



## FRANCHISE DISCLOSURE DOCUMENT

**Canine Dimensions Franchising, LLC**  
**A Florida Limited Liability Company**  
**23208 Sanabria Loop**  
**Bonita Springs, Florida 34135**

**Phone: (888) 281-DOGS (3647) Website: [www.caninedimensions.com](http://www.caninedimensions.com)**

As a franchisee, you will operate a business providing in-home dog training, behavior modification and consulting services to dog owners. You may also offer boarding, board and train, group lessons, and other complementary services.

The total investment necessary to begin operation of a Canine Dimensions franchise is between ~~\$62,450~~73,450 and ~~\$81,750~~79,750. This includes ~~\$53,000~~66,500 that must be paid to the franchisor or its affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Phil Guida at 23208 Sanabria Loop, Bonita Springs, Florida 34135 and (888) 281-3647.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

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

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

**Issuance Date: ~~April 10~~ APRIL 16, 2024~~2025~~**

## How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D.
<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 B 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 Canine Dimensions® 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 a Canine Dimensions® franchisee?</b>	Item 20 or Exhibit D lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

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

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

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

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

**Operating restrictions.** The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to 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 A.

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

## Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Florida. 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 in Florida than in your own state.
2. **Mandatory Minimum Payments:** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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.

## MICHIGAN SPECIFIC-NOTICE

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:

- (a) A prohibition of 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 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 thirty (30) days, to cure each failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchised business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five (5) years; and (ii) 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 six (6) months notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside of Michigan. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualification 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 the subdivision.

(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.

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

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

Any questions regarding this notice should be directed to the Attorney General's Department for the State of Michigan, Consumer Protection Division, Franchise Section, 670 Law Building, 525 W. Ottawa Street, Lansing, Michigan 48913, (517) 373-7117.

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### EXHIBIT

- A. State Agencies/Agents for Service of Process
- B. Financial Statements
- C. Franchise Agreement
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**ITEM 1**  
**THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

The Franchisor

To simplify the language in this Disclosure Document, “We,” “us,” and “our” means Canine Dimensions Franchising, LLC, the franchisor. “You” means the person who buys the franchise and includes your owners, if you are a sole proprietorship, corporation, partnership or limited liability company.

We are a limited liability company that was originally formed in New Jersey on October 24, 2007 and converted to a Florida limited liability company on December 21, 2022. We do business under our corporate name and as “Canine Dimensions.” Our principal business address is 23208 Sanabria Loop, Bonita Springs, Florida 34135. We do not own or operate a business of the type being franchised. We have not offered franchises in any other business. We began offering franchises in January 2008.

Our agents for service of process are disclosed in Exhibit A.

Our Parents, Predecessors and Affiliates

We do not have any parent or predecessor.

We have an affiliate, Davidson & Michaels LLC (“Affiliate”) that operates a business similar to the type offered in this Franchise Disclosure Document (a “Canine Dimensions Business”). Our Affiliate is a limited liability company that was originally formed in New Jersey on July 2, 2004 and converted to a Florida limited liability company on December 21, 2022. Its principal business address is 23208 Sanabria Loop, Bonita Springs, Florida 34135. Beginning on that date, our Affiliate has operated, and continues to operate, a Canine Dimensions Business like the type offered in this Franchise Disclosure Document. Affiliate owns the Marks and other intellectual property and licenses them to us. Affiliate has never offered franchises in any line of business.

The Franchise Offered

We offer to qualified persons the opportunity to own and operate a business under the name and mark “Canine Dimensions” (the “Franchised Business”) offering in-home dog training, behavior modification and consulting services to dog owners. Your Franchised Business may also offer boarding, board and train, group lessons, and other complementary services. Your Franchised Business will be operated from your home.

We have developed a distinctive system which includes specific materials and supplies; methods, uniform standards, specifications and procedures for operations; procedures for management control; training and assistance; and merchandising, advertising and promotional programs, all of which may be changed, improved and further developed (the “System”). The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including the mark Canine Dimensions<sup>®</sup>, as is now designated and together with such other Marks as may in the future be designated by us in writing for use with the System (the “Marks”).

Market and Competition

The market for the services provided by a Canine Dimensions Business is developing and includes anyone who owns a dog in an urban or suburban residential area. You will experience competition from franchised operations, independent dog trainers, dog obedience companies, kennels, kennel clubs, chain grooming and pet stores, some of which may be national or regional in scope, and some veterinary offices that provide canine training. This business is year-round.

## Industry-Specific Regulations

A wide variety of Federal, state, and local laws, rules, and regulations have been enacted that may impact the operation of your Business, and may include a requirement that you obtain an animal handler permit. Some state or local laws also have restrictions that apply to certain breeds (like pit bull terriers). Some jurisdictions have passed laws that require businesses to pay their employees a higher minimum wage than what is required under federal law, which laws may disproportionately affect franchised businesses. You will also be required to pass a criminal background check as part of obtaining a franchise.

You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your business and should consider both their effect and cost of compliance.

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

### President and Chief Executive Officer – Philip J. Guida

Mr. Guida has been our President and Chief Executive Officer since our inception in October 2007, and he has also been Managing Member and Operator of our Affiliate, Davidson and Michaels, LLC (Bonita Springs, Florida) since its inception in July 2004.

### Managing Director – Amanda Striker, CDBA

~~Ms. Striker has held this position since October 2022. From August 2015 to October 2022, Ms. Striker was our Business Support Manager. Before joining us, Ms. Striker owned and operated a Canine Dimensions® franchise in Atlanta, Georgia between April 2010 and August 2015. From September 2014 to August 2015, Ms. Striker volunteered as Director of Training for Canine Cellmates, a 501(c)(3) non-profit organization in Atlanta, GA.~~

## **ITEM 3** **LITIGATION**

No litigation is required to be disclosed in this Item.

## **ITEM 4** **BANKRUPTCY**

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

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

### Initial Franchise Fee

The initial franchise fee is ~~\$35,000~~45,000 (“Initial Franchise Fee”). The Initial Franchise Fee is payable in a lump sum upon execution of the Franchise Agreement. It is fully earned upon receipt and non-refundable, except that if you do not satisfactorily complete our initial training program, we will terminate the Franchise Agreement and refund your Initial Franchise Fee, less our reasonable expenses.

### Training and Protected Territory Fee

You must also pay to us a training and Protected Territory fee of \$12,500 for the initial training program and the identification of your Protected Territory to bring a total of two (2) people to training. You must also pay this fee if you are purchasing a franchise from an existing franchisee of ours. This fee is

mandatory and is not refundable under any circumstances. ~~Additionally, in the event you desire to have more than one person attend the initial training program, you will be required to pay \$6,500 for each additional person attending the training.~~

Marketing and Training Materials

You must also pay us \$3,000 for an initial supply of marketing and training materials. You must also pay us at least \$1,000 per month for internet advertising, payable on the first day of each month. This amount can be raised monthly at your discretion.

Inventory for Resale

You must also pay us ~~\$2,500~~\$5,000 for an initial supply of inventory items that you will resell to clients.

Except for the Initial Franchise Fee, none of the initial fees are refundable under any circumstances. These fees are uniform to all franchisees under this offering.

**ITEM 6  
OTHER FEES**

Name of Fee	Amount	Due Date	Remarks
Royalty	911% of Gross Sales or the Minimum Royalty (\$225250 per week), whichever is greater. (Note 2)	Payable on Tuesday of each week, via ACH (Note 3)	Royalty Fees are payable by automatic debit, and funds must be made available in your account for withdrawal. Royalties will be assessed after you have been operating for 30 days.
Internet Advertising	\$1,000 per month.	Payable monthly on the 1 <sup>st</sup> day of each month, via ACH	You must participate in our Internet marketing program (which we administer for you).
Transfer Fee	\$10,000, plus our reasonable attorneys' fees related to such transfer	At the time of transfer	Applicable only if you choose to transfer your Franchise Agreement. We will not charge a fee for a one-time transfer to a corporate entity formed by you for the convenience of ownership.
Additional Training	\$350 per day, plus the costs of transportation, lodging and meals	15 days after billing	If you request additional training on-site (for you or for an additional owner), or if we determine that you would benefit from additional on-site training, you must pay our then-current per diem rate per trainer, and reimburse our trainer's costs for providing the on-site training, including travel, lodging and meals.

Name of Fee	Amount	Due Date	Remarks
Management Fee	\$350 per day that we manage your Franchised Business, plus our direct expenses incurred on your behalf	As incurred	Due when we (or a third party) manage your Franchised Business after your death or disability, if you do not make arrangements for a replacement operator
Audit Fees	Actual Cost of Audit (\$250 minimum), plus the amount of deficiency and applicable late charges	As incurred.	If an audit reveals an understatement of more than 2%, or if you fail to furnish information in a timely fashion, you will pay us twice the deficient amount.
Annual Conference	Our reasonable fee, which is currently \$595 for up to two of your representatives.	On the Friday after the Annual Conference.	We may host up to one convention annually. You will be notified of the required fee (which we may increase) in our notice of the Annual Conference. You must pay for your own travel, lodging and meal expenses.
Costs and attorneys' fees (Note 4)	Will vary under circumstances	Upon settlement or conclusion of a claim or action	Due when you do not comply with the Franchise Agreement
Website Maintenance	\$350	Annually	This fee is paid to us and includes maintenance of a webpage on our website for your Business.
Email Fee	\$95 annually per mailbox	Annually	We charge this amount for each mailbox you request at our domain.
Toll Free Number	\$150	Annually	This fee is used to maintain our toll-free number, which will be used to refer business inquiries to our franchisees.
Interest	1.5% of the delinquent amount or the highest rate permitted by law, whichever is less.	Payable when any payment is overdue.	Payable only if you do not pay your bills on time. Interest begins from the date of underpayment.
Late Reporting / Dishonored Payment Fee	\$45.00	Payable when you fail to report your Gross Sales on time, or when your payment is dishonored or returned.	You must report your Gross Sales by 5 PM eastern time on the first Wednesday of each month. If any payment you tender to us is not honored for any reason, you must pay us this fee.
Insurance	Our cost of premiums, plus a reasonable fee.	Upon demand	Payable only if you fail to maintain required insurance coverage and we elect to obtain coverage for you.

Name of Fee	Amount	Due Date	Remarks
Supplier or Product Approval Fee	Reasonable costs incurred by us with respect to evaluating a supplier or product for which you request our approval; not less than \$250.	Upon demand	Payable if you request that we evaluate a potential product or supplier or products you wish to purchase.
Liquidated Damages	See Note 5	Upon Demand	Payable only if we terminate the Franchise Agreement with cause, or if you cancel your Franchise Agreement prior to its expiration.
Successor Franchise Fee	10% of our standard initial franchise fee in effect at the date of signing your successor franchise agreement.	Upon signing your successor franchise agreement	Payable only if you choose to obtain a successor franchise
Indemnification	Will vary under circumstances	As incurred	Payable to indemnify us, our affiliates and owners, officers, employees, agents, successors, and assigns against all claims etc. related to your ownership and operation of the Franchised Business.

1. All fees paid to us are uniform and non-refundable under any circumstances once paid. Fees paid to vendors or other suppliers may or may not be refundable depending on the vendors and suppliers. All fees listed in this Item 6 are uniformly imposed by us as to all franchisees.

2. “Gross Sales” means all revenue from the sale of services and all other income you receive related to the Franchised Business. Gross Sales does not include discounts or refunds provided to customers or sales or use taxes.

3. If you do not report your Gross Sales to us, we may debit your account for 120% of the last Royalty that we debited on the date that your Royalty is due. If the Royalty we debit is less than the Royalty you actually owe us, we will debit your account for the balance on a day we specify. If the Royalty we debit is greater than the Royalty you actually owe us, we will credit the excess against the amount we otherwise would debit from your account during the following week.

4. If we prevail in any action against you to secure or protect our rights under the Franchise Agreement, or to enforce the terms of the Franchise Agreement, we will be entitled to recover from you reasonable attorneys’ fees, experts’ fees, court costs and all other expenses of litigation.

In addition, if we become a party to any action or proceeding concerning the Franchise Agreement, or any agreement between us and you or the Franchised Business, as a result of any claimed or actual act, error or omission of you or the Franchised Business, because of statutory, “vicarious”, “principal/agent,” “joint employer,” or other liabilities imposed on us as your franchisor; or if we become a party to any litigation or insolvency proceeding involving you, then you will be liable for our reasonable attorneys’ fees, expert fees, and court costs and travel and lodging costs and all other expenses incurred by us in the action or proceeding.

If we terminate the Franchise Agreement for your default, or if you terminate the Franchise Agreement through agreement with us, you must pay us all our expenses from your default or termination, including reasonable attorneys' and experts' fees and the future royalties that we anticipate losing because of the early termination of your Franchise Agreement. If we hire a collection agency or an attorney to collect from you money that is past due, we are entitled to reimbursement from you for all costs and expenses that we incur in doing so, including reasonable attorneys' fees.

5. If we terminate the Franchise Agreement with cause, you must pay us liquidated damages in the amount of the monthly average of the Royalty Fees that were due and owing to us during the 12-month period immediately preceding termination (or, if you did not operate the Franchised Business for at least 12 months prior to termination, \$700), multiplied by the lesser of: (a) 36; or (b) if less than 36 months remain in the Term, the number of months remaining in the Term, except under no circumstances will the liquidated damages be less than \$20,000.

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

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>Investment</b>	<b>Amount- Range Estimated</b>	<b>Method of Payment</b>	<b>When Payable</b>	<b>To Whom Payment is Made</b>
Initial Franchise Fee	<del>\$35,000</del> <u>45,000</u>	Lump Sum (ACH)	Upon signing of the Franchise Agreement	Us
Training and Protected Territory Fee ( <del>Note 1</del> )	\$12,500— <del>\$25,000</del>	Lump Sum (ACH)	Upon signing of the Franchise Agreement	Us
Travel and Living Expenses While Attending Training	\$1,750 to \$2,450	As Incurred	As Arranged	Outside Suppliers
Inventory for resale	<del>\$2,500</del> <u>5,000</u>	Lump Sum (ACH)	Prior to Opening	Us
Opening supply of marketing and training materials	\$3,000	Lump Sum (ACH)	Prior to Opening	Us
Advertising (Note <del>21</del> )	\$3,000 to \$4,500	Lump Sum (ACH)	As Agreed	Us
Training Equipment	\$200 - \$400	As Incurred	As Agreed	Outside Suppliers
Computer and Office Equipment (Notes <del>2 and 3 and 4</del> )	\$800 to \$1,500	As Incurred	As Agreed	Outside Suppliers
<del>Vehicle Signage (Note 5)</del>	<del>\$1,500 to \$2,000</del>	<del>As Incurred</del>	<del>As Agreed</del>	<del>Outside Suppliers</del>
Memberships (Note <del>64</del> )	\$200 to \$400	As Incurred	As Arranged	Outside Suppliers
Insurance	\$1,000 to \$2,000	As Incurred	As Agreed	Outside Suppliers
Additional Funds—(first three months) (Note <del>75</del> )	\$1,000 to \$3,000	As Incurred	As Agreed	Outside Suppliers
TOTAL ESTIMATED INITIAL INVESTMENT (NOTE <del>86</del> )	<del>\$62,450</del> <u>73,450</u> – <del>\$81,750</del> <u>79,750</u>			

(Please see Notes below, which are an integral part of this Item)

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Franchised Business. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing from third parties depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and the lending policies of financial institutions from which you request a loan.

The factors underlying our estimates may vary depending on many variables, and the actual investment you make in developing and opening your Franchised Business may be greater or less than the estimates given depending upon the location of your franchise, and current relevant market conditions. Payments you make to us and our affiliates are not refundable under any circumstances. We do not know whether any of the money you pay to third parties will be refundable. In compiling this chart, we relied on the experience of our Affiliate as the owner and operator of a Canine Dimensions Business like the franchise being offered to you.

~~1. These training fees are based on a required payment of \$12,500 for your initial attendee and the higher amount reflects optional attendance by two additional employees at a cost of \$6,250 for each additional employee, however, most franchisees only elect to have one person attend the initial training.~~

21. These advertising fees are based on mandatory payments of \$1,000 per month for internet advertising and are paid directly to us. Some franchisees choose (but are not required) to spend more on advertising and the higher amount reflects a spend of \$1,500 per month.

32. Canine Dimensions Businesses are home-based. You will not be required to make any leasehold improvements or install any fixtures or other fixed assets.

43. You will need to obtain office furnishings, including a desk, chair and file cabinets, as well as a laptop computer, printer, fax machine, business phone, voice mail system, and mobile phone.

~~5. You will need a car or van for transportation; however, we anticipate that you will use a motor vehicle that you already own. If you choose to purchase or lease a vehicle for the business, we estimate that the cost will range from \$3,000 to \$20,000, depending on the make, model, and year of the vehicle and the accessories and options you select and whether you purchase or lease the vehicle. You may choose to have your vehicle wrapped/lettered, but if you do, it must be done to our specifications. This line item estimates only the cost of the vehicle wrap and lettering, and not the cost of the vehicle itself.~~

64. We require you to maintain a membership with the International Association of Canine Professionals.

75. Additional funds is an estimate of the funds needed to provide you with additional operating capital for other variable costs (e.g., electricity, telephone, Internet service, Internet setup, etc.), paper, cleaning, cellular telephones, and other supplies. You will need a car or van for transportation; however, we anticipate that you will use a motor vehicle that you already own. These expenses do not include payroll costs, as we expect that you will operate your Franchised Business personally. New businesses often generate a negative cash flow. We estimate that the amount given will be sufficient to cover ongoing expenses for the start-up phase of the business, which we calculate to be three months. This is only an estimate and there is no guarantee that additional working capital will not be necessary during this start-up phase or after. In calculating additional funds, we relied on the experience of our Affiliate as the owner and operator, since 2004, of a Canine Dimensions Business like the franchise being offered to you (and its predecessor in interest from 1994-2004).

86. This Estimated Initial Investment Item 7 includes our estimates of your initial startup expenses and funds for additional inventory and additional funds for the operation of your Franchised Business. Additional funds for the operation of the Franchised Business will be required after the first three months

of operation if sales produced by the Franchised Business are not sufficient to produce positive cash flow. You should also review the figures listed in this Estimated Initial Investment Item 7 carefully with a business advisor before making any decision to purchase a Canine Dimensions Business.

## **ITEM 8**

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

#### Standards and Specifications

You must establish and operate your Franchised Business in compliance with your Franchise Agreement and the standards and specifications contained in the confidential Manual (“Manual”) loaned to you by us. We will communicate our standards and specifications to you in writing through the Manual.

In order to maintain our standards of consistent, high quality products and services, customer recognition, advertising support, value and uniformity in Canine Dimensions Businesses, you must purchase all of your required inventory, goods, equipment, supplies, forms, products, services, and advertising materials used in or sold through your Franchised Business, per our specifications and standards, only from us or our approved or designated suppliers and distributors. You will be permitted to carry only the specific items of inventory approved by us. We will provide you with a list of approved suppliers following execution of the Franchise Agreement.

If we do not authorize a product, service, or supplier, you are prohibited from using it in your Franchised Business. It is a material breach of your Franchise Agreement if you buy products, equipment, supplies, inventory, goods or services from anyone other than our designated or approved suppliers and distributors (which may include us or our affiliates) without our prior written approval.

We formulate and modify our standards and specifications based on the market for dog training and behavior modification businesses in general, as well as competitive and economic conditions, based on the experience of our affiliate’s operation of a Canine Dimensions Business. We do not provide any material benefits to you based upon your use of approved suppliers.

#### Supplier Approvals

If you want to purchase or lease any products, equipment, supplies, forms, marketing, supplies, advertising or services from a supplier, other than from us or our authorized supplier, you must first notify us and obtain our written approval. We will provide you with our specifications and standards for approval. We will review your request and we will respond to you in writing (typically by e-mail) regarding our approval or disapproval of the alternative supplier within 60 days after we have had the opportunity to test the item or supplier. We have no obligation to approve any request for a new supplier, product, or service, but we will not unreasonably withhold our approval if the item, product, or service is not one that we require you to purchase or obtain from our existing suppliers.

You will be required to pay our costs of testing. If the supplier proposed by you meets our criteria, we will permit you to contract with that approved supplier. We reserve the right to re-inspect the facilities and to retest the product of any approved supplier and to revoke any approval if the supplier fails to continue to meet our high standards. Our approval will be revoked if we determine, in our reasonable discretion, that an approved supplier has not continued to meet our standards. In that case, we will inform you in writing of our decision to revoke our approval, and you will be required to cease contracting with that supplier immediately after your receipt of our notice of revocation. Other than our costs of testing (which will not be less than \$250), we do not charge a fee for approval.

We do not make our criteria for selecting approved suppliers available to our franchisees, nor do we make our specifications known to suppliers. We do not issue specifications and standards to franchisees

or approved suppliers. Generally, supplier approval might depend on product quality, delivery frequency and reliability, service standards, financial capability, customer relations, concentration of purchases with limited suppliers to obtain better prices and service, and/or a supplier's willingness to pay us or our affiliates for the right to do business with our System.

In evaluating an exclusive supplier, we may take into account, among other things, the uniqueness of the product; the projected price and required volume of the product; the investment required and the ability of the supplier to meet the required quality and quantity of the product; the availability of qualified, alternative suppliers; the duration of the exclusivity; and the desirability of competitive bidding.

### Required Purchases or Leases

#### *Logo-Bearing ~~Marketing~~ Materials*

You are required to purchase ~~logoed~~branded materials, such as marketing materials, workbooks, car wraps, brochures, business cards, and uniforms, from us or our affiliates. We or our affiliates are the only approved suppliers of logo-bearing ~~marketing~~ materials.

#### *Inventory*

Generally, you must purchase all of your inventory items from suppliers approved by us, which may include us or our affiliate(s). We or our affiliate(s) may be the only approved suppliers of inventory items for your Franchised Business. We or our affiliate(s) are the only approved suppliers of client workbooks and the initial inventory package that you must purchase from us. We reserve the right to be the only approved suppliers of other inventory items, but presently, we are not the only approved supplier of inventory items.

#### *Insurance*

You must obtain and maintain, at your own expense, such insurance coverage that we require from time to time. We may regulate the types, amounts, terms and conditions of insurance coverage required for your Franchised Business and standards for underwriters of policies providing required insurance coverage; our protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage at your expense if you fail to obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims. We are not an approved supplier or the only approved supplier of the required insurance policies. You currently are required to maintain the following insurance coverage:

- (1) comprehensive general liability coverage against claims for bodily and personal injury, death, and property damage caused by or occurring in conjunction with the operation of your Franchised Business or your conduct of business under the Franchise Agreement under one or more policies of insurance containing minimum liability coverage of \$1,000,000 per occurrence and \$2,000,000 aggregate, including product / completed operations insurance;
- (2) automobile liability (split limit) of \$250,000 per person, \$500,000 per accident, and \$100,000 property damage for any vehicles used in the operation of the Franchised Business;
- (3) an umbrella liability insurance policy with minimum liability coverage of \$2,000,000;
- (4) employer's liability of \$1,000,000 per incident and Workers' Compensation or other employer's liability insurance as well as such other insurance as may be required by statute or rule in the state in which your Franchised Business is located;

(5) professional liability insurance of \$25,000 per incident; and

(6) any other insurance that we may require in the future or that may be required according to the law or the terms of your lease.

You must maintain all required policies in force during the entire term of the Franchise Agreement and any renewal terms. We may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances. Each insurance policy must name us (and, if we request, our directors, employees or shareholders) as additional insureds and must provide us with 30 days' advance written notice of any material modification, cancellation or expiration of the policy.

### *Computer System*

You must purchase a laptop computer for use in your Franchised Business. You will use the laptop for giving presentations to prospective clients, as well as tracking your appointments and sales, billings and for reporting. You may purchase your laptop from the vendor of your choice, but we must approve of the laptop configuration before you purchase it. The computer must be connected to the Internet, which will facilitate our communications with you.

Upgrades to your computer software may be required periodically. You can obtain the computer system from any supplier, so long as it meets our specifications. You may (but are not required to) enter into a hardware maintenance contract with a company of your choosing, so long as you follow our procedures for approval of such outside supplier. We are not an approved supplier or the only approved supplier of the hardware maintenance contract.

### Proportion of Required Purchases and Leases to All Purchases and Leases

We estimate that the purchase of goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your Franchised Business, from us or our designated or approved suppliers and distributors, or those meeting our standards and specifications, will be between 10% and 50% of your total cost to establish our Franchised Business and between 10% and 40% of your total cost of operating our Franchised Business (not including amortization, depreciation, or replacement of worn or obsolete improvements, equipment, furniture, or fixtures).

### Purchasing Cooperatives, Purchasing Arrangements, Rebates, and Payments

We do not have purchasing and distribution co-operatives as of the issuance date of this Franchise Disclosure Document; however, we may negotiate alternative purchase arrangements with suppliers and distributors of approved products for the benefit of our franchisees and we reserve the right to receive rebates on volume discounts from our purchase of products that we may re-sell to you. We reserve the right to negotiate prices in the future for various products for the benefit of the System, but not on behalf of or for the specific benefit of individual franchisees, but we currently do not do so.

We reserve the right to derive a profit from our arrangements with certain approved suppliers, but we have not done so. We have derived revenue from required purchases by franchisees directly from us or our affiliates. There are no caps or limitations on the maximum amount of payments we may receive from our suppliers as the result of franchisee purchases. In our 2023 fiscal year, ~~we collected \$35,600, or 6.9% of our total revenue of~~ \$515,250, from our 387,255.00. Our revenue from the sale of products or services from franchisees for their purchase of branded marketing materials from us was \$12,627.00, which represents approximately 3.3% of the total revenue of the last fiscal year. We do not have any affiliates that derived revenue or other material consideration from required purchases or leases by franchisees in 2023.

Some of our officers own an equity interest in us (the franchisor) and our affiliates, and we may be an approved supplier.

We do not provide material benefits, such as renewing or granting additional franchises to franchisees, based on their use of designated or approved suppliers.

