the Business will be profitable or that Franchisee's sales will attain any predetermined levels. Acceptance is intended only to indicate that the proposed site meets our minimum criteria for identifying sites. Franchisee agrees that our acceptance or non-acceptance of a proposed site does not impose any liability on us.

#### D. Center Layout and Appearance

We will assist the Franchisee in the review of the layout and design of the Business prior to the Franchisee signing a lease or sublease. We will provide Franchisee with guidelines of the layout and design of its Center; however Franchisee may need to hire its own architect, at its own expense, to create a complete set of drawings based on the facility size and local permitting requirements. We must review and accept Franchisee's architect's final plan. We do not represent that we have any special

~~expertise in accepting architectural plans. Our acceptance of Franchisee's architectural plan is not a representation or warranty that such plan will meet local permitting requirements or that such plan will not have to be revised or done over again in order to get final approval by local authorities. Acceptance is intended only to indicate that the Center is set up and meets our minimum criteria. Franchisee agrees that our acceptance or non-acceptance of Franchisee's architectural plans does not impose any liability on us. The costs of leasehold improvements, furniture, fixtures, technology items, signs and décor for finishing out the Center are the responsibility of the Franchisee.~~

~~We will also make available to Franchisee, at no charge, and advise Franchisee with regards to design plans, floor plans and mandatory specifications for the construction and layout of the Center which includes the exterior and interior design. Franchisee acknowledges that such specifications shall not contain the requirements of any federal, state or local law, code or regulation (including without limitation those concerning the ADA or similar rules governing public accommodations or commercial facilities for persons with disabilities). Franchisee must adhere to all local zoning ordinances, regulations, fire, health and building codes, compliance with, all of which shall be Franchisee's responsibility and at Franchisee's expense. Franchisee shall adapt, at Franchisee's expense, standard plans and specifications for the Center, subject to our approval, as provided in Section XII.T of this Agreement, which will not be unreasonably withheld, provided that such plans and specifications conform to our general criteria.~~

~~Franchisee understands and acknowledges that we have the right to modify the final set of drawings, architectural plans, floor plans, schematics and/or specifications as we deem appropriate, periodically (however we will not modify the final set of drawings, architectural plans, floor plans, schematics and/or specifications for the Center developed pursuant to this Agreement once those final set of drawings, architectural plans, floor plans, schematics and/or specifications have been accepted by us and given to Franchisee).~~

~~E. — Hiring Employees~~

~~We will provide Franchisee with recommended hiring guidelines when hiring Employees (defined in Section XII.F of this Agreement) for the Business. These guidelines are provided for reference only and Franchisee acknowledges that it bears the sole responsibility for hiring, training and firing Employees. Further, Franchisee acknowledges that we are not responsible for and do not direct or control the conduct of Franchisee's Employees. Further, Franchisee acknowledges that we are not responsible for and do not direct or control the conduct of Franchisee's Employees. Such recommendations and suggestions will be covered in the initial training program and also specified in the Operations Manual. Franchisee understands that such recommendations and suggestions will be updated and may change periodically at our discretion. Franchisee can negotiate any rate for Employees. Franchisee may be provided with a recommended rate or wage schedule and may elect to use, subject to applicable laws, these rates or wages as a guide when hiring Employees. Franchisee acknowledges that we have made no guarantee or warranty that using such recommended or suggested rates or wages will enhance Franchisee's sales or profits. Rate or wage negotiations with Employees are the sole responsibility of the Franchisee. Franchisee acknowledges that it is fully in charge of hiring of all Employees and for managing such individuals on an on-going basis. Our input as to hiring and management of Employees are suggestions and guidelines which we believe are best practices, and except for specific~~

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requirements set forth in this Agreement or the Operations Manual, Franchisee is responsible for making all employee-related decisions.

Failure of Franchisee to adhere to our guidelines and standards when hiring Employees (which will include the use of criminal background checks for all prospective Employees) may be considered a breach of this Agreement; and we may terminate, in our sole discretion the Agreement, except where the Franchisee has reasonable cause to deviate from our standards as described in Section XXIII.C of this Agreement.

F. ~~No Warranties Other than in Writing~~

~~With respect to any equipment, products, supplies and/or services (as defined in Section XII.D) provided by us or our affiliates and/or any person/company referred/approved by us or our affiliates, other than specific written warranties expressly provided in connection with such items, such items are provided without any warranties, express or implied, the warranties of merchantability and suitability for a particular purpose being expressly disclaimed. In addition, we make no warranties regarding any open source code contained in any software that we may provide to the Franchisee. We do not warrant that any such software shall be free of bugs, viruses, worms, malware or ransomware.~~

~~We are not liable for any guarantee or warranty the Franchisee, its Owners, Office Manager or Employee of the Franchisee makes to a client or to any third party. Franchisee will fully comply with any type of loyalty program, gift certificate, gift card and/or promotions that we may develop and implement. Franchisee will not misrepresent or omit or fail to state any warranty or guarantee to its clients, accounts or third parties.~~

G. ~~Operations Manuals~~

~~We will revise the Operations Manual and the contents of any other manuals and materials created or approved for use in the operation of the Business, from time to time as we deem necessary to improve on the methods of operations. Franchisee expressly agrees that each new or changed standard shall be deemed effective upon receipt by Franchisee or as specified in such standard. Franchisee shall have a reasonable amount of time to implement changes to the Operations Manual. We will lend Franchisee the confidential Operations Manual for the initial training program or training program and if Franchisee satisfactorily completes such program, then for the term of this Agreement. If the copy of the Operations Manual loaned to Franchisee is lost, stolen or destroyed before Franchisee returns it to us, Franchisee must replace the Operations Manual at its own expense.~~

~~The Operations Manual is designed to protect the System and the Names and Marks associated with the System, and not to control the day-to-day operation of the Business. Franchisee at all times will remain responsible for the management and operation of the Business and all activities occurring at or associated with the Business. Neither the Operations Manual nor any other manuals yet to be created shall be construed to interfere with Franchisee's behavior analyst's independent clinical judgment.~~

~~Franchisee shall at all times treat the Operations Manual, and any of our written directives, any business plans and specifications, and any other manuals created for or approved for use in the operation of a Success on the Spectrum<sup>®</sup> business, and any supplements thereto, and the information contained therein, in trust and as confidential information, and shall use all reasonable efforts to maintain such information as secret and confidential. Franchisee shall not at any time copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person.~~

~~The Operations Manual, written directives, other manuals and materials, and any other confidential communications provided or approved by us, shall at all times remain our sole property and shall at all times be kept and maintained in a secure place at the Center.~~

~~Franchisee shall at all times ensure that its copy of the Operations Manual is kept current and up-to-date; and, in the event of any dispute as to the contents of the Operations Manual, the master copy of the Operations Manual maintained by us at the corporate offices shall be controlling.~~

~~Any suggestions the Franchisee may have concerning the improvement of our Website or Franchisee's web page, Services and programs offered (including products if applicable), vendors;~~

suppliers, level of service format, advertising, promotional and marketing materials are encouraged and shall be considered by us when adopting or modifying such standards and specifications for the System.

~~H. — Selecting Vendors~~

~~We will provide Franchisee a written list of approved vendors and suppliers that may include or be limited to us or our affiliates for all equipment, products, supplies and services (as described in Section XII.I) necessary for the operation of the Business. We will provide Franchisee with a list of all approved vendors and suppliers to purchase equipment, products, supplies and services from during the initial training program. Franchisee understands that such vendor lists will be updated and may change periodically at our discretion and Franchisee agrees to implement such updates at Franchisee's expense as described in Section XIII.I of this Agreement. We will train Franchisee on strategies for purchasing such items during the initial training program. Franchisee will be required to submit in writing alternate vendors or suppliers to us for approval as described in Section XIII.I of this Agreement. Franchisee acknowledges that we may receive royalties and/or other payments from some or all of the approved vendors.~~

~~I. — Availability of Equipment, Products and Suppliers~~

~~We will use commercially reasonable efforts to ensure that authorized vendors and suppliers, which may include or be limited to us and our affiliates, maintain a reasonable supply of equipment, products, supplies and services (as described in Section XII.I) for purchase by Franchisee. We require that the Franchisee purchase such items from us, our affiliates or approved vendors and/or suppliers. We will provide Franchisee with a list of written specifications for such items along with a list of our approved vendors and Franchisee is responsible for acquiring all such items as they are necessary for the operation of the Business. All items that are provided by us will be competitively priced, taking into account equivalent quality and other reasonable considerations.~~

~~We reserve the right to suggest minimum rates for Services and suggest minimum retail prices for products (if we authorize our franchisees to sell products in the future) from time to time based on competition or what is prevalent within the industry (as further described in Section XX.K). We shall publish inventory and Minimum Representation requirements in the Operations Manual and such requirements may be amended from time to time by us in our sole discretion.~~

~~We also reserve the right to implement a centralized purchasing system for franchisees and to negotiate prices and terms with vendors and suppliers and to receive rebates or other financial incentives from such purchases by franchisees. We may utilize such rebated funds in any manner we choose in our sole discretion as more fully described in Section X.B. We reserve the right to require franchisees to purchase all equipment, products, supplies and services through our proprietary intranet system.~~

~~J. — Advertising and Promotion~~

~~We shall develop and provide creative materials that could be used for local and regional advertising at our expense and make such advertising and promotional materials available to our franchisees. Publication or distribution of such materials in the Franchisee's market area shall be~~

at Franchisee's own expense. We will provide specific guidelines for advertising, marketing and promotions initiated by individual franchisees and shall reserve the right to disapprove any advertising, marketing and promotions, which, in our opinion, are not in accordance with our guidelines. However, no such approval shall be unreasonably withheld or denied. Immediately upon notification to do so, Franchisee shall discontinue any advertising that would, in our opinion, be detrimental to any franchisee or any part of the System or the Franchise.

K. — Suggested Rates and Pricing

~~We shall provide Franchisee with guidance and suggested rates for Services and pricing for products (currently we do not authorize franchisees to sell products but may authorize it in the future) offered by our franchisees. Franchisee shall have the right to offer Services and sell products approved by us at any rate or price Franchisee may determine, except that we reserve the right to establish minimum and maximum rates and/or pricing for any given Service or product nationwide to the extent allowed by federal and state laws as explained in Sections XII.H and XII.I of this Agreement. Suggested rates and pricing for Services and products may vary from region to region to the extent necessary in order to reflect differences in costs and other factors applicable to such regions. If Franchisee elects to offer any Service and/or product at any rate or price recommended by us, Franchisee acknowledges that we have made no guarantee or warranty that offering such Services or products at the recommended rates and/or prices will enhance Franchisee's sales or profits.~~

~~We will provide Franchisee with recommended procedures when refunding registration-related fees in addition to a sample set of forms including contracts, waivers, client agreements, marketing materials and various operational forms Franchisee can choose to use in its Business. We do not warrant the completeness, legality or enforceability of any agreements or forms. Franchisee must retain its own counsel to review and revise such agreements and forms to comply with applicable federal and state laws. At our discretion, any and all forms used by Franchisee shall be subject to our review and approval and our decision of such approval will be provided within thirty (30) days after such forms are received by us.~~

~~We will continue to research and develop new Services, programs, products, equipment and suppliers as we deem appropriate and in our sole discretion. We may conduct market research and testing to determine consumer trends and salability of new services, programs and products. We may choose Franchisee to participate in a market research program to test new services, programs, equipment or products in the Business and Franchisee will be required to provide us with timely reports and other relevant information regarding that market research. If Franchisee participates in any test marketing, Franchisee agrees to purchase, at Franchisee's expense, a reasonable quantity of equipment and/or products being tested, effectively promote such services, programs and products and make a good faith effort to use, offer and/or sell them. Franchisee shall participate in and comply with all sales and promotional programs and/or product promotions established by us periodically.~~

L. — Business Planning Assistance

~~After Franchisee signs this Agreement, we may review and comment on any business plan and pro forma financial projections Franchisee prepares. We do not represent that we have any special expertise in reviewing or developing business plans or that any business plan reviewed by us will result in any profits, revenues, incomes, margins, or sales. Our review and commentary of Franchisee's business plan or financial pro forma is not a representation or warranty that the Franchisee's business will be profitable, that the Franchisee will earn any revenues, or that Franchisee's sales will attain any pre-determined sales levels. Our review and commentary is intended only to provide information sharing to Franchisee and Franchisee agrees that such review and commentary does not impose any liability on us. Franchisee specifically acknowledges that~~

~~we have not reviewed or commented on any business plan or pro-forma prior to the Effective Date of this Agreement.~~

~~**XXI.—VARYING STANDARDS**~~

~~Because complete and detailed uniformity under many varying conditions may not be possible or practical, we specifically reserve the right and privilege, in our sole and absolute discretion and as we may deem to be in the best interests of all concerned in any specific instance, to vary standards for any franchisee based upon the peculiarities of a particular Business or circumstance, business potential, demographics,~~

density of population or trade area, existing business practices, or any other condition which we deem to be of importance to the successful operation of such Franchisee's Business. Franchisee shall not have any right to object to a variation from standard specifications and practices granted to any other franchisee and shall not be entitled to require us to grant to Franchisee a like or similar variation, unless the laws of the Franchisee's state expressly requires us to grant such similar variation.

Franchisee acknowledges that when we use the phrases "sole and absolute discretion," "sole discretion" and/or "Business Judgment," whether in this Agreement or another context, you and we agree that we have the wholly unrestricted right to make decisions and/or take (or refrain from taking) actions except that we will not do so arbitrarily. We shall use our judgment in exercising such discretion based on our assessment of the interests we consider appropriate and will not be required to consider Franchisee's individual interests or the interests of any other Franchisee(s). Franchisee, we and all other franchisees have a collective interest in working within a franchise system with the flexibility to adjust to business conditions, including but not limited to the competitive environment, new regulatory developments and emerging business opportunities. Therefore, you and we agree that the ultimate decision-making responsibility for the System must be vested in us. So long as we act in compliance with the requirements of this Agreement, we will have no liability for the exercise of our discretion in accordance with the provisions of this Agreement.

## XXII. ~~RELOCATION, ASSIGNMENT, TRANSFER, SALE OR REPURCHASE OF FRANCHISED BUSINESS~~

### A. ~~Relocation~~

Any relocation (1) shall be to a location within the Territory (unless waived by us), (2) requires our prior written consent, which we may grant, condition or withhold in our Business Judgment (and may be withheld, in any case, if you are not in good standing), (3) will be at Franchisee's sole expense and (4) may require that Franchisee (and each Owner) sign a general release.

### B. ~~General Requirements for Assignment by Franchisee~~

Franchisee shall not voluntarily or involuntarily transfer, sell, assign or encumber any interest in or ownership or control of Franchisee, the Franchised Business, and/or its assets, the Business or this Agreement (however Franchisee is allowed to transfer up to twenty percent (20%) of its shares or other ownership interests as described below), except in the ordinary course, of business, or make any lease or sublease of any property Franchisee is leasing or subleasing in connection with the Business, without our prior written consent. Any attempted sale, assignment or transfer of any interest in Franchisee, the Franchised Business, and/or its assets, the Business or this Agreement without our prior written consent will be a default under the terms of this Agreement, and will be voidable by us. In granting any such consent, we may impose reasonable conditions, including, without limitation, the following:

1. ~~Franchisee must be in full compliance with the terms of this Franchise Agreement, including being paid in full on all fees due and having settled all outstanding accounts with us, our affiliates and all suppliers;~~

2. ~~The proposed transferee (or its partners, members, managers, directors, officers, or controlling shareholders, if it is a corporation, limited liability company or partnership) must meet our then applicable standards;~~
3. ~~The proposed transferee (or its owners if an Entity, managers, directors or officers) must either be a behavior analyst or partner with or hire a behavior analyst and must not operate a franchise or any type of license to operate any other type of business offering similar~~

services and products (if we choose to sell products in the future) similar to those offered by a Success on the Spectrum<sup>®</sup> business without our permission;

4. ~~We charge a flat transfer fee of two thousand five hundred dollars (\$2,500) to Franchisee when transferring a part of its Franchise Business (defined as up to 49% of the stock, membership units, partnership units or share of any business trust); or a flat transfer fee of five thousand dollars (\$5,000) when Franchisee transfers its entire Franchise Business (defined as 49% or more of the stock, membership units, partnership units or share of the business trust) upon our written consent (defined as all other transfers). The term "flat transfer fee" means that Franchisee shall pay this amount regardless of whether our actual cost to process the transfer is higher or lower than such amount. The flat transfer fee will include, but not be limited to, reasonable attorney's fees actually incurred, the cost of investigating the transferee and our administrative expenses (including employee salaries, sales staff commissions, travel costs, out of pocket costs properly attributable to the transfer). In addition, if the transferee was already in our lead database at the time of first contact between Franchisee and the transferee, we may require Franchisee to pay a resale assistance fee, in addition to the flat two thousand five hundred dollar (\$2,500) or the five thousand dollar (\$5,000) fee described above, plus the amount of any broker fees that we are responsible for paying to third parties (does not include our employees);~~
5. ~~Transferee must pay for and successfully complete any training programs then required of new Franchisees at a cost of two hundred and fifty dollars (\$250) per person per day plus any expenses, subject to increase from time to time;~~
6. ~~Franchisee shall have substantially complied with all of the terms and provisions of this Agreement, any amendment hereof or successor hereto, or any other agreements between the Franchisee and our subsidiaries or affiliates and, at the time of transfer, shall not be in default;~~
7. ~~Franchisee shall have executed a general release, in a form satisfactory to us, of any and all claims against us and our officers, directors, members, shareholders, and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances;~~
8. ~~The transferee (and, if the transferee is other than an individual, such principals and/or owners of a beneficial interest in the transferee as we may request) shall enter into a written assumption agreement, in a form satisfactory to us, assuming and agreeing to discharge all of Franchisee's obligations, known by transferee after reasonable inquiry, under this Agreement;~~
9. ~~The transferee must meet our subjective and objective standards, including experience, talent, skills, educational, managerial, business, and financial capacity; and transferee must also demonstrate the aptitude and ability to conduct a Success on the Spectrum<sup>®</sup> business; and have adequate financial resources and capital to operate the Business; and the transferee's must either be, have or hire a licensed behavior analyst to supervise the Business and an Office Manager to manage all administrative and operational duties within our required timeline (as described in Section XII.F);~~
10. ~~The transferee (and, if the transferee is other than an individual, such principals and/or owners of a beneficial interest in the transferee as we may request) shall execute and agree to be bound by the then current form of this Agreement, which form may contain provisions that materially alter or are materially different than the rights or obligations~~

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~~under this Agreement. Alternatively, we may in our sole discretion require the transferee to sign the then current form of this Agreement then being used by us, except the following may differ (i) the term ending on the expiration date of this Agreement and with such renewal term, if any, as may be provided by this Agreement, (ii), the transferee shall sign all other ancillary agreements as we may require for the Business as required under the then current form of this Agreement, which agreements shall supersede this Agreement in all respects, and (iii) examples of such changes also include, without limitation, higher royalty fee payments, advertising contributions and renewal rights;~~

- ~~11. For all transfers, royalty payments will continue at then current royalty structure. If our royalty structure changes, transferee will be subject to the terms of our then current Franchise Agreement;~~
- ~~12. The transferee, at its expense, shall upgrade the Business to conform to the then current appearance standards of the System and shall complete the upgrading and other requirements within the time specified by us;~~
- ~~13. Franchisee shall remain liable for all of the obligations to us in connection with the Business incurred prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by us to evidence such liability;~~
- ~~14. Franchisee must obtain and submit satisfactory evidence of transfer or consent of lenders, lessors and governmental authorities for all material permits, approvals and licenses;~~
- ~~15. Franchisee may transfer up to twenty percent (20%) of its shares or other ownership interests to any person or entity, in the aggregate, without invoking this provision, provided that in connection with any such transfer of more than ten percent (10%) ownership the transferee executes the same Guaranty and other agreements which would be required upon execution of this Agreement by Franchisee, if such transferee had then been the owner of such percentage of Franchisee's shares or other ownership interests. Franchisee's transfer of an ownership interest without complying with the foregoing, or transfers of more than twenty percent (20%) ownership in the Franchisee's entity, in one or more transfers, without our prior written approval is a material breach of this Agreement;~~
- ~~16. The transferee shall agree to a transfer or assignment, and assumption of the lease of the Business from the original Franchisee, and shall obtain the landlord's approval if required prior to any transfer or assignment, if applicable;~~
- ~~17. The transfer must be completed in compliance with the terms of any applicable leases and other agreements and with all applicable laws, including but not limited to licensing and operations related laws and/or laws governing franchise sales;~~
- ~~18. Franchisee agrees that we may (but are not required to) discuss with Franchisee and/or the proposed transferee any matters related to any transfer and/or proposed transfer at any time which we consider to be appropriate in our Business Judgment without liability (including our opinion of the terms of sale, performance of the Franchise, etc.). Franchisee expressly consents to any such discussions by us and we may contact any proposed transferee directly regarding such matters or otherwise;~~
- ~~19. Neither Franchisee nor any transferee shall rely on us to assist in the evaluation of the~~

terms of any proposed transfer. Franchisee acknowledges and agrees that an approval of a

~~proposed transfer shall not be deemed to be an approval of the terms, nor any indication as to any likelihood of success or economic viability;~~

- ~~20. Franchisee and its Owners and/or Principals will agree not to compete, not to divert clients, accounts or attempt to hire employees after the transfer in accordance with restrictions acceptable to us and substantially similar to those described in Section XIX.C of this Agreement; and~~
- ~~21. Franchisee and its Owners and/or Principals will not directly or indirectly at any time or in any manner (except with respect to other Success on the Spectrum<sup>®</sup> business(es) that Franchisee or its Principals own and operate) identify itself or any business as a current or former Success on the Spectrum<sup>®</sup> business or as one of our franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of a Success on the Spectrum<sup>®</sup> business in any manner or for any purpose; or utilize for any purpose any trade name, trade or service mark or other commercial symbol that suggests or indicates a connection or association with us as described in Sections XXIV.A and XXIV.C of this Agreement.~~

~~In addition, the Franchisee must submit copies of the draft Asset Purchase Agreement or Ownership Purchase Agreement, all draft Promissory Notes, and Security Agreements, with the transferee, regardless of whether they are Franchisee financed or lender financed. In addition to all other grounds for rejection, we have the right to reject any proposed purchase of the assets of the Franchised Business or any type of ownership interest in the Franchisee or Franchised Business on the grounds that the proposed transferee has, in our sole opinion, taken on too much debt.~~

~~C. Transfer, Sell or Assignment by Franchisor and Franchisor's Right of First Refusal~~

~~We have a right to purchase, transfer or assign our rights or obligations under this Agreement to any transferee or other legal successor to the interests of ours.~~

~~We will have a right of first refusal regarding any proposed transfer, by Franchisee or an Owner of Franchisee, subject to this Agreement. During the term of this Agreement, if Franchisee, any of its Owners wish to sell, assign or otherwise transfer an interest in this Agreement, the Franchised Business and/or its assets, or an ownership interest in Franchisee (collectively the "Interest"), then Franchisee will comply with the requirements of Sections XXII.B, XXII.C, XXII.E and XXIV.G of this Agreement.~~

~~Franchisee will notify us within ten (10) days after Franchisee has received a written offer for the proposed transfer and then send us written updates of the status of such discussions or communications every thirty (30) days thereafter unless and until such discussions or communications have ceased, in which case Franchisee must notify us in writing within five (5) business days that such discussions or communications have ceased. Whether the discussions have ceased or not, at our option, we may require Franchisee to send us, by certified mail or other receipted delivery, copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction as well as any materials Franchisee sends to the buyer or transferee. Before agreeing to any such transaction, Franchisee and its Owners agree to obtain from a responsible and fully disclosed buyer, and then send us, a true and complete copy of a bona fide, executed written offer (which may include a letter of intent) relating to any proposed transfer. The bona fide offer with the proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer a five thousand dollar (\$5,000) earnest money deposit (if a~~

~~proposed disposition is part of a transaction involving additional Success on the Spectrum<sup>®</sup> businesses, operating under other franchise agreements or license agreements with us, the proposed buyer must pay you this earnest money deposit for each Success on the Spectrum<sup>®</sup> business, involved).~~

~~To enable us to determine whether we will exercise our option, Franchisee or its Owners, shall provide such information and documentation, including financial statements, as we may require (as noted below). In the event that we elect to purchase said Interest, closing on such purchase must occur within ninety (90) days from the date of notice to the Franchisee of the election to purchase said Interest by us. Failure of us to exercise the option afforded by this Section XXII.C shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section XXII.B, with respect to a proposed transfer of any Interest. Any later change in the terms of any offer prior to closing shall constitute a new offer subject to the same rights of first refusal by us as in the case of an initial offer.~~

~~We may, by delivering written notice to Franchisee or its Owners within thirty (30) days after we receive both an exact copy of the offer and the Preliminary Due Diligence Package (the date on which we have received the exact copy of the offer and the Preliminary Due Diligence Package is called the "Trigger Date"), notify Franchisee of our non-binding preliminary intent to purchase or not to purchase the Interest proposed to be sold. The "Preliminary Due Diligence Package" is information and copies of documents (where applicable) that Franchisee supplies to us which consists of Franchisee's financial statements (including monthly revenue information) for the preceding three (3) years, a copy of the Business's current lease or sublease, information about the number and compensation of employees working at the Business, payroll tax records for the past three (3) years, business income tax records for the past three (3) years, list of clients, the Franchisee's merchant account printouts for the past three (3) years, the Franchisee's bank deposits for the past three (3) years, and a description of competing mental health therapy businesses and/or any other type of business offering similar Services operating within the Territory. If we notify Franchisee within thirty (30) days after the Trigger Date (the "First Notice Deadline") that we are preliminarily interested in exercising our right of first refusal, we will have an additional thirty (30) days after the First Notice Deadline both to conduct our due diligence and then to notify you of either our binding intent to exercise our right of first refusal or our decision not to exercise this right. This additional period is called the "Due Diligence Deadline". If we elect to purchase the Interest proposed to be sold for the price and on the terms and conditions contained in the offer:~~

- ~~1) — We may substitute cash for any other form of payment proposed in the offer (such as ownership interests in a privately held entity);~~
- ~~2) — Our credit will be deemed equal to the credit of any proposed buyer, meaning that, if the proposed consideration includes promissory notes, we may provide promissory notes with the same terms as those offered by the proposed buyer, except as to subordination. Regarding subordination, you acknowledge and agree that our obligations under the promissory notes then outstanding to any and all lenders, although senior to the equity rights of our owners will also be senior to the promissory notes given to you;~~
- ~~3) — We will have an additional thirty (30) days after the Due Diligence Deadline to close; and~~
- ~~4) — We must receive, and Franchisee agrees to provide, all customary representations and warranties given a seller of assets of a similar business or the ownership interests in a similar legal entity, as applicable, including, without limitation, representations and warranties regarding:
  - ~~i. — Ownership and condition of and title to ownership interests and/or;~~~~

- ii. ~~Liens and encumbrances relating to ownership interests and/or assets;~~
- iii. ~~Validity of contracts and the liabilities, contingent or otherwise, of the entity whose ownership interests are being purchased;~~

- iv. ~~All equipment, products, supplies, technology items (as described in Section XII.I), software and vehicles (if applicable) are in good working condition and suitable for use;~~
- v. ~~No litigation or administrative proceedings pending against the Franchisee, or any of its officers, directors, or Owners arising out of the Franchisee's business;~~
- vi. ~~There are no notices from any federal, state, or local governmental authority to make any changes to the Business or that negatively affect it;~~
- vii. ~~The Franchisee has the authority to sell the assets of its Business, including a copy of all director and/or Owner resolutions;~~
- viii. ~~The Franchisee will comply with the Bulk Sales Act, if it is required under the laws of the Franchisee's state;~~
- ix. ~~There will be no material adverse change in the operation of the Franchisee's business between the date of signature of any Asset Purchase Agreement, and the date of settlement;~~
- x. ~~There are no tax or employee claims or issues; and~~
- xi. ~~Franchisee will not enter into any transaction between the date of signature and the date of settlement other than in the ordinary course of business.~~

~~D. Transfer Upon Death or Mental Incapacity~~

~~Upon the death or mental incapacity of any person with an interest in the Success on the Spectrum<sup>®</sup> Business, the executor, administrator, or personal representative of that person must transfer his interest to a third party approved by us within six (6) months after death or mental incapacity. These transfers, including, without limitation, transfers by devise or inheritance, will be subject to the same restrictions and conditions as any inter vivos transfer. However, in the case of a transfer by devise or inheritance, if the heirs or beneficiaries of any deceased person are unable to meet the conditions of this Agreement, the personal representative of the deceased Franchisee shall have six (6) months to dispose of the deceased's interest in the Business, which disposition will be subject to all the terms and conditions for transfer contained in this Agreement. If the interest is not disposed of within six (6) months, we may terminate this Agreement.~~

~~Upon the death of the Franchisee or if an Entity, an Owner who owns more than forty nine percent (49%) or more of the Business or in the event of any temporary or permanent mental or physical disability of such person, a manager shall be employed for the operation of the Business who has successfully completed our initial training program to operate the Business on behalf of the Franchisee. If after the death or disability of the named Owner, the Business is not being managed by such trained manager, we may at our option, appoint a manager to maintain the operation of the Business until an approved transferee or manager will be able to assume the management and operation of the Business, but no such operation and management of the Business will continue for more than ninety (90) days without the approval of the personal representative of the named Owner (renewable as necessary for up to one year) and we will periodically discuss the status of the Business with the personal representative of the named Owner; such manager shall be deemed an employee of the Franchisee. All funds from the operation of the Business~~

~~during the period of management by such appointed or approved manager shall be kept in a separate fund and all expenses of the Business, including compensation of such manager, other costs and travel and living expenses of such appointed or approved manager (the "Management Expenses"), shall be charged to such~~

~~fund. As compensation for the management services provided, in addition to any other fees due, we shall charge such fund the full amount of the direct expenses incurred by us during such period of management for and on behalf of Franchisee, provided that we shall only have a duty to utilize reasonable efforts and shall not be liable to Franchisee, the named Owner or personal representative of the named Owner, the Entity or any person or entity having an interest therein for any debts, losses or obligations incurred by the Business, or to any creditor of Franchisee or the named Owner during any period in which it is managed by our appointed or approved manager.~~

~~Within thirty (30) days after any transfer to Franchisee's heirs or successors or the heirs or successors or the heirs or successors of Franchisee's Owners, the heirs or successors must notify us in writing and make application for approval of assignment of the franchise. The application for assignment is subject to the same conditions, procedures and costs as assignment of any other franchise except that there will be no transfer fee.~~

~~E. Transfer, Sale or Assignment to a Third Party~~

~~If we do not exercise our right to purchase within thirty (30) days pursuant to Section XXII.C, Franchisee may thereafter transfer, sell or assign the Interest to a third party, but not at a lower price or on more favorable terms than disclosed to us in writing. The sale is subject to our prior written approval as specified in this Agreement.~~

~~If Franchisee does not complete the sale to the proposed buyer within ninety (90) days after we notify Franchisee that we do not intend to exercise our right of first refusal (whether or not the First Notice Deadline or the Due Diligence Deadline has expired), or if there is a material change in the terms of the sale (which Franchisee must communicate promptly to us), we will have an additional right to accept the sale during the thirty (30) day period following either the expiration of that ninety (90) day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our option. If Franchisee does not complete the sale to the proposed buyer within an additional ninety (90) days, then any proposed sale or transfer thereafter once again must comply with all of the provisions under Sections XXII.B, XXII.C and XXII.E, as though there had not previously been a proposed sale or transfer.~~

~~In addition to its other obligations, such as obtaining our prior written approval, if Franchisee sells or offers to sell ownership interests, the sale of which is regulated by any applicable law, Franchisee must:~~

~~(i) fully comply with all applicable laws, (ii) disclose to offerees and purchasers that neither us nor our employees, affiliates or agents are an issuer or underwriter, or are in any way liable or responsible for the offering, (iii) ensure that we have a reasonable time to review any reference to us or our franchisees in any prospectus or offering documents before their distribution or use, (iv) pay us actual legal costs incurred for our review, (v) indemnify us, our officers, owners, directors, employees, affiliates, and agents from any liability, cost, damage, claim, and expense and from any and all obligations to any person, entity or governmental agencies arising out of or relating to the offer, sale or continuing investment, (vi) sign such further indemnities and provide such further assurances as we may reasonably require and (vii) disclose our ownership rights to all trademarks, service marks, trade names, logos, trade secrets, copyrights and patents.~~

~~If any provision of this Agreement is inconsistent with a valid applicable law, the provision will be deemed amended to conform to the minimum standards required. We and Franchisee may~~

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~~execute an addendum setting forth certain of these amendments applicable in certain jurisdictions, so long as and to the extent that then applicable laws referred to in the addenda remain in effect.~~

F. — Resale Assistance of Franchised Business

~~Franchisee may, at any time, request our assistance in locating a buyer for its Business. We may, at our option, provide such assistance in accordance with the policies and procedures as set forth in the Operations Manual. We reserve the right to charge Franchisee a fee to cover our reasonable costs and expenses (including the time committed by our employees) incurred in providing such assistance. If we elect to assist Franchisee in finding a buyer for the Business in any way, we make no promises or commitments to Franchisee that a buyer will be located or that anyone will be willing to purchase the Business at a price acceptable to Franchisee. We reserve the right to reject any proposed sale based on our determination, in our sole discretion, that the transferee does not meet the requirements set forth above or that the purchase price or purchase terms agreed to between Franchisee and any prospective buyer is excessive or will not enable the buyer to succeed as a franchisee in the System, and by requesting our assistance Franchisee waives any liability claims it may have against us for such rejection.~~

**XXIII. TERMINATION OF FRANCHISE**

A. — Impact of Statutes upon Franchise Agreement

~~Some state laws provide certain rights to franchisees located in a particular state, including: (1) limitations on our ability to terminate a franchise except for good cause; (2) restrictions on our ability to deny renewal of a franchise; (3) circumstances under which we may be required to purchase certain inventory of franchisees when a franchise is terminated or not renewed in violation of the statute; and (4) provisions relating to arbitration. To the extent that the provisions of this Franchise Agreement are inconsistent with the terms of such state laws, the terms of the applicable state laws may control in those states.~~

~~Termination or modification of a lease or contract upon the bankruptcy of one of the Parties may be unenforceable under the Bankruptcy Act of 1978, Title II, U.S. Code, as amended.~~

B. — Termination by Franchisor with Right to Cure

~~Except as otherwise provided in this Agreement, upon any material default by Franchisee under this Agreement or any other agreement between Franchisee and us or our affiliates, we may terminate this Agreement only by giving written notice of termination stating the nature of such default to Franchisee at least thirty (30) days prior to the effective date of termination; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to our satisfaction, and by promptly providing proof thereof to us within the thirty (30) day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require. Any breach relating to any violation of health or safety laws must be cured within seventy-two (72) hours of notice or such shorter period prescribed by law. Any default for failure to pay monetary amounts must be cured within five (5) days or shorter period as is provided by law.~~

~~We may invoke our rights under this Section XXIII.B if, among other things, Franchisee fails to pay any required sums contemplated by this Agreement or any other agreement between Franchisee and us (and/or their respective affiliates).~~

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C. ~~Termination of Franchise without Right to Cure~~

~~Notwithstanding the foregoing, Franchisee shall be deemed to be in breach and we, at our option, may terminate this Agreement and all rights granted under it without affording Franchisee any opportunity~~

to cure the breach, effective immediately upon us notifying Franchisee in writing of such breach, if Franchisee does any of the following:

1. ~~Fails to agree on a Territory (if a territory was not agreed upon before signing this Agreement), fails to complete our initial training program, fails to secure a lease and/or fails to open the Business for operation within the specified time limits as provided in Sections VI and IX.B above;~~
2. ~~Fails to attend and satisfactorily complete the initial training program before Franchisee's Business is anticipated opening the Business or is deemed open for operation (as described in Sections X.A and XX.A);~~
3. ~~Attends the initial franchise training program and we determine, in our sole discretion, that the Franchisee or any of its Owners and/or Office Manager or behavior analyst has failed such program and does not appoint another person to attend; or another person appointed by Franchisee fails such program and/or is deemed not qualified to manage a Success on the Spectrum<sup>®</sup> business (as described in Section XX.A);~~
4. ~~Abandons, surrenders, or transfers control of the operation of the Business to a third-party without our permission; or fails to continuously and actively operate the Business for five (5) consecutive days, unless precluded from doing so by damage to the premises of the Business due to war, act of God, civil disturbance, natural disaster, labor dispute or other events beyond Franchisee's reasonable control;~~
5. ~~Fails or refuses, on more than three occasions during the term of this Agreement, to submit when due for a reasonable time thereafter any financial statement, tax return or schedule, or to pay when due Royalty Fees, or any other payments due us or our affiliate;~~
6. ~~Operates the Business in a manner that violates any federal, state, or local law, rule, regulation or ordinance (which includes failure of Franchisee to use its best efforts when hiring Employees, including taking every action required by applicable laws related to criminal background checks, if Franchisee chooses to do criminal background checks, for all prospective employees) and ensure its Employees obtain and maintain any licenses and certifications as required by its state or us;~~
7. ~~Franchisee, its partner or anyone representing Franchisee's Business fails to maintain a behavior analyst license and certification as required by its state and us and/or if such license or certification is revoked, suspended or restricted; failure to notify us of any change, addition or replacement of any behavior analysts within our specified period of time; if any action is instituted against Franchisee by a governmental agency; or if any other business or professional license, certification or permit required by law is suspended or revoked or otherwise not maintained continuously and actively in full force and effect and in good standing (as described in Section XII.C);~~
8. ~~Fails, for a period of fifteen (15) days after notification of non-compliance by us or any appropriate authority, to comply with any federal, state or local law, ordinance or regulation applicable to the operation of the Business;~~
9. ~~Violates any health, safety or sanitation law, ordinance or regulation, or operates the Business in an unsafe manner; and does not begin to cure the violation immediately and to correct the violation within seventy-two (72) hours or a shorter period as required by applicable law once Franchisee receives notice from us or another party;~~

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- ~~10. Has made a material misrepresentation or omission on the application for the Franchise;~~
- ~~11. Transfers, assigns or sub-franchises this Agreement without having our prior written consent, as set forth herein;~~
- ~~12. Discloses or divulges, to any unauthorized person, the contents of the Operations Manual, training materials or any other Confidential Information provided to Franchisee by us;~~
- ~~13. Fails to have one Office Manager and behavior analyst that is either the Franchisee or one of its Owners or fails to hire a minimum of one full-time Office Manager or behavior analyst within the specified time limits as provided in Section XII.F and keep such persons on staff for the entire duration of this Agreement;~~
- ~~14. Fails or refuses to: (i) use our approved software and/or adhere to our software fee requirements as described in Sections X.F and XII.H of this Agreement;~~
- ~~15. Fails to comply with modifications to System standards as required by us within a ninety (90) day period from the time of written notice by us;~~
- ~~16. Makes any changes to any piece of equipment, Proprietary Products (if developed) or any third-party products (such as changing containers, packaging, labeling, etc.) as described in Section XII.I of this Agreement;~~
- ~~17. Makes or allows any unauthorized use or copy of Confidential Information, Proprietary Products and/or Software (if developed) or seeks to challenge our ownership rights in the System, including our Confidential Information, Proprietary Products and/or proprietary software;~~
- ~~18. Engages in any activity to translate, reverse engineer, reverse compile, change or disassemble, or create any derivative works based on our Confidential Information, equipment, products, supplies, Proprietary Products and/or Software (if developed);~~
- ~~19. Manufactures or produces any product, supply or equipment that is similar to, or competes with any of our products, Proprietary Products, third-party products or any type of product, supply or equipment used, offered or sold in the Business without our prior written consent;~~
- ~~20. Engages in activity to distribute, act as an exclusive distributor or secure exclusive rights to distribute any product, Proprietary Product or third-party products or equipment offered or sold in the Business without our written consent;~~
- ~~21. Engages in activity to sublicense, rent, lease, sell, distribute or otherwise transfer our Confidential Information and/or Software (if developed) or any portion thereof, or any rights therein, to any person or entity;~~
- ~~22. Exhibits a reckless disregard for the physical or mental well-being of employees, clients, us or our representatives, or the public at large, including battery, assault, sexual harassment or discrimination, racial harassment or discrimination, alcohol or drug abuse or other forms of threatening, outrageous or unacceptable behavior as determined in our sole and absolute discretion;~~

- ~~23. Fails to procure and maintain all required insurance coverage (including any lapses, alterations, or cancellations to the insurance policies) as defined in Section XIII of this Agreement;~~
- ~~24. Fails or refuses to: (i) adhere to our approved Services, programs, products and Proprietary Products (if developed) that Franchisee is authorized to offer, perform or sell; (ii) modify, change or discontinue any Service, program and products and/or Proprietary Products as specified by us; (iii) implement, perform and execute Services according to our level of service standards as described in Section XII.H of this agreement;~~
- ~~25. Performs Services outside its Center other than field trips, in-home sessions, school transitioning and shadowing programs (which are the only Services Franchisee is currently authorized to perform away from its Center); offers Services and/or sells products through any alternative channel of distribution without our permission; or engages in any other activity, which has a material adverse effect on us or the Names and Marks (as described in Sections VI and XII.H of this Agreement);~~
- ~~26. Implements, offers or sells any type of service, program or product not approved by us as described in Section XII.H of this Agreement;~~
- ~~27. Fails or refuses to: (i) purchase or use the equipment, products, supplies and services as specified by us; (ii) purchase equipment, products, supplies and services from us, our affiliates or approved vendors and suppliers; (iii) cease using and/or remove any equipment, product, supply or other items necessary for the operation of the Business deemed to constitute a violation of this Agreement by us; and/or (iv) maintain (clean, service and repair), remove or replace any equipment or technology item as specified by us as described in Sections XII.H and XIII of this Agreement;~~
- ~~28. Fails or refuses to comply with our inventory requirements or minimum representation requirements (if applicable) as set forth in the Operations Manual; or fails to comply with the terms of any auto-ship programs (if applicable) as set forth in the Operations Manual;~~
- ~~29. Engages in Target Marketing to solicit clients outside its protected Territory; or Franchisee fails or refuses to refer off-site events and/or clients to other franchisees or company-owned businesses (as described in Section VI);~~
- ~~30. Uses the Names and Marks or any part thereof in any form on the Internet, including but not limited to, Websites (including addresses, domain names, URLs, links, metatags, locators, etc.), search techniques and co-branding arrangements without our prior written consent;~~
- ~~31. Is convicted of a felony or has pleaded nolo contendere to a felony, or is convicted on charges relating in any way to the possession or use of illegal drugs, controlled substances or steroids or is charged or convicted of a crime of moral turpitude;~~
- ~~32. Engages in unfair business practices or unethical conduct;~~
- ~~33. Fails to discharge within a reasonable time any valid lien placed against the property of the Business;~~
- ~~34. Makes an assignment for the benefit of creditors or an admission of the Franchisee's inability to pay its obligations as they become due;~~

- ~~35. Files a voluntary petition in bankruptcy or any pleading seeking any reorganization, arrangement, disposition, adjustment, liquidation, dissolution or similar release under any law, or admitting or failing to contest the material allegations of any such pleading filed against him, or is adjudicated bankrupt or insolvent, or a receiver is appointed for a substantial part of the assets of the Franchisee or the Business, or the claims of creditors of Franchisee or the Business are abated or subject to a moratorium under any laws;~~
- ~~36. Becomes insolvent or makes a general assignment for the benefit of creditors;~~
- ~~37. If a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee;~~
- ~~38. If a receiver or other custodian (permanent or temporary) of the Business, Franchisee, or Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction or by private instrument or otherwise;~~
- ~~39. If proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee.~~
- ~~40. If a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed); or if Franchisee is dissolved or is finalized;~~
- ~~41. If execution is levied against Franchisee's business or property or against any ownership interest in Franchisee;~~
- ~~42. If any real or personal property of Franchisee's Business shall be sold after levy by any sheriff, marshal, or constable;~~
- ~~43. If Franchisee is in material violation of the terms of Sections XII, XVI, XX and/or XX.H;~~
- ~~44. If Franchisee maintains false books or records, or submits any false reports to us;~~
- ~~45. If Franchisee's Business has three (3) or more material complaints reported to a governmental entity or other public forum (material complaints are determined in our sole discretion) with respect to the Business in any twelve (12) month period; and~~
- ~~46. If Franchisee is assessed three or more fines in any twelve (12) month period pursuant to Section X.H.~~

~~D. Termination by Franchisee~~

~~If we violate a material and substantial provision of the Agreement and we fail to remedy or to make substantial progress toward curing the violation within thirty (30) days after receiving written notice from Franchisee detailing our alleged default, Franchisee may terminate this Agreement if so permitted under applicable law. Any termination of this Agreement and the Franchise by Franchisee, without complying with the foregoing requirements, or for any reason other than breach of material and substantial provision of this Agreement by us and our failure to cure such breach within thirty (30) days after receipt of written notice thereof, shall not be permitted.~~

~~E. — Early Termination~~

~~In the event of a termination of your Agreement, before the expiration of the term or any renewal term, you shall be obligated to pay us on demand a lump sum equal to One Thousand (\$1,000) per month for each remaining month of the term or renewal term of the Agreement. Franchisee acknowledges that a precise calculation of the full extent of the damages that we will incur on termination of this Agreement as a result of a termination before the expiration of the term or any renewal term is difficult to calculate, and we and you desire certainty in this matter and agree that the lump sum payment provided under this Section is reasonable in light of the damages for premature termination that we will incur. This payment is not exclusive of any other remedies that we may have.~~

~~F. — General Effect of Termination~~

~~On termination or expiration, all of Franchisee's post-termination obligations, including covenant not to compete, non-disclosure, return of the Operations Manual and other proprietary materials, and indemnity, will remain in full force and effect. If this Agreement terminates for any reason prior to its expiration date, we will be entitled to our royalty fees and other fees for either the remainder of the term of this Agreement or two (2) years (whichever comes first) and to all other applicable remedies (as described in Section XXIV.H).~~

~~G. — Territory Alteration as an Alternative to Termination~~

~~If Franchisee is in default of the Franchise Agreement, as an alternative to termination, we may modify or completely eliminate any rights that Franchisee may have with respect to the protected status of the Territory, effective ten (10) days after delivery of written notice to Franchisee. In addition, we may modify or completely eliminate Franchisee's Territory.~~

~~**XXIV. FRANCHISEE'S OBLIGATIONS UPON TERMINATION OR EXPIRATION**~~

~~A. — Franchisee Shall Cease Using Names and Marks~~

~~Franchisee further agrees that, upon termination or expiration of this Agreement, Franchisee shall immediately and permanently cease to use, by advertising, or any manner whatsoever, any Confidential Information, methods, trade secrets, procedures, descriptions of Services, programs and products associated with us and the Names, Marks and any proprietary marks and distinctive forms, slogans, tag lines, symbols, signs, logos or devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signage, décor, advertising materials, stationery, forms, and any other articles, which display the Names and Marks. Franchisee shall make or cause to be made, at its expense, changes directed by us in signage, buildings, structure and premises so as to effectively distinguish the surviving business entity, if any, from its former appearance as a Success on the Spectrum<sup>®</sup> business, and from other existing Success on the Spectrum<sup>®</sup> businesses. Franchisee shall comply with the covenant not to compete and the agreement to maintain the confidentiality of proprietary information, as well as return all information that is considered to be Confidential Information under the terms and conditions of this Agreement back to us.~~

~~B. — Franchisee Shall Cease Operating Business, Refrain from Notifying Clients and Refund or Transfer Services~~

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~~Franchisee shall immediately cease to operate the Business under this Agreement, and shall not thereafter, directly or indirectly, represent itself to the public or hold itself out as a present or former franchisee of us.~~

In addition, Franchisee shall not give notice of termination or expiration of this Agreement to Franchisee's clients without our prior written consent. Subject to applicable law, we shall have the sole right to notify all of Franchisee's clients of the termination or expiration of this Agreement at the time and manner we determine to be most appropriate. Franchisee must, upon our request, within five (5) days after termination or expiration of this Agreement, contact all clients who prepaid for any Service and either: (i) offer full refunds of any unearned payments; or (ii) assist us in transferring and assigning such client agreements to another franchisee, company-owned business or to us, in the manner we require. Unless otherwise specified by law or us and all existing client lists (including all contact information) of the Franchisee shall be our property.

Franchisee must immediately tender all new or used inventory of our Proprietary Products (if applicable), décor, signage, promotional, advertising and marketing materials in addition to all Confidential Information to us and/or our designated affiliates or destroy, if notified by us in writing to do so, all inventory of such items in a timely manner as in accordance with the terms of the Operations Manual and as specified in Section XXIV.G of this Agreement.

C. Franchisee May Not Adopt Confusingly Similar Names and Marks

Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Names and Marks, either in connection with such other business or in the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute our exclusive rights in and to the Names and Marks, and further agrees not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with us or a former association or connection with us.

D. Franchisee Shall Cancel Assumed Names and Transfer Phone Numbers

Franchisee further agrees that upon termination or expiration of this Agreement, Franchisee shall take all action necessary to cancel all assumed names or equivalent registrations relating to its use of any or all of the Names and Marks. Franchisee shall take all actions necessary to transfer all phone numbers, addresses, domain names, Websites, email, listings and location contacts for the Business to us or our designee, including but not limited to authorizing all telephone, Internet, Websites, email, electronic network, directory and listing entities to effectuate the same.

E. Franchisee Shall Transfer or Terminate Domain Name and Web Page

Upon termination or expiration of this Agreement, Franchisee agrees that we will have the absolute right to notify InterNIC, ICANN and all other Internet authorities of the termination or expiration of Franchisee's right to use all domain names, web page, Websites and other search engines for the Business and to authorize the above and other search engines to transfer to us or our designee all domain names, web page, Websites and search engines associated with the Business. Franchisee acknowledges and agrees that we have the absolute right to, and interest in, all domain names, web page, Websites and search engines related to the Business and that we have the full right and authority to direct the above Internet authorities and all search engines to transfer Franchisee's domain names, web page, Website and search engines to us or our designee if this Agreement expires or is terminated for any reason. Franchisee further acknowledges that

this Agreement will constitute a release by Franchisee of the above Internet authorities from any and all claims, liabilities, actions and damages that Franchisee may, at any time, have the right to allege against them in connection with this provision.

F. ~~Franchisee Must Return Operations Manual and Other Materials~~

~~Franchisee further agrees that upon termination or expiration of this Agreement, Franchisee will immediately return to us all copies of the Operations Manual, training materials and any other materials, which have been loaned to Franchisee by us. Franchisee further agrees to turn over to us all items containing any of the Marks and contracts for the Franchised Business. Additionally, subject to applicable law, Franchisee agrees to turn over to us all client lists.~~

G. ~~Franchisor May Purchase Assets~~

~~Upon termination or expiration pursuant to the terms of this Agreement, we shall have the first right of first refusal to purchase or assume Franchisee's interest in the Franchised Business, or in its assets on the same terms as those contained in a bona fide offer from a third party. As used in this Section, "Assets" means all products, Proprietary Products, equipment, furnishings, fixtures, décor items, technology items, signage, inventory (non-perishable products, supplies in addition to advertising and marketing materials), vehicles (if applicable), leasehold improvements and the lease or sublease for the Business. This right is governed by time limits and procedures described in this Agreement with respect to our right of first refusal in the event of an assignment. If we exercise our right of first refusal, Franchisee must transfer Franchisee's interest in the Franchised Business and in the Assets.~~

~~If Franchisee is selling its Assets, we shall have the right (but not the duty), to be exercised by notice of intent to do so within thirty (30) days after termination or expiration, to purchase any or all Assets related to the operation of the Business and all items bearing our Names, Marks, at the lesser of Franchisee's cost or fair market value (less the amount of any outstanding liens or encumbrances). The cost shall be determined based upon a five (5) year straight-line depreciation of Franchisee's original costs. For any Asset that is five (5) or more years old, the Parties agree that fair market value shall be deemed to be ten percent (10%) of the Asset's original cost. However, for any items that display our Marks such as equipment, products and Proprietary Products (excluding vehicles) and regardless of when the item was purchased, the fair market value is agreed to be five percent (5%) of the original cost and zero for any type of marketing and/or promotional material. If we elect to exercise any option to purchase herein provided, we shall have the right to set off all amounts due from Franchisee.~~

H. ~~Franchisee Must Pay Monies Owed to Franchisor; Liquidated Damages~~

~~Franchisee shall pay to us, within thirty (30) days after the effective date of termination or expiration of this Agreement, such Royalty Fees, other advertising fees, payments or any other sums owed to us by Franchisee, which are then unpaid. Franchisee shall pay to us all damages, costs, and expenses, including reasonable attorney's fees, incurred by us in obtaining injunctive or other relief for the enforcement of any provisions of Section XIX.~~

~~In the event of termination of this Agreement prior to its expiration date, Franchisee acknowledges that the Parties have considered the following in determining the amount of Liquidated Damages ("Damages"): (1) that the amount of the Damages is reasonable under the circumstances existing at the time this Agreement is made; (2) that the amount of Damages bear a rational relationship to the damages the Parties anticipate would flow from the breach of this Agreement; (3) the agreement to the amount of the Damages is necessary because actual damages~~

are difficult to prove; and (4) the amount of the Damages are not so large that they act as a penalty. The Franchisee's obligations to pay Damages are subject to all applicable laws. Franchisee accordingly agrees that in such event it shall be obligated to pay to us, the amount of the Damages which is a total of all Royalty Fees that we would have received, if this Agreement remained in effect until its scheduled expiration date, subject to the following. This amount of Damages shall be calculated by adding together the average monthly Royalty Fee payments that were paid to us during the previous twelve (12) months for either the remaining term of this Agreement or two (2) years

(whichever comes first). If the Franchisee has not made twelve (12) months of payments, then the number of payments it has made will be used to calculate the average of Royalty Fee payments. Such payments shall be due to us within thirty (30) days after the effective Date of Termination or expiration.

Except as otherwise provided in this Agreement, Franchisee shall retain whatever interest it may have in the Assets of the Franchised Business.

#### XXV. ENFORCEMENT

##### A. Franchisee May Not Withhold Payments Due Franchisor

Franchisee agrees that he or she will not withhold payments of any Royalty Fees or any other amounts of money owed to us for any reason, on grounds of alleged nonperformance by us of any obligation. All such claims by Franchisee shall, if not otherwise resolved by us and Franchisee, be submitted to arbitration as provided in this Agreement. Franchisee has no right of offset, or set-off to any amounts due and owing to us.

##### B. Severability and Substitution of Valid Provisions

All provisions of this Agreement are severable, and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and any partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. If any applicable law or rule requires a greater prior notice of the termination of this Agreement than is required hereunder, or requires the taking of some other action not required hereunder, the prior notice or other action required by such law or rule shall be substituted for the notice or other requirements.