**ITEM 9**  
**FRANCHISEE’S OBLIGATIONS**

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

	<b>Obligation</b>	<b>Section In Agreement</b>	<b>Disclosure document item</b>
a	Site Selection & Acquisition/Lease	Not applicable	Not applicable
b	Pre-Opening Purchase/Leases	Article 4	Items 5, 7, 8, and 11
c	Site Development & Other Pre-Opening Requirements	Not applicable	Not applicable
d	Initial & Ongoing Training	Article 6	Items 6, 7, and 11
e	Opening	Article 4	Item 11
f	Fees	Article 5	Items 5 and 6
g	Compliance With Standards And Policies/Performance Manual	Article 8	Items 8 and 11
h	Trademarks & Proprietary Information	Article 7	Items 11, 13, 14, and 16
i	Restrictions On Products/Services Offered	Article 4	Items 8, 11, 12, and 16
j	Warranty & Customer Service Requirements	Article 4	Item 11
k	Territorial Development & Sales Quotas	Article 1	Item 12
l	Ongoing Product/Service Purchases	Article 4	Items 6 and 8
m	Maintenance, Appearance And Remodeling Requirements	Not applicable.	Not applicable.
n	Insurance	Article 12	Items 7 and 8
o	Advertising	Article 11	Items 6, 7, 8, and 11
p	Indemnification	Article 18	Item 6
q	Owner's Participation, Management, Staffing	Article 4	Items 11 and 15
r	Records and Reports	Article 10	Items 6 and 11

	<b>Obligation</b>	<b>Section In Agreement</b>	<b>Disclosure document item</b>
s	Inspections And Audits	Articles 3, 9, and 10	Items 6 and 11
t	Transfer	Article 13	Item 17
u	Renewal	Article 2	Item 17
v	Post-Termination Obligations	Article 15	Item 17
w	Non-Competition Covenants	Article 16	Item 17
x	Dispute Resolution	Article 23	Item 17
y	Liquidated damages	Article 15	Item 6

**ITEM 10**  
**FINANCING**

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

**ITEM 11**  
**FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING**

**Except as listed below, Canine Dimensions Franchising, LLC is not required to provide you with any assistance.**

Pre-Opening Obligations. Before you open your Franchised Business, we will:

1. Designate your Protected Territory, which will be described in Schedule A to the Franchise Agreement. (Franchise Agreement – Section 1.3).
2. Provide initial training to you. We describe the training program later in this Item. (Franchise Agreement – Section 6).
3. Loan you one copy of our Manual to use during the term of the Franchise Agreement. We describe the Manual later in this Item. (Franchise Agreement – Section 3.4).
4. Advise you with respect to the required equipment and inventory for your Franchised Business and provide you with a list of authorized suppliers for any equipment or inventory not provided by us. You are required to order from us and pay for an initial inventory of authorized products at our then-current prices prior to commencing operating your Franchised Business, and we will send you the initial inventory upon receipt of payment. Other than selling you the mandatory initial inventory of authorized products, we do not provide any other assistance with respect to equipment, signs, fixtures, opening inventory, or supplies. (Franchise Agreement, Section 4.3)

Site Selection and Time to Open.

We anticipate that you will operate your Franchised Business from your home, which will be designated as the “Approved Location” for the Franchised Business. We must approve of the location for your Franchised Business and we will typically enter your home’s location on the Franchise Agreement as the “Approved Location” at the time of signing.

You will typically open your Franchised Business within 30 to 60 days after you sign the Franchise Agreement. The factors that affect this time are the ability to complete training, establish your home-based office, obtaining any required business licenses or permits, and obtaining insurance.

Post-Opening Obligations. During the operation of your Franchised Business, we will:

1. Make available to you additional training programs (Franchise Agreement –Section 6).
2. Make a representative reasonably available to speak with you by telephone during normal business hours. (Franchise Agreement – Section 3)
3. Provide guidance and assistance in the operation of your Franchised Business. Such guidance may be provided in the form of email correspondence, field visits and periodic telephone or written communications, and will cover topics such as products or services to be offered to customers; improvements and developments in your Franchised Business; pricing; administrative, bookkeeping, accounting and inventory control procedures; and operating problems encountered by you. (Franchise Agreement – Section 3)

4. Conduct Internet advertising for franchisees who choose to participate in our Internet Advertising Fund. We describe the Internet Advertising Fund later in this Item. (Franchise Agreement – Section 11.3)
5. Operate an Internet website for the System. We will design and post a page on the website advertising your Franchised Business. (Franchise Agreement – Section 11.1.4).
6. Manage a toll-free number for the System, which will be used to refer business inquiries to you. You must pay us an annual fee (currently \$150) for maintenance of this toll-free number. (Franchise Agreement – Section 5.6)

Post-Opening Optional Assistance. During the operation of your Franchised Business, we may:

7. Provide, at your expense, on-site operational assistance for a minimum of two days within 24 months of your opening if in our sole judgment additional on-site assistance is required. You must pay us our then-current training fee (currently \$350 per day), plus our costs of transportation, lodging and meals for this assistance (Franchise Agreement – Section 3.2).
8. Hold webinars and/or one annual conference at a location of our choosing. We will discuss sales techniques, new product developments, new training techniques, new service suggestions, performance standards, advertising and promotional programs. You must pay our reasonable annual conference fee, which is currently \$595 for up to two of your representatives, and you must pay your travel and living expenses. Your attendance at these webinars and conferences is mandatory. (Franchise Agreement – Section 6.2)

## Advertising

### *Advertising Fund*

We do not have a centralized Advertising Fund for the creation and placement of advertising on a national or regional basis.

### *Internet Advertising Fund*

You are required to participate in an internet marketing program that we will control (the “Internet Advertising Fund”). We will create and administer the Internet Advertising Fund using the websites and other media we select. Canine Dimensions Businesses owned by us or our affiliates may contribute to this fund on the same basis as our franchisees. The fee for the Internet Advertising Fund is a minimum of \$1,000 month. You are free to increase this amount if you wish to do so.

The Internet Advertising Fund will be administered by us, or our affiliate or designees, at our discretion, and we may use a professional advertising agency or media buyer to assist us. We may commingle money paid to us for the Internet Advertising Fund with our operating account, but we will account for the funds separately.

We have complete discretion on how the Internet Advertising Fund will be utilized. We may use the Internet Advertising Fund for local, regional or national Internet marketing, advertising, sales promotion and promotional materials, public and consumer relations, website development and search engine optimization, the development of technology for the System and any other purpose to promote the Marks. We will use the Internet for disseminating Internet Advertising Fund advertisements. We may reimburse ourselves, our authorized representatives, or our affiliates from the Internet Advertising Fund for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes and all other direct or indirect expenses associated with the programs funded by the Internet

Advertising Fund. We do not guarantee that advertising expenditures from the Internet Advertising Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. We are not obligated to spend any amount on advertising in the geographical area where you are or will be located. We will not use the Internet Advertising Fund contributions for advertising that is principally a solicitation for the sale of franchises, but we reserve the right to include a notation in any advertisement or website indicating “Franchises Available” or similar phrasing.

We have no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the Internet Advertising Fund or to maintain, direct or administer the Internet Advertising Fund. Any unused funds that were collected in any calendar year will be applied to the following year’s funds, and we reserve the right to contribute or loan additional funds to the Internet Advertising Fund on any terms we deem reasonable. If the Internet Advertising Fund is terminated, we will return any unused funds in the Internet Advertising Fund to the franchisees who contributed to it during the preceding twelve (12) month period.

In our fiscal year ~~2023~~2024, we collected \$~~402,816~~499,450 for the Internet Advertising Fund. 96% was used for placement of Internet advertising and 4% was used for administrative expenses.

The Internet Advertising Fund is not audited. Upon sending us a written request that is at least 120 days after the end of the fiscal year for which you seek the accounting, we will provide to you an annual accounting for the Internet Advertising Fund that shows how the Internet Advertising Fund proceeds have been spent for the previous year. (Franchise Agreement, Section 11.3)

#### *Advertising by You*

You may only use advertising materials that have been approved by us. We have the right to review and approve or disapprove all advertising and promotional materials that you propose to use. All advertising and promotion by you in any manner or medium shall be conducted in a dignified manner and shall conform to such standards and requirements as are specified by us. You must submit to us, for our prior approval, samples of all advertising and promotional plans and materials that you desire to use which have not been prepared or approved by us within the immediately preceding 12 months. If you do not receive written disapproval by us within 20 days of the date of receipt by us of the samples or materials, then we have given our required approval.

#### *Advertising Council and Advertising Cooperatives*

There is presently not a council composed of franchisees that advises us on advertising policies, but we may create one in the future. If formed, we reserve the right to change or dissolve the council in our sole discretion. The council will be advisory only and will not have decision making authority.

We do not anticipate forming, or approving the formation of, regional advertising cooperatives.

#### Computer Hardware and Software

You must purchase a laptop computer for use in your Franchised Business. You will use the laptop for giving presentations to prospective clients, as well as tracking your appointments and sales, billings and for reporting. You may purchase your laptop from the vendor of your choice, but we must approve of the laptop configuration before you purchase it. Your laptop must have Microsoft Office, including Outlook and PowerPoint, as well as anti-virus software (such as AVG, McAfee or Symantec/Norton). The cost of this hardware and software will be between \$800 and \$1,500.

We strongly recommend, but do not require, that you maintain a service contract for your laptop hardware and software. We do require you to have a high-speed internet connection and we will provide

one (1) dedicated e-mail address for your Franchised Business. We will have unlimited, independent access and passwords to any and all Internet listings of your business and computerized point of sale and/or customer relations management systems at all times during the term of the Franchise Agreement. Any information obtained from your computerized point of sale and/or customer relations management systems will become our property.

During the term of the Franchise Agreement, we may require you to upgrade or purchase additional computer hardware and software. Should the company choose to implement a uniform Customer Relations Management (CRM) Solution, we will provide it to you free of charge and we will train you in its use. The use of the CRM program will be mandatory. We have not previously required any franchisees to undergo or implement any optional or required maintenance, updates, or upgrades with respect to franchisees' computer and point of sale systems other than routine and ordinary maintenance that can be completed by franchisees at no cost, but we reserve the right to require such maintenance, updates, or upgrades at your cost in the future, in which case we estimate this cost could be approximately \$1,500 per year (subject to the complexity of desired optional maintenance, updates, or upgrades).

#### Manual.

We will loan you one copy of the Manual after you sign the Franchise Agreement. The "Manual" may consist of one or more written manuals or operational directives. You must comply with all policies and procedures in the Manual. We may modify them at any time. The total number of pages is 117. The number of pages devoted to each topic is reflected in the Table of Contents. We will notify you if there are any changes made to the policies or procedures so that you can comply. Updates and additions to the Manual, along with ongoing training memorandum, are provided periodically via email and are maintained in an online database to which you will have access. We disclose the Table of Contents to the Manual as Exhibit H to this Franchise Disclosure Document. (Franchise Agreement, Articles 3 and 8).

#### Introductory Training Program and Ongoing Training

You are required to attend and complete to our satisfaction the training program which generally consists of approximately two to four weeks of training at our training facilities located in Florida, or at another location we designate. If you are a corporate entity, a principal officer of the entity must satisfactorily complete the training program. ~~If you wish to send additional trainees to our training program, we may charge you an additional \$6,250 for each additional trainee; up to two people may attend.~~ You are responsible for the expenses for you (and any additional trainees), including transportation, lodging, food and wages (if applicable).

We will provide training to you on the System, System guidelines, and operational and brand standards. We will not train or assist in training your employees or independent contractors. You will be responsible for training your employees and independent contractors. You will be responsible for hiring, training, directing, scheduling, and supervising your employees and independent contractors in the day-to-day operations of your Franchised Business.

There currently are no fixed (e.g., monthly or bi-monthly) training schedules. It is the nature of the business that all aspects of the training are integrated so there are no definitive starting and stopping times. As of the end of our last fiscal year, our training schedule was as follows:

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## TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Case Studies	20	6	Bonita Springs, FL
Canine Diet and Nutrition	2	0	Bonita Springs, FL
Dog Psychology and Body Language	6	4	Bonita Springs, FL
Local Sales and Marketing Strategies	3	0	Bonita Springs, FL
Association Memberships	2	0	Bonita Springs, FL
Observation of Skills and Testing	5	30	Bonita Springs, FL
Totals	38	40	Bonita Springs, FL

The materials we use for training includes our Manual, DVDs, handouts and presentations, as well as such other material that we deem beneficial to incorporate in our training program.

The training program is provided by Phil Guida and Amanda Striker.

*Phil Guida* has been our President and Chief Executive Officer since our inception, and he has also been Managing Member of our Affiliate since its inception in 2004, and before that he operated a business similar to the one being franchised to you as a sole proprietorship, which he did starting in 1994. Mr. Guida has over 20 years of experience as a professional dog trainer and behavior consultant. He is certified by the American Kennel Club as a CGC Evaluator.

*Amanda Striker, CDBA, CMT* was our Business Support Manager from 2015 to 2022. In 2022 Ms. Striker was promoted to Managing Director. Ms. Striker studied psychology and animal science at Rutgers University. She was the co-founder and vice president of the Rutgers University Animal Behavior Club and also worked with a national service dog organization while at Rutgers. In 2006 she started her career as a professional dog trainer with a national company, and was later promoted to the position of director of training. In 2008, Ms. Striker she accepted a position as Behavior and Training Coordinator for the one of the largest no-kill animal shelters in the Northeast, and later served as Director of Training for Canine Cellmates, a 501c3 non-profit organization. Ms. Striker owned and operated a Canine Dimensions Business in Atlanta, Georgia between 2010 and 2015.

We reserve the right to vary our training program based on the prior experience of the trainee(s). After completion of the training session, training and assistance will limited to telephone assistance, email assistance and/or on-site assistance as we determine in our reasonable business judgment. If you request additional training on-site, or if we determine that you would benefit from additional on-site training, you must pay our then-current per diem rate per trainer, and reimburse our trainer's costs for providing the on-site training, including travel, lodging and meals. Currently, our per-diem daily trainer rate is \$350 per trainer.

## **ITEM 12** **TERRITORY**

You will receive an exclusive territory called the "Protected Territory." Your Protected Territory will be defined as having approximately 150,000 households and will be delineated by zip codes, or geographical boundaries (such as streets, towns or counties). We (and any affiliates that we periodically might have) will not establish, nor allow another franchise owner to establish, another Franchised Business located within your Protected Territory.

You will have the right to establish your franchised business at an “Approved Location,” which must be within your Protected Territory. The Approved Location will be your home. The Approved Location must be approved by us.

We have the right to terminate our grant, or reduce the size, of your Protected Territory if you default under the Franchise Agreement for, among other things, failing to maintain our standards or failure to pay royalty and other fees when they become due. Otherwise, continuation of your territorial exclusivity does not depend on your achieving a certain sales volume, market penetration, or other contingency, and there are no other circumstances when your Protected Territory may be altered. There are not any other circumstances that permit us to modify your territorial rights.

We and our affiliates retain all rights with respect to Canine Dimensions Businesses, the Marks, the sale of similar or dissimilar products and services, and any other activities we deem appropriate whenever and wherever we desire, including, but not limited to the following rights:

(1) The right to operate, and to grant others the right to operate Canine Dimensions Businesses located anywhere outside your Protected Territory under any terms and conditions we deem appropriate and regardless of proximity to your Franchised Business.

(2) The right to provide, offer and sell and to grant others the right to provide, offer and sell goods that are identical or similar to and/or competitive with those provided at your Franchised Business, whether identified by the Marks or other trademarks or service marks, through dissimilar channels of distribution (including retail stores, the Internet, and electronic media) both inside and outside your Protected Territory and on any terms and conditions we deem appropriate.

(3) The right to merge, combine, acquire, or be acquired by (regardless of the form of transaction), by a business providing products and services similar to those provided at Canine Dimensions Businesses, or by another business, even if such business operates, franchises, and/or licenses competitive businesses within your Protected Territory. We will not, however, permit any such business located within your Protected Territory to operate under our Marks.

(4) The right to engage in any other business activities not expressly prohibited by the Franchise Agreement, both within and outside your Protected Territory.

We are not required to pay you if we exercise any of the rights specified above within your Protected Territory. Continuation of your rights in the Protected Territory does not depend on your achieving a certain level of sales.

You may not relocate your Franchised Business without our consent, which will not be unreasonably withheld. Your new location must be within your Protected Territory, except that if you choose to move your home to a location outside of your Protected Territory, we may require you to obtain rented space within the Protected Territory from which to operate the Franchised Business. If you do relocate your Franchised Business, your territorial boundaries will not change.

You may provide services only to customers and prospective customers who live in your Protected Territory. You may not engage in any promotional activities or sell any products or services, directly or indirectly, through or on the Internet, the World Wide Web, or any other alternative distribution channels (collectively, “Alternative Distribution Channels”) directed sent or directed to customers or prospective customers located outside of your Protected Territory. While you may place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located within your Protected Territory, you will not be in violation of the Franchise Agreement if those advertisements, because of the natural circulation of the printed media or reach of television and radio, are viewed by prospective customers

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

If we engage in electronic commerce through any Internet, World Wide Web or other computer network site or sell through any other alternative distribution channel, and we receive orders for any products offered by a Franchised Business calling for delivery or performance in your Protected Territory, then we will offer the order to you at the price we establish. If you choose not to fulfill the order or are unable to do so, then we, one of our affiliates or a third party we designate (including another franchisee) may fulfill the order, and you will not be entitled to any compensation in connection with this. Otherwise, you may not use Alternative Distribution Channels to make sales outside or inside your Protected Territory, and you will not receive any compensation for our sales through alternative distribution channels.

Although we and our affiliates have the right to do so (as described above), neither we nor our affiliates have operated or franchised, and have no plans to operate or franchise, other businesses selling or leasing similar products or services under different trademarks. If we or our affiliates purchase, merge, acquire, are acquired by or affiliate with an existing competitive franchise network, chain or any other business, then we or our affiliates will have the right to operate, franchise or license those businesses and/or facilities under marks different than the Marks in your Protected Territory.

### **ITEM 13 TRADEMARKS**

Under the Franchise Agreement, we grant you the nonexclusive right to use our Marks in connection with the operation of your Franchised Business. You may also use our other current or future trademarks to operate the Franchised Business. The following marks are registered on the Principal Register of the U.S. Patent and Trademark Office ("USPTO"):

<b>Trademark</b>	<b>Application Number Application Date</b>	<b>Registration Number Registration Date</b>	<b>International Class of Goods</b>
CANINE DIMENSIONS (Standard Character Mark)	77/131,828 March 15, 2007	3,361,552 January 1, 2008	41
PUPPY GOODSTART (Standard Character Mark)	86/237,876 March 31, 2014	4,640,441 November 14, 2014	41

We have filed all required affidavits relating to the registered Mark shown above. The above registrations have been renewed.

All Marks are owned by our affiliate, Davidson and Michaels, LLC, who has granted to us a royalty-free license to exclusively use and franchise the Marks to operators of Canine Dimensions Businesses. The license does not contain any significant limitations on our right to use or license the Marks. If the license were to be terminated, we will have the right to change the name under which we and our franchisees operate and continue to operate and license the existing Canine Dimensions Businesses under a different name. Except as described above, no currently effective agreements significantly limit our rights to use or license the use of the Marks.

You must follow our rules when you use our Marks. You cannot use a name or mark as a part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use our marks with the sale of an unauthorized product or service or in a manner not authorized in writing by us. You must modify or discontinue the use of a Mark if we modify or discontinue it. We are not required to reimburse you for any costs you incur related to the modification or discontinuance of a Mark.

There are presently no effective determinations by the United States Patent and Trademark Office, the Trademark Trial And Appeal Board, the Trademark Administrator of any state or any court, nor any pending interference, opposition or cancellation proceeding or material litigation involving the Marks. We do not know of any superior prior rights or infringing uses that could materially affect your use of the Marks.

You must notify us immediately when you learn about an infringement of or challenge to your use of a Mark. We will take the action we think appropriate and control any litigation or other proceeding arising out of any such infringement or challenge to the Marks. The Franchise Agreement does not require us to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark licensed by us to you, or if the proceeding is resolved unfavorably to you.

## **ITEM 14**

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

#### **Patents and Copyrights**

No patents are material to the franchise. We claim copyright protection of the Manual and related materials and other brand identity/marketing/advertisement/promotional materials, although such materials may not have been registered with the United States Copyright Office. These materials are considered proprietary and confidential and are considered our property and may be used by you only as provided in the 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 Patent and Trademark Office, the Copyright Office (Library of Congress), 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. We are not required by any agreement to protect or defend any patent, trademark, or copyright.

#### **Improvements**

If you or your employees make or acquire any improvements, including any enhancements, adaptations, derivative works, modifications or new processes (“Improvements”) in the operation of the Franchised Business, you will grant-back exclusive rights in these Improvements to us in consideration of the grant of the franchise and without the payment of additional consideration. Improvements will be considered our sole and exclusive property, part of the System, and works made-for-hire for us. We may include any Improvements we made or acquired in the System, including any and all intellectual property rights of ours and affiliate or services and products of the Franchised Business, Manual and the System for use by all franchisees, us or any affiliate. If we seek patent protection or copyright registration for any Improvements, we will do so at our own expense.

#### **Confidential Information**

We possess certain confidential information including the methods, techniques, formats, specifications, procedures, information, systems and knowledge of and experience in the operation and franchising of the System (the “Confidential Information”). We will disclose certain of the Confidential Information to you during the training programs, seminars and conventions, in the Manual and in guidance furnished to you during the term of the Franchise Agreement.

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 the Franchised Business during the term of the 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 the Franchise Agreement; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written 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 disclosure of Confidential Information to employees of your Franchised Business.

The Manual will at all times remain our property exclusively. We may revise the Manual, and you must comply with each new or changed standard, although these new and changed standards will not materially affect your rights and responsibilities under the Franchise Agreement.

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

You must directly supervise your Franchised Business. You must devote substantial time, energy, and best efforts to its management and operation. The Franchised Business must be owner-operated. If you are a business entity, then you must designate a single owner of the majority of your equity interests to manage, operate, and supervise your Franchised Business.

You may hire administrative assistants. You must require your administrative assistants to enter into an agreement not to compete with businesses under the System while employed by you and for two years after they leave your employment. Under that agreement, they must also agree not to reveal confidential information they obtained while employed by you. A form of this agreement is attached to the Franchise Agreement as Schedule C. You should have your own local legal counsel, well-versed in employment law, review the form agreement before you use it with any employee. We will be a third-party beneficiary of the covenants in the agreement with the independent right to enforce them.

If you are a legal entity, then all your directors, members, partners, and/or officers and any individual that owns an interest in you or the Franchise Agreement must sign our Guaranty and Assumption of Obligations assuming and agreeing to be personally responsible for all of the obligations of the Franchise Agreement. The required Guaranty and Assumption of Obligations is attached to the Franchise Agreement as Schedule D.

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

You are required to offer for sale only services and products that have been approved and specified by us in the Manual and any updates that are incorporated in the Manual from time to time. You may not offer for sale any services or products not specifically approved by us in writing and you may not use your Franchised Business for any other purpose than the sale of services or products approved by us. You must offer any products and/or services that we designate as required products and/or required services in the Manual. There are no limits on our ability to make changes to the services or products we require you to sell.

You may not: (a) render any service at any place except within your Protected Territory; (b) render any service from any place except your Franchised Business; or (c) deliver any service at any place outside of your Protected Territory. You may not establish a website, nor may you offer, promote, or sell any products or services, or make any use of the Marks, through the Internet without our prior written approval, which may be withheld in our sole discretion. We do not permit you to solicit business outside of your Protected Territory.

**ITEM 17**  
**RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

**This table lists certain important provisions of the franchise and related agreements pertaining to renewal, termination, transfer and dispute resolution. You should read these provisions in the agreements attached to this disclosure document.**

**THE FRANCHISE RELATIONSHIP**

Provision	Section in Franchise Agreement	Summary
a. Length of the term of the franchise	Section 2.1	Agreement starts on the date you sign it and ends 10 years later.
b. Renewal or extension of the term	Section 2.2	You are permitted to acquire a successor franchise for <del>two</del> <u>one</u> 5-year <del>term</del> <u>term</u> if you meet the requirements listed in Section 2.2 of the Franchise Agreement
c. Requirements for franchisee to renew or extend	Section 5.2	You must provide us with advance written notice; be in good standing; sign new Franchise Agreement; sign release; pay renewal fee; and meet our then-current requirements for franchisees  You may be asked to sign a contract with materially different terms and conditions than your original contract, but the boundaries of your Protected Territory will remain the same, and the fees for obtaining a successor franchise will not be greater than the fees that we then impose on similarly situated renewing franchisees
d. Termination by franchisee	Section 14.5	Subject to state law, you may terminate the Franchise Agreement by notice to us if we fail to perform material obligations. You must give us notice, and 90 days to cure or commence a cure.
e. Termination by franchisor without cause	Not applicable.	Not applicable.
f. Termination by franchisor with cause	Article 14	We can terminate the Agreement by notice to you, with or without a cure period, if you breach a material provision of the Franchise Agreement.