##### C. Mediation

The Parties agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction before resorting to arbitration as set forth in Section XXV.D. Any Party to this Agreement may initiate mediation by serving a written demand on the other Party stating the particulars of the demand being served. The mediator must be mutually agreed upon by both Parties. Mediation fees shall be divided equally among the Parties involved. Before any mediation commences, the Parties will agree to a date and/or certain event which will constitute a completion of the mediation process. If, for any dispute or claim to which this paragraph applies, any Party commences an action without first attempting to resolve the matter through mediation or refuses to mediate after a request has been made, then the other Party ("Mediating Party") shall be entitled to recover attorney's fees and costs, even if such Mediating Party was not otherwise entitled to recover its attorney fees and cost in any arbitration or legal action between the Parties pursuant to the terms of this Agreement. This mediation provision applies whether or not the arbitration provision is initiated. It shall be held at the same venue as for arbitration as described in Section XXV.D, and the Parties agree to submit to the Commercial Rules of the American Arbitration Association ("AAA") for the selection of a mediator if they are unable to mutually agree upon a mediator within twenty (20) days of either Party requesting mediation.

##### D. Arbitration

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~~Except as we elect to enforce this Agreement by judicial process, injunction, or specific performance (as provided above), all disputes and claims relating to any provision hereof, any specification, standard or operating procedure, or any other obligation of Franchisee prescribed by us, or any obligation of us, or the breach thereof (including, without limitation, any specification, standard or operating procedure or any other obligation of Franchisee or us, which is illegal or otherwise unenforceable or voidable under any law, ordinance, or ruling) shall be settled by mandatory binding arbitration in Harris~~

County, Texas. Arbitration must be in accordance with the then-current Commercial Rules of the American Arbitration Association (“AAA”) and, where applicable, the provision of the Federal Arbitration Act, i.e. 9 USC §1, et al; and provided that at the option of us or the Franchisee that the arbitrator shall be selected from a list of retired federal or state judges supplied by the American Arbitration Association which could include an attorney with twenty (20) years or more franchise experience. The actual selection of the arbitrator from the list will be in accordance with the procedures for selecting an arbitrator under the Commercial Rules of the AAA. The Parties agree that, in connection with any such arbitration proceeding, each will submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 1-3 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. The Parties further agree that arbitration will be conducted on an individual and not a class-wide or multiple plaintiff basis.

The Party discovering an arbitrable claim will have one (1) year from the date of discovery but not to exceed two (2) years from the date the claim occurred, in which to settle the claim or to commence arbitration on the claim. Otherwise the claim or demand will be deemed abandoned and shall be barred. The arbitrator shall allow discovery in accordance with the Texas Rules of Civil Procedure and may apply the sanctions relating to noncompliance with discovery orders therein provided. The arbitrator shall issue a written opinion explaining the reasons for his or her decision and award and the arbitrator shall have the right to award or include in the award the specific performance of this Agreement. Unless specifically provided for by applicable statute, no punitive or exemplary damages shall be awarded against either us or Franchisee, or entities related to them, in an arbitration proceeding or otherwise, and are hereby waived. Judgment upon the award of the arbitrator will be entered in any court having competent jurisdiction thereof or of us or Franchisee. During the pendency of any arbitration proceeding hereunder, Franchisee and we shall fully perform their respective obligations pursuant to the terms and conditions of this Agreement. Arbitration fees shall be shared equally and the prevailing Party shall be entitled to recover reasonable attorney fees from the other Party, provided should there be no prevailing Party each Party shall pay their own attorney fees.

This arbitration provision shall not apply to any of the following disputes or controversies: any action for injunctive or other provisional relief including but not limited to enforcement of liens, security agreements, or attachment, as we deem to be necessary or appropriate to compel Franchisee to comply with Franchisee’s obligations to us and/or to protect the Names and Marks or any claim or dispute involving or contesting the validity of any of the Names and Marks, or any claim or dispute involving any of the Confidential Information, trade secrets, or copyrights provided by us to the Franchisee under this Agreement.

E. Rights of Parties Are Cumulative

The rights of us and Franchisee are cumulative, and the exercise or enforcement by us or Franchisee of any right or remedy shall not preclude the exercise or enforcement by us or Franchisee of any other right or remedy hereunder which we or Franchisee are entitled by law to enforce by the provisions of this Agreement or of the Operations Manual. In addition, both Parties agree that during any type of dispute or claim neither Party will attempt to: publicly publish any proceedings, make any publicly available claims; or make any disparaging statement which could tarnish the reputation of the other Party.

F. Judicial Enforcement, Injunction and Specific Performance

~~Notwithstanding anything to the contrary contained in Section XXV.D above relating to arbitration, we shall have the right to enforce by judicial process our right to terminate this Agreement for the causes enumerated in Section XXIII of this Agreement, to collect any amounts owed to us for any unpaid Royalty Fees, or other unpaid charges due hereunder, arising out of the business conducted by Franchisee pursuant hereto, and to pursue any rights we may have under any leases or subleases (if~~

~~applicable), sales, purchases, or security agreements or other agreements with Franchisee. We shall be entitled, without bond, to the entry of temporary or permanent injunctions and orders of specific performance enforcing any of the provisions of this Agreement. If we secure any such injunction or orders of specific performance, Franchisee agrees to pay to us an amount equal to the aggregate costs of obtaining such relief, including, without limitation, reasonable attorneys' fees, costs of investigation, court costs, and other litigation expenses, travel and living expenses, and any damages incurred by us as a result of the breach of any provision of this Agreement.~~

~~G. — Texas Law Applies~~

~~Except to the extent governed by the U.S. Trademark Act of 1946 (Lanham Act, 15 U.S.C., Section 1051 et. seq.) or the U.S. Arbitration Act, this Agreement shall be governed by the laws of the State of Texas, and venue for arbitration or litigation shall lie in Harris County, Texas, or in the applicable United States District Court for Texas.~~

~~H. — Attorney Fees~~

~~In the event that either Party incurs any expenses (including but not limited to reasonable attorney's fees and reasonable expert witness fees) in enforcing the provisions of this Agreement by arbitration or legal action, the prevailing Party shall be entitled to recover such expenses directly from the other.~~

~~I. — Binding Effect~~

~~This Agreement is binding upon the Parties hereto and their respective permitted assigns and successors in interest.~~

~~J. — Entire Agreement/Integration/No Other Agreements/Manual(s) May Change~~

~~This Agreement and all exhibits to this Agreement constitute the entire agreement between the Parties and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the Disclosure Document that we furnished to Franchisee. Except for those acts permitted to be made unilaterally by us hereunder, no amendment, change, or variance from this Agreement shall be binding on either Party unless mutually agreed to by the Parties and executed by their authorized officers or agents in writing. The Operations Manual may be amended at any time by us, and Franchisee shall adapt its methods or procedures to comply with the requirements thereof.~~

~~K. — Force Majeure~~

~~Except for monetary obligations or as otherwise specifically provided in this Franchise Agreement, if either Party to this Agreement shall be delayed or hindered in or prevented from the performance of any act required under this Agreement by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war, or other causes beyond the reasonable control of the Party required to perform such work or act under the terms of this Agreement not the fault of such Party, then performance of such act shall be excused for the period of the delay, but in no event to exceed ninety (90) days from the stated time periods as set forth in this Franchise Agreement.~~

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NOTICES, each, and every violation of any term, provision, and/or operational requirement as set forth in this Article 12 (a “Reporting Violation”), within 10 days of Franchisor’s invoice, Franchisee shall pay to Franchisor a reporting non-compliance fee (the “Reporting Non-Compliance Fee”) for each and every failure to timely submit a report and/or record as set forth in this Article 12. The Reporting Non-Compliance Fee shall be: (a) \$50 for Franchisee’s first failure to timely submit a report and/or record and \$250 for each subsequent failure. The foregoing does not constitute Franchisor’s consent to and/or acquiescence to Reporting Violations. Nothing contained in this Article 12.C. shall be interpreted as interfering with and/or negating Franchisor’s rights and remedies as set forth in Article 16 and, as otherwise set forth in this Agreement. All rights and remedies of Franchisor are cumulative and shall be interpreted as cumulative to one another.

### **ARTICLE 13** **INSPECTION AND AUDITS**

#### **13.A. FRANCHISOR’S RIGHT TO INSPECT**

Franchisor has the right at any and all times during business hours, throughout the terms of this Agree and without prior notice to Franchisee, to inspect Franchisee’s Center. Franchisee shall fully cooperate with representatives of Franchisor making any inspection and permit such representatives of Franchisor to take photographs, videos, and/or recordings of the Franchised Business, interview employees and clients of the Franchised Business, conduct secret-shopper inspections, and other inspections either with or without notice to Franchisee. Franchisor shall undertake reasonable efforts to minimize the impact of any inspection on the operations of the Franchised Business.

#### **13.B. FRANCHISOR’S RIGHT TO EXAMINE BOOKS AND RECORDS**

Franchisor has the right at any time during business hours, and without prior notice to Franchisee, to examine or audit, or cause to be examined or audited by a third party, the business records, cash control devices, bookkeeping and accounting records, bank statements, sales and income tax records and returns, and other books, statements, and records of the Franchised Business and Franchisee. Franchisee shall maintain complete and accurate copies of all such books, statements, records and supporting documents at Franchisee’s Center Facility. Franchisee must fully cooperate with Franchisor, representatives of Franchisor, and third parties hired by Franchisor to conduct any such examination or audit. In the event Franchisor’s examination of Franchisee’s records reveals that Franchisee underreported any figure to Franchisor by more than 2%, then Franchisee shall reimburse to Franchisor, all of Franchisor’s costs in connection with Franchisor’s audit/examination.

### **ARTICLE 14** **TRANSFER OF INTEREST**

#### **14.A. TRANSFER BY THE FRANCHISOR**

At all times, Franchisor possesses and maintains the sole, absolute and unilateral right to Transfer and/or assign Franchisor’s rights and obligations under this Agreement and the Ancillary Agreements, in whole and/or in part, for any purpose and in any form of transaction as may be designated and/or elected by Franchisor, in Franchisor’s sole discretion, to any person, entity, Corporate Entity and/or third party without the consent of Franchisee and without the approval of Franchisee or any other party. Nothing contained in this Agreement shall prevent, prohibit, restrict, hinder, enjoin or otherwise restrain Franchisor from selling, transferring, conveying, or assigning this Agreement and the Ancillary Agreements, and/or Franchisor’s rights and obligations under this Agreement and the Ancillary Agreements, to any person, entity, Corporate Entity or other third party. Franchisor has an unrestricted and unequivocal right to Transfer and/or assign any or all of its rights or obligations under this Agreement and the Ancillary Agreements, in whole or in part, in Franchisor’s sole discretion. In the event Franchisor Transfers and/or assigns this Agreement and/or the Ancillary Agreements, and/or any or all of Franchisor’s rights and obligations set forth in this Agreement and/or the Ancillary Agreements, to a person, an entity, Corporate Entity, or other third party, this Agreement and the Ancillary Agreements, shall survive, remain in full force and effect, and inure to the benefit of the purchaser, transferee, conveyee, and/or assignee of this Agreement and/or the Ancillary Agreements.

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#### **14.B. FRANCHISEE MAY NOT TRANSFER WITHOUT FRANCHISOR APPROVAL**

Franchisee agrees, and Franchisee represents and warrants that Franchisee's Owners understand and agree, that the rights and duties set forth in this Agreement are personal to Franchisee and each Owner. Therefore, Franchisee agrees that:

- (1) No ownership interest of any Owner in Franchisee may be Transferred without the prior written consent of Franchisor;
- (2) No obligations, rights or interest of Franchisee in (a) this Agreement, (b) the lease or ownership interests in Franchisee's Center Location and Franchisee's Center Facility, (c) the Franchised Business, or (d) all or substantially all of the assets of the Franchised Business may be Transferred without the prior written consent of Franchisor. This restriction shall not prohibit Franchisee from granting a mortgage, charge, lien, or security interest in the assets of the Franchised Business or this Agreement for the exclusive purpose of securing financing for the initial development (occurring prior to the Actual Business Commencement Date) of the Franchised Business;
- (3) Without limitation to the foregoing, any Transfer by Franchisee respecting and/or relating to this Agreement and/or the Franchised Business and/or assets associated with the Franchised Business will require the prior written consent of Franchisor where such Transfer occurs by virtue of: (a) divorce or legal dissolution of marriage; (b) insolvency; (c) dissolution of a Corporate Entity; (d) last will and testament; (e) intestate succession; or (f) declaration of, or transfer in trust;
- (4) Any purported Transfer without the written consent of Franchisor, or otherwise in violation of this Agreement including, but not limited to this Article 14.B, shall constitute a breach of this Agreement and shall convey to the transferee no rights or interests in this Agreement; and
- (5) In the event of a Transfer of this Agreement that is approved by Franchisor, Franchisee shall not be relieved of Franchisee's obligations under this Agreement whether said obligations accrued and/or arose prior to and/or after the date of Transfer.

#### **14.C. CONDITIONS FOR APPROVAL OF TRANSFER**

Provided Franchisee and each Owner and Spouse, respectively, are in substantial compliance with this Agreement and the Ancillary Agreements, and Franchisor does not elect to exercise Franchisor's right of first refusal as set forth in Article 14.F. below, Franchisor shall not unreasonably withhold its approval of a Transfer by Franchisee or an Owner. The proposed transferee (including such assignee's owner(s) and spouse(s) if the proposed transferee is a Corporate Entity) must be of good moral character, have sufficient business experience, aptitude and financial resources to own and operate a Success On The Spectrum Center, and otherwise meet Franchisor's then applicable standards for franchisees as determined by Franchisor in its sole, but reasonable discretion. Furthermore, the proposed transferee and the proposed transferee's owners and spouses may not own or operate, or intend to own or operate, a Competitive Business. Franchisee agrees that Franchisor may condition approval of a Transfer upon Franchisee's satisfaction (either before, or contemporaneously with, the effective date of the Transfer) of the following:

- (1) Franchisee must provide written notice to Franchisor of the proposed Transfer of this Agreement at least 30 days prior to the Transfer, and Franchisee must have also satisfied the obligations set forth in Article 14.F. below;
- (2) All accrued monetary obligations of Franchisee and all other outstanding obligations to Franchisor and/or Franchisor's affiliates under this Agreement and the Ancillary Agreements must be satisfied in a timely manner, and Franchisee must satisfy all trade, supplier, and vendor accounts and other debts, of whatever nature or kind, in a timely manner;

(3) Franchisee, each Owner, and each Spouse must not be in default or material breach of this Agreement or the Ancillary Agreements;

(4) The transferee shall be bound by all terms and conditions of this Agreement, and each owner of the transferee and their respective spouses shall personally execute the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1. Each owner of the transferee shall also be required to execute such further agreements designated by Franchisor whereby the proposed transferee assumes each and every obligation and responsibility of Franchisee as set forth in this Agreement;

(5) All obligations of Franchisee under this Agreement and the Ancillary Agreements shall be assumed by the transferee, each individual owner of transferee, and their respective spouses in a manner satisfactory to Franchisor;

(6) Franchisee, each Owner, and each Spouse must execute the General Release attached to this Agreement as Exhibit 8 releasing Franchisor, Franchisor's affiliates and Franchisor's past and present officers, directors, shareholders, members, partners, agents, representatives, independent contractors, servants and employees, of any and all claims against Franchisor for matters arising on, or before, the effective date of the Transfer;

(7) If the proposed Transfer includes or entails the Transfer of this Agreement, substantially all of the assets of the Franchised Business, a controlling interest in Franchisee, or is one of a series of Transfers which in the aggregate Transfers substantially all of the assets of the Franchised Business or a controlling interest in Franchisee, then, at the election of Franchisor and upon notice from Franchisor to Franchisee, the transferee may be required to execute (and/or, upon Franchisee's request, shall cause all interested parties to execute) for a term ending on the expiration date of the original Term of this Agreement, the then current standard form Franchise Agreement offered to new franchisees of Success On The Spectrum Centers and any other agreements as Franchisor requires. Such agreements shall supersede this Agreement and its associated agreement in all respects, and the terms of Franchisor's then current agreements may differ from the terms in this Agreement, provided that such agreements shall provide for the same Royalty Fee, Advertising Contributions, and all other financial or monetary obligations established in this Agreement;

(8) Unless Franchisee has met the requirements of Article 7.B. within the four year period immediately preceding the Transfer, the transferee, at its expense, must improve, modify, refurbish, renovate, remodel, and/or otherwise upgrade Franchisee's Success On The Spectrum Center Facility to conform to the then current standards and specifications of Franchisor, and the transferee must complete such improvements, modifications, refurbishments, renovations, remodeling, and/or upgrading within the time period Franchisor reasonably specifies;

(9) Franchisee, each Owner, and each Spouse shall remain liable for all obligations to Franchisor set forth in this Agreement;

(10) At the transferee's expense, the transferee, and the transferee's Managing Owner, Managers and/or any other applicable employees (Required Center Personnel) of transferee's Success On The Spectrum Center must complete any training programs then in effect for franchisees of Success On The Spectrum Centers upon terms and conditions set forth in this Agreement or as Franchisor otherwise reasonably requires;

(11) Franchisee must pay to Franchisor the Transfer Fee;

(12) Franchisor's approval of the material terms and conditions of the Transfer, and Franchisor determines in Franchisor's Reasonable Business Judgment that the price and terms of payment are not so burdensome as to be detrimental to the future operations of the Franchised Business by the transferee;

(13) Transferee's employees, directors, officers, independent contractors, and agents who will have access to Confidential Information shall execute the Confidentiality Agreement attached hereto as Exhibit 2;

(14) Franchisee entering into an agreement with Franchisor agreeing to subordinate any obligations of transferee to make installment payments of the purchase price to Franchisee to the transferee's obligations to Franchisor, including, without limitation, transferee's obligations with respect to Royalty Fees and Advertising Contributions;

(15) Franchisee and transferee acknowledge and agree that Franchisor's approval of the Transfer indicates only that the transferee meets, or Franchisor waived, the criteria established by Franchisor for franchisees as of the time of such transfer, and Franchisor's approval thereof does not constitute a warranty or guaranty by Franchisor, express or implied, of the suitability of the terms of sale, successful operation, or profitability of the Franchised Business;

(16) Franchisee and transferee acknowledge and agree that Franchisor's approval of the Transfer at issue does not constitute Franchisor's approval of future or other Transfers or the waiver of the requirement that Franchisor must approve such future or other Transfers in accordance with this Agreement;

(17) The Transfer must be made in compliance with all applicable laws;

(18) The Transfer of the Franchised Business, the lease for Franchisee's Success On The Spectrum Center Facility, Center Location and the assets of the Franchised Business shall be made only in conjunction with a Transfer of this Agreement, approved by Franchisor in accordance with and subject to this Article 14 and the terms and conditions of this Agreement; and

(19) Franchisor's consent to a Transfer of any interest that is subject to the restrictions of this Agreement shall not constitute a waiver of any claims it may have against Franchisee or deemed a waiver of Franchisor's right to demand strict and exact compliance with this Agreement by the transferee.

#### **14.D. DEATH OR DISABILITY OF FRANCHISEE OR AN OWNER**

(1) If Franchisee is an individual and not a Corporate Entity, upon the death or permanent disability of Franchisee, the executor, administrator, conservator or other personal representative of Franchisee, must appoint a manager that meets the equivalent of an Office Manager within a reasonable time, which shall not exceed 30 days from the date of death or permanent disability. The appointed manager (as applicable) must serve and qualify as an Office Manager and attend and successfully complete the Training Program within 60 days of the appointment. If Franchisee's Center is not being managed by a Franchisor approved Office Manager (as applicable) within 30 days after such death or permanent disability, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of Franchisee's Center for, and on behalf of, Franchisee at Franchisee's sole costs until an approved Office Manager is able to assume the management and operation of Franchisee's Center. Franchisor's appointment of a manager for Franchisee's Center does not relieve Franchisee of its obligations under this Agreement, including this Article 14.D., or constitute a waiver of Franchisor's right to terminate this Agreement pursuant to Article 16, below. At all times, including while Franchisee's Center may be managed by Franchisor's appointed manager, Franchisor shall not be liable for any debts, losses, costs, or expenses incurred in the operations of Franchisee's Center or to any creditor of Franchisee for any products, materials, supplies or services purchased by Franchisee's Center. Franchisor has the right to charge a reasonable fee for such management services and may cease to provide management services at any time.

(2) If Franchisee is a Corporate Entity, upon the death or permanent disability of Franchisee's Managing Owner, the remaining Owners within a reasonable time, which shall not exceed 30 days from the date of death or permanent disability must appoint a new Managing Owner that is approved by Franchisor. The appointed Managing Owner must attend and successfully complete the Training Program within 60 days of the

appointment. If Franchisee's Center is not being managed by a Franchisor approved Managing Owner (as applicable) within 30 days after such death or permanent disability, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of Franchisee's Center for, and on behalf of, Franchisee at Franchisee's sole costs until an approved Managing Owner is able to assume the management and operation of Franchisee's Center. Franchisor's appointment of a manager for Franchisee's Center does not relieve Franchisee of its obligations under this Agreement, including this Article 14.D., or constitute a waiver of Franchisor's right to terminate this Agreement pursuant to Article 16, below. At all times, including while Franchisee's Center may be managed by Franchisor's appointed manager, Franchisor shall not be liable for any debts, losses, costs, or expenses incurred in the operations of Franchisee's Center or to any creditor of Franchisee for any products, materials, supplies or services purchased by Franchisee's Center. Franchisor has the right to charge a reasonable fee for such management services and may cease to provide management services at any time.

Notwithstanding the foregoing, if Franchisee is a Corporate Entity and the Managing Owner is the only Owner of Franchisee, then Article 14.D.(1) shall apply as if the Managing Owner were the sole individual Franchisee.

(3) Upon the death of Franchisee or any Owner, the executor, administrator, conservator or other personal representative of that deceased person must transfer his interest to a person Franchisor approves within a reasonable time, not to exceed 12 months from the date of death.

(4) If Franchisee is an individual, then in the event of the death or permanent disability of Franchisee, this Agreement may be transferred to any designated person, heir or beneficiary without the payment of the Transfer Fee. Notwithstanding the immediately foregoing sentence, the Transfer of this Agreement to such transferee of Franchisee shall be subject to the applicable terms and conditions of this Article 14, and the Transfer shall not be valid or effective until Franchisor has received the properly executed legal documents, which Franchisor's attorneys deem necessary to properly and legally document such Transfer of this Agreement. Furthermore, said transferee must agree to be unconditionally bound by the terms and conditions of this Agreement, personally guarantee the performance of Franchisee's obligations under this Agreement, and execute the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1.

#### **14.E. TRANSFER TO WHOLLY OWNED CORPORATE ENTITY**

In the event Franchisee is an individual/are individuals, this Agreement may be Transferred by Franchisee to a Corporate Entity (the "Assignee Corporate Entity"), provided that: (a) Franchisee has provided Franchisor with 30 days prior written notice of the proposed Assignment of this Agreement; (b) Franchisee (individually, jointly and severally as to each individual Franchisee) sign and be bound by the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1; (c) the Spouse of each Franchisee (individually, jointly and severally as to each individual Spouse) sign and be bound by the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1; (d) Franchisee has provided Franchisor with true and accurate copies of corporate formation documents related to the Assignee Corporate Entity and the ownership of the Assignee Corporate Entity and has further provided Franchisor with all additional documentation as Franchise may request concerning the proposed assignment and/or Assignee Corporate Entity; and (e) Franchisee is otherwise in compliance with the terms and conditions of this Agreement and any Ancillary Agreements. Franchisee agrees that an assignment to an Assignee Corporate Entity shall not relieve Franchisee of Franchisee's individual obligations under this Agreement as such obligations existed between Franchisee and Franchisor prior to the date of any assignment to the Assignee Corporate Entity.

#### **14.F. FRANCHISOR'S RIGHT OF FIRST REFUSAL**

If Franchisee or an Owner desire to engage, in whole or in part, in a Transfer of Franchisee, this Agreement, Franchisee's Center, Franchisee's Center Facility, and/or Franchisee's Center Location, then Franchisee or such Owner (as applicable) must obtain a bona fide, signed written offer from the fully disclosed purchaser (the "Offer") and submit an exact copy of the Offer to Franchisor. Franchisor shall have 30 days after receipt of the Offer to

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decide whether Franchisor will purchase the interest in Franchisee, Franchisee's Center, Franchisee's Center Facility, and/or Franchisee's Center Location for the same price and upon the same terms contained in the Offer (however, Franchisor may substitute cash for any form of payment proposed in the Offer). If Franchisor notifies Franchisee that Franchisor intends to purchase the interest within said 30 day period, Franchisee or Owner (as applicable) must sell the interest to Franchisor. Franchisor will have at least an additional 60 days to prepare for closing. Franchisor shall be entitled to receive from Franchisee or Owner (as applicable) all customary representations and warranties given by Franchisee or Owner (as applicable) as the seller of the assets and/or the ownership interest or, at Franchisor's election, the representations and warranties contained in the offer. If Franchisor does not exercise its right of first refusal, Franchisee or Owner (as applicable) may complete the Transfer to the purchaser pursuant to and in accordance with the terms of the Offer, provided that separate and apart from this Article 14.F. right of first refusal, Franchisee complies with the terms of this Article 14. However, if the sale to the purchaser is not completed within 120 days after delivery of the Offer to Franchisor, or there is a material change in the terms of the sale, Franchisor will again have the right of first refusal specified in this Article 14.F. Franchisor's right of first refusal in this Article 14.F. shall not apply to any Transfer pursuant to Article 14.E. of this Agreement.

## **ARTICLE 15** **RENEWAL OF FRANCHISE**

### **15.A. FRANCHISEE'S RIGHT TO RENEW**

Subject to Franchisee's satisfaction of the terms of this Agreement, including this Article 15, Franchisee shall possess the option to renew the franchise for Franchisee's continued license and franchised operation of the Franchised Business for additional consecutive 5-year terms (the "Renewal Terms").

### **15.B. CONDITIONS FOR RENEWAL**

Franchisee's renewal rights under this Article 15 are subject to and contingent upon Franchisee's satisfaction of the following conditions and criteria:

- (1) Not less than 180 days prior to the expiration of the initial Term or current Renewal Term, Franchisee must provide Franchisor written notice (the "Renewal Notice") of Franchisee's election to renew;
- (2) At the time of delivering the Renewal Notice and at all times thereafter, Franchisee and Franchisee's Owners must be in compliance with the terms of this Agreement and all Ancillary Agreements, and without any default of this Agreement or the Ancillary Agreements;
- (3) Franchisee must possess, present, and demonstrate to Franchisor and, subject to Franchisor's reasonable satisfaction, that: (a) Franchisee maintains and has secured the legal right to remain in possession of Franchisee's Center Facility and Center Location through the entire Renewal Term or; (b) Franchisee has selected a proposed new Center Location within the Designated Territory that Franchisor, at Franchisor's sole discretion, has approved in writing and that may be timely developed by Franchisee, in accordance with Franchisor's standards and specifications, for the development and operation of the Franchisee's Center throughout the duration of the Renewal Term;
- (4) Franchisee must update and/or agree to update the condition, appearance and functionality of Franchisee's Center Facility and Franchisee's Center Location and to otherwise modify Franchisee's Center Facility and Franchisee's Center Location in compliance with Franchisor's specifications and standards then applicable for new Success On The Spectrum Centers;
- (5) Franchisee pays the Renewal Fee and Franchisee agrees to, signs, and delivers to Franchisor, within 30 days of the date of delivery by Franchisor to Franchisee, Franchisor's then current form Center Franchise Agreement for the Renewal Term (the "Renewal Franchise Agreement");

(6) Franchisee’s Owners and their Spouses, respectively, must agree to, sign, and deliver to Franchisor, within 30 days of the date of delivery by Franchisor to Franchisee, Franchisor’s then current individual guaranty agreements, and, thereby, among other things, individually and jointly guarantee the full and complete performance of the Renewal Franchise Agreement including, but not limited to, payment obligations, non-compete obligations, and restrictive covenants (the “Renewal Ancillary Agreements”);

(7) Franchisee and the Owners must, prior to the Renewal Term, undertake and complete, to Franchisor’s satisfaction, such additional training, if any, as designated and determined by Franchisor in Franchisor’s Reasonable Business Judgment;

(8) Franchisee and the Owners must agree to, sign, and deliver to Franchisor, within 30 days of the date of delivery by Franchisor to Franchisee, Franchisor’s then current form of general release whereby Franchisee and Franchisee’s Owners shall each fully release and discharge Franchisor, Franchisor’s affiliates and its officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, employees, successors and assigns from any and all claims, causes of action, and suits arising from and/or related to this Agreement. If local law precludes Franchisee’s issuance of a general release, Franchisor at Franchisor’s election, may condition renewal on Franchisee’s and each Owner’s delivery to Franchisor of an estoppel letter advising and informing Franchisor that the undersigned possesses no legal claim or cause of action against Franchisor and is not aware of any facts of circumstances involving any breach of this Agreement by Franchisor or Franchisor’s agents or employees; and

(9) Franchisee must obtain Franchisor’s consent to renew the Franchise Agreement, which consent may be granted or withheld in Franchisor’s Reasonable Business Judgment.

Failure by Franchisee, and, as applicable, each Owner and Spouse to timely comply with the foregoing conditions shall be deemed an election by Franchisee not to renew the franchise.

#### **15.C. RENEWAL FRANCHISE AGREEMENT**

Franchisee expressly acknowledges and agrees that the Renewal Franchise Agreement and Renewal Ancillary Agreements, as determined by Franchisor in Franchisor’s sole discretion, may contain terms, conditions, requirements, and rights that are materially and substantively different from those granted and contained in this Agreement.

### **ARTICLE 16** **DEFAULTS, TERMINATION AND REMEDIES**

#### **16.A. DEFAULTS BY FRANCHISEE AND TERMINATION BY FRANCHISOR**

(1) Defaults and Automatic Termination – Franchisee shall be in default of this Agreement, and, this Agreement shall be automatically and immediately terminated, without notice to Franchisee and without providing Franchisee any opportunity to cure, upon the occurrence of any one or more of the following actions, inactions, omissions, events, and/or circumstances:

(a) Franchisee becomes insolvent, and/or Franchisee makes a general assignment for the benefit of creditors or takes any other similar action for the protection or benefit of creditors;

(b) Franchisee admits in writing Franchisee’s inability to pay its debts as they mature, and/or Franchisee gives notice to any governmental body or agency of insolvency, pending insolvency, suspension of operations and/or pending suspension of operations;

(c) Franchisee files a voluntary petition in bankruptcy, Franchisee is adjudicated bankrupt or insolvent, and/or Franchisee files any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or other similar relief under any applicable federal and/or state law

relative to bankruptcy, insolvency or similar relief for debtors;

(d) An involuntary petition in bankruptcy is filed against Franchisee and Franchisee fails to have the involuntary petition discharged within 35 days of the petition filing, and/or Franchisee seeks, consents to, or acquiesces in, the appointment of any trustee, receiver, conservator, custodian or liquidator for Franchisee's business or any assets of Franchisee;

(e) A bill in equity or other proceeding for the appointment of any trustee, receiver, conservator, custodian or liquidator of Franchisee for Franchisee's business or any assets of Franchisee is filed and Franchisee consents to same;

(f) A court of competent jurisdiction appoints or orders any trustee, receiver, conservator, custodian or liquidator for Franchisee's business or any assets of Franchisee and such appointment or order remains for an aggregate of 60 days, whether or not consecutive, from the date of entry thereof;

(g) Franchisee initiates proceedings for a composition with creditors under any state or federal law or such a proceeding is initiated against Franchisee;

(h) This Agreement, or any of Franchisee's rights under this Agreement, is levied upon under any attachment or execution, and/or Execution is levied upon or against the Franchised Business or any assets of Franchisee, and/or a final judgment against Franchisee remains of record or unsatisfied for 30 days or more, unless an appeal and/or bond is filed;

(i) Franchisee is dissolved, and/or Franchisee's leasehold interests and/or rights in or to Franchisee's Center Location are terminated;

(j) A cause of action or lawsuit to foreclose any lien or mortgage against Franchisee's Center Location if Franchisee is the fee simple owner of Franchisee's Center Location;

(k) A cause of action or lawsuit to foreclose any lien against equipment used in the operation of Franchisee's Center or located at Franchisee's Center Location is instituted against Franchisee and not dismissed within 60 days after the summons is served on Franchisee;

(l) Real or personal property of Franchisee used in the operation of Franchisee's Center is sold after levy thereupon by any sheriff, marshal or other law enforcement officer; and/or

(m) Upon termination by Franchisor pursuant to Article 16.A.(2), Article 16.A.(3), or Article 16.A.(4) of this Agreement.

**(2) Defaults and Automatic Termination upon Written Notice without Cure Period** – Franchisee shall be in default of this Agreement, and, this Agreement may be terminated by Franchisor, at Franchisor's sole discretion, upon written notice from Franchisor to Franchisee and without providing Franchisee any opportunity to cure, upon the occurrence of any one or more of the following actions, inactions, omissions, events, and/or circumstances, with such termination effective on the date of Franchisor's notice:

(a) Franchisee, on three or more instances and/or occasions, engages, commits, and/or suffers an action, inaction, omission, event, and/or circumstance that constitutes or qualifies as a default under Articles 16.A.(3) and/or 16.A.(4) of this Agreement, irrespective of whether or not such action, inaction, omission, event, and/or circumstance is the subject of a notice of default from Franchisor to Franchisee pursuant to Articles 16.A.(3) and/or 16.A.(4) of this Agreement and irrespective of whether or not such default was timely cured and irrespective of whether or not Franchisee paid any penalties or additional fees to Franchisor;

(b) Franchisee, intentionally and knowingly, refuses to comply with and/or breaches any term, condition, provision, and/or requirement of this Agreement with the intent of causing harm to Franchisor, the System, other System franchisee and/or clients of the Franchised Business;

(c) Franchisee intentionally, knowingly, with prior notice, and/or through negligence, at any time, develops, manages, maintains, and/or operates the Franchised Business in violation of federal, state, and/or local laws, rules, regulations, ordinances, permits, codes and/or conduct resulting in a foreseeable, immediate and/or imminent threat to the health and/or safety of any third party including clients, employees, and/or the public at large;

(d) Franchisee abandons, surrenders and/or fails to continuously and actively operate the Franchised Business, unless prevented from doing so by casualty that is the subject of Article 7.D. of this Agreement and that is cured/remedied in accordance with Article 7.D.;

(e) Franchisee loses and/or fails to maintain possession of the leasehold and/or other legal interests providing Franchisee with the uninterrupted legal right and ability to occupy and to continue to occupy Franchisee's Center Facility throughout the Term and to maintain and operate Franchised Business in accordance with the terms of this Agreement and the standards, specifications, and requirements set forth in the Operations Manual and/or as otherwise communicated by Franchisor from time to time;

(f) As to information, records, statements, and/or data that Franchisee must maintain and/or report to Franchisor pursuant to the terms of this Agreement, the Operations Manual, or as otherwise requested by Franchisor from time to time, the information, records, statements, and/or data maintained by Franchisee and/or reported by Franchisee contains intentional inaccuracies and/or material inaccuracies that are either misleading or false;

(g) Franchisee attempts to Transfer, or purportedly attempts to Transfer, this Agreement or any of Franchisee's rights under this Agreement, without Franchisor's prior approval, written consent, and/or otherwise not in accordance with this Agreement;

(h) If Franchisee is a Corporate Entity, an Owner of Franchisee attempts to Transfer or, purportedly Transfers, the Owners equity interests, ownership interests, and/or rights in Franchisee without Franchisor's prior approval, written consent, and/or otherwise not in accordance with this Agreement;

(i) Franchisee discloses, divulges, provides access to, communicates, and/or permits the communication of the contents, data and/or information contained in the Operations Manual to any third party not otherwise authorized by Franchisor;

(j) Franchisee discloses, divulges, provides access to, communicates, and/or permits the communication of Confidential Information to any third party not otherwise authorized by Franchisor;

(k) Franchisee engages in any activity that injures, harms, damages, or otherwise has a material adverse effect on Franchisor, the System, the Licensed Marks, Success On The Spectrum Centers, Franchisee's Center, and/or the reputation of the Success On The Spectrum brand;

(l) Franchisee, an Owner, and/or a Spouse, as applicable and whether individually or jointly, breaches or is in default of an Ancillary Agreement, and, if the applicable agreement provides for the opportunity to cure, fails to timely cure the breach or default of the Ancillary Agreement, including, without limitation, the Franchise Owner and Spouse Agreement and Guaranty;

(m) Franchisee and/or an Owner of Franchisee is convicted of a felony crime, and/or pleads guilty or nolo

contendere to a felony crime;

(n) Franchisee and/or an Owner of Franchisee engages in intentionally dishonest and/or unethical conduct that, in Franchisor's Reasonable Business Judgment, results in embarrassment to Franchisor, the System, the Licensed Marks, Success On The Spectrum Centers, Franchisee's Center, and/or the reputation of the Success On The Spectrum brand;

(o) Franchisee fails to timely complete, to Franchisor's reasonable satisfaction, the Training Program and/or supplemental training programs designated by Franchisor;

(p) Franchisee fails, upon receiving actual or constructive notice, shall: (1) immediately notify Franchisor of any known breach of the Confidentiality Agreement by any person or entity; (2) immediately notify Franchisor of facts and information that would cause a reasonable person to believe that a person or entity violated the Confidentiality Agreement and/or is in the process of violating the Confidentiality Agreement; and (3) take reasonable steps including notice to Franchisor and Franchisee's consultation with Franchisee's legal counsel, to prevent any person or entity from violating the terms of the Confidentiality Agreement and/or otherwise publicly disseminating Confidential Information;

(q) Franchisee misappropriates, misuses, or makes any unauthorized use of the Licensed Marks, the Confidential Information, and/or the System and/or Franchisee materially impairs the goodwill associated with the Licensed Marks, and/or Franchisee applies for registration of the Licensed Marks anywhere in the world;

(r) Franchisee and/or an Owner fails to comply with Anti-Terrorism Laws or becomes listed on the Annex to Executive Order 13244;

(s) Franchisee fails to notify us of any change, addition or replacement of any behavior analyst within the time frames required under this Agreement;

(t) Franchisee fails to hire or maintain on staff all Required Center Personnel, including a certified Behavior Analyst, as required herein, or fails to hire a replacement Office Manager and/or Behavior Analyst with the time frames set forth herein; and/or

(u) Franchisee provides Approved Products and Services outside of the Center other than at Approved Off-Site Locations, or through Alternative Channels of Distribution without Franchisor's permission.

**(3) Defaults and Automatic Termination After 10 Day Cure Period** – Franchisee shall be in default of this Agreement and, this Agreement shall be terminated, upon the occurrence of any one or more of the following actions, inactions, omissions, events, and/or circumstances, unless, Franchisee timely cures, to the satisfaction of Franchisor, such default / action, inaction, omission, event, and/or circumstance within 10 calendar days of Franchisor's written notice:

(a) Franchisee fails, refuses, and/or is unable to timely pay the Royalty Fee, Advertising Contribution, and/or any other payment, fee, financial obligation, charge, and/or monetary obligation payable and/or due to Franchisor pursuant to the terms of this Agreement, under this Agreement, and/or any other agreement between Franchisor and Franchisee;

(b) Franchisee and/or Franchisee's affiliate fails, refuses, and/or is unable to pay any payment, fee, financial obligation, charge, and/or monetary obligation payable to Franchisor and/or Franchisor's affiliates pursuant to this Agreement and/or any other agreement between or among Franchisor, Franchisor's affiliate, Franchisee and/or Franchisee's affiliate; and/or

(c) Franchisee fails or refuses, at any time, and, without legal justification as may be determined by Franchisor in Franchisor's Reasonable Business Judgment, to pay any third party supplier or vendor for any goods, products, supplies, equipment, materials and/or any other items used by, benefitting, and/or intended to benefit the Franchised Business.

The foregoing events of default set forth in this Article 16.A.(3) shall exclude events of default that are otherwise governed by and/or constitute events of default under Article 16.A.(1) or Article 16.A.(2). In the event of any inconsistency or conflict between the provisions of this Article 16.A.(3) with Article 16.A.(1), Article 16.A.(1) shall take precedence and govern. In the event of any inconsistency or conflict between the provisions of this Article 16.A.(3) with Article 16.A.(2), Article 16.A.(2) shall take precedence and govern.

(4) Defaults and Automatic Termination After 30 Day Cure Period – Franchisee shall be in default of this Agreement and, this Agreement shall be terminated, upon the occurrence of any one or more of the following actions, inactions, omissions, events, and/or circumstances, unless, Franchisee timely cures, to the satisfaction of Franchisor, such default / action, inaction, omission, event, and/or circumstance within 30 calendar days of Franchisor's written notice:

(a) Franchisee fails or refuses to comply with and/or breaches any term, condition, provision, and/or requirement of this Agreement that is not otherwise a default under Articles 16.A.(1), 16.A.(2), or 16.A.(3) of this Agreement;

(b) Franchisee fails or refuses to comply with and/or breaches any term, condition, provision, and/or requirement of any agreement, other than this Agreement, between Franchisor and Franchisee, and/or an affiliate of Franchisor and Franchisee;

(c) Franchisee fails or refuses, in accordance with the terms of this Agreement, to obtain and secure a signed lease agreement or fee simple ownership interest in a center location that is approved by Franchisor, in Franchisor's Reasonable Business Judgment, as Franchisee's Center Location;

(d) Franchisee fails or refuses to develop and open the Franchised Business on or before the Scheduled Business Commencement Date, in compliance with the terms of this Agreement, as designated or specified in the Operations Manual, and/or in accordance with Franchisor's standards and specifications as communicated to Franchisee from time to time;

(e) Franchisee fails or refuses, at any time, to manage, maintain, and/or operate the Franchised Business in compliance with the terms of this Agreement, as designated or specified in the Operations Manual, and/or in accordance with Franchisor's standards, specifications, and requirements as communicated to Franchisee from time to time;

(f) Franchisee fails or refuses, at any time, to develop, manage, maintain, and/or operate the Franchised Business in compliance with all applicable federal, state, and local laws, rules, regulations, ordinances, permits, and codes;

(g) At any time, an inspection and/or evaluation of the operations of the Franchised Business – whether by mystery shopper programs, third party inspection services, or as otherwise designated by Franchisor, and, whether or not such inspections are on notice or secret – Franchisor, in Franchisor's Reasonable Business Judgment, determines that the operations of the Franchised Business do not meet or are in violation of the operational standards and requirements set forth in this Agreement, the Operations Manual, and/or as communicated to Franchisee from time to time;

(h) Franchisee fails or refuses to timely submit to Franchisor records, reports, stored media, recordings, financial statements, books, accounts, statements, data, documentation and/or other information as required

by this Agreement, as set forth in the Operations Manual, and/or as requested by Franchisor;

(i) If any inspection or review of Franchisee's records, reports, books, accounts, statements, data, documentation and/or other information discloses, within any week, month, or Accounting Period selected by Franchisor, the underreporting of Franchisee's Gross Sales, and/or any other metrics or data, resulting in the underpayment, by 5% or more, of the obligations, payments, and/or fees due by Franchisee to Franchisor under the terms of this Agreement;

(j) Franchisee fails or refuses, at any time, to maintain the required insurance policies and insurance coverage required for the Franchised Business as set forth in this Agreement, and/or in the Operations Manual; and/or

(k) Franchisee fails to timely satisfy and pay all vendors, suppliers and/or contractors in connection with the development, construction, and/or establishment of the Franchised Business.

The foregoing events of default set forth in this Article 16.A.(4) shall exclude events of default that are otherwise governed by and/or constitute events of default under Article 16.A.(1) or Article 16.A.(2). In the event of any inconsistency or conflict between the provisions of this Article 16.A.(4) with Article 16.A.(1), Article 16.A.(1) shall take precedence and govern. In the event of any inconsistency or conflict between the provisions of this Article 16.A.(4) with Article 16.A.(2), Article 16.A.(2) shall take precedence and govern.

#### **16.B. TERMINATION BY FRANCHISEE**

If Franchisee, each Owner and Spouse (as applicable) are in full compliance with each and every term and provision of this Agreement, any amendment or successor agreement, and any of the Ancillary Agreements, and Franchisor materially breaches Franchisor's substantive and material obligations set forth in this Agreement, Franchisee may terminate this Agreement in the event of the following:

(1) Franchisor does not correct the material breach within 30 days after Franchisor's receipt of Franchisee's written notice of such material breach to Franchisor; or

(2) In a case where Franchisor's material breach cannot reasonably be cured within 30 days, within 30 days of Franchisor's receipt of Franchisee's written notice of Franchisor's material breach, Franchisor shall be provided a reasonable time period to cure such material breach provided that Franchisor provides reasonable evidence to Franchisee of Franchisor's current, continuing and/or planned efforts to correct the material breach within a reasonable time.

In either case, Franchisee's termination of this Agreement shall not take effect until expiration of the 30 day period set forth above and or such reasonable time period as necessary to cure the material breach, and Franchisee delivers to Franchisor a separate written notice of termination. The termination date must be at least 10 days after Franchisor's receipt of Franchisee's notice of termination. Franchisee's termination of this Agreement for any reason other than as set forth in and in compliance with this Article 16.B. shall not constitute the termination of this Agreement and shall constitute a material breach of this Agreement by Franchisee.

#### **16.C. FRANCHISOR'S ADDITIONAL RIGHTS, REMEDIES, AND DAMAGES**

Franchisee agrees that Article 16.A. sets forth actions, inactions, omissions, events, and/or circumstances that, among other things, constitute, in each and every instance and subject to any applicable cure period, if any, a default of this Agreement permitting Franchisor to, among other things, terminate this Agreement and/or resulting in the automatic termination of this Agreement. The grounds constituting a default under Article 16.A. are in addition to any and all other grounds for default as may be otherwise set forth in the Franchise Agreement. In the event of an event of default of this Agreement by Franchisee under Article 16.A. or, as otherwise set forth in this Agreement, Franchisee agrees that termination of this Agreement is not the sole or exclusive remedy of Franchisor and that Franchisor's right or remedy of termination shall be in addition to any and all other rights set forth in this

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Agreement, and as otherwise available to Franchisor in law or equity.

Without limitation to the foregoing, additionally, in the event of the termination of this Agreement as a result of a default or breach by Franchisee and/or, by Franchisee's Owners and/or affiliates of any Ancillary Agreements, Franchisor, in addition to any and all other rights and remedies available to Franchisor as set forth in this Agreement, and, at law and in equity, shall possess the following rights and remedies, each of which are not exclusive of the other and may be/are in conjunction with one another:

(1) To void and terminate this Agreement, and thereafter to market, sell, transfer, convey and assign the rights granted to Franchisee under this Agreement to any other person or entity in Franchisor's sole discretion and without compensation to Franchisee.

(2) To hold Franchisee and Franchisee's Owners liable for, and recover from each of them, jointly and severally, all payments, fees, monetary obligations, financial obligations, interest, and charges due and owing to Franchisor from Franchisee pursuant to this Agreement, the Ancillary Agreements, and/or any other agreements between Franchisee and Franchisor, including, without limitation, Royalty Fees and Advertising Contributions with each and every payment and obligation to be accelerated and due immediately.

(3) To hold Franchisee and Franchisee's Owners liable for, and recover from each of them, jointly and severally, lost revenues, profits, and fees including, but not limited to Royalty Fees, Advertising Contributions, and all other fees, revenues and/or expenses that would have been paid to Franchisor, under the terms of this Agreement and throughout the Term of this Agreement, had a breach not occurred and had Franchisor not terminated this Agreement. In calculating and determining the foregoing Franchisee agrees that in calculating and in determining such damages that it is fair and reasonable to use Franchisee's most recent calendar year Gross Sales in calculating and determining Franchisor lost revenues and fees and by assuming that such Gross Sales would have been earned in each and every year throughout the remainder of the Term had this Agreement not been terminated. If, however, the Franchised Business has been open and in operation for less than one calendar year, Franchisee agrees that it is fair and reasonable to use an average of Center Gross Sales across the System during the year in which this Agreement was terminated and to use such average Gross Sales for the purpose of calculating and determining Franchisor lost revenues and fees and, in doing so, by assuming that such Gross Sales would have been earned in each and every year throughout the remainder of the Term had this Agreement not been terminated. Franchisee agrees that the foregoing is a form of liquidated damages, and that it is fair and reasonable.

(4) To hold Franchisee and Franchisee's Owners liable for all costs, fees, expenses, and/or damages incurred by Franchisor and/or suffered by Franchisor as a result of a breach or termination including, but not limited to, the recovery of reasonable attorney fees and expenses including court costs, arbitration fees, mediation fees, arbitrator fees, mediator fees, depositions and other related expenses.

(5) To enjoin, restrain, and otherwise prohibit Franchisee from operating Franchisee's Center or exercising any rights granted to Franchisee under this Agreement pursuant to a court order restraining order, injunction or other means.

(6) Declaratory judgment that this Agreement and all rights granted to Franchisee under this Agreement are terminated, null and void.

(7) All other remedies and/or rights available to Franchisor as otherwise set forth in the Agreement and/or as may be otherwise available by law or equity.

In the event of a breach or default of this Agreement, should Franchisor elect, at Franchisor's sole discretion, to not terminate this Agreement, such action shall be without prejudice and without waiver of Franchisor's rights in the future. Further, at all times, and without prejudice to Franchisor's right to declare a default and, among other

things, terminate this Agreement, Franchisor may: (i) temporarily or permanently suspend any existing credit arrangements or accommodations previously extended to Franchisee and/or refrain from offering or making available to Franchisee any credit arrangements or accommodations that may be offered or made available to other System franchisees; (ii) modify payment terms for approved products, supplies, or other merchandise purchased by Franchisee which may include, without limitation, requiring cash on delivery; (iii) disqualify Franchisee from being eligible for, or from participating in, special promotion programs, rebates, and/or rebate sharing that may be offered or made available to other System franchisees; and/or (iv) refrain from providing or making available to Franchisee promotional materials or other materials developed by Franchisor. In addition to rights and remedies that may exist under this Franchise Agreement, in the event of a breach of default of this Agreement, Franchisor may interrupt services provided by Franchisor to Franchisee, such as email, telephone and fax services, in Franchisor's sole discretion.

If Franchisor does not pursue termination of this Agreement in the event of a default or breach by Franchisee, and/or Franchisor accepts any royalties, payments, contributions, funds, or other monetary sums from Franchisee, such actions do not constitute a waiver or acceptance of Franchisee's default or breach, and Franchisor reserves the right to pursue any and all additional remedies set forth in this Agreement, at law, or in equity. Franchisor's rights and remedies are cumulative, and no exercise or enforcement by Franchisor of any such right or remedy precludes the exercise or enforcement by Franchisor of any other right or remedy which Franchisor is entitled by law to enforce.

**ARTICLE 17**  
**OBLIGATIONS UPON TERMINATION, EXPIRATION**  
**AND CONTINUING OBLIGATIONS**

**17.A. PAYMENT OF AMOUNTS OWED TO FRANCHISOR**

Without limitation as to any other Article or provision of this Agreement, upon expiration or termination of this Agreement for any reason, Franchisee shall immediately pay to Franchisor all sums and fees due from Franchisee to Franchisor under the terms of this Agreement including, but not limited to Royalty Fees and Advertising Contributions and all other sums and fees due from Franchisee to Franchisor and/or Franchisor affiliates and/or suppliers for products and services including, but not limited to, System Supplies.

**17.B. CEASE OPERATIONS AND PROTECTION OF THE SYSTEM**

Upon expiration, termination, or Transfer of this Agreement for any reason, Franchisee shall immediately:

(1) Permanently cease to be a franchise owner of the Center that was the subject of this Agreement and cease to operate such Center under the System;

(2) Refrain from directly or indirectly, holding oneself/itself out to any person or entity, or represent themselves/itself as a present or former Success On The Spectrum franchisee;

(3) Permanently cease to use, in any manner: (a) the System including, without limitation, the Confidential Information, the Licensed Marks, the Business Management System Data, and the Operations Manual; (b) any methods, procedures, or techniques associated with the System in which Franchisor possesses proprietary rights or that constitute Franchisor's trade secrets; (c) System Supplies, including communicating with or ordering products from Franchisor's designated suppliers and vendors of System Supplies; (d) the Approved Products and Services; and (e) any other advertising, marketing, media, and any other information, documents or things associated with Franchisor, the System, the Licensed Marks, Success On The Spectrum Centers, the Franchised Business, and Franchisee's former Success On The Spectrum Center, including, without limitation, any confidential, proprietary methods, procedures, descriptions of products, techniques, trade secrets, proprietary marks, distinctive forms, slogans, symbols, signs, stationary, advertising material, articles, logos, devices, items and all other things, tangible or intangible, associated with Franchisor, the System, the Licensed Marks, and Success On The Spectrum Centers;

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(4) Return to Franchisor the Operations Manual (including any and all parts, supplements, and copies of the Operations Manual), the Confidential Information (including without limitation the Business Management System Data and all client lists and information), and all other confidential materials, equipment, software, information, and property owned by Franchisor and all copies thereof provided, however, that Franchisee may retain Franchisee's copies of this Agreement, correspondence between Franchisor and Franchisee, but not including Confidential Information that may be contained in or attached thereto, and other documents that Franchisee needs to retain pursuant to applicable law;

(5) Permanently cease accessing, immediately disconnect from, and discontinue using any and all digital media, intra-nets, cloud based systems, and/or servers that store, maintain, and/or provide access to the Operations Manual, Confidential Information, and all other standards, specifications of Franchisor;

(6) Immediately notify Franchisor, in writing, of any and all locations where Franchisee may have maintained and/or stored digital files and/or media containing all or parts of the Operations Manual, any Confidential Information, and all other standards and specifications of Franchisor, immediately turn over such digital files and media to Franchisor, and follow Franchisor's instructions as to the destruction of such digital files and media;

(7) Except in the event an authorized transferee continues to operate Franchisee's former Center at Franchisee's Center Location subsequent to a Transfer, at Franchisee's sole cost and expense: (a) modify and alter Franchisee's former Center, Franchisee's former Center Facility, and Franchisee's Center Location, as reasonably necessary or otherwise required by Franchisor, to ensure that Franchisee's Center Facility and Franchisee's Center Location have been completely de-identified and differentiated from its former appearance to prevent any confusion by the public as to the continued existence of a Center at the Center Location; (b) remove from Franchisee's Center Facility and Franchisee's Center Location all distinctive physical and structural features identifying a Center and all distinctive signs, trade dress and emblems associated with the System including, without limitation, signs, trade dress, and emblems bearing the Licensed Marks; and (c) make specific additional changes to Franchisee's Center Facility and Franchisee's Center Location as Franchisor reasonably requests for the purpose of completely de-identifying Franchisee's former Center. Franchisee shall immediately initiate the foregoing actions and complete such actions within the period of time designated by Franchisor, and Franchisee agrees that Franchisor and/or Franchisor's designated agents may enter the premises of Franchisee's Center Facility and Franchisee's Center Location at any time to make foregoing alterations at Franchisee's sole risk and expense. Franchisee further agrees that Franchisee's failure to timely make modifications and alterations to Franchisee's Center Facility and Franchisee's Center Location will cause irreparable injury to Franchisor, and Franchisee consents to the entry, at Franchisee's expense, of any ex-parte order by any court of competent jurisdiction authorizing Franchisor or its agents to take action, if Franchisor seeks such an order;

(8) Take all actions necessary and/or reasonably required to cancel all fictitious or assumed names or equivalent registrations relating to the Licensed Marks;

(9) At no cost to Franchisor, take such action as may be determined by Franchisor to: (a) provide and assign to Franchisor the Business Management System, the Business Management System Data, and all client lists, client information, and client data; and (b) transfer, disconnect, and/or otherwise assign, as directed by Franchisor, all telephone numbers, email addresses, yellow pages telephone directories, telephone directory type listings, Web Based Media listings, accounts and log-in information used in connection with Franchisee's former Center and/or otherwise associated with the System and/or the Licensed Marks, cancel Franchisee's interests in same as such cancellation may be directed by Franchisor, and effectuate, perform, honor, and comply with Franchisee's obligations under the Assignment of Telephone Numbers and Digital Media Accounts attached to this Agreement as Exhibit 6;

(10) Abide by, and comply with, the restrictive covenants and obligations set forth in this Agreement, including, without limitation, the restrictive covenants and obligations set forth in Article 6.B. through Article 6.E. of this Agreement; and

(11) Provide Franchisor, within 30 days of the expiration, termination, or Transfer of this Agreement, with written proof demonstrating that Franchisee has complied with the terms of this Article 17 and all other obligations under this Agreement that Franchisee must perform, abide by, and comply with, subsequent to the termination, expiration, or Transfer of this Agreement.

#### **17.C. CONTINUING OBLIGATIONS**

All obligations under this Agreement that expressly, or by their nature, survive, or are intended to survive, the expiration, termination, or Transfer of this Agreement shall continue in full force and effect subsequent to, and notwithstanding, this Agreement's termination, expiration, or Transfer until such obligations are satisfied in full or, by the nature and/or terms, such obligation(s) expire.

Franchisee further agrees that in the event of a Transfer of this Agreement by Franchisee, whether or not such Transfer is authorized by Franchisor or made in violation of this Agreement, under no circumstance shall Franchisee be relieved of Franchisee's Obligations under this Agreement and under no circumstance shall each Owner and Spouse be relieved of their respective guarantees, agreements, and obligations related to, or associated with, this Agreement, including, without limitation, the guarantees, agreements, and obligations set forth in the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit I. The immediately foregoing shall not be interpreted or otherwise construed as constituting consent to any Transfer of this Agreement without the express written consent by Franchisor and Franchisee's compliance with this Agreement respecting any such Transfer.

### **ARTICLE 18** **ENFORCEMENT AND CONSTRUCTION**

#### **18.A. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS**

(1) Except as expressly provided to the contrary in this Agreement, each and every term and provision of this Agreement shall be interpreted or otherwise construed to be independent of each other and severable. Although each term and provision of this Agreement is considered by the parties to be reasonable and intended to be enforceable, if any such term or provision of this Agreement is found by a court of competent jurisdiction, agency, or other government agency to be unenforceable as written or otherwise, then such term and condition shall be modified, rewritten, interpreted, or "blue-lined" to include as much of its nature and scope as will render it enforceable. If such term and condition cannot be so modified, rewritten, interpreted, or "redlined" in any respect, then it will not be given effect and severed from this Agreement, and the remainder of this Agreement shall be interpreted, construed and enforced as if such term and condition was not included in this Agreement.

(2) If any applicable and binding law or rule requires a greater prior notice of the termination of this Agreement than is required in this Agreement, or the taking of some other action not required by this Agreement, or if under any applicable and binding law or rule, any term and condition of this Agreement, or any specification, standard, or operating procedure Franchisor prescribes is invalid or unenforceable, then the greater prior notice and/or other action required by law or rule shall be substituted for the comparable provisions, and Franchisor has the right, in its sole discretion, to modify the invalid or unenforceable term and condition, specification, standard, or operating procedure to the extent required to be valid and enforceable. Franchisee agrees to be bound by any such substituted and/or modified term and condition of this Agreement imposing the maximum duty permitted by law that is prescribed within the terms of any provision of this Agreement as though it were originally and separately articulated in, and made a part of, this Agreement as of the Effective Date and/or any specification, standard or operating procedure Franchisor prescribes, which may result from striking from any terms and conditions, specifications, standards, or operating procedures, and any portion or portions

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thereof, a court may hold to be unenforceable or from reducing the scope of any promise or covenant to the extent required to comply with a court order. Modifications to this Agreement shall be effective only in those jurisdictions in which such terms and conditions, specifications, standards, or operating procedures are found to be unenforceable, unless Franchisor elects to give them greater applicability, in which case, this Agreement shall be enforced as originally made in all other jurisdictions.

#### **18.B. WAIVER OF OBLIGATIONS**

No delay, waiver, omission, or forbearance on the part of Franchisor to enforce any term and condition of this Agreement or exercise any of Franchisor's rights, options, or powers under this Agreement constitutes a waiver by Franchisor to enforce any other term and condition of this Agreement or exercise any of Franchisor's other rights, options, or powers under this Agreement. No such delay, waiver, omission, or forbearance shall constitute a waiver by Franchisor to subsequently enforce such term and condition of this Agreement or subsequently exercise such right, option, or power. Acceptance by Franchisor of any payments, fees, charges, or other amount from Franchisee payable to Franchisor pursuant to this Agreement shall not constitute a waiver or acceptance of Franchisee's default or breach of this Agreement or otherwise a waiver of any term and condition of this Agreement, and Franchisor reserves the right to pursue any and all additional remedies set forth in this Agreement, at law, or in equity. Franchisor shall likewise not be deemed to have waived or impaired any term and condition, right, option or power set forth in this Agreement by virtue of any custom or practice of the parties at variance with the terms and conditions of this Agreement or Franchisor's insistence upon Franchisee's strict compliance with Franchisee's obligations, including any mandatory specification, standard or operating procedure. No waiver by Franchisor of any term and condition of this Agreement shall be valid unless in writing and signed by Franchisor.

#### **18.C. FORCE MAJEURE**

If either Franchisor or Franchisee is delayed in performing any obligation under this Agreement by any cause reasonably beyond its control when such cause would affect any person or entity similarly situated, including, without limitation, war, civil disorder, catastrophic weather, power outage, acts of God, including, but not limited to, natural disaster, tornados, earthquakes, wildfires, and pandemics and/or labor strikes unassociated with Franchisee or Franchisor (collectively, "Force Majeure"), then the time period for performing such obligation shall be extended by a period of time equal to the period of delay. Notwithstanding the immediately foregoing sentence, any delay resulting from Force Majeure shall not excuse Franchisee's payment of any fee, charge, amount, and/or any other monetary or financial obligation to Franchisor under this Agreement, including, without limitation, the payment of the Royalty Fee and Advertising Contributions, and the non-performance of any obligation under this Agreement due to Force Majeure shall not be extended or otherwise excused for more than six months.

#### **18.D. SPECIFIC PERFORMANCE AND INJUNCTIVE RELIEF**

Nothing in this Agreement bars Franchisor's right to obtain specific performance of the provisions of this Agreement and injunctive relief under legal and/or equity rules against threatened conduct that will cause damages or loss to it, the Licensed Marks or the System. Without limitation to the rights set forth in Article 6 of this Agreement, Franchisee agrees that Franchisor may obtain such injunctive relief. Franchisee agrees that Franchisor will not be required to post a bond (other than as set forth in Article 6.H. of this Agreement) to obtain injunctive relief and that Franchisee's only remedy if an injunction is entered against Franchisee will be the dissolution of that injunction, if warranted, upon a hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). The remedies available to Franchisor under Article 6.H. are not exclusive of one another and may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Without limitation to the foregoing Franchisee agrees that in the event of a breach of this Agreement by Franchisee respecting and/or concerning the System and/or the Licensed Marks shall cause irreparable harm to Franchisor, the System and the Licensed Marks. The foregoing shall not be interpreted to invalidate the mediation and arbitration requirements set forth in Article 18.G. of this Agreement and shall be consistent with same.

**18.E. RIGHTS OF PARTIES ARE CUMULATIVE**

The rights under this Agreement are cumulative and no exercise or enforcement by a party of any right or remedy precludes the exercise or enforcement by that party of any other right or remedy which Franchisor or Franchisee is entitled by law to enforce.

**18.F. GOVERNING LAW**

EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §§ 1051 ET SEQ.) OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE RELATIONSHIP BETWEEN THE PARTIES HERETO SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF TEXAS, EXCEPT THAT ITS CHOICE OF LAW AND CONFLICTS OF LAWS RULES SHALL NOT APPLY AND ANY FRANCHISE REGISTRATION, DISCLOSURE, RELATIONSHIP OR SIMILAR STATUTE WHICH MAY BE ADOPTED BY THE STATE OF TEXAS SHALL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH.

**18.G. NON-BINDING MEDIATION AND BINDING ARBITRATION**

(1) **Non-Binding Mediation** – Franchisee and Franchisor agree that before either party may bring any action, dispute and/or controversy arising from or related to this Agreement and/or the franchise relationship between Franchisor and Franchisee in arbitration, the parties must first mediate the dispute through non-binding mediation. Mediation shall be non-binding and shall be conducted by the American Arbitration Association (“AAA”) in accordance with the AAA’s then current rules for the mediation of commercial disputes. All mediation proceedings shall be conducted in Harris County, Texas or, if a mediator is not available in Harris County, Texas then at a suitable location selected by the mediator that is located closest to Harris County, Texas. Mediation shall be conducted by one mediator and if Franchisor and Franchisee cannot agree on a mediator then the mediator shall be selected by AAA. Mediation shall be conducted within 45 days of AAA’s designation and/or acknowledgment of the selected mediator or such longer period as may be agreed to between Franchisor and Franchisee in writing and signed by each respective party. Franchisor and Franchisee shall each be responsible for their own costs associated with mediation and Franchisor and Franchisee shall each be responsible for and shall each pay 50% of the mediator’s fee and AAA’s mediation fees.

Notwithstanding the preceding paragraph, Franchisor and Franchisee agree this Sub-Article 18.G.(1) and, thereby, the prerequisite requirement of non-binding mediation, shall not, at Franchisor’s election, apply to: (a) any claims or disputes related to or concerning a breach of this Agreement by Franchisee that, under the terms of this Agreement, may entitle Franchisor to the award of injunctive relief including, but not limited to, Franchisee’s violation or purported violation of Article 6 of this Agreement; and/or (b) claims by either Franchisor or Franchisee under this Agreement that relates to either Franchisor’s or Franchisee’s failure to pay fees or other monetary obligations due under this Agreement.

**XXVI. Arbitration**

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, or by other means which affords the sender evidence of

delivery, or of rejected delivery, to the respective Parties at the addresses shown on the signature page of this Agreement, unless and until a different address has been designated by written notice to the other Party. Any notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery.

**XXVII. COUNTERPARTS**

This Agreement and any amendments or supplements hereto may be executed in any number of counterparts and by different Parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all of which counterparts together shall constitute but one and the same instrument. This Agreement shall become effective upon the execution of a counterpart hereof by each of the Parties hereto.

**XXVIII. TIME IS OF THE ESSENCE**

Time is of the essence. The Parties to this Agreement hereby agree that time is of the essence with respect to each of their respective duties and obligations under this Agreement.

**XXIX. APPROVALS AND WAIVERS**

Whenever this Agreement requires the prior approval or consent of us, Franchisee shall make a timely written request to us therefore, and such approval or consent shall be obtained in writing.

We make no warranties or guarantees upon which Franchisee may rely, and assume no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee or in connection with any consent, or by reason of any neglect, delay, or denial of any request therefore.

No failure of us to exercise any power reserved to us by this Agreement or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the Parties at variance with the terms hereof, shall constitute a waiver of our right to demand exact compliance with any of the terms herein. Waiver by us of any particular default or breach by Franchisee shall not affect or impair our rights with respect to any subsequent default or breach of the same, similar or different nature, nor shall any delay, forbearance, or omission, breach or default by us to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants hereof, affect or impair our right to exercise the same, nor shall such constitute a waiver by us of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

**XXX. AUTHORITY**

Franchisee or, if Franchisee is a corporation, limited liability company or partnership, the individuals executing this Agreement on behalf of such corporation, limited liability company or partnership, warrant to us, both individually and in their capacities as owners or officers, that all of them as the case may be, have read and approved this Agreement, including the restrictions which this Agreement places upon their right to transfer their respective interests in such entity as set forth in Section XXII.

**XXXI. REPRESENTATIONS AND WARRANTIES BY THE FRANCHISEE**

~~Franchisee acknowledges and warrants that it has received a complete and final copy of this Agreement, our Disclosure Document and applicable exhibits, in a timely fashion as required; and that before signing this Agreement, Franchisee was given ample opportunity to review and examine our Disclosure Document and was furnished with copies of the documents. **NO ORAL, WRITTEN OR**~~

~~VISUAL CLAIM OR STATEMENT THAT CONTRADICTS THE DISCLOSURE DOCUMENT WAS MADE.~~

~~FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE, ALL MANAGING PARTNERS, MEMBERS, OR SHAREHOLDERS, HAVE BEEN ADVISED TO HAVE THIS AGREEMENT AND ALL OTHER DOCUMENTS REVIEWED BY AN ATTORNEY AND THAT FRANCHISEE, ALL MANAGING PARTNERS, MEMBERS, OR SHAREHOLDERS HAVE READ, UNDERSTOOD, HAD AN OPPORTUNITY TO DISCUSS AND AGREED TO EACH PROVISION OF THIS AGREEMENT. THE FRANCHISEE AND MANAGING PARTNERS, MEMBERS OR SHAREHOLDERS AGREE THAT THERE HAS BEEN NO PRESSURE OR COMPULSION BY US OR OUR AGENTS TO SIGN THIS AGREEMENT.~~

~~FRANCHISEE ACKNOWLEDGES AND AGREES THAT THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED TO BE UNDERTAKEN BY FRANCHISEE AND ITS OWNERS IS SPECULATIVE AND WILL BE DEPENDENT ON PERSONAL EFFORTS AND SUCCESS IS NOT GUARANTEED. FRANCHISEE AND MANAGING PARTNERS, MEMBERS OR SHAREHOLDERS ACKNOWLEDGE AND REPRESENT THAT IT HAS ENTERED INTO THIS AGREEMENT AND MADE AN INVESTMENT ONLY AFTER MAKING AN INDEPENDENT INVESTIGATION OF THE OPPORTUNITY, INCLUDING HAVING RECEIVED A LIST WITH THE FRANCHISE DISCLOSURE DOCUMENT OF OTHER CURRENTLY AND PREVIOUSLY OPERATED SUCCESS ON THE SPECTRUM<sup>®</sup> FRANCHISES.~~



(2) – Subject to the prerequisite requirements of non-binding mediation as set forth in Sub-Article 18.G.(1), and, except, at Franchisor’s election, as to any claims or disputes related to or concerning a breach of this Agreement by Franchisee that, under the terms of this Agreement, may entitle Franchisor to the award of injunctive relief including, but not limited to, Franchisee’s violation or purported violation of Article 6 of this Agreement, Franchisor and Franchisee agree that all disputes, controversies, and claims, arising from and/or related to this Agreement, the relationship between Franchisor and Franchisee, the System, and/or the validity of this Agreement and/or the Ancillary Agreements, shall be submitted, on demand of either Franchisor or Franchisee to AAA for binding arbitration. Arbitration shall be conducted by one arbitrator in accordance with AAA’s then current rules for commercial disputes, except as may be otherwise required in this Article 18.G. Arbitration proceedings shall be conducted in Harris County, Texas or, if suitable AAA facilities are not available in Harris County, Texas then at a suitable AAA location selected by the arbitrator that is located closest to Harris County, Texas.

In connection with binding arbitration, Franchisor and Franchisee further agree that:

- (a) All matters relating to arbitration, will be governed by the United States Federal Arbitration Act, except as expressly or otherwise set forth in this Agreement;
- (b) The arbitration hearing shall be conducted within 180 days of the demand for arbitration;
- (c) The arbitrator shall render written findings of fact and conclusions of law;
- (d) Except as may be otherwise required and/or prohibited by this Agreement including, but not limited to Articles 18.I., 18.J., 18.N, 18.O., 18.R., 18.T., and 18.X. of this Agreement, the arbitrator has the right to award or include in his or her award any relief that he or she determines to be proper, including monetary damages, interest on unpaid sums, specific performance, injunctive relief, attorneys’ fees, and costs and expenses as allowable under this Agreement. Notwithstanding the foregoing, under no circumstance shall the Arbitrator be authorized to award or declare the Licensed Marks to be generic or invalid;
- (e) They shall each be bound to the limitations periods set forth in Article 18.I. of this Agreement and that, in any arbitration proceeding, Franchisor and Franchisee must each timely submit, within the same arbitration proceeding, any claim that would constitute a compulsory counterclaim as such claims are defined and set forth under Rule 13 of the United States Federal Rules of Civil Procedure. Any claim that is not submitted or filed as required shall be forever barred;
- (f) Judgment upon the arbitrator’s award may be entered in any court of competent jurisdiction; and
- (g) Arbitration and/or any arbitration award must be conducted in accordance with the terms of this Agreement including, but not limited to, the requirements set forth in this Article 18.

(3) **Consent to Jurisdiction and Venue** – Subject to the non-binding mediation and arbitration provisions set forth in this Article 18.G., Franchisor and Franchisee agree that any judicial action or legal proceeding must be brought in a court of competent jurisdiction located within Texas and within Harris County or the county closest to Harris County. Franchisor and Franchisee do hereby irrevocably consent to and waive any objection to such jurisdiction or venue. Without limitation to the foregoing and notwithstanding same,

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Franchisor and Franchisee agree that Franchisor, at Franchisor's election, may bring any legal action or proceeding seeking a temporary restraining order, preliminary injunction, or any action seeking Franchisor's enforcement of an arbitration award or any judicial decision in the federal or state court located in the county and state where either the Franchised Business was located or where Franchisee resides.

#### **18.H. VARIANCES**

FRANCHISEE AGREES THAT FRANCHISOR HAS AND MAY AT DIFFERENT TIMES, IN FRANCHISOR'S ABSOLUTE AND SOLE DISCRETION, APPROVE EXCEPTIONS OR CHANGES FROM THE UNIFORM STANDARDS OF THE SYSTEM, WHICH FRANCHISOR DEEMS DESIRABLE OR NECESSARY UNDER PARTICULAR CIRCUMSTANCES. FRANCHISEE UNDERSTANDS THAT IT HAS NO RIGHT TO OBJECT TO OR AUTOMATICALLY OBTAIN SUCH VARIANCES, AND ANY EXCEPTION OR CHANGE MUST BE APPROVED IN ADVANCE BY FRANCHISOR IN WRITING. FRANCHISEE UNDERSTANDS THAT EXISTING FRANCHISEES MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENTS AND THAT THE RIGHTS AND OBLIGATIONS OF EXISTING FRANCHISEES MAY DIFFER MATERIALLY FROM THIS AGREEMENT.

#### **18.I. LIMITATIONS OF CLAIMS**

EXCEPT FOR CLAIMS BROUGHT BY FRANCHISOR WITH REGARD TO FRANCHISEE'S OBLIGATIONS TO MAKE PAYMENTS TO FRANCHISOR PURSUANT TO THIS AGREEMENT, FRANCHISOR'S ENFORCEMENT OF THE RESTRICTIVE COVENANTS SET FORTH IN ARTICLE 6 OF THIS AGREEMENT, AND FRANCHISEE'S OBLIGATION TO INDEMNIFY FRANCHISOR IN ACCORDANCE WITH THIS AGREEMENT, ANY AND ALL CLAIMS AND/OR CAUSES OF ACTION ARISING OUT OF, OR RELATING TO, THIS AGREEMENT, OR THE RELATIONSHIP BETWEEN FRANCHISEE AND FRANCHISOR RESULTING FROM THIS AGREEMENT, SHALL BE BARRED UNLESS SUCH CLAIM AND/OR CAUSE OF ACTION IS COMMENCED WITHIN TWO YEARS FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED OR ONE YEAR FROM THE DATE ON WHICH FRANCHISEE OR FRANCHISOR KNEW, OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIM AND/OR CAUSE OF ACTION, WHICHEVER OCCURS FIRST IN TIME.

#### **18.J. WAIVER OF PUNITIVE DAMAGES AND LIMITATION OF DAMAGES**

FRANCHISOR AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, CONSEQUENTIAL OR SPECULATIVE DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM, EXCEPT AS OTHERWISE PROVIDED HEREIN, EACH SHALL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT, PROVIDED THAT SUCH WAIVER SHALL NOT APPLY TO ANY CLAIM FOR DAMAGES: (A) ALLOWED BY FRANCHISOR OR FRANCHISEE FOR ATTORNEY'S FEES OR COSTS AND EXPENSES UNDER THIS AGREEMENT; AND/OR (B) FOR LOST PROFITS, FEES, AND/OR OTHER PAYMENTS OR OBLIGATIONS THAT OTHERWISE WOULD HAVE BEEN PAYABLE AND DUE UNDER THIS AGREEMENT BY FRANCHISOR OR FRANCHISEE AND/OR THE OWNERS HAD THE BREACH RESULTING IN THE TERMINATION OF THIS AGREEMENT NOT OCCURRED. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, IF ANY OTHER TERM OF THIS AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISIONS OF WAIVER BY AGREEMENT OF PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES SHALL CONTINUE IN FULL FORCE AND EFFECT.

#### **18.K. WAIVER OF JURY TRIAL**

FRANCHISOR AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER A LEGAL ACTION, IN MEDIATION, OR IN ARBITRATION.

**18.L. BINDING EFFECT**

This Agreement is binding upon the parties of this Agreement and their respective executors, administrators, heirs, assigns and successors in interest, and shall not be modified except by written agreement signed by both Franchisee and Franchisor.

**18.M. COMPLETE AGREEMENT**

This Agreement, and the Schedules and Exhibits to this Agreement, as executed and, as applicable, constitute the entire, full and complete Agreement between Franchisor and Franchisee concerning the subject matter of this Agreement and supersedes all prior related agreements between Franchisor and Franchisee. The foregoing shall not constitute and does not constitute any disclaimer as to the express representations made by Franchisor in the Franchise Disclosure Document disclosed to Franchisee in connection with this Franchise Agreement.

**18.N. ATTORNEY FEES AND EXPENSES**

Franchisee agrees that in the event that an arbitrator in any arbitration proceeding and/or, a court of competent jurisdiction shall issue an award, judgment, decision and/or order finding, holding and/or declaring Franchisee's breach of this Agreement than Franchisor shall also be entitled to the recovery of all reasonable attorney fees, costs and expenses associated with and/or related to such arbitration and/or litigation. Said fees, costs and expenses shall include, but not be limited to, attorney fees, arbitration fees, arbitrator fees, deposition expenses, expert witness fees and filing fees.

**18.O. NO CLASS ACTION OR MULTI-PARTY ACTIONS**

FRANCHISOR AND FRANCHISEE AGREE THAT ALL PROCEEDINGS AND/OR LEGAL ACTIONS ARISING OUT OF OR RELATED TO THIS AGREEMENT AND/OR THE OFFER AND SALE OF THE SUCCESS ON THE SPECTRUM FRANCHISE FROM FRANCHISOR TO FRANCHISEE, WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S OWNERS, SPOUSES AND/OR GUARANTORS AND FRANCHISOR AND/OR FRANCHISOR'S AFFILIATES, OFFICERS, DIRECTORS AND/OR EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

**18.P. ACCEPTANCE BY FRANCHISOR**

This Agreement will not be binding on Franchisor unless and until an authorized officer of Franchisor has signed it.

**18.Q. OPPORTUNITY FOR REVIEW BY FRANCHISEE'S ADVISORS**

Franchisor recommends that Franchisee have this Agreement and the Franchise Disclosure Document reviewed by Franchisee's lawyer, accountant, and other business advisors, prior to signing this Agreement.

**18.R. NO PERSONAL LIABILITY BY FRANCHISOR'S EMPLOYEES, OFFICERS OR AGENTS**

Franchisee agrees that the fulfillment of any of Franchisor's obligations written in this Agreement or based on any oral communications ruled to be binding in a court of law shall be Franchisor's sole obligation and none of Franchisor's employees, officers and/or authorized agents shall be personally liable to Franchisee for any reason. In addition to the foregoing, Franchisor and Franchisee are not joint employers. The foregoing shall not be construed to imply that Franchisor and/or Franchisor's agents have made any oral promises as pursuant to Article 18.M. of this Agreement, this written Agreement represents the sole Agreement between Franchisor and Franchisee.

**18.S. NON-UNIFORM AGREEMENTS**

Franchisee agrees that Franchisor makes no representations or warranties that all other agreements with SOS Franchising, LLC franchisees entered into before or after the Effective Date do or will contain terms substantially similar to those contained in this Agreement. Franchisee agrees that Franchisor may waive or modify comparable provisions of other Franchise Agreements to other System franchisees in a non-uniform manner.

#### **18.T. NO RIGHT TO OFFSET**

Franchisee shall not, on grounds of the alleged nonperformance, material breach, or default by Franchisor of this Agreement, any other agreement between Franchisor and Franchisee, or for any other reason, withhold any payment, fee, or any other amount payable by Franchisee to Franchisor pursuant to this Agreement, including, without limitation, the payment of the Royalty Fee and Advertising Contributions, or any other payment obligation by Franchisee to Franchisor. Franchisee shall not have the right to offset or withhold any liquidated or unliquidated amount allegedly due to Franchisee from Franchisor against any payment, fee, or any other amount payable to Franchisor pursuant to this Agreement or any other payment obligation by Franchisee to Franchisor.

#### **18.U. HEADINGS**

The headings and subheadings in this Agreement are strictly for convenience and reference only, and they shall not limit, expand, or otherwise affect the interpretation and construction of the terms and conditions of this Agreement.

#### **18.V. AUTHORITY TO EXECUTE**

Each party agrees, warrants and represents that it has all requisite power and authority to enter into this Agreement. The execution, delivery, and performance of this Agreement has been duly and lawfully authorized by all necessary actions of each party, and the signatory to this Agreement for each party has been duly and lawfully authorized to execute this Agreement for and on behalf of the party for whom each signatory has signed.

#### **18.W. COUNTERPARTS, ELECTRONIC SIGNATURES, AND MULTIPLE COPIES**

This Agreement may be executed electronically. This Agreement may be executed in counterparts, all of which counterparts shall be deemed originals and taken together shall constitute a single agreement. Executed electronic or print duplicates of this Agreement, if any, and their respective signatures shall be deemed originals.

#### **18.X. JOINT AND SEVERAL LIABILITY**

If Franchisee consists of more than one person or entity, then their liability under this Agreement shall be deemed joint and several.

#### **18.Y. RECITALS**

The parties agree that the recitals and representations contained on the first page of this Agreement constitute a part of this Agreement and are hereby fully incorporated into the terms of this Agreement.

### **ARTICLE 19** **NOTICES**

All written notices and reports permitted or required to be delivered by this Agreement shall be deemed so delivered, at the time delivered by hand, one business day after being placed in the hands of a national commercial courier service for overnight delivery (properly addressed and with tracking confirmation), or three business days after placed in the U.S. mail by registered or certified mail, postage prepaid, and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. Reports requiring delivery shall be delivered by certified U.S. mail and/or electronically, as designated by Franchisor. The addresses for the parties set forth in the initial paragraph of this Agreement shall be used unless and until a different address has been designated by written notice to the other party. Any notice required under this Agreement shall not be deemed effective or given by Franchisee to Franchisor unless given in strict compliance with this Agreement. Notwithstanding the foregoing, the Operations Manual and modifications to the Operations Manual may be delivered and/or noticed to Franchisee by such means selected by Franchisor, including electronic notice and email.

In all cases where Franchisor's prior approval is required and no other method or timing for obtaining such approval is prescribed, Franchisee shall request such approval in writing, and, unless otherwise expressly

Success on the Spectrum  
Franchise Agreement 2023

proscribed in this Agreement, Franchisor shall respond within 10 business days after receiving Franchisee's written request and all supporting documentation, provided if Franchisor does not respond, such request shall be deemed unapproved. Franchisor's consent to, or approval of, any act or request by Franchisee shall be effective only to the extent specifically stated, and Franchisor's consent or approval shall not be deemed to waive, or render unnecessary, consent or approval of any other subsequent similar act or request.

[SIGNATURE PAGE TO FOLLOW]



SCHEDULE 1  
SOS FRANCHISING, LLC  
AUTHORIZATION AGREEMENT FOR PREARRANGED  
PAYMENTS (DIRECT DEPOSIT)

BY \_\_\_\_\_ AND \_\_\_\_\_ BETWEEN \_\_\_\_\_ SOS \_\_\_\_\_ Franchising, \_\_\_\_\_ LLC \_\_\_\_\_ AND  
\_\_\_\_\_ (“FRANCHISEE”) DATED \_\_\_\_\_ 20 \_\_\_\_\_:

The undersigned depositor (“DEPOSITOR”) hereby authorizes SOS Franchising, LLC (“COMPANY”) to initiate debit entries and/or credit correction entries to the undersigned’s checking and/or savings account(s) indicated below and the depository designated below (“DEPOSITORY”) to debit such account pursuant to COMPANY’s instructions.

DEPOSITORY \_\_\_\_\_ Branch \_\_\_\_\_

Address \_\_\_\_\_ City, State and Zip  
Signature \_\_\_\_\_ Code \_\_\_\_\_

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Dated

Bank Transit/ABA Number \_\_\_\_\_ Account Number \_\_\_\_\_

This authority is to remain in full force and effect until DEPOSITOR has received joint written notification from COMPANY and DEPOSITOR of the DEPOSITOR’s termination of such authority in such time and in such manner as to afford DEPOSITOR a reasonable opportunity on which to act. If an erroneous debit entry is initiated to DEPOSITOR’s account, DEPOSITOR shall have the right to have the amount of such entry credited to such account by DEPOSITOR, if (a) within 15 calendar days following the date on which DEPOSITOR sent to DEPOSITOR a statement of account or a written notice pertaining to such entry or (b) 45 days after posting, whichever occurs first, DEPOSITOR shall have sent to DEPOSITOR a written notice identifying such entry, stating that such entry was in error and requesting DEPOSITOR to credit the amount thereof to such account. These rights are in addition to any rights DEPOSITOR may have under federal and state banking laws.

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DEPOSITOR



SUCCESS ON THE SPECTRUM

By: \_\_\_\_\_ Title: \_\_\_\_\_

Date: \_\_\_\_\_

Franchise Agreement – Schedule 1  
Center Location and Designated Territory  
Acknowledgment

DEPOSITORY

By: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

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Pursuant

SCHEDULE 2  
SOS FRANCHISING, LLC  
PRE-EXISTING  
BUSINESSES

As a condition precedent to the effectiveness of the Franchise Agreement dated \_\_\_\_\_, 20\_\_ by and in consideration of the terms and conditions of the between SOS Franchising, LLC, as Franchisor, and \_\_\_\_\_, as Franchisee (the "Franchise Agreement-

Franchisee represents"), Franchisor and warrants to Franchisor as follows:

1. Entities and as an entity owned by [Franchisee and or affiliates of Franchisee] currently operate a business known as \_\_\_\_\_, ("Pre-Existing Business"); agree:

2. Any and all existing franchise agreements, stockholder agreements, partnership agreements, option agreements or any other third-party rights relating to the Pre-Existing Business, do not contain any covenants, terms and conditions which do now, or may in the future, prohibit the execution of the Franchise Agreement and the participation of any of the owners, managers or employees of the Franchisee in the Franchised Business, and
3. Other than the consents of Franchisee and us there is no other third-party consent required for the acquisition of the franchise to be legally binding and effective, and
4. There are no existing restrictive covenants, other than those which the Pre-Existing Business has waived, binding on Franchisee or any of its partners, owners, agents representatives or employees that would be breached by the acquisition and operation of the Franchised Business obligations of Franchisee to us, and
5. The Pre-Existing Business provides the following goods and services to its clients at the following locations:

5.1 Services and products of Pre-Existing Business(es)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

5.2 Location(s) of Pre-Existing Goods Business(es)

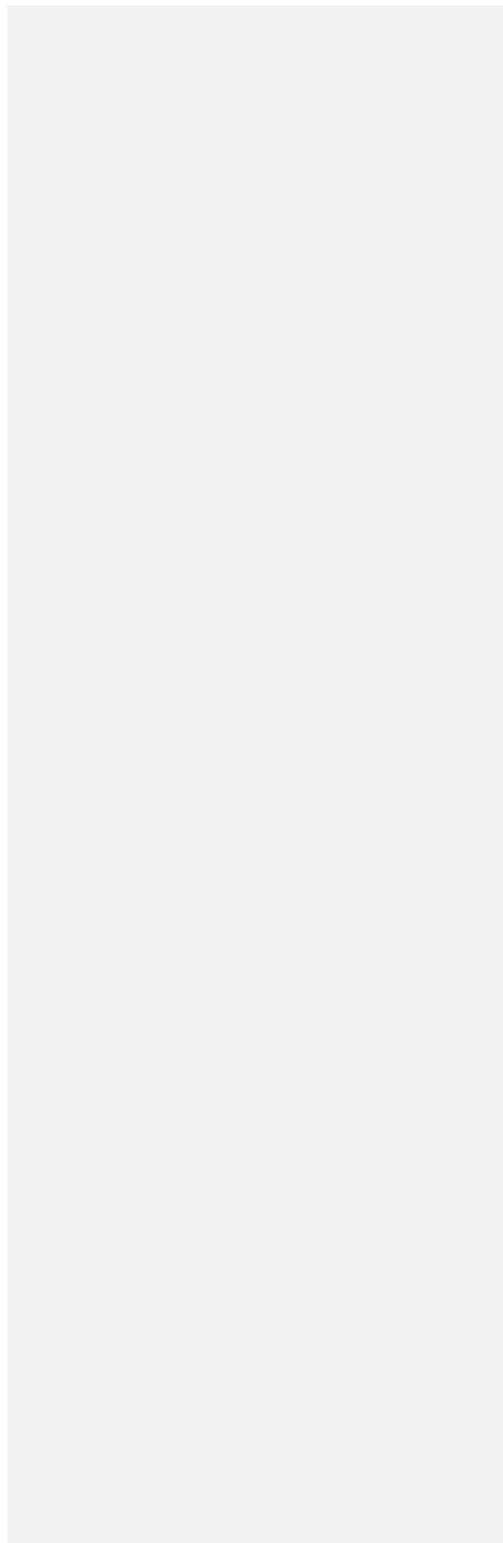
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

and from the date hereof will cease to continue to operate as [an independent organization] and shall not carry out any other businesses directly or indirectly competing with the Franchised Business, and

6. Franchisee shall convert the entire Pre-Existing Business into the Franchised Business and shall hence forth operate that business as the Franchised Business under the trade name "Success on the Spectrum<sup>SM</sup>", and

Franchisee agrees that any business currently operated or to be operated by any affiliate of Franchisee outside of the Franchised Business which later becomes

7. ~~a~~ part of the



~~Franchised Business shall be folded into the Franchised Business after notice and approval by us, and~~

~~8. Franchisee shall indemnify, defend and hold harmless us and our affiliates, against all losses, costs, proceedings, judgments, liabilities, expenses, court costs, and reasonable fees of attorneys and other professionals, arising out of or resulting from any breach of the representations and warranties set out in this Exhibit or in connection with any willful or negligent act or omission of Franchisee or) **Franchisee's** employees or agents~~  
Center Location – “Franchisee’s Center Location,” as such term is defined in the Franchise Agreement, including, but not limited to such act or omission that contributes to any economic damage, bodily injury, sickness, disease or death. This indemnity shall survive termination of the Franchise Agreement. Articles 1 and 2.A., is identified, as follows:

[To be Effective this Schedule Must be Completed and Signed by Franchisor. If not completed and signed at time of signing Franchise Agreement, may be completed in the future pursuant to the terms of the Franchise Agreement.]

(b) Franchisee’s Designated Territory – Franchisee’s “Designated Territory,” as such term is defined in the Franchise Agreement, including, but not limited to Articles 1 and 2.A., is designated as follows:

[To be Effective this Schedule Must be Completed and Signed by Franchisor. If not completed and signed at time of signing Franchise Agreement, may be completed in the future pursuant to the terms of the Franchise Agreement.]

If there is any inconsistency or conflict between the terms of this Acknowledgment and the Franchise Agreement, the Franchise Agreement shall take precedence and govern.

**Dated:** \_\_\_\_\_

**Franchisor:** \_\_\_\_\_  
SOS Franchising, LLC

**Franchisee:** \_\_\_\_\_

By: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name and Title

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name (please print)



**Franchise Agreement – Schedule 2**  
**Statement of Franchise Owners**

Franchisee represents that the following schedule is complete and accurately identifies Franchisee’s Owners, Franchisee’s Managing Owner, and their respective ownership interests in Franchisee. Defined terms shall have the meanings set forth in the Franchise Agreement between Franchisor and Franchisee.

If Franchisee is a Corporate Entity, Franchisee represents and affirms to Franchisor that the following list identifies each and every Owner of Franchisee and their respective ownership interests.

<u>Owner Name</u>	<u>Owner Address</u>	<u>Ownership Interest Percentage</u>
Name of designated <b>Managing Owner:</b>		

**Dated:** \_\_\_\_\_

**Franchisor:** \_\_\_\_\_  
SOS Franchising, LLC

**Franchisee:** \_\_\_\_\_

By: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name and Title

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name (please print)



**Franchise Agreement – Exhibit 1**  
**Franchise Owner and Spouse Agreement and Guaranty**



## **FRANCHISE OWNER AND SPOUSE AGREEMENT AND GUARANTY**

This Franchise Owner and Spouse Agreement and Guaranty (the “Agreement”) is individually entered into by you as either an owner of \_\_\_\_\_ (hereinafter referred to as “Franchisee”), Franchisee, or the spouse of the owner of franchisee and is given and signed by you in favor of SOS Franchising, LLC, franchisor of the Success On The Spectrum franchise system and in favor of SOS Franchising, LLC’s successors and assigns, upon the terms and conditions set forth in this Agreement.

In this Agreement SOS Franchising, LLC is referred to as “us”, “our” or “we”, and each individual that signs this Agreement is referred to as “you”.

### **Recitals and Representations**

WHEREAS, Franchisee has entered into a Success On The Spectrum Franchise Agreement (the “Franchise Agreement”) for the development and operation of a Success On The Spectrum Center (each, a “Center” or “Franchised Business”) an autism treatment center that provides Applied Behavioral Analysis (ABA) therapy, speech therapy, occupational therapy, and social skills classes to developmentally delayed children and young adults, and other products and services. (the “Approved Products and Services”) under the Licensed Marks (defined below);

WHEREAS, you represent that you have received and have thoroughly reviewed the completed Franchise Agreement, including the completed Schedules and Exhibits attached thereto;

WHEREAS, we have recommended that you thoroughly review the Franchise Agreement, this Agreement and all exhibits and schedules to the Franchise Agreement with a lawyer selected and hired by you;

WHEREAS, you represent to us that you are either: (a) an Owner of Franchisee such that you own or control a legal, equitable or beneficial ownership or equity interest in Franchisee and/or otherwise meet the definition of an “Owner” as set forth in this Agreement; and/or that you are (b) the “Spouse” of an Owner of Franchisee;

WHEREAS, you agree that this Agreement will apply to you individually and, jointly and severally with all others who sign this Agreement including, if this Agreement is signed in counterparts or electronically among other Owners and Spouses;

WHEREAS, you acknowledge that this Agreement personally obligates you, among other things, to guarantee Franchisee’s payment, performance, and legal obligations under the Franchise Agreement and that you enter into this Agreement to induce us to enter into the Franchise Agreement with Franchisee; and

WHEREAS, you acknowledge that we are relying on this Agreement and that without this Agreement we would not have entered into and/or would not be entering into the Franchise Agreement with Franchisee or, if applicable, approving the transfer of the Franchise Agreement and/or the replacement or substitution of an owner of Franchisee.

NOW THEREFORE, to induce us to enter into the Franchise Agreement as consideration to us for entering into the Franchisee Agreement with Franchisee and other consideration, the receipt and sufficiency of which you acknowledge, you agree as follows:

### **1. Recitals and Representations**

You agree that the foregoing Recitals and Representations are true and accurate and constitute a material part of this Agreement and are hereby incorporated into the main body of this Agreement.

### **2. Definitions**

Supplementing the terms and definitions contained in the Recitals and Representations:

“Approved Products and Services” shall have the meaning defined in the “Recitals” section of this Agreement and shall further refer to and mean those products and services that we authorize for sale by Success On The Spectrum Centers. We shall exclusively designate and determine the Approved Products and Services and we, in our Reasonable Business Judgment, may change, modify, reduce or supplement the Approved Products and Services that must be offered and sold by the Franchised Business and those products and services that may not be sold by the Franchised Business. The Franchised Business may only offer and sell the Approved Products and Services.

“Business Management System” means the software, internet, web based and/or cloud based system or systems, point of sale system or systems and client relationship management system or systems as same may be individually or collectively designated by us, in our Reasonable Business Judgment, as being required for use by the Franchised Business, including, but not limited to, the day-to-day sales, ordering, operations and management of the Franchised Business.

“Business Management System Data” means the forms, data, tools, client information, inventory and sales information that: (a) is pre-populated or entered into the Business Management System utilized by Franchisee; (b) is entered (whether by us or Franchisee) into the Business Management System utilized by Franchisee; and/or (c) is recorded, stored and/or maintained by the Business Management System in connection with the management and operations of the Franchised Business.

“Center Facility” means the fixed commercial center facilities including, the fixtures and improvements, from which Success On The Spectrum Centers are established, operated and managed.

“Center Location(s)” means the location(s) from which Success On The Spectrum Centers are established, operated and managed.

“Competitive Business” means any business that (i) is the same as or similar to a Success On The Spectrum Center; and/or (ii) offers, sells, and/or provides Applied Behavioral Analysis (ABA) therapy, speech therapy, occupational therapy, and social skills classes to developmentally delayed children and/or young adults.

“Confidential Information” means all of our and/or our affiliates trade secrets, methods, standards, techniques, procedures, data and information, as same may exist as of the Effective Date and as same may be developed, modified and supplemented in the future, constituting and comprising: (a) Approved Product and Services methods, specifications, product offerings, service offerings, supply, and distribution information; (b) standards, concepts, programs and systems relating to the Approved Products and Services and the development, establishment, marketing, promotion and operation of Success On The Spectrum Centers; (c) information concerning consumer preferences for services, products, materials and supplies used or sold by Success On The Spectrum Centers, and specifications for and knowledge of suppliers of inventory, equipment, products, supplies and procedures used or

sold by Success On The Spectrum Centers; (d) information concerning clients, client lists, email lists, database lists, product sales, operating results, financial performance and other financial data of Success On The Spectrum Centers; (e) Business Management System Data; (f) current and future information contained in the Operations Manual; and (g) Know-How.

“**Copyrights**” means all works and materials for which we or any affiliate of ours has secured common law or registered copyright protection and we utilize and/or allow Success On The Spectrum Center franchisees to use, sell or display in connection with the development, marketing and/or operation of a Success On The Spectrum Center, whether as of the Effective Date or any time in the future.

“**Corporate Entity**” means a corporation, limited liability company, partnership or other corporate legal entity that is not an individual person.

“**Digital Media**” means any interactive or static digital document, listing, directory, application, advertisement, link, metadata, or media that is transmitted within a closed or private network, or that is connected to, in communication with, and/or networked with computers, applications, or other devices linked by communications systems, data systems, a part of the world wide web including, traditional websites, web based applications, distributed databases, including, blockchain, software applications, smart phone applications, or social media platforms such as Facebook, LinkedIn, X, Pinterest, Instagram, SnapChat, TikTok, and YouTube, that refers, references, identifies, reviews, promotes and/or relates, in any way, to, a Success On The Spectrum Center, the Franchised Business, the Licensed Marks, the System and/or us. Digital Media includes the System Website, and all other media and/or publications relating to the System that is displayed and/or transmitted digitally.

“**Effective Date**” refers to the “Effective Date” of the Franchise Agreement as the term “Effective Date” is set forth and defined in the Franchise Agreement. If, for any reason, the Effective Date cannot be determined by reference to the Franchise Agreement, the Effective Date shall be the date that you sign this Agreement.

“**Franchised Business**” shall have the meaning defined in the “Recitals” section of this Agreement and shall further refer to and mean the Success On The Spectrum Center to be developed and operated by Franchisee pursuant to the terms of the Franchise Agreement.

“**Franchisee’s Center Facility**” means the Center Facility from which Franchisee establishes, operates and manages the Franchised Business.

“**Franchisee’s Center Location**” means the location of Franchisee’s Center Facility, from which Franchisee operates the Franchised Business.

“**Franchisee’s Designated Territory**” means the “Designated Territory” as such term is set forth and defined in the Franchise Agreement.

“**Immediate Family**” means the spouse of a person and any other member of the household of such person, including, without limitation, children of such person.

“**Intellectual Property**” means, individually and collectively, our Licensed Marks, Copyrights, Know-How, and System.

“**Know-How**” means our trade secrets and proprietary information relating to the development, establishment, marketing, promotion and/or operation of a Success On The Spectrum Center including, but not limited to, methods, techniques, inventory, products and services standards and specifications

and information reflected in, included in, comprising and/or constituting a part of the System. Without limitation to the foregoing, Know-How shall further include information contained in the Operations Manual and the Confidential Information.

“**Licensed Marks**” means the trademarks, service marks, emblems and indicia of origin, including the “Success On The Spectrum” trademark, the Success On The Spectrum logo, Trade Dress, and other trade names, service marks, trademarks, logos, slogans and designs authorized by us in connection with the identification of Success On The Spectrum Centers and the Approved Products and Services, provided that such trade names, trademarks, service marks, logos and designs are subject to modification, replacement and discontinuance by us in our Reasonable Business Judgment.

“**Operations Manual**” means, individually and collectively, the manual(s) designated by us and relating to the development and/or operations of Success On The Spectrum Centers including, but not limited to, the policies, procedures and requirements for the development and operation of Success On The Spectrum Centers. The Operations Manual may consist of one or more volumes, handbooks, manuals, written materials, videos, electronic media files, cloud/internet based list-service, intranet, internet based and accessed databases, computer media, email, webinars and other materials as may be modified, added to, replaced or supplemented by us from time to time in our Reasonable Business Judgment, whether by way of supplements, replacement pages, franchise bulletins, or other official pronouncements or means. Subject to our modification from time to time and based on our Reasonable Business Judgment, the Operations Manual shall, among other things, designate the Approved Products and Services that must be offered and sold by the Franchised Business.

“**Owner**” means collectively, individually, jointly and, as of the Effective Date: (a) the officers and directors of Franchisee (including the officers and directors of any general partner of Franchisee) who hold an ownership interest in Franchisee and/or in any Corporate Entity that maintains an ownership interest in Franchisee; (b) the managing member or manager of Franchisee, if franchisee is a limited liability company; (c) all holders of a 5% or more direct or indirect ownership interest in Franchisee and/or of any entity directly or indirectly controlling Franchisee; and (d) the Managing Owner(s).

“**Prohibited Activities**” means any or all of the following: (a) owning and/or having any legal or equitable interest (whether as an individual proprietor or as an owner, partner, member or shareholder of a Corporate Entity or, in any similar capacity) in a Competitive Business (other than owning an interest of 3% or less in a publicly traded company that is a Competitive Business); (b) operating, managing, funding and/or performing services (whether as an employee, officer, director, manager, consultant, representative, agent, and/or creditor or in any similar capacity) for a Competitive Business; (c) diverting or attempting to divert any business or clients from us (or one of our affiliates or franchisees); and/or (d) inducing any customer or client of ours (or of one of our affiliates or franchisees) or of Franchisee to any other person business that is not a Success On The Spectrum Center.

“**Reasonable Business Judgment**” refers to our business judgment and means and relates to any and all decisions, actions and choices made by us concerning or relating to this Agreement, the Franchise Agreement, the System, Success On The Spectrum Centers, Franchisee’s Center Location, and/or the Franchised Business where we undertake or make such decision with the intention of benefitting or acting in a way that could benefit the System including, as examples and without limitation, enhancing the value of the Licensed Marks, increasing client satisfaction, minimizing potential client confusion as to the Licensed Marks, determining designated territory markets, minimizing potential client confusion as to the location of Success On The Spectrum Centers, expanding brand awareness of the Licensed Marks, implementing marketing and accounting control systems, approving products, services, supplies and equipment. Franchisee agrees that when a decision, determination, action and/or

choice is made by us in our Reasonable Business Judgment that such decision, determination, action or choice made by us shall take precedence and prevail, even if other alternatives, determinations, actions and/or choices are reasonable or arguably available and/or preferable. Franchisee agrees that in connection with any decision, determination, action and/or choice made by us in our Reasonable Business Judgment that: (a) we possess a legitimate interest in seeking to maximize our profits; (b) we shall not be required to consider Franchisee's individual economic or business interests as compared to the overall System; and (c) should we economically benefit from such decision, determination, action and/or choice that such economic benefit to us shall not be relevant to demonstrating that we did not exercise reasonable business judgment with regard to our obligations under the Franchise Agreement and/or with regard to the System. Franchisee agrees that neither Franchisee and/or any third party, including, but not limited to, any third party acting as a trier of fact, shall substitute Franchisee's or such third party's judgment for our Reasonable Business Judgment. Franchisee further agrees that should Franchisee challenge our Reasonable Business Judgment in any legal proceeding that Franchisee shall possess the burden of demonstrating, by clear and convincing evidence, that we failed to exercise our Reasonable Business Judgment.

“**Restricted Period**” means the 24 month period after the earliest to occur of the following: (a) the expiration of the Franchise Agreement; (b) the termination of the Franchise Agreement; (c) the date on which Franchisee, in compliance with the terms of the Franchise Agreement, assigns the Franchise Agreement to another person (other than you or your Spouse or an Immediate Family Member) provided that you do not and your Spouse does not own or hold, in the assignee, any direct or indirect ownership and/or equity interest whether legal, equitable or otherwise; (d) if you are an Owner of Franchisee, the date on which you, in compliance with the terms of the Franchise Agreement, cease to be an Owner of Franchisee; or (e) if you are the Spouse of an Owner of Franchisee, the date on which your Spouse, in compliance with the terms of the Franchise Agreement, ceases to be an Owner of Franchisee. Provided however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the “Restricted Period” means the 18 month period after the earliest to occur of the following: (a) the expiration of the Franchise Agreement; (b) the termination of the Franchise Agreement; (c) the date on which Franchisee, in compliance with the terms of the Franchise Agreement, assigns the Franchise Agreement to another person (other than you or your Spouse or an Immediate Family Member) provided that you do not and your Spouse does not own or hold, in the assignee, any direct or indirect ownership and/or equity interest whether legal, equitable or otherwise; (d) if you are an Owner of Franchisee, the date on which you, in compliance with the terms of the Franchise Agreement, cease to be an Owner of Franchisee; or (e) if you are the Spouse of an Owner of Franchisee the date on which your Spouse, in compliance with the terms of the Franchise Agreement, ceases to be an Owner of Franchisee.

“**Restricted Territory**” means the geographic area: (a) comprising Franchisee's Designated Territory; (b) within a 25 mile radius surrounding Franchisee's Designated Territory or, if Franchisee is not granted a designated territory, then a 25 mile radius surrounding Franchisee's Center Location; (c) within a 10 mile radius surrounding the Center Locations for all other Success On The Spectrum Centers operating and/or under development as of the Effective Date; and (d) within a 10 mile radius surrounding the Center Locations for all other Success On The Spectrum Centers that are in operation or under development during all or any part of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the “Restricted Territory” means the geographic area within Franchisee's Designated Territory plus a 25 mile radius surrounding Franchisee's Designated Territory or, if Franchisee is not granted or designated a designated territory, then a 25 mile radius surrounding Franchisee's Center Location.

“**Spouse**” means, as of the Effective Date, the legal spouse of an Owner.

“Success On The Spectrum Center(s)” shall have the meaning defined in the Recitals and Representations section of this Agreement and, without limitation to the Recitals and Representations section of this Agreement, the definition of “Success On The Spectrum Centers”, shall further include, refer to and mean: every business and all businesses owned and/or operated by us, our affiliates and/or our authorized franchisee(s) that utilize and/or is/are required to utilize the System and/or Licensed Marks including, but not limited to, the Franchised Business.

“System” means our system for the development, establishment and operation of Success On The Spectrum Centers including, but not limited to: (a) the Approved Products and Services, System Supplies and services, procedures and systems that are designated by us, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a Success On The Spectrum Center; (b) the Licensed Marks; (c) the Trade Dress; (d) Copyrights; (e) other trade names, service marks, signs, and logos, copyrights and trade dress that is designated by us, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a Success On The Spectrum Center; (f) Operations Manual; (g) Business Management System Data; (h) Know-How; (i) Confidential Information; and (j) Digital Media. All determinations as to the system including components to the system and modifications and replacements thereto shall be determined by us in our Reasonable Business Judgment.

“System Supplies” means, as designated by us, those products, merchandise, materials, packaging, supplies, and equipment including, but not limited to, uniforms, and displays, designated by us in the Operations Manual and as may be modified and supplemented by us from time to time in our Reasonable Business Judgment.

“System Website” means the web page and/or pages located on the world wide web at the www.SOSfranchising.com URL (uniform resource locator) and shall further include all webpages and subdomains that are a part of www.SOSfranchising.com, or as designated by us as being associated with the URL of www.SOSfranchising.com and/or Success On The Spectrum Centers.

“Trade Dress” means the Center designs, images, marketing materials, packaging, branding and/or branding images which we authorize and require Franchisee to use in connection with the operation of the Franchised Business and as may be revised and further developed by us from time to time.

“Transfer” means a transfer, sale and/or assignment whether legally, equitably or otherwise.

**3. Additional Acknowledgments by You.** In addition to the representations and acknowledgments contained in the Recitals and Representations, above, and incorporated into this Agreement, you acknowledge and represent that:

(a) as of the Effective Date you are an Owner and/or Spouse;

(b) you are signing this Agreement in your individual capacity and that you are bound to the terms and conditions of this Agreement and irrespective of any change in your status as an Owner and/or Spouse;

(c) in your capacity as an Owner of Franchisee or as the Spouse of an Owner of Franchisee you have and will be gaining access to, among other things, the System and Intellectual Property;

(d) all of the components and aspects of the System and Intellectual Property (both individually and as they relate to one another collectively) are critical to our success as the franchisor of the System and to the overall System;

(e) we need to protect the System and Intellectual property and that to do so we require that you, in your individual capacity, to agree to the brand protection, non-competition and other covenants and restrictions contained in this Agreement and that you personally guarantee the financial and other obligations of Franchisee to us; and

(f) the terms of this Agreement are fair and reasonable and that you have elected, based on your own decision, to enter into this Agreement to induce us to enter into the Franchise Agreement with Franchisee.