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Provision	Section in Franchise Agreement	Summary
g. "Cause" defined - curable defaults	Article 14	<p>Except as described in (h), you have 30 days after notice to cure breaches relating to your:</p> <ul style="list-style-type: none"> <li>(a) failure to pay any amounts due to us;</li> <li>(b) failure, refusal, or neglect to promptly submit financial or other information we require;</li> <li>(c) fail, refuse, or neglect to spend your required local advertising expenditure;</li> <li>(d) fail, refuse, or neglect to obtain our prior written approval or consent when our consent is required;</li> <li>(e) violation of any provision of the Franchise Agreement concerning the use and protection of the Marks or Confidential Information.</li> </ul> <p>You will have 30 days after notice to cure any breaches of the Franchise Agreement not listed above or in Section 14.3</p>
h. "Cause" defined – non-curable defaults	Article 14	<p>Failure to open; abandoning the Franchised Business; conviction of a felony, fraud, a crime involving moral turpitude, theft, animal cruelty, burglary; threat to public health or safety; unapproved transfer; failure to comply with in-term covenants; failure to satisfactorily complete training program; disclosure of confidential information; repeated defaults; bankruptcy, insolvency or appointment of receiver; and others. sheriff, marshal, or constable against your interest in such property; and others.</p>
i. Franchisee's obligations on termination/non-renewal	Article 15	<p>Upon termination you must cease operating, pay all sums due us, cease to use the Marks, assign the lease to us at our request, cancel any fictitious name which contains the Marks, turn over all Manuals, records, files and any confidential information or other materials relating to the operation of your Canine Dimensions Business, cancel or transfer all telephone numbers and directory listings to us, and comply with all covenants.</p>
j. Assignment of contract by franchisor	Section 13.1	<p>We may transfer the Franchise Agreement without your consent.</p>
k. "Transfer" by franchisee – defined	Section 13.2	<p>Includes transfer of contract, assets, or ownership change</p>
l. Franchisor approval of transfer by franchisee	Section 13.3	<p>You cannot transfer the Franchise Agreement without our consent.</p>
m. Conditions for franchisor approval of transfer	Section 13.2	<p>We have the right to condition our approval of any transfer proposed by you upon the following:</p> <ul style="list-style-type: none"> <li>(a) You must be in full compliance with the Franchise Agreement and pay all outstanding fees owed to us or our its affiliates;</li> <li>(b) We must have declined our right of first refusal;</li> <li>(c) Your transferee must execute our then-current form of franchise agreement;</li> <li>(d) Your transferee must be approved by us as a franchisee and take and pass the Initial Training Program to our satisfaction;</li> <li>(e) You must pay us a transfer fee of ten thousand dollars (\$10,000) for each Protected Territory you are transferring (and, if such transfer is to a transferee requiring training, payment of an additional \$12,500 (plus \$6,500 for each additional trainee) plus our attorneys' fees related to such transfer);</li> <li>(f) You and your owners must execute a general release of claims; and</li> </ul>

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
		(g) Prior to the date of transfer, your transferee must complete our training program to our satisfaction.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 13.5	We can match any bona fide written offer for your Franchised Business.
o. Franchisor's option to purchase franchisee's business	Section 15.4	Upon expiration or termination, we can buy your personal property, fixtures, equipment, and inventory related to your Franchised Business.
p. Death or disability of franchisee	Section 13.6	Within thirty (30) days of death or disability, the Franchise must be operated by a person who has been approved by us and passed our Initial Training Program. The Franchise must be transferred to an approved individual or entity within 6 months of death or incapacity. We must approve all transfers.
q. Non-competition covenants during the term of the franchise	Article 16	You must not be in a competing business anywhere and must not attempt to divert customers of your Franchised Business to any competitive business.
r. Non-competition covenants after the franchise is terminated or expires	Article 16	You may not divert business to any competitor or employ or contract with any of our or another franchisee's personnel. In addition, for two years after termination or expiration, you may not have any involvement in a competing business within: (a) 30 miles of your Protected Territory; or (b) 50 miles of any Canine Dimensions Business.
s. Modification of the agreement	Article 21	Changes to the Franchise Agreement must be made in writing and agreed to by both parties.
t. Integration/merger clause	Article 21	Only the terms of the Franchise Agreement are binding (subject to state law). Nothing in the agreement or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document. Any representations or promises outside the Franchise Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Article 23	Subject to federal and your state's law, all disputes, except as explicitly listed in the Franchise Agreement, must be submitted to non-binding mediation in accordance with the commercial arbitration rules of the American Arbitration Association. If unsuccessful, the dispute must be submitted to arbitration within five miles of our headquarters in Florida.
v. Choice of forum	Article 24	Florida (subject to applicable state law).
w. Choice of law	Article 24	Florida law applies subject to applicable state law).

**ITEM 18**  
**PUBLIC FIGURES**

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

**ITEM 19**  
**FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor

provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

### Background

This Item sets forth certain historical data as provided by our franchisees. We have not audited this information, nor independently verified this information.

**Some outlets have sold this amount. Your individual results may differ. There is no assurance you'll sell as much.** Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

See the notes following the tables, which are a material part of this Item.

**Table 19-A**

<u>Calendar Year 2023<sup>3</sup></u>					
<u>Location of Franchise</u>	<u>Gross Annual Sales</u>	<u>Average</u>	<u>Median</u>	<u>Year Opened</u>	<u>% Change Since From Prior Year</u>
<u>Calendar Year 2022</u>					
<u>Glen Mills, PennsylvaniaPA</u>	<u>\$109,660108,186</u>			2010	<u>-18-1.3%</u>
<u>Arvada, ColoradoCO</u>	<u>\$679,898662,784</u>			2010	<u>-7-2.5%</u>
<u>Nokesville, VirginiaVA</u>	<u>\$570,294549,410</u>			2011	<u>-3-3.7%</u>
<u>San Diego, California</u>	<u>\$101,935</u>			2012	<u>-21%</u>
<u>Barrington, Illinois</u>	<u>\$116,815</u>			2012	<u>-1%</u>
<u>Lisle, IllinoisIL</u>	<u>\$118,200113,900</u>			2014	<u>-11-3.6%</u>
<u>Rossmore, California</u>	<u>\$155,240</u>			2014	<u>-19%</u>
<u>Carol Stream, Illinois</u>	<u>\$110,076</u>			2014	<u>-48%</u>
<u>De Soto, Missouri</u>	<u>\$72,954</u>			2015	<u>-17%</u>
<u>Prairie Village, Kansas</u>	<u>\$106,605</u>			2015	<u>-38%</u>
<u>Millburn, New JerseyNJ</u>	<u>\$123,685124,317</u>			2016	<u>-2127.3%</u>
<u>Brooklyn, New YorkNY</u>	<u>\$257,115208,478</u>			2016	<u>-2114.2%</u>
<u>Hollywood, FloridaFL</u>	<u>\$42,29554,051</u>			2017	<u>-1449.1%</u>
<u>Kinnelon, New JerseyNJ</u>	<u>\$238,739235,853</u>			2017	<u>-76.5%</u>
<u>Colorado Springs, ColoradoCO</u>	<u>\$137,86594,890</u>			2018	<u>-25-8.0%</u>
<u>Austin, TexasSatellite Beach, FL</u>	<u>\$64,020185,995</u>			2018	<u>-3122.1%</u>
<u>Newton, New Jersey<sup>6</sup></u>	<u>\$90,745</u>			2018	<u>-21%</u>
<u>Satellite Beach, FloridaDallas, TX</u>	<u>\$210,615148,455</u>			2018	<u>-2819.9%</u>
<u>DallasHastings-on-Hudson, TexasNY</u>	<u>\$185,080208,269</u>			2019	<u>-33-1.2%</u>
<u>Hastings-on-Hudson, New YorkPittsburgh, PA</u>	<u>\$248,721107,635</u>			<u>20192020</u>	<u>-156.1%</u>
<u>Pittsburgh, PennsylvaniaSmithtown, NY</u>	<u>\$101,485218,955</u>			<u>20202022</u>	<u>+21-12.9%</u>

<u>Calendar Year 2023<sup>3</sup></u>					
<u>Location of Franchise</u>	<u>Gross Annual Sales</u>	<u>Average</u>	<u>Median</u>	<u>Year Opened</u>	<u>% Change Since From Prior Year</u>
Riverview, FL	\$42,835			2023	0.0%
<b>Totals for Calendar Year 2022</b>		<b>\$155,464</b>	<b>\$106,405</b>		-18% Avg
<b>Lowest Sales for 2022</b>	<b>\$36,246</b>				-19% Med
<b>Highest Sales for 2022</b>	<b>\$662,784</b>				
<b>Locations Exceeding Average Sales for 2022</b>	<b>56 of 21</b>				
<b>Percentage of Locations Exceeding Average Sales for 2022</b>	<b>2328%</b>				

<u>Calendar Year 2023<sup>3</sup>2024<sup>3</sup></u>					
<u>Location</u>	<u>Gross Annual Sales</u>	<u>Average</u>	<u>Median</u>	<u>Year Opened</u>	<u>% Change From Prior Year</u>
Glen Mills, Pennsylvania	\$108,186			2010	-4.3%
Arvada, Colorado	\$662,784			2010	-2.5%
Glen Mills, PA	\$494,440			2010	12.7%
Nokesville, Virginia	\$549,410			2011	-3.7%
Arvada, CO	\$0			2011	20.0%
San Diego, California	\$126,900			2012	+24.5%
Nokesville, VA	\$0			2012	5.9%
Barrington, Illinois	\$59,195			2012	-49.3%
Lisle, Illinois	\$113,900			2014	-3.6%
IL	\$0			2014	-0.3%
Rossmoor, California	\$106,035			2014	-31.7%
Carol Stream, Illinois	\$50,375			2014	-11.5%
De Soto, Missouri	\$38,255			2015	-36.6%
Prairie Village, Kansas	\$63,890			2015	-3.5%
Millburn, New Jersey	\$124,317			2016	+27.3%
NJ	\$6			2016	17.9%
Brooklyn, New York	\$208,478			2016	+14.2%
NY	\$0			2016	25.0%
Hollywood, Florida	\$54,051			2017	+49.1%
FL	\$139,839			2017	26.0%
Kinnelon, New Jersey	\$235,853			2017	+6.5%
NJ	\$9			2017	19.9%

Colorado Springs, Colorado	CO	\$94,890,853,25			2018	-8.10.0%
Austin, Texas	Satellite Beach, FL	\$22,170,179,515			2018	-49.9% 3.5%
Satellite Beach, Florida	Dallas, TX	\$185,995,120,54			2018	+22.1% 18.8%
Dallas, Texas	Hastings-on-Hudson, NY	\$148,455,189,40			2019	+19.9% 9.1%
Hastings-on-Hudson, New York	Pittsburgh, PA	\$208,269,71,535			2019	-1.2% 33.5%
Pittsburgh, Pennsylvania	Smithtown, NY	\$107,635,288,07			2020	+6.1% 31.6%
Smithtown, NY	Lebanon, Tennessee	Riverview, FL	\$34,825,64,806		2021	-12.9% 1.3%
Lebanon, Tennessee	Riverview, FL				2021	-0.3% Avg
<b>Totals for Calendar Year 2023</b>						-1.9% Med
<b>Lowest Sales for 2023</b>		\$22,170,39,839				
<b>Highest Sales for 2023</b>		\$662,784,527,650				
<b>Locations Exceeding Average Sales for 2023</b>		65 of 2114				
<b>Percentage of Locations Exceeding Average Sales for 2023</b>		36%				
			\$160,128,182,54	\$111,043,120,54		
			7	5		

**Table 19-B**

<i>Location of Franchise</i>	<i>Gross Annual Sales</i>	<i>Average</i>	<i>Median</i>	<i>Year Opened</i>	<i>% Change Since Prior Year</i>
<b>Calendar Year 2023 (Units Not Operating for All of 2022 and 2023)<sup>†</sup></b>					
Blackwood, New Jersey	\$145,990			2022	N/A
Ocean Gate, New Jersey	\$101,095			2022	N/A
<b>Totals for Calendar Year 2023</b>		<b>\$123,542</b>	<b>\$123,542</b>		
<b>Locations Exceeding Average Sales for 2023</b>	<b>1 out of 2</b>				
<b>Percentage of Locations Exceeding Average Sales for 2023</b>	<b>50%</b>				

Notes and Assumptions:

1. “Gross Annual Sales” means the aggregate of all revenue from the sale of all services in connection with the Franchised Business whether for check, cash or credit, exclusive of any sales tax collected. The figures above do not reflect the costs of sales, operating expenses, royalty and advertising or other costs or expenses that must be deducted from the Gross Annual Sales figures to obtain your net income or profit.

2. ~~Table 19-A~~ presents the Gross Annual Sales achieved by ~~twenty one (21) full size territory~~ fifteen (15) Canine Dimensions franchised units which had been in operation for at least 12 consecutive months during the period of January 1, ~~2021~~2023 to December 31, ~~2021~~2023, along with comparative sales data for these units during the period of January 1, ~~2022~~2024 to December 31, ~~2022~~2024.

~~3. Table 19 A excludes sales data for five (5) full size units for which a full 12 months of comparative data is not yet available.~~

~~4. Table 19 B includes the sales data for two (2) full size unit for which a full 12 months of comparative data is not yet available. These units operated for 12 consecutive months during 2023 but were not operating for all of 2022.~~

~~5. This table also exclude sales data for one (1) smaller unit located in East Berkshire, Vermont. We do not include the smaller unit in this Item because we no longer offer franchisees the opportunity to purchase smaller units. As a result, we believe that including their information in this Item 19 would present an inaccurate picture of System financial performance information for the purposes of this Item.~~

Other than the preceding financial performance representation, Canine Dimensions 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 Phil Guida at ~~(609)888~~ 440-7929281-3647, the Federal Trade Commission, and the appropriate state regulatory agencies.

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**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

Table No. 1  
Systemwide Outlet Summary  
For Years ~~2021-2023~~2022-2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	<del>2021</del>	<del>26</del>	<del>26</del>	<del>0</del>
<u>Franchised</u>	2022	26	26	0
	2023	26	30	+4
Company-Owned	<del>2021</del> <u>2024</u>	<del>+30</del>	<del>+21</del>	<del>0</del> <u>-9</u>
<u>Company-Owned</u>	2022	1	0	-1
	2023	0	0	0
Total Outlets	<del>2021</del> <u>2024</u>	<del>270</del>	<del>270</del>	<del>0</del>
<u>Total Outlets</u>	2022	27	26	-1
	2023	26	30	+4
	<u>2024</u>	<u>30</u>	<u>21</u>	<u>-9</u>

Table No. 2  
Transfers of Franchised Outlets  
For Years ~~2021-2023~~2022-2024

State	Year	Number of Transfers
Colorado	<del>2021</del>	<del>0</del>
<u>Colorado</u>	2022	1
	2023	0
Illinois	<del>2021</del>	<del>1</del>
	<del>2022</del> <u>2024</u>	<del>0</del>
	<del>2023</del>	<del>0</del>
Totals	<del>2021</del> <u>2022</u>	<del>1</del>
	<del>2022</del> <u>2023</u>	<del>+0</del>
	<del>2023</del> <u>2024</u>	<del>0</del>

Table No. 3  
Status of Franchised Outlets  
For Years ~~2021-2023~~2022-2024

State	Year	Outlets at Start of the Year	Outlets Added	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Arizona	<del>2021</del>	<del>1</del>	<del>0</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>
<u>California</u>	2022	<del>0</del> <u>2</u>	0	0	0	0	0	<del>0</del> <u>2</u>
	2023	0	0	0	0	0	0	0
California	<del>2021</del> <u>2023</u>	2	0	0	0	0	0	2

State	Year	Outlets at Start of the Year	Outlets Added	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	<del>2022</del> 24	2	0	0	<del>0</del> 2	0	0	<del>2</del> 0
	2023	<del>2</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>2</del>
<u>Colorado</u>	2021	3	0	0	0	0	0	3
<u>Colorado</u>	2022	3	0	0	0	0	1	2
	2023	<del>3</del>	0	0	0	0	<del>1</del>	2
<u>Connecticut</u>	<del>2021</del> 24	<del>0</del>	0	0	0	0	0	<del>0</del>
<u>Connecticut</u>	2022	0	0	0	0	0	0	0
	2023	<del>0</del>	<del>1</del>	0	0	0	0	1
<u>Florida</u>	<del>2021</del> 24	<del>2</del>	0	<del>1</del>	0	0	0	<del>2</del>
<u>Florida</u>	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3
<u>Illinois</u>	<del>2021</del> 24	3	0	0	0	0	0	3
<u>Illinois</u>	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
<u>Kansas</u>	<del>2021</del> 24	<del>1</del>	0	0	<del>0</del>	0	0	1
<u>Kansas</u>	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
<u>Maryland</u>	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	<del>1</del>	0	0	0	0	<del>1</del>
<u>Missouri</u>	<del>2021</del> 24	1	0	0	0	0	0	1
<u>Missouri</u>	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
<u>Nevada</u>	<del>2021</del> 24	<del>0</del>	0	0	0	0	0	<del>0</del>
<u>Nevada</u>	2022	0	0	0	0	0	0	0
	2023	<del>0</del>	<del>1</del>	0	0	0	0	1
<u>New Jersey</u>	<del>2021</del> 24	<del>4</del>	0	0	0	0	0	<del>4</del>
<u>New Jersey</u>	2022	4	1	0	0	0	0	5
	2023	5	0	0	0	0	1	4
<u>New York</u>	<del>2021</del> 24	<del>2</del>	<del>1</del>	0	0	0	0	<del>3</del>
<u>New York</u>	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
<u>North Carolina</u>	<del>2021</del> 24	<del>0</del>	0	0	0	0	0	<del>0</del>
<u>North Carolina</u>	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
<u>Pennsylvania</u>	<del>2021</del> 24	<del>2</del>	0	0	0	0	0	<del>2</del>
<u>Pennsylvania</u>	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
<u>Tennessee</u>	<del>2021</del> 24	<del>1</del>	0	0	0	0	0	<del>1</del>

State	Year	Outlets at Start of the Year	Outlets Added	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
<u>Tennessee</u>	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
<u>Texas</u>	<u>2021</u> <u>20</u> <u>24</u>	<u>2</u> <u>1</u>	0	0	0	0	0	<u>2</u> <u>1</u>
<u>Texas</u>	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
<u>Vermont</u>	<u>2021</u> <u>20</u> <u>24</u>	<u>1</u> <u>2</u>	0	0	<u>0</u> <u>1</u>	0	0	1
<u>Vermont</u>	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
<u>Virginia</u>	<u>2021</u> <u>20</u> <u>24</u>	1	0	0	<u>0</u> <u>1</u>	0	0	<u>1</u> <u>0</u>
<u>Virginia</u>	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Total Outlets	<u>2021</u> <u>20</u> <u>24</u>	<u>2</u> <u>6</u> <u>1</u>	<u>1</u> <u>0</u>	<u>1</u> <u>0</u>	0	0	0	<u>2</u> <u>6</u> <u>1</u>
<u>Total Outlets</u>	2022	26	1	0	0	0	1	26
	2023	26	4	0	0	0	0	30
	<u>2024</u>	<u>3</u> <u>0</u>	<u>0</u>	<u>1</u>	<u>8</u>	<u>0</u>	<u>0</u>	<u>2</u> <u>1</u>

Table No. 4  
Status of Company-Owned Outlets  
For Years 2021-20232022-2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
<u>New Jersey</u>	<u>2021</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>New Jersey</u>	2022	1	0	0	0	1	0
	2023	0	0	0	0	0	0
Total Outlets	<u>2021</u> <u>20</u> <u>24</u>	<u>1</u> <u>0</u>	0	0	0	0	<u>1</u> <u>0</u>
<u>Total Outlets</u>	2022	1	0	0	0	1	0
	2023	0	0	0	0	0	0
	<u>2024</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Table No. 5  
Projected Openings as of  
December 31, 20232024 for 2024

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
California	0	<u>1</u> <u>2</u>	0
<del>Connecticut</del> <u>Florida</u>	0	1	0
<del>Georgia</del> <u>New York</u>	0	1	0
<del>Massachusetts</del> <u>Ohio</u>	0	1	0

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
<del>Minnesota</del> <u>Texas</u>	0	1	0
<del>North Carolina</del>	0	1	0
<del>Ohio</del>	0	1	0
Totals	0	<u>76</u>	0

A list of the names of all franchisees and developers and the addresses and telephone numbers of their businesses are in Exhibit D to this Disclosure Document.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee or developer who had a business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document are listed on Exhibit E to this Disclosure Document when applicable. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, we have some franchisees have signed confidentiality provisions that restricts their ability to speak openly about their experience with the Canine Dimensions System.

We have not created, sponsored, or endorsed any trademark-specific organization of franchisees associated with our franchise system. No independent franchisee organizations have asked to be included in this disclosure document.

## **ITEM 21**

### **FINANCIAL STATEMENTS**

Attached to this Disclosure Document as Exhibit B are our audited financial statements for 2024, 2023, and 2022, ~~and 2021~~. Our fiscal year ends on December 31.

**ITEM 22**  
**CONTRACTS**

Attached to this Disclosure Document are the following contracts and their attachments:

- Franchise Agreement – Exhibit C
  - Schedule A - Approved Location and Protected Territory
  - Schedule B - Mutual General Release
  - Schedule C - Non-Competition and Confidentiality Agreement
  - Schedule D - Guaranty and Assumption of Obligations
- State Specific Addendum – Exhibit F
- Franchisee Disclosure Acknowledgement Statement – Exhibit G

**We will not ask you to complete the Disclosure Acknowledgment Statement, and we will disregard any answers from you, if you live or plan to operate your franchise in the states of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, Wisconsin.**

**ITEM 23**  
**RECEIPTS**

Two copies of an acknowledgement of your receipt of this Disclosure Document appear at the end of the Disclosure Document. Please return one signed copy to us and retain the other copy for your records.

**EXHIBIT A**

**LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS**

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws and for service of process. We may not yet be registered to sell franchises in any or all of these states.

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

State	Agents for Service of Process	Administrators
California	<p>California Commissioner of Financial Protection and Innovation</p> <p><u>Sacramento:</u> 2102 Arena Boulevard Sacramento, CA 95834</p> <p><u>Los Angeles:</u> 320 West 4<sup>th</sup> Street, Suite 750 Los Angeles, CA 90012-2344</p> <p><u>San Diego:</u> 1350 Front Street, Suite 2034 San Diego, CA 92101-3697</p> <p><u>San Francisco:</u> Department of Financial Protection and Innovation One Sansome Street, Suite 600 San Francisco, CA 94104</p>	<p>Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 2101 Arena Boulevard Sacramento, CA 95834 (213) 576-7505 or (866) 275-2677</p>
Connecticut	<p>Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230</p>	<p>Banking Commissioner 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230</p>
Florida	<p>Division of Consumer Services Attn: Business Opportunities Florida Department of Agriculture and Consumer Affairs Mayo Building Tallahassee, FL 32399-0800</p>	<p>Senior Consumer Complaint Analyst Florida Department of Agriculture and Consumer Affairs Mayo Building, Second Floor Tallahassee, FL 32399-0800 (850) 922-2966 or (850) 488-2221</p>
Georgia	<p>Office of the Governor Office of Consumer Affairs 2 Martin Luther King Jr. Drive SE Plaza Level – East Tower Atlanta, GA 30334</p>	<p>Office of Consumer Affairs 2 Martin Luther King Jr. Drive SE Plaza Level – East Tower Atlanta, GA 30334</p>
Hawaii	<p>Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808)-586-2722</p>	<p>Commissioner of Securities 335 Merchant Street, Room 203 Honolulu, HI 96813 (808)-586-2722</p>
Illinois	<p>Illinois Attorney General</p>	<p>Chief, Franchise Bureau</p>

State	Agents for Service of Process	Administrators
	Attorney General's Office 500 South Second Street Springfield, IL 62706	Illinois Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465
Indiana	Secretary of State Administrative Offices of the Secretary of State 201 State House Indianapolis, IN 46204	Chief Deputy Commissioner Securities Divisions 302 West Washington Street Room E-111 Indianapolis, Indiana 46204 (317) 232-6681
Iowa	Securities Division Lucas State Office Building Des Moines IA 50319	Director of Regulated Industries Unit Iowa Securities Bureau 340 East Maple Des Moines, IA 50319-0066 (515) 281-4441
Kentucky	Attorney General's Office Consumer Protection Division Capital Building Frankfort, KY 40601-01875	Attorney General's Office Consumer Protection Division Capital Building Frankfort, KY 40601-01875
Louisiana	[Not applicable]	Department of Justice Consumer Protection Office P.O. Box 94095 Baton Rouge, LA 70804-9095
Maine	[Not applicable]	Securities Division State House – Station 121 Augusta, ME 04333
Maryland	Maryland Securities Commissioner Securities Division 200 Saint Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360
Michigan	Michigan Department of Commerce Corporations and Securities Bureau 6546 Mercantile Way Lansing, MI 48909	Consumer Protection Division Antitrust and Franchising Unit Michigan Department of Attorney General 670 Law Building Lansing, MI 48913
Minnesota	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101 (651) 539-1638	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101 (651) 539-1638
Nebraska	[Not applicable]	Staff Attorney Department of Banking and Finance 1200 N. Street., Suite 311

State	Agents for Service of Process	Administrators
		PO Box 95006 Lincoln, NE 68509-5006 (402) 471-3445
New Hampshire	[Not applicable]	Office of the Attorney General Consumer Protection and Antitrust Bureau 25 Capitol Street State House Annex Concord, NH 03301
New York	Secretary of State 99 Washington Avenue Albany, NY 12231 (518) 473-2492	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21 <sup>st</sup> Fl New York, NY 10005 (212) 416-8222
North Carolina	Securities Division Room 302 300 North Salisbury Street Raleigh, NC 27611	
North Dakota	North Dakota Securities Commissioner 5 <sup>th</sup> Floor 600 East Boulevard Bismarck, ND 58505 (701) 328-4712	Franchise Examiner Office of Securities Commissioner 600 East Boulevard 5 <sup>th</sup> Floor Bismarck, ND 58505 (701) 328-4712
Oklahoma	[Not applicable]	Oklahoma Department of Securities The Journal Record Building 621 N. Robinson Street Suite 400 Oklahoma City, OK 73102
Oregon	Director of Oregon Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310 (503) 378-4387	Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, OR 97310 (503) 378-4387
Rhode Island	State of Rhode Island and Providence Plantations Department of Business Regulation 1511 Pontiac Avenue, Bldg. 69-1 Cranston, Rhode Island 02920	State of Rhode Island and Providence Plantations Department of Business Regulation 1511 Pontiac Avenue, Bldg. 69-1 Cranston, Rhode Island 02920
South Carolina	Secretary of State Capitol Complex Brown Building 1205 Pendleton Street Room 510 Columbia, SC 29210	[Not applicable]

State	Agents for Service of Process	Administrators
South Dakota	Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	
Texas	[Not applicable]	Secretary of State Statutory Document Section P.O. Box 12887 Austin, TX 78711 (512) 475-1769
Utah	[Not applicable]	Consumer Protection Division Utah Department of Commerce 160 East 300 South P.O. Box 48504 Salt Lake City, UT 84145-0804 (801) 530-6601
Virginia	Clerk of the State Corporation Commission 1300 E. Main Street Richmond, VA 23219 (804) 371-9672	Chief Examiner/Investigator State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street Richmond, VA 2319 (804) 371-9051
Washington	<u>Washington Dept. of Financial Institutions</u> <del>Securities Administrator</del> <u>Division</u> 150 Israel Rd. SW Tumwater, WA 98501 (360) 902-8760	Administrator Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760
Wisconsin	Commissioner of Securities 345 W. Washington Street, 4 <sup>th</sup> Floor Madison, WI 53703	Division of Securities Department of Financial Institutions P.O. Box 1768 Madison, WI 53701
Federal Trade Commission		Franchise Rule Coordinator Division of Marketing Practices Bureau of Consumer Protection Pennsylvania Avenue at 6 <sup>th</sup> Street NW Washington, DC 20580 (202) 326-3128

**EXHIBIT B**  
**FINANCIAL STATEMENT**

**CANINE DIMENSIONS FRANCHISING LLC  
FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, ~~2022~~2024 AND  
~~2021~~2023**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
CANINE DIMENSIONS FRANCHISING LLC

### **Opinion**

I have audited the accompanying financial statements of CANINE DIMENSIONS FRANCHISING LLC, which comprise the balance sheet as of December 31, ~~2022~~2024 and ~~2021~~2023, and the related statements of revenues, expenses, and changes in member's equity and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CANINE DIMENSIONS FRANCHISING LLC as of December 31, ~~2022~~2024 and ~~2021~~2023, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

I conducted the audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of CANINE DIMENSIONS FRANCHISING LLC and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Responsibilities of Management 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, and for 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.

In preparing these financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CANINE DIMENSIONS FRANCHISING LLC ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to error or fraud, and to issue an auditor's report that includes my opinion. Reasonable assurance

is a high level of assurance but not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

<sup>(Add)</sup>  
*Francis J April CPA LLC*

Francis J April CPA LLC  
Marlton, New Jersey  
April 24, 2023

(Del)

*Francis J April CPA LLC*

Francis J April CPA LLC Marlton, New Jersey April 15, 2025

**CANINE DIMENSIONS FRANCHISING LLC**  
**BALANCE SHEETS**

<b>ASSETS</b>	<b>DECEMBER 31</b>	
	<b>2022</b>	<b>2021</b>
<b><u>CURRENT ASSETS</u></b>		
Cash	245,263,457.452	530,740,406.640
<b><u>FIXED ASSETS</u></b>		
Automobile	31,923	-31,923
Less: Accumulated Depreciation	(49,200,25,714)	-(23,271)
Net Fixed Assets	12,723,6,209	-8,652
<b><u>OTHER ASSETS</u></b>		
Franchise Costs	40,329	40,329
Security Deposit	9,800	9,800
Total Other Assets	50,129	50,129
<b><u>TOTAL ASSETS</u></b>	<b>298,315,513,790</b>	<b>571,069,465,421</b>
<b><u>LIABILITIES AND MEMBER'S EQUITY</u></b>		
<b><u>CURRENT LIABILITIES</u></b>		
Deferred Revenue - Initial Fee, Current	17,500,21,000	14,000,21,000
Deferred Revenue - Renewal Fee, Current	700	-700
<b><u>TOTAL CURRENT LIABILITIES</u></b>	<b>18,200,21,700</b>	<b>14,000,21,700</b>
<b><u>LONG TERM LIABILITIES</u></b>		
Deferred Revenue - Initial Fee, Long Term	90,125,79,625	73,500,100,625
Deferred Revenue - Renewal Fee, Long Term	2,712,1,312	-2,012
<b><u>TOTAL LONG TERM LIABILITIES</u></b>	<b>92,837,80,937</b>	<b>73,500,102,637</b>
<b><u>TOTAL LIABILITIES</u></b>	<b>111,037,102,637</b>	<b>87,500,124,337</b>
<b><u>MEMBER'S EQUITY</u></b>	<b>187,278,411,153</b>	<b>483,569,341,084</b>

**CANINE DIMENSIONS FRANCHISING LLC**

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<b>TOTAL LIABILITIES AND MEMBER'S EQUITY</b>	<u>298,315,513.790</u>	<u>571,069,465.42</u> <u>1</u>
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See Independent Auditor's Report and accompanying notes to financial statements.

**CANINE DIMENSIONS FRANCHISING LLC**  
**STATEMENTS OF OPERATIONS**

<b>REVENUE</b>	<b>YEAR ENDED DECEMBER 31</b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>
	<b><u>2024</u></b>	<b><u>023</u></b>
Initial Franchise Sales	27,375,210.00	39,000,335.00
Renewal Franchise Sales	88,700	-700
Royalties	383,673,368,268	375,307,415,749
Other Franchise Fees Related Revenue	32,227,18,987	45,129,65,301
<b>TOTAL REVENUE</b>	<b>443,363,408,955</b>	<b>459,436,515,250</b>
 <b><u>OPERATING EXPENSES</u></b>		
Advertising	4,906,520	776,9215
Auto Expenses	3,129,513	7,553,770
Bank Charges	1,566,1,694	1,022,1,635
Charitable Contributions	803,300	1,475,1,300
Client Expenses	7,102,3,869	12,148,8,303
Commissions	-	29,000
Depreciation Expense	19,200,2,443	-4,071
Filing Fees	235	1,285,3,012
Insurance	9,038,9,115	8,994,8,444
Marketing	44,721,24,315	34,477,51,822
Office Supplies and Printing	17,282,8,477	14,096,25,091
Professional Fees	14,237,18,658	24,772,13,963
Telephone	4,669,3,794	6,875,5,241
Training	75,323,79,172	99,044,76,980
Travel	20,300,5,882	5,913,1,175
Utilities	11,487,10,538	7,459,10,347
<b>TOTAL OPERATING EXPENSES</b>	<b>233,998,180,290</b>	<b>254,889,221,369</b>

**CANINE DIMENSIONS FRANCHISING LLC**

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<b>NET INCOME</b>	<u>209,365,228,665</u>	<u>204,547,293,881</u>
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See Independent Auditor's Report and accompanying notes to financial statements.

**CANINE DIMENSIONS FRANCHISING LLC**  
**STATEMENTS OF CHANGES IN MEMBER'S EQUITY**  
**YEARS ENDED DECEMBER 31, 2022** ~~2024~~ **AND** ~~2021~~ **2023**

	<u>P. Guida</u>	<u>TOTAL</u>
Balance-January 1, <del>2021</del> <u>2023</u>	403,167,187,278	403,167,187,278
Contributions	<u>-5,000</u>	<u>-5,000</u>
Distributions to Member's	(124,145,145,075)	(124,145,145,075)
Net Income	<u>204,547,293,881</u>	<u>204,547,293,881</u>
Balance-December 31, <del>2021</del> <u>2023</u>	483,569,341,084	483,569,341,084
Contributions <u>from Member</u>	<u>-3,124</u>	<u>-3,124</u>
Distributions to <del>Member's</del> <u>Member</u>	(505,656,161,720)	(505,656,161,720)
Net Income	<u>209,365,228,665</u>	<u>209,365,228,665</u>
Balance-December 31, <del>2022</del> <u>2024</u>	<u>187,278,411,153</u>	<u>187,278,411,153</u>

See Independent Auditor's Report and accompanying notes to financial statements.



**CANINE DIMENSIONS FRANCHISING LLC**  
**STATEMENTS OF CASH FLOWS**

	<b>YEAR ENDED DECEMBER 31</b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>
	<b><u>024</u></b>	<b><u>023</u></b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Net Income	200,365	204,547
	<u>228,665</u>	<u>293,881</u>
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation Expense	19,200	2,443
	<u>4,071</u>	<u>4,071</u>
<b><u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u></b>	<u>228,565</u>	<u>297,952</u>
	<u>231,108</u>	<u>297,952</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Security Deposit	-	(9,800)
Purchase of Automobile	-	-
	<u>(31,923)</u>	<u>-</u>
<b><u>NET CASH (USED IN) INVESTING ACTIVITIES</u></b>	<u>0</u>	<u>-(9,800)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Deferred Revenue - Initial Fee, Current	3,500	10,500
	<u>0</u>	<u>3,500</u>
Deferred Revenue - Initial Fee, Long Term	16,625	45,500
	<u>(21,000)</u>	<u>10,500</u>
Deferred Revenue - Renewal Fee, Current	700	-
	<u>(700)</u>	<u>-</u>
Deferred Revenue - Renewal Fee, Long Term	2,712	-
	<u>(700)</u>	<u>-(700)</u>
Contributions from Member	3,124	5,000
Distributions to Member's Member	(505,656)	(124,145)
	<u>161,720</u>	<u>14,514</u>
	<u>5,075</u>	<u>5,075</u>
<b><u>NET CASH (USED IN) FINANCING ACTIVITIES</u></b>	<u>(482,119)</u>	<u>(68,145)</u>
	<u>180,296</u>	<u>126,775</u>
<b><u>NET INCREASE (DECREASE) IN CASH</u></b>	<u>(285,477)</u>	<u>161,377</u>
	<u>50,812</u>	<u>377</u>
<b><u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u></b>	<u>530,740</u>	<u>394,338</u>
	<u>406,640</u>	<u>245,263</u>

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	530,740,406
<b>CASH AND CASH EQUIVALENTS-END OF YEAR</b>	245,263,457.452    .640

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION  
Cash Paid During Year for:

Interest	-	-	
Income Taxes	-	-	

See Independent Auditor's Report and accompanying notes to financial statements.

**CANINE DIMENSIONS FRANCHISING LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, ~~2022~~2024 AND ~~2021~~2023**

**Note 1 Description of Business**

Canine Dimensions Franchising, LLC (a limited liability company) was organized on October 24, 2007, pursuant to the provisions of Title 42, New Jersey Limited Liability Company Act, of the New Jersey Statutes. The Company licenses the trademark and franchising rights from Davidson and Michaels, LLC, a related company owned by the sole owner of the Company. Under this trademark and franchising agreement, the Company is granted the exclusive rights for the Canine Dimensions concept, which includes the licensing and use of the trade name, including trademarks and service marks, and all franchising rights for Canine Dimensions, a mobile dog training service program.

**Note 2 Date of Management's Review**

In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through April ~~24~~15, ~~2023~~2025, the date that the financial statements were available to be issued.

**Note 3 Summary of Significant Accounting Policies:**

**Method of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting, recognizing income when earned and expenses when incurred.

**Management's Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Actual results could differ from those estimates.

**Franchise Costs**

Franchise Costs, which are intangible assets, that have an indefinite useful life should not be amortized and are subject to an impairment test on an annual basis by comparing the fair value to the carrying amount of the intangible asset. If the assessment indicates that the carrying amount exceeds the fair value of the intangible asset, the excess should be recognized as impairment loss. If the fair value exceeds the carrying amount, impairment is deemed not to exist. At December 31, ~~2022~~2024 and ~~2021~~2023 the fair value of the Franchise Costs exceeded the carrying amount.

**CANINE DIMENSIONS FRANCHISING LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, ~~2022~~2024 AND ~~2021~~2023**

**Note 3 Summary of Significant Accounting Policies (continued):**

**Fixed Assets**

The Company capitalizes assets that have a useful life beyond one year. Fixed assets consist of an automobile that is recorded at cost and depreciated using primarily the straight line method over five years.

**Cash Flow Statement**

The Company considers all checking accounts as cash equivalents.

**Limited Liability Company/Income Taxes**

The accompanying financial statements include only those assets, liabilities and results of operations which relate to the business of Canine Dimensions Franchising, LLC. The financial statements do not include any assets, liabilities, revenues, or expenses attributable to the member's individual activities.

The Company is treated as a disregarded entity for Federal and State Income Tax purposes and accordingly the tax effects of the Company's income or loss are passed through to its sole member.

Under the terms of the Limited Liability Company operating agreement, the Company is to have perpetuity existence.

**Note 4 Related Party Transactions**

The Company licenses the trademark and franchising rights from Davidson and Michaels, LLC, a related company owned by the sole owner of the Company. For the years ended December 31, ~~2022~~2024 and ~~2021~~2023, ~~one~~one (1) and one (1) franchises were sold, respectively.

**Note 5 Franchise Revenue Recognition**

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers, which supersedes the existing transaction and industry-specific revenue recognition guidelines. The new guidance requires the recognition of revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Originally the ASU was effective for fiscal years beginning after December 15, 2018 however due to the worldwide pandemic, implementation was delayed a year.

**CANINE DIMENSIONS FRANCHISING LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022-2024 AND 2021-2023**

**Note 5 Franchise Revenue Recognition (Continued)**

After assessing the recent guidance, the Company concludes the use of brand name and logo and ongoing access to the operating procedures manual as the core components of the franchise license. The Company further concludes the initial training services and territory fee are distinct performance obligations that are one-time in nature and completed upon such date that franchisee's training is completed.

Therefore, the Company concludes that the franchise agreement includes distinct performance obligations for the use of its brand name and logo, supported by marketing and other support services, for the life of each ten-year franchise agreement, while the obligations of the Company terminate for training services and territory fee upon the conclusion of the initial training.

As such the Company recognizes as revenue upon the completion of training \$12,500. The balance of initial fees results in \$35,000 ratably recognized over the ten-year or five-year term of the franchise agreement.

The Company also enters into renewals of existing franchise agreements without the requirement for the initial expenses incurred on entering into a new franchise agreement. In this situations, the Company requires a renewal fee of \$3,500 and an ongoing monthly royalty fee.

The Company recognizes revenues related to renewal fees ratably over each of the five years of the renewal term based on its obligations to provide limited use of the Company's brand name and logo, supported by marketing activities, and ongoing access to continually updated operating procedures manual for such five year period.

**Note 6 Uninsured Cash Balances New Accounting Guidance Implementation**

~~The Company maintains a cash account balance at a financial institution, which, may at times during the year may exceed the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000. The Company continues to evaluate this risk and believes there is no exposure to loss at the date the financial statements were available to be issued.~~

Effective January 1, 2023, the Association adopted ASU-2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Association adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have

a material impact on the Association's financial statements but did change how the allowance for credit losses is determined.

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**CANINE DIMENSIONS FRANCHISING LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022 2024 AND 2021-2023**

**Note 7 Concentration of Credit Risk Financial Instruments**

Concentrations of Credit Risks and Credit Losses

All of the Company's revenue is derived primarily from the franchisees located throughout the United States, and not the general public. The Company is dependent upon this source of income for its ongoing operations.

The Association maintains cash account balances at financial institutions, which, may at times during the year may exceed the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000. The Association continues to evaluate this risk and believes it is not exposed to any significant credit risks on its cash balances at the date the financial statements were available to be issued.

At December 31, 2024 the Association has evaluated assessments receivable and believes all assessments are collectible and has not provided an allowance for credit losses.

**Note 8 Uncertainties**

~~As a result of the COVID-19 outbreak in the United States and globally, economic uncertainties have arisen that may cause disruption and could impact the Company's ability to carry out its normal activities. Though the extent of disruption is expected to be temporary, as of the date of the issuance of these financial statements, the Company cannot reasonably estimate the impact to the Company's future activities, revenues, financial condition or results of operations.~~



**CANINE DIMENSIONS FRANCHISING LLC**

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, ~~2021~~2023 AND**  
**20202022**

**with Independent Auditor's Report**

**CANINE DIMENSIONS FRANCHISING LLC  
FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, ~~2021~~2023 AND  
~~2020~~2022**

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**NOTES TO FINANCIAL STATEMENTS**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
CANINE DIMENSIONS FRANCHISING LLC

### **Opinion**

I have audited the accompanying financial statements of CANINE DIMENSIONS FRANCHISING LLC, which comprise the balance sheet as of December 31, ~~2021~~2023 and ~~2020~~2022, and the related statements of revenues, expenses, and changes in member's equity and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CANINE DIMENSIONS FRANCHISING LLC as of December 31, ~~2021~~2023 and ~~2020~~2022, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

I conducted the audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of CANINE DIMENSIONS FRANCHISING LLC and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Responsibilities of Management 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, and for 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.

In preparing these financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CANINE DIMENSIONS FRANCHISING LLC ~~LLC~~ ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to error or fraud, and to issue an auditor's report that includes my opinion. Reasonable assurance

is a high level of assurance but not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

(Add)  
*Francis April CPA LLC*

Francis J April CPA LLC  
Marlton, New Jersey  
March 15, 2022

(Del)  
*Francis J. April CPA LLC*

Francis J April CPA LLC Marlton, New Jersey March 29, 2024

**CANINE DIMENSIONS FRANCHISING LLC**  
**BALANCE SHEETS**

<b>ASSETS</b>	<b>DECEMBER 31</b>	
	<b>2023</b>	<b>2022</b>
<b>CURRENT ASSETS</b>		
<u>Cash</u>	406,640	245,263
<b>FIXED ASSETS</b>		
<u>Automobile</u>	31,923	31,923
<u>Less: Accumulated Depreciation</u>	(23,271)	(19,200)
<u>Net Fixed Assets</u>	8,652	12,723
<b>OTHER ASSETS</b>		
<u>Franchise Costs</u>	40,329	40,329
<u>Security Deposit</u>	9,800	-
<u>Total Other Assets</u>	50,129	40,329
<b>TOTAL ASSETS</b>	465,421	298,315

<b>ASSETS</b>	<b>DECEMBER 31</b>	
	<b>2021</b>	<b>2020</b>
<b>CURRENT ASSETS</b>		
Cash	530,740	394,338
<b>OTHER ASSETS</b>		
Franchise Costs	40,329	40,329
<b>TOTAL ASSETS</b>	571,069	434,667

**LIABILITIES AND MEMBER'S EQUITY**

<b>CURRENT LIABILITIES</b>		
Deferred Revenue - Initial Fee, Current	14,000	3,500
Deferred Revenue - Renewal Fee, Current	21,000	17,500
	<u>700</u>	<u>700</u>
<b>TOTAL CURRENT LIABILITIES</b>	14,000	3,500
	<u>21,700</u>	<u>18,200</u>

**LONG TERM LIABILITIES**

**CANINE DIMENSIONS FRANCHISING LLC**

Deferred Revenue - Initial Fee, Long Term	<u>73,500</u> <u>100,625</u>	<u>28,000</u> <u>90,125</u>
Deferred Revenue - Renewal Fee, Long Term	<u>2,012</u>	<u>2,712</u>
<b>TOTAL LONG TERM LIABILITIES</b>	<u>73,500</u> <u>102,637</u>	<u>28,000</u> <u>92,837</u>
<b>TOTAL LIABILITIES</b>	<u>87,500</u> <u>124,337</u>	<u>31,500</u> <u>111,037</u>
<b>MEMBER'S EQUITY</b>	<u>483,569</u> <u>341,084</u>	<u>403,167</u> <u>187,278</u>
<b>TOTAL LIABILITIES AND MEMBER'S EQUITY</b>	<u>571,069</u> <u>465,421</u>	<u>434,667</u> <u>298,315</u>

See Independent Auditor's Report and accompanying notes to financial statements.

**CANINE DIMENSIONS FRANCHISING LLC**  
**STATEMENTS OF OPERATIONS**

<b>REVENUE</b>	<b>YEAR ENDED DECEMBER 31</b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>
Initial Franchise Sales	39,000,33,500	16,000,27,375
Royalty and Other Income	420,436,700	351,362,808
<u>Royalties</u>	415,749	383,673
<u>SBA EIDL Grant</u>	-65,301	2,000,32,227
<u>Other Franchise Fees Related Revenue</u>		7
<b>TOTAL REVENUE</b>	<b>459,436,515,250</b>	<b>369,362,443,363</b>
 <b><u>OPERATING EXPENSES</u></b>		
Advertising	7,769,215	16,800,4,906
Auto Expenses	7,553,770	7,553,3,129
Bank Charges	1,022,1,635	1,281,1,566
Charitable Contributions	1,475,1,300	2,075,803
Client Expenses	12,148,8,303	2,553,7,102
<u>Commissions</u>	29,000,4,071	-19,200
<u>Depreciation Expense</u>	1,285,3,012	2,825,235
Filing Fees	8,994,8,444	11,709,9,038
Insurance		8
Marketing	34,477,51,822	38,098,44,721
Office Supplies and Printing	14,096,25,091	16,801,17,282
Professional Fees	24,772,13,963	15,693,14,237
Telephone	6,875,5,241	7,217,4,669
Training	99,044,76,980	32,749,75,323
Travel	5,913,1,175	4,003,20,300
Utilities	7,459,10,347	5,604,11,487
<b>TOTAL OPERATING EXPENSES</b>	<b>254,889,221,369</b>	<b>164,961,233,998</b>

**CANINE DIMENSIONS FRANCHISING LLC**

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<b><u>NET INCOME</u></b>	<u>204,547,293.881</u>	<u>204,401,209,365</u>
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See Independent Auditor's Report and accompanying notes to financial statements.

**CANINE DIMENSIONS FRANCHISING LLC**  
**STATEMENTS OF CHANGES IN MEMBER'S EQUITY**  
**YEARS ENDED DECEMBER 31, 2021**~~2023~~ **AND** ~~2020~~2022

	<u>P. Guida</u>	<u>TOTAL</u>
Balance-January 1, 2019 <del>2022</del>	<del>322,120</del> <u>483,569</u>	<del>322,120</del> <u>483,569</u>
Contributions	-	-
Distributions to Member's	<del>(123,354</del> <u>(505,656)</u>	<del>(123,354</del> <u>(505,656)</u>
Net Income	<del>204,401</del> <u>209,365</u>	<del>204,401</del> <u>209,365</u>
Balance-December 31, 2020 <del>2022</del>	<del>403,167</del> <u>187,278</u>	<del>403,167</del> <u>187,278</u>
Contributions <u>from Member</u>	<u>-5,000</u>	<u>-5,000</u>
Distributions to <del>Member's</del> <u>Member</u>	<del>(124,145</del> <u>(145,075)</u>	<del>(124,145</del> <u>(145,075)</u>
Net Income	<del>204,547</del> <u>293,881</u>	<del>204,547</del> <u>293,881</u>
Balance-December 31, 2021 <del>2023</del>	<del>483,569</del> <u>341,084</u>	<del>483,569</del> <u>341,084</u>

See Independent Auditor's Report and accompanying notes to financial statements.



**CANINE DIMENSIONS FRANCHISING LLC**  
**STATEMENTS OF CASH FLOWS**

	<b>YEAR ENDED DECEMBER 31</b>	
	<b><u>2021</u></b>	<b><u>2020</u></b>
	<b><u>2023</u></b>	<b><u>2022</u></b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Net Income	204,547	204,401
	<u>293,881</u>	<u>209,365</u>
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Increase (Decrease) In: Depreciation Expense	4,071	19,200
<b><u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u></b>	<u>297,952</u>	<u>228,565</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Accrued Expenses Security Deposit	-(9,800)	-
Purchase of Automobile	=	(31,923)
<b><u>NET CASH (USED IN) OPERATING INVESTING ACTIVITIES</u></b>	<u>204,547</u>	<u>204,401</u>
	<u>(9,800)</u>	<u>(31,923)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Deferred Revenue - Initial Fee, Current	10,500	3,500
Deferred Revenue - Initial Fee, Long Term	45,500	28,000
Deferred Revenue - Renewal Fee, Current	=	700
Deferred Revenue - Renewal Fee, Long Term	(700)	2,712
Contributions from Member	5,000	=
Distributions to Member's Member	(124,145)	(123,354)
	)	5,656)
<b><u>NET CASH (USED IN) FINANCING ACTIVITIES</u></b>	<u>(68,145)</u>	<u>(91,854)</u>
	<u>126,775)</u>	<u>119)</u>
<b><u>NET INCREASE (DECREASE) IN CASH</u></b>	<u>136,402</u>	<u>112,547</u>
	<u>161,377)</u>	<u>(28,477)</u>
<b><u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u></b>	<u>394,338</u>	<u>281,791</u>
	<u>245,263)</u>	<u>1530,740)</u>

[Link-to-previous setting changed from on in original to off in modified].

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<b>CASH AND CASH EQUIVALENTS-END OF YEAR</b>	<del>394,338,245</del> <u>530,740,640</u> <u>263</u>
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SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION  
Cash Paid During Year for:

Interest	-	-
Income Taxes	-	-

See Independent Auditor's Report and accompanying notes to financial statements.

**CANINE DIMENSIONS FRANCHISING LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, ~~2021~~2023 AND ~~2020~~2022**

**Note 1 Description of Business**

Canine Dimensions Franchising, LLC (a limited liability company) was organized on October 24, 2007, pursuant to the provisions of Title 42, New Jersey Limited Liability Company Act, of the New Jersey Statutes. The Company licenses the trademark and franchising rights from Davidson and Michaels, LLC, a related company owned by the sole owner of the Company. Under this trademark and franchising agreement, the Company is granted the exclusive rights for the Canine Dimensions concept, which includes the licensing and use of the trade name, including trademarks and service marks, and all franchising rights for Canine Dimensions, a mobile dog training service program.

**Note 2 Date of Management's Review**

In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through March ~~15~~29, ~~2022~~2024, the date that the financial statements were available to be issued.

**Note 3 Summary of Significant Accounting Policies:**

**Method of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting, recognizing income when earned and expenses when incurred.

**Management's Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Actual results could differ from those estimates.

**Franchise Costs**

Franchise Costs, which are intangible assets, that have an indefinite useful life should not be amortized and are subject to an impairment test on an annual basis by comparing the fair value to the carrying amount of the intangible asset. If the assessment indicates that the carrying amount exceeds the fair value of the intangible asset, the excess should be recognized as impairment loss. If the fair value exceeds the carrying amount, impairment is deemed not to exist. At December 31, ~~2021~~2023 and ~~2020~~2022 the fair value of the Franchise Costs exceeded the carrying amount.

**CANINE DIMENSIONS FRANCHISING LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, ~~2021~~2023 AND ~~2020~~2022**

**Note 3 Summary of Significant Accounting Policies (continued):**

**Fixed Assets**

The Company capitalizes assets that have a useful life beyond one year. Fixed assets consist of an automobile that is recorded at cost and depreciated using primarily the straight line method over five years.

**Cash Flow Statement**

The Company considers all checking accounts as cash equivalents.

**Limited Liability Company/Income Taxes**

The accompanying financial statements include only those assets, liabilities and results of operations which relate to the business of Canine Dimensions Franchising, LLC. The financial statements do not include any assets, liabilities, revenues, or expenses attributable to the member's individual activities.