#### **4. Intellectual Property, Brand Protection and Non-Competition Covenants and Restrictions.**

(a) Know-How. You agree that: (i) you will not use the Know-How in any business or capacity other than the Franchised Business; (ii) you will maintain the confidentiality of the Know-How at all times; (iii) you will not make unauthorized copies of documents containing any Know-How; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-How; and (v) you will stop using the Know-How immediately if you are no longer an Owner of Franchisee or your Spouse is no longer an Owner of Franchisee, as applicable. You will not use the Intellectual Property for any purpose other than the development and operation of the Franchised Business pursuant to the terms of the Franchise Agreement and Operations Manual. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize, and sublicense the same.

(b) Non-Competition During Franchise Relationship. Subject to the terms and conditions of Article 5 of this Agreement, below, you represent and agree that while you are an Owner of Franchisee or while your Spouse is an Owner of Franchisee (as applicable) that you will not engage in any Prohibited Activities. You acknowledge and agree that this restriction is fair and reasonable and that if you did engage in a Prohibited Activity that such actions would constitute acts of unfair competition and will irreparably harm us and our System.

(c) Non-Competition After Franchise Relationship. You represent, acknowledge and agree that during the Restricted Period you will not engage in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers/clients who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the prohibited activity (any such extension of time will not be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach). You acknowledge and agree that this restriction is fair and reasonable and that if you did engage in a Prohibited Activity that such actions would constitute acts of unfair competition and will irreparably harm us and the System.

(d) Confidentiality Restrictions. You represent, acknowledge and agree that, at all times you: (i) shall not use the Confidential Information in any business or capacity other than the Franchised Business; (ii) shall maintain the confidentiality of the Confidential Information; (iii) shall not make unauthorized copies of documents containing any Confidential Information; (iv) shall take such reasonable steps as we may ask of you and/or Franchisee from time to time to prevent unauthorized use or disclosure of the Confidential Information; (v) shall immediately and permanently stop using the Confidential Information upon the expiration or termination of the Franchise Agreement; (vi) shall immediately and

permanently stop using the Confidential Information if you are no longer an Owner of Franchisee and/or the Spouse of an Owner; (vii) shall immediately and permanently stop using the Confidential Information upon Franchisee's Transfer of the Franchise Agreement; and (viii) shall not disclose the Confidential Information to any third party except in a legal proceeding pursuant to an order of a court of competent jurisdiction and after affording us no less than 15 business days prior notice and an opportunity for us, at our election, to appear in such action.

(e) Immediate Family Members. You acknowledge that should you circumvent the purpose and protections (due to us) of this Agreement by disclosing Know-How to an immediate family member (i.e., parent, sibling, child, or grandchild) we will, and the System will be irreparably harmed. You acknowledge that if you did disclose the Know-How to an immediate family member and your immediate family member used the Know-How to engage in activities that, for you, qualify as Prohibited Activities as defined above, that we and the System will be irreparably harmed. You agree that as between you and us that you are in a better position to know if you permitted and/or provide an immediate family member with access to the Know-How. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-How. However, you may rebut this presumption by providing evidence conclusively demonstrating that you did not disclose the Know-How nor permit disclosure of the Know-How to the family member.

(f) Reasonableness of Covenants and Restrictions. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **You waive any right to challenge the terms of this Agreement as being overly broad, unreasonable or otherwise unenforceable.** Although you and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic are, we may at any time unilaterally modify the terms of this Article 4 (Intellectual Property, Brand Protection and Non-Competition Covenants and Restrictions) by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under this Article 4 to ensure that the terms are enforceable under applicable law.

(g) Breach. You agree that failure to comply with these Article 4 Intellectual Property, Brand Protection and Non-Competition Covenants and Restrictions will cause irreparable harm to us and/or other Center franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon a hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Article are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

#### **5. Transfer Restrictions and Non-Competition Covenants and Restrictions.**

Notwithstanding anything contained in this Agreement to the contrary, you expressly acknowledge and agree that if you are an Owner, and/or the Spouse of an Owner, that, prior to Transferring an Owner's equity and/or ownership interests in Franchisee that, among other things, Franchisee must notify us and obtain our

written consent. Likewise, you acknowledge and agree that under the Franchise Agreement that prior to Franchisee's Transfer of the Franchise Agreement, among other things, Franchisee must notify us and obtain our written consent. For our protection and to prevent the subversion of the non-competition covenants contained in Article 4 of this Agreement and, to induce us to enter into the Franchise Agreement with Franchisee, you agree, that:

(a) if you are an Owner, should Franchisee fail to properly and timely notify us in writing of the proposed Transfer of your equity and/or ownership interests in Franchisee and/or should Franchisee, fail to obtain our consent to the proposed Transfer of your equity and/or ownership interests in Franchisee (which we may either reject or approve, in accordance with the terms and conditions of the Franchise Agreement), you shall remain subject to the non-competition covenants contained in Article 4 of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Franchise Agreement;

(b) if you are a Spouse, should Franchisee fail to properly and timely notify us in writing of the proposed Transfer of your Spouse's equity and/or ownership interests in Franchisee and/or should Franchisee, fail to obtain our consent to the proposed Transfer of your Spouse's equity and/or ownership interests in Franchisee (which we may either reject or approve, in accordance with the terms and conditions of the Franchise Agreement), you shall remain subject to the non-competition covenants contained in Article 4 of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Franchise Agreement;

(c) if you are an Owner, should Franchisee fail to properly and timely notify us in writing of the proposed Transfer of the Franchise Agreement to a third party and/or should Franchisee, fail to obtain our consent to the proposed Transfer of the Franchise Agreement to a third party (which we may either reject or approve, in accordance with the terms and conditions of the Franchise Agreement), you shall remain subject to the non-competition covenants contained in Article 4 of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Franchise Agreement; and

(d) if you are the Spouse of an Owner, should Franchisee fail to properly and timely notify us in writing of the proposed Transfer of the Franchise Agreement to a third party and/or should Franchisee, fail to obtain our consent to the proposed Transfer of the Franchise Agreement to a third party (which we may either reject or approve, in accordance with the terms and conditions of the Franchise Agreement), you shall remain subject to the non-competition covenants contained in Article 4 of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Franchise Agreement.

**6. Personal Guaranty of Franchise Agreement and Financial Obligations.**

To secure Franchisee's financial obligations under the Franchise Agreement and all ancillary agreements executed by Franchisee in connection with the Franchise Agreement, including, but not limited to, any agreement for the purchase of goods or services from us or an affiliate of ours (collectively the "Ancillary Agreements") you individually, jointly and severally, and personally and unconditionally:

(a) guarantee to us and our successor and assigns, that Franchisee shall punctually satisfy and pay all of Franchisee's payment and other obligations under the Franchise Agreement;

(b) guarantee to us and our successor and assigns, that Franchisee shall punctually satisfy and pay all of Franchisee's payment and other obligations under the Ancillary Agreements;

(c) agree, at all times, to be personally bound by and personally liable for each and every fee, payment

and monetary obligation due from Franchisee to us pursuant to the terms of the Franchise Agreement (including, but not limited to, the fee obligations of Article 5 of the Franchise Agreement, the advertising obligations of Article 9 of the Franchise Agreement, and the indemnification obligations of Article 10 of the Franchise Agreement);

(d) agree, at all times, to be personally bound by and personally liable for each and every fee, payment and monetary obligation due from Franchisee to us and/or our affiliates under the Ancillary Agreements;

(e) do, at all times, hereby personally guarantee payment of each and every fee, payment and monetary obligation due or that may become due from Franchisee to us pursuant to the terms of the Franchise Agreement including, but not limited to, the fee obligations of Article 5 of the Franchise Agreement, the advertising obligations of Article 9 of the Franchise Agreement, and the indemnification obligations of Article 10 of the Franchise Agreement; and

(f) do, at all times, hereby personally guarantee payment of each and every fee, payment and monetary obligation due or that may become due from Franchisee to us pursuant to the terms of the Ancillary Agreements.

**You waive:** (a) acceptance and notice of acceptance by us of the foregoing undertakings; (b) notice of demand for payment of any indebtedness guaranteed; (c) protest and notice of default to any party with respect to the indebtedness guaranteed; (d) any right you may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed.

**You agree that:** (a) your direct and immediate liability under this guaranty shall be joint and several with Franchisee and all other signatories to this Agreement; (b) you will render any payment required under the Franchise Agreement and the Ancillary Agreements upon demand if Franchisee fails or refuses punctually to do so; (c) your liability shall not be contingent or conditioned upon pursuit by us of any remedies against Franchisee or any other person; and (d) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of each of the Franchise Agreement and the Ancillary Agreements and following the termination, expiration or Transfer of each of the Franchise Agreement and the Ancillary Agreements to the extent any financial obligations under any such Franchise Agreement and Ancillary Agreements survive such termination, expiration or Transfer. This guaranty will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Franchise Agreement and/or Ancillary Agreements by a trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

**7. Arbitration, Consent to Jurisdiction and Venue, and Cross-Default.**

Any dispute between the parties relating to this Agreement shall be brought in accordance with the dispute resolution procedures set forth in the Franchise Agreement. Notwithstanding the foregoing, if any of the dispute resolution procedures set forth in the Franchise Agreement conflict with any of the terms of this Agreement, the terms of this Agreement shall prevail. Without limitation to the foregoing, you agree that:

(a) Arbitration – Except, at our option, as to any claims or disputes related to or concerning a breach of this Agreement by you that may entitle us to the award of injunctive relief, you agree that any and all disputes, controversies, and claims, arising from and/or related to this Agreement, shall be submitted to the American Arbitration Association (“AAA”) for binding arbitration. Arbitration shall be conducted by one arbitrator in accordance with the AAA’s then current rules for commercial disputes, except as may be otherwise required in this Agreement. All arbitration proceedings shall be conducted in Harris County, Texas or, if suitable AAA facilities are not available in Harris County, Texas then at a suitable AAA location selected by the arbitrator that is located closest to Harris County, Texas.

In connection with binding arbitration, you agree that:

(i) All matters relating to arbitration, will be governed by the United States Federal Arbitration Act, except as expressly or otherwise set forth in this Agreement;

(ii) The arbitration hearing shall be conducted within 180 days of the demand for arbitration;

(iii) The arbitrator shall render written findings of fact and conclusions of law;

(iv) Except as may be otherwise required and/or prohibited by this Agreement, the arbitrator has the right to award or include in his or her award any relief that he or she determines to be proper, including monetary damages, interest on unpaid sums, specific performance, injunctive relief, attorneys’ fees, and costs and expenses as allowable under this Agreement. Notwithstanding the foregoing, under no circumstance shall the Arbitrator be authorized to award or declare the Licensed Marks to be generic or invalid; and

(v) Judgment upon the arbitrator’s award may be entered in any court of competent jurisdiction.

**(b) Consent to Jurisdiction and Venue – You agree that any judicial action or legal proceeding must be brought in a court of competent jurisdiction located within Texas and within Harris County or the county closest to Harris County. You do hereby irrevocably consent to and waive any objection to such jurisdiction or venue. Without limitation to the foregoing and notwithstanding same, you agree that we, at our election, may bring any legal action or proceeding seeking a temporary restraining order, preliminary injunction, or any action seeking our enforcement of an arbitration award or any judicial decision in the federal or state court located in the county and state where you reside.**

(c) Acknowledgment as to Cross-Default – You acknowledge and agree that a breach of this Agreement by you shall constitute a material event of default under the Franchise Agreement, permitting us, among other things, to terminate the Franchise Agreement in accordance with the terms thereof.

## **8. Miscellaneous.**

(a) If either party hires an attorney or files suit against the other party in relating to and alleging a breach of this Agreement, the losing party agrees to pay the prevailing party’s reasonable attorneys’ fees and costs incurred in connection with such breach.

(b) This Agreement will be governed by, construed and enforced under the laws of Texas and the courts in that state shall have jurisdiction over any legal proceeding arising out of this Agreement.

(c) Any claim, defense or cause of action that you may have against us or against Franchisee, regardless

of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

(d) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

(e) You agree that we may deliver to you any notice or other communication contemplated by this Agreement in the same manner and to the same address listed in the notice provisions of the Franchise Agreement and any such delivery shall be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice shall be delivered in the manner and to the address listed in the Franchise Agreement.

IN WITNESS WHEREOF, each undersigned has executed this Agreement as of the dates set forth below.

**Owner / Spouse:**

**Owner / Spouse:**

Signature of Owner / Spouse

Signature of Owner / Spouse

Name (please print individual name)

Name (please print individual name)

Date

Date

Signature of Owner / Spouse

Signature of Owner / Spouse

Name (please print individual name)

Name (please print individual name)

Date

Date



**Franchise Agreement – Exhibit 2**  
**Confidentiality Agreement**

[THIS EXHIBIT IS FOR REFERENCE PURPOSES ONLY AS A SAMPLE FORM CONFIDENTIALITY AGREEMENT THAT FRANCHISOR MAY APPROVE FOR USE BY FRANCHISEE – BEFORE USING WITH AN EMPLOYEE OR CONTRACTOR FRANCHISEE SHOULD HAVE THIS AGREEMENT REVIEWED AND APPROVED BY AN INDEPENDENT LOCAL ATTORNEY HIRED BY FRANCHISEE]



CONFIDENTIALITY AGREEMENT (Sample Only)

This Agreement (the “Agreement”) is entered into by the undersigned (“you”) in favor of:

[Insert on the Line Below Name of Franchisee that Owns and Operates the Success On The Spectrum Franchised Business]

(hereinafter referred to as “us”, “our” or “we”)

Recitals and Representations

WHEREAS, we are the owners of a licensed Success On The Spectrum Business (hereinafter referred to as the “Success On The Spectrum Business”) that we independently own and operate as a Franchisee;

WHEREAS, you are or are about to be an employee, independent contractor, officer and/or director of a Success On The Spectrum Business that is independently owned and operated by us;

WHEREAS, in the course of your employment, independent contractor relationship and/or association with us, you may gain access to Confidential Information (defined below in this Agreement) and you understand that it is necessary to protect the Confidential Information and for the Confidential Information to remain confidential;

WHEREAS, our franchisor, SOS Franchising, LLC is not a party to this agreement and does not own or manage the Success On The Spectrum Business but is an intended third party beneficiary of this Agreement; and

WHEREAS, this Agreement is not an employment agreement and is only a confidentiality agreement in connection with information, materials and access that may be provided to you in connection with the Success On The Spectrum Business.

NOW THEREFORE, you acknowledge and agree as follows:

**1. Recitals and Representations.** You agree that the foregoing Recitals and Representations are true and accurate and shall constitute a part of this Agreement and are hereby incorporated into the main body of this Agreement.

**2. Definitions.** For purposes of this Agreement, the following terms have the meanings given to them below:

“Business Management System” refers to and means the software and/or internet or cloud based system and/or systems, point of sale system or systems and client relationship management system or systems as used in connection with the operations of the Success On The Spectrum Business.

“Business Management System Data” refers to and means the forms, data, tools, client information, inventory and sales information, and other information that is entered into and/or maintained on the Business Management System of the Success On The Spectrum Business.

“Confidential Information” refers to and means: (a) non-public methods, specifications, standards, policies, procedures, information, concepts, programs and systems relating to the development, establishment, marketing, promotion and operation of the Success On The Spectrum Business; (b) information concerning clients, client lists, email lists, database lists, product sales, operating results, financial performance and other financial data of the Success On The Spectrum Business; (c) client lists and information related to the Success On The Spectrum Business; (d) Business Management System Data; (e) current and future information contained in the Success On The Spectrum Operations Manual made available to the Success On The Spectrum Business by SOS Franchising, LLC; and (f) merchandise, inventory, and service procedures that are not disclosed to the public but used by the Success On The Spectrum Business.

“Digital Media” refers to and means any interactive or static electronic document, application or media including, but not limited to, www.SOSfranchising.com, social media platforms and applications such as Facebook, LinkedIn, Twitter / X, Pinterest, Instagram, SnapChat, YouTube, and world wide web and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to the Success On The Spectrum Business or other Success On The Spectrum Business.

“Licensed Marks” refers to and means the word marks, trademarks, service marks, and logos now or hereafter utilized in the operation of a Success On The Spectrum Business, including, but not limited to, the “Success On The Spectrum” word mark, associated logos, and any other trademarks, service marks or trade names that we designate for use in a Success On The Spectrum Business.

“Operations Manual” refers to and means the confidential Operations Manual made available to the Success On The Spectrum Business by our franchisor or as otherwise designated by us. The Operations Manual may consist of one or more volumes, handbooks, manuals, written materials, video, electronic media files, cloud/internet based list-service, intra-net, internet based and accessed databases, computer media, webinars and other materials as may be modified, added to, replaced or supplemented.

“Trade Dress” refers to and means the Success On The Spectrum designs, images, marketing materials, packaging, branding and/or branding images used in connection with the operation of the Success On The Spectrum Business.

**3. Your Access to Confidential Information.** In addition to the representations and acknowledgments contained in the Recitals and Representations, above, you acknowledge and represent that in your capacity as an employee, independent contractor, officer and/or director of the Success On The Spectrum Business that you will be gaining access to, among other things, the Confidential Information. You acknowledge that the terms of this Agreement are fair and reasonable.

**4. Protection of the Confidential Information.** You agree that: (i) you will not use the Confidential Information in any business or capacity other than the Success On The Spectrum Business; (ii) you will maintain the confidentiality of the Confidential Information at all times; (iii) you will not make unauthorized copies of documents containing the Confidential Information; (iv) you will take such reasonable steps as the we may ask of you from time to time to prevent unauthorized use or disclosure of the Confidential Information; and (v) you will stop using the Confidential Information immediately at our request or demand. You will not use the Confidential Information for any purpose other than for the performance of your duties on behalf of us and in accordance with the scope of your work with us.

**5. Reasonableness of Covenants and Restrictions.** You agree that: the terms of this Agreement are reasonable and fair and that you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **You hereby waive any right to challenge the terms of this Agreement as being overly broad, unreasonable or otherwise unenforceable.**

**6. Breach.** You agree that failure to comply with the terms of this Agreement will cause irreparable harm to us and to our franchisor SOS Franchising, LLC, and other Success On The Spectrum franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us or our Franchisor SOS Franchising, LLC to injunctive relief. You agree that we and/or our Franchisor SOS Franchising, LLC may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon a hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, you agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Article are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

**7. Miscellaneous.**

**(a) If we hire an attorney or file suit against you because you have breached this Agreement and if we prevail in such lawsuit, you agree to pay the reasonable attorney fees and costs that we incur.**

**(b) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.**

**(c) YOU ACKNOWLEDGE THAT THIS IS NOT AN EMPLOYMENT AGREEMENT.**

**(d) YOU ACKNOWLEDGE AND AGREE THAT OUR FRANCHISOR, SOS FRANCHISING, LLC, IS NOT A PARTY TO THIS AGREEMENT BUT IS AN INTENDED THIRD PARTY BENEFICIARY OF THIS AGREEMENT.**

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement as of the date or dates set forth below.

\_\_\_\_\_  
Individual Signature of Restricted Party

\_\_\_\_\_  
Individual Signature of Restricted Party

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Date:

\_\_\_\_\_  
Date:



**Franchise Agreement – Exhibit 3**  
**Site Selection Acknowledgment**



Success On The Spectrum

**SITE SELECTION ACKNOWLEDGMENT**

**(THIS DOCUMENT DOES NOT CONSTITUTE THE APPROVAL OF A CENTER LOCATION, DOES NOT GRANT OR DESIGNATE AN OPERATING TERRITORY AND DOES NOT GRANT ANY TERRITORIAL RIGHTS)**

**Date of this Acknowledgment: \_\_\_\_\_ (the "Site Selection Acknowledgment Date")**

Pursuant to and subject to the terms of the Franchise Agreement dated \_\_\_\_\_ by and between SOS Franchising, LLC, as Franchisor, and \_\_\_\_\_, as Franchisee (the "Franchise Agreement"), Franchisee has identified a potential area in which Franchisee may seek to identify a potential center location for Franchisee's Success On The Spectrum Center. Based on Franchisee's request, Franchisor agrees that during the limited period of time that commences on the Site Selection Acknowledgment Date and automatically expires 60 calendar days after the Site Selection Acknowledgment Date, that Franchisor shall not grant to any third party the license or right to establish a Success On The Spectrum Center Location within the following geographic area constituting the Site Selection Area, as such term is defined in the Franchise Agreement:

Site Selection Area: [Must be completed by Franchisor]

The terms contained in this Site Selection Acknowledgment shall have the meaning set forth in the Franchise Agreement including, but not limited to Article 1 and Article 2 of the Franchise Agreement. In the event of any inconsistency or conflict between this Site Selection Acknowledgment and the terms of the Franchise Agreement, the terms of the Franchise Agreement shall take precedence and govern. If Franchisor does not complete the Site Selection Acknowledgment Date and sign this Site Selection Acknowledgment then this Site Select Addendum shall not be effective and there shall be no Site Selection Area. As set forth in the Franchise Agreement, among other things, A SITE SELECTION AREA IS NOT AN OPERATING TERRITORY, DOES NOT CONSTITUTE THE APPROVAL AS TO ANY CENTER LOCATION AND DOES NOT AFFORD FRANCHISEE ANY TERRITORIAL RIGHTS.

**Franchisor:** \_\_\_\_\_  
SOS Franchising, LLC

By: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Name and Title (please print)

\_\_\_\_\_  
Dated



**Franchise Agreement – Exhibit 4**  
**Lease Agreement Rider**



Success On The Spectrum

**LEASE AGREEMENT RIDER**

(for the benefit of SOS Franchising, LLC and its assigns)

THIS RIDER TO LEASE (“Rider”) does hereby supplement, modify and amend the terms of the lease agreement (the “Lease”) dated \_\_\_\_\_ by and between \_\_\_\_\_, a \_\_\_\_\_ with a principal place of business located at \_\_\_\_\_ (the “Landlord”) and \_\_\_\_\_, a \_\_\_\_\_ with a principal place of business located at \_\_\_\_\_ (the “Tenant”).

WHEREAS, the lease relates to the following commercial premises (the “Leased Premises”):

\_\_\_\_\_  
\_\_\_\_\_

WHEREAS, SOS Franchising, LLC (the “Franchisor”) is the franchisor of the Success On The Spectrum franchise system (the “Success On The Spectrum Franchise System”);

WHEREAS, Franchisor’s mailing and notice address (the “Notice Address”) is 8181 Commerce Park Drive, #726 Houston, Texas 77036;

WHEREAS, The Success On The Spectrum Franchise System includes an autism treatment Center that provides Applied Behavioral Analysis (ABA) therapy, speech therapy, occupational therapy, and social skills classes to developmentally delayed children and young adults, and other products and services that the Franchisor authorizes under the “Success On The Spectrum” name and marks (the “Intended Use”);

WHEREAS, Tenant is a franchisee of Franchisor pursuant to the terms of a Franchise Agreement entered into between Franchisor and Tenant (the “Franchise Agreement”) and the Leased Premises is to be used and operated by Tenant for the purpose of developing, establishing and operating a Success On The Spectrum Center in accordance with the Success On The Spectrum franchise system; and

WHEREAS, Franchisor and Franchisor’s successors and assigns (collectively referred to as “Franchisor”) is/are intended third party beneficiaries of this Rider.

NOW THEREFORE, Landlord and Tenant acknowledge and agree to the following:

1. This Rider supplements and amends the Lease. In the event of any inconsistency or conflict between the terms of this Rider and the Lease, the terms of this Rider shall prevail. Landlord and Tenant acknowledge that the rights set forth in this Rider may not be reduced, modified or altered without the express written consent of Franchisor.

2. Landlord and Tenant both agree that Tenant shall not be permitted to transfer, sublease, encumber and/or otherwise assign Tenant’s interests in the Lease and/or the Leased Premises without the prior written consent of Franchisor. Without limitation to the foregoing, among other things, Tenant agrees that if Tenant wishes to transfer any interests in the Lease or the Leased Premises that Tenant must request the written

consent of Franchisor. If Tenant requests Landlord's consent to Tenant's amendment, transfer and/or assignment of Tenant's interests in the Lease and/or the Leased Premises and if Landlord is inclined to approve of such amendment, transfer and/or assignment that Landlord shall condition Landlord's approval upon Tenant also obtaining written consent from Franchisor.

3. Upon the occurrence of (a) the termination, for any reason, of the Franchise Agreement; (b) the expiration, without renewal, of the Franchise Agreement; (c) Franchisor's exercise of Franchisor's Right of First Refusal granted to Franchisor in the Franchise Agreement; (d) Tenant's default under the terms of the Lease; and/or (e) Tenant's failure to exercise an option period under the terms of the Lease, Tenant and Landlord acknowledge and agree, that:

Franchisor will have the option, but not the obligation, to assume or renew the Lease and the occupancy of the Leased Premises, including the right to sublease to another Franchisee of the Success On The Spectrum Franchise System, for all or any part of the remaining term of the Lease and, in connection with said assumption, Franchisor will not be obligated to pay to Landlord more than two months past due rent, real estate taxes and common area maintenance charges. In the event Franchisor assumes Tenant's leasehold interest in the Lease pursuant to the terms of this Agreement and subsequently assigns the Lease and its leasehold interest to a Success On The Spectrum franchisee approved by Landlord, Franchisor shall not be responsible for any obligations, debts, liabilities or payments arising and/or accruing under the Lease after the effective date of such assignment. Landlord agrees that any assignment of the Lease and Tenant's leasehold interests in the Lease by Tenant to Franchisor and/or assumption by Franchisor of the Lease and such leasehold interests shall not require Landlord consent and shall not require any payment of any assignment fee or similar charge or result in any increase in rent or other fees as a result of such assignment and/or assumption.

4. Landlord must provide Franchisor, at the same time that Landlord provides Tenant, with a copy of all lease amendments and assignments, and a copy of all letters and notices that Landlord sends to Tenant relating to the Lease or the Premises. Subject to the rights set forth in Section "3" of this Rider, Landlord agrees to notify Franchisor by nationally recognized overnight courier at the Notice Address of any default by Tenant under the Lease. Landlord agrees that such notice shall afford Franchisor the option for Franchisor to invoke a cure period whereby Franchisor, upon Franchisor's sole election, shall be granted an additional 15 day period to cure any monetary default by Tenant under the Lease and an additional 30 day period to cure any non-monetary default by Tenant under the Lease. In the event that the non-monetary default cannot reasonably be cured within such period and if diligent efforts to cure promptly commence, then the cure period shall continue as long as such diligent efforts to cure continue, but not beyond 180 days from the date notice is provided.

5. Upon expiration and non-renewal or termination of the Lease or the Franchise Agreement, Franchisor shall have the right, upon notice to Landlord, to enter the Premises and remove any interior and exterior signs containing Franchisor's trademarks and trade fixtures. Landlord further agrees that Franchisor's rights to any such signs or fixtures shall be superior to any rights Landlord may have to such signs or fixtures (by lien or otherwise) set forth in the Lease or otherwise.

6. Landlord and Tenant acknowledge and agree that Franchisor is an intended third party beneficiary of this Rider and that Franchisor may bring an action to enforce Franchisor's rights under this Rider and in and to the Lease and the Leased Premises. Franchisor makes no representations or warranties regarding this Rider or in connection with the Lease and Franchisor's approval of Tenant's Lease only indicates that the proposed Lease meets Franchisor's minimum criteria, and the parties agree that Franchisor's approval or

disapproval of the Lease will not impose any liability or obligation on Franchisor. Tenant must have a competent real estate attorney review the Lease, at Tenant's expense.

7. Upon request of Franchisor, the Landlord will subordinate any lien and/or security interest in Tenant's property to the security interest of Franchisor.

**Landlord:** \_\_\_\_\_ **Tenant:** \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name and Title (please print)

\_\_\_\_\_  
Name and Title (please print)

\_\_\_\_\_  
Dated

\_\_\_\_\_  
Dated



**Franchise Agreement – Exhibit 5**  
**Collateral Assignment of Lease**



**COLLATERAL ASSIGNMENT OF LEASE**

(for the benefit of SOS Franchising, LLC and its assigns)

For Value Received, the undersigned (“Assignor”) hereby assigns and transfers to SOS Franchising, LLC (“Assignee”), all of Assignor’s right, title and interest as tenant in, to and under a certain lease, a copy of which is attached hereto as Exhibit “A” (the “Lease”) for the following premises (the “Leased Premises”):

This Assignment is for collateral purposes only and except as may be otherwise expressly stated and specified herein under no circumstance shall Assignee have any liability or obligation under the Lease and/or Leased Premises, unless: (a) Assignee provides an express written statement that is addressed to Assignor and the landlord for the Leased Premises, is delivered by Assignee to Assignor and the landlord for the Leased Premises, is signed by an officer of Assignee, and that expressly states that Assignee is assuming all rights and interests in and to the Lease pursuant to this Assignment; and (b) Assignee takes possession of the Leased Premises pursuant to the terms hereof, and Assignee assumes the obligations of Assignor under the Lease.

Assignor represents that Assignor possesses full power and authority to enter into this Assignment and that at no time prior to executing this Assignment has Assignor assigned and/or transferred Assignor’s interests and/or rights in or to the Lease and/or the Leased Premises.

Assignee has the right and possesses full power and authority to take possession of the Leased Premises, to eject and expel Assignor from possession and occupancy of the Leased Premises and to terminate Assignor’s right, title and interest in and to the Lease in the event of: (a) a default by Assignor under the terms of the Lease and Assignor’s failure to timely cure such default, assuming that such default is capable of curing; (b) a default by Assignor (in Assignor’s capacity as a Success On The Spectrum Center franchisee) under the terms and conditions of the Success On The Spectrum Center Franchise Agreement between Assignor, as franchisee, and Assignee, as franchisor (the “Franchise Agreement”), and Assignor’s failure to timely cure such default, assuming that such default is capable of curing; (c) upon default of any agreement supporting or guaranteeing the Franchise Agreement; or (d) the expiration or termination of the Franchise Agreement.

Assignor agrees that Assignor will not and shall not permit, grant or suffer any termination, surrender or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement, Assignor shall elect and exercise all options to extend the terms of or renewal of the

Lease not less than 120 days prior to the last day that the option must be exercised unless Assignee otherwise agrees in writing. Should Assignor fail to comply with the foregoing, Assignor does hereby appoint Assignee (subject to Assignees acceptance and invocation of such right) to act on behalf of Assignor for the purpose of effectuating extensions and renewals of the Lease.

**Assignor:** \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name and Title (please print)

\_\_\_\_\_  
Dated

NOTARY SIGNATURE, SEAL AND INFORMATION: On \_\_\_\_\_ before me, the undersigned, personally appeared \_\_\_\_\_ personally known to me or proven to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity/capacities, and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument. \_\_\_\_\_

\_\_\_\_\_  
Notary Signature and Seal



**Franchise Agreement – Exhibit 6**  
**Assignment of Telephone Numbers and Digital Media Accounts**



**ASSIGNMENT OF TELEPHONE NUMBERS AND DIGITAL MEDIA ACCOUNTS**

(for the benefit of SOS Franchising, LLC and its assigns)

THIS ASSIGNMENT OF TELEPHONE NUMBERS AND DIGITAL MEDIA ACCOUNTS ASSIGNMENT (“Assignment”) is entered into between \_\_\_\_\_ (the “Assignor”) and SOS Franchising, LLC and its successors and assigns (the “Assignee”).

WHEREAS, Assignee is the franchisor of the Success On The Spectrum Center franchise system (the “Success On The Spectrum Center Franchise System”);

WHEREAS, Assignor, as franchisee, and Assignee, as franchisor, are parties to a Success On The Spectrum Center Franchise Agreement (the “Franchise Agreement”);

WHEREAS, the term “Digital Media” shall refer to and mean “any interactive or static electronic document, application or media that is connected to and/or in a network of computers, servers and/or other devices linked by communications software, part of the world wide web (including, but not limited to websites), linked by the internet or part of a web based application, software application, smart phone based application or social media platform including, but not limited to social media platforms and applications such as Facebook, LinkedIn, Twitter / X, Pinterest, Instagram, SnapChat, and YouTube, and world wide web and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to a Success On The Spectrum Center, Success On The Spectrum Centers, Assignor’s Success On The Spectrum Center and/or trademarks associated with the Success On The Spectrum Center Franchise System and/or Assignee. Digital Media further includes the Success On The Spectrum Center website, web pages and website subdomains (including those related to, associated with and/or a part of the Success On The Spectrum Center Franchise System) associated with and/or related to Assignor’s Success On The Spectrum Center and all web pages, blog posts, videos, articles, information, sub-domains, and all other media and/or publications relating to the Success On The Spectrum Center Franchise System that is displayed and/or transmitted digitally”; and

WHEREAS, in connection with Assignor’s establishment and operation of a Success On The Spectrum Center, Assignor will be utilizing accounts, information, phone numbers and Digital Media subject to strict requirements set forth in the Franchise Agreement.

NOW THEREFORE, Assignor, in exchange for good and valuable consideration provided and paid by Assignee (receipt of which is hereby acknowledged), agrees:

1. That Assignor does hereby assign to assignee all telephone numbers, facsimile numbers, listings, domain names and Digital Media that is associated with Assignor’s Success On The Spectrum Center including, the following (all collectively referred to as the “Media”):

- (a) All phone numbers, facsimile numbers and listings that are currently, or in the future, associated with Assignor’s Success On The Spectrum Center;
- (b) The following telephone and facsimile numbers:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ ; and

(c) All Digital Media, all Digital Media accounts and all Digital Media log-in information.

The foregoing shall not be construed and/or interpreted as Assignees acknowledgment and/or agreement that Assignor owns and/or possesses any ownership interests in the foregoing telephone numbers, accounts and/or Digital Media. Any and all rights of Assignor in and to same exist subject to a limited license pursuant to the Success On The Spectrum Center Franchise Agreement which shall take precedence and govern. However, this Assignment is intended by Assignor and Assignee to be an instrument that may be relied upon by all third parties to authorize and permit the assignments and transfers set forth in this Assignment and to facilitate the transfer of accounts and media to within the control of Assignee. Nothing contained in this Assignment shall be used to construe nor imply that Assignor possesses any ownership interests or rights in the Digital Media and in the event of any inconsistency or conflict between this Assignment and the Franchise Agreement, the Franchise Agreement shall take precedence and govern.

2. This Assignment will become effective automatically upon the termination or expiration of the Franchise Agreement for any reason. As to all third parties, proof of the expiration or termination of the Franchise Agreement shall exist exclusively upon the written declaration of Assignee and Assignee's declaration shall be dispositive and not subject to challenge. Assignor agrees that all third parties may rely on this Assignment for the purpose of taking any and all actions to ensure that access to and control of the Media is maintained by Assignee.

**UTILIZATION OF THIS ASSIGNMENT SHALL EXIST AT THE SOLE DISCRETION OF ASSIGNEE AND FOR THE SOLE BENEFIT OF ASSIGNEE.**

**Assignee: SOS Franchising, LLC    Assignor:**

\_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name and Title (please print)

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Dated

\_\_\_\_\_  
Dated



**Franchise Agreement – Exhibit 7**  
**ACH Authorization Form**



**AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM**

**Franchisee Information:**

Franchisee Name \_\_\_\_\_ Business No. \_\_\_\_\_

Franchisee Mailing Address (street) \_\_\_\_\_ Franchisee Phone No. \_\_\_\_\_

Franchisee Mailing Address (city, state, zip) \_\_\_\_\_

Contact Name, Address and Phone Number (if different from above) \_\_\_\_\_

Franchisee Fax No. \_\_\_\_\_ Franchisee Email Address \_\_\_\_\_

**Bank Account Information:**

Bank Name \_\_\_\_\_

Bank Mailing Address (street, city, state, zip) \_\_\_\_\_

\_\_\_\_\_  Checking  Savings

Bank Account No. \_\_\_\_\_ (check one) Bank Routing No. \_\_\_\_\_

Bank Phone No. \_\_\_\_\_

**Authorization:**

Franchisee hereby authorizes SOS Franchising, LLC ("Franchisor") to initiate debit entries to Franchisee's account with the Bank listed above and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee's account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_ Federal Tax TD No.: \_\_\_\_\_

Its: \_\_\_\_\_

**NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT**



Franchise Agreement – Exhibit 8  
General Release

FORM OF GENERAL RELEASE

GENERAL RELEASE

THIS GENERAL RELEASE (the "Release") is made as of \_\_\_\_\_ (the "Effective Date") by:

(a) \_\_\_\_\_, a(n) \_\_\_\_\_, and \_\_\_\_\_, a(n) \_\_\_\_\_  
(individually, jointly, severally, and collectively referred to as "Franchisee"), and

(b) if Franchisee is a Corporate Entity, the following individuals: \_\_\_\_\_, an individual residing at \_\_\_\_\_, and \_\_\_\_\_, an individual residing at \_\_\_\_\_ (individually, jointly, severally, and collectively referred to as the "Individual Guarantors") (Franchisee and the Individual Guarantors, respectively, are hereinafter individually, jointly, severally, and collectively referred to as the "Releasor").

In Favor of, SOS Franchising, LLC a Texas Limited Liability Company with a principal address at 8181 Commerce Park Drive, #726 Houston, Texas 77036 , and SOS Franchising, LLC's predecessors, affiliates, successors, assigns, officers, directors, managers, employees, and agents (hereinafter individually, jointly, severally, and collectively referred to as the "Releasee").

IN EXCHANGE FOR GOOD AND VALUABLE CONSIDERATION FROM SOS FRANCHISING, LLC AND/OR RELEASEE, AND WITH THE RECEIPT AND SUFFICIENCY OF SUCH CONSIDERATION BEING HEREBY ACKNOWLEDGED BY RELEASOR, RELEASOR DOES HEREBY, FOR ITSELF AND FOR RELEASOR'S SUCCESSORS AND ASSIGNS HEREBY RELEASE AND FOREVER DISCHARGE RELEASEE FROM:

Any and all claims including, but not limited to Franchise Claims (defined below), causes of action, violations, damages, actions, contracts, covenants, promises, judgments, suits, indebtedness, liabilities, accounts, and demands of every kind and nature (hereinafter all collectively referred to as the "Claims" or "Claim"), whether or not such Claims are presently known or unknown, disclosed or undisclosed, actual or potential, accrued or unaccrued and whether in law, admiralty, common law, or equity which against the Releasee, Releasor ever had, now has or hereafter can, shall or may, have for, upon, or by reason of any Claim, matter, cause or thing whatsoever from the beginning of the world to the Effective Date of this Release.

Without limitation to the foregoing, the definition of the term "Claims" or "Claim," includes and, thereby this Release shall apply to, any and all claims, causes of action, violations, damages, actions, contracts, covenants, promises, judgments, suits, indebtedness, liabilities, accounts, and demands of every kind and nature, whether or not such Claims are presently known or unknown, disclosed or undisclosed, actual or potential, accrued or unaccrued, relating to and/or with regard to each and every violation and breach of any and all federal and state franchise laws, franchise rules, or franchise regulations, including those franchise laws, rules, and regulations that relate to and govern the offer or sale of franchises, the offer or sale of business opportunities, the terms of the Franchise Agreement, and the offer and sale of the franchise opportunity related to the Franchise Agreement (collectively, referred to as "Franchise Claims").

This Release may not be changed orally.

This Release may be signed in counterparts, with each counterpart being binding against the party executing it and considered as an original.

This Release shall be interpreted in accordance with the laws of the State of Texas. In the event that any action or legal proceeding is commenced respecting or related to this Release or the enforceability of this Release, the prevailing party in such legal action or proceeding shall be entitled to the recovery of reasonable attorneys' fees.

IN WITNESS WHEREOF, the **FRANCHISEE** — Signed: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

SCHEDULE 3

Releasor has hereunto set Releasor's hand and seal on the date set forth below.

**Releasor:** \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Dated

\_\_\_\_\_  
Dated

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name (please print)

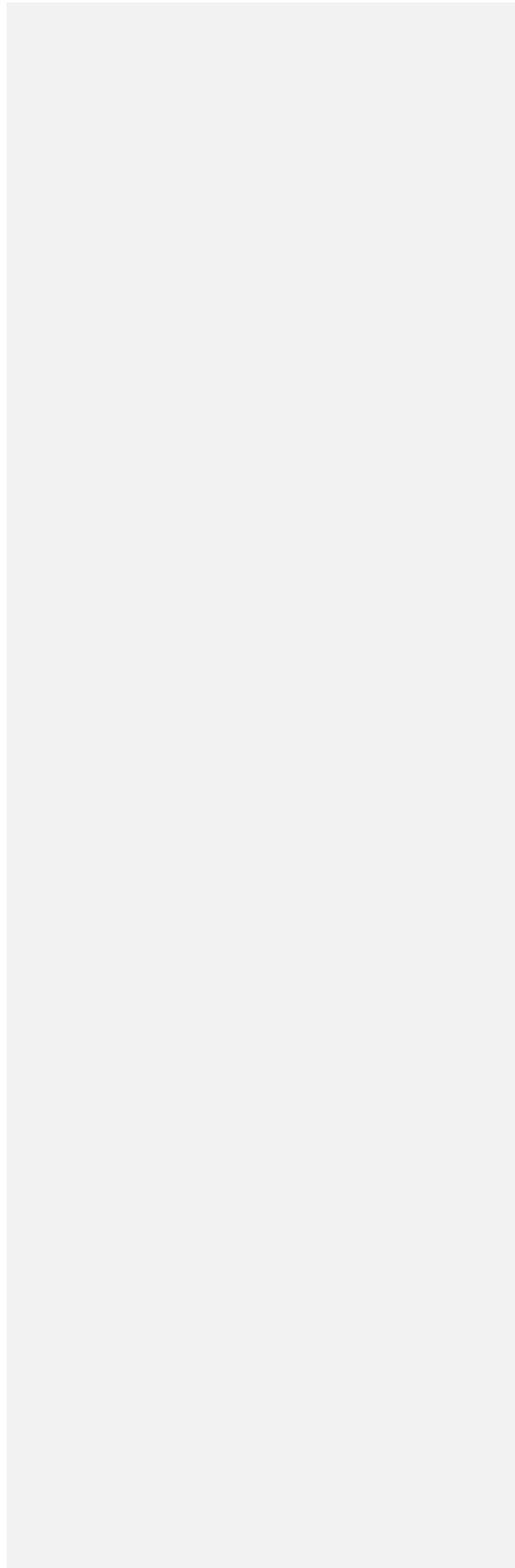
\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Dated

\_\_\_\_\_  
Dated



**Franchise Agreement – Exhibit 9**  
**HIPAA Business Associate Agreement**



SOS FRANCHISING, LLC  
HIPAA BUSINESS ASSOCIATE AGREEMENT

This Business Associate Agreement (this “Agreement”) is entered into effect as of \_\_\_\_\_, 20\_\_\_\_, by and among SOS Franchising, LLC (“Business Associate”) and the undersigned Franchisee (“Covered Entity”) in order to comply with 45 C.F.R. 164.504(e), governing protected health information (“PHI”) and business associates under the Health Insurance Portability and Accountability Act of 1996 (P.L. 104-191), 42 U.S.C. Section 1320d, *et seq.*, the Health Information for Economic and Clinical Health Act, as incorporated in the American Recovery and Reinvestment Act of 2009 (the “HITECH ACT”), and applicable regulations, as amended from time to time (these statutes and regulations hereafter collectively referred to as “HIPAA”) [Covered Entity and Business Associate may be referred to herein individually as a “Party” or collectively as the “Parties”].

Statement of Agreement

1. **HIPAA Compliance and Agents:** Business Associate hereby agrees to fully comply with the “Business Associate” requirements under HIPAA (including the HITECH ACT), throughout the term of this Agreement. Further, Business Associate agrees that to the extent it has access to PHI, Business Associate will fully comply with the requirements of HIPAA (including the HITECH ACT) and this Agreement with respect to such PHI; and, further, that every agent, employee, subsidiary, and affiliate of Business Associate to who it provides PHI received from, or created or received by Business Associate on behalf of, Covered Entity will be required to fully comply with HIPAA (including the HITECH ACT), and will be bound by written agreement to the same restrictions and terms and conditions as set forth in the Agreement.
2. **Use and Disclosure Rights:** Business Associate agrees that it shall not use or disclose PHI except as permitted under this Agreement or as required by law. Business Associate acknowledges that this Agreement does not in any manner grant Business Associate any greater rights than Covered Entity enjoys, nor shall it be deemed to permit or authorize Business Associate to use or further disclose PHI in a manner that would otherwise violate the requirements of HIPAA if done by Covered Entity. Business Associate shall comply with HIPAA and its applicable regulations as it pertains to marketing/fundraising. Business Associate shall not disclose PHI to a health plan for payment or health care operations purposes if the client has requested this special restriction, and has paid out of pocket in full for services to which the PHI solely relates. Business Associate shall not directly or indirectly receive payment or other consideration in exchange for PHI, except as permitted under HIPAA (including the HITECH ACT); however, this prohibition shall not affect payment from Covered Entity to Business Associate for services provided by Business Associate.
- ~~3.~~ **Required or Permitted Uses:** Business Associate agrees that it is permitted to use or disclose PHI only: (a) upon obtaining the authorization of the client to whom such information pertains in accordance with 45 C.F.R. 164.502 (a)(1)(iv) and 164.508, (b) upon obtaining the consent of a client to whom such information pertains, if the use or disclosure is for purposes of treatment, payment and/or health care operations, in accordance with 45 ~~3.~~ C.F.R. 164.502(a)(1)(ii) and 164.506, or (c) without an authorization or consent, if in accordance with 45 C.F.R. 164.506, 164.510, 164.512, 164.514(e), 164.514(f), 164.514(g), or as otherwise permitted or required by agreement or law.

~~164.514(g), or as otherwise permitted or required by agreement or law.~~

4. Safeguards: Location: Business Associate agrees to develop and use appropriate administrative, procedural, physical, and electronic safeguards in accordance with and as required by HIPAA (including 45 C.F.R. 164.308, 164.310 and 164.312), as may be amended, to prevent misuse or disclosure of PHI (including unsecured PHI) other than as provided by this Agreement. Business Associate agrees to notify Covered Entity of the location of any PHI disclosed by Covered Entity or created by Business Associate on behalf of Covered Entity and held by or under the control of Business Associate or those to whom Business Associate has disclosed such PHI.

5. Minimum Necessary: Business Associate shall limit any use, disclosure, or request for use or disclosure to the minimum amount necessary to accomplish the intended purpose of the use, disclosure, or request in accordance with the requirements of HIPAA. Covered Entity may, pursuant to HIPAA, reasonably rely on any requested disclosure as the minimum necessary for the stated purpose when the information is requested by Business Associate. Business Associate acknowledges that if Business Associate is also a covered entity, as defined by HIPAA, Business Associate is required, independent of Business Associate's obligations under this agreement, to comply with the HIPAA minimum necessary requirements when making any request for PHI from Covered Entity.

6. Records Covered Entity Access: Business Associate shall maintain such records of PHI received from, or created or received on behalf of, Covered Entity and shall document subsequent uses and disclosures of such information by Business Associate as may be deemed necessary and appropriate in the sole discretion of Covered Entity. Business Associate shall provide the Covered Entity with reasonable access to examine and copy such records and documents of Business Associate during normal business hours. Business Associate agrees to fully cooperate in good faith and to assist Covered Entity in complying with the requirements of HIPAA and an investigation of Covered Entity regarding compliance with HIPAA conducted by the U.S. Department of Health and Human Services ("DHHS"), Center of Civil Rights, or any other administrative or judicial body with jurisdiction.

7. DHHS Access to Books, Records, and other Information: Business Associate shall make available to DHHS its internal practices, books, and records relating to the use and disclosure of PHI received from, or created or received by Business Associate on behalf of, Covered Entity for purposes of deterring the Covered Entity's or Business Associate's compliance with HIPAA.

8. Designated Record Set or Individual Access: Business Associate shall maintain a designated record set, as defined by HIPAA, for each individual client for which it has PHI. In accordance with an individual's right to access their own PHI under HIPAA, Business Associate shall make available all PHI in that designated record set to the individual to whom that information pertains, or such individual's representative, all PHI in that designated record set, upon a request by such individual or such individual's representative.

9. Accounting: Business Associate shall make available PHI or any other information required to provide, or assist in preparing, an accounting of disclosures in accordance with HIPAA (including the HITECH ACT). Business Associate shall implement a policy permitting for an accounting to be collected and maintained by Business Associate for at least six ~~(6)~~ years prior to the request. Accounting of disclosures from an electronic health record for treatment, payment for services purposes are required to be collected and maintained for only three ~~(3)~~ years prior to the request, and only to the extent required

under HIPAA (including the HITECH ACT) and applicable regulations. The information collected and maintained by the Business Associate must include (1) the date of disclosure,

9. (2) the name and, if known, the address of the entity or person who received PHI, (3) a brief description of the PHI disclosed, and (4) a brief statement of the purpose of the disclosure that reasonably informs the individual of the basis for disclosure, or in lieu of such statement, a copy of a written request for the disclosure as set forth in 45 C.F.R. 164.502(a)(2)(ii) or 164.512.

10. ~~Report Improper Use or Disclosure:~~ Business Associate shall notify and report to Covered Entity in writing of any access, use or disclosure of PHI not permitted by this Agreement or by law, and any breach of "unsecured PHI" (as defined in the HITECH ACT) of which it becomes aware without unreasonable delay and in no case later than ~~sixty (60)~~ calendar days after discovery of the breach. This notice or report shall, to the extent such information is available, (1) identify the nature of the breach or non-permitted access, including the date of the breach, (2) a description of PHI that was involved in the breach, (3) identify the individual who caused the breach and who received the PHI, (4) identify the corrective action the Business Associate took or will take to prevent further breaches,

10. (5) identify what Business Associate did or will do to mitigate any losses from the breach and (6) provide such other information as Covered Entity may reasonably request.

11. Amendment of and Access to PHI Notification: Business Associate shall make available PHI for amendment and shall incorporate any amendments to PHI accordingly. Business Associate shall make reasonable efforts to notify persons, organizations, or other entities, including other business associates, known by Business Associate to have received the erroneous or incomplete information and who may have relied, or could foreseeable rely, on such information to the detriment of the individual client. Business Associate must update this information when notified by the Covered Entity.

12. Termination Rights: Each party acknowledges and agrees that the other party shall have the right to immediately terminate this Agreement in the event that the party fails to comply with HIPAA requirements concerning PHI and the above requirements. This agreement authorizes a party to terminate the Agreement if the party determines, in its sole discretion that the other party has violated or breached a material term of the Agreement required by HIPAA.

13. Breach or Violation Knowledge: If a party knows of a pattern of activity or practice of the other party that constitutes a material breach or violation of the other party's obligations under this Agreement, the other party shall take any steps reasonably necessary to cure such breach or end such violation. If such steps are unsuccessful, the party shall either (a) terminate this agreement, if feasible, pursuant to paragraph 12, or (b) if termination is not feasible, report the breach or violation to DHHS. If Business Associate as a covered entity, defined by HIPAA, violates the terms and conditions of this Agreement in its capacity as a business associate of another covered entity, Business Associate will be in non-compliance with the standards, implementation specifications, and requirements of HIPAA.

14. Return of PHI: Business Associate agrees that upon termination of this Agreement, and if feasible, Business Associate shall (a) return or destroy all PHI received from, or created or received by Business Associate on behalf of, Covered Entity that Business Associate still maintains in any form and retain no copies of such information or (b) if such return or destruction is not feasible, extend the protection of this agreement to such PHI and limit further uses and disclosures to those purposes that make the return or destruction of the PHI feasible.

further uses and disclosures to those purposes that make the return or destruction of the PHI feasible.

15. **Notices:** All notices and other communications under this Agreement to any Party shall be in writing and shall be deemed given when delivered personally, faxed or emailed (which is confirmed) to that Party at the fax number for that Party as set forth in the Agreement, mailed by certified mail (return receipt requested) to that Party at the address for that Party as set forth in this Agreement (or at such other address for such Party as such Party shall have specified in a notice to the other Parties), or delivered to Federal Express, UPS, or any similar express delivery service for delivery to that Party at that address.

16. **Non Waiver:** No failure by any Party to insist upon strict compliance with any term or provision of this Agreement, to exercise any option, to enforce any right, or to seek any remedy upon any default of any other Party shall affect, or constitute a waiver of, any Party's right to insist upon such strict compliance, exercise that option, enforce that right, or seek that remedy with respect to that default or any prior, contemporaneous, or subsequent default. No custom or practice of the Parties at variance with any provision of this Agreement shall affect or constitute a waiver of, any Party's right to demand strict compliance with all provisions of this Agreement.

17. **Gender and Number Headings:** Where permitted by the context, each pronoun used in this Agreement included the same pronoun in other genders and numbers, and each noun used in this Agreement includes the same noun in other numbers. The headings of the various sections of this Agreement are not part of the context of this Agreement, are merely labels to assist in locating such sections, and shall be ignored in construing this Agreement.

18. **Counterparts:** This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one of the same agreement.

19. **Entire Agreement:** This Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the Parties with respect to the subject matter of this Agreement.

20. **Binding Effect:** This Agreement shall be binding upon, inure to the benefit of and be enforceable by and against the Parties and their respective heirs, personal representatives, successors, and assigns. Neither this Agreement nor any of the rights, interests, or obligations under this Agreement shall be transferred or assigned by Business Associate without the prior written consent of Covered Entity.

21. **Severability Governing Law:** With respect to any provision of this Agreement finally determined by a court of competent jurisdiction to be unenforceable, such court shall have jurisdiction to reform such provision so that it is enforceable to the maximum extent permitted by applicable law, and the Parties shall abide by court's determination. In the event that any provision of this Agreement can't be reformed, such provision shall be deemed to be severed from this Agreement, but every other provision of this Agreement shall remain in full force and effect. This agreement shall be governed and construed in accordance with the laws of the State of Texas.

22. **Survival:** All representations, covenants, and agreements in or under this Agreement or any other document executed in connection with the transactions contemplated by this Agreement, shall survive the execution, delivery, and performance of this Agreement and such other documents.

~~Agreement, shall survive the execution, delivery, and performance of this Agreement and such other documents.~~

23. Further Assurances: Each Party Shall execute, acknowledge or verify, and deliver any and all documents which may from time to time be reasonably requested by the other Party to carry out the purpose and intent of this Agreement.