The Company is treated as a disregarded entity for Federal and State Income Tax purposes and accordingly the tax effects of the Company's income or loss are passed through to its sole member.

Under the terms of the Limited Liability Company operating agreement, the Company is to have perpetuity existence.

**Note 4 Related Party Transactions**

The Company licenses the trademark and franchising rights from Davidson and Michaels, LLC, a related company owned by the sole owner of the Company. For the years ended December 31, ~~2021~~2023 and ~~2020~~2022, ~~two~~one (~~2~~1) and one (1) franchises were sold, respectively.

**Note 5 Franchise Revenue Recognition**

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers, which supersedes the existing transaction and industry-specific revenue recognition guidelines. The new guidance requires the recognition of revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Originally the ASU was effective for fiscal years beginning after December 15, 2018 however due to the worldwide pandemic, implementation was delayed a year.

**CANINE DIMENSIONS FRANCHISING LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**Note 5 Franchise Revenue Recognition (Continued)**

After assessing the recent guidance, the Company concludes the use of brand name and logo and ongoing access to the operating procedures manual as the core components of the franchise license. The Company further concludes the initial training services and territory fee are distinct performance obligations that are one-time in nature and completed upon such date that franchisee's training is completed.

**CANINE DIMENSIONS FRANCHISING LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

**Note 5 Franchise Revenue Recognition (Continued)**

Therefore, the Company concludes that the franchise agreement includes distinct performance obligations for the use of its brand name and logo, supported by marketing and other support services, for the life of each ten-year franchise agreement, while the obligations of the Company terminate for training services and territory fee upon the conclusion of the initial training.

As such the Company recognizes as revenue upon the completion of training \$12,500. The balance of initial fees results in \$35,000 ratably recognized over the ten-year or five-year term of the franchise agreement. ~~There were no renewal fees for the year ended December 31, 2021 or 2020.~~

The Company also enters into renewals of existing franchise agreements without the requirement for the initial expenses incurred on entering into a new franchise agreement. In this situations, the Company requires a renewal fee of \$3,500 and an ongoing monthly royalty fee.

The Company recognizes revenues related to renewal fees ratably over each of the five years of the renewal term based on its obligations to provide limited use of the Company's brand name and logo, supported by marketing activities, and ongoing access to continually updated operating procedures manual for such five year period.

**Note 6 Concentration of Credit Risks New Accounting Guidance Implementation**

~~The Company maintains a cash account balance at a financial institution, which, may at times during the year may exceed the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000. The Company continues to evaluate this risk and believes there is no exposure to loss at the date the financial statements were available to be issued.~~

Effective January 1, 2023, the Association adopted ASU-2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Association adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the Association's financial statements but did change how the allowance for credit losses is determined.

**CANINE DIMENSIONS FRANCHISING LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**Note 7 Concentration of Financial Risks Instruments**

Concentrations of Credit Risks and Credit Losses

All of the Company's revenue is derived primarily from the franchisees located throughout the United States, and not the general public. The Company is dependent upon this source of income for its ongoing operations.

The Association maintains cash account balances at financial institutions, which, may at times during the year may exceed the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000. The Association continues to evaluate this risk and believes it is not exposed to any significant credit risks on its cash balances at the date the financial statements were available to be issued.

At December 31, 2023 the Association has evaluated assessments receivable and believes all assessments are collectible and has not provided an allowance for credit losses.

**Note 8 Uncertainties**

~~As a result of the COVID-19 outbreak in the United States and globally, economic uncertainties have arisen that may cause disruption and could impact the Company's ability to carry out its normal activities. Though the extent of disruption is expected to be temporary, as of the date of the issuance of these financial statements, the Company cannot reasonably estimate the impact to the Company's future activities, revenues, financial condition or results of operations.~~

**Note 9 Small Business Association (SBA) EIDL Grant**

~~In 2020, the Company received \$2,000 in connection with this program, which in substance, is a grant that is fully forgiven, therefore no liability has been set up on the balance sheet.~~

**EXHIBIT C**

**CANINE DIMENSIONS FRANCHISING, LLC**

**FRANCHISE AGREEMENT**

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**FRANCHISEE**

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**DATE**

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**CANINE DIMENSIONS FRANCHISING, LLC  
FRANCHISE AGREEMENT**

**THIS AGREEMENT (“Agreement”)** is made and entered into \_\_\_\_\_ (the “**Effective Date**”) between Canine Dimensions Franchising, LLC with offices at 23208 Sanabria Loop, Bonita Springs, Florida 34135 (the “**Franchisor**”), and \_\_\_\_\_ an individual residing at \_\_\_\_\_ (the “**Franchisee**”).

**RECITALS**

**A.** Franchisor has developed and owns a system (the “**System**”) relating to the establishment, development, and operation of franchises which provide in-home dog training, behavior modification and consulting services to dog owners, and which may also offer boarding, board and train, group lessons, and other complementary products.

**B.** Franchisor identifies the System by means of certain trade names, service marks, trademarks, and indicia of origin, including but not limited to the mark and logo “Canine Dimensions”, and such other trade names, service marks, and trademarks as are now designated (and may later be designated by Franchisor in writing) for use in connection with the System (the “**Marks**”).

**C.** Franchisee desires to operate a franchise under the System and wishes to obtain a franchise from Franchisor for that purpose, as well as to receive the training and other assistance provided by Franchisor, and Franchisee understands and acknowledges the importance of operating the franchised business in conformity with Franchisor’s standards and specifications.

In consideration of the undertakings and commitments of each party to the other party in this Agreement, the parties agree as follows:

**1. GRANT**

**1.1 Franchised Business**

Franchisor grants to Franchisee, upon the terms and conditions herein contained, the right, license, and privilege, and Franchisee undertakes the obligation, to operate a Canine Dimensions franchise (the “**Franchise**” or “**Franchised Business**”) and to use solely in connection with it the Marks, the Authorized Products and Services, and the System, as they may be changed, improved, and further developed from time to time, only from the Approved Location.

**1.2 Approved Location**

The street address of Franchisee’s approved location is written on Schedule A to this Agreement (the “**Approved Location**”), which is Franchisee’s home. Franchisee shall not relocate the Franchised Business without the express prior written consent of Franchisor. Franchisee’s new location must be within its Protected Territory (as described in Section 1.3 below), except that if Franchisee chooses to move its home to a location outside of the Protected Territory, Franchisor may require Franchisee to obtain rented space within the Protected Territory from which to operate the Franchised Business.

**1.3 Territorial Limitations**

During the Term, Franchisor will not establish, nor license another to establish, a Canine Dimensions franchise under the System and Marks that operates from or at any location within the Protected Territory set forth in Schedule A hereto (the “**Protected Territory**”), without Franchisee’s

prior written consent. If Franchisee relocates the Franchised Business, the Protected Territory boundaries will not change.

#### **1.4 Rights Retained by Franchisor**

Franchisee expressly acknowledges and agrees that except as provided in Section 1.3 of this Agreement, Franchisor retains all other rights within and outside of the Protected Territory, including but not limited to the exclusive rights to:

1.4.1 Establish and operate, and grant rights to other franchise owners to establish and operate, businesses offering Authorized Products and/or Services under the Marks or any other marks at or from any locations outside the Protected Territory and on any terms and conditions Franchisor deems appropriate;

1.4.2 Purchase, merge, acquire, be acquired by or affiliate with an existing competitive or non-competitive franchise or non-franchise network, chain or any other business regardless of the location of that other business' facilities, and following such activity Franchisor may operate, franchise or license those other businesses and/or facilities under any names or marks other than the Marks (so long as this Agreement is in effect), regardless of the location of these businesses and/or facilities, which may be within or immediately proximate to the Protected Territory;

1.4.3 Offer Authorized Products, or grant others the right to offer the Authorized Products, whether using the Marks or other trademarks or service marks, through alternative channels of distribution, including, without limitation, wholesalers, or by Internet commerce (e-commerce), mail order or otherwise, regardless of whether it is inside or outside of the Protected Territory;

1.4.4 Maintain any websites utilizing a domain name incorporating the Marks or derivatives of them. Franchisor retains the sole right to advertise and market on the Internet and use the Marks on the Internet, including all use of websites, domain names, URL's, directory addresses, metatags, linking, advertising, and co-branding and other arrangements. Franchisee may not independently advertise or market on the Internet, or use any domain name, address, locator, link, metatag, or search technique, with words or symbols similar to the Marks or otherwise establish any presence on the Internet without Franchisor's prior written consent.

## **2. TERM; OBTAINING A SUCCESSOR FRANCHISE**

### **2.1 Term**

The term of this Agreement ("Term") will expire ten (10) years from the date of its execution, unless it is terminated sooner as permitted by this Agreement.

### **2.2 Right to Acquire a Successor Franchise**

After the expiration of the Term, Franchisee may, at its option, acquire ~~two~~one (~~2~~1) additional successor franchise ~~terms~~term of five (5) years each, subject to the following conditions, which must be met prior to obtaining a successor franchise:

2.2.1 Franchisee must give Franchisor written notice of Franchisee's election to obtain a successor franchise not less than six (6) months nor more than twelve (12) months prior to the end of the Term or first successor franchise term;

2.2.2 Franchisee must not be in default of any provision of this Agreement, any amendment or successor to this Agreement, or any other agreement between Franchisee and Franchisor or

its subsidiaries and affiliates; and Franchisee must have substantially complied with all the provisions and conditions of such agreements during their terms;

2.2.3 Franchisee must have satisfied all monetary obligations owed by Franchisee to Franchisor and its affiliates and must have timely met those obligations throughout the Term;

2.2.4 Franchisee may execute Franchisor's then-current form of franchise agreement, which agreement will supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement, including, without limitation, a higher percentage royalty fee and advertising contribution; provided, however, that the Protected Territory will remain the same, and the rights to obtain a successor franchise agreement will be the remaining successor term specified above (if any);

2.2.5 Franchisee must pay Franchisor a successor franchise fee in an amount equal to ten percent (10%) of the then-current initial franchise fee then being charged to new franchisees at the time Franchisee obtains a successor franchise;

2.2.6 Franchisee must execute a general release, in a form prescribed by Franchisor (Franchisor's current form is attached as "Schedule B"), of any and all claims against Franchisor and its subsidiaries and affiliates, and their respective officers, directors, agents and employees; and

2.2.7 Franchisee must comply with Franchisor's then-current qualification, certification, and training requirements.

### **2.3 ~~Interim Term~~ Holdover Franchise**

~~If Franchisee does not sign the Successor Franchise Agreement prior to the expiration of this Agreement and Franchisee continues to accept the benefits of this Agreement after it expires, then at Franchisor's option, this Agreement may be treated either as: (i) expired as of the date of expiration with Franchisee then operating without a franchise to do so; or (ii) continued on a month-to-month basis ("Interim Term") until one party provides the other with written notice of such party's intent to terminate the Interim Term, in which case the Interim Term will terminate thirty (30) days after the date of the notice to terminate the Interim Term. In the latter case, all of Franchisee's obligations will remain in full force during the Interim Term as if this Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement will be deemed to take effect upon termination of the Interim Term. In this Agreement, references to the Term include any Interim Term.~~

If for any reason, Franchisee continues to operate the Franchised Business beyond the Term of this Agreement or any subsequent renewal period, it shall be deemed to be on a month-to-month basis under the terms of this Agreement (except that Franchisee will no longer have the right to obtain a Successor Franchise Agreement pursuant to Section 2.2) and subject to termination upon 30 days' notice or as required by law. If the hold-over period exceeds 90 days, this Agreement is subject to immediate termination unless applicable law requires a longer period. Upon termination after any hold-over period, Franchisee and those in active concert with Franchisee, including Owners, family members, officers, directors, partners and managing agents, are subject to the terms of Agreement including post-termination obligations contained in this Agreement.

## **3. DUTIES OF FRANCHISOR**

### **3.1 Training**

Franchisor will provide an initial training program for Franchisee (or if Franchisee is a corporate entity, for a principal of Franchisee) as set forth in Section 6.1. Franchisor may also provide refresher training programs as set forth in Section 6.2. Training may also be provided for additional principals of

Franchisee for an additional fee, as set forth in Section 6.1.

### **3.2 Operational Assistance**

Franchisor will provide a minimum of two (2) days of on-site supervision and assistance in the twenty-four (24) month period after opening if Franchisor (in its sole discretion) determines that additional on-site supervision and assistance is necessary. The additional on-site supervision and assistance as Franchisor deems necessary will be conducted by a representative(s) of Franchisor, subject (as to timing) to the availability of personnel. Franchisee must pay Franchisor's then-current daily rate for this additional assistance, as well as the travel, lodging, and living expenses of Franchisor's personnel for this additional training. Also, Franchisor shall provide from time to time as it deems appropriate, advisory assistance and materials concerning operation, promotion and management of the Franchised Business.

### **3.3 Advertising**

Franchisor will make available, from time to time, examples of advertising, promotional plans and materials for local advertising.

### **3.4 Manual**

Franchisor will provide Franchisee, on loan, one copy of the Canine Dimensions Operations Manual (the "**Manual**"), as more fully described in Section 8.

### **3.5 Inspections**

Franchisor will conduct, as it deems advisable, inspections of the Franchise, and evaluations of the services rendered and the products sold in connection with it.

## **4. DUTIES OF FRANCHISEE**

Franchisee understands and acknowledges the importance of maintaining uniform operating standards, to increase the demand for the products and services sold by all franchisees, and to protect Franchisor's goodwill. Accordingly, Franchisee acknowledges and accepts the following duties:

### **4.1 Training**

Franchisee (or, if Franchisee is a Business Entity, an individual designated by Franchisee who owns a majority of the equity interest of Franchisee) must attend and successfully complete all of Franchisor's required training programs as stated in Section 6.

### **4.2 Cleanliness**

Franchisee and all of its Associates must dress in accordance with Franchisor's standards, as set forth in the Manual, at all times while conducting the business of the Franchise, and will present a clean, neat appearance and render competent and courteous service to clients.

### **4.3 Service and Product Quality**

4.3.1 Franchisee will sell or offer for sale only such services and products that meet Franchisor's uniform standards of quality and as have been expressly approved for sale in writing by Franchisor ("**Authorized Products**" and "**Authorized Services**"). Franchisee must provide Authorized Products and Services only in accordance with Franchisor's methods and techniques. Franchisee will not deviate from Franchisor's standards and specifications without Franchisor's prior written consent. Franchisee will discontinue selling or offering for sale such services or products as Franchisor may, in its sole discretion, disapprove or de-authorize in writing at any time.

4.3.2 Franchisee must order from Franchisor and pay for an initial inventory of

Authorized Products with a package price of \$3,000.

4.3.3 Franchisee will have the right to offer and sell its Authorized Products or Services at any price Franchisee determines, and will not be required to follow any price recommended or suggested by Franchisor.

#### **4.4 Operation**

4.4.1 Franchisee must begin operating the Franchised Business within sixty (60) days after the Effective Date. Franchisee must keep the Franchised Business open and operating normally for such minimum hours and days as Franchisor may from time to time specify in the Manual or as it otherwise approves in writing, subject only to local ordinances or restrictions, if any.

4.4.2 Franchisee must operate the Franchised Business in strict conformity with such methods, standards, and specifications as Franchisor may from time to time prescribe in the Manual or otherwise in writing.

4.4.3 Franchisee agrees to maintain in sufficient supply and use at all times only such products, materials, supplies, and methods of service as conform to Franchisor's standards and specifications; and to refrain from deviating therefrom by using non-conforming items or methods without Franchisor's prior written consent, which will not be unreasonably withheld.

4.4.4 Franchisee shall not affix any signs, markings or other advertising to any vehicles used in the Franchised Business without Franchisor's consent and must identify all such vehicles only in such manner as Franchisor requires in the Manual or otherwise in writing.

4.4.5 Franchisee shall, at its own expense, comply with all applicable laws, ordinances, and regulations of municipal, county, state, or federal authority.

#### **4.5 Approved Suppliers**

4.5.1 Franchisor has the right to require that certain equipment, fixtures, furnishings, signs, supplies, and other products and materials required for the operation of the Franchised Business be purchased solely from suppliers (including manufacturers, distributors, and other sources), who demonstrate to the continuing reasonable satisfaction of Franchisor the ability to meet Franchisor's then-current standards and specifications for such items; who possess adequate quality controls and capacity to supply Franchisee's needs promptly and reliably; and who have first been approved in writing by Franchisor and not thereafter disapproved. Franchisee acknowledges and agrees that certain items may only be available from one source, and that Franchisor or its affiliates may be that source. Franchisee will pay the then-current price in effect for all products and inventory that Franchisee purchases from Franchisor or Franchisor's affiliates. All inventory, products, materials and other items and supplies used in the operation of the Franchised Business that are not included in Franchisor's list of approved suppliers must conform to the specifications and standards Franchisor establishes from time to time.

4.5.2 If Franchisee wants to purchase any items from an unapproved supplier, Franchisee must submit to Franchisor a written request for approval, together with such other information as Franchisor requires. Franchisor has the right to require that its representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered, at Franchisor's option, either to Franchisor or to an independent third party designated by Franchisor for testing. Franchisee or the supplier must pay to Franchisor Two Hundred Fifty Dollars (\$250) or Franchisor's actual costs for conducting the evaluation (whichever is higher). Franchisor may also require that the supplier comply with such other reasonable

requirements as Franchisor deems appropriate, including payment of reasonable continuing inspection fees and administrative costs. Franchisor reserves the right, at its option, to re-inspect any approved supplier and to revoke its approval if the supplier fails to continue to meet any of Franchisor's then-current criteria.

4.5.3 Franchisee agrees to maintain, at all times, credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, and electronic-fund-transfer systems (together, "**Credit Card Vendors**") that Franchisor may periodically designate as mandatory. The term "Credit Card Vendors" includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, "Apple Pay" and "Google Wallet"). Franchisee agrees not to use any Credit Card Vendor for which Franchisor has not given its prior written approval, or as to which Franchisor have revoked its earlier approval. Franchisor has the right to modify Franchisor's requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke Franchisor's approval of any service provider. Franchisee must acquire, at its expense, all necessary hardware and/or software used in connection with these non-cash systems.

#### **4.6 Inspections**

Upon providing to Franchisee at least twenty-four (24) hours of advanced notice, Franchisor and its agents have the right to accompany Franchisee or Franchisee's employees or agents on any service call to a client's home or business, to inspect, photograph, or videotape franchise operations to determine Franchisee's compliance with all requirements of this Agreement. Franchisee must cooperate with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request. Upon reasonable notice from Franchisor, and without limiting Franchisor's other rights under this Agreement, Franchisee must take such steps as may be necessary to correct immediately the deficiencies detected during any such inspection.

#### **4.7 Corporate Franchisees**

If Franchisee is a corporation, partnership, limited liability company or other legal or business entity (a "**Business Entity**"), must comply, except as otherwise approved in writing by Franchisor, with the following requirements throughout the Term:

4.7.1 Franchisee must furnish Franchisor with its formation documents (such as articles of incorporation or certificate of formation), governing documents (such as by-laws or operating agreement) and other documents Franchisor may reasonably request, and any amendments to them.

4.7.2 Franchisee's governing documents must state that Franchisee's activities will be confined exclusively to those purposes permitted or required by this Agreement.

4.7.3 Franchisee must maintain stop transfer instructions against the transfer on its records of any equity securities and must not issue any certificate upon the face of which the following printed legend does not legibly and conspicuously appear:

"The transfer of the ownership interests represented by this certificate is subject to the terms and conditions of a Franchise Agreement with Canine Dimensions Franchising, LLC dated \_\_\_\_\_."

4.7.4 Franchisee must maintain a current list of all owners of record and beneficial owners of any class of voting stock of Franchisee and shall furnish the list to Franchisor upon request.

4.7.5 Each owner of an interest in Franchisee must execute and return to Franchisor the

“Guaranty and Assumption of Obligations,” attached as “Schedule D.”

#### 4.8 Compliance with Laws and Ethical Business Practices

4.8.1 Franchisee shall secure and maintain in force, in its name, all required licenses, permits and certificates relating to the operation of the Franchised Business. Franchisee shall operate its Franchised Business in full compliance with all applicable laws, ordinances and regulations, including, without limitation, workers’ compensation insurance, unemployment insurance, and withholding and payment of income taxes, social security taxes and sales taxes. All advertising by Franchisee will be completely factual, in good taste in Franchisor’s sole and absolute discretion, and will conform to high standards of ethical advertising. Franchisee will, in all dealings with customers, suppliers and the public, adhere to high standards of honesty, integrity, fair dealing and ethical conduct. Franchisee will refrain from any business or advertising practice which may be injurious to Franchisor’s business and the goodwill associated with the Marks and other Canine Dimensions Businesses. Franchisee will notify Franchisor in writing within five (5) days of the commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency, or other governmental instrumentality, which relates to or which may affect the operation or financial condition of Franchisee and/or its Franchised Business. Franchisee agrees to manage the employment functions of the Franchised Business in compliance with federal, state, and local employment laws.

4.8.2 Franchisee and its owners agree to comply, and to assist Franchisor to the fullest extent possible in its efforts to comply with Anti-Terrorism Laws (defined below). In connection with that compliance, Franchisee and its owners certify, represent, and warrant that none of Franchisee’s property or interests is subject to being blocked under, and that Franchisee and its owners otherwise are not in violation of, any of the Anti-Terrorism Laws. “**Anti-Terrorism Laws**” mean 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 other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by Franchisee or its owners, or any blocking of Franchisee or its owners’ assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

4.8.3 Franchisee agrees to comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC (see [www.pcisecuritystandards.org](http://www.pcisecuritystandards.org)), or any successor organization or standards that Franchisor may reasonably specify. Among other things, Franchisee agrees to implement the enhancements, security requirements, and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards. Franchisee must demonstrate compliance upon reasonable request, which may include having an independent third-party Qualified Security Assessor (QSA) conduct a PCI/DSS audit.

4.8.4 4.8.4 Franchisee understands that as part of obtaining the Franchise, Franchisor has conducted a criminal background check on each of Franchisee’s owners. Franchisee will ensure that each of Franchisee’s employees or independent contractors who will come into contact with client animals, or will be entering client homes, also passes a criminal background check before such employee is permitted access to client animals or client homes. During the Term, Franchisor has the right (at any time and at Franchisor’s discretion) to require Franchisee and its owners to submit to a new, updated criminal background check. Further, Franchisee will notify Franchisor within two (2) business days if Franchisee or any of its owners is charged with or convicted of a felony, fraud, a crime involving moral turpitude, theft, burglary, animal cruelty, or breaking and entering.

4.8.5 As used herein, “Customer Information” means any information that can be used (alone or in combination with other information) to identify, locate, or contact an individual, or pertains to

an identified or identifiable individual. Customer Information can be in any media or format, including computerized or electronic records and paper-based files. “Privacy Laws” means all applicable federal, state, and local laws, regulations, and rules, as they currently exist or may be enacted or amended in the future, that govern the collection, use, storage, protection, disclosure, and management of personal information and data. This includes, but is not limited to, laws such as the California Consumer Privacy Act (CCPA), the General Data Protection Regulation (GDPR) to the extent applicable, and any other similar laws enacted by any state or federal authority in the United States.

4.8.6 All Customer Information obtained from Franchisee and collected from Franchised Business customers, along with all revenues derived from such Customer Information, will be Franchisor's property and Confidential Information. Franchisor may use this information for any reason without compensation to Franchisee, including making financial performance representations in franchise disclosure documents. Franchisee assigns all rights in Customer Information to Franchisor and will provide copies upon request. Franchisor grants Franchisee the right to use Customer Information acquired from customers and other third parties solely in connection with operating the Franchised Business during the Term, as permitted by applicable law. Upon expiration of the Term, all copies of Customer Information must be returned to Franchisor and removed from Franchisee's computer system.

4.8.7 Franchisee will: (i) learn and comply with all applicable Privacy Laws; (ii) learn and comply with Brand Standards related to Privacy Laws and the privacy and security of Customer Information; (iii) learn and comply with any posted privacy policy and representations made to individuals identified by Customer Information, and communicate any limitations required to authorized receiving parties in compliance with Privacy Laws; (iv) refrain from any action or inaction that could cause Franchisor or its Affiliates to breach Privacy Laws; (v) maintain reasonable physical, technical, and administrative safeguards and related policies for Customer Information to protect it from unauthorized processing, destruction, modification, or use that would violate this Agreement, the Manual, or any Privacy Law; (vi) Execute necessary acts, documents, and things to keep Franchisor and its Affiliates in compliance with Privacy Laws; (vii) Immediately report to Franchisor any breach of requirements regarding Customer Information or Privacy Laws, or any theft or loss (or apparent or alleged theft or loss) of Customer Information (excluding Customer Information of Franchisee's own officers, directors, shareholders, employees, or service providers).

4.8.8 Franchisee will provide Franchisor with information, reports, and audit results regarding data security policies, procedures, or technical controls related to Customer Information upon request. Franchisee will also provide access to Franchisee’s computer system, records, processes, and practices involving Customer Information processing to mitigate security incidents or conduct audits. Franchisee will indemnify, defend, and hold Franchisor and its Affiliates harmless in connection with any claim or action arising from theft, loss, or misuse of Customer Information, or breach of terms related to data security, Privacy Laws, or Customer Information. Franchisee will notify Franchisor immediately upon discovering any theft, loss, or misuse of Customer Information and will undertake remediation efforts, cooperate with Franchisor's remediation efforts, and prevent recurrence of incidents at Franchisee's expense. Franchisee will not make public comments regarding data security incidents without Franchisor's approval. Notifications to media or customers regarding theft or loss of Customer Information will be handled exclusively by Franchisor. If legally obligated to notify customers, Franchisee must notify Franchisor in writing and limit notices to those required by law or pre-approved by Franchisor. Franchisee will cooperate with Franchisor in sending such notices.

#### **4.9 Phone Calls With Potential Customers**

Except where prohibited by law, Franchisee must create and electronically store, for up to 60 days, an audio recording of each phone call by Franchisee to a potential customer. Franchisee must provide any or all of its audio recordings to Franchisor upon request. Franchisee must provide to each and every potential

customer advance notice of the recording as required by law.

## 5. FEES

### 5.1 Initial Franchise Fee

Franchisee must pay to Franchisor an initial franchise fee of Thirty-Five Thousand Dollars (~~\$35,000~~45,000), due upon execution of this Agreement. The initial franchisee fee is an up-front payment for the license Franchisor grants in this Agreement and is fully earned and non-refundable once paid, except that if Franchisee fails to complete the Initial Training Program to Franchisor's satisfaction, Franchisor may terminate this Agreement and refund the initial franchise fee, less Franchisor's reasonable expenses.

### 5.2 Training and Protected Territory Fee

Franchisee must pay to Franchisor a training and Protected Territory fee of Twelve Thousand Five Hundred Dollars (\$12,500), due upon execution of this Agreement. The training and Protected Territory fee shall be deemed fully earned and non-refundable in consideration of the Initial Training Program and the identification of the Protected Territory. The training and Protected Territory fee includes training for ~~one (1) attendee, and will be increased by an additional Six Thousand Two Hundred Fifty Dollars (\$6,250) for each additional attendee required to undergo training~~two (2) attendees.

### 5.3 Royalties

During the Term, Franchisee must pay Franchisor a weekly Royalty Fee equal to the greater of: (a) ~~nine~~eleven percent (911%) of Gross Sales; or (b) the "**Minimum Royalty**," which is ~~\$225.00~~250.00. The Royalty Fee will not be assessed during the first thirty (30) days following Franchisee's successful completion of training.

### 5.4 Definition of Gross Sales

"**Gross Sales**" means all revenue from the performance of services in association with the Franchised Business, whether for cash or credit and regardless of collection in the case of cash and regardless of collection in the case of credit, and income of every kind and nature related to the Franchised Business. Gross Sales does not include any sales taxes or other taxes collected from clients by Franchisee for transmittal to the appropriate taxing authority. Gross Sales will not include any cash refunds given to, or coupons used by, Franchisee's clients, so long as Franchisor approved of any such coupons prior to their issuance or use by Franchisee.

### 5.5 Submitting Payments; Late Payment Fees

5.5.1 All Royalty Fees and other fees payable under this Agreement must be made via electronic funds transfer or automatic debit of funds, in a method determined by Franchisor, in its sole discretion. Franchisee must sign and deliver to Franchisor any documents required to authorize Franchisor to debit Franchisee's business checking account automatically for the Royalty Fee and other amounts due under this Agreement. On or before the day and time Franchisor specifies (currently, 5:00 P.M. eastern time on the first Wednesday of each month), Franchisee must report to Franchisor by telephone or electronic means or in written form, as Franchisor directs, the true and correct Gross Sales of the Franchised Business for the previous fiscal month. Franchisor will debit Franchisee's account for the Royalty Fee and any other fees due on the Tuesday of each week for the prior week ending Saturday. Franchisee agrees to make the funds available for withdrawal by electronic transfer before each due date. In the event that the Tuesday is not a business day, Franchisor will debit Franchisee's account on the next business day.

5.5.2 If Franchisee fails to report the Gross Sales of the Franchised Business on or before

the day specified by Franchisor, then Franchisor may:

5.5.2.1 Debit Franchisee's account for one hundred twenty percent (120%) of the last Royalty Fee that it debited. If the Royalty debited from Franchisee's account is less than the Royalty Fee Franchisee actually owes to Franchisor (once Franchisor has determined the true and correct Gross Sales of the Franchised Business), Franchisor will debit Franchisee's account for the balance of the Royalty Fee due on the day Franchisor specifies. If the Royalty Fee debited from Franchisee's account is greater than the Royalty Fee actually owed, Franchisor will credit the excess against the amount Franchisor otherwise would debit from Franchisee's account during the following week.

5.5.2.2 Debit Franchisee's account a non-refundable late reporting fee of forty-five dollars (\$45.00).

5.5.3 To encourage prompt and timely payment of the Royalty Fees and to cover the costs and expenses involved in handling and processing any payments not received by their due dates, Franchisee shall pay a fee of \$45.00 for any ACH transfer that is returned by the bank, and shall also pay, upon demand, interest on any overdue amount equal to the lesser of: (i) one and one-half percent (1.5%) per month; or (ii) the highest rate permitted by law. Such charge shall accrue from the date payment was due until the date payment is actually received by Franchisor. Each failure by Franchisee to report its Gross Sales to Franchisor, or to pay the Royalty Fees or other payments payable to Franchisor when due, will be a material breach of this Agreement, except if the lateness is the result of Franchisor's failure to debit Franchisee's account in a timely manner.

5.5.4 Franchisor's acceptance of any interest payment cannot be construed as a waiver of its rights in respect of the default giving rise to such payment and is without prejudice to any right by Franchisor's to terminate this Agreement.

5.5.5 Franchisee acknowledges that the electronic receipts generated from the ACH transactions listed herein are the only documents that will be generated for the transactions made under this Agreement and that they will not be accompanied by individual invoices from Franchisor. Franchisee agrees that such receipts are sufficient documentation of transactions, and that payments made by the Franchisee to Franchisor under this Agreement will not require Franchisor to generate an IRS form 1099.

## **5.6 Toll Free Number Support**

Franchisee must pay to Franchisor on an annual basis during the Term Franchisor's then-current fee for toll-free number support. This fee will help pay for maintenance of Franchisor's toll-free number, which will be used to refer business inquiries to franchisees in the System.

## **5.7 Email Maintenance Fee**

Franchisee have at least one (1) mailbox at Franchisor's @CanineDimensions.com domain, and must pay Franchisor its then-current annual fee per mailbox for maintenance.

# **6. TRAINING**

## **6.1 Initial Training**

Franchisor will provide an initial training program (the "**Initial Training Program**") for Franchisee (or, if Franchisee is a Business Entity, a principal of Franchisee) for approximately two (2) to four (4) weeks at Franchisor's corporate offices. Franchisee must complete the Initial Training Program to Franchisor's satisfaction before commencing operations of the Franchised Business. ~~If Franchisee wishes~~

~~to bring Associates to the Initial Training Program, an additional fee of Six Thousand Two Hundred Fifty Dollars (\$6,250) for each additional Associate attending the Initial Training Program. Franchisee must pay its out-of-pocket costs related to attending such training for itself and any additional trainees, like travel, lodging, meals and wages.~~

## **6.2 Supplemental Training; Annual Conference**

6.2.1 After Franchisee has been operating for one (1) year, Franchisor will offer to Franchisee one or more supplemental training courses, which may be designated as mandatory. These courses are designed to upgrade Franchisee's knowledge of dog training and customer sales techniques, as well as business operations and marketing skills. This training may be offered in person or online via email, webinar or conference call.

6.2.2 Franchisor may, in its discretion, hold an annual conference at a location of its choosing. If Franchisor holds an annual conference, attendance will be mandatory for Franchisee and any other of Franchisee's representatives as Franchisor designates. The annual conference will be held to discuss sales techniques, bookkeeping, new product developments, new training techniques, new service suggestions, accounting, inventory control, performance standards, advertising and promotional programs, and merchandising procedures. Franchisee must pay to Franchisor, at the time and in the amount specified by Franchisor, a fee for Franchisee's representatives to attend the annual conference. All of the travel and living expenses of the attendees will be borne by Franchisee.

## **6.3 Associates**

Franchisee may hire associates to assist with marketing or administrative tasks ("**Associates**"). Dog training will only be conducted by the Franchisee (or, if Franchisee is a Business Entity, by Franchisee's principal owner), and not by Associates. Because Associates will represent the Marks and the System, Franchisee must ensure that each one of its Associates meets Franchisor's basic qualifications and standards and that they provide consistently high levels of customer service. Franchisor does not require Franchisee to have any minimum number of Associates. Franchisee acknowledges and agrees that Franchisee is solely responsible for all decisions relating to employees, agents, and independent contractors Franchisee may hire to assist in the operation of the Franchised Business. Franchisee agrees that any Associate, employee, agent or independent contractor Franchisee hires or retain will be Franchisee's employee, agent or independent contractor, and not Franchisor's employee, agent or independent contractor. Franchisee also agrees that Franchisee is solely responsible for the terms and conditions of employment of Franchisee's employees and Associates, including, without limitation, recruiting, hiring, firing, training, compensation, work hours and schedules, work assignments, safety and security, discipline, and supervision.

## **6.4 Cost, Location and Completion**

At Franchisor's option, any persons subsequently employed by or under contract with Franchisee as Associates shall also complete the Initial Training Program to Franchisor's satisfaction. Franchisee's Associates shall also attend and complete to Franchisor's satisfaction such refresher courses, third party seminars, and other training programs as Franchisor may reasonably require from time to time. All training contemplated by this Section 6.4 shall be conducted at Franchisor's headquarters or such other location as Franchisor may specify. Franchisor shall provide instructors and training materials for all required training programs, except for third-party seminars. Franchisor reserves the right to assess a reasonable training fee for any refresher training programs or training of Associates who affiliate with Franchisee after Franchisee's opening. Franchisee shall be responsible for all other expenses incurred by Franchisee in connection with any training programs, including, without limitation, transportation, lodging, meals, and wages.

## **6.5 Additional Training**

If Franchisee requests that Franchisor provide additional training on-site at the Franchised Business, or for an additional proposed equity owner of Franchisee, or if Franchisor determines (in its sole discretion) that Franchisee would benefit from additional on-site training, Franchisee shall pay to Franchisor its then-current per diem rate per trainer (currently \$350 per day), and reimburse Franchisor's costs for providing the on-site training, including travel, lodging and meals.

## **7. MARKS**

### **7.1 Franchisor's Rights in the Marks.**

Franchisor represents that Franchisor has the right to use and to license others to use the Marks, and that Franchisor has taken and will take all steps reasonably necessary to preserve and protect the ownership and validity in and of the Marks.

### **7.2 Right to Use**

With respect to Franchisee's use of the Marks, Franchisee agrees that:

7.2.1 Franchisee will use only the Marks designated by Franchisor, and will use them only in the manner Franchisor authorizes and permits.

7.2.2 Franchisee will use the Marks only for the operation of the Franchised Business or in advertising for the Franchised Business. Franchisor reserves the right to approve all signs, memos, stationery, business cards, advertising material, forms and all other objects and supplies using the Marks. All advertising, publicity, point of sale materials, signs, decorations, furnishings, equipment, or other materials employing the words "Canine Dimensions" shall be in accordance with this Agreement and the Manual, and Franchisee shall obtain Franchisor's approval prior to such use.

7.2.3 Unless otherwise authorized or required by Franchisor, Franchisee will operate and advertise the Franchised Business only under the name "Canine Dimensions" without prefix or suffix.

7.2.4 During the Term and any successor agreement, Franchisee must identify itself as the owner of the Franchised Business in conjunction with any use of the Marks, including, but not limited to, on invoices, order forms, receipts, and contracts. Franchisee must post a conspicuous notice on any documents used with Franchisee's customers and Associates that states: "EACH CANINE DIMENSIONS BUSINESS IS INDEPENDENTLY OWNED AND OPERATED" or any modification of this statement as Franchisor requires. Franchisee must include this disclaimer on all business cards, stationery, promotional and advertising materials, website and Internet communications, real estate documents, and all other materials Franchisee uses. In all public records, in relationships with other persons, and on letterhead and business forms, Franchisee must indicate its independent ownership of the Franchised Business and that Franchisee is solely a franchisee of Canine Dimensions Franchising, LLC.

7.2.5 Franchisee's right to use the Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use of them will be considered infringement.

7.2.6 Franchisee must not use the Marks to incur any obligation or indebtedness on behalf of Franchisor.

7.2.7 Franchisee will not use the Marks as part of its Business Entity name.

7.2.8 Franchisee must comply with Franchisor's instructions in filing and maintaining a

requisite trade name or fictitious name registration, and shall execute any documents deemed necessary by Franchisor or its counsel to obtain protection for the Marks or to maintain their continued validity and enforceability.

7.2.9 In the event that litigation involving the Marks is instituted or threatened against Franchisee, Franchisee must promptly notify Franchisor and must cooperate fully in defending or settling such litigation.

**7.3 Acknowledgments.** Franchisee expressly understands, acknowledges, and agrees that:

7.3.1 The Marks are valid and serve to identify the System and those who are authorized to operate under the System. Franchisee will not ever directly or indirectly contest the validity or Franchisor's or the licensor's ownership of the Marks.

7.3.2 As between the parties, Franchisor has the exclusive right and interest in and to the Marks and the goodwill associated with and symbolized by them. Franchisee's use of the Marks pursuant to this Agreement does not give Franchisee any ownership or other interest in or to the Marks, except the limited, non-exclusive license granted by this Agreement. Any and all goodwill arising from Franchisee's use of the Marks in its franchised operation under the System shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Marks.

7.3.3 The right license to use the Marks granted to Franchisee is non-exclusive, and that Franchisor has and retains the following rights, among others:

- (a) To use the Marks itself in connection with selling products and services;
- (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 Marks, and to grant licenses or franchises thereto without providing any rights in them to Franchisee.

7.3.4 Franchisor reserves the right to substitute different Marks for use in identifying the System and the businesses operating thereunder if Franchisor's currently owned Marks no longer can be used, or if Franchisor, in its sole discretion, determines that substitution of different Marks will be beneficial to the System. In the event of a change in or substitution of any Mark, Franchisor shall not be obligated to reimburse Franchisee for any costs incurred by Franchisee related to such change or substitution. Franchisee waives any claim arising from or relating to any Mark change, modification or substitution. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any Mark addition, modification, substitution or discontinuation, except as provided in this Agreement. Franchisee covenants not to commence or joint in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages.

**7.4 Cessation of Use after Expiration, Termination or Non-Renewal.**

Upon the expiration, termination or non-renewal of this Agreement, Franchisee must immediately cease using the Marks, color combinations, designs, symbols or slogans; and Franchisor may require Franchisee to execute such documents and take such action as may be necessary to evidence this fact. After the effective date of expiration, termination or non-renewal, Franchisee will not represent or imply that it is associated with Franchisor. To this end, Franchisee irrevocably appoints Franchisor or its nominee to be

Franchisee's attorney-in-fact to execute on Franchisee's behalf any document or perform any legal act necessary to protect the Marks from unauthorized use. Franchisee acknowledges and agrees that the unauthorized use of the Marks will result in irreparable harm to Franchisor for which Franchisor shall be entitled to obtain injunctive relief, monetary damages, reasonable attorneys' fees and costs.

## **8. MANUAL**

### **8.1 Operation in Conformity with Manual**

In order to protect the reputation and goodwill of Franchisor and to maintain high standards of operation under Franchisor's Marks, Franchisee must conduct the Franchised Business in strict compliance with the standard procedures, policies, rules and regulations established by us from time to time and incorporated in the Manual. Franchisee must supervise its Associates, employees, managers, independent contractors and affiliates to ensure their compliance with the Manual. While the Manual is designed to protect Franchisor's reputation and the goodwill of the Marks, it is not designed to control the day-to-day operation of the Franchised Business.

### **8.2 Confidentiality of Manual**

Franchisee shall at all times treat the Manual, any other manuals created for or approved for use in the operation of the Franchised Business, and the information in the Manual as confidential, 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.

### **8.3 Ownership of Manual**

The Manual is Franchisor's sole property. Franchisee must keep the Manual in a secure place.

### **8.4 Revisions of Manual**

Franchisor may from time to time revise the contents of the Manual, and Franchisee agrees to promptly comply with each new or revised standard. Further, Franchisee shall at all times ensure that its copy of the Manual is kept current and up to date. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor at Franchisor's headquarters will control.

## **9. CONFIDENTIAL INFORMATION**

### **9.1 Definition**

"**Confidential Information**" is any and all information, knowledge, know-how and techniques which Franchisor designates as confidential, including without limitation: sales and marketing methods and data; information regarding the System; operating and other business data; computer programs; trade secrets; business plans; advertising and promotional methods; financial information and data; product information; information regarding current or prospective customers, other Franchisees, agencies, suppliers, and other related information; and the Manual.

### **9.2 Prohibition**

Franchisee must not, during or after the Term, communicate, divulge, or use for the benefit of any other person, persons, partnership, association, or corporation any Confidential Information, knowledge, or know-how concerning the methods of operation of the Franchised Business which may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's operation under this

Agreement.

### **9.3 Transmittal to Associates**

Franchisee shall divulge such Confidential Information only to such of its Associates as must have access to it in order to operate the Franchised Business. Further, Franchisee shall require its Associates and all other personnel having access to any Confidential Information from Franchisor to execute an agreement that they will maintain the confidentiality of information they receive in connection with their employment by Franchisee at the Franchised Business. Such covenants must be in a form satisfactory to Franchisor and identify Franchisor as a third party beneficiary of the covenants with the independent right to enforce them. Franchisee acknowledges and agrees that the form of confidentiality agreement is a form of agreement only, and that it may or may not be enforceable in a particular jurisdiction. Franchisee is solely responsible for obtaining its own legal advice with respect to the adequacy and enforceability of the terms and provisions of any confidentiality or non-competition agreement Franchisee requires its Associates, employees, agents and independent contractors to sign.

### **9.4 Consequences of Breach**

Franchisee acknowledges that any failure to comply with the requirements of this Section 9 will cause Franchisor irreparable injury, and Franchisee agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining specific performance of, or an injunction against, violation of the requirements of this Section 9.

## **10. REPORTING AND RECORDS**

### **10.1 Maintenance of Records**

Franchisee shall maintain during the Term, and shall preserve for at least seven (7) years from the dates of their preparation, full, complete, and accurate books, records, computer record backups and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manual or otherwise in writing.

### **10.2 Monthly Reports and Financial Information**

Franchisee shall submit to Franchisor, no later than the fifth (5<sup>th</sup>) day of each month during the Term:

10.2.1 A financial report, in the form prescribed by Franchisor, which accurately reflects all Gross Sales during the preceding fiscal month; and

10.2.2 Such other data or information as Franchisor may require.

### **10.3 Annual Reports**

Franchisee shall; at its expense, provide to Franchisor an annual profit and loss statement and balance sheet, accompanied by a review report prepared by an independent certified public accountant satisfactory to Franchisor, within ninety (90) days after the end of each fiscal year of the Franchised Business during the Term, showing the results of the Franchised Business during said fiscal year.

### **10.4 Other Reports Required by Franchisor**

Franchisee shall also submit to Franchisor, for review or auditing, such other forms, reports,

records, information, and data as Franchisor may reasonably designate, in the form and manner (including electronic telecommunications) and at the time and places reasonably required by Franchisor, upon request and as specified from time to time in the Manual or otherwise in writing.

### **10.5 Franchisor's Right to Audit**

Franchisor or its representatives or agents shall have the right at any time during normal business hours, and without prior notice to Franchisee, to inspect, copy, request, receive and/or audit or cause to be inspected, copied, requested, received and/or audited the business records, bookkeeping and accounting records, sales, reports, financial statements and tax returns that Franchisee is required to submit to the Franchisor hereunder along with Franchisee's books and records (including any records relating to Franchisee if Franchisee is a Business Entity). If Franchisor should determine that an audit is necessary, Franchisee will, upon notice, deliver to Franchisor all required records and documents and fully cooperate with Franchisor's representatives conducting any such audit. In the event that any such audit should disclose any understatement of Gross Sales, Franchisee shall pay, within fifteen (15) days after receipt of the audit report, two (2) times the royalty fees and any other amounts (including, without limitation, interest pursuant to Section 5.5.3) due upon the amount of such understatement. Further, in the event such audit is made necessary by the failure of Franchisee to furnish reports, financial statements, tax returns or schedules as herein required, or if an understatement of Gross Sales for any month is determined by any such audit to be greater than two percent (2%) of the Gross Sales for such month disclosed by the audit, Franchisee shall reimburse Franchisor for the cost of such audit, including, without limitation, the charges of any independent accountants, legal fees, and travel expenses, room, board and compensation of their employees or representatives, which fee will not be less than Two Hundred Fifty Dollars (\$250). The foregoing remedies are in addition to all other rights and remedies Franchisor may have under this Agreement or under applicable law, including but not limited to termination of this Agreement.

## **11. ADVERTISING**

Recognizing the value of advertising and the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

### **11.1 Advertising Expenditures**

11.1.1 Franchisee must pay to Franchisor a monthly advertising fee equal to One Thousand Dollars (\$1,000), which will be spent on an Internet Advertising program administered by the Franchisor. Such amount is payable on the first (1<sup>st</sup>) day of each month in the manner set forth in Section 5.5, and will be used for an Internet Advertising Fund to be administered by the Franchisor, as described in Section 11.3. If the first (1<sup>st</sup>) day of any month is not a business day, then such amount is payable on the next business day.

11.1.2 Subject to the prior written approval of Franchisor, Franchisee may, but is not required to, conduct print advertising in the Protected Territory, and Franchisor may, from time to time, offer the Franchisee approved local marketing plans and materials on the same terms and conditions as the Franchisor is then offering to its other franchisees. Prior to their use by Franchisee, samples of all local marketing materials not prepared or previously approved by Franchisor must be submitted to Franchisor for written approval, which approval will not be unreasonably withheld. All materials submitted to Franchisor for its review will become Franchisor's property and there will be no restriction on Franchisor's use of such materials for any purpose.

11.1.3 Franchisee must, during the Term, pay to Franchisor its then-current annual fee for maintenance of Franchisor's website, which will include a webpage designed and posted to advertise the Franchised Business.

## 11.2 Approval by Franchisor

Franchisee must obtain Franchisor's approval for all advertising and promotional materials before using them. All advertising and promotion by Franchisee in any manner or medium shall be conducted in a dignified manner and shall conform to such standards and requirements as are specified by Franchisor. Franchisee shall submit to Franchisor for its prior approval (except with respect to prices to be charged), samples of all advertising and promotional plans and materials that Franchisee desires to use that have not been prepared or approved by Franchisor within the immediately preceding twelve (12) months. If written disapproval is not received by Franchisee from Franchisor within twenty (20) days of the date of receipt by Franchisor of such samples or materials, Franchisor shall be deemed to have given the required approval. Franchisee shall display the Marks in the manner prescribed by Franchisor on all signs and all other advertising and promotional materials used in connection with the Franchised Business. All materials submitted to Franchisor for its review shall become Franchisor's property, to be used or disseminated by Franchisor in its discretion. "Advertising" includes any use of the world wide web in connection with the Franchised Business including but not limited to any web sites, web pages, blogs, social networking services, banner advertising, pay-per-click, social media, podcasts, video sharing services, search engine marketing and search engine optimization programs or services. Franchisee may not engage in any promotional activities or sell any products or services, whether directly or indirectly, through the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system (collectively, the "**Electronic Media**"); through catalogs, email or other mail order devices sent or directed to customers or prospective customers located anywhere; or by telecopy or other telephonic or electronic communications, including toll-free numbers. All advertising on electronic media must be done by Franchisor through the Internet Advertising Fund only.

## 11.3 Internet Advertising Fund

Franchisor will direct all programs that the Internet Advertising Fund finances, with sole control over the creative concepts, materials and endorsements used and their media placement and allocation. The Internet Advertising Fund may pay for preparing and producing advertisements, video, audio and written materials and electronic media; administering internet advertising programs (including, without limitation, using in-house or outside advertising, promotion and marketing agencies and other advisors to provide assistance); and supporting public relations, market research and other advertising, promotion and marketing activities.

Franchisor will not use the Internet Advertising Fund for any of Franchisor's general operating expenses, except to compensate the reasonable salaries, administrative costs, travel expenses and overhead Franchisor incurs in administering the Internet Advertising Fund and its programs, including, without limitation, public relations, conducting market research, preparing advertising, promotion and marketing materials, and collecting and accounting for the Internet Advertising Fund contributions. The Internet Advertising Fund will not be Franchisor's asset. The Internet Advertising Fund is not a trust, and Franchisor does not owe Franchisee fiduciary obligations because of Franchisor's maintaining, directing or administering the Internet Advertising Fund or any other reason. The Internet Advertising Fund may spend in any fiscal year more or less than the total Internet Advertising Fund contributions in that year, borrow from Franchisor or others to cover deficits, or invest any surplus for future use. Any funds remaining in the Internet Advertising Fund at the end of any year will carry over to the next year. Franchisor will use all interest earned on Internet Advertising Fund contributions to pay costs before using the Internet Advertising Fund's other assets. Franchisor will prepare an annual, unaudited statement of Internet Advertising Fund collections and expenses and give Franchisee the statement upon written request. Franchisor may incorporate the Internet Advertising Fund or operate it through a separate entity whenever Franchisor deems appropriate.

Franchisor intends the Internet Advertising Fund to maximize recognition of the Marks and

patronage of Canine Dimensions Businesses. Although Franchisor will try to use the Internet Advertising Fund to develop advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all Canine Dimensions Businesses, Franchisor need not ensure that Internet Advertising Fund expenditures in or affecting any geographic area are proportionate or equivalent to the Internet Advertising Fund contributions by Businesses operating in that geographic area or that any Business benefits directly or in proportion to its Internet Advertising Fund contribution from the development or placement of advertising and marketing materials. Franchisor has the right, but no obligation, to use collection agents and institute legal proceedings to collect Internet Advertising Fund contributions at the Internet Advertising Fund's expense. Franchisor also may forgive, waive, settle and compromise all claims by or against the Internet Advertising Fund. Except as expressly provided in this Section, Franchisor assumes no direct or indirect liability or obligation to Franchisee for collecting amounts due to, maintaining, directing or administering the Internet Advertising Fund.

Franchisor may at any time defer or reduce the Internet Advertising Fund contributions of a Canine Dimensions Business and may reduce or suspend Internet Advertising Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Internet Advertising Fund. If Franchisor terminates the Internet Advertising Fund, Franchisor will distribute all unspent monies to all Canine Dimensions Businesses (whether franchised or operated by Franchisor or its affiliates) who contributed to it during the preceding twelve (12) month period.

## **12. INSURANCE**

### **12.1 Requirement**

Franchisee must procure, no later than fifteen (15) days prior to the commencement of operations of the Franchised Business, and shall maintain in full force and effect at all times during the Term, at Franchisee's expense, an insurance policy or policies protecting Franchisee and Franchisor, and their respective officers, directors, shareholders, partners, and employees, 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 insurance policy(ies) must contain an endorsement to Franchisee's policy naming Franchisor and its officers, directors, shareholders, partners and employees shall be named as "additional named insureds" and not "additional insureds" in the broadest form, extending to Franchisor's negligence and errors and omissions, and cannot be limited to vicarious liability. The insurance afforded to additional insureds must apply as primary insurance and not contribute to any insurance or self-insurance available to Canine Dimensions Franchising, LLC.