[SIGNATURE PAGE TO FOLLOW]

Agreed and accepted by Franchisee:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_  
Attn: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Printed Name

\_\_\_\_\_  
\_\_\_\_\_

Signature

Date

Acknowledged and agreed by SOS  
Franchising, LLC: 8181 Commerce Park  
Drive, #726  
Houston, Texas 77036  
Telephone: (832) 975-1999  
Fax: (844) 561-3797  
Attn: Nichole Daher

By: \_\_\_\_\_

Its: \_\_\_\_\_

Signature \_\_\_\_\_ Date: \_\_\_\_\_

SCHEDULE 4  
SOS FRANCHISING, LLC  
EXECUTIVE ORDER 13224 AND RELATED CERTIFICATIONS

If the Franchisee is an individual or individuals, the Franchisee certifies that he/she/they are not, nor to my/our best knowledge have I/us been designated, a terrorist and/or a suspected terrorist, nor am I/us associated and/or affiliated in any way with any terrorist and/or suspected terrorist person and/or organization, as defined in U.S. Executive Order 13224 and/or otherwise.

If the Franchisee is a company, the person(s) signing on behalf of the Franchisee certify(ies) that, to the Franchisee's and such person's best knowledge, neither the Franchisee, such person, and/or any owners, officers, board members, similar individuals and/or affiliates/associates of the Franchisee have been designated, a terrorist and/or a suspected terrorist, nor is the Franchisee or any such persons and/or affiliates/associates owned, controlled, associated and/or affiliated in any way with any terrorist and/or a suspected terrorist person and/or organization, as defined in U.S. Executive Order 13224 and/or otherwise.

Franchisee agrees to fully comply and/or assist us in our compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to antiterrorist activities, including without limitation the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or other regulations, including properly performing any currency reporting and other obligations, whether relating to the Franchisee or otherwise, and/or required under applicable law. The indemnification responsibilities provided in the Franchise Agreement cover the Franchisee's obligations hereunder.

**FRANCHISEE** \_\_\_\_\_ Signed: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

SCHEDULE 5  
SOS FRANCHISING, LLC  
ADA & RELATED CERTIFICATIONS

SOS Franchising, LLC (“we, us, our”) and \_\_\_\_\_ (“Franchisee”) are parties to a franchise agreement dated, 20 (the “Franchise Agreement”) for the operation of a Success on the Spectrum® Business (the “Business”).

In accordance with Section XIII.C of the Franchise Agreement, Franchisee certifies to us that the Business and its adjacent areas comply with all applicable federal, state and local accessibility laws, statutes, codes, rules, regulations and standards, including but not limited to the Americans with Disabilities Act and all local zoning regulations and building codes. Franchisee acknowledges that it is an independent contractor and the requirement of this certification by us does not constitute ownership, control, leasing or operation of the Business. Franchisee acknowledges that we have relied on the information contained in this certification. Furthermore, Franchisee agrees to indemnify us, our members, managers, officers, employees and agents, and each and all of the Franchisor Related Entities, in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified party(ies) as a result of any matters associated with Franchisee’s compliance (or failure to comply) with the Americans with Disabilities Act, all local zoning regulations and building codes and otherwise, as well as the costs, including attorneys’ fees, related to the same.

**FRANCHISEE** \_\_\_\_\_ Signed: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

SCHEDULE 6  
SOS FRANCHISING, LLC  
FRANCHISE AGREEMENT: INDIVIDUAL GUARANTY  
(USE FOR CORPORATE, PARTNERSHIP OR OTHER ENTITY FRANCHISEE)

This Guaranty is to the Franchise Agreement between SOS Franchising, LLC (“we, us, our”) and

\_\_\_\_\_ (“Franchisee”) dated the \_\_\_\_\_ day of \_\_\_\_\_,  
20\_\_\_\_\_.

1. ~~The undersigned agree, individually and on behalf his or her martial community, to personally and unconditionally guarantee the performance of Franchisee under the Franchise Agreement and to perform all obligations under this Agreement on default by Franchisee. The undersigned further agree to pay any judgment or award against Franchisee obtained by us. Guarantors are also bound by covenants of the Agreement that by their nature or terms survive the expiration or termination of the Agreement, including but not limited to non-competition, indemnity and non-disclosure provisions.~~
2. ~~Each Guarantor has consulted legal counsel of his/her own choosing as to his/her responsibilities and liabilities under this Guaranty.~~
3. ~~Each Guarantor waives:
  - a. ~~Notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed;~~
  - b. ~~Protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed;~~
  - c. ~~Any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability;~~~~
4. ~~Each Guarantor consents and agrees that:
  - a. ~~Liability under this Guaranty is joint and several with any other guarantor and the Franchisee;~~
  - b. ~~Each will render any payment or performance required under this Guaranty on demand, if Franchisee fails or refuses punctually to do so;~~
  - c. ~~Each will individually comply with the provisions and all subsections of the Agreements and associated documents;~~
  - d. ~~Liability is not contingent or conditioned on our pursuit of any remedies against Franchisee or any other persons; and~~
  - e. ~~Liability is not affected by any extension of time, acceptance or part performance, release of claims, or other compromise that we may grant Franchisee or other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term~~~~

of the Agreement.

f. ~~Each waives acceptance and notice of acceptance by us; waives notice of demand, and waives protest and notice of default, except as may be required by the Franchise Agreement.~~

5. ~~Each Guarantor further hereby consents and agrees that:~~

a. ~~Guarantor's liability under this undertaking shall be direct, immediate, and independent of the liability of Franchisee, other guarantors, and the other owners of the Franchisee;~~

b. ~~This undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by an abandonment of the Agreement by a trustee of Franchisee. Neither the Guarantor's obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by impairment, modification, change, release or limitation of the liability of the Franchisee or its estate in bankruptcy or any remedy for enforcement resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency~~

e. ~~We may proceed against Guarantor and Franchisee jointly and severally, or We may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Franchisee. Guarantor hereby waives the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed; and;~~

d. ~~Guarantor agrees to pay all reasonable attorneys' fees and costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in the enforcing this undertaking against Guarantor.~~

Guarantor agrees to be personally bound by the arbitration obligations under Section XXV.D of the Agreement, including without limitation, the obligation to submit to binding arbitration the claims described in Section XXV.D of the Agreement in accordance with its terms.

~~IN WITNESS WHEREOF, each of the undersigned has~~ affixed his or her signature on the same day and year as the Agreement was executed.

Dated on the \_\_\_\_\_ date of \_\_\_\_\_ 20\_\_\_\_.

(Set forth the name, address and percentage ownership of each owner of Franchisee, their spouse and their percentage ownership, if applicable):

<u>NAME</u>	<u>FRANCHISE DISCLOSURE DOCUMENT EXHIBIT F OPTION AGREEMENT</u>	<u>ADDRESS</u>	<u>PERCENTAGE</u>
Signed _____	_____	_____	_____
Printed _____	_____	_____	_____

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**OPTION AGREEMENT**

Option Agreement (the "Agreement") is made and entered into on \_\_\_\_\_ ("Effective Date"), by and between SOS Franchising, LLC, a Texas Limited Liability Company with a principal place of business located at 8181 Commerce Park Drive, #726 Houston, Texas 77036 (the "Franchisor") and \_\_\_\_\_ (the "Franchisee").

#### RECITALS

WHEREAS, Franchisor has developed a distinctive and proprietary system (the "System") for the development, and operation of a Success On The Spectrum center, an autism treatment center that provides Applied Behavioral Analysis (ABA) therapy, speech therapy, occupational therapy, and social skills classes to developmentally delayed children and young adults, and other products and services (each, a "Franchised Business" or "Center");

WHEREAS, the System and, therefore, each Center is identified by certain trademarks, distinctive trade dress, service offerings, business formats, equipment, products, supplies, operating procedures, programs, methods, procedures, and marketing and advertising standards, all of which are part of the System and all of which Franchisor may modify from time to time;

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement ("Franchise Agreement") for Franchisee's development and operation of a Center (the "First Center") under the System; and

WHEREAS, Franchisee has requested the option to develop an additional Center and Franchisor has agreed to Franchisee's request, subject to the terms and conditions herein.

NOW THEREFORE, the parties, in consideration of the mutual undertakings and commitments of each party set forth herein, agree, as follows:

1. Grant of Option. Franchisee is hereby granted an option ("Option") to develop one additional Success on the Spectrum<sup>®</sup> Center (the "Additional Center"), within the area described below (the "Option Area"), and in accordance with the terms and conditions set forth herein. In order to exercise the Option granted hereunder, Franchisee must notify Franchisor in writing within six months of the Effective Date of this Agreement that Franchisee is exercising its Option. If Franchisee does not exercise the Option in writing within six months of the Effective Date of this Agreement, the Option will automatically expire and this Option Agreement will be of no further force and effect. So long as this Option Agreement is in effect, Franchisor will not own or operate, and will not grant any other party the right to own or operate, a Center within the Option Area.

The Option Area is described as follows: \_\_\_\_\_

2. Location. If Franchisee exercises the Option granted herein in accordance with Section 1 above, Franchisee must execute Franchisor's then current Franchise Agreement and all other agreements, attachments, exhibits and documents that Franchisor requires in connection with its then current Franchise Agreement (the "Option Center Franchise Documents"). Within 30 days after Franchisee receives the Option Center Franchise Documents from Franchisor, Franchisee must return executed copies of all of the Option Center Franchise Documents to Franchisor, along with franchisor's then current Initial Franchise Fee, less the amount of the Option Fee (defined below). The location of the Additional Center shall be subject to Franchisor's approval and shall be located, approved and developed in accordance with the terms and conditions set forth in the Option Center Franchise Documents. The "Site Selection Area" in the Option Center Franchise Documents shall be the same as the Option Area hereunder.

3. Expiration and Termination of Option Rights. The Option rights granted hereunder shall automatically expire and terminate on the six month anniversary of this Option Agreement or upon the occurrence of any of the following: (i) if Franchisee exercises the Option hereunder pursuant to Section 1; (ii) if Franchisee defaults under the Franchise Documents or is otherwise not in compliance with the Franchise Documents; (iii) if Franchisee becomes insolvent or is adjudicated bankrupt, or if any action is taken by Franchisee, or by others against the Franchisee, under any insolvency, bankruptcy or reorganization act, or if Franchisee makes an assignment for the benefit or creditors or a receiver is appointed by the Franchisee. Furthermore, in order to be entitled to exercise the Option set forth herein, and as a condition precedent to Franchisee's exercise of the Option set forth herein, Franchisee and franchisee's owners must satisfy Franchisor's financial qualifications and pass all background, credit, and criminal checks generally required by Franchisor's franchisees. In the event Franchisee does not satisfy and pass all such requirements to Franchisor's satisfaction, Franchisor shall have no obligation to grant an additional franchise to Franchisee and Franchisee's Option rights shall automatically terminate without any refund or compensation to Franchisee.

4. Option Fee. In consideration of the Option granted hereunder, Franchisee shall pay, at the time this Option Agreement is executed, a non-refundable payment in the amount of 50% of our then current initial franchise fee for new franchisees joining the System (the "Option Fee"). If Franchisee properly and timely exercises the Option granted hereunder, the Option Fee will be credited towards the initial franchise fee paid by Franchisee pursuant the Option Center Franchise Documents.

5. Governing Law and Dispute Resolution. The parties hereto agree that the choice of law, choice of forum and other dispute resolution provisions in the Franchise Agreement shall apply to this Agreement and shall govern.

IN WITNESS WHEREOF, the parties have executed, sealed and delivered this Agreement as of the Effective Date set forth in the first paragraph of this Agreement.

<u>Franchisor:</u>	<u>Franchisee:</u>
SOS Franchising, LLC	_____
Signed-Printed	_____
_____	_____
<u>Signature</u>	<u>Signature</u>
Signed-Printed	_____
_____	_____
<u>Name and Title (please print)</u>	<u>Name (please print)</u>
Signed	_____
_____	_____
	<u>Dated</u>
<u>Printed</u>	_____
_____	_____
<u>Dated</u>	_____

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SCHEDULE 7  
SOS FRANCHISING, LLC  
STATEMENT OF OWNERSHIP INTERESTS AND PRINCIPLES

A. The following is a list of all managing partners, shareholders, partners or other investors in Franchisee, including all investors who own or hold direct or indirect interest in Franchisee and a description of the nature of their interest.

<u>Name</u>	<u>Percentage of Ownership/Nature of Interest</u>
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B. In addition to the persons listed in paragraph A., the following is a list of all Franchisee's Principals described in and designated pursuant to ~~Section XIX.B~~ of the Franchise Agreement. Unless designated as a controlling Principal, each of Franchisee's Principals shall execute the Confidentiality Agreement in the form set forth in Schedule 9.

**SCHEDULE 8**  
**SOS FRANCHISING, LLC COLLATERAL ASSIGNMENT OF LEASE**

Franchisee: \_\_\_\_\_  
\_\_\_\_\_

Franchisor: SOS Franchising, LLC

Date of this Collateral Assignment of Lease (the "Assignment"): \_\_\_\_\_  
The Franchisee, to effect various provisions of that certain Franchise Agreement dated \_\_\_\_, 20\_\_, by and between Franchisee and us (the "Franchise Agreement"), hereby collaterally assigns to Franchisor (subject to the terms and conditions below) all of Franchisee's right, title and interest in, to and under that certain lease (the "Lease") dated \_\_\_\_ 20\_\_, between Franchisee and \_\_\_\_\_, ("Landlord"), for that property commonly known as: \_\_\_\_\_ (the "Premises"), a copy of which Lease is attached to this Assignment.

**NOW, THEREFORE**, for and in consideration of the mutual covenants herein contained, the sum of Ten Dollars (\$10.00) and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, and notwithstanding anything in the Lease to the contrary, it is hereby agreed as follows:

No material modification or amendment of the Lease shall occur or be effective without the prior written consent of us.

Except as provided in the Franchise Agreement, we will not take possession of the Premises under this Assignment until and unless there is a termination, cancellation, rescission or expiration of the Franchisee's rights, or a default by Franchisee, under the Lease, any sublease and/or the Franchise Agreement. In such event(s), we (or its designee) may (but has no obligation to) take possession of the Premises and assume the Franchisee's rights under the Lease, and, in such event, Franchisee will have no further right, title or interest in or under the Lease or to the Premises, all such rights thereby passing to us or our designee, without the Landlord's further consent. The Franchisee will fully cooperate therewith, and do all acts necessary or appropriate thereto. We will have no liabilities or obligations of any kind arising from, or in connection with, this Assignment, the Lease, the Premises or otherwise until and unless we take possession of the Premises pursuant to this Assignment and, in any event, we will only be responsible for those obligations accruing with respect to the Lease after the date of such express assumption. Upon taking possession of the Premises, we shall be obligated from that date forward to perform all of the duties and obligations of Franchisee under the Lease. We shall notify Landlord, in writing, within three days of taking possession of the Premises that has been taken such possession.

~~Notwithstanding anything herein to the contrary, upon us taking possession of the Premises, Franchisee shall not be relieved of any of its obligations under the lease.~~

The Franchisee will not permit any surrender, termination, amendment or modification of the Lease and will elect and exercise all options to extend the term of or renew, or assume in bankruptcy, the Lease not less than thirty (30) days prior to the last day that said rights must be exercised. If the Franchisee does not do so, we may to the extent consistent with the United States Bankruptcy Code (but has no obligation to) do such acts for the account of Franchisee and without

~~any liability or obligation of us. Failure of us to exercise any remedy hereunder shall not be a waiver of any of its rights. Our rights and remedies under this Assignment are in addition to those which the Franchisor has under the Franchise Agreement or~~

~~otherwise. This Assignment shall bind, and benefit, us and Franchisee and their respective successors and assigns. With respect to the Franchisor and Franchisee, the dispute resolution provisions (including, but not limited to, mediation, binding arbitrate~~

~~on, waiver of jury trial and limitation of damages) of the Franchise Agreement shall apply to this Assignment, and/or any matter related in any way to it, but we may, in any event and at our option, proceed with any action in court for possession of the Premises and any related remedies. If there is more than one Franchisee, their obligations are joint and several. As between Landlord and us and/or Franchisee, the dispute provision of the Lease shall apply.~~

~~In the event Franchisee shall fail to perform or observe any of the terms, conditions or agreements in the Lease, Landlord shall give written notice thereof to us and we shall have the right (but not the obligation) to cure such default. Landlord shall not take any action with respect to such default under the Lease, including without limitation any action in order to terminate, rescind or avoid the Lease, for a period of fifteen (15) days following expiration of any cure period Franchisee may have under the Lease with respect to such default; provided, however, that in the case of any default which cannot with diligence be cured within said additional fifteen (15) day period, if we shall proceed promptly to cure such default and thereafter prosecute the curing of such default with diligence and continuity, the time within which such default may be cured shall be extended for such period as may be necessary to complete the curing of such default with diligence and continuity.~~

~~Landlord will recognize and accept the performance by us of any act or thing required to be done by Franchisee under the terms of the Lease and will accept such performance as if it were performed by Franchisee.~~

~~Landlord agrees that in any case commenced by or against Franchisee under the United States Bankruptcy Code, we shall have standing to appear and act as a party to the Lease for purposes of the Bankruptcy Code, (but shall not have any obligations under the Lease unless we expressly assume the Lease). Landlord shall, during Franchisee's bankruptcy case, serve on us a copy of all notices, pleadings or documents which are given to Franchisee and service shall be in the same manner as given to Franchisee. If the Lease or Franchisee's rights under the Lease are terminated, whether by reason of default of Franchisee or Landlord, rejection of the Lease in any bankruptcy case, voluntary surrender and acceptance, or otherwise, then Landlord shall give written notice of such termination to us. We or our nominee shall have the option, exercisable by written notice to Landlord delivered not later than the 30th day after written notice that the termination has occurred, to receive from Landlord a new lease of the Premises on the same terms and conditions as the Lease, for the remaining term of the Lease (that is, the portion of the term that would remain absent the termination and the conditions or events causing the same), and such same terms and conditions shall include any extension rights provided for in the Lease.~~

~~Any notice or other communication required or permitted to be given under this Assignment shall be in writing and addressed to the respective party as set forth below. Notices shall be effective (i) on the next business day if sent by a nationally recognized overnight courier service, (ii) on the date of delivery by personal delivery and (iii) on the date of transmission if sent by facsimile during business hours on a business day (otherwise on the next business day) (with receipt of confirmation). Any party may change the address at which it is to receive notices to another~~

~~address in the United States at which business is conducted (and not a post office box or other similar receptacle), by giving notice of such change of address in accordance with this provision.~~

~~Notices to us, Franchisee or Landlord shall be addressed as~~

~~follows: [Insert applicable notice addresses].~~

This Assignment may be executed in one or more counterparts, each of which when so executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same instrument.

If any portion or portions of this Assignment shall be held invalid or inoperative, then all of the remaining portions shall remain in full force and effect, and, so far as is reasonable and possible, effect shall be given to the intent manifested by the portion or portions held to be invalid or inoperative.

This Agreement shall be governed by and construed in accordance with the laws of the State of \_\_\_\_\_.

~~IN WITNESS WHEREOF~~, the parties hereto have executed this Assignment under as of the date first above written.

**FRANCHISEE:**

Signature \_\_\_\_\_ Signature \_\_\_\_\_

Printed Name \_\_\_\_\_ Printed Name \_\_\_\_\_

**LANDLORD:**  
\_\_\_\_\_

**FRANCHISOR:**  
**SOS Franchising, LLC**

by \_\_\_\_\_  
its \_\_\_\_\_

by \_\_\_\_\_  
its \_\_\_\_\_

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~~SCHEDULE 9  
SOS FRANCHISING, LLC  
CONFIDENTIALITY AND NON-COMPETE  
AGREEMENT~~

~~This Agreement is made and entered into \_\_\_\_\_ 20\_\_, between SOS Franchising, LLC, a Texas limited liability company (hereinafter referred to as “we, us, our”);  
\_\_\_\_\_ (hereinafter referred to as “You”)~~

**RECITALS:**

**WHEREAS,** We have acquired the right to develop a unique system (the “System”) for the development and operation of a mental health therapy center in which an existing mental health practice can be converted or a new startup mental health therapy center can be created under the name and mark “Success on the Spectrum”<sup>®</sup> (“Business”); and

**WHEREAS,** the System includes but is not limited to certain trade names, service marks, trademarks, symbols, logos, emblems, and indicia of origin, including, but not limited to the mark Success on the Spectrum<sup>®</sup> and such other trade names, service marks, and trademarks as we may develop in the future to identify for the public the source of services and products marketed under such marks and under the System and representing the System’s high standards of quality, appearance and service standards which include our: Services, proprietary rewards based and motivational led learning programs, different types of social skill programs, activities and themed events in addition to our parent and/or caregiver training programs and workshops; operational strategies, methods, techniques and procedures; specifications for all equipment, products and supplies; purchasing strategies, inventory management systems, vendor and supplier relationships, cost and pricing strategies; best practices for managing efficiency, procedures for cleanliness, service standards, safety, sanitation and quality control; strategies for site acquisition, build-out and design specifications with unique décor, color scheme and signage; guidelines for hiring, training and retaining employees and proprietary educational platform that houses a data base of proprietary training modules and courses (which includes curriculum, lesson plans and workshops) to complement your ongoing training efforts; our website, software, Operations Manual, photographs, video presentations, forms, contracts, record keeping and reporting methods; proprietary client acquisition, onboarding and sales presentations; advertising and marketing materials, proprietary community give back programs and promotional strategies all of which may be changed, improved and further developed by us from time to time and are used by us in the operation of the System (“Trade Secrets”); and

**WHEREAS,** the Trade Secrets provide economic advantages to us and are not generally known to, and are not readily ascertainable by proper means by our competitors who could obtain economic value from the knowledge and use of the Trade Secrets; and

**WHEREAS,** We have taken and intend to take all reasonable steps to maintain the confidentiality and secrecy of the Trade Secrets; and

**WHEREAS,** We have granted You a limited right to manage and participate in the operation of a Business using the System and the Trade Secrets for the period defined in the franchise agreement made and entered into \_\_, 20\_\_ (“Franchise Agreement”) between You and us; and

**WHEREAS,** You and we have agreed in the Franchise Agreement on the importance to us and to You and other licensed users of the System of restricting use, access and dissemination of the Trade Secrets; and

**WHEREAS,** it will be necessary for You to have access to and to use some or all of the Trade Secrets in the management and operation of your Business using the System; and

~~WHEREAS, You have agreed to obtain from your staff written agreements protecting the Trade Secrets and the System against unfair competition; and~~

~~WHEREAS, each member of your staff wishes to remain, or wishes to become your employee; and~~

~~WHEREAS, You will receive and use the Trade Secrets in the course of operating the Business;~~

~~NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:~~

- ~~1. We shall disclose to You some or all of the Trade Secrets relating to the System.~~
- ~~2. You shall receive the Trade Secrets in confidence, maintain them in confidence and use them only in connection with the management and/or operation by you of the Business using the System for so long as you are licensed by us to use the System.~~
- ~~3. You shall not at any time make copies of any documents or compilations containing some or all of the Trade Secrets without our express written permission.~~
- ~~4. You shall not at any time disclose or permit the disclosure of the Trade Secrets except to your staff then only to the limited extent necessary to train or assist your staff in the management or operation of a Business using the System.~~
- ~~5. That all information and materials, including without limitation, drawings, specifications, techniques and compilations of data which we shall designate as confidential shall be deemed the Trade Secrets for the purposes of this Agreement.~~
- ~~6. You shall surrender the Confidential Operations Manual and such other manuals and written materials as we shall have developed ("Manuals") described in the Franchise Agreement and any other materials containing some or all of the Trade Secrets provided to You by us, upon our request, or upon conclusion of the use for which the Manuals or other information or material may have been furnished to You.~~
- ~~7. You shall not, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Trade Secrets and the System or the Names and Marks.~~
- ~~8. The Manuals are loaned by us to You for limited purposes only and remain the property of Franchisor and may not be reproduced, in whole or in part, without Franchisor's written consent.~~
- ~~9. In further consideration for the disclosure to You of the Trade Secrets and to protect the uniqueness of the System, You agree that for two (2) years following the earlier of the expiration, termination or transfer of all of your interest in the Franchise Agreement, You will not, without our prior written consent:
  - ~~a. Divert or attempt to divert, directly or indirectly, any business, business opportunity or client of the Business to any competitor.~~
  - ~~b. Employ or seek to employ any person who is at the time employed by us or any franchisee or developer of us, or otherwise directly or indirectly induce such persons to leave that person's employment.~~~~

- e. ~~Directly or indirectly, for himself or through, on behalf of or in conjunction with any person, partnership or corporation, own, maintain, operate, engage in or have any financial or beneficial interest in (including interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any business using any aspect of the System, the overall Success on the Spectrum<sup>®</sup> concept or having or offering similar programs of a Success on the Spectrum<sup>®</sup> business (Franchisee is not prohibited from working in the behavioral health industry; however, Franchisee cannot be associated with any type of business that uses or offers any similar programs or aspects of our System or which characterizes a Success on the Spectrum<sup>®</sup> business) which business is, or is intended to be, located within a ten (10) mile radius of the Approved Location or of any Success on the Spectrum<sup>®</sup> business (which includes company-owned businesses and/or other franchise businesses) in existence or under construction as of the earlier of the expiration or termination of, or the transfer of all or your interest in, the Franchise Agreement.~~
10. ~~You undertake to use your best efforts to ensure that Employee acts as required by this Agreement.~~
11. ~~You agree that in the event of a breach of this Agreement, we would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, We shall be entitled to enforce this Agreement and shall be entitled, in addition to any other remedies which are available to us at law or in equity, including the right to terminate the Franchise Agreement, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.~~
12. ~~You agree to pay all expenses (including court costs and reasonable legal fees) incurred by us and You in enforcing this Agreement.~~
13. ~~Any failure by us or You to object or to take action with respect to any breach of this Agreement by You shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by You.~~
14. ~~THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF TEXAS. THE PARTIES AGREE THAT ANY ACTION BROUGHT BY ANY PARTY AGAINST ANOTHER IN ANY COURT, WHETHER FEDERAL OR STATE, SHALL BE BROUGHT IN TEXAS IN THE JUDICIAL DISTRICT IN WHICH FRANCHISOR HAS ITS PRINCIPAL PLACE OF BUSINESS; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF, THE FRANCHISOR MAY BRING SUCH ACTION IN ANY COURT IN STATE WHICH HAS JURISDICTION. THE PARTIES HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION.~~
15. ~~The parties agree that each of the above covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having a valid jurisdiction in an unappealed final decision to which we are a party, You expressly agree~~

to be bound by any lesser covenant subsumed within the terms of such covenant that

~~imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.~~

~~16. This Agreement contains the entire agreement of the Parties regarding the subject matter hereof. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made herein. This Agreement may be modified only by a duly authorized writing executed by all parties.~~

~~17. All notices and demands required to be given hereunder shall be in writing and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid or facsimile, telegram or telex, (provided that the sender confirms the facsimile, telegram or telex by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission), to the respective Parties.~~

If directed to us, the notice shall be addressed

to: SOS Franchising, LLC  
8181 Commerce Park Drive, #726  
Houston, Texas 77036  
Attention: Nichole Daher, President  
Telephone: 1 (832) 975-1999

If directed to you, the notice shall be addressed to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attention: \_\_\_\_\_

Facsimile: \_\_\_\_\_

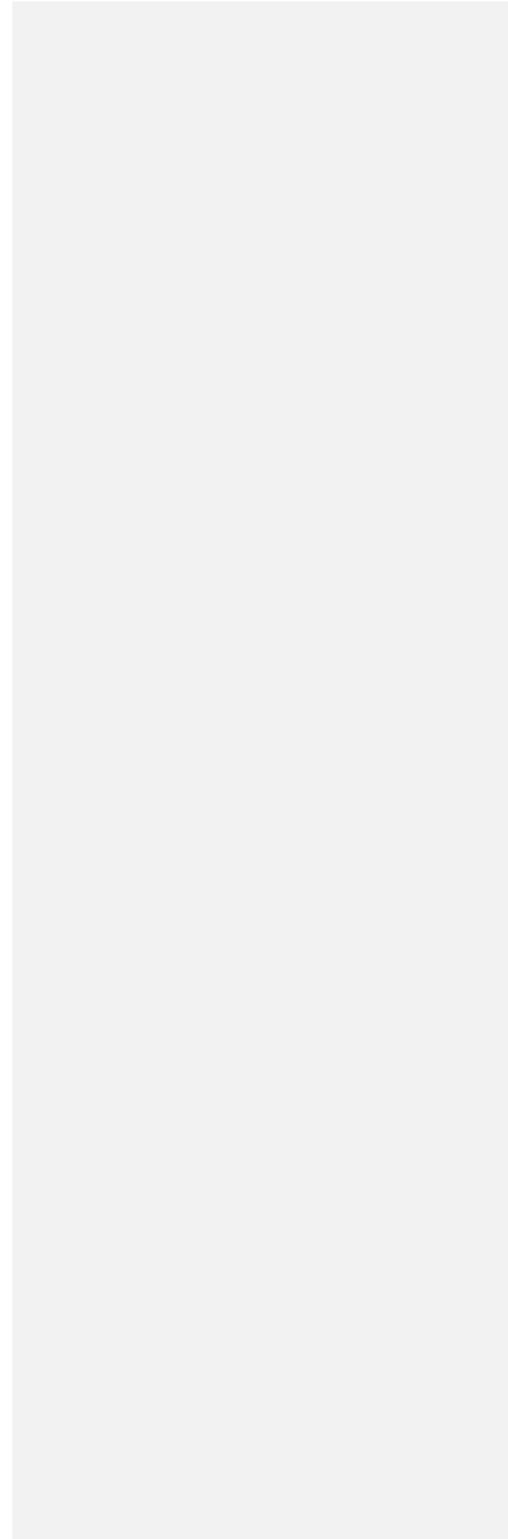
Telephone: \_\_\_\_\_

~~Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by facsimile, telegram or telex shall be deemed given upon transmission, provided confirmation is made as provided above.~~

~~Any notices sent by expedited delivery service or certified or registered mail shall be deemed given three (3) business days after the time of mailing. Any change in the above addresses shall be effected by giving fifteen (15) days written notice of such change to the other party.~~

~~18. The rights and remedies of us under this Agreement are fully assignable and transferable and shall inure to the benefit of its successors, assigns and transferees. The respective obligations of you and your staff hereunder are personal in nature and may not be assigned by you or your staff, as applicable.~~

~~IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below:~~



**SOS Franchising, LLC**  
a Texas limited liability company

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

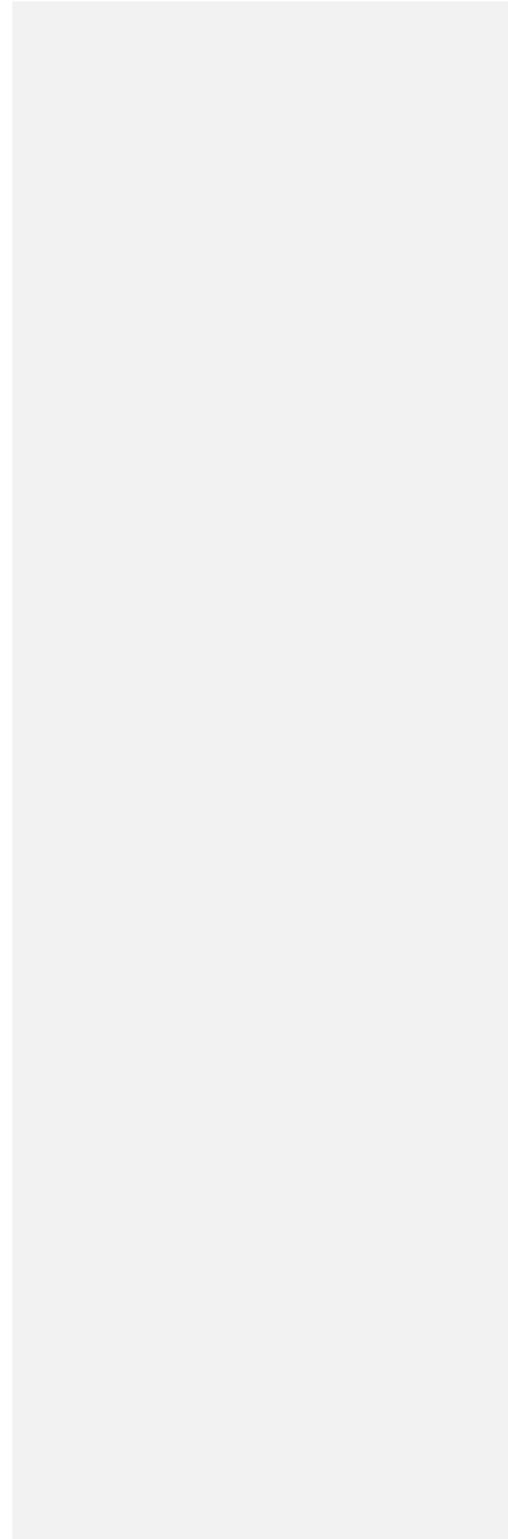
Title: \_\_\_\_\_

**YOU:**

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_



SCHEDULE 10  
SOS FRANCHISING, LLC  
SBA ADDENDUM



**ADDENDUM TO FRANCHISE<sup>1</sup> AGREEMENT**

THIS ADDENDUM (“Addendum”) is made and entered into on \_\_\_\_\_, 20\_\_\_\_, by and between SOS Franchising, LLC (“Franchisor”), located at 8181 COMMERCE PARK DRIVE, #726, HOUSTON, TEXAS 77036, and \_\_\_\_\_ (“Franchisee”), located at \_\_\_\_\_.

Franchisor and Franchisee entered into a Franchise Agreement on \_\_\_\_\_, 20\_\_\_\_, (such Agreement, together with any amendments, the “Franchise Agreement”). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U.S. Small Business Administration (“SBA”). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree that notwithstanding any other terms in the Franchise Agreement or any other document Franchisor requires Franchisee to sign:

**CHANGE OF OWNERSHIP**

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor’s consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee Franchisee.

**FORCED SALE OF ASSETS**

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If Franchisee owns the real estate where the franchisee location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the

<sup>4</sup> While relationships established under license, jobber, dealer and similar agreements are not generally described as “franchise” relationships, if such relationships meet the Federal Trade Commission’s (FTC’s) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

remainder of the franchise term (excluding additional renewals) for fair market value.

**COVENANTS**

- If the Franchisee owns the real estate where the franchisee location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

**EMPLOYMENT**

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729-3733.

**Authorized Representative of FRANCHISOR:**



By: SUCCESS ON THE SPECTRUM

FRANCHISE DISCLOSURE DOCUMENT  
EXHIBIT G  
LIST OF FRANCHISEES

Inserted Cells

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Authorized Representative of FRANCHISEE:**

\_\_\_\_\_  
\_\_\_\_\_

<b>By: Franchisees in the System as of December 31, 2023 - Open Outlets</b>			
<u>Print Name:</u> <u>State</u>	<u>Business Location</u>	<u>Franchisee</u>	<u>Contact Information</u>
<u>Title:</u> <u>AZ</u>	<u>1303 S. Longmore, #2</u> <u>Mesa, AZ 85020</u> <u>(Mesa Location)</u>	<u>Ted Holmgren</u> <u>Randall Holmgren</u> <u>SOS Phoenix, LLC</u>	<u>(480) 712-5181</u> <u>mesa@successonthespectrum.com</u>
<u>CO</u>	<u>831 S. Perry Street</u> <u>Castle Rock, CO 80104</u> <u>(Castle Rock Location)</u>	<u>Cindy Ritter</u> <u>Lighthouse Therapy Services,</u> <u>LLC</u>	<u>(719) 309-2684</u> <u>castlerock@successonthespectrum.com</u>
<u>GA</u>	<u>3131 Lawrenceville-Suwanee</u> <u>Rd., Ste. A3</u> <u>Suwanee, GA 30024</u> <u>(Suwanee Location)</u>	<u>Irene Lee</u> <u>GTG Autism Center, LLC</u>	<u>(470) 589-1878</u> <u>suwanee@successonthespectrum.com</u>
	<u>2044 Weems Road, Ste. A</u> <u>Tucker, GA 30084</u> <u>(Northlake Location)</u>	<u>Andreas Dargent</u> <u>Andres Dargent</u> <u>QullaWasi, LLC</u>	<u>(470) 870-6554</u> <u>northlake@successonthespectrum.com</u>
	<u>107 Upper Riverdale Road</u> <u>Riverdale, GA 30274</u> <u>(Riverdale Location)</u>	<u>Kacie Meyers</u> <u>Cayla Clark Collins</u> <u>Infinity Behavioral Services,</u> <u>LLC</u>	<u>(770) 450-5467</u> <u>riverdale@successonthespectrum.com</u>
<u>MI</u>	<u>3701 West Road</u> <u>Trenton, MI 48183</u> <u>(Trenton Location)</u>	<u>Ravi Sharma</u> <u>Shallu Bhanot</u> <u>Downriver Therapy Associates,</u> <u>LLC</u>	<u>(734) 264-7237</u> <u>trenton@successonthespectrum.com</u>
<u>MN</u>	<u>9065 Lyndale Ave., South</u> <u>Bloomington, MI 55420</u> <u>(Bloomington Location)</u>	<u>Jenni Vontedu</u> <u>Dayanand Vontedu</u> <u>Vontedu Enterprises, Inc.</u>	<u>(952) 395-3326</u> <u>bloominton@successonthespectrum.com</u>
<u>MO</u>	<u>520 NE Colbern Road</u> <u>Suite 200</u> <u>Lee's Summit, MO 64086</u> <u>(Lee's Summit Location)</u>	<u>Justin Long</u> <u>LiLo, LLC</u>	<u>(816) 282-2680</u> <u>leesummit@successonthespectrum.com</u>
<u>NJ</u>	<u>560 Sylvan Ave., #2000</u> <u>Englewood Cliffs NJ 07632</u> <u>(Englewood Cliffs Location)</u>	<u>Bindi I. Parikh</u> <u>Autism Spectrum, LLC</u>	<u>(201) 796-8101</u> <u>englewood@successonthespectrum.com</u>
	<u>14 Cliffwood Rd., Suite 100</u> <u>Matawan, NJ 07747</u> <u>(Matawan Location)</u>	<u>Abeer Aloush</u> <u>A.-Hahne Attica, LLC</u>	<u>(732) 466-3993</u> <u>matawan@successonthespectrum.com</u>
	<u>999 Riverview Dr., #325</u> <u>Totawa, NJ 07512</u> <u>(Wayne Location)</u>	<u>Anjum Aloush</u> <u>Simply Grow, LLC</u>	<u>(973) 307-0705</u> <u>wayne@successonthespectrum.com</u>
<u>TX</u>	<u>3777 Sienna Parkway</u> <u>Missouri City, TX 77459</u> <u>(Missouri City Location)</u>	<u>Shumalia Soomro</u> <u>Lizna Enterprise, LLC</u>	<u>(832) 266-3635</u> <u>missouricity@successonthespectrum.com</u>
	<u>5816 Ashleyanne Cir #400</u> <u>Wichita Falls, TX 76310</u> <u>(Park Place Location)</u>	<u>Park Place Church</u> <u>Success on the Spectrum PPCC</u>	<u>(940) 692-0165</u> <u>parkplace@successonthespectrum.com</u>
	<u>14520 Memorial Dr. #50</u> <u>Houston, TX 77079</u> <u>(Memorial Houston</u> <u>Location)</u>	<u>Jayleen Cho</u> <u>SNJ ABA, LLC</u>	<u>(832) 770-4971</u> <u>memorialhouston@successonthespectrum.com</u>

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	<a href="#">6807 Emmett F Lowry Expy. #105</a> <a href="#">Texas City, TX 77591</a> (Texas City Location)	<a href="#">Kelly Bryant</a> Initech Enterprise International, LLC	(409) 229-4280 <a href="mailto:texascity@successonthespectrum.com">texascity@successonthespectrum.com</a>
	<a href="#">18230 FM 1488, Ste. 104</a> <a href="#">Magnolia, TX 77354</a> (Magnolia Location)	<a href="#">Ly Backham</a> Backham, LLC	(832) 632-3998 <a href="mailto:magnolia@successonthespectrum.com">magnolia@successonthespectrum.com</a>
	<a href="#">120 Coad Street</a> <a href="#">Fort Worth, TX 76410</a> (Burlson Location)	<a href="#">David Bell</a> Bell Spectrum, LLC	(682) 224-2527 <a href="mailto:burlson@successonthespectrum.com">burlson@successonthespectrum.com</a>
	<a href="#">5022 Broadway Street</a> <a href="#">Pearland, TX 77584</a> (Pearland Location)	<a href="#">Jongbum Kim</a> Maxwell, LLC	(832) 717-2870 <a href="mailto:pearland@successonthespectrum.com">pearland@successonthespectrum.com</a>
	<a href="#">23221 Aldine Westfield #200</a> <a href="#">Spring, TX 77373</a> (Spring Location)	<a href="#">Mikael Simpson</a> JDA Autism Center #1	(346) 888-0672 <a href="mailto:spring@successonthespectrum.com">spring@successonthespectrum.com</a>
	<a href="#">7619 Tiki Drive, Suite B</a> <a href="#">Fulshear, TX 77441</a> (Fulshear Location)	<a href="#">Jayleen Cho</a> Bubbly ABA, LLC	(832) 770-4971 <a href="mailto:fulshear@successonthespectrum.com">fulshear@successonthespectrum.com</a>
	<a href="#">8505 Jackrabbit Rd, Ste A</a> <a href="#">Houston, TX 77059</a> (Cypress Location)	<a href="#">Mikyung Park</a> Center For Spectrum CL, LLC	(346) 340-7182 <a href="mailto:cypress@successonthespectrum.com">cypress@successonthespectrum.com</a>
	<a href="#">2223 Rollingbrook Dr. Suite 175</a> <a href="#">Baytown, TX 77521</a> (Baytown Location)	<a href="#">Elena Jose Nemazannikova</a> <a href="#">Jeanette Lopez</a> Shaping To Success, LLC	(281) 9165-9391 <a href="mailto:baytowntx@successonthespectrum.com">baytowntx@successonthespectrum.com</a>
	<a href="#">546 East Sandy Lake Road Suite 100</a> <a href="#">Coppell, TX 75019</a> (Coppell Location)	<a href="#">Jenice Reyes</a> Grounded N Integrity, Corp	(214) 390-3202 <a href="mailto:coppell@successonthespectrum.com">coppell@successonthespectrum.com</a>
	<a href="#">5720 Bandera Road Suite 21</a> <a href="#">San Antonio, TX 78247</a> (Leon Valley Location)	<a href="#">Henry Awuzie</a> Gracie Senior Living Home, LLC	(210) 817-8525 <a href="mailto:leonvalley@successonthespectrum.com">leonvalley@successonthespectrum.com</a>
	<a href="#">1778 North Plano Road Suite 100</a> <a href="#">Richardson, TX 75081</a> (Richardson Location)	<a href="#">Abdul Mohammed</a> Spectrum Behavioral Solutions	(956) 368-2634 <a href="mailto:richardson@successonthespectrum.com">richardson@successonthespectrum.com</a>
	<a href="#">1803 Richmond Pkwy Suite 500</a> <a href="#">Richmond, TX 77469</a> (Richmond Location)	<a href="#">Jayleen Cho</a> SOS Richmond, LLC	(346) 241-0137 <a href="mailto:richmond@successonthespectrum.com">richmond@successonthespectrum.com</a>
	<a href="#">14426 Medical Complex Dr. Tomball, TX 77377</a> (Tomball Location)	<a href="#">Tiffani Young</a> <a href="#">Corey Young</a> Lejeune Holdings, LLC	(281) 205-8421 <a href="mailto:tomball@successonthespectrum.com">tomball@successonthespectrum.com</a>
	<a href="#">4600 Fairmount Parkway #107</a> <a href="#">Pasadena TX 77504</a> (Pasadena Location)	<a href="#">Elena Nemazannikova</a> <a href="#">Jeanette Lopez</a> Shaping to Success, LLC	(281) 310-8550 <a href="mailto:pasadena@successonthespectrum.com">pasadena@successonthespectrum.com</a>
UT	<a href="#">36 North 1100 East #3A</a> <a href="#">UT 84003</a> (American Fork Location)	<a href="#">Corey Astill</a> Venture Crossing, LLC	(385) 486-4190 <a href="mailto:americanfork@successonthespectrum.com">americanfork@successonthespectrum.com</a>
VA	<a href="#">11130 Fairfax Blvd., #305</a> <a href="#">Fairfax, VA 22030</a> (Fairfax Location)	<a href="#">Augustin Arandia Arauco</a> <a href="#">Michelle Alvarez</a> Bolivian Health Services	(571) 918-9977 <a href="mailto:fairfax@successonthespectrum.com">fairfax@successonthespectrum.com</a>



~~Note to Parties: This Addendum only addresses “affiliation” between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements.~~

**EXHIBIT B**

**DIRECTORY OF FEDERAL, STATE AND  
CANADIAN FRANCHISE REGULATORS**

**AGENTS FOR  
SERVICE OF PROCESS**

**EXHIBIT B**

DIRECTORY OF FEDERAL, STATE  
AND CANADIAN FRANCHISE  
REGULATORS

FEDERAL

FEDERAL TRADE COMMISSION  
Division of Marketing Practices  
Seventh and Pennsylvania Avenues, N.W.  
Room 238  
Washington, D.C. 20580  
202-326-2970

STATE FRANCHISE REGULATORS & AGENTS FOR SERVICE OF PROCESS

<p><u>CALIFORNIA</u> California Department of Business Oversight Commissioner for the Department of Business Oversight One Sansome Street Suite 600 San Francisco, CA 94104-4428 866-275-2677 <u>Franchisees in the System as of December 31, 2023 – Outlets Not Yet Opened</u></p>	<p><u>CONNECTICUT</u> Connecticut Department of Banking Securities Division 260 Constitution Plaza Hartford, Connecticut 06103 800-834-7225</p>
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FLO RID A S t a t e D e p a r t m e n t o f A g r i c u l t u r e a n d C o n s u m e r S e r v i c e s P.O.	HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division S e c u r i t i e s C o m p l i a n c e B r a n c h 3 3 5 M e r c h a n t S t r e e t	Franchisee	Contact Information

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<p>Box 670 0 Suite 7200 Tallahassee, FL 323 14- 6700 850- 440- 3754 State</p>	<p>e e t R e e m 2 0 5 Honolulu, Hawaii 96813 808-586- 2722 Business Location</p>		
AZ	<p>4616 N 51<sup>st</sup> Avenue, #216 Phoenix, AZ 85031 (Maryvale Location)</p>	<p><u>Cassandra Hamilton</u> <u>Goodyear ABA Therapy, LLC</u></p>	<p>(602) 612-8776 <u>maryvale@successonthespectrum.com</u></p>
	<p>9100 N 2nd St #121 Phoenix, AZ 85020 (North Phoenix Location)</p>	<p><u>Arman Ghaneian</u> <u>Arman Autism Clinic, LLC</u></p>	<p>(602) 362-2358 <u>northphx@successonthespectrum.com</u></p>
CT	<p>1000 Bridgeport Avenue #405 Shelton, CT 06484 (Shelton Location)</p>	<p><u>Michael Kuchta</u> <u>SSP ABA Site One, LLC</u></p>	<p>(719) 309-2684 <u>shelton@successonthespectrum.com</u></p>
FL	<p>Ave Maria, FL  (Shelton Location)</p>	<p><u>Telma Suarez</u></p>	<p>(954) 882-2142 (832) 882-2142 <u>Telma.asu@gmail.com</u></p>
	<p>4014 Gunn Highway, Suite 140 Tampa, FL 33618 (Carrollwood Location)</p>	<p><u>Naim Hamdar</u> <u>Hamdar Tradeing, LLC</u></p>	<p>(813) 923-9915 <u>carrollwood@successonthespectrum.com</u></p>
GA	<p>2001 Westside Parkway #250 Alpharetta, GA 30004 (Alpharetta Location)</p>	<p><u>Deniz Gumustekin</u> <u>Spectrum Support Solutions, LLC</u></p>	<p>(803) 923-9915 <u>alpharetta@successonthespectrum.com</u></p>
NV	<p>2820 W Charleston Blvd #23 Las Vegas, NV 89102 (Rancho Charleston Location)</p>	<p><u>Jamie Reid</u> <u>Above &amp; Beyond Autism Therapy, LLC</u></p>	<p>(702) 602-5013 <u>ranchocharleston@successonthespectrum.com</u></p>

<u>NJ</u>	<u>2200 Route 10W</u> <u>#130</u> <u>Parisspany, NJ</u> <u>07054</u> <u>(Parsippany</u> <u>Location)</u>	<u>Navsharan Khabra</u> <u>Morris ABA Therapy, Inc</u>	<u>(973) 993-7168</u> <u>parsippany@successonthespectru</u> <u>m.com</u>
	<u>745 US Hwy</u> <u>202/206 #300</u> <u>Bridgewater, NJ</u> <u>08807</u> <u>(Bridgewater</u> <u>Location)</u>	<u>Syed Ahmed</u> <u>Zunera Chaudry</u> <u>Mahvish Gillani</u> <u>WZM Group, LLC</u>	<u>(908) 264-0096</u> <u>bridgewater@successonthespectr</u> <u>um.com</u>
	<u>33 Commerce Drive</u> <u>1st Floor</u> <u>Cranford, NJ 07016</u> <u>(Cranford Location)</u>	<u>Parminder Dhaliwal</u> <u>Varinder Dhaliwal</u> <u>JSSRGJ, LLC</u>	<u>(908) 505-3611</u> <u>Cranford</u> <u>@successonthespectrum.com</u>
	<u>30B Vreeland Road,</u> <u>#110</u> <u>Florham Park, NJ</u> <u>07932</u> <u>(Livingston</u> <u>Location)</u>	<u>Smitha Mandava</u> <u>Guiding Beacon 1, Inc.</u>	<u>(973) 446-5133</u> <u>livingston@successonthespectru</u> <u>m.com</u>
<u>NC</u>	<u>19900 W. Catawba</u> <u>Ave.</u> <u>Ste. 302</u> <u>Cornelius, NC</u> <u>28031</u> <u>(Lake Norman</u> <u>Location)</u>	<u>Andrew Schmidt</u> <u>Custom Asset Partners, LLC</u>	<u>(704) 626-5964</u> <u>lakenorman@successonthespectru</u> <u>m.com</u>
	<u>836 Pecan Tree</u> <u>Lane</u> <u>Fort Mill, NC 29715</u> <u>(Fort Mill Location)</u>	<u>Vivek Sama</u> <u>Blue Autism Services, LLC</u>	<u>(609) 439-1032</u> <u>vivek.r.sama@gmail.com</u>
<u>PA</u>	<u>1848 Charter Lane,</u> <u>#103</u> <u>Lancaster, PA</u> <u>17601</u> <u>(Lancaster</u> <u>Location)</u>	<u>Zalak Patel</u> <u>Manhantam, Inc.</u>	<u>(717) 967-0890</u> <u>lancasterom@successonthespectr</u> <u>um.com</u>
<u>RI</u>	<u>6 Blackstone Valley</u> <u>Way</u> <u>#702</u> <u>Lincoln, RI 02865</u> <u>(Lincoln Location)</u>	<u>Paul Moretti</u> <u>PaulMo Enterprises, LLC</u>	<u>(401) 214-3791</u> <u>lincoln@successonthespectrum.c</u> <u>om</u>
<u>TX</u>	<u>430 S. Mason Road</u> <u>#101</u> <u>Katy, TX 77450</u> <u>(Katy Location)</u>	<u>Caitlyn Hodge</u> <u>C3 Harbor, LLC</u>	<u>(281) 861-7788</u> <u>katy@successonthespectrum.com</u>



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	<u>14930 Mueschke Road #120 Cypres, TX 77433 (Cy-fair Location)</u>	<u>Aneline Michieli Family Autism Center, LLC</u>	<u>(832) 699-2984 cy-fair@successonthespectrum.com</u>
VA	<u>5290 Shawnee Road Suite 200 Alexandria, VA 22312 (Alexandria Location)</u>	<u>Sunzida Sharmin ABA Betterways, LLC</u>	<u>(703) 539-8616 alexandria@successonthespectrum.com</u>



**MARYLAND**

Securities  
Commissioner  
Division of  
Securities  
200 St. Paul Place  
20<sup>th</sup> Floor Baltimore,  
Maryland 21202-2020  
410-576-6360



**MINNESOTA**

Minnesota Department of Commerce  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, Minnesota 55101  
651-539-1600

**NORTH DAKOTA**

Franchise Examiner  
600 East Boulevard  
State Capitol 5<sup>th</sup> Floor,  
Bismarck, North Dakota 58505  
701-328-2910

**SOUTH DAKOTA**

Franchise Administrator  
Division of Securities  
124 S. Euclid Ave Suite 104  
Pierre, South Dakota 57501  
605-773-4823

**VIRGINIA**

Clerk of the State Corporation Commission  
1300 East Main St, 9<sup>th</sup> Floor  
Richmond, Virginia 23219  
804-371-9733

**MICHIGAN**

Consumer Protection Division Franchise Administrator  
670 G. Mennen Williams Building 252 West Ottawa Street  
Lansing,  
**FRANCHISE DISCLOSURE DOCUMENT**  
**EXHIBIT H**  
**LIST OF FRANCHISEES**  
**THAT HAVE LEFT THE SYSTEM**  
Michigan 48933  
517-373-7117

**NEW YORK**

NYS Department of Law  
Investor Protection Bureau  
28 Liberty Street, 21st Fl.  
New York, NY 10005  
212-416-8222

**RHODE ISLAND**

Department of Business Regulation  
Division of Securities  
1511 Pontiac Avenue Bldg. 69-2  
Cranston, Rhode Island 02920  
401-462-9527

**TEXAS**

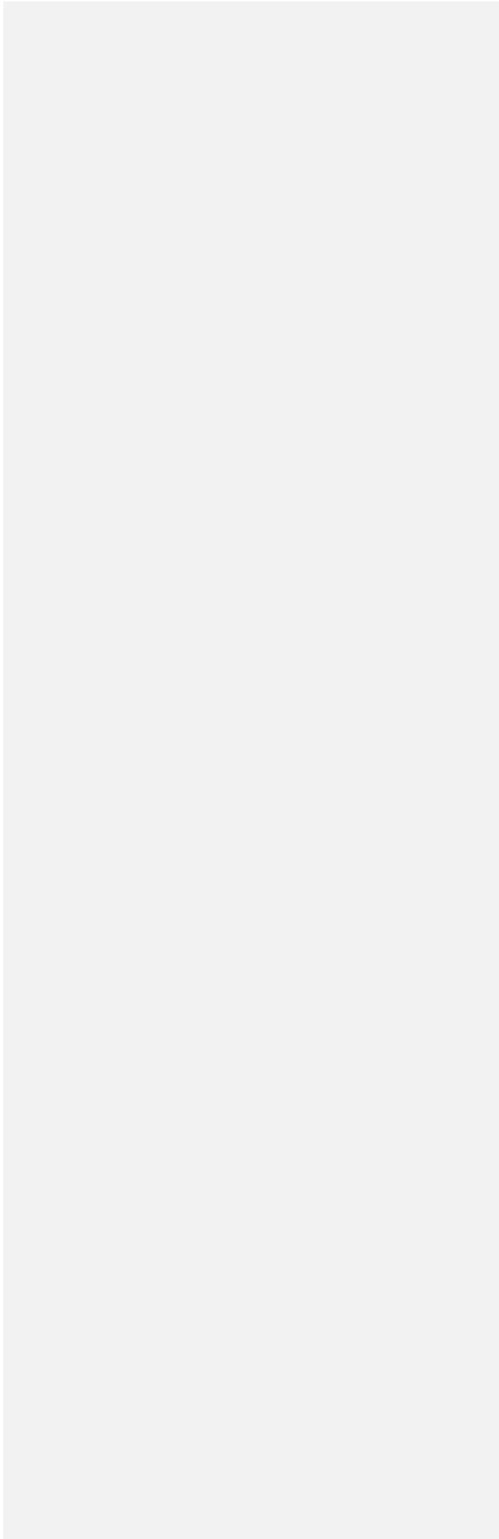
Secretary of State  
P.O. Box 12697  
Austin, Texas 78711-2697  
1019 Brazos  
Austin, Texas 78701  
512-463-5701

State Administrator  
State Corporation Commission  
1300 East Main St., 9<sup>th</sup> Floor  
Richmond, Virginia 23219  
804-374-9054

**WASHINGTON**  
Securities Administrator  
150 Israel Road SW  
Tumwater, Washington 98501  
360-902-8760

**WISCONSIN**  
Franchise Registration  
Divisions of Securities  
P.O. Box 4768  
Madison, Wisconsin 53704  
608-266-1064

CANADA



**Franchisees That Have Left the System (January 1, 2023 – December 31, 2023)**

State	Business Location City	Franchisee	Contact Information
NY	Brooklyn, NY (Harlem Location)	Yosef Greenhut	(718) 705-4313 Yg.greencaregroup@gmail.com
Director of Franchises	Director of Franchises New Brunswick Securities Commission 43211 Dalcoma Dr., Suite 3007 85 Los Angeles Street Saint John, New Brunswick 32L-2J2 Clinton Township, MI 48038 (Macomb Location)	Bhavana Vyas Integrated Autism Center, LLC	(313) 732-1234
TX	Frisco, TX (Frisco Location)	Amit Padwal Trishna Padwal Resolute Minds, LLC	(713) 855-5182 amitpadwall@gmail.com
TX	606 Dalton Lane Sugarland, TX 77479 (Galleria Location)	Gita Singh Yash, LLC	(832) 693-5939 singh_gita@yahoo.com
TX	Eules, TX (Midcities Location)	Catherine Hatcher Dog and Butterfly, LLC	dogandbutterflyfilms@gmail.com
TX	Dallas, TX (Pasadena Location)	Lauren Chu Autism Friendly Family	(334) 954-9779 lwoochu@gmail.com

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<u>TX</u>	<u>7219 Crimson Sky Drive Houston, TX 77083 (Richmond Location)</u>	<u>Amarachi Okoah Vivian Eani Sugarland ABA Center, LLC</u>	<u>281-760-6239 emmaakoh@gmail.com</u>
<u>TX</u>	<u>Katy, TX (Richmond, Location)</u>	<u>Premala Naidoo Autism Learning and Life</u>	<u>832-629-0620 premalaNaidoo@gmail.com</u>
<u>TX</u>	<u>Director of Franchises Ontario Securities Commission 5900 Balcones Dr., Suite 4903 100 20 Queen Street, West Toronto, Ontario M5H 3S8 (416) 593-8344 Austin, TX 78731</u>	<u>Office of the Attorney General Consumer, Corporate, and Insurance Division PEI Securities Office P.O. Box 2000 Charlottetown, Prince Edward Island C1A 7N8 (902) 368- 4569 Herman Rabi GH and Sons Investments, LLC</u>	<u>(267) 777-9117 Hrabi70@hotmail.com</u>

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**EXHIBIT C**

FRANCHISE DISCLOSURE  
QUESTIONNAIRE

**EXHIBIT C**

**FRANCHISE DISCLOSURE QUESTIONNAIRE**

As you know, SOS Franchising, LLC (“we,” “us” or “Franchisor”) and you are preparing to enter into a Franchise Agreement for the operation of a Success on the Spectrum® Franchised Business. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate, or misleading.

Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed our Franchise Agreement and each exhibit and schedule attached to it?

Yes \_\_\_\_\_ No \_\_\_\_\_ Your Initials \_\_\_\_\_

2. Do you understand all of the information contained in the Franchise Agreement and each exhibit and schedule attached to it?

Yes \_\_\_\_\_ No \_\_\_\_\_ Your Initials \_\_\_\_\_

If “No,” what parts of the Franchise Agreement do you not understand?  
(Attach additional pages, if necessary)

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3. Have you received and personally reviewed the Disclosure Document we provided to you?

Yes \_\_\_\_\_ No \_\_\_\_\_ Your Initials \_\_\_\_\_

4. Do you understand all of the information contained in the Disclosure Document?

Yes \_\_\_\_\_ No \_\_\_\_\_ Your Initials \_\_\_\_\_

If "No," what parts of the Disclosure Document do you not understand?  
(Attach additional pages, if necessary)

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5. Have you discussed the benefits and risks of operating a Franchised Business with an attorney, accountant or other professional advisor and/or do you understand the risks?

Yes \_\_\_\_\_ No \_\_\_\_\_ Your Initials \_\_\_\_\_

6. Do you understand that the success or failure of your business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

Yes \_\_\_\_\_ No \_\_\_\_\_ Your Initials \_\_\_\_\_

7. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a Franchised Business operated by us or our franchisees?

Yes \_\_\_\_\_ No \_\_\_\_\_ Your Initials \_\_\_\_\_

8. Has any employee or other person speaking on our behalf made any statement or promise concerning the Franchised Business that is contrary to, or different from, the information contained in the Disclosure Document?

Yes \_\_\_\_\_ No \_\_\_\_\_ Your Initials \_\_\_\_\_

9. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a Franchised Business?

Yes \_\_\_\_\_ No \_\_\_\_\_ Your Initials \_\_\_\_\_

10. Has any employee or other person speaking on our behalf made any statement or promise concerning the total amount of revenue a Franchised Business will generate?

Yes \_\_\_\_\_ No \_\_\_\_\_ Your Initials \_\_\_\_\_

11. Has any employee or other person speaking on our behalf made any statement or promise regarding the costs you may incur in operating a Franchised Business that is contrary to, or different from, the information contained in the Disclosure Document?

Yes \_\_\_\_\_ No \_\_\_\_\_ Your Initials \_\_\_\_\_

12. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business?

Yes \_\_\_\_\_ No \_\_\_\_\_ Your Initials \_\_\_\_\_

13. Has any employee or other person speaking on our behalf made any statement, promise, or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish you that is contrary to, or different from, the information contained in the Disclosure Document?

Yes \_\_\_\_\_ No \_\_\_\_\_ Your Initials \_\_\_\_\_

14. If you have answered "Yes" to any of questions 7 through 13, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.)

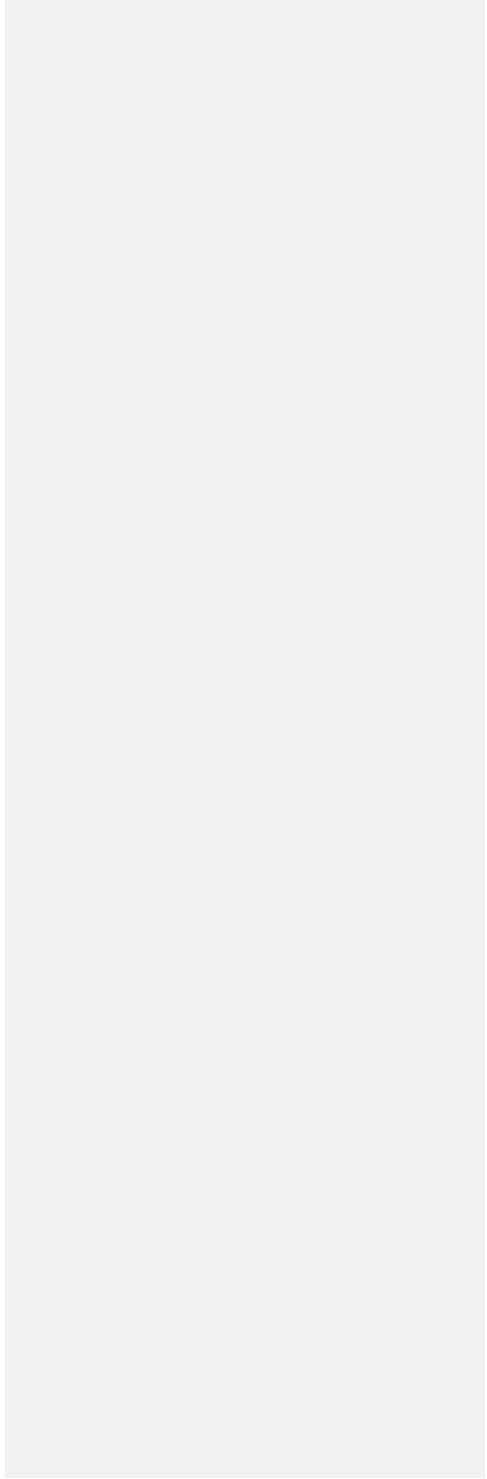
If you have answered "No" to all of questions 7 through 13, please leave the following lines blank.

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Success on the Spectrum®

Franchise Disclosure Document Exhibit C – 2023

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15. Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and such dealings are solely between you and the Franchisor?

Yes \_\_\_\_\_ No \_\_\_\_\_ Your Initials \_\_\_\_\_

You understand that your answers are important to us and we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

\_\_\_\_\_  
Franchise Applicant - Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Date

# ~~EXHIBIT D~~

~~STATE ADDENDA~~

~~Success on the Spectrum®~~

~~Franchise Disclosure Document Exhibit D - 2023~~

~~Success on the Spectrum®~~

~~Franchise Disclosure Document Exhibit C - 2023~~

~~CLARKHILL\96433\338942\272084289.v16-12/6/23~~

~~CLARKHILL\96433\338942\272084289.v16-12/6/23~~

**EXHIBIT D**  
STATE LAW ADDENDA

**TO**  
~~FRANCHISE DISCLOSURE DOCUMENT~~  
**AND**

FRANCHISE AGREEMENT

The following modifications are to the SOS Franchising, LLC Disclosure Document and will supersede, to the extent then required by applicable state law, certain portions of the Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_.

I. FRANCHISOR/FRANCHISEE RELATIONSHIP STATUTES  
(Including Renewal and Termination Rights)

For franchises governed by laws of the following states:

~~CALIFORNIA~~, COLORADO, HAWAII, ILLINOIS, INDIANA, IOWA, MARYLAND, MICHIGAN,  
MINNESOTA, NEW YORK, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON,  
WISCONSIN

These states have statutes that may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise:



Stat. Section 4-72-201 to 4-72-210  
FRANCHISE DISCLOSURE DOCUMENT  
EXHIBIT I  
STATE SPECIFIC ADDENDA

CALIFORNIA	Corporations Code Sections 31000 to 31516
CONNECTICUT	Gen. Stat. Section 42-133e to 42-133n
DELAWARE	Code, Tit. 6, Ch. 25, Sections 2551-2557
HAWAII	Rev. Stat. Section 482E-1 to 482E-12.
ILLINOIS	Rev. Stat. 815. ILCS 705/19 and 705/1 to 705/44
INDIANA	Stat. Sections 23-2-2.5.1 and 23-2-2.5.50
IOWA	Code Sections 523H.1 to H.17
MARYLAND	Business Regulation Code Ann. 14-201 to 14-233
MICHIGAN	Stat. Section 445.1501 to 445.1545
MINNESOTA	Stat. Section 80C.01 to 80C.22
MISSISSIPPI	Code Section 75-24-51 to 75-24-61
MISSOURI	Stat. Section 407.400 to 407-420
NEBRASKA	Rev. Stat. Section 87-401 to 87-414
NEW JERSEY	Stat. Section 56:10-1
NEW YORK	NY Gen. Bus 680 to 695.
RHODE ISLAND	Gen. Laws 6-50-1 to 6-50-9

Success on the Spectrum®

Franchise Disclosure Document Exhibit D - 2023

Success on the Spectrum®

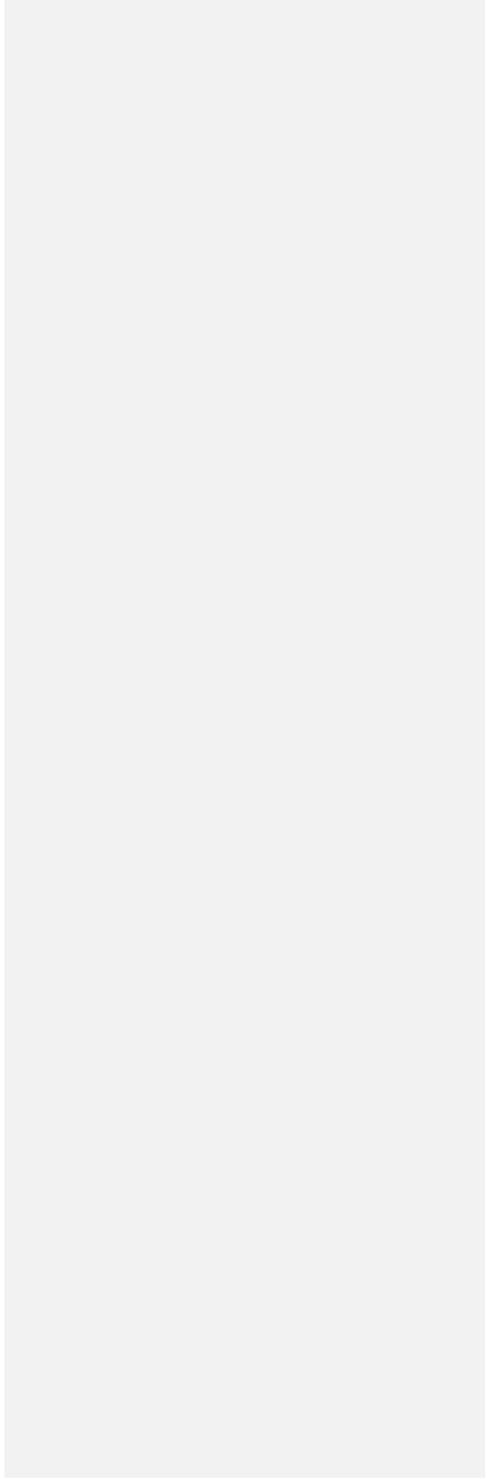
Franchise Disclosure Document Exhibit C - 2023

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VIRGINIA  
WASHINGTON

Code 13.1-557-57 to 13.1-574  
Code Section 19.100.01 to 19.100.940



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Franchise Disclosure Document Exhibit D - 2023

Success on the Spectrum®

Franchise Disclosure Document Exhibit C - 2023

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~~WISCONSIN Stat. Section 135.01 to 135.065~~ **California FDD**  
**Amendment**  
Amendments to the Success On The Spectrum  
Franchise Disclosure Document

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~~These and other states may have court decisions that may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise.~~

~~In addition,~~

~~**ILLINOIS** Illinois franchisees should note that the conditions under which your franchise can be terminated, and your rights upon non-renewal are governed by Illinois laws, Illinois Compiled Statutes 815 ILCS 709/19 and 709/20.~~

~~Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void. This Section shall not prevent any person 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.~~

~~**INDIANA** Indiana franchisees should note that Indiana Law provides that it is unlawful for a Franchise Agreement to contain certain provisions in the area of required purchases, modification, competition, increases in the price of goods on order termination and non-renewal, covenants not to compete, and limitations on litigation. Indiana law also prohibits franchisors from engaging in certain acts and practices, including coercion, refusing delivery of goods or services, denying the surviving spouse or estate of the Franchisee an opportunity to participate in the ownership of the franchise, unreasonable competition, unfair competition, unfair discrimination among franchisees, and using deceptive advertising.~~

~~**MINNESOTA** law requires that with respect to the franchises governed by Minnesota law, the Franchisor will comply with Minnesota Statute 80C.14 subdivisions 3, 4, and 5 which require except in certain specific cases, 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.~~

Minn. Stat. Sec. 80C.21 and The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

1. Item 17 “Renewal, Termination, Transfer and Dispute Resolution: The Franchise Relationship.” is supplemented by the addition of the following:

A. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

B. ~~Minn. Rule Part 2860.4400J,~~ may prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

In accordance with Minnesota Rule 2860.4400J, and to the extent required by law, the Disclosure Document and the Franchise Agreement are modified so that the Franchisor cannot require a franchisee to waive his or her rights to a jury trial or to waive rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties, or judgment notes; provided that this part shall not bar an exclusive arbitration clause.

~~Pursuant to Minn. Stat. Sec. 80C.12, to the extent required by this Minnesota law, the Franchise Agreement and Item 13 of the Disclosure Document are amended to state that the Franchisor will protect your right to use the primary trademark, service mark, trade name, logotype or other commercial symbol or indemnify our from any loss, costs or expenses arising out of any claim, suit, or demand regarding the use of the Franchisor's primary trade name.~~

~~All statements in the Disclosure Document and Franchise Agreement that state that Franchisor is entitled to injunctive relief are amended to read: "franchisor may seek injunctive relief" and a court will determine if a bond is required.~~

~~Minnesota Rule 2860.4400D prohibits the Franchisor from requiring a Franchisee to assent to a general release. The Disclosure Document and Franchise Agreement are modified accordingly, and to the extent required by law.~~

~~The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17.Subd.5.~~

\_\_\_\_\_  
(Signature of Franchisee)

\_\_\_\_\_  
(Name of Franchisee)

\_\_\_\_\_  
(Title)

**RHODE ISLAND** Notwithstanding anything in this Agreement to the contrary, all Rhode Island located franchisees will be governed by the Rhode Island Franchise Investment Act.

**WASHINGTON** If any of the provisions of this Franchise Disclosure Document or the Franchise Agreement are inconsistent with the relationship provisions of R.C.W. 19.100.180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Act will prevail over inconsistent provisions of the Franchise Disclosure Document and the Franchise Agreement with regard to any franchise sold in Washington.

**WISCONSIN** Chapter 135, Stats. Of the Wisconsin Fair Dealership Law supersedes any provisions of the Franchise Agreement that may be inconsistent with that law.

**II. POST-TERM COVENANTS NOT TO COMPETE**

For franchises governed by laws of the following states:

CALIFORNIA, CONNECTICUT, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN,  
MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA,  
WASHINGTON, WISCONSIN

~~These states have statutes which limit the Franchisor's ability to restrict your activity after the Franchise Agreement has ended:~~

<del>California Business and Professions Code</del>	<del>Sections 16.600 to 16.607</del>
<del>Michigan Compiled Laws</del>	<del>Section 445.771 et seq.</del>
<del>Montana Codes</del>	<del>SECTION 30-14-201</del>
<del>North Dakota Century Code</del>	<del>Section 9-08-06</del>
<del>Oklahoma Statutes</del>	<del>Section 15-217-19</del>
<del>Washington Code</del>	<del>Section 19.86.030</del>

~~Other states have court decisions limiting the Franchisor's ability to restrict your activity after the Franchise Agreement has ended:~~

~~III. TERMINATION UPON BANKRUPTCY~~

~~For franchises governed by laws of the following states:~~

~~CALIFORNIA, CONNECTICUT, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA,  
NEW YORK, VIRGINIA, WASHINGTON, WISCONSIN~~

~~A provision in the Franchise Agreement which terminates the franchise upon the bankruptcy of the franchise may not be enforceable under Title 11, United States Code Section 101.~~

~~IV. LIQUIDATED DAMAGES PROVISIONS~~

~~The following states have statutes which restrict or prohibit the imposition of liquidated damages provisions:~~

<del>CALIFORNIA</del>	<del>Civil Code Section 1671</del>
<del>INDIANA</del>	<del>IC 23-2-2.5-2</del>
<del>MINNESOTA</del>	<del>Rule 2860.4400</del>

~~State courts also restrict the imposition of liquidated damages. The imposition of liquidated damages is also restricted by fair practice laws, contract law, and state and federal court decisions.~~

~~For franchises governed by the laws of the state of MINNESOTA, liquidated damage provisions are void.~~

~~V. STATE ADDENDUMS~~

~~The following are Addendums for Franchises governed by the laws of the respective states as follows:~~

CALIFORNIA

~~The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise to be delivered together with the Disclosure Document.~~

The franchisor, any person or franchise broker in Item 2 of the FDD is not subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a ~~et. Seq. seq.~~, suspending or expelling such persons from membership in such association or exchange.

~~C. California Business and Professions Code Sections 20000 through 20043 provide establish the rights to of~~ 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.

~~D. The franchise agreementFranchise 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.;~~).

~~E. 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.~~

~~F. The Franchise Agreement may contain a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.~~

~~The franchise agreement~~ requires binding arbitration. The arbitration will occur in ~~Harris County,~~ Texas with the costs being borne by the ~~prevailing party; franchisee and franchisor.~~

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 agreementFranchise Agreement~~ restricting venue to a forum outside the State of California.

~~G. The Franchise Agreement requires application of the lawlaws of the State~~ of Texas. This provision may not be enforceable under California law.

~~2. Section 31125 of the California CorporationCorporations Code requires us to give you a disclosure documentDisclosure Document, in a form and~~ containing the information that the ~~Commissionercommissioner~~ may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

~~3. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code § Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000Sections 31000 through 31516).~~

~~4. Business and Professions Code §Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§Sections 20000 through 20043).~~

~~OUR~~

~~5. Item 6 "Other Fees," is supplemented by the addition of the following statement: "The highest interest rate allowed by law in the State of California is 10%."~~

~~6. The following URL IS: WWW.SOSFRANCHISING.COM—address is for the franchisor's website: www.SOSfranchising.com.~~

~~Success on the Spectrum®  
Franchise Disclosure Document Exhibit D—2023~~

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF ~~BUSINESS OVERSIGHT~~. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF ~~BUSINESS OVERSIGHT~~ AT [WWW.DBO.CA.GOV](http://WWW.DBO.CA.GOV) ~~CORPORATIONS AT~~ [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

7. California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees or its agents make to you, (ii) our ability to rely on any representations it makes to you, or (iii) any violation of the law.

8. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**Connecticut FDD Amendment**  
**Amendments to the Success On The Spectrum**  
**Franchise Disclosure Document**

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1. Item 3 "Litigation," is supplemented by the addition of the following:

A. Neither the Franchisor nor any person identified in Items 1 or 2 above has any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations.

B. Neither the Franchisor nor any other person identified in Items 1 or 2 above has during the 10 year period immediately preceding the date of this Disclosure Document, been convicted of a felony or pleaded nolo contendere to a felony charge or been held liable in any civil action by final judgment, or been the subject of any material complaint or other legal proceeding where a felony, civil action, complaint or other legal proceeding involved violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations or which was brought by a present or former purchaser-investor or which involves or involved the business opportunity relationship.

C. Neither the Franchisor nor any person identified in Items 1 or 2 above is subject to any currently effective injunctive or restrictive order or decree relating to the franchise, or under any federal, state or Canadian franchise, securities, business opportunity, antitrust, trade regulation or trade practice law as a result of concluded or pending action or proceeding brought by a public agency, or is a party to a proceeding currently pending in which an order is sought, relating to or affecting business opportunity activities or the seller-purchaser-investor relationship, or involving fraud, including but not limited to, a violation of any business opportunity law, franchise law, securities law or unfair or deceptive practices law, embezzlement, fraudulent conversion, misappropriation of property or restraint of trade.

D. Neither Company nor any person identified in Item 2 above 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) suspending or expelling these persons from membership in the association or exchange.

2. Item 4 "Bankruptcy," is supplemented by the addition of the following:

No entity or person listed in Items 1 and 2 of this Disclosure Document has, at any time during the previous 10 fiscal years (a) filed for bankruptcy protection, (b) been adjudged bankrupt, (c) been reorganized due to insolvency, or (d) been a principal, director, executive officer or partner of any other person that has so filed or was adjudged or reorganized, during or within one year after the period that the person held a position with the other person.

If the seller fails to deliver the products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract be cancelled.

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

#### DISCLOSURES REQUIRED BY CONNECTICUT LAW



The State of Connecticut does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

#### BUSINESS OPPORTUNITY DISCLOSURE

The following business opportunity disclosure is provided by SOS Franchising, LLC a registered business in the State of Connecticut.

Disclosure Document is dated: May 6, 2024  
**Hawaii FDD Amendment**  
Amendments to the Success On The Spectrum  
Franchise Disclosure Document

Exhibit K "FDD Receipts," is supplemented with the addition of the following:

The Receipt for this Disclosure Document (Exhibit "K") is supplemented to add the following:

1. THIS FRANCHISE 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.

2. 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 BEFORE THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS BEFORE 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.

3. THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT AND 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.

Success on the Spectrum®  
Franchise Disclosure Document Exhibit D— 2023

4. NO STATEMENT, QUESTIONNAIRE OR ACKNOWLEDGEMENT SIGNED OR AGREED TO BY A FRANCHISEE IN CONNECTION WITH THE COMMENCEMENT OF THE FRANCHISE RELATIONSHIP SHALL HAVE THE EFFECT OF: (I) WAIVING ANY CLAIMS UNDER ANY APPLICABLE STATE FRANCHISE LAW, INCLUDING FRAUD IN THE INDUCEMENT, OR (II) DISCLAIMING RELIANCE ON ANY STATEMENT MADE BY ANY FRANCHISOR, FRANCHISE SELLER, OR OTHER PERSON ACTING ON BEHALF OF THE FRANCHISOR. THIS PROVISION SUPERSEDES ANY OTHER TERM OF ANY DOCUMENT EXECUTED IN CONNECTION WITH THE FRANCHISE.

**Illinois FDD Amendment**  
Amendments to the Success On The Spectrum  
Franchise Disclosure Document

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DISCLOSURE REQUIRED BY THE STATE OF ILLINOIS

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act ~~provides that~~, any provision in ~~the~~ Franchise Agreement that designates jurisdiction ~~of~~ and venue in a forum outside ~~of~~ the State of Illinois is void. However, a Franchise Agreement may provide for arbitration ~~in a venue to take place~~ outside of Illinois.

~~The governing law or choice of law clause described in the Disclosure Document (including a risk factor on the cover page) and contained in the Franchise Agreement may not be enforceable under Illinois law. This governing law clause shall not be construed to negate the application for the Illinois Franchise Disclosure Act in all situations to which it is applicable.~~

~~Item 5 of the Disclosure Document and Section 4.1 of the Franchise Agreement is hereby amended if the Attorney General of Illinois requires the following: to provide that all initial franchise fees are deferred, or alternatively, deposited into escrow, until all Franchisor's pre-opening obligations to franchisee have been met and the franchisee is open for business. This deferral requirement has been imposed by the Illinois Attorney General's Office based upon Franchisor's financial condition. A financial assurance is not required as a condition of registration.~~

~~Illinois law requires that the Franchisor give you a copy of the Disclosure Document as registered with the Attorney General together with a copy of all proposed agreements relating to the sale of the franchise before the earlier of:~~

- ~~1. 14 days before our execution of a binding Franchise Agreement or other agreement, and~~
- ~~2. 14 days before the Franchisor receives any payment from you.~~

~~Your rights upon termination and non-renewal of the Franchise Agreement~~ Termination and Non-Renewal are set forth in ~~Section~~ Sections 19 and ~~Section~~ 20 of the Illinois Franchise Disclosure Act.

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

SOS FRANCHISING, LLC. \_\_\_\_\_ FRANCHISEE

Success on the Spectrum®  
Franchise Disclosure Document Exhibit D — 2023

By: \_\_\_\_\_ By: \_\_\_\_\_

Title: \_\_\_\_\_ Title: \_\_\_\_\_

Date: \_\_\_\_\_ Date: \_\_\_\_\_

INDIANA

To the extent

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**Indiana FDD Amendment**  
**Amendments to the Success On The Spectrum**  
**Franchise Disclosure Document**

1. Item 8, "Restrictions on Sources of Products and Services," is supplemented by the addition of the following:

Under Indiana Code Section 23-2-2.7-1(4), the franchisor will not obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted by the franchisee.

2. Item 6, "Other Fees" and Item 9, "Franchisee's Obligations", are supplemented, by the addition of the following:

The franchisee will not be required to indemnify franchisor for any liability imposed upon franchisor as a result of franchisee's reliance upon or use of procedures or products that were required by franchisor, if the procedures or products were utilized by franchisee in the manner required by franchisor.

3. Item 17 of the Disclosure Document and Section XVIII, "Renewal, Termination, Transfer and Dispute Resolution," is supplemented, by the addition of the following:

A. Indiana Code 23-2-2.7-1(7) makes unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement ~~re~~ inconsistent with the Indiana Deceptive Franchise Practice Law, which and termination is not in bad faith.

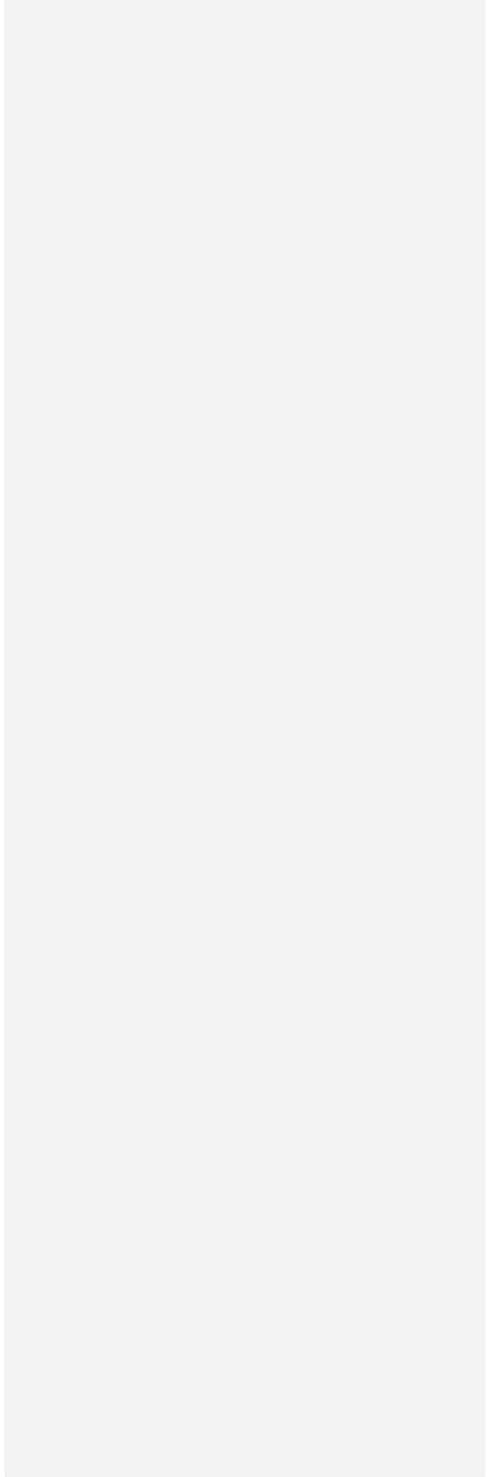
B. Indiana Code 23-2-2.7-1(5) prohibits a prospective general release of ~~any~~ claims subject to the Indiana Deceptive Franchise Practices Law.

C. ITEM 17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term non-competition covenant shall have a geographical limitation of the territory granted to Franchisee.

D. ITEM 17(v) is amended to provide that Franchisees will be permitted to commence litigation in Indiana for liability ~~imposed~~ any cause of action under ~~it~~, Indiana Law.

E. ITEM 17(w) is amended to provide that in the event of a conflict of law, Indiana Law governs any cause of action that arises under the Indiana Disclosure Law or the Indiana Deceptive Franchise Practice Law may supersede such inconsistent terms Practices Act.

To the extent that Item 17 of the Disclosure Document and Section XXIV and Schedule 8 of the Franchise Agreement are in conflict with Section 2.7-1(9) of the Indiana Deceptive Franchise Practice Law, prohibiting non-



competition agreements exceeding 3 years or an area greater than the exclusive area granted in the Franchise Agreement, Indiana law shall prevail.

Section 2-7-1(10) of the Indiana Deceptive Franchise Practice Law, which prohibits limiting litigation brought for breach of the agreement, supersedes items in this Disclosure Document and Franchise Agreement, to the extent that such items are inconsistent with Section 2-7-1(10) of the Indiana Deceptive Franchise Practice Laws.

MARYLAND

Item 17 of Disclosure Document and Section XXII of the Franchise Agreement requiring that franchisee sign a

**Maryland FDD Amendment**  
Amendments to the Success On The Spectrum  
Franchise Disclosure Document

Item 17, "Renewal, Termination, Transfer and Dispute Resolution," is supplemented, by the addition of the following:

A. The general release required as a condition of purchase/renewal, sale, and/or assignment/transfer, may not be enforceable pursuant to the Maryland Franchise Registration and Disclosure Law, and are amended to the extent required by Maryland law. The requested release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any provisions of the Disclosure Document or Franchise Agreement that require franchisee to disclaim the occurrence of or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Provisions in the Disclosure Document and Franchise Agreement requiring franchisee to file any

B. A Franchisee may bring a lawsuit in a court in the State of Texas may not be enforceable under the Maryland Franchise Registration and Disclosure Law. Franchisees may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Item 17 of the Disclosure Document and Section XXV of the Franchise Agreement are amended accordingly to the extent required by Maryland law.

To the extent that Franchise Agreement requires and the Disclosure Document discloses that a Franchisee must agree to a period of limitations of less than three years, this limitation to a period of less than three years shall not apply to any claims

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

Item 5 of the Disclosure Document and Sections IX(C) of the Franchise Agreement is amended to provide that the initial franchise fee and any other initial payments are due and payable when all Franchisor's pre-opening obligations to franchisee have been met.

On the next page is the form of release that will be request of Maryland franchisees as a condition to the franchisor's consent to the transfer of the franchise.

FORM OF RELEASE FOR MARYLAND FRANCHISEES

D. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Success on the Spectrum®

Franchise Disclosure Document Exhibit D— 2023

**Michigan FDD Amendment**  
**Amendments to the Success On The Spectrum**  
**Franchise Disclosure Document**

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1.

~~This~~ Release is made on \_\_\_\_\_, 20\_\_\_\_, between SOS Franchising, LLC, a Texas limited liability company ("Franchisor") and its officers, directors and agents ("Affiliates"), and \_\_\_\_\_ ("Franchisee").

RECITALS

A. ~~Franchisor and Franchisee entered into a Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the "Franchise Agreement") in which Franchisor granted franchisee the right to located, develop, and operate a Success on the Spectrum® business (the "Franchised business"), and Franchisee assumed obligations to located, develop, and operate the franchised Business.~~

B. ~~As a condition to Franchisor's consent to the transfer of the Franchised Business, Franchisee is willing to release franchisor from certain obligations arising from the Franchise Agreement and related agreements, and any claims franchisee may have against each Franchisee as described herein.~~

AGREEMENT

~~1. RELEASE AND COVENANT NOT TO SUE~~

~~Subject to the terms of this Release, and in consideration for the consent described above, Franchisee and the undersigned individual guarantors, if applicable, hereby release and discharge and hold harmless Franchisor, its principals, agents, shareholders, officers, directors, employees, successors, assigns, subsidiaries, and affiliated groups and each of them ("Affiliates"), from any and all losses, claims, debts, demands, liabilities, actions, and causes of action, of any kind, whether known or unknown, past or present, that any of them may have or claim to have against Franchisor or its Affiliates and any of them before or on the date of this release, arising out of or related to the offer, negotiation, execution, and performance of the Franchise Agreement, the operation of the Franchised Business, and all circumstances and representations relating to such offer, negotiation, execution, performance, and operation (collectively, "Released Claims", except as specifically reserved:~~

~~\_\_\_\_\_~~  
~~\_\_\_\_\_~~  
~~\_\_\_\_\_~~

~~Franchisee and guarantors agree that Released Claims shall specifically include any claim or potential claims under the Title 14 Sections 14-201 through 14-233 of the Maryland Annotated Code and laws otherwise governing relationships between franchisors and franchisees. Franchisee and guarantors hereby covenant and agree that none of them will bring any action against Franchisor or its Affiliates in connection with any Released Claim.~~

~~2. NO ADMISSION~~

~~Nothing contained in this Agreement shall be construed as an admission of liability by either party.~~

~~3. NO ASSIGNMENT~~

~~Each party represents and warrants to the other that it has not assigned or otherwise transferred or subrogated any interest in the Franchise Agreement or in any claims that are related in any way to the subject matter of this Release. Each party agrees to indemnify and hold the other fully and~~

completely harmless from any liability, loss, claim, demand, damage costs, expense and attorneys' fees incurred by the other as a result of any breach of this representation or warranty.

4. ~~ENTIRE AGREEMENT~~

~~This Release embodies the entire agreement between the parties and supersedes any and all prior representations, understandings, and agreements with respect to its subject matter. There are no other representations, agreements, arrangements, or understandings, oral or in writing, and signed by the party against whom it sought to be enforced.~~

5. ~~FURTHER ACTS~~

~~The parties agree to sign other documents and do other things needed or desirable to carry out the purpose of this Release.~~

6. ~~SUCCESSORS~~

~~This Amendment and Release shall bind and insure to the benefit of the parties, their heirs, successors, and assigns.~~

7. ~~GOVERNING LAW; JURISDICTION~~

~~This Release shall be construed under and governed by the laws of the State of Texas, and the parties agree that the courts of Harris County, Texas, shall have jurisdiction over any action brought in connection with it, except to the extent that the Franchise Agreement is governed by the laws or venue provisions of another state.~~

8. ~~SEVERABILITY~~

~~If any part of this release is held invalid or unenforceable to any extent by a court of competent jurisdiction, this Release shall remain in full force and effect and shall be enforceable to the fullest extent permitted, provided that it is the intent of the parties that it shall be entire, and if it is not so entire because it is held to be unenforceable, then this Release and the consent given as consideration for it shall be voided by frustration of its purpose.~~

9. ~~VOLUNTARY AGREEMENT~~

~~Each party is entering into this Release voluntarily and, after negotiation, has consulted independent legal counsel of its own choice before signing it, is signing it with a full understanding of its consequences, and knows that is not required to sign this Amendment and Release. The parties acknowledge and agree that this Amendment and Release constitutes a release or waiver executed pursuant to a negotiated agreement between a Franchisee and a Franchisor arising after the Franchise Agreement has taken effect and as to which each part is represented by independent legal counsel.~~

Success on the Spectrum® Franchisee

By \_\_\_\_\_

Its \_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_

MICHIGAN

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

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

- A.** ~~A~~ A prohibition of ~~the your~~ right of a franchisee to join an association of franchisees.
- B.** ~~B~~ A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which that deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a Franchise Agreement, from settling any and all claims.
- C.** ~~C~~ A provision that permits a Franchisor to terminate a franchise prior to before the expiration of its this term except for good cause. Good cause shall include the your failure of the Franchisee to comply with any lawful provision of the Franchise Agreement and to cure such the failure after being given written notice thereof of the failure and a reasonable opportunity, which in no event need be more than 30 days, to cure such the failure.
- D.** ~~D~~ A provision that permits a Franchisor to refuse to renew a franchise without fairly compensating the Franchisee you by repurchase or other means for the fair market value at the time of expiration of the Franchisee's your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which that have no value to the Franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applied applies only if:
- ~~1.~~ The (a) the term of the franchise is less than 5 five years; and
  - ~~2.~~ The Franchisee is (b) you are prohibited by the franchise Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does you do not receive at least 6 six months advance notice of Franchisor's our intent not to renew the franchise.
- E.** ~~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. F.~~ A provision requiring that ~~arbitration or~~ litigation be conducted outside this state. This shall not preclude ~~the Franchisee you~~ from entering into an agreement, at the time of ~~arbitration litigation~~, to conduct ~~arbitration litigation~~ at a location outside this state.

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

- ~~1. (i)~~ The failure of the proposed transferee to meet ~~the Franchisor's our~~ then current reasonable qualifications or standards.
- ~~2. (ii)~~ The fact that the proposed transferee is ~~our or Sub-franchisor's~~ competitor ~~of the Franchisor or Sub-Franchisor~~.
- ~~3. (iii)~~ The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- ~~4. The failure of the Franchisee (iv)~~ ~~Your~~ or proposed ~~transferee transferee's failure~~ to pay ~~us~~ any sums ~~owing to the Franchisor~~ or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

~~H. H.~~ A provision that requires ~~the Franchisee you~~ to resell to ~~the franchisor us~~ items that are not uniquely identified with ~~the Franchisor us~~. This subdivision does not prohibit a provision that grants ~~to a Franchisor us~~ a right of first refusal to purchase the assets of a ~~Franchise franchise~~ on the same terms and conditions as a ~~bon bona~~ fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants ~~the Franchisor us~~ 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 (e) Item 17(g)~~.

~~I. I.~~ A provision that permits ~~the Franchisor us~~ to directly or indirectly convey, assign, or otherwise transfer ~~its our~~ obligations to fulfill contractual obligations to ~~the franchisee you~~ unless ~~a~~ provision has been made for providing the required contractual services.

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

~~Any questions regarding this notice should be directed to:~~

~~State of Michigan~~  
Department of Attorney General  
Consumer Protection Division  
Attn: Franchise

~~2. If our most recent financial statements are unaudited and show a net worth of less than \$100,000, you may request that we arrange for the escrow of initial investment and other funds you paid until our obligations, if any, to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At our option, a surety bond may be provided in place of escrow.~~

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

4. Any questions regarding this notice should be directed to: State of Michigan, Consumer Protection Division, Attention: Franchise Bureau, 670 Law Building

Lansing, Michigan MI 48913 Phone: , telephone number (517) 373-74473800.

MINNESOTA

**Minnesota FDD Amendment**  
Amendments to the Success On The Spectrum  
Franchise Disclosure Document

ADDITIONAL RISK FACTORS:

1. THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

2. THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, 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, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

AMENDMENT OF FDD DISCLOSURES:

A. Item 6, "Other Fees". Not sufficient funds are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

B. Item 13, "Trademarks". Item 13 is supplemented by the addition of the following: As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any costs incurred by you in the defense of your right to use the marks, so long as you were using the marks in the manner authorized by us, and so long as we are timely notified of the claim and given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

C. Item 17, "Renewal, Termination, Transfer and Dispute Resolution." Item 17 is supplemented by the addition of the following: With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days- notice of termination (with 60 days to cure) and 180 days-notice of non-renewal of the Agreement.

D. Item 17 "Renewal, Termination, Transfer and Dispute Resolution." Item 17 is supplemented by the addition of the following: Item 17 shall not provide for a prospective general release of claims against us that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.

E. Minn. Stat. §80C.21 and Minn. Rule ~~Part~~ 2860.4400J, ~~may~~ prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Success on the Spectrum®

Franchise Disclosure Document Exhibit D— 2023

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In accordance with Minnesota Rule 2860.440J, and to the extent required by law, the Disclosure Document and the Franchise Agreement are modified so that the Franchisor cannot require a franchisee to waive his or her rights to a jury trial or to waive rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties, or judgment notes; provided that this part shall not bar an exclusive arbitration clause.

Pursuant to Minn.

F. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**New York FDD Amendment**  
**Amendments to the Success On The Spectrum**  
**Franchise Disclosure Document**

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1. The following information is added to the ~~Stat. Sec. 80c.12~~, to the extent required by this Minnesota law, the Franchise Agreement and Item 13 of the Disclosure Document are amended to state that the Franchisor will protect your right to use the primary trademark, service mark, trade name, logotype or other commercial symbol or indemnify our from any loss, costs or expenses arising out of any claim, suit, or demand regarding the use of the Franchisor's primary trade name.

All statements in the Disclosure Document and Franchise Agreement that state that Franchisor is entitled to injunctive relief are amended to read: "franchisor may seek injunctive relief" and a court will determine if a bond is required.

Minnesota Rule 2860.440D prohibits the Franchisor from requiring a Franchisee to assent to a general release. The Disclosure Document and Franchise Agreement are modified accordingly, and to the extent required by law.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17.Subd.5.

NEW YORK

**FRANCHISE DISCLOSURE DOCUMENT**

The cover page of the Franchise Disclosure Document will be supplemented with the following inserted at the bottom of the cover page:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR **SOURCES OF SERVICES OR** 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~~ **THIS** FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND ~~NEW YORK~~ **THE APPROPRIATE** STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271 **OR PROVINCIAL AUTHORITY**. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR ~~CANNOT~~ **CAN NOT** USE THE NEGOTIATING PROCESS TO PREVAIL UPON

Success on the Spectrum®  
Franchise Disclosure Document Exhibit D—2023

CLARKHILL\06433\338942\272084289.v16-12/6/23

**A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

**FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

~~Item 3 of the Franchise Disclosure Document: Add the following:~~

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

~~Except as provided~~ With the exception of what is stated above, with regard to the franchisor, its predecessor, and any person identified in Item 2. The following is added at the end of Item 3:

With regard the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

~~A.~~ 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.~~ 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.~~ 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.~~ 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. ~~—a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:~~

~~Item 4 of the Franchise Disclosure Document: Add the~~

3. The following language:

~~A. — Neither the Franchisor, its predecessors, or any person identified in Item 2 filed as an individual or business for protection under the U.S. Bankruptcy Code during the ten-year period immediately before the date of the Disclosure Document:~~

~~B. — Filed as debtor (or had filed against it) a petition is added to start an action under the U.S. Bankruptcy Code;~~

~~C. — Obtained a discharge of its debts under the bankruptcy code; or~~

~~D. — 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 the officer or general partner held this position and or company or partnership.~~

~~Item 5 of the Franchise Disclosure Document: Add at the end of the last paragraph:~~

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

~~“Summary” sections of Item 17: Add the following (c), titled “Requirements for a 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.~~

~~4. 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.~~

~~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.~~

~~5. 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.~~

#### NORTH DAKOTA

~~6. Franchise Questionnaires and Acknowledgements -- No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.~~

~~7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, 10 business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.~~

8. ~~No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.~~

**North Dakota FDD Amendment**  
Amendments to the Success On The Spectrum  
Franchise Disclosure Document

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I. ~~1. Item 5, "Initial fees", Item 5 is amended~~supplemented by the addition of the following ~~language to the original language:~~

Refund and cancellation provisions ~~do not apply~~will be ~~inapplicable~~ to franchises operating under ~~the~~ North Dakota ~~franchise investment~~ Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17. If ~~the Company~~franchisor elects to cancel ~~the~~this Franchise Agreement, ~~the Company~~franchisor will be entitled to a reasonable fee for its evaluation of you and related preparatory work performed and expenses actually incurred. ~~This amount may not be more than fifty percent (50%) of the Franchise Fee.~~

~~Item 5, Note 1, the last paragraph~~2. Item 6, "Other Fees", Item 6 is supplemented by the addition of the following:

~~II. —~~No consent to termination or liquidated damages shall be ~~amended to read as follows:~~

~~If your Franchise Agreement is terminated, you may be required to continue royalty payments for so long as you or our assignee or successor continues to use our trademarks or systems from franchisees in any way~~the State of North Dakota.

III. Item 6, Note 4, shall be amended to read as follows:

Note 4: You must protect, indemnify,

3. Item 17, "Renewal, Termination, Transfer and hold us harmless against any claims or losses arising out of your operation of the franchise business. Each party will bear its own expenses of any litigation to enforce the agreement."

IV. "Dispute Resolution." Item 17 is ~~amended~~supplemented by the addition of the following language to the original language:

A. ~~A. Any provision is the Franchise Agreement that terminates the Franchise Agreement on the bankruptcy of the requiring a franchisee may not be enforceable under Title II, U.S. Code, Section 101.~~

~~The erosion of to sign a general release on upon renewal, assignment, or termination does not apply to franchises operating under of the Franchise Agreement has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.~~

~~B. B. Any provision requiring a franchisee to consent to termination or liquidation damages has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.~~

~~The C. Covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, Section 9-08-06 limits the franchisor's ability to restrict your ability to restrict your activity after without further disclosing that such covenants may be subject to this statute, are unfair, unjust and inequitable. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.~~

~~D. D. Any provision in the Franchise Agreement requiring a franchisee to agree to the arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The site of arbitration or mediation must be agreeable to all parties and may not be remote from the franchisee's place of business.~~

~~G. E. Any provision in the Franchise Agreement has ended which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.~~

~~D. Under North Dakota law, liquidated damages provisions are void. State courts also restrict the imposition of liquidated damages. The imposition of liquidated damages is also restricted by fair practice laws, contract law, and state and federal court decisions. Thus, the provision requiring you to continue to pay amounts to franchisor if you elect to cancel the agreement may not be enforceable under North Dakota law.~~

V. Item 17 is amended to read as follows:

F. Apart from civil liability as set forth in Section 51-19-12 of the N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment

law, those provisions contain substantive rights intended to be afforded to North Dakota residents and it is unfair to franchise investors to require them to waive their rights under North Dakota Law.

G. Any provision in the Franchise Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

H. Any provision in the Franchise Agreement which requires a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

4. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

PROVISION	FRANCHISE AGREEMENT	SUMMARY
Your obligations on termination non-renewal	FA: XXIV	De-identification, payment, non-disclosure, non-competition; you continue to pay royalties for so long as you use the trademarks if terminated for breach, unless you abandon the business, abide by post-termination covenants, and release and indemnify us. <u>Rhode Island FDD Amendment</u> <u>Amendments to the Success On The Spectrum</u> <u>Franchise Disclosure Document</u>

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VI. Item 17: The Choice of Law, "Renewal, Termination, Transfer and Arbitration sections are amended to read as follows:

A. The Franchise Agreement shall be governed Dispute Resolution." Item 17 is supplemented by the laws addition of North Dakota.

B. Except as specifically otherwise provided in the Franchise Agreement, all contract disputes that cannot be amicably settled will be determined by arbitration under the Federal Arbitration Act and in accordance with the rules of the American Arbitration Association. Arbitration will take place at an appointed time and place in the county and state in which your franchised business is located. However, nothing in the Franchise Agreement limits or precludes the parties from bringing an action in a court of competent jurisdiction for injunction or other provisional relief as

~~needed or appropriate to compel a party to comply with its obligations or to protect the marks or the company's other property rights.~~

~~C. The Choice of Forum section is amended to delete the following:~~

~~Any action will be brought in the state or federal courts in Harris County, Texas.~~

FRANCHISE AGREEMENT

~~I. Article IX, concerning refunds of initial franchise fees and royalties, is amended to add the following:~~

~~Refund and cancellation provisions do not apply to franchisees operating under the North Dakota Franchise Investment Law. If Franchisor elects to cancel this Franchise Agreement, Franchisor shall be entitled to a reasonable fee for its evaluation of Franchisees and related preparatory work performed and expenses actually incurred. This amount shall be no more than fifty percent (50%) of the franchise fee.~~

~~II. Sections XXIII and XXII, relating to termination and transfer, are amended to add the following:~~

~~The execution of a general release on renewal, assignment, or termination does not apply to franchises operating under the North Dakota Franchise Investment Law.~~

~~III. Section XXIII(H), providing for liquidated damages on termination of the Franchise Agreement, is hereby amended to read as follows:~~

~~h. Pay to Franchisor royalty fees and other ongoing fees, and other amounts Franchisee owes to Franchisor, as though Franchisee were still an active Franchisee, for so long as Franchisee or its assignee or successor continues to use the trademarks in any way. Franchisor is also entitled to all other applicable remedies.~~

~~IV. Section XXV is amended to read as follows:~~

~~In any action to enforce this Agreement or to seek remedies on default by either party, each party shall bear its own expenses of litigation or enforcement.~~

~~V. A. Section XXV is amended to add the following:~~

~~THIS AGREEMENT AND THE RIGHTS OF THE PARTIES HEREUNDER TAKE EFFECT ON ACCEPTANCE AND EXECUTION BY THE COMPANY AND SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF NORTH DAKOTA, EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT 15, U.S.C. SECTIONS 1015, ET. SEQ.).~~

~~B. Section XXV (H) providing for exclusive jurisdiction in Harris County, Texas is deleted.~~

~~C. Paragraph XXV to the extent it provides for a limitation of one year on actions under the Franchise Agreement is hereby deleted.~~

~~D. Section XXV to the extent it provides for a waiver of punitive or exemplary damages, and a waiver of jury trial, is deleted.~~

~~VI. The Arbitration section shall be deleted and amended to read as follows:~~

~~Except as specifically otherwise provided in this Agreement, the parties agree that all contract disputes that cannot be amicably settled shall be determined by arbitration under the Federal Arbitration Act as amended and in accordance with the rules of the American Arbitration Association or any successor thereof. Arbitration shall take place at an appointed time and place in the County and State in which Franchisee's franchised business is located. However, nothing contained herein shall be construed to limit or to preclude the parties from bringing any action in any court of competent jurisdiction for injunctive or other provisional relief as the parties deem to be necessary or appropriate to compel either party to comply with its obligations hereunder or to protect the marks or other property rights of franchisor.~~

~~VII. The Acknowledgement section is amended to add the following:~~

~~Franchisee acknowledges that Franchisee received a copy of this Franchise Agreement, the attachments hereto, if any, and agreements relating thereto, if any, at least seven (7) days prior to the date on which this Agreement was executed.~~

~~VIII. The Covenants section is amended to add the following:~~

~~Covenants not to compete on termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.~~

#### RHODE ISLAND

~~§ The Rhode Island Franchise Investment Act, R.I. Gen. Law Ch. 395 Sec. 19-28.1-14 of the Rhode Island Franchise Investment Act provides that:~~

~~A a provision in a Franchise Agreement restricting jurisdiction ~~of~~ venue to a forum outside this state or requiring the application of the laws of another state ~~are~~is void with respect to a claim otherwise enforceable under ~~this~~the Rhode Island Franchise Investment Act.~~

~~VIRGINIA B. Any general release as a condition of renewal, termination or transfer will be void with respect to claims under the Rhode Island Franchise Investment Act.~~

Virginia FDD Amendment  
Amendments to the Success On The Spectrum  
Franchise Disclosure Document

Success on the Spectrum®  
Franchise Disclosure Document Exhibit D — 2023

Item 17, "Renewal, Termination, Transfer and Dispute Resolution," Item 17(h) is supplemented by the addition of the following:

~~In recognition of the restrictions contained in 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for SOS Franchising, LLC for use in the Commonwealth of Virginia shall be amended as follows:~~

**Additional Disclosure: 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 ~~the~~ **Success On The Spectrum** Franchise Agreement ~~does~~ **do** 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.