### **12.2 Minimum Coverage**

Such policy or policies shall be written by an insurance company satisfactory to Franchisor in accordance with standards and specifications set forth in the Manual or otherwise in writing, and shall include, at a minimum, such coverages and policy limits as may reasonably be specified by Franchisor from time to time, which coverages may include, without limitation, the following:

12.2.1 comprehensive general liability coverage against claims for bodily and personal injury, death, and property damage caused by or occurring in conjunction with the operation of the Franchised Business or Franchisee's conduct of business pursuant to this Agreement under one or more policies of insurance containing minimum liability coverage of One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) aggregate, which includes product / completed operations insurance and an endorsement specifically covering cyber liability risks;

12.2.2 automobile liability for any vehicles used in the operation of the Franchised Business with minimum liability coverage (split limit) of Two Hundred Fifty Thousand Dollars (\$250,000) per person, Five Hundred Thousand Dollars (\$500,000) per accident and One Hundred Thousand Dollars

(\$100,000) property damage;

12.2.3 an umbrella liability insurance policy with minimum liability coverage of Two Million Dollars (\$2,000,000);

12.2.4 employer's liability of One Million Dollars (\$1,000,000) per incident and Workers' Compensation or other employer's liability insurance as well as such other insurance as may be required by statute or rule in the state in which Franchisee's Franchised Business is located;

12.2.5 professional liability of twenty-five thousand (\$25,000) per incident; and

12.2.6 any other insurance that Franchisor may require in the future or that may be required according to the terms of the lease for the Franchised Business.

### **12.3 Effect of Insurance Coverage**

Franchisee's obligation to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section 18.3 of this Agreement.

### **12.4 Certificates of Insurance**

At least thirty (30) days prior to the time any insurance is first required to be carried by Franchisee, and thereafter at least thirty (30) days prior to the expiration of any such policy, Franchisee must deliver to Franchisor Certificates of Insurance evidencing the proper coverage with limits not less than those required hereunder. All Certificates shall expressly provide that not less than thirty (30) days' prior written notice shall be given Franchisor in the event material alteration to, or cancellation of, the coverages evidenced by such Certificates.

### **12.5 Franchisor's Remedy Upon Franchisee's Default**

Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by Franchisor in the Manual or otherwise in writing, Franchisor shall have the right and authority (but not the obligation) immediately to procure such insurance and to charge same to Franchisee, which charges, together with a reasonable fee for Franchisor's expenses in so acting, shall be payable by Franchisee immediately upon notice. The foregoing remedies shall be in addition to any other remedies Franchisor may have.

## **13. TRANSFER OF INTEREST**

### **13.1 Transfer by Franchisor**

Franchisor shall have the unrestricted right to transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal entity.

### **13.2 Transfer by Franchisee**

13.2.1 Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted this Agreement in reliance on Franchisee's business skill, financial capacity, and personal character. Accordingly, neither Franchisee nor any immediate or remote successor to any part of Franchisee's interest in this franchise, nor any individual,

partnership, corporation, or other legal entity which directly or indirectly owns any interest in this Franchise, shall sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any direct or indirect interest in this Franchise (including any direct or indirect interest in a Franchisee that is a Business Entity) (a “**Transfer**”) without the prior written consent of Franchisor. Any purported Transfer, by operation of law or otherwise, not having the written consent of Franchisor required by this section shall be null and void and shall constitute a material breach of this Agreement, for which Franchisor may then terminate this Agreement without providing Franchisee an opportunity to cure pursuant to Article 14.

13.2.2 Franchisor will not unreasonably withhold its consent to a Transfer. However, if a Transfer, alone or together with other previous, simultaneous, or proposed Transfers, would have the effect of Transferring a controlling interest in Franchisee (if Franchisee is a Business Entity) or in the Franchised Business, Franchisor may, in its sole discretion, require any or all the following as conditions of its approval:

(a) All of Franchisee’s accrued monetary obligations and all other outstanding obligations to Franchisor, its subsidiaries, and its affiliates and to suppliers shall have been satisfied. Franchisor may conduct an investigation and audit pursuant to Section 10.5 in order to determine the extent of any accrued obligations.

(b) Franchisee is not in default of any provision of this Agreement or any amendment hereof or successor hereto, or of any other agreement between Franchisee and Franchisor, or its subsidiaries and affiliates.

(c) Franchisee must have executed a general release under seal, in a form satisfactory to Franchisor, or any and all claims against Franchisor and its officers, directors, shareholders, and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules and ordinances.

(d) The transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as Franchisor may request) shall enter into a written assignment, under such seal and in a form satisfactory to Franchisor, assuming and agreeing to discharge all of Franchisee’s obligations under this Agreement.

(e) The transferee (or, if the transferee is a corporate entity, a principal of transferee) shall demonstrate to Franchisor’s satisfaction that he/she meets Franchisor’s educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the Franchised Business as may be evidenced by prior related business experience or otherwise; and has adequate financial resources and capital to operate the Franchised Business. Transferee must also have completed the Initial Training Program to Franchisor’s satisfaction.

(f) The transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as Franchisor may request) shall execute, for a term ending on the expiration date of this Agreement and with such rights to obtain successor agreements as may be provided by this Agreement, Franchisor’s then-current form of franchise agreement, and such other ancillary agreements as Franchisor may require for the Franchised Business. The terms of such agreements may materially differ from the terms of this Agreement, including, without limitation, a higher percentage royalty rate; provided, however, that the transferee shall not be required to pay an initial franchise fee and that the protected territory will be the same as the Protected Territory provided for in this Agreement.

(g) Within the time specified by Franchisor, the transferee, at its expense, must upgrade the Franchised Business to conform to Franchisor’s then-current standards and

specifications.

(h) Franchisee shall remain liable for all of the obligations to Franchisor in connection with the Franchised Business prior to the effective date of the Transfer and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability.

(i) At the transferee's expense, the transferee and the transferee's Associates shall complete any training programs then in effect for franchisees upon such terms and conditions as Franchisor may reasonably require.

(j) Except in the case of a Transfer to a Business Entity formed for the convenience of ownership, as set forth in Section 13.4 below, Franchisee or its transferee must pay to Franchisor a transfer fee in the amount of Ten Thousand Dollars (\$10,000) for each Protected Territory being Transferred by Franchisee under this Agreement and if such transfer requires the new owner undergo training, we will require an additional non-refundable Twelve Thousand Five Hundred Dollars (\$12,500) training fee and our reasonable attorneys' fees incurred in relation to the transfer.

(k) Franchisee must execute a written agreement not to compete in favor of Franchisor and Franchisee's transferee, with terms and the same as those in Section 16.2.

### **13.3 Grant of Security Interest**

Franchisee shall grant no security interest in any of the assets of the Franchised Business unless the secured party agrees that in the event of any default by Franchisee under any documents related to the security interest, Franchisor shall have the right and option (but not the obligation) to be substituted as obligor to the secured party and to cure any default of Franchisee.

### **13.4 Transfer to a Business Entity**

Notwithstanding Section 13.2, after obtaining the written consent of Franchisor, this Agreement may be assigned by without charge, once only, to a newly formed Business Entity which shall conduct no business other than the Franchised Business, which is actively managed by Franchisee and in which Franchisee at all times owns and controls greater than fifty percent (50%) of the equity and voting rights and interests. Franchisee and such entity shall execute a Guaranty and Assumption of Obligations in Franchisor's standard form. Franchisee will ensure that the Business Entity complies with the requirements of Section 4.7.

### **13.5 Right of First Refusal**

13.5.1 If Franchisee wishes to accept an offer to make a Transfer, such party shall notify Franchisor in writing of each such offer, and shall provide such information and documentation relating to the offer as Franchisor may require. Franchisor shall have the right and option, exercisable within sixty (60) days after receipt of such written notification, to send written notice to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party. In the event that Franchisor elects to purchase the seller's interest, closing on such purchase must occur within thirty (30) days from the date of notice to the seller of the election to purchase by Franchisor. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of an initial offer. Failure of Franchisor to exercise the option afforded by this subsection shall not constitute a waiver or any other provision of this Agreement with respect to a proposed Transfer.

13.5.2 In the event the consideration, terms, and/or conditions offered by a third party are

such that Franchisor may not reasonably be required to furnish the same consideration, terms, and/or conditions, Franchisor may purchase the interest in the Franchised Business proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the cash consideration, an independent appraiser shall be designated by Franchisor, and his determination shall be binding.

### **13.6 Transfer Upon Death or Disability**

Upon the death or disability of any person with an interest in the Franchise, the executor, administrator, or personal representative of such person's estate shall:

13.6.1 within thirty (30) days after the death or disability, arrange for a person who has passed the Initial Training Program and been approved by Franchisor to manage and operate the Franchised Business so as to assure no interruption in the services then being provided to the clients of the Franchised Business;

13.6.2 within thirty (30) days after the death or disability, ensure that the person operating the Franchised Business has at least a 30% equity interest in Franchisee (any Transfer must be approved by Franchisor as provided in this Article 13; and

13.6.3 within six (6) months after such death or disability, Transfer the decedent's or disabled party's interest to a third party approved by Franchisor. Such Transfers, including, without limitation, Transfers by devise or inheritance, shall be subject to the same conditions as set forth in Section 13.2.2. In the case of Transfer by devise or inheritance, however, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Section 13.6, the personal representative of the deceased Franchisee shall have a reasonable time to dispose of the deceased's interest in the Franchise, which disposition shall be subject to all the terms and conditions for Transfers contained in this Agreement. If the interest is not disposed of within a reasonable time, Franchisor may terminate this Agreement. If Franchisee's executor, administrator, or personal representative is unable to find a replacement person to operate the Franchised Business as contemplated in this Section 13.6, to prevent any interruption of business of the Franchised Business and any injury to the goodwill and reputation of the Franchised Business, Franchisor will have the right (but not the obligation) to operate the Franchised Business until Franchisee's executor, administrator, or personal representative is able to take the steps set forth above. If Franchisor operates the Franchised Business, Franchisor shall have the right to collect and pay from the revenues of the Franchised Business all expenses relating to the operation of the Franchised Business including, without limitation, Royalty Fees and Internet Advertising payments, employee salaries, reimbursement of Franchisor's expenses incurred in connection with such operation, and a management fee of three hundred and fifty dollars (\$350) per day. Franchisee shall indemnify and hold Franchisor harmless from any and all claims arising from the alleged acts and omissions of Franchisor and its representatives in exercising its rights under this Section 13.6.

### **13.7 Non-Waiver of Claims**

Franchisor's consent to a Transfer of any interest in a Business Entity Franchisee or in the Franchised Business will not be a waiver of any claims it may have against the transferring party.

## **14. DEFAULT AND TERMINATION**

### **14.1 Termination By Franchisor – Without Notice**

Franchisee is in default under this Agreement, and all rights granted in this Agreement will automatically terminate without notice to Franchisee, if Franchisee, or any of Franchisee's partners, if Franchisee is a partnership, or any of its officers, directors, shareholders, or members, if Franchisee is a corporation or limited liability company, shall become insolvent or make a general assignment for the

benefit of creditors; if a petition in bankruptcy is filed by Franchisee or such a petition is filed against and not opposed by Franchisee; if Franchisee is adjudicated a bankrupt or insolvent; 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; if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); if Franchisee is dissolved; if execution is levied against Franchisee's business or property; if suit to foreclose any lien or mortgage against the premises of the Approved Location or equipment is instituted against Franchisee and not dismissed within thirty (30) days; or if the real or personal property of the Franchised Unit shall be sold after levy thereupon by any sheriff, marshal, or constable.

#### **14.2 Termination By Franchisor – Upon Notice Without Opportunity To Cure**

Upon the occurrence of any of the following events, Franchisee will be in default and Franchisor may, at its option, terminate this Agreement and all franchise rights without affording Franchisee any opportunity to cure the default. Said termination shall be effective immediately upon receipt of notice by Franchisee.

14.2.1 If Franchisee fails to commence operation of the Franchised Business or at any time ceases to operate or otherwise abandons the Franchised Business or otherwise forfeits the right to do or transact business in the jurisdiction where the franchise is located;

14.2.2 If Franchisee (or, if Franchisee is a corporate entity, any principal of Franchisee) is convicted of a felony, a fraud, a crime involving moral turpitude, theft, burglary, animal cruelty, breaking and entering, or of any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated with them, or Franchisor's interest in them;

14.2.3 If Franchisee operates the Franchised Business in a manner that poses a serious threat or danger to animals or to public health or safety;

14.2.4 If Franchisee or any owner of a corporate entity Franchisee purports to Transfer any rights or obligations under this Agreement or any interest in Franchisee to any third party without Franchisor's prior written consent, contrary to the terms of Section 13.2;

14.2.5 If Franchisee fails to comply with the covenants in Article 16 or fails to obtain execution of the covenants required under Articles 9 or 16;

14.2.6 If Franchisee fails to attend and complete, to Franchisor's satisfaction, the Initial Training Program;

14.2.7 If, contrary to the terms of Sections 8 or 9, Franchisee discloses or divulges the contents of the Manual or other Confidential Information provided to Franchisee by Franchisor;

14.2.8 If an approved Transfer is not completed within a reasonable time, as required by Section 13.6 hereof, following Franchisee's death or disability;

14.2.9 If Franchisee knowingly maintains false books or records, knowingly submits any false reports to Franchisor, or makes any false statements to Franchisor in connection with obtaining the Franchise;

14.2.10 If the Franchisee contests in any court or proceeding the validity of, or Franchisor's

or its licensor's ownership of, any of the trademarks, service marks, or other rights licensed hereunder;

14.2.11 If Franchisee knowingly fails to comply with Article 17;

14.2.12 If Franchisee, after curing a default under Section 14.3, commits the same act of default again;

14.2.13 If Franchisee repeatedly is in default under Section 14.3 for failure substantially to comply with any of the requirements imposed by this Agreement, whether cured after notice;

14.2.14 If Franchisee or any of its owners commits any violation of the Anti-Terrorism Laws, or there occurs any blocking of assets under the Anti-Terrorism Laws; or

14.2.14 If Franchisee fails, for a period of ten (10) days after notification of non-compliance, to comply with any federal, state or local law or regulation applicable to the operation of the Franchised Business, or Franchisee violates any material law pertaining to the operation of the Franchised Business, whether or not Franchisee receives notice of non-compliance.

### **14.3 Termination By Franchisor After Notice and Opportunity to Cure**

Except as provided in Sections 14.1 and 14.2, except as noted below Franchisee will have thirty (30) days after its receipt from Franchisor of a written notice of termination within which to remedy any default under this Section 14.3 (or, if the default cannot reasonably be cured within such period, to initiate within that time substantial and continuing action to cure the default) and to provide evidence of that remedy to Franchisor. If any such default is not cured within the thirty (30) day (or, as noted below, shorter) period (or, if appropriate, substantial and continuing action to cure the default is not initiated within that time), or such longer period as applicable law may require, this Agreement will terminate without further notice to Franchisee effective immediately upon expiration of the period. Such defaults shall include, without limitation, the occurrence of any of the following events:

14.3.1 Franchisee fails, refuses, or neglects promptly to pay when due any monies owing to Franchisor, its subsidiaries or affiliates; or fails, refuses, or neglects promptly to submit the financial or other information required by Franchisor under this Agreement; or fails, refuses, or neglects to make the expenditures for local advertising required by Section 11.1 of this Agreement;

14.3.2 Franchisee fails to maintain any of the standards or procedures prescribed by Franchisor in this Agreement, the Manual, or otherwise in writing;

14.3.3 Except as provided in Section 14.2.4, Franchisee fails, refuses, or neglects to obtain Franchisor's prior written approval or consent as required by this Agreement;

14.3.4 Franchisee misuses or makes any unauthorized use of the Marks or otherwise materially impairs the goodwill associated with them or Franchisor's or its licensor's rights to them;

14.3.5 Franchisee engages in any business or markets any service or product under a name or mark which, in Franchisor's opinion, is confusingly similar to the Marks;

14.3.6 Franchisee, by act or omission, permits a continued violation in connection with the operation of the Franchise of any law, ordinance, rule or regulation of a governmental agency, in the absence of a good faith dispute over its application or legality and without promptly resorting to an appropriate administrative or judicial forum for relief therefrom; or

14.3.7 Franchisee fails to substantially comply with any of the requirements imposed by

this Agreement or the Manual not specifically identified in Sections 14.1 or 14.2.

14.3.8 Franchisee lists, promotes or advertises the Franchised Business on any Electronic Media. The cure period for a default of this nature will be five (5) days.

#### **14.4 Cross-Defaults, Non-Exclusive Remedies, etc.**

Any default by Franchisee (or any affiliate of Franchisee) under any other agreement between Franchisor (or any affiliate of Franchisor) and Franchisee (or any affiliate of Franchisee) will be deemed a default under this Agreement. Any default by Franchisee (or any affiliate of Franchisee) under any lease, sublease, loan agreement, security interest or otherwise, whether with Franchisor, any affiliate of Franchisor and/or any third party will be a default under this Agreement.

In each of the foregoing cases, Franchisor (and any affiliate of Franchisor) will have all remedies allowed at law, including termination of Franchisee's rights (and/or those of any person/company affiliated with Franchisee) and Franchisor's (and/or Franchisor's affiliates') obligations. No right or remedy which Franchisor may have (including termination) is exclusive of any other right or remedy provided under law or equity and Franchisor may pursue any rights and/or remedies available.

#### **14.5 Termination by Franchisee**

Franchisee can terminate this Agreement only with the prior written consent of Franchisor, or if Franchisor commits a material breach of this Agreement that is not cured within 90 days after written notice from Franchisee. If the nature of the breach is such that Franchisor will be unable to cure the same within the required 90-day period, Franchisor can take such additional time as may be reasonably necessary within which to cure said breach provided that Franchisor has begun taking corrective action within the 90 day period and is pursued diligently to completion.

### **15. OBLIGATIONS UPON TERMINATION OR EXPIRATION**

Upon termination or expiration of this Agreement, all rights granted under this Agreement to Franchisee shall immediately terminate. Upon such termination or expiration, Franchisee must comply with the following procedures:

#### **15.1 De-identification**

15.1.1 Franchisee must immediately cease to operate the Franchised Business and shall not thereafter, directly or indirectly, represent to the public that the Franchise is a Canine Dimensions Franchise or hold itself out as a present or former franchisee of Franchisor. Franchisee must comply with the covenants contained in Article 16.

15.1.2 Franchisee must immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures and techniques associated with the System; the Mark "Canine Dimensions", and all other Marks and distinctive forms, slogans, signs, symbols, monograms and devices associated with the System, and shall entirely remove all Internet listings, local citations and social media associated with the System. In particular, Franchisee must cease to use, without limitation, all signs, advertising materials, displays, stationery, forms, and any other articles or clothing which display the Marks.

15.1.3 Franchisee must take such action as may be necessary to cancel any assumed name or equivalent registration that contains the mark "Canine Dimensions" or any other service mark or trademark of Franchisor, and Franchisee must furnish Franchisor with proof of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement.

15.1.4 Immediately upon termination or expiration of this Agreement, Franchisee must make such modifications or alterations to the Approved Location and Vehicles operated hereunder and shall make such specific additional changes thereto as Franchisor may reasonably request.

15.1.5 Franchisee must never use any reproduction, counterfeit, copy, or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute Franchisor's rights in and to the Marks. Further, must never use any designation of origin or description or representation that falsely suggests or represents an association or connection with Franchisor.

15.1.6 Franchisee must notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone number and any classified or other telephone directory listings associated with the Marks and shall authorize the transfer of same to Franchisor, its designee or any new franchisee as may be directed by Franchisor. Franchisee acknowledges as between Franchisor and Franchisee, Franchisor has the sole rights to, and interest in, all telephone numbers and directory listings associated with the Marks. Franchisee hereby appoints Franchisor as its attorney to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing.

## **15.2 Payment of Monies Due**

15.2.1 Franchisee must promptly pay all sums owing to Franchisor and its subsidiaries and affiliates. In the event of termination for any default of Franchisee, such sums shall include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default. This obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Franchisee and located on the premises operated hereunder at the time of default.

15.2.2 Franchisee must pay to Franchisor all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of this Agreement in obtaining injunction or other relief for the enforcement of any provisions of this Section 15.

15.2.3 The parties agree that, if this Agreement is terminated prior to the end of the Term by Franchisor, or by Franchisee for any reason other than Franchisor's failure to cure a material and substantial default after Franchisee follows the procedure set forth in Section 14.5, Franchisor's damages will be difficult or impossible to ascertain. As a result, the parties agree in that event that Franchisor will be entitled to liquidated damages (and not as a penalty) in the amount of:

- (a) If Franchisee operated the Franchised Business for at least 12 months prior to termination, the monthly average of the Royalty Fees that were due and owing to Franchisor during the 12-month period immediately preceding termination;  
or
- (b) If Franchisee did not operate the Franchised Business for at least 12 months prior to termination, \$700 (the monthly total of the Minimum Royalty that would have been due after the first year of operation).

Multiplied by the lesser of:

- (x) 36 (the number of months in three full years); or
- (y) If less than 36 months remain in the Term, the number of months remaining in the Term.

In no case, however, will the liquidated damages be less than Twenty Thousand Dollars (\$20,000). Franchisee acknowledges that the foregoing formula is a reasonable estimate of Franchisor's expected damages and does not constitute a penalty or forfeiture.

### **15.3 Return of Manuals and Business Documents**

Franchisee must immediately deliver to Franchisor all documents, including the Manual, records, files, Confidential Information, instructions, correspondence, brochures, agreements, invoices, and any and all other materials relating to the operation of the Franchised Business in the Franchisee's possession, and all copies of them (all of which are acknowledged to be Franchisor's property). Franchisee shall retain no copy or record of any of the those items or materials, except Franchisee's copy of this Agreement and of any correspondence between the parties and any other documents which Franchisee reasonably needs for compliance with any provision of law.

### **15.4 Repurchase Option**

Within fifteen (15) days from the date of termination or expiration, Franchisee and Franchisor shall arrange for an inventory to be made, at Franchisor's cost, of all personal property, fixtures, equipment, and inventory of Franchisee, including, without limitation, any and all items bearing the Marks, related to the operation of the Franchised Business. Franchisor will have the option, to be exercised within thirty (30) days after termination or expiration, to purchase from Franchisee any and all such items at fair market value. If the parties cannot agree on fair market value within a reasonable time, an independent appraiser shall be designated by Franchisor, and his determination will be binding. If Franchisor elects to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from Franchisee under this Agreement, and the cost of the appraisal, if any, against any payment therefor.

## **16. COVENANTS**

### **16.1 Full Time and Best Efforts**

Franchise covenants that during the Term, except as otherwise approved in writing by Franchisor, Franchisee (or, if Franchisee is a Business Entity, a principal of Franchisee approved by Franchisor) shall devote full time, energy, and best efforts to the management and operation of the Franchised Business.

### **16.2 Covenants Not to Compete, Divert Business, or Solicit**

Franchisee acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and Confidential Information, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of Franchisor and the System. Franchisee covenants that: (a) during the Term; and (b) for a continuous uninterrupted period of two (2) years commencing upon the expiration or termination of this Agreement (regardless of the cause for termination or expiration), Franchisee will not, except as otherwise approved in writing by Franchisor, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity:

16.2.1 Own, maintain, operate, engage in, be employed by, or have any interest in any business which provides dog training and related services or products similar to the Authorized Services or Products offered under the System and Marks (a "**Competitive Business**") that is:

16.2.1.1 During the Term, located anywhere in the world.

16.2.1.2 After the Term, located: (a) within thirty (30) miles of the Protected Territory; or (b) within fifty (50) miles of any other business operated under the System.

16.2.2 Divert or attempt to divert any business or client of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Franchisor's Marks and the System.

16.2.3 After the Term, employ or contract with, or seek to employ or contract with any officer, director, Associate, or other personnel of Franchisor or any Associate of any other franchisee or developer of Franchisor.

### **16.3 Exceptions to Covenants**

Section 16.2 shall not apply to ownership by Franchisee of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly-held corporation.

### **16.4 Severability; Tolling**

The parties agree that each of the foregoing 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 Section 16 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is 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 resulting covenant were separately stated in and made a part of this Article 16. Any period of time specified in this Article 16 will be tolled and suspended for any period of time during which Franchisee is in violation of any restrictive covenant.

### **16.5 Amendment of Covenants**

Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant in Section 16.2, or any portion of it, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice of a reduction; and Franchisee agrees that it will immediately begin complying with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Article 21.

### **16.6 Enforcement of Covenants**

Franchisee agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Article 16. Franchisee agrees to pay all costs and expenses (including reasonable attorney's fees) incurred by Franchisor in connection with enforcing this Article 16.

### **16.7 Violation of Covenants**

Franchisee acknowledges that Franchisee's violation of the terms of this Article 16 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Franchisee accordingly consents to Franchisor's application for an injunction prohibiting any conduct by Franchisee in violation of the terms of this Article 16.

### **16.8 Execution of Covenants by Additional Persons**

At Franchisor's request, franchisee shall require and obtain execution of covenants similar to those set forth in this Section 16 (including covenants applicable upon the termination of a person's relationship with Franchisee) from any or all of the following persons: (1) All principals of Franchisee (if Franchisee is a corporate entity), all Associates of Franchisee, and any other personnel employed by Franchisee who have received or will receive training from Franchisor; and (2) all officers, directors, partners, managers, and holders of a beneficial interest of five percent (5%) or more of Franchisee, and of any corporate entity directly or indirectly controlling Franchisee, if Franchisee is a corporate entity. Every covenant required by this Section 16 shall be in a form satisfactory to Franchisor, including, without limitation, specific identification of Franchisor as a third party beneficiary of such covenants with the independent right to enforce them. Failure by Franchisee to obtain execution of a covenant required by this Section 16.9 will be a material default under Section 14.2.