No statement, questionnaire, or ~~acknowledgment~~ **acknowledgement** signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**Washington FDD Amendment**  
Amendments to the Success On The Spectrum  
Franchise Disclosure Document

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In recognition of the ~~The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.~~

WASHINGTON Washington State Franchise Investment Protection Act, Chapter 19.100 RCW, the following amendments are made to the Franchise Disclosure Document:

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.

~~This~~ section operates as an addendum to the Franchise 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.~~

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 limitations 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 ~~collectible~~collectable to the extent to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Chapter 49.62 RCW limits the use of non-competition agreements and may supersede the Franchise Agreement's non-competition provisions. Washington law provides as follows: (1) an employee non-compete covenant is unenforceable unless the employee's annual earnings exceed \$100,000; (2) a presumption is created that any non-compete covenant with a duration longer than 18 months is unreasonable and unenforceable; (3) a franchisor may not restrict, restrain or prohibit a franchisee from soliciting or hiring any employee of the franchisor or a franchisee of the same franchisor; (4) any contractual provision that requires an employee to adjudicate a non-competition covenant outside of Washington State is void and unenforceable.

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.

Franchisees who receive financial incentives to refer franchise prospects to franchisors may be required to register as franchise brokers under the laws of Washington.

**Use of Franchise Brokers.** The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Carefully evaluate any information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

**Wisconsin FDD Amendment**  
**Amendments to the Success On The Spectrum**  
**Franchise Disclosure Document**

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Item 17, "Renewal, Termination, Transfer and Dispute Resolution," Item 17 is supplemented by the addition of the following:

The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Section 135.01-135.07 may affect the termination provision of the Franchise Agreement.



STATE SPECIFIC AMENDMENTS TO FRANCHISE AGREEMENT

**CALIFORNIA FRANCHISE AGREEMENT AMENDMENT**

**Amendments to the Success On The Spectrum Franchise Agreement**

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have duly executed and delivered this California State amendment to the SOS Franchising, LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

**Franchisor: SOS Franchising, LLC**

**Franchisee:**

Signature

Signature

Name and Title (please print)

Name (please print)

Dated

Dated

**HAWAII FRANCHISE AGREEMENT AMENDMENT**

**Amendments to the Success On The Spectrum Franchise Agreement**

In recognition of the requirements of the Hawaii Franchise Investment Law, the undersigned agree to the following modifications to the SOS Franchising, LLC Franchise Agreement (the "Franchise Agreement"), as follows:

1. Sub-Article 14.C.(6). Sub-article 14.C.(6), under the Article section titled "Conditions for Approval of Transfer," is supplemented by the addition of the following language:

; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of the Hawaii Franchise Investment Law, shall remain in force; it being the intent of this provision that the non-waiver provisions of the Hawaii Franchise Investment Law be satisfied; and

The Hawaii Franchise Investment Law provides rights to the franchisee concerning non-renewal, termination and transfer of the Franchise Agreement. If this Sub-article contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

2. Sub-Article 15.B.(8). Sub-article 15.B.(8), under the Article section titled "Conditions for Renewal," is supplemented by the addition of the following:

; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of the Hawaii Franchise Investment Law, shall remain in force; it being the intent of this provision that the non-waiver provisions of the Hawaii Franchise Investment Law be satisfied; and

The Hawaii Franchise Investment Law provides rights to the franchisee concerning non-renewal, termination and transfer of the Franchise Agreement. If this subarticle contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

3. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently without reference to this amendment.

4. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have duly executed and delivered this Hawaii State amendment to the SOS Franchising, LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

**Franchisor:** SOS Franchising, LLC

**Franchisee:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name and Title (please print)

\_\_\_\_\_  
Name (please print)

Dated

Dated

**ILLINOIS FRANCHISE AGREEMENT AMENDMENT**

Amendments to the Success On The Spectrum Franchise Agreement

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705/1 to 705/45, and Ill. Admin. Code tit. 15, §200.100 et seq., the undersigned agree to the following modifications to the SOS Franchising, LLC Franchise Agreement (the “Franchise Agreement”) as follows:

1. Article 18.F. of the Franchise Agreement, and if Franchisee executes a Development Agreement, Article 7.5 of the Development Agreement, under the heading “Governing Law”, shall be amended by the addition of the following statement added after the end of the last sentence of Article 18.F. of the Franchise Agreement and Article 7.5 of the Development Agreement:

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

Section 4 of the Illinois Franchise Disclosure Act Provides that any provision in a Franchise Agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a Franchise Agreement may provide for arbitration in a venue outside Illinois.

Your rights upon termination and non-renewal of a Franchise Agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

2. Article 18.G. of the Franchise Agreement, and if Franchisee executes a Development Agreement, Article 7.6 of the Development Agreement, under the heading "Choice of Law, Non-Binding Mediation, Binding Arbitration, and Consent to Jurisdiction", shall be amended by the addition of the following statement added after the end of the last sentence of Article 18.G. of the Franchise Agreement and Article 7.6 of the Development Agreement:

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

Section 4 of the Illinois Franchise Disclosure Act Provides that any provision in a Franchise Agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a Franchise Agreement may provide for arbitration in a venue outside Illinois.

Your rights upon termination and non-renewal of a Franchise Agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

3. Article 18.K of the Franchise Agreement, and if Franchisee executes a Development Agreement,

4. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act (815 ILCS 705/1 to 705/45) are met independently without reference to this amendment.

5. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Illinois amendment to the SOS Franchising, LLC Franchise Agreement and, if applicable, the Development Agreement on the same date as the Franchise Agreement and Development Agreement were, respectively, executed.

**Franchisor:** SOS Franchising, LLC

**Franchisee:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name and Title (please print)

\_\_\_\_\_  
Name (please print)

Dated

Dated

## MARYLAND FRANCHISE AGREEMENT AMENDMENT

### Amendments to the Success On The Spectrum Franchise Agreement

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached SOS Franchising, LLC Franchise Agreement (the "Franchise Agreement") as follows:

1. Article 14.C of the Franchise Agreement, under the heading "Conditions for Approval of Transfer," subarticle 14.C(6) is supplemented with the addition of the following language:

; provided, however, that all rights and causes of action arising in favor of Franchisee from the provisions of the Maryland Franchise Registration and Disclosure Law and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of the Maryland Franchise Registration and Disclosure Law be satisfied.

2. Article 15.B. of the Franchise Agreement, under the heading "Conditions for Renewal," the subarticle 15.B(8) is supplemented with the addition of the following language:

; provided, however, that all rights and causes of action arising in favor of Franchisee from the provisions of the Maryland Franchise Registration and Disclosure Law and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of the Maryland Franchise Registration and Disclosure Law be satisfied.

3. Article 18.G. of the Franchise Agreement and, if Franchisee executes a Development Agreement, Article 7.6 of the Development Agreement, under the heading "Choice of Law, Non-Binding Mediation, Binding Arbitration, and Consent to Jurisdiction," shall be amended by the addition of the following statement added to Article 18.G. of the Franchise Agreement and Article 7.6 of the Development Agreement:

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Article 18.I. of the Franchise Agreement and, if Franchisee executes a Development Agreement, Article 7.8 of the Development Agreement, under the heading "Limitations of Claims," shall be amended by the addition of the following statement added to Article 18.I. of the Franchise Agreement and Article 7.8 of the Development Agreement:

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

5. Article 18 of the Franchise Agreement and, if Franchisee executes a Development Agreement, Article 7 of the Development Agreement, under the heading "Enforcement and Construction," shall be supplemented by the addition of the following new subarticle 18.Z. to the Franchise Agreement and Article 7.24 of the Development Agreement:

Nothing in this Agreement should be considered a waiver of any right conferred upon franchisee by the Maryland Franchise Registration and Disclosure Law.

All representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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

6. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this amendment.

7. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

8. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Maryland amendment to the SOS Franchising, LLC Franchise Agreement and, if applicable, the Development Agreement on the same date as the Franchise Agreement and Development Agreement were, respectively, executed.

**Franchisor:** SOS Franchising, LLC

**Franchisee:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name and Title (please print)

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Dated

\_\_\_\_\_  
Dated

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Dated

## MINNESOTA FRANCHISE AND DEVELOPMENT AGREEMENT AMENDMENT

### Amendments to the Success On The Spectrum Franchise Agreement

In recognition of the requirements of the Minnesota Statutes, Chapter 80C, and Minnesota Franchise Rules, Chapter 2860, the parties to the attached SOS Franchising, LLC Franchise Agreement (the "Franchise Agreement") as follows:

1. Article 14.C of the Franchise Agreement, under the heading "Conditions for Approval of Transfer," subarticle 14.C(6) is supplemented with the addition of the following language:

; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of the Minnesota Franchise Act, Minn. Stat. Section 80C.14 et seq. and Minnesota Rules 2860.4400(D), shall remain in force; it being the intent of this provision that the non-waiver provisions of the Minnesota Rules 2860.4400(D) be satisfied; and

Minnesota law provides a franchisee with certain termination and non-renewal rights. Minn. Stat. Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given 180 days-notice of nonrenewal of this Agreement by Franchisor.

2. Article 15.B of the Franchise Agreement, under the heading "Conditions for Renewal," sub article 15.B(8) is supplemented with the addition of the following language:

; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of the Minnesota Franchise Act, Minn. Stat. Section 80C.14 et seq. and Minnesota Rules 2860.4400(D), shall remain in force; it being the intent of this provision that the non-waiver provisions of the Minnesota Rules 2860.4400(D) be satisfied; and

Minnesota law provides a franchisee with certain termination and non-renewal rights. Minn. Stat. Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given 180 days-notice of nonrenewal of this Agreement by Franchisor.

3. Under Article 11 of the Franchise Agreement, under the heading "Notification of Infringement and Claims," the subarticle 11.C. shall be supplemented by the addition of the following:

Franchisor agrees to protect Franchisee, to the extent required by the Minnesota Franchise Act, against claims of infringement or unfair competition with respect to Franchisee's use of the Marks when, in the opinion of Franchisor's counsel, Franchisee's rights warrant protection pursuant to Article 11.E. of this Agreement.

4. Under Article 14 of the Franchise Agreement, under the heading "Conditions for Approval of Transfer," the subarticle 14.C. shall be supplemented by the addition of the following:

Franchisor shall not unreasonably withhold consent to transfer the Franchise Agreement.

5. Under Article 16 of the Franchise Agreement, under the heading "Defaults and Automatic Termination Upon Written Notice Without Cure Period," the subarticle 16.A.(2). shall be supplemented by the addition of the following:

Article 16.A.(2) will not be enforced to the extent prohibited by applicable law.

6. Under Article 16 of the Franchise Agreement, under the heading "Defaults and Automatic Termination After 30 Day Cure Period," the subarticle 16.A.(4)(f), shall be supplemented by the addition of the following:

Subarticle 16.A.(4)(f) will not be enforced to the extent prohibited by applicable law.

7. Under both subarticles 16.A.(2) and 16.A.(4) of the Franchise Agreement, the following is added:

Minnesota law provides a franchisee with certain termination rights. Minn. Stat. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 49.100 RCW shall prevail.

Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given 90 days-notice of termination (with 60 days to cure) of this Agreement.

8. Article 18.F. of the Franchise Agreement, under the heading "Governing Law", shall be amended by the addition of the following statement added to the end of the last sentence of Article 18.F.:

: except to the extent otherwise prohibited by applicable law with respect to claims arising under the Minnesota Franchise Act.

9. Article 18.G. of the Franchise Agreement and, if Franchisee executes a Development Agreement, Article 7.6 of the Development Agreement, under the heading "Choice of Law, Non-Binding Mediation, Binding Arbitration, and Consent to Jurisdiction", shall be amended by the addition of the following statement added to the end of the last sentence of Article 18.G. of the Franchise Agreement and Article 7.6 of the Development Agreement:

: except to the extent otherwise prohibited by applicable law with respect to claims arising under the Minnesota Franchise Act.

10. Article 18.K of the Franchise Agreement, and if Franchisee executes a Development Agreement, Article 7.10 of the Development Agreement, under the heading "Waiver of Jury Trial", shall be supplemented by the addition of the following statement at the end of the sentence contained in Article 18.K. of the Franchise Agreement and Article 7.10 of the Development Agreement:

: except that nothing in this Agreement should be considered a waiver of any right conferred upon Franchisee by the Minnesota Franchise Act.

11. Article 18.I. of the Franchise Agreement and, if Franchisee executes a Development Agreement, Article 7.8 of the Development Agreement, under the heading "Limitations of Claims," shall be supplemented by the addition of the following statement:

Under the Minnesota Franchise Act, any claims between the parties must be commenced within three years of the occurrence of the facts giving rise to such claim, or such claim shall be barred.

12. Article 18 of the Franchise Agreement and if Franchisee executes a Development Agreement, Article 7 of the Development Agreement, under the heading "Enforcement and Construction," shall be supplemented by the addition of the following new subarticle 18.Z. to the Franchise Agreement and Article 7.24 of the Development Agreement:

Any foregoing acknowledgments are not intended to nor shall they act as a release, estoppel or waiver or any liability under the Minnesota Franchise Act.

13. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act are met independently without reference to this amendment.

14. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Minnesota State amendment to the SOS Franchising, LLC Franchise Agreement and, if applicable, the Development Agreement on the same date as the Franchise Agreement and Development Agreement were, respectively, executed.

**Franchisor:** SOS Franchising, LLC

**Franchisee:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name and Title (please print)

\_\_\_\_\_  
Name (please print)

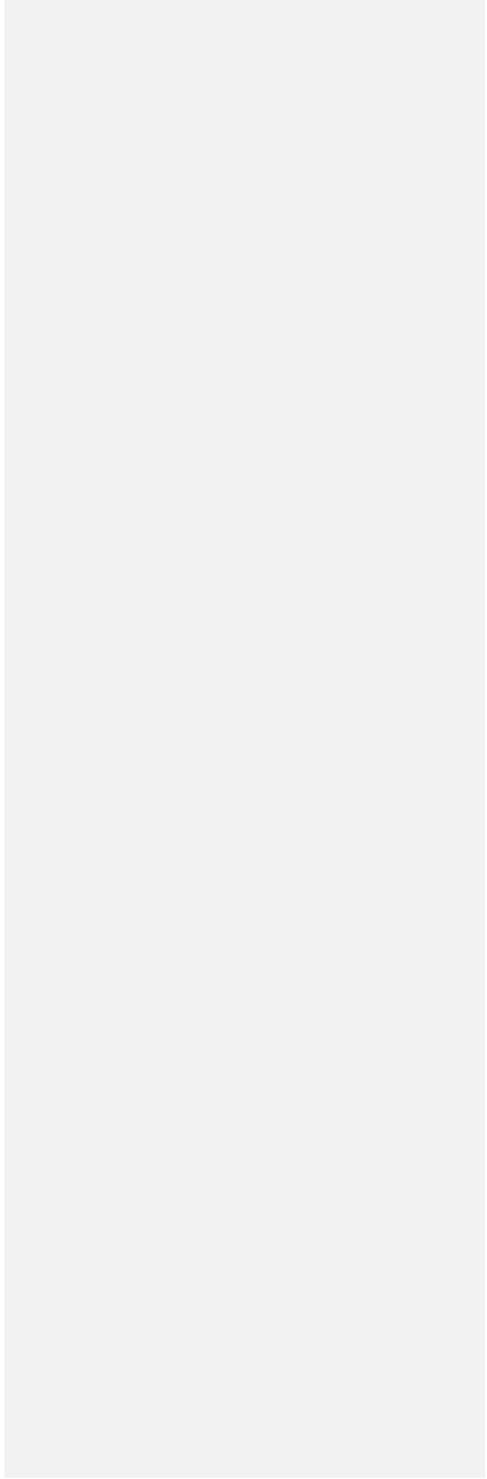
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Dated

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Dated



**NEW YORK FRANCHISE AND DEVELOPMENT AGREEMENT AMENDMENT**

**Amendments to the Success On The Spectrum Franchise Agreement**

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties to the attached SOS Franchising, LLC Franchise Agreement (the "Franchise Agreement"), as follows:

1. Under Article 14.C of the Franchise Agreement, under the heading "Conditions for Approval of Transfer," the subarticle 14.C(6) is supplemented with the addition of the following language:

: provided, however, that all rights and causes of action arising in favor of Franchisee from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

2. Under Article 15.B of the Franchise Agreement, under the heading "Conditions for Renewal," the subarticle 15.B(8) is supplemented with the addition of the following language:

: provided, however, that all rights and causes of action arising in favor of Franchisee from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

3. Article 18 of the Franchise Agreement and, if Franchisee executes a Development Agreement, Article 7 of the Development Agreement, under the heading "Enforcement and Construction," shall be supplemented by the addition of the following new subarticle 18.Z. to the Franchise Agreement and Article 7.24 of the Development Agreement:

Nothing in this Agreement should be considered a waiver of any right conferred upon franchisee by New York General Business Law, Sections 680-695.

4. There are circumstances in which an offering made by SOS Franchising, LLC would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the State of New York. However, an offer or sale is deemed made in New York if you are domiciled in New York or the Outlet will be opening in New York. SOS Franchising, LLC is required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

5. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the New York General Business Law, are met independently without reference to this amendment.

6. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have duly executed and delivered this New York amendment to the SOS Franchising, LLC Franchise Agreement and, if applicable, the Development Agreement on the same date as the Franchise Agreement and Development Agreement were, respectively, executed.

**Franchisor:** SOS Franchising, LLC

**Franchisee:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

Name and Title (please print)

Name (please print)

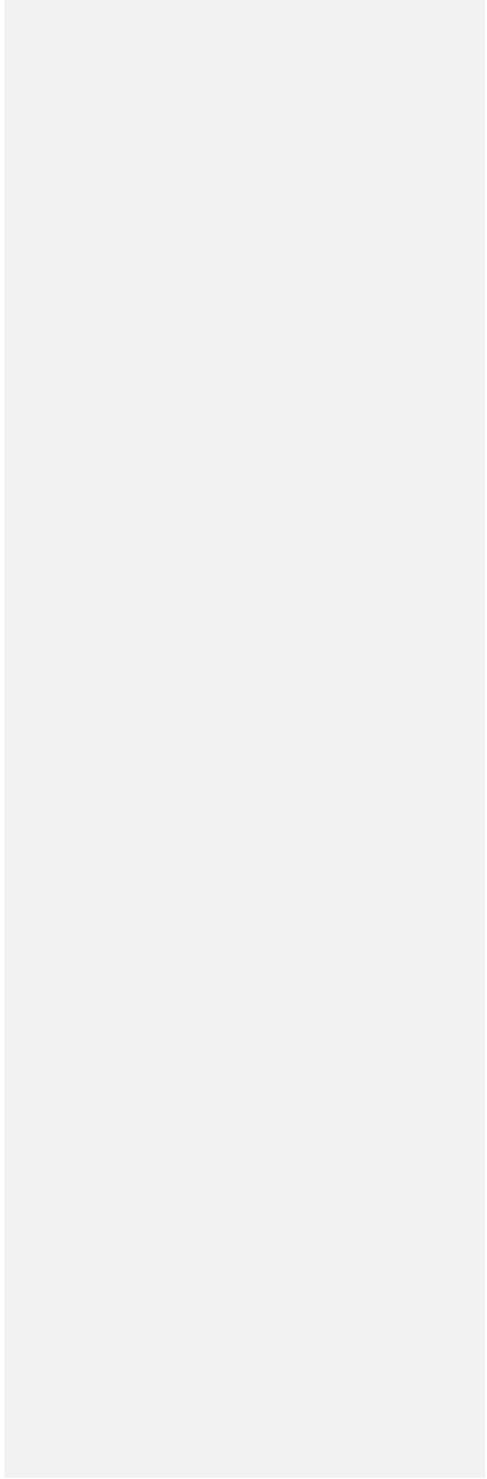
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Dated

Signature

Name (please print)

Dated



**NORTH DAKOTA FRANCHISE AGREEMENT AMENDMENT**

**Amendments to the Success On The Spectrum Franchise Agreement**

In recognition of the North Dakota Franchise Investment Law, Section 51-19, the parties to the attached SOS Franchising, LLC Franchise Agreement (the "Franchise Agreement") agree as follows:

The North Dakota Addendum is only applicable if you are a resident of North Dakota or if your Success On The Spectrum Center outlet will be located within the State of North Dakota.

1. Article 15 of the Franchise Agreement is hereby amended by the addition of the following language: "Provisions requiring North Dakota franchisees to sign a general release upon renewal of the Franchise Agreement are not enforceable in North Dakota."

2. Article 16 of the Franchise Agreement is hereby amended by the addition of the following language: "Provisions requiring North Dakota Franchisees to consent to termination or liquidated damages are not enforceable in North Dakota."

3. Articles 6 of the Franchise Agreement are hereby amended by the addition of the following language: "Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota."

4. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: "Covenants requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota may not be enforceable in North Dakota."

5. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: "for North Dakota Franchisees, North Dakota law shall apply."

6. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: "Provisions requiring a franchisee to consent to a waiver of trial by jury are not enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law."

7. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: "Provisions requiring the franchisee to consent to a waiver of exemplary and punitive damages are not enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law."

8. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: "Provisions requiring a franchisee to consent to a limitation of claims within one year have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Therefore, for North Dakota franchisees, the statute of limitations under North Dakota Law will apply."

9. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of North Dakota Law are met independently without reference to this amendment.

**Franchisor:** SOS Franchising, LLC

**Franchisee:**

Signature

\_\_\_\_\_  
Name and Title (please print)

\_\_\_\_\_  
Dated

Signature

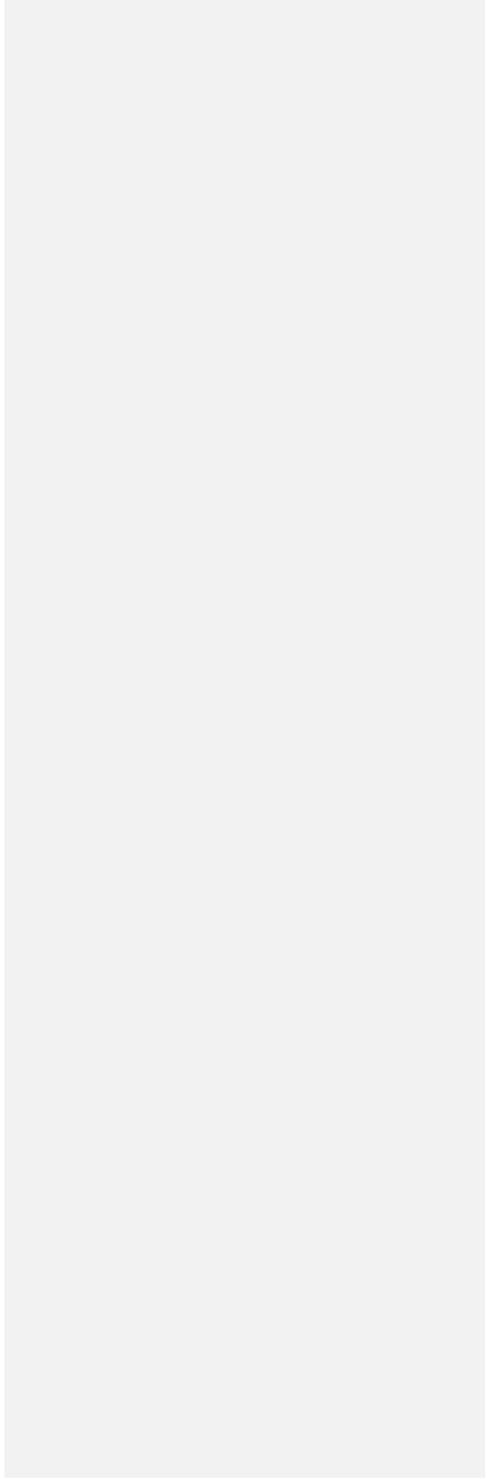
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Dated

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Dated



## WASHINGTON STATE FRANCHISE AGREEMENT AMENDMENT

### Amendments to the Success On The Spectrum Franchise Agreement

In recognition of the Washington State Franchise Investment Protection Act, Chapter 19.100 RCW, the parties to the attached SOS Franchising, LLC Franchise Agreement (the "Franchise Agreement") agree as follows:

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

#### ~~The Disclosure Document~~

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 ~~Franchise Agreement~~ where the parties are amended to represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations 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 to the extent that they reflect ~~that~~ the franchisor's reasonable estimated or actual costs in effecting a transfer.

Chapter 49.62 RCW limits the use of non-competition agreements and may supersede the Franchise Agreement's non-competition provisions. Washington law provides as follows: (1) an employee non-compete covenant is unenforceable unless the employee's annual earnings exceed \$100,000; (2) a presumption is created that any non-compete covenant with a duration longer than 18 months is unreasonable and unenforceable; (3) a franchisor may not restrict, restrain or prohibit a franchisee from soliciting or hiring any employee of the franchisor or a franchisee of the same franchisor; (4) any contractual provision that requires an employee to adjudicate a non-competition covenant outside of Washington State is void and unenforceable.

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

In lieu of an impound of franchise fees, the Franchisor ~~agrees to defer collection of the~~ will not require or accept the payment of any initial ~~Franchisee~~franchise fees until ~~Franchisee~~the franchisee has (a) received ~~its~~ all pre-opening and initial training ~~and~~ obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.

**ACKNOWLEDGEMENT**

The undersigned does hereby acknowledge receipt of

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have duly executed and delivered this addendum and further agrees that the applicable Washington state law addendum, if any supersedes any inconsistent portion of State amendment to the SOS Franchising, LLC Franchise Agreement dated , 20 , and of on the same date as the Franchise Disclosure Document.

**FRANCHISOR: SOS Franchising, LLC**

Signed: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE**

Signed: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

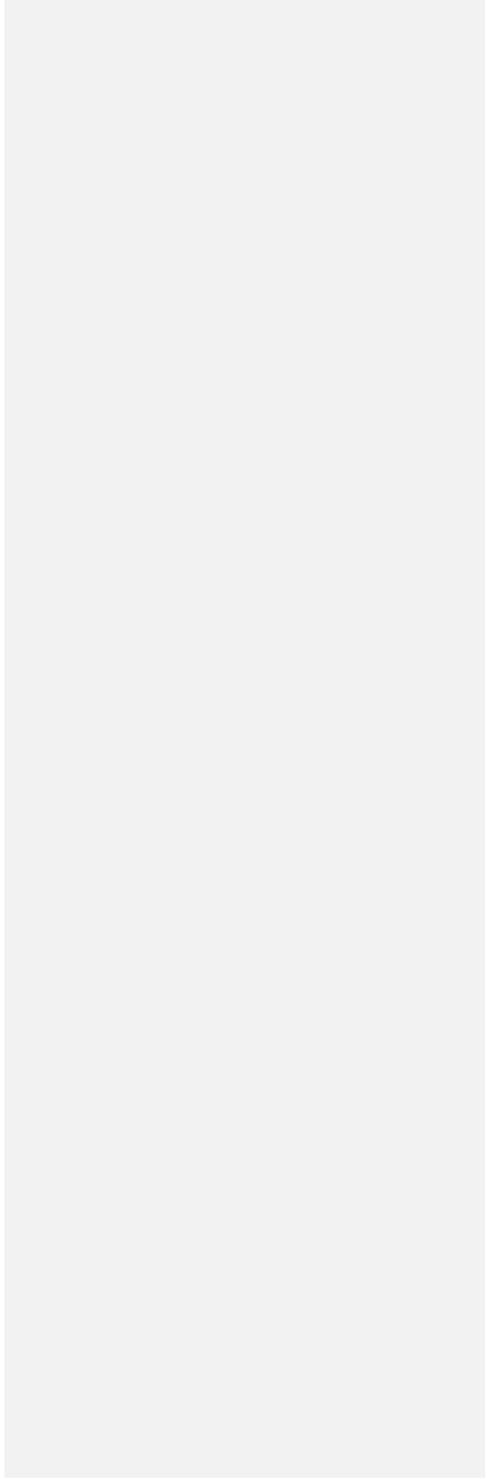
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Name: \_\_\_\_\_

Date: \_\_\_\_\_

Signed: \_\_\_\_\_

Name: \_\_\_\_\_



Date: \_\_\_\_\_

**EXHIBIT E**

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**FRANCHISING**

**OPERATIONS MANUAL**

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~~ARTICLE XVI~~ — Glossaries ..... 255

Total Pages in Operations Manual: 265

**EXHIBIT F**

**OPTION AGREEMENT**

EXHIBIT F

FRANCHISE OPTION AGREEMENT

This Option Agreement is entered into as of \_\_\_\_\_, 20\_\_\_\_ between \_\_\_\_\_ was executed.

**Franchisor:** SOS Franchising, LLC ("Franchisor") and ("Optionee"); \_\_\_\_\_ **Franchisee:**

1. Grant of Option. Optionee is hereby granted an option to be awarded a Success on the Spectrum® Franchise.

2. Location. Optionee has the exclusive right to enter into a Franchise Agreement during the term of this Option Agreement for a Success on the Spectrum® franchise to be opened within \_\_\_\_miles of the "selected address" listed below. The exact location of the franchise is chosen by Optionee, subject to Franchisor's approval.

3. Option Fee. A non-refundable option payment of \$17,500 is required with the execution of this Agreement. The option payment will be credited towards the Initial Franchise Fee of \$20,000 for a Conversion Model; \$35,000 for a Standard Model; or \$17,500 for a second franchise and any additional franchises thereafter provided that the Franchise Agreement is executed on or before the expiration date of this Agreement. An Optionee must prove financial qualifications and pass the background, credit, and criminal checks generally required of Success on the Spectrum® franchisees and maintain those requirements at the time you exercise this option. No refund will be paid if the financial qualifications or background check of the owners cannot be met before a franchise is granted.

4. Term. This Option will have a term of six months and begins on the date of this Agreement listed below.

5. Notices. All notices sent by one party to the other must be hand-delivered, sent by registered or certified mail, return receipt requested, or transmitted by facsimile, or sent via electronic means if the sender can verify receipt. They will be addressed to Franchisor at its office as above designated, or at the other address Franchisor designates in writing, and addressed to Optionee at the address Optionee designates in writing. Any notice is deemed given and received, when delivered, if hand-delivered; if sent by facsimile or electronic means, on the next business day after sent; and if mailed, on the third business day following the mailing.

6. Governing Law. This Agreement is valid when executed and accepted by Franchisor and is governed by the laws of the State of Texas. Harris County, Texas will be the venue for any arbitration or litigation. This choice of laws will not affect the scope of the Texas franchise, business opportunity or related statutes, and nothing in this Agreement will be deemed to extend the scope of application of those laws.

Selected Address \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Dated \_\_\_\_\_, 20\_\_\_\_ Expiration Date \_\_\_\_\_

FRANCHISOR:  
SOS-Franchising, LLC

Signed \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

OPTIONEE:

Signed \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

Signed \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

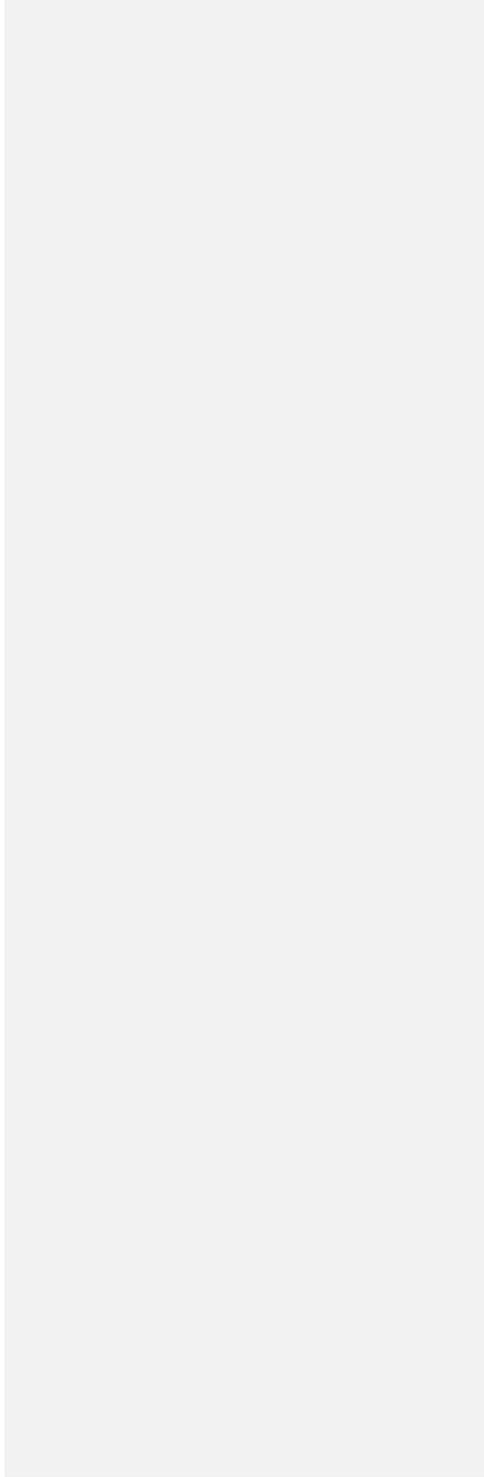


EXHIBIT G

List of **Franchisees**

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[CLARKHILL\96433\338942\272084289.v16-12/6/23](#)

[CLARKHILL\96433\338942\272084289.v16-12/6/23](#)

Success on the Spectrum®  
Franchise Disclosure Document Exhibit F—2023  
Success on the Spectrum®  
Franchise Disclosure Document Exhibit G—2023

**Texas**

Signature  
Scott

Name and Title (please print) ~~Jayleen Cho~~  
Richmond Location

Dated

1803 Richmond Parkway, #600  
Richmond, TX 77469  
Telephone: 832-371-3678  
Email: [Richmond@SuccessOnTheSpectrum.com](mailto:Richmond@SuccessOnTheSpectrum.com)

Signature  
Tiffani and Cory Young

Name (please print)

Dated  
~~Tomball~~ Location

14426 Medical Complex Drive, #106  
Tomball, TX 77377  
Telephone: 281-205-8421  
Email: [Tomball@SuccessOnTheSpectrum.com](mailto:Tomball@SuccessOnTheSpectrum.com)

Elena Jose Nemazannikova and Jeanette Lopez  
Pasadena Location  
4600 Fairmont Parkway, Suite 107  
Pasadena, TX 77504  
Telephone: 281-310-8550  
Email: [Pasadena@SuccessOnTheSpectrum.com](mailto:Pasadena@SuccessOnTheSpectrum.com)

Jeff Kim  
~~Pearland~~ Location  
5022 Broadway Street  
Pearland, TX 77581  
Telephone: 334-734-1428  
Email: [Pearland@SuccessOnTheSpectrum.com](mailto:Pearland@SuccessOnTheSpectrum.com)

Scott and Jayleen Lee  
Memorial Location  
14520 Memorial Drive, #50  
Houston, TX 77079  
Telephone: 832-770-4971  
Email: [MemorialHouston@SuccessOnTheSpectrum.com](mailto:MemorialHouston@SuccessOnTheSpectrum.com)

Mikyung Park  
~~Cypress~~ Location  
8505 Jackrabbit Road, Suite A  
Houston, TX 77095  
Telephone: 346-340-7182  
Email: [Cypress@SuccessOnTheSpectrum.com](mailto:Cypress@SuccessOnTheSpectrum.com)

Shumalia Soomro  
Missouri City Location  
3777 Sienna Parkway  
Missouri City, TX 77459  
Telephone: 832-266-3635  
Email: [MissouriCity@SuccessOnTheSpectrum.com](mailto:MissouriCity@SuccessOnTheSpectrum.com)

Mikaol Simpson  
~~Spring~~ Location  
23221 Aldine Westfield, #200  
Spring, TX 77373  
Telephone: 346-888-0672  
Email: [Spring@SuccessOnTheSpectrum.com](mailto:Spring@SuccessOnTheSpectrum.com)

Jenice Reyes  
Coppell Location  
546 East Sandy Lake Road, Suite 100  
Coppell, TX 75019  
Telephone: 817-269-1055  
Email: [Coppell@SuccessOnTheSpectrum.com](mailto:Coppell@SuccessOnTheSpectrum.com)

Kelly Bryant  
Texas City Location  
6807 Emmett F Lowry Expressway, #105  
Texas City, TX 77501  
Telephone: 409-229-4280  
Email: [TexasCity@SuccessOnTheSpectrum.com](mailto:TexasCity@SuccessOnTheSpectrum.com)

Scott and Jayleen Cho

Henry Awuzio

Inserted Cells

**Fulshear Location**

7619 Tiki Drive, Suite B

Fulshear, TX 77441

Telephone: 832-770-4974

Email: [Fulshear@SuccessOnTheSpectrum.com](mailto:Fulshear@SuccessOnTheSpectrum.com)

**Leon Valley Location**

5720 Bandera Road, Suite 21

San Antonio, TX 78238

Telephone: 210-817-8525



Email:

[LeonValley@SuccessOnTheSpectrum.com](mailto:LeonValley@SuccessOnTheSpectrum.com)

FRANCHISE DISCLOSURE DOCUMENT

**EXHIBIT J**

STATE EFFECTIVE DATES

<b>Georgia</b>	

Success on the Spectrum®

Franchise Disclosure Document Exhibit G—2023

CLARKHILL\96433\338942\272084289.v16-12/6/23

<p>Nami Kwon and Irene Lee  Suwanee Location  3131 Lawrenceville-Suwanee Road, Suite A3  Suwanee, GA 30024  Telephone: 470-589-1878  Email: <a href="mailto:Suwanee@SuccessOnTheSpectrum.com">Suwanee@SuccessOnTheSpectrum.com</a></p>	<p><del>Andres Dargent</del>  <del>Northlake Location</del>  2043 Weems Road, Suite 2043  <del>Tucker, GA 30084</del>  Telephone: 470-870-6554  Email:  <a href="mailto:Northlake@SuccessOnTheSpectrum.com">Northlake@SuccessOnTheSpectrum.com</a></p>
<b>Missouri</b>	
<p>Justin and Amelia Long  Lee's Summit Location  520 NE Colbern Road, Suite 200  Lee's Summit, MI 64082  Telephone: 816-643-4959  Email: <a href="mailto:LeesSummit@SuccessOnTheSpectrum.com">LeesSummit@SuccessOnTheSpectrum.com</a></p>	
<b>New Jersey</b>	
<p>Ashish and Anjum Desai  Wayne Location  999 Riverview Drive, #325  Totowa, NJ 07512  Telephone: 973-307-0705  Email: <a href="mailto:Wayne@SuccessOnTheSpectrum.com">Wayne@SuccessOnTheSpectrum.com</a></p>	

**EXHIBIT H**

**Franchisees Who Left The System**

Hyung Sun "Lauren" Lee  
Pasadena Location  
3919 Woodlawn Ave  
Pasadena, TX 77504  
Telephone: 281-504-7987  
Facsimile: 281-962-5018

Bhavana Vyas  
Macomb Location  
43211 Dalcoma Drive, Suite 9  
Clinton Township, MI 48038  
Telephone: 313-732-1234

**EXHIBIT I**

**Financial Statements**

THESE FINANCIAL STATEMENTS PREPARED AS OF AUGUST 31, 2023 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.

# Management Report

SOS Franchising LLC

For the period ended December 31, 2023



Prepared on  
August 31, 2023

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## Profit and Loss

January - July, 2023

	Total
<b>INCOME</b>	
Royalties	145,965.86
Sales	525,657.93
Unapplied Cash Payment Income	-2,929.50
Violation Fines	800.00
<b>Total Income</b>	<b>669,494.29</b>
<b>GROSS PROFIT</b>	<b>669,494.29</b>
<b>EXPENSES</b>	
Advertising & Marketing	
Consumer Marketing	629.22
<b>Total Advertising &amp; Marketing</b>	<b>629.22</b>
Auto Expenses	41.67
Car rental	1,027.02
Fuel	338.58
Parking & Tolls	-1,072.59
Repairs & Maintenance	19.99
<b>Total Auto Expenses</b>	<b>354.67</b>
Bank Charges & Fees	168.00
Membership fees	199.00
<del>    Merchant fees</del>	<del>6,964.07</del>
<b>Total Bank Charges &amp; Fees</b>	<b>7,331.07</b>
Continuing Education	40.00
Contract Services	38,225.23
Email	1,116.74
Franchise Marketing	1,213.85
Advertising/Promotional	19,116.79
Expos	11,027.76
Franchisee Referrals	19,568.23
GoogleAd	2,248.96
Music Licenses	384.99
<b>Total Franchise Marketing</b>	<b>53,560.58</b>
Insurance	390.85
Interest Paid	3,857.05
Legal & Professional Services	32,549.14
Accounting Fees	6,400.00
<b>Total Legal &amp; Professional Services</b>	<b>38,949.14</b>
Meals	
Meals with Clients	1,563.42
Travel Meals	1,654.60
<b>Total Meals</b>	<b>3,218.02</b>

	<b>Total</b>
Office Expenses	9,873.62
Office Supplies & Software	16,368.01
Central Reach	10,766.60
Orchatect Software	91,574.00
<b>Total Office Supplies &amp; Software</b>	<b>118,708.61</b>
Payroll Expenses	
Company Contributions	
Retirement	15,734.60
<b>Total Company Contributions</b>	<b>15,734.60</b>
Reimbursements	5,650.51
Taxes	23,550.29
Wages	301,592.28
<b>Total Payroll Expenses</b>	<b>346,527.68</b>
Racecar Sponsorship	3,238.45
Rent & Lease	18,000.00
State Registration	200.00
Travel	4,947.77
Airfare	16,179.92
Lodging	3,426.76
Shared Rides	320.24
<b>Total Travel</b>	<b>24,874.69</b>
Uncategorized Expense	4,000.00
<b>Utilities</b>	<b>26.04</b>
Telephone	1,628.07
<b>Total Utilities</b>	<b>1,654.11</b>
welcome packet	3,206.53
<b>Total Expenses</b>	<b>677,956.26</b>
<b>NET OPERATING INCOME</b>	<b>-8,461.97</b>
<b>NET INCOME</b>	<b>\$ -8,461.97</b>

## Balance Sheet

As of July 31, 2023

	Total
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Bank Accounts</b>	
Chase Checking 1202	140,615.74
<b>Total Bank Accounts</b>	<b>140,615.74</b>
<b>Accounts Receivable</b>	
Accounts Receivable (A/R)	-8,547.50
<b>Total Accounts Receivable</b>	<b>-8,547.50</b>
<b>Other Current Assets</b>	
Loan to SOS Land Ho LLC.	6,000.00
Loan to SOS MC	30,000.00
Undeposited Funds	8,547.50
<b>Total Other Current Assets</b>	<b>44,547.50</b>
<b>Total Current Assets</b>	<b>176,615.74</b>
<b>TOTAL ASSETS</b>	<b>\$176,615.74</b>
<b>LIABILITIES AND EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Credit Cards</b>	
Joe's SW CC 5361	233.74
Nichole's SW CC 5990	22,343.21
<b>Total Credit Cards</b>	<b>22,576.95</b>
<b>Other Current Liabilities</b>	
Loan from Success On The Spectrum	234,191.46
<b>Payroll Liabilities</b>	
Federal Unemployment (940)	325.94
TX Unemployment Tax	4.03
<b>Total Payroll Liabilities</b>	<b>329.97</b>
<b>Total Other Current Liabilities</b>	<b>234,521.43</b>
<b>Total Current Liabilities</b>	<b>257,098.38</b>
<b>Total Liabilities</b>	<b>257,098.38</b>
<b>Equity</b>	
Retained Earnings	-176,638.21
Shareholder Contribution-Nichole Daher	104,617.54
Net Income	-8,461.97
<b>Total Equity</b>	<b>-80,482.64</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$176,615.74</b>

**SOS FRANCHISING, LLC**

**Financial Statements**

**December 31, 2022**

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**(With Independent Auditor's Report)**

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**Financial Statements**

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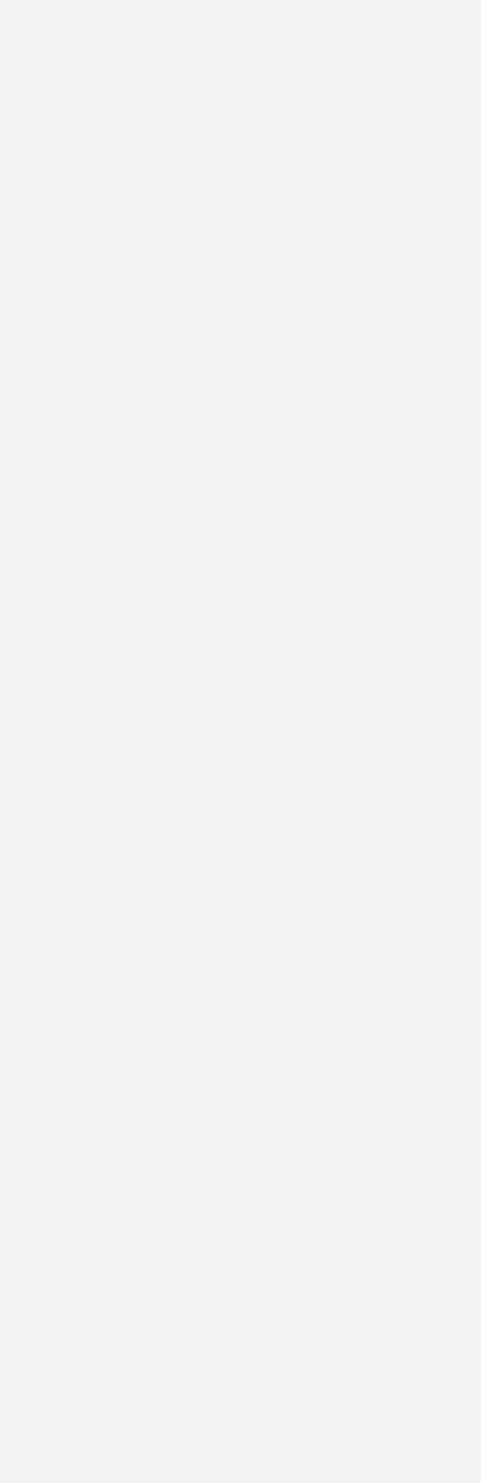
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**JUNG H. SUNG, CPA**  
Certified Public Accountant & Business Advisor

1 Station Plaza, Suite 103, Ridgefield Park, NJ 07660  
Tel. (201) 286-1869

## Independent Auditor's Report

To the Member of  
SOS Franchising LLC  
Houston, TX

We have audited the accompanying financial statements of SOS Franchising, LLC, which comprise the balance sheet as of December 31, 2022, and the related statements of income, member's equity, and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

---

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**JUNG H. SUNG, CPA**  
Certified Public Accountant & Business Advisor

1 Station Plaza, Suite 103, Ridgefield Park, NJ 07660  
Tel. (201) 286-1869

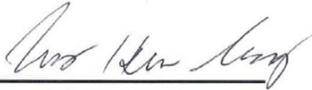
**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SOS Franchising, LLC as of December 31, 2022, and the results of its operations and its cash flows for the year then ended, in accordance with U.S. generally accepted accounting principles.

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Ridgefield Park, New Jersey

June 17, 2023

X 

Jung H. Sung, CPA

**SOS FRANCHISING, LLC**

BALANCE SHEET  
December 31, 2022

**ASSETS**

Current Assets:	
Cash in bank	\$ 158,817
Accounts Receivable	190,917
Other current assets	<u>6,000</u>
Total current assets	<u>355,734</u>
<b>Total Assets</b>	<b><u>355,734</u></b>

**LIABILITIES AND NET ASSETS**

Current Liabilities:	
Accounts payable	33,414
Payroll Liabilities	356
Other current Liabilities	<u>207,109</u>
Total current liabilities	<u>240,879</u>
Total Liabilities	<u>240,879</u>
Members' Equity:	
Additional paid-in capital	108,340
Retained Earnings	74,668
Net income (loss)	<u>(68,153)</u>
Total Equity	<u>114,855</u>
Total liabilities and Equity	<b><u>355,734</u></b>

See accompanying notes and independent auditor's report

**SOS FRANCHISING, LLC**  
STATEMENT OF INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2022

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**REVENUES**

Sales	\$803,524
Total revenues	<u>803,524</u>

**OPERATING EXPENSES**

Automobile Expenses	2,730
Bank fees	5,624
Contract Services	41,750
Donation	215
Employee Reimbursements	6,949
Insurance	670
Legal & Professional fees	109,807
Licenses & Permit	1,250
Marketing	102,379
Melias & Entertainment	5,544
Office Expenses	2,526
Office Supplies & Software	73,583
Payroll Expenses	432,239
Payroll Taxes	55,726
Rent & Lease	12,000
Retirement Contribution	22,359
Travel	18,326
Total operating expenses	<u>871,677</u>
<b>NET INCOME (LOSS)</b>	<u><b>(68,153)</b></u>

See accompanying notes and independent auditor's report

**SOS FRANCHISING, LLC**  
**STATEMENT OF MEMBER'S EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Members Units		Additional Paid-in Capital	Retained Earnings	Total
	Units	Amount			
Balance, January 1, 2022	-	-	3,723	74,668	78,391
Capital contributions (distributions)	-	-	104,617	-	104,617
Net income (loss)	-	-	-	(68,153)	(68,153)
Balance, December 31, 2022	<u>-</u>	<u>-</u>	<u>108,340</u>	<u>6,515</u>	<u>114,855</u>

See accompanying notes and independent auditor's report

**SOS FRANCHISING, LLC**  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2022

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net income (loss)	(\$68,153)
Changes on operating assets and liabilities:	
Accounts Receivable and other current assets	(175,341)
Accounts Payable and other current liabilities	221,919
Net Cash flows provided by operating activities	<u>(21,575)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Net Cash flows used in investing activities	<u>-</u>
---	----------

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Capital contributions (distributions)	104,617
Net Cash flows used in financing activities	<u>104,617</u>

**NET INCREASE IN CASH AND CASH EQUIVALENT** 83,042

Cash and Cash Equivalents - January 1, 2022 75,775

**Cash and Cash Equivalents - December 31, 2022** 158,817

See accompanying notes and independent auditor's report

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**SOS FRANCHISING, LLC**

**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2022**

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**NOTE 1- BUSINESS ACTIVITY**

SOS Franchising, LLC was formed in the state of Texas on March 2018; the Company is in the business of offering franchises for the operation of a mental health therapy center that offers behavior modification services for children and young adults diagnosed with Autism Spectrum Disorder. Unless otherwise indicated, the items “we,” “us,” “our,” and “Company” refer to SOS Franchising, LLC.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Revenue Recognition**

---

The Company’s revenue recognition policies are in compliance with accounting standard ASC Topic 606, “Revenue from Contracts with Customers”. The new guidance includes the following five-step revenue recognition model:

- Identify the contract with the customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.
- Recognize revenue when (or so) each performance obligation is satisfied.

In 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updates (ASU), *Franchisors-Revenue from Contracts with Customers (Subtopic 952-606) Practical Expedient*. This new practical expedient will allow franchisors that are not public business entities to account for pre-opening services provided to a franchisee as a single performance obligation if the service is in line with the services listed within the guidance, and they meet certain other conditions.

The Company recognizes franchise royalties and system advertising on a monthly basis, which are generally based upon a percentage of sales made by the Company’s franchisees, when they earned and deemed collectible.

The following services are provided by the Company prior to the opening of a franchised location:

- Development of a custom affiliated website housed within our national website.
- Webservice set up which will include access to our intranet system.
- Comprehensive five to eight-day training program at our corporate headquarter and up to three-days of assistance and guidance pre-opening on site.

#### **Concentrations of Credit Risk**

The Company maintains cash in bank and deposit accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

#### **Cash and Cash Equivalents**

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

#### **Long-Lived Assets**

The Company reviews long-lived assets to be held and used by an entity for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable. As there are no owned assets for the year ended December 31, 2022, no impairment of the carrying values of its long-lived assets existed at that period. There can be no assurance, however, that demands for the Company's products or market conditions will not change, which could result in impairment losses in the future

#### **Property and Equipment**

Property and equipment are stated at cost. Depreciation and amortization are generally provided using the straight-line method over the estimated useful lives of the related assets which ranges between 3 to 10 years.

#### **Incomes Taxes**

Deferred taxes are provided on liability method whereby deferred tax assets are recognized for deductible temporary differences and operating losses and tax credit carryforwards, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. The deferred tax liability relates primarily to differences in methods of accounting for long-term contracts for financial reporting and income tax purposes. The deferred tax asset is adjusted for the effects of changes in tax laws and rates on the date of the enactment.

#### **Use of Estimates in the Preparation of Financial Statement**

The preparation of financial statement in conformity with accounting principles generally accepted in the United State of America (U.S. GAAP). The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure

of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by the Company's management include, but are not limited to, allowances for doubtful accounts and contracts receivable, the allowance for losses on contracts in process and the percentage of completion on uncompleted contracts. Actual results could materially differ from those estimates.

#### **Fair Value of Financial Assets and Liabilities**

We measure and disclose certain financial assets and liabilities at fair value. ASC Topic 820, Fair Value Measurements and Disclosures, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date, ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

We utilize that active market approach to measure fair value for our financial assets and liabilities. We report separately each class of assets and liabilities measured at fair value on a recurring basis and include assets and liabilities that are disclosed but not recorded at fair value in the fair value hierarchy.

#### **Recently Issued and Adopted Accounting Pronouncements**

The Company's management has evaluated recently issued accounting pronouncement through the date of this report and concluded that they will not have a material effect on the financial statement as of December 31, 2022.

In February 2016, the FASB issued a new accounting standard on leases. The new standard, among other changes, will require lessees to recognize a right-of-use asset and a lease liability on the balance sheet for all leases. The lease liability will be measured at the present value of the lease payments over the lease term. The right-of-use asset will be measured at the lease liability amount, adjusted for lease prepayments, lease incentives received and the lessee's initial direct costs (e.g., commissions). The Company does not believe that the adoption of this new accounting standard to have a material impact on its financial position and results of operations.

The Company does not believe that any other recently issued but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

**NOTE 3 – MEMBERS' EQUITY**

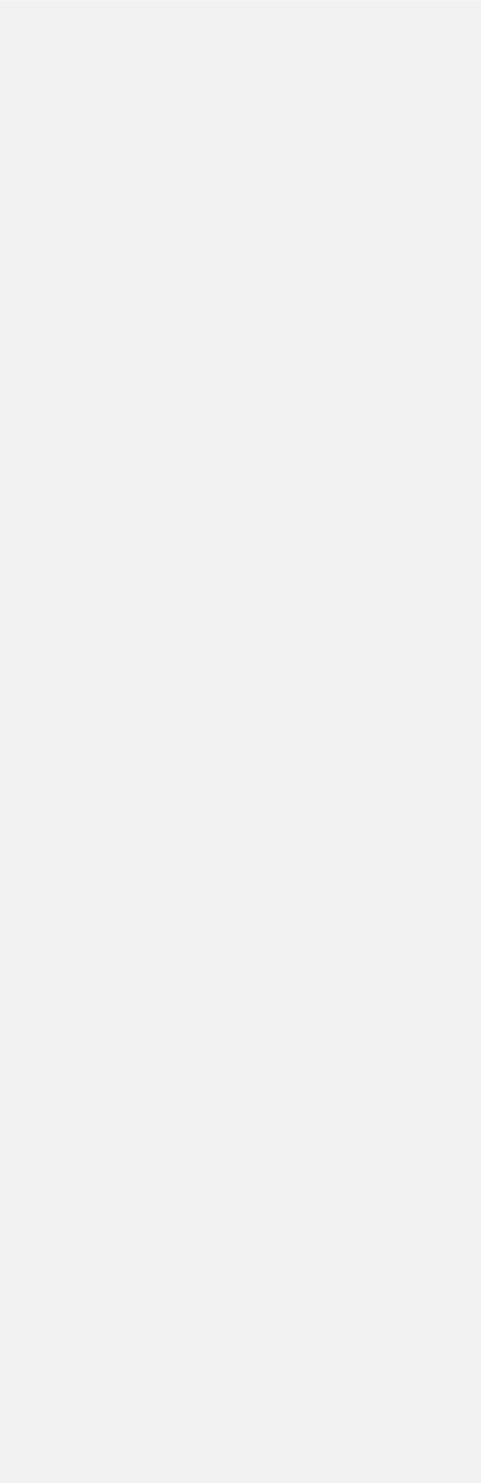
During the years ended December 31, 2022, the Company's did not issue membership units. All contributions and distributions are recorded as Additional paid in Capital.

**NOTE 4 – INCOME TAXES**

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related to differences between the basis of assets and liabilities for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax consequences of those differences, which will either be taxable or deductible when the assets and liabilities ~~are recovered or settled. The provision differs from the expenses that would result from applying federal~~ statutory rates to income before income taxes primarily due to state incomes taxes and certain non-deductible expenses.

**NOTE 5 – SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through June 17, 2023, the date which the financial statements were available to be issued and nothing has occurred that would require disclosure.



**SOS FRANCHISING, LLC**

**Financial Statements  
December 31, 2021**

**(With Independent Auditor's Report)**

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**Financial Statements**

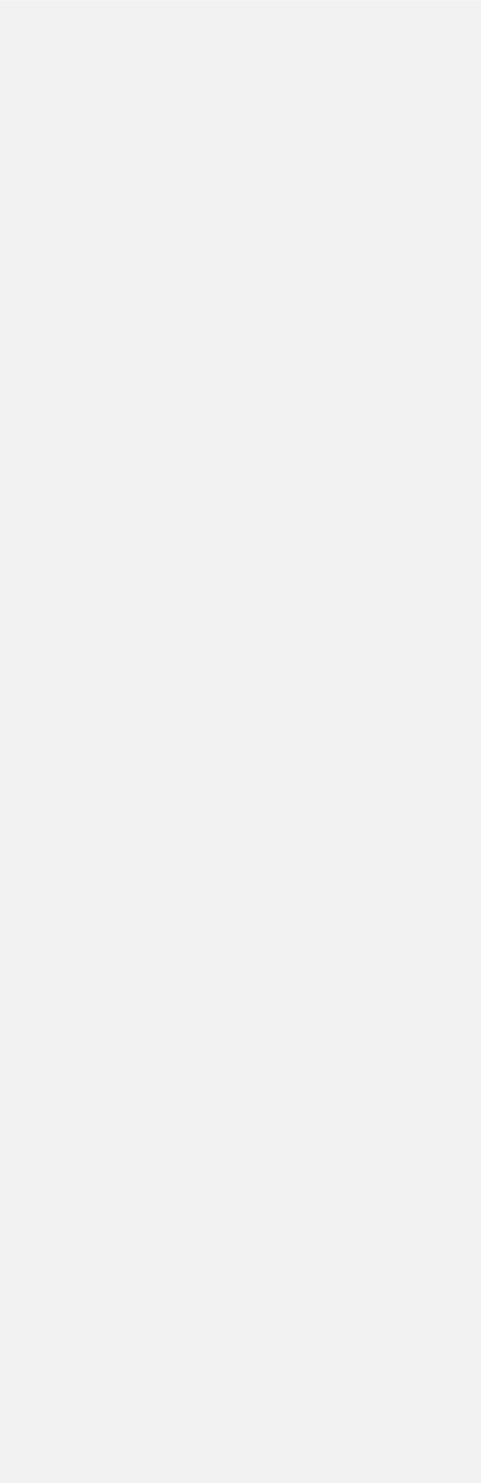
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**SUNG & ASSOCIATES CPA, LLC**  
Certified Public Accountants & Business Advisors

1 Station Plaza, Suite 103, Ridgefield Park, NJ 07660  
Tel. (201) 286-1869

## Independent Auditor's Report

To the Member of  
SOS Franchising LLC  
Houston, TX

We have audited the accompanying financial statements of SOS Franchising, LLC, which comprise the balance sheet as of December 31, 2021, and the related statements of income, member's equity, and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

---

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**SUNG & ASSOCIATES CPA, LLC**  
Certified Public Accountants & Business Advisors

1 Station Plaza, Suite 103, Ridgefield Park, NJ 07660  
Tel. (201) 286-1869

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SOS Franchising, LLC as of December 31, 2021, and the results of its operations and its cash flows for the year then ended, in accordance with U.S. generally accepted accounting principles.

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Ridgefield Park, New Jersey

October 19, 2022

X 

Jung H. Sung, CPA

**SOS FRANCHISING, LLC**

BALANCE SHEET  
December 31, 2021

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**ASSETS**

Current Assets:

Cash in bank	\$	75,775
Accounts Receivable		<u>21,576</u>
Total current assets		<u>97,351</u>

**Total Assets** 97,351

**LIABILITIES AND NET ASSETS**

Current Liabilities:

Accounts payable	2,004
Payroll Liabilities	11,834
Other current Liabilities	<u>5,122</u>

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Total current liabilities 18,960

Total Liabilities 18,960

Members' Equity:

Additional paid-in capital	3,723
Retained Earnings	20,912
Net income (loss)	<u>53,756</u>

Total Equity 78,391

**Total liabilities and Equity** 97,351

See accompanying notes and independent auditor's report

**SOS FRANCHISING, LLC**  
**STATEMENT OF INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Without donor restrictions
<b>REVENUES</b>	
Sales	\$565,290
Total revenues	565,290
<b>OPERATING EXPENSES</b>	
Automobile Expenses	351
Bank fees	1,749
Contract Services	95,065
Donation	5,344
Due & Subscription	6,813
Employee Reimbursements	1,496
Insurance	670
Legal & Professional fees	58,908
Licenses & Permit	1,995
Marketing	98,596
Melas & Entertainment	2,708
Office Expenses	1,121
Office Supplies & Software	30,708
Payroll Expenses	159,828
Payroll Taxes	12,656
Repairs & Maintenance	10,147
Retirement Contribution	16,888
Travel	6,489
Total operating expenses	511,534
<b>NET INCOME (LOSS)</b>	<b>53,756</b>

See accompanying notes and independent auditor's report

**SOS FRANCHISING, LLC**  
 STATEMENT OF MEMBER'S EQUITY  
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Members Units		Additional Paid-In Capital	Retained Earnings	Total
	Units	Amount			
Balance, January 1, 2021	-	-	3,723	20,912	24,635
Capital contributions (distributions)	-	-	-	-	
Net income (loss)	-	-		53,756	53,756
Balance, December 31, 2021	<u>-</u>	<u>-</u>	<u>3,723</u>	<u>74,668</u>	<u>78,391</u>

See accompanying notes and independent auditor's report

**SOS FRANCHISING, LLC**  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2021

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**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net income (loss)	\$53,756
Changes on operating assets and liabilities:	
Accounts Receivable	(19,826)
Accounts Payable and other current liabilities	8,714
Net Cash flows provided by operating activities	<u>42,644</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Net Cash flows used in investing activities	<u>-</u>
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**CASH FLOWS FROM FINANCING ACTIVITIES:**

Capital contributions (distributions)	-
Net Cash flows used in financing activities	<u>-</u>

<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>	<b>42,644</b>
Cash and Cash Equivalents - January 1, 2021	<u>33,131</u>
<b>Cash and Cash Equivalents - December 31, 2021</b>	<b><u>75,775</u></b>

See accompanying notes and independent auditor's report

Success on the Spectrum®  
Franchise Disclosure Document Exhibit I - 2023

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**SOS FRANCHISING, LLC**

**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2021**

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**NOTE 1- BUSINESS ACTIVITY**

SOS Franchising, LLC was formed in the state of Texas on March 2018; the Company is in the business of offering franchises for the operation of a mental health therapy center that offers behavior modification services for children and young adults diagnosed with Autism Spectrum Disorder. Unless otherwise indicated, the items “we,” “us,” “our,” and “Company” refer to SOS Franchising, LLC.

**NOTE 2 – SUMMARY OF SIGNIFICATN ACCOUNTING POLICIES**

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**Revenue Recognition**

The Company’s revenue recognition policies are in compliance with accounting standard ASC Topic 606, “Revenue from Contracts with Customers”. The new guidance includes the following five-step revenue recognition model:

- Identify the contract with the customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.
- Recognize revenue when (or so) each performance obligation is satisfied.

In 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updates (ASU), *Franchisors-Revenue from Contracts with Customers (Subtopic 952-606) Practical Expedient*. This new practical expedient will allow franchisors that are not public business entitles to account for pre-opening services provided to a franchisee as a single performance obligation if the service are in line with the services listed within the guidance, and they meet certain other conditions.

The Company recognizes franchise royalties and system advertising on a monthly basis, which are generally based upon a percentage of sales made by the Company’s franchisees, when they earned and deemed collectible.

The following services are provided by the Company prior to the opening of a franchised location:

- Development of a custom affiliated website housed within our national website.
- Webservice set up which will include access to our intranet system.
- Comprehensive five to eight-day training program at our corporate headquarter and up to three-days of assistance and guidance pre-opening on site.

#### **Concentrations of Credit Risk**

The Company maintains cash in bank and deposit accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

#### **Cash and Cash Equivalents**

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

#### **Long-Lived Assets**

The Company reviews long-lived assets to be held and used by an entity for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable. As there are no owned assets for the years ended December 31, 2021, no impairment of the carrying values of its long-lived assets existed at that period. There can be no assurance, however, that demands for the Company's products or market conditions will not change, which could result in impairment losses in the future.

#### **Property and Equipment**

Property and equipment are stated at cost. Depreciation and amortization are generally provided using the straight-line method over the estimated useful lives of the related assets which ranges between 3 to 10 years.

#### **Incomes Taxes**

Deferred taxes are provided on liability method whereby deferred tax assets are recognized for deductible temporary differences and operating losses and tax credit carryforwards, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. The deferred tax liability relates primarily to differences in methods of accounting for long-term contracts for financial reporting and income tax purposes. The deferred tax asset is adjusted for the effects of changes in tax laws and rates on the date of the enactment.

#### **Use of Estimates in the Preparation of Financial Statement**

The preparation of financial statement in conformity with accounting principles generally accepted in the United State of America (U.S. GAAP). The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure

of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by the Company's management include, but are not limited to, allowances for doubtful accounts and contracts receivable, the allowance for losses on contracts in process and the percentage of completion on uncompleted contracts. Actual results could materially differ from those estimates.

#### **Fair Value of Financial Assets and Liabilities**

We measure and disclose certain financial assets and liabilities at fair value. ASC Topic 820, Fair Value Measurements and Disclosures, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date, ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

We utilize that active market approach to measure fair value for our financial assets and liabilities. We report separately each class of assets and liabilities measured at fair value on a recurring basis and include assets and liabilities that are disclosed but not recorded at fair value in the fair value hierarchy.

#### **Recently Issued and Adopted Accounting Pronouncements**

The Company's management has evaluated recently issued accounting pronouncement through the date of this report and concluded that they will not have a material effect on the financial statement as of December 31, 2021.

In February 2016, the FASB issued a new accounting standard on leases. The new standard, among other changes, will require lessees to recognize a right-of-use asset and a lease liability on the balance sheet for all leases. The lease liability will be measured at the present value of the lease payments over the lease term, The right-of-use asset will be measured at the lease liability amount, adjusted for lease prepayments, lease incentives received and the lessee's initial direct costs (e.g., commissions). The Company does not believe that the adoption of this new accounting standard to have a material impact on its financial position and results of operations.

In June 2020, the Financial Accounting Standards Board released an accounting standard update providing a one-year effective date delay for private companies to apply the revenue recognition and lease standards, due to the COVID-19 pandemic. The update enables private companies that have not yet applied the revenue recognition standard to do so for annual reporting periods starting after December 15, 2019.

The Company does not believe that any other recently issued but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

**NOTE 3 – MEMBERS’ EQUITY**

During the years ended December 31, 2021, the Company’s did not issue membership units. All Contribution and distributions are recorded as Additional paid in Capital.

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**NOTE 4 – INCOME TAXES**

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related to differences between the basis of assets and liabilities for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. The provision differs from the expenses that would result from applying federal statutory rates to income before income taxes primarily due to state incomes taxes and certain non-deductible expenses.

**NOTE 5 – SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through October 19, 2022, the date which the financial statements were available to be issued and nothing has occurred that would require disclosure.

**SOS FRANCHISING, LLC**

**Financial Statements**

**For The Years Ended December 31, 2020 and 2019**

*with*

**Independent Auditor's Report Thereon**

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10000 Payton Drive, Suite C 315 Chino Hills, CA 91709  
Tel: (909) 222-1947 Fax: (404) 601-0031  
www.hanna-cpa.com

SOS FRANCHISING, LLC

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**Financial Statements:  
For The Years Ended December 31, 2020 and 2019**

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### INDEPENDENT AUDITOR'S REPORT

To the Member of  
SOS Franchising, LLC  
Houston, Texas

We have audited the accompanying financial statements of SOS Franchising, LLC, which comprise the balance sheet as of December 31, 2020 and 2019, and the related statements of income, Member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

#### Management's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SOS Franchising, LLC as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

*Hanna, CPA*  
Hanna, CPA  
Chino Hills, California  
March 11, 2021

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**SOS FRANCHISING, LLC**

**BALANCE SHEET**

ASSETS	December 31, 2020	December 31, 2019
Current assets:		
Cash	\$ 33,131	\$ 16,273
Accounts Receivable	1,750	1,750
Total current assets	<u>34,881</u>	<u>18,023</u>
Total assets	<u>\$ 34,881</u>	<u>\$ 18,023</u>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 10,246	\$ 123
Total liabilities	<u>10,246</u>	<u>123</u>
<b>Members' Equity</b>		
Additional paid-in capital	3,723	(314)
Net income (loss)	20,912	18,214
Total members' equity	<u>24,635</u>	<u>17,900</u>
Total liabilities and members' equity	<u>\$ 34,881</u>	<u>\$ 18,023</u>

See independent auditor's report  
and accompanying notes to financial statements

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**SOS FRANCHISING, LLC**

**STATEMENT OF INCOME**

	<u>January 1 to December 31, 2020</u>	<u>January 1 to December 31, 2019</u>
<b>Revenues:</b>		
Franchise fee	\$ 40,000	\$ 40,000
Royalties and advertising	13,890	5,490
<b>Total revenues</b>	<b>\$ 53,890</b>	<b>\$ 45,490</b>
<b>Operating expenses:</b>		
Bank & Merchant Fees	\$ 498	\$ 314
Insurance expense	335	-
Meals and entertainment	328	727
Marketing	28,801	14,241
Office expenses	4,213	251
Office supplies	2,386	-
Legal & Professional fees	1,459	1,620
Payroll expense	6,657	8,623
Referral Fee	-	1,500
Payroll tax	6,189	-
Taxes & Licenses	275	-
Travel expense	51	-
<b>Total operating expenses</b>	<b>\$ 51,192</b>	<b>\$ 27,276</b>
<b>Net Income (loss)</b>	<b>\$ 2,698</b>	<b>\$ 18,214</b>

See independent auditor's report  
and accompanying notes to financial statements

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**SOS FRANCHISING, LLC**

**STATEMENT OF MEMBERS' EQUITY**  
**For The Year Ended December 31, 2020 and 2019**

	Members Units		Additional paid-in capital	Net income (Loss)	Total
	Units	Amount			
Balance, January 1, 2019	-	\$ -	\$ 50,000	\$ (16,890)	\$ 33,110
Capital contributions (distribution)	-	-	(50,314)	16,890	(33,424)
Net income (loss)	-	-	-	18,214	18,214
Balance, December 31, 2019	-	\$ -	\$ (314)	\$ 18,214	\$ 17,900
Balance, January 1, 2020	-	\$ -	\$ (314)	\$ 18,214	\$ 17,900
Capital contributions (distribution)	-	-	4,037	-	4,037
Net income (loss)	-	-	-	2,698	2,698
Balance, December 31, 2020	-	\$ -	\$ 3,723	\$ 20,912	\$ 24,635

See independent auditor's report  
and accompanying notes to financial statements

**SOS FRANCHISING, LLC**  
**STATEMENT OF CASH FLOWS**

	<b>January 1 to December 31, 2020</b>	<b>January 1 to December 31, 2019</b>
<b>Cash flows from operating activities</b>		
Net income (loss)	\$ 2,698	\$ 18,214
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation		
Changes on operating assets and liabilities:		
Accounts Receivable	-	(1,750)
Deferred income	-	(15,000)
Accounts payable and accrues expenses	10,123	(587)
	12,821	877
<b>Cash flows from Investing activities</b>		
Net Cash flows used in investing activities	-	-
<b>Cash flows from financing activities</b>		
Capital contributions (distribution)	4,037	(33,424)
Net cash flows provided by (used in) financing activities	4,037	(33,424)
Net increase (decrease) in cash and cash equivalent	16,858	(32,547)
Cash at beginning of period	16,273	48,820
Cash at end of period	\$ 33,131	\$ 16,273
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	\$ -	\$ -
Income tax	\$ -	\$ -

See independent auditor's report  
and accompanying notes to financial statements  
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**SOS FRANCHISING, LLC**

**NOTES TO FINANCIAL STATEMENTS**

**For the Years Ended December 31, 2020 and 2019**

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**NOTE 1 – BUSINESS ACTIVITY**

SOS Franchising, LLC was formed in the state of Texas on March 22, 2018; the Company is in the business of offering franchises for the operation of a mental health therapy center that offers behavior modification services for children and young adults diagnosed with Autism Spectrum Disorder. Unless otherwise indicated, the terms “we,” “us,” “our,” and “Company” refer to SOS Franchising, LLC.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Revenue Recognition**

The Company’s revenue recognition policies are in compliance with accounting standard ASC Topic 606, “Revenue from Contracts with Customers”. The new guidance includes the following five-step revenue recognition model:

- Identify the contract with the customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.
- Recognize revenue when (or as) each performance obligation is satisfied.

In 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU), *Franchisors—Revenue from Contracts with Customers (Subtopic 952-606) Practical Expedient*. This new practical expedient will allow franchisors that are not public business entities to account for pre-opening services provided to a franchisee as a single performance obligation if the services are in line with the services listed within the guidance, and they meet certain other conditions.

The Company recognizes franchise royalties and system advertising on a monthly basis, which are generally based upon a percentage of sales made by the Company’s franchisees, when they are earned and deemed collectible.

The following services are provided by the Company prior to the opening of a franchised location:

- Development of a custom affiliated website housed within our national website.
- Webserver set up which will include access to our intranet system.
- Comprehensive five to eight-day training program at our corporate headquarter and up to three-days of assistance and guidance pre-opening on site.

**Concentrations of Credit Risk**

The Company maintains cash in bank and deposit accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

---

*See independent auditor’s report*

**SOS FRANCHISING, LLC**

**NOTES TO FINANCIAL STATEMENTS**

**For the Years Ended December 31, 2020 and 2019**

---

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Long-Lived Assets

The Company reviews long-lived assets to be held and used by an entity for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable. As there are no owned assets for the years ended December 31, 2020 and 2019, no impairment of the carrying values of its long-lived assets existed at that period. There can be no assurance, however, that demands for the Company's products or market conditions will not change which could result in impairment losses in the future.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are generally provided using the straight-line method over the estimated useful lives of the related assets which ranges between 3 to 10 years.

Income Taxes

Deferred taxes are provided on liability method whereby deferred tax assets are recognized for deductible temporary differences and operating losses and tax credit carryforwards, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. The deferred tax liability relates primarily to differences in methods of accounting for long-term contracts for financial reporting and income tax purposes. The deferred tax asset is adjusted for the effects of changes in tax laws and rates on the date of the enactment.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP<sup>®</sup>). The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by the Company's management include, but are not limited to, allowances for doubtful accounts and contracts receivable, the allowance for losses on contracts in process and the percentage of completion on uncompleted contracts. Actual results could materially differ from those estimates.

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*See independent auditor's report*

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*Franchise Disclosure Document Exhibit I – 2023*

SOS FRANCHISING, LLC

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Fair Value of Financial Assets and Liabilities

We measure and disclose certain financial assets and liabilities at fair value. ASC Topic 820, Fair Value Measurements and Disclosures, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC

Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

~~Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.~~

We utilize the active market approach to measure fair value for our financial assets and liabilities. We report separately each class of assets and liabilities measured at fair value on a recurring basis and include assets and liabilities that are disclosed but not recorded at fair value in the fair value hierarchy.

Recently Issued and Adopted Accounting Pronouncements

The Company's management has evaluated recently issued accounting pronouncements through the date of this report and concluded that they will not have a material effect on the financial statements as of December 31, 2020.

In February 2016, the FASB issued a new accounting standard on leases. The new standard, among other changes, will require lessees to recognize a right-of-use asset and a lease liability on the balance sheet for all leases. The lease liability will be measured at the present value of the lease payments over the lease term. The right-of-use asset will be measured at the lease liability amount, adjusted for lease prepayments, lease incentives received and the lessee's initial direct costs (e.g., commissions). The Company does not believe that the adoption of this new accounting standard to have a material impact on its financial position and results of operations.

*See independent auditor's report*

**SOS FRANCHISING, LLC**

**NOTES TO FINANCIAL STATEMENTS**

**For the Years Ended December 31, 2020 and 2019**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

In February 2016, the FASB issued a new accounting standard on leases. The new standard, among other changes, will require lessees to recognize a right-of-use asset and a lease liability on the balance sheet for all leases. The lease liability will be measured at the present value of the lease payments over the lease term. The right-of-use asset will be measured at the lease liability amount, adjusted for lease prepayments, lease incentives received and the lessee's initial direct costs (e.g. commissions). The new standard is effective for annual reporting periods beginning after December 15, 2018, including interim reporting periods within those annual reporting periods. The adoption will require a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest period presented. The Company does not believe that the adoption of this new accounting standard to have a material impact on its financial position and results of operations.

In June 2020, the Financial Accounting Standards Board released an accounting standard update providing a one-year effective date delay for private companies to apply the revenue recognition and lease standards, due to the COVID-19 pandemic. The update enables private companies that have not yet applied the revenue recognition standard to do so for annual reporting periods starting after December 15, 2019.

~~The Company does not believe that any other recently issued but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.~~

**COVID-19**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. In response to the COVID-19 outbreak, "shelter in place" orders and other public health measures have been implemented across much of the United States.

The COVID-19 global pandemic continues to rapidly evolve. The Company is continually monitoring the outbreak of COVID-19 and the related business and travel restrictions and changes to behavior intended to reduce its spread and its impact on operations, financial position, cash flows, supply chains, purchasing trends, customer's payments, and the industry in general, in addition to the impact on its employees.

Due to the rapid development and fluidity of this situation, the magnitude and duration of the pandemic and its impact on the Company's operations and liquidity is uncertain as of the date of this report. While there could ultimately be a material impact on operations and liquidity of the Company, at the time of issuance, the impact could not be determined. Due to the impact the Company has limited its operations as mandated by each state.

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*See independent auditor's report*

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Success on the Spectrum®  
Franchise Disclosure Document Exhibit I – 2023

**SOS FRANCHISING, LLC**

**NOTES TO FINANCIAL STATEMENTS**

**For the Years Ended December 31, 2020 and 2019**

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**NOTE 3 – MEMBERS' EQUITY**

During the years ended December 31, 2020 and 2019, the Company's did not issue membership units. All Contribution and distributions are recorded as Additional paid in Capital.

**NOTE 4 – INCOME TAXES**

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related to differences between the basis of assets and liabilities for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. The provision differs from the expense that would result from applying federal statutory rates to income before income taxes primarily due to state income taxes and certain non-deductible expenses.

**NOTE 5 – SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through March 11, 2021, the date which the financial statements were available to be issued and nothing has occurred that would require disclosure.

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*See independent auditor's report*

**SOS FRANCHISING, LLC**

**Financial Statements**

**For The Year Ended December 31, 2019  
And for The Period From March 22, 2018 (inception) to December 31, 2018**

*with*

**Independent Auditor's Report Thereon**



13089 Peyton Drive, Suite C-315 Chino Hills, CA 91709  
Tel: (909) 222-1947 Fax: (404) 601-9231  
[www.hanna-cpa.com](http://www.hanna-cpa.com)

SOS FRANCHISING, LLC

CONTENTS

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Financial Statements:  
For The Year Ended December 31, 2019  
And For The Period From March 22, 2018 (Inception) to December 31, 2018

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#### INDEPENDENT AUDITOR'S REPORT

To the Members of  
SOS Franchising, LLC  
Houston, Texas

We have audited the accompanying financial statements of SOS Franchising, LLC, which comprise the balance sheet as of December 31, 2019 and 2018, and the related statements of income, Member's equity, and cash flows for the year ended December 31, 2019 and for the period from March 22, 2018 (date of inception) to December 31, 2018, and the related notes to the financial statements.

#### Management's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SOS Franchising, LLC as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the year ended December 31, 2019 and for the period from March 22, 2018 (date of inception) to December 31, 2018 in accordance with accounting principles generally accepted in the United States of America.

*Hanna CPA*  
Hanna, CPA  
Chino Hills, California  
January 31, 2020

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Tel: (909) 222-1947 Fax: (404) 601-9231  
www.hanna-cpa.com Email: info@hanna-cpa.com

**SOS FRANCHISING, LLC**

**BALANCE SHEET**

ASSETS	December 31, 2019	December 31, 2018
Current assets:		
Cash	\$ 16,273	\$ 48,820
Accounts Receivable	1,750	-
Total current assets	18,023	48,820
Total assets	\$ 18,023	\$ 48,820
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
Current liabilities:		
Deferred income - Franchise fee	\$ -	\$ 15,000
Accounts payable and accrued expenses	123	710
Total liabilities	123	15,710
<b>Members' Equity</b>		
Additional paid-in capital	(314)	50,000
Net income (loss)	18,214	(16,890)
Total members' equity	17,900	33,110
Total liabilities and members' equity	\$ 18,023	\$ 48,820

See independent auditor's report  
and accompanying notes to financial statements

2

**SOS FRANCHISING, LLC**

**STATEMENT OF INCOME**

	January 1 to December 31, 2019	For The Period From March 22, 2018 (Inception) to December 31, 2018
Revenues:		
Sales Income	\$ 45,490	\$ -
Total revenues	<u>\$ 45,490</u>	<u>\$ -</u>
Operating expenses:		
Bank & Merchant Fees	\$ 314	\$ -
Meals and entertainment	727	-
Marketing	14,241	-
Office expenses	251	48
Legal & Professional fees	1,620	950
Payroll expense	8,623	13,800
Referral Fee	1,500	-
Payroll tax	-	2,092
Total operating expenses	<u>27,276</u>	<u>16,890</u>
Net Income (loss)	<u>\$ 18,214</u>	<u>\$ (16,890)</u>

See independent auditor's report  
and accompanying notes to financial statements  
3

SOS FRANCHISING, LLC

STATEMENT OF MEMBERS' EQUITY  
For The Year Ended December 31, 2019 and  
For The Period From March 22, 2018 (inception) To December 31, 2018

	Members Units		Additional paid-in capital	Net income (Loss)	Total
	Units	Amount			
Capital contribution - March 22, 2018	-	\$ -	\$ 50,000	\$ -	\$ 50,000
Net income (loss)	-	-	-	(16,890)	(16,890)
Balance, December 31, 2018	-	\$ -	\$ 50,000	\$ (16,890)	\$ 33,110
Balance, January 1, 2019	-	\$ -	\$ 50,000	\$ (16,890)	\$ 33,110
Capital contributions (distribution)	-	-	(50,314)	16,890	(33,424)
Net income (loss)	-	-	-	18,214	18,214
Balance, December 31, 2019	-	\$ -	\$ (314)	\$ 18,214	\$ 17,900

See independent auditor's report  
and accompanying notes to financial statements  
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**SOS FRANCHISING, LLC**  
**STATEMENT OF CASH FLOWS**

	January 1 to December 31, 2019	For The Period From March 22, 2018 (Inception) to December 31, 2018
<b>Cash flows from operating activities</b>		
Net income (loss)	\$ 18,214	\$ (16,890)
Adjustments to reconcile net loss to net cash used by operating activities:		
Changes on operating assets and liabilities:		
Accounts Receivable	(1,750)	-
Deferred income	(15,000)	15,000
Accounts payable and accrued expenses	(587)	710
Net cash flows provided by (used in) operating activities	877	(1,180)
<b>Cash flows from Investing activities</b>		
Net Cash flows used in investing activities	-	-
<b>Cash flows from financing activities</b>		
Capital contributions (distribution)	(33,424)	50,000
Net cash flows provided by (used in) financing activities	(33,424)	50,000
Net increase (decrease) in cash and cash equivalent	(32,547)	48,820
Cash at beginning of period	48,820	-
Cash at end of period	\$ 16,273	\$ 48,820
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	\$ -	\$ -
Income tax	\$ -	\$ -

See independent auditor's report  
and accompanying notes to financial statements  
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SOS FRANCHISING, LLC

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2019  
And For The Period From March 22, 2018 (inception) To December 31, 2018

**NOTE 1 – BUSINESS ACTIVITY**

SOS Franchising, LLC was formed in the state of Texas on March 22, 2018; the Company is in the business of offering franchises for the operation of a mental health therapy center that offers behavior modification services for children and young adults diagnosed with Autism Spectrum Disorder. Unless otherwise indicated, the terms “we,” “us,” “our,” and “Company” refer to SOS Franchising, LLC.

The Company is in its initial start-up phase and is currently in the process of acquiring franchisees to operate in various states.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Revenue Recognition

The Company’s revenue recognition policies are in compliance with FASB ASC 605-35 “Revenue Recognition”. Revenue is recognized when a formal arrangement exists, the price is fixed or determinable, all obligations have been performed pursuant to the terms of the formal arrangement and collectability is reasonably assured.

Franchise and area development fees, which are typically received prior to completion of the revenue recognition process, are initially recorded as deferred revenue. Initial franchise fees, which are non-refundable, are recognized as income when substantially all services to be performed and conditions relating to the sale of the franchise have been performed or satisfied, which generally occurs when the franchised location commences operations.

The following services are typically provided by the Company prior to the opening of a franchised location:

- Approval of all site selections to be developed.
- Provision of architectural plans to be developed.
- Assistance in establishing building design specifications, reviewing construction compliance and equipping the location.
- Provision of management training for the new franchisee and selected staff.
- Assistance with the initial operations of the location being developed.

Concentrations of Credit Risk

The Company maintains cash in bank and deposit accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

*See independent auditor’s report*

SOS FRANCHISING, LLC

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2019  
And For The Period From March 22, 2018 (inception) To December 31, 2018

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Long-Lived Assets

The Company reviews long-lived assets to be held and used by an entity for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable. As there are no owned assets for the years ended December 31, 2019 and 2018, no impairment of the carrying values of its long-lived assets existed at that period. There can be no assurance, however, that demands for the Company's products or market conditions will not change which could result in impairment losses in the future.

Property and Equipment

~~Property and equipment are stated at cost. Depreciation and amortization are generally provided using the straight-line method over the estimated useful lives of the related assets which ranges between 3 to 10 years.~~

Income Taxes

Deferred taxes are provided on liability method whereby deferred tax assets are recognized for deductible temporary differences and operating losses and tax credit carryforwards, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. The deferred tax liability relates primarily to differences in methods of accounting for long-term contracts for financial reporting and income tax purposes. The deferred tax asset is adjusted for the effects of changes in tax laws and rates on the date of the enactment.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by the Company's management include, but are not limited to, allowances for doubtful accounts and contracts receivable, the allowance for losses on contracts in process and the percentage of completion on uncompleted contracts. Actual results could materially differ from those estimates.

*See independent auditor's report*

SOS FRANCHISING, LLC

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2019  
And For The Period From March 22, 2018 (inception) To December 31, 2018

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Fair Value of Financial Assets and Liabilities

We measure and disclose certain financial assets and liabilities at fair value. ASC Topic 820, Fair Value Measurements and Disclosures, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC

Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

We utilize the active market approach to measure fair value for our financial assets and liabilities. We report separately each class of assets and liabilities measured at fair value on a recurring basis and include assets and liabilities that are disclosed but not recorded at fair value in the fair value hierarchy.

Recently Issued and Adopted Accounting Pronouncements

The Company's management has evaluated recently issued accounting pronouncements through the date of this report and concluded that they will not have a material effect on the financial statements as of December 31, 2019 and 2018. However, for purpose of financial reporting the Company has elected early adoption of Accounting Standards Update No. 2014-10, issued June 10, 2014, which removes the definition of a development stage entity from ASC Topic 915 and all distinction between development stage entities and other reporting entities under GAAP. As a result, we no longer report financial results showing inception to date.

In May 2014, the FASB issued a new accounting standard ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)", that attempts to establish a uniform basis for recording revenue to virtually all industries' financial statements. The revenue standard's core principle is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services. Additionally, the new guidance requires enhanced disclosure to help financial statement users better understand the nature, amount, timing and uncertainty

*See independent auditor's report*

SOS FRANCHISING, LLC

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2019  
And For The Period From March 22, 2018 (inception) To December 31, 2018

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

of the revenue recorded. There are two basic transition methods that are available – full retrospective, or modified retrospective transition methods. We will adopt the standards using the modified retrospective approach. The Company does not believe that the adoption of this new accounting standard to have a material impact on its financial position and results of operations.

In February 2016, the FASB issued a new accounting standard on leases. The new standard, among other changes, will require lessees to recognize a right-of-use asset and a lease liability on the balance sheet for all leases. The lease liability will be measured at the present value of the lease payments over the lease term. The right-of-use asset will be measured at the lease liability amount, adjusted for lease prepayments, lease incentives received and the lessee's initial direct costs (e.g. commissions). The new standard is effective for annual reporting periods beginning after December 15, 2018, including interim reporting periods within those annual reporting periods. The adoption will require a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest period presented. The Company does not believe that the adoption of this new accounting standard to have a material impact on its financial position and results of operations.

~~The Company does not believe that any other recently issued but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.~~

**NOTE 3 – MEMBERS' EQUITY**

During the years ended December 31, 2019 and 2018, the Company's did not issue membership units. All Contribution and distributions are recorded as Additional paid in Capital.

**NOTE 4 – INCOME TAXES**

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related to differences between the basis of assets and liabilities for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. The provision differs from the expense that would result from applying federal statutory rates to income before income taxes primarily due to state income taxes and certain non-deductible expenses.

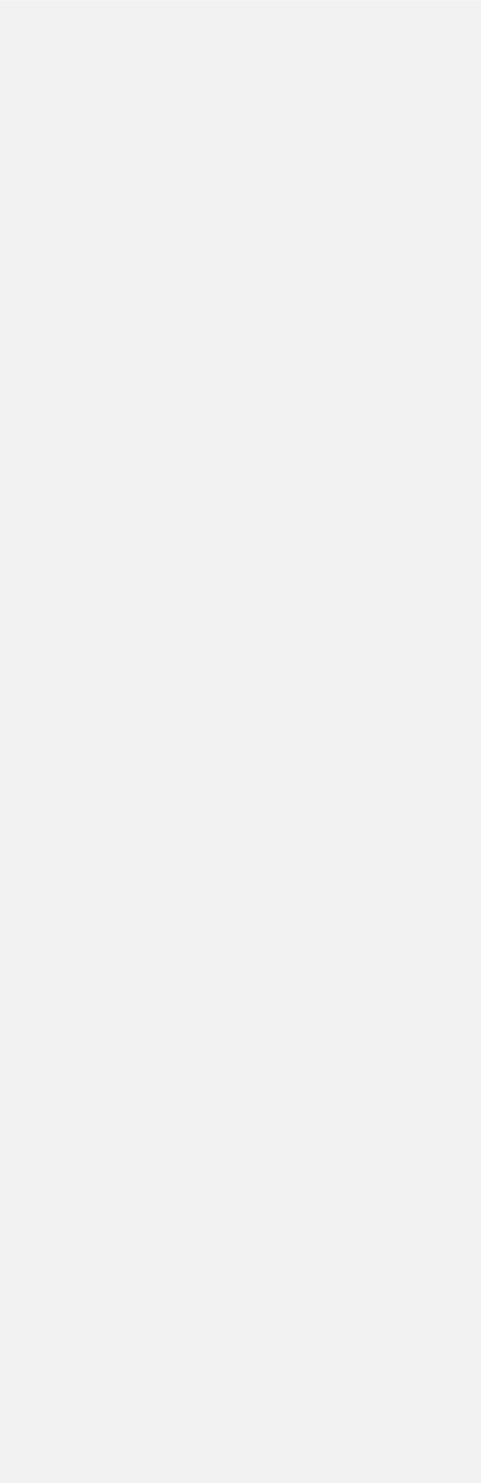
**NOTE 5 – SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through January 31, 2020, the date which the financial statements were available to be issued and nothing has occurred that would require disclosure.

*See independent auditor's report*

EXHIBIT J

SBA Addendum





ADDENDUM TO FRANCHISE<sup>1</sup> AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on \_\_\_\_\_, 20\_\_\_\_, by and between SOS Franchising, LLC ("Franchisor"), located at 8181 COMMERCE PARK DRIVE #726, HOUSTON, TEXAS 77036, and \_\_\_\_\_ ("Franchisee"), located at \_\_\_\_\_.

Franchisor and Franchisee entered into a Franchise Agreement on \_\_\_\_\_, 20\_\_\_\_, (such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U.S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree that notwithstanding any other terms in the Franchise Agreement or any other document Franchisor requires Franchisee to sign:

**CHANGE OF OWNERSHIP**

If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee Franchisee.

**FORCED SALE OF ASSETS**

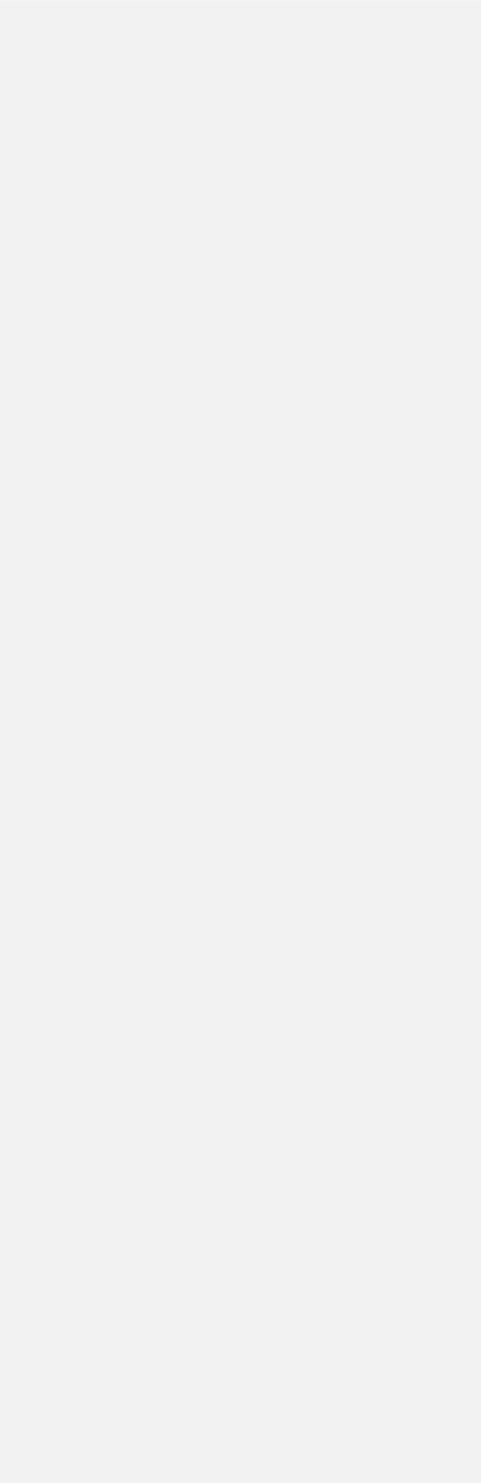
If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If Franchisee owns the real estate where the franchisee location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional renewals) for fair market value.

**COVENANTS**

\_\_\_\_\_

\_\_\_\_\_

† While relationships established under license, jobber, dealer and similar agreements are not generally described as “franchise” relationships, if such relationships meet the Federal Trade Commission’s (FTC’s) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).



~~If the Franchisee owns the real estate where the franchisee location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.~~

**EMPLOYMENT**

~~Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.~~

~~As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.~~

~~Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.~~

~~Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729–3733.~~

~~Authorized Representative of FRANCHISOR:~~

~~By: \_\_\_\_\_~~

~~Print Name: \_\_\_\_\_~~

~~Title: \_\_\_\_\_~~

**Authorized Representative of FRANCHISEE:**

~~By: \_\_\_\_\_~~

~~Print Name: \_\_\_\_\_~~

~~Title: \_\_\_\_\_~~

**Note to Parties:** ~~This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements.~~

**State Effective Dates**

\_\_\_\_\_ The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the ~~state~~states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

\_\_\_\_\_ This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

<b>State</b>	Effective <b>Date</b> Dates
California	<b>Not Registered</b>
<b>Florida</b>	<b>8/18/2023</b>
Hawaii	<b>Not Registered</b>
Illinois	<b>Pending</b>
Indiana	<b>Pending</b>
Maryland	<b>Not Registered</b>
Michigan	<b>9/22/2023</b>
Minnesota	<b>Pending</b>
New York	<b>Pending</b>
North Dakota	<b>Not Registered</b>
Rhode Island	<b>8/16/2023</b>
South Dakota	<b>Not Registered</b>
Virginia	<b>10/19/2023</b>
Washington	<b>Not Registered</b>
Wisconsin	<b>Not Registered</b>

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\_\_\_\_\_ Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

State

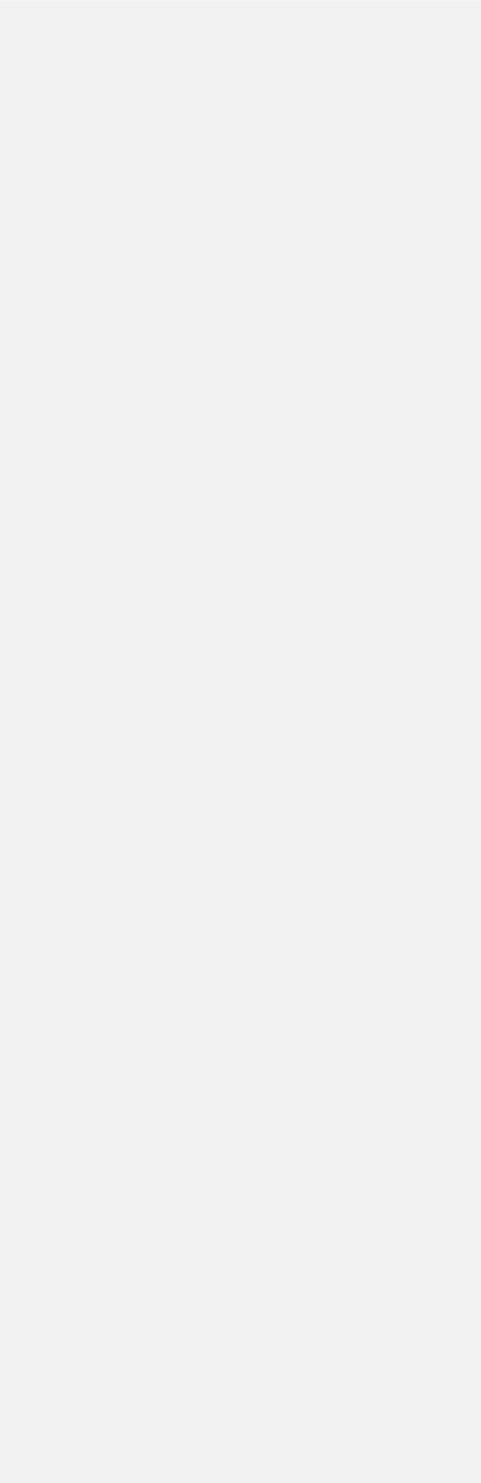
Effective-Date



FRANCHISE DISCLOSURE DOCUMENT  
EXHIBIT K  
RECEIPTS

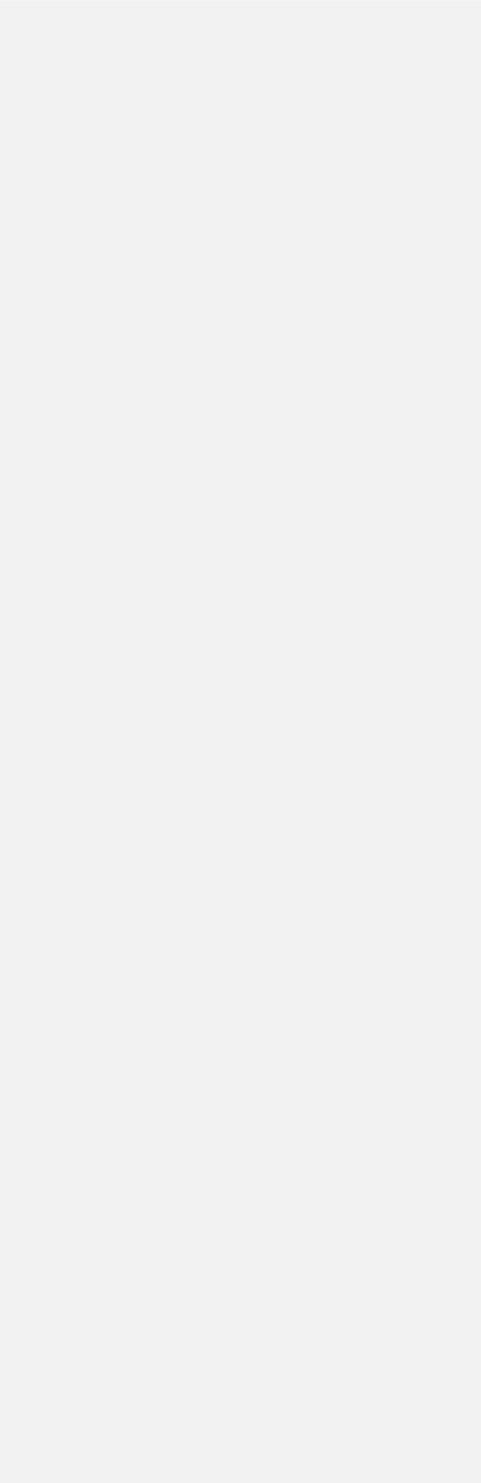
Texas	March 31, 2020*
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\*One-time filing



**EXHIBIT K**

**Receipts**



RETURN THIS SIGNED COPY TO THE FRANCHISOR

ACKNOWLEDGEMENT OF \_

SOS Franchising, LLC

**RECEIPT FOR FDD**

**Franchise**

This Disclosure Document (FDD) summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all the agreements carefully.

If SOS FRANCHISING Franchising, LLC offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate of ours in connection with the proposed franchise sale, or sooner if required by applicable law.

THIS DISCLOSURE DOCUMENT SUMMARIZES PROVISIONS OF THE FRANCHISE AGREEMENT, AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS DISCLOSURE DOCUMENT AND ALL AGREEMENTS CAREFULLY.

IF SUCCESS ON THE SPECTRUM FRANCHISE GROUP 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 LAW REQUIRES A FRANCHISOR TO PROVIDE THE DISCLOSURE DOCUMENT AT THE EARLIER OF THE FIRST PERSONAL MEETING OR TEN (10) BUSINESS DAYS BEFORE THE EXECUTION OF THE FRANCHISE OR OTHER AGREEMENT OR THE PAYMENT OF ANY CONSIDERATION THAT RELATES TO THE FRANCHISE RELATIONSHIP.

IF SUCCESS ON THE SPECTRUM FRANCHISE GROUP 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 AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON D.C. 20850, AND THE APPROPRIATE STATE AGENCY AS IDENTIFIED IN EXHIBIT B OF THIS DISCLOSURE DOCUMENT.

FRANCHISOR AUTHORIZES THE RESPECTIVE STATE AGENCIES IDENTIFIED ON EXHIBIT B TO RECEIVE SERVICE FOR IT IN A PARTICULAR STATE.

SOS Franchising, LLC's Applicable state laws in New York and Rhode Island require that we give you this document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the signing of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If SOS Franchising, 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 the applicable state administrator identified in Exhibit A of this Disclosure Document. We authorize the respective state agencies identified in Exhibit B of this Disclosure Document to receive service of process for us in the particular state.

The Issuance Date of this Disclosure Document is: May 6, 2024

The franchise sellers for this offering are: Nichole Daher, Kendra Satterfield and Daisy Rios at 8181 Commerce Park Drive, #726, Houston, TX 77036, (832) 975-1999.

Issuance Date: June 20, 2023 (with effective dates as stated on the Exhibit immediately before this Receipt page of this Disclosure Document).

<u>Name</u>	<u>Principal Business Address</u>	<u>Telephone Number</u>
Nichole Daher	8181 Commerce Park Drive, #726 Houston, Texas 77036	(832) 975-1999
Kendra Satterfield	8181 Commerce Park Drive, #726 Houston, Texas 77036	(832) 975-1999

Success on the Spectrum®  
Franchise Disclosure Document Exhibit K –2023

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Daisy Rios	8181 Commerce Park Drive, #726 Houston, Texas 77036	(832) 975-1999

I received a Success Disclosure Document issued on the Spectrum® Disclosure Document dated June 20, 2023 May 6, 2024 that included the following Exhibits exhibits:

- A — Franchise Agreement with attached Schedules
- B — List of State Agencies and Regulators
- C — Franchise Disclosure Questionnaire
- D — State Addenda
- E — Operations Manual Table of Contents
- F — Option Agreement
- G — List of Franchisees
- H — Franchisees Who Have Left the System
- I — Financial Statements
- J — SBA Addendum
- K — Receipts

\_\_\_\_\_  
Date \_\_\_\_\_ Recipient/Franchise Applicant

**RETURN THIS SIGNED FORM TO THE FRANCHISOR. Mail to:**

A. List of State Administrators	G. List of Franchisees
B. List of Agents for Service of Process	H. List of Franchisees Who Have Left the System
C. Operations Manual Table of Contents	I. State Specific Addenda
D. Financial Statements	J. State Effective Dates
E. Franchise Agreement	K. Receipts
F. Option Agreement	

\_\_\_\_\_  
**Date**                      **Print Name**                      **Signature**

\_\_\_\_\_  
**Date**                      **Print Name**                      **Signature**

**Please sign this copy of the receipt, date your signature, and return it to SOS Franchising, LLC, 8181 Commerce Park Drive, #726, Houston, TX Texas 77036. Fax to: (844) 564-3797**

**APPLICANT COPY**

**ACKNOWLEDGEMENT OF SOS Franchising, LLC  
RECEIPT FOR FDD  
Franchise**

This Disclosure Document (FDD) summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all the agreements carefully.

If SOS FRANCHISING Franchising, LLC offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate of ours in connection with the proposed franchise sale, or sooner if required by applicable law.

THIS DISCLOSURE DOCUMENT SUMMARIZES PROVISIONS OF THE FRANCHISE AGREEMENT, AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS DISCLOSURE DOCUMENT AND ALL AGREEMENTS CAREFULLY.

IF SUCCESS ON THE SPECTRUM FRANCHISE GROUP 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 LAW REQUIRES A FRANCHISOR TO PROVIDE THE DISCLOSURE DOCUMENT AT THE EARLIER OF THE FIRST PERSONAL MEETING OR TEN (10) BUSINESS DAYS BEFORE THE EXECUTION OF THE FRANCHISE OR OTHER AGREEMENT OR THE PAYMENT OF ANY CONSIDERATION THAT RELATES TO THE FRANCHISE RELATIONSHIP.

IF SUCCESS ON THE SPECTRUM FRANCHISE GROUP 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 AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON D.C. 20850, AND THE APPROPRIATE STATE AGENCY AS IDENTIFIED IN EXHIBIT B OF THIS DISCLOSURE DOCUMENT.

FRANCHISOR AUTHORIZES THE RESPECTIVE STATE AGENCIES IDENTIFIED ON EXHIBIT B TO RECEIVE SERVICE FOR IT IN A PARTICULAR STATE.

SOS Franchising, LLC's

Applicable state laws in New York and Rhode Island require that we give you this document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the signing of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If SOS Franchising, 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 the applicable state administrator identified in Exhibit A of this Disclosure Document. We authorize the respective state agencies identified in Exhibit B of this Disclosure Document to receive service of process for us in the particular state.

The Issuance Date of this Disclosure Document is: May 6, 2024

The franchise sellers for this offering are: Nichole Daher, Kendra Satterfield and Daisy Rios at 8181 Commerce Park Drive, #726, Houston, TX 77036, (832) 975-1999.

Issuance Date: June 20,

<u>Name</u>	<u>Principal Business Address</u>	<u>Telephone Number</u>
<u>Nichole Daher</u>	<u>8181 Commerce Park Drive, #726 Houston, Texas 77036</u>	<u>(832) 975-1999</u>
<u>Kendra Satterfield</u>	<u>8181 Commerce Park Drive, #726 Houston, Texas 77036</u>	<u>(832) 975-1999</u>

Success on the Spectrum®  
Success on the Spectrum®  
Franchise Disclosure Document Exhibit R - 2023  
Franchise Disclosure Document Exhibit R - 2023

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CLARKHILL 96433338942272084289.V16-12/6/23

Daisy Rios	8181 Commerce Park Drive, #726 Houston, Texas 77036	(832) 975-1999

2023 (with effective dates as stated on the Exhibit immediately before this Receipt page of this Disclosure Document).

I received a Success Disclosure Document issued on the Spectrum™-Disclosure Document dated June 20, 2023 May 6, 2024 that included the following Exhibits:

- A — Franchise Agreement with attached Schedules
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- J — SBA Addendum
- K — Receipts

\_\_\_\_\_  
Date \_\_\_\_\_ Recipient/Franchise Applicant

**THIS SIGNED FORM REMAINS WITH THE FRANCHISE APPLICANT**