## **17. TAXES, PERMITS AND INDEBTEDNESS**

### **17.1 Payment of Taxes**

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 every kind incurred by Franchisee in the conduct of the Franchised Business. Franchisee shall pay to Franchisor an amount equal to any sales tax, gross receipts tax, or similar tax (other than income tax, or similar tax) imposed on Franchisor with respect to any payments to Franchisor required under this Agreement, unless the tax is credited against income tax otherwise payable by Franchisor.

### **17.2 Disputed Tax Liability**

In the event of any bona fide dispute as to Franchisee's 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 or execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Franchised Business, or any improvements thereon.

### **17.3 Permits**

Franchisee shall comply with all federal, state, and local laws, rules and regulations, and shall timely obtain any and all permits, zoning variances, certificates, or licenses necessary for the full and proper conduct of the Franchised Business, including, without limitation, licenses to do business, fictitious name registrations, sale tax permits, and fire clearances.

### **17.4 Notice of Litigation**

Franchisee shall notify Franchisor in writing within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality.

## **18. INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

### **18.1 Relationship of Parties**

~~It is expressly agreed that the parties intend by this Agreement to establish between the parties the relationship of franchisor and franchisee. Franchisee has no authority to create or assume in Franchisor's name or on behalf of Franchisor, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Franchisor for any purpose whatsoever. Neither Franchisor nor Franchisee is the employer, employee, agent, partner or co-venturer of or with the other, each being independent.~~

Franchisee will not hold itself out as the agent, employee, partner or co-venturer of Franchisor. Neither shall have the power to bind or obligate the other except specifically as set forth in this Agreement. Franchisor and Franchisee agree that the relationship created by this Agreement is one of an independent contractor and not a fiduciary relationship.

This Agreement establishes the relationship of franchisor and franchisee. Franchisee has no authority to create or assume any obligation in Franchisor's name or on behalf of Franchisor, nor to act as Franchisor's agent or representative. Franchisor and Franchisee are independent contractors, not employees, employees, agents, partners, or co-venturers of each other. Franchisee will not hold itself out as Franchisor's agent, employee, partner, or co-venturer. Neither party has the power to bind or obligate the other except as specified in this Agreement.

~~18.1.1 Franchisor will not be obligated for any damages to any person or property directly or indirectly arising out of the operation of the business Franchisee conducts pursuant to this Agreement, whether or not caused by Franchisee's negligent or willful action or failure to act, or Franchisee's use of the Marks in a manner not in accordance with this Agreement. Franchisee must not employ any of the Marks in signing any contract or applying for any license or permit or in a manner that may result in Franchisor's liability for Franchisee's debts or obligations. Without limiting the generality of the foregoing, Franchisee acknowledges that Franchisor has no responsibility to ensure that the Franchised Business is developed and operated in compliance with all applicable laws, ordinances and regulations and that Franchisor will have no liability in the event the development or operation of the Franchised Business violates any law, ordinance or regulation.~~

18.1.1 Franchisor is not liable for any damages arising from the operation of the Franchised Business, whether caused by Franchisee's actions or use of the Marks. Franchisee must not use the Marks in a way that may result in Franchisor's liability for Franchisee's debts or obligations. Franchisee acknowledges that Franchisor is not responsible for ensuring compliance with laws, ordinances, and regulations related to the Franchised Business.

~~18.1.2 All employees or Associates hired by or working for Franchisee will be the employees of Franchisee and can never, under any circumstances or for any purpose, be deemed employees of Franchisor or subject to Franchisor control, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. Each of the parties shall file Franchisee's employees and are not subject to Franchisor's control. Each party is responsible for its own tax, regulatory, and payroll reports, and be responsible for all employee benefits, and workers' compensation payments, with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof. Neither this Agreement nor Franchisor's course of conduct is intended, nor may anything in this Agreement (nor Franchisor's course of conduct) be construed, to state or. This Agreement does not imply that Franchisor is the employer of Franchisee's Franchisee's employees and/or independent contractors, nor vice versa.~~

~~18.1.3 Franchisor will does not have the power to hire or fire Franchisee's Franchisee's employees. Franchisee agrees, and will never contend otherwise, that Franchisor' that Franchisor's authority under this Agreement to certify certain of Franchisee's employees to perform certain functions for the Franchised Business does not directly or indirectly vest in Franchisor the power to hire, fire or with control any such employee over hiring, firing, or managing Franchisee's employees.~~

~~18.1.4 Franchisee acknowledge and agrees, and will never contend otherwise, that Franchisee alone will exercise day to day control over all operations, activities and elements of the Franchised Business and that under no circumstance shall Franchisor do so or be deemed to do so. Franchisee further acknowledge and agrees, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of System which Franchisee is required to comply with under this Agreement, whether set forth in the Manual or otherwise, do not directly~~

~~or indirectly constitute, suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of the Franchised Business, which Franchisee alone controls, but only constitute standards Franchisee must adhere to in order to protect the Marks and System.~~

18.1.4 Franchisee alone exercises day-to-day control over the Franchised Business. The requirements and standards set forth in this Agreement and the Manual are to protect the Marks and System, not to control the day-to-day operations of the Franchised Business.

## **18.2 Evidence of Relationship.**

Franchisee will hold itself out to the public and its employees as an independent contractor of Franchisor by, without limitation, clearly identifying itself to third parties as a licensed, independently owned and operated entity with respect to the ownership and operation of the Franchised Business on all checks, stationery, purchase orders, receipts, marketing materials, envelopes, letterhead, business cards, invoices and other communications, electronic or otherwise, as well as on a sign, clearly visible to the public, posted on any vehicles owned or operated by Franchisee in connection with the Franchised Business.

## **18.3 Indemnification**

Franchisee, and each of the owners of any equity interest in Franchisee (the “**Owners**”), ~~agrees that Franchisee will, at all times, indemnify, exculpate, defend and hold harmless, to the fullest extent permitted by law, Franchisor, Franchisor’s successor, assigns, and Affiliates (including but not limited to jointly and severally, will indemnify and defend Canine Dimensions Franchising, LLC) and the respective officers, directors, shareholders, agents, representatives, independent contractors, servants, and employees of each of them (the “**Indemnified Parties**”) from all losses and expenses incurred in connection with any action, suit, proceeding, claim, damages (actual, consequential, or otherwise), demand, losses, liabilities, actions, lawsuits and other proceedings, judgments, awards, investigation, or inquiry (formal or informal), or any settlement of any of them, which arises out of or is based upon any of the following:~~

~~18.3.1 The against all Losses and Expenses arising from the operation or condition of any part of the Franchised Business or its site, the conduct of business, and any acts or omissions of Franchisee or its employees, agents, or contractors, including the collection or use of Customer Information; the infringement, or alleged infringement or any other violation by Franchisee, Franchisee’s or any Owners or principals of any patent, mark/trademark, copyright, or other proprietary right owned or controlled by third parties due to Franchisee’s unauthorized use of all or any portion of the Marks and/or System.~~

~~unless arising from authorized use of the Marks in compliance with this Agreement; the violation or breach by Franchisee or any Owners of any applicable laws; Franchisee’s failure to obtain and maintain required insurance coverage; libel, slander, or defamation of the Indemnified Parties, the System, or any other Franchisee by Franchisee or any 18.3.2 Franchisee’s, or Franchisee’s Owners’, violation, breach, or asserted violation or breach of any federal, state, or local law, regulation, ruling or industry standard.~~

~~18.3.3 Franchisee’s, or Franchisee’s Owners’, libel, slander, or any other form of defamation.~~

~~18.3.4 Franchisee’s employment or other contractual relationship with Franchisee’s employees, Associates, workers, managers, or independent contractors, including but not limited to any allegation, claim, finding, or ruling that Franchisor is an employer or joint employer of Franchisee’s employees.~~

~~18.3.5 Franchisee’s, or Franchisee’s Owners’: (a) the violation or breach by Franchisee or its Affiliates or Owners of any warranty, representation, agreement, or obligation in this Agreement or in any other agreement between Franchisee and Franchisor or Franchisor’s affiliates; (b) acts, errors, or omissions, or those by any of Franchisee’s affiliates, any of Franchisee’s principals, officers, directors, shareholders, agents, representatives, independent contractors, or employees in connection with the establishment and operation of the Franchised Business, including, but not limited to, any acts, errors, or omissions of any of~~

~~them in the operation of any motor vehicle or in the establishment or implementation of security for the Franchised Business; other agreements with the Indemnified Parties; acts, errors, or omissions of Franchisee, its Affiliates, Owners, and their respective owners, officers, employees, agents, and representatives in connection with the Franchised Business; any encumbrances, liens, assessments, levies, charges, demands for payment, taxes, or other liabilities imposed on Franchisor due to payments under this Agreement; and any claim that Franchisor and Franchisee are joint employers of Franchisee's employees or personnel.~~

~~18.3.6 Any damages, incidents, or claims listed in this Section 18.3 that are alleged to be caused by an Indemnified Party's negligence, unless (and then only to the extent that) the claims, obligations, and damages are determined to be caused solely by the Indemnified Party's gross negligence or willful misconduct according to a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction.~~

18.3.1 Franchisee and Owners must give Franchisor immediate notice of any Action subject to indemnification. Franchisor may elect to control the defense and/or settlement of any such Action, without diminishing Franchisee's obligation to indemnify the Indemnified Parties.

~~Franchisor has the right to defend any such action or claim against Franchisor at Franchisee's expense. This indemnification will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. For the purposes of the indemnification in this Section 18.3 only, the term "claim" also includes all obligations and costs incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountant, arbitrator, attorney, and expert witness fees, costs of investigation and proof of facts, court costs, and other expenses of litigation, arbitration, or alternative dispute resolution and travel and living expenses.~~

18.3.2 Franchisor may consent to settlements or take remedial action to protect persons, property, or reputation if there are grounds to believe any acts or circumstances enumerated in this Section have occurred.

18.3.3 All Losses and Expenses incurred under this Section will be chargeable to and paid by Franchisee or Owners, regardless of any action or defense undertaken by Franchisor.

18.3.4 The Indemnified Parties do not assume liability for acts, errors, or omissions of those with whom Franchisee, its Affiliates, or Principals may contract. Franchisee and Principals will hold harmless and indemnify the Indemnified Parties from all Losses and Expenses arising from acts, errors, or omissions of Franchisee, its Affiliates, Principals, and third parties, including in the operation of motor vehicles, security implementation, use of internet sites or intranet networks, and claims arising from this Agreement.

18.3.5 "Losses and Expenses" means all direct and indirect costs, damages, liabilities, and expenses, including but not limited to, reasonable attorneys' fees, court costs, settlement amounts, judgments, fines, penalties, and other litigation expenses, incurred by the Indemnified Parties as a result of or in connection with any claim, demand, action, suit, or proceeding arising out of or relating to the operation of the Franchised Business, the conduct of Franchisee or its employees, agents, or contractors, or any breach of this Agreement by Franchisee or its Affiliates or Owners.

18.3.6 "Indemnified Parties" means Franchisor, Franchisor's successor, assigns, and Affiliates (including but not limited to Canine Dimensions Franchising, LLC) and the respective officers, directors, shareholders, agents, representatives, independent contractors, servants, and employees of each of them.

## 19. APPROVALS AND WAIVERS

19.1 Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor, and such approval or consent shall be obtained in writing.



Nothing in this Agreement is intended, nor shall be deemed to confer any rights or remedies upon any person or legal entity other than: (a) Franchisor; (b) Franchisor's affiliates; (c) Franchisor's licensor; or (d) Franchisee, and such of their respective successors and assigns as may be contemplated by Section 13.

### **22.3 Enforceability**

Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

### **22.4 Captions**

All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

### **22.5 Gender**

All references herein to the masculine, neuter, or singular shall be construed to include the masculine, feminine, neuter, or plural, where applicable; and all acknowledgments, promises, covenants, agreements, and obligations herein made or undertaken by Franchisee shall be deemed jointly and severally undertaken by all those executing this Agreement on behalf of Franchisee.

### **22.6 Multiple Originals**

This Agreement may be executed in counterparts, each executed copy constituting an original.

## 23. DISPUTE RESOLUTION

### 23.1 Agreement to Arbitrate

Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, including any claim that this Agreement or any part hereof is invalid, illegal, or otherwise voidable or void, shall be submitted to final and binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association (“AAA”), before a single arbitrator chosen in accordance with such rules, and judgment upon the award may be entered in any court having jurisdiction over the parties; provided, however, that this provision shall not be construed to limit any rights which Franchisor may have to apply to any court of competent jurisdiction for injunctive or similar provisional relief. The substantive law of the State of Florida shall be applied by the arbitrator. The award of the arbitrator may include reasonable costs and attorneys’ fees to the prevailing party, and such awards are binding upon all parties and may be entered as a judgment in any court having jurisdiction. The arbitrator must issue a written opinion explaining the reasons for his or her decision and award and the arbitrator will have the right to award or include in the award the specific performance of this Agreement. This arbitration provision shall be deemed self-executing. If a party fails to appear at any properly noticed arbitration proceeding, and award may be entered against such party notwithstanding the failure to appear. The parties agree that such arbitration shall be conducted within five (5) miles of Franchisor’s headquarters. The parties intend and agree that any state laws attempting to prohibit arbitration or void out-of-state forums for arbitration are preempted by the Federal Arbitration Act and that arbitration will be conducted as provided in this section.

### 23.2 Limitations on Scope of Arbitration

Franchisee and Franchisor agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law. Franchisee and Franchisor further agree that, in connection with any such arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed as described above will be forever barred. **Franchisee and Franchisor agree that arbitration will be conducted on an individual, not class-wide, basis, and that an arbitration proceeding instituted by either party cannot be consolidated with any other arbitration proceeding between Franchisor and any other person, corporation, limited liability company, or partnership.**

Franchisee Initials: \_\_\_\_\_

### 23.3 Claims Excluded from Arbitration

Despite the above obligation to arbitrate, Franchisor is not required to arbitrate claims relating to Franchisee’s unauthorized or improper use of any of the Marks or Confidential Information, or claims relating to Franchisee’s compliance with non-monetary obligations after termination or expiration of this Agreement. In addition, the agreement to arbitrate shall not apply to Franchisor if it seeks temporary restraining orders, preliminary injunctions or other procedures in a court having jurisdiction over such matters to obtain interim relief when deemed necessary to preserve the status quo or prevent irreparable harm or injury pending resolution by arbitration of the actual dispute between the parties.

### 23.4 Injunctive Relief

Franchisee acknowledges that a breach of this Agreement by Franchisee, which relates to any of the matters set out below, will cause irreparable harm to Franchisor for which monetary damages are an inadequate remedy. Therefore, in addition to any other remedies Franchisor has under this Agreement,

Franchisor is entitled to seek and obtain the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement with respect to: (i) the Marks; (ii) the System; (iii) the obligations of Franchisee upon termination or expiration of this Agreement, including but not limited to Franchisee's covenant not to compete with Franchisor or other System franchisees; (iv) Transfers; (v) Confidential Information; and (vi) any act or omission by Franchisee or Franchisee's employees that: (a) constitutes a violation of any applicable law; (b) is dishonest or misleading to customers of the Franchised Business or other System franchisees; (c) constitutes a danger to the employees or customers of the Franchised Business or to the public; or (d) may impair the good will associated with the Marks or the System. Franchisee is entitled to seek and obtain the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement as may be available at law or in equity. Neither party is required to post a bond or other security with respect to obtaining injunctive relief.

### **23.5 WAIVER OF PUNITIVE DAMAGES.**

FRANCHISOR AND FRANCHISEE HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, MULTIPLE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES AGAINST THE OTHER ARISING OUT OF ANY CAUSE WHATSOEVER (WHETHER SUCH CAUSE BE BASED IN CONTRACT, NEGLIGENCE, STRICT LIABILITY, OTHER TORT OR OTHERWISE), AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM, EACH SHALL BE LIMITED TO THE RECOVERY OF ANY: (A) ACTUAL DAMAGES SUSTAINED BY IT; (B) LIQUIDATED DAMAGES AS STATED IN SECTION 15.2; AND (C) TRADEMARK LAW TREBLE DAMAGES. IF SUCH CLAIMS AND DEMANDS CANNOT BE WAIVED BY LAW, THEN THE PARTIES AGREE THAT ANY RECOVERY WILL NOT EXCEED TWO (2) TIMES ACTUAL DAMAGES.

Franchisee Initials: \_\_\_\_\_

### **23.6 Mediation.**

All claims or disputes between Franchisee and Franchisor or its affiliates arising out of, or in any way relating to, this Agreement, or any of the parties' respective rights and obligations arising out of this Agreement, shall be submitted first to mediation prior a hearing in binding arbitration or a trial court proceeding. The mediation will be conducted under the auspices of the AAA in accordance with AAA's Commercial Mediation Rules then in effect. The parties shall select a mediator according to the procedures specified in those rules. Franchisee may not commence any action against Franchisor or Franchisor's affiliates with respect to any such claim or dispute in any court unless mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. The parties shall each bear their own costs of mediation and shall share equally the filing fee imposed by AAA and the mediator's fees. Franchisor reserves the right to specifically enforce its right to mediation. Prior to mediation, and before commencing any legal action against Franchisor or Franchisor's affiliates with respect to any such claim or dispute, Franchisee must submit a notice to Franchisor, which specifies in detail, the precise nature and grounds of such claim or dispute. The parties agree that such mediation shall be conducted within five (5) miles of Franchisor's headquarters.

## **24. APPLICABLE LAW**

### **24.1 Applicable Law**

This shall be interpreted and construed under the laws of the state of Florida, which laws shall prevail in the event of any conflict of law; provided, however, that if any of the provisions of this Agreement

would not be enforceable under the laws of the state of Florida then such provisions shall be interpreted and construed under the laws of the state in which the premises of the Franchised Business is located. By agreeing to the application of Florida law, the parties do not intend to make this Agreement or their relationship subject to any franchise, dealership, distributorship, business opportunity, or similar statute, rule, or other regulation of the state of Florida to which this Agreement or the parties' relationship would not otherwise be subject.

## 24.2 Venue

**Subject to, and without affecting any other provisions of this Agreement, including the provisions regarding dispute resolution and arbitration in this Agreement, any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties must be brought in a court of competent jurisdiction in the State of Florida in the judicial district in which Franchisor has its principal place of business. Both parties irrevocably submit themselves to, and consent to, the exclusive jurisdiction of said courts. Franchisee expressly waives the right to seek a transfer of venue to a forum other than the one stated in this Agreement.** The provisions of this Section will survive the termination of this Agreement. Franchisee is aware of the business purposes and needs underlying the language of this Paragraph, and with complete understanding, agrees to be bound in the manner set forth.

## 24.3 Rights Cumulative

No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

## 25. ACKNOWLEDGMENT

Franchisee acknowledges that it received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures" at least fourteen (14) calendar days prior to the Effective Date.

**IN WITNESS WHEREOF**, the parties hereto have duly executed, sealed, and delivered this Agreement on the day and year first above written.

FRANCHISEE

CANINE DIMENSIONS FRANCHISING, LLC

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**SCHEDULE A**

**APPROVED LOCATION AND PROTECTED TERRITORY**

The Approved Location and Protected Territory specified in Section 1 of the Franchise Agreement are:

**Approved Location:** \_\_\_\_\_

\_\_\_\_\_

**Protected Territory:** \_\_\_\_\_

\_\_\_\_\_

FRANCHISEE

CANINE DIMENSIONS FRANCHISING, LLC

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

## SCHEDULE B

### MUTUAL GENERAL RELEASE AGREEMENT

THIS MUTUAL GENERAL RELEASE AGREEMENT is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between Canine Dimensions Franchising, LLC, a Florida limited liability company (“Canine Dimensions”), whose principal office is 23208 Sanabria Loop, Bonita Springs, Florida 34135 and \_\_\_\_\_, with an address at \_\_\_\_\_ (“Franchisee”).

**A.** Canine Dimensions and Franchisee entered into a Canine Dimensions Franchise Agreement (the “Franchise Agreement”) dated \_\_\_\_\_, 20\_\_\_\_ granting Franchisee the right to operate a Canine Dimensions business using the confidential policies, procedures and techniques owned by Canine Dimensions Franchising, LLC, and using certain Marks, including the trademark and service mark Canine Dimensions.

**B.** Franchisee desires to Transfer his/her its Canine Dimensions franchise / obtain a successor franchise (circle one).

**C.** Canine Dimensions, as permitted by the Franchise Agreement is conditioning its consent to such transfer or renewal on the execution of this Mutual General Release Agreement by Franchisee.

In consideration of the mutual covenants and conditions contained in this Mutual General Release and in the Franchise Agreement, and other good and valuable consideration, receipt of which is hereby acknowledged by each of the parties, the parties agree as follows:

1. Canine Dimensions and Franchisee do hereby mutually release and forever discharge each other and each other’s heirs, successors, representatives, assigns, agents, employees, officers, and directors (“Designees”), and each of them, of and from any claims, debts, liabilities, demands, obligations, costs, expenses, actions, and causes of action of every nature, character, and description known or unknown, vested or contingent, which each party now owns or holds, or has at any time heretofore owned or held, or may at any time own or hold against the other party hereto, arising prior to and including the date of this Mutual General Release Agreement; provided, however, that this release shall exclude claims arising from assertion of any continuing rights reserved in this Mutual General Release Agreement.

2. This release shall not apply to any claims which the Franchisee may have arising under (a) the California Franchise Investment Law or the California Franchise Relations Act; (b) the Hawaii Franchise Investment Law; (c) the Maryland Franchise Registration and Disclosure Law; (d) the Minnesota Franchise Act; (e) the New York Franchise Investment Law; (f) the North Dakota Franchise Investment Law; or (g) the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder. This release shall exclude claims arising from Franchisee’s failure to pay any amounts due Canine Dimensions in the ordinary course of business. The parties expressly agree that this Mutual General Release Agreement will not apply to any claims Canine Dimensions may have under any Promissory Notes ancillary to the Franchise Agreement, or that pertain to other payment arrangements that the parties may have agreed upon.

3. Waiver of California Civil Code Section 1542. Franchisee, for itself and its affiliates, parents, subsidiaries, divisions, partners, owners, shareholders, members, trustees, receivers, executors, representatives, administrators, and the respective officers, directors, agents, managers, principals, members, employees, insurers, successors, assigns, representatives and attorneys of each of them (“Constituents”), acknowledges that it is familiar with Section 1542 of the California Civil Code, which reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

3.2 With respect to those Claims being released pursuant to this Mutual General Release Agreement, Franchisee, for itself and its Constituents, acknowledges that it is releasing unknown claims and waives all rights it has or may have under California Civil Code Section 1542 or any other statute or common law principle of similar effect. For purposes of this Section 3, Franchisee shall be considered to be a creditor of the Designees, and each of them.

3.3 Franchisee acknowledges that this general release extends to claims which Franchisee does not know or suspect to exist in favor of Franchisee at the time of executing this Mutual General Release Agreement, which if known by Franchisee may have materially affected its decision to enter into this Mutual General Release Agreement. It is understood by Franchisee that the facts in respect of which this Mutual General Release Agreement is given may hereafter turn out to be other than or different from the facts in that connection known or believed to be true. Franchisee therefore, expressly assumes the risk of the facts turning out to be so different and agrees that this Mutual General Release Agreement shall be in all respects effective and not subject to termination or rescission by any such difference in facts.

4. By executing this Mutual General Release Agreement, Canine Dimensions and Franchisee, for themselves and their respective successors, represent and warrant that their representations herein are true and correct and that each of them has the right and authority to enter into and to accept the terms and covenants of this Mutual General Release Agreement, and that no third party has or claims an interest in any claim released by Paragraph 1 of this Mutual General Release Agreement.

5. Canine Dimensions and Franchisee, for themselves and their respective Designees, acknowledge that Paragraphs 1 and 4 of this Mutual General Release Agreement shall be a complete defense to any claim that is subject to the terms thereof; consent to the entry of a temporary or permanent injunction, whether affirmative or negative, to prevent or end any breach hereof; and agree to indemnify each other and their successors for any and all costs and expenses incurred as a result of their breach of Paragraphs 1 and 3 hereof, including reasonable attorney’s fees.

6. This Mutual General Release Agreement represents the complete, integrated, and entire agreement between the parties, and may not be modified except in writing signed by the parties.

7. This Mutual General Release Agreement shall take effect upon its execution and dating by Canine Dimensions in Florida, and shall be governed by the laws of the State of Florida, which laws shall be controlling in the event of any conflict of law.

8. The provisions of this Mutual General Release Agreement are severable, and, in the event that any of them is held void and unenforceable as a matter of law, the remainder shall continue in full force and effect.

9. Each of the undersigned, if a corporate entity, hereby represents and warrants that, as of the date of execution of this Mutual General Release Agreement, it is in good standing in the state of its formation, has the power to enter into this Mutual General Release Agreement, has duly authorized the execution of this Mutual General Release Agreement, and that such execution does not violate any other agreement to which it is a party.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Mutual General Release Agreement as of the date first above written.

**FRANCHISEE:**

\_\_\_\_\_  
(Name of Franchisee)

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print or type name and title of signatory)

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print or type name and title of signatory)

(If the Franchisee is a corporate entity, this Agreement must be signed by each person owning any interest in the Franchisee.)

**ACCEPTANCE:**

Accepted on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

(Acceptance by Canine Dimensions can only be made by a corporate officer at Canine Dimensions' corporate office.)

Canine Dimensions Franchising, LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## SCHEDULE C

### NON-COMPETITION AND CONFIDENTIALITY AGREEMENT

Agreement made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by and between  
\_\_\_\_\_ whose principal place of business is  
\_\_\_\_\_ (“Employer”) and  
\_\_\_\_\_ (“Employee”), an individual whose  
address is \_\_\_\_\_.

#### A. ACKNOWLEDGMENT OF CONFIDENTIAL INFORMATION

1. Employee acknowledges and agrees that Employer is engaged in a highly competitive business and that Employer and Franchisor (as defined below) possess trade secrets, confidential and proprietary information (the “Confidential Information”) which have been acquired, developed and maintained at considerable cost to Employer and Franchisor, which is not generally known outside the companies, and which, if disclosed to a competitor, would be harmful to Employer and/or Franchisor. For the purposes of this Agreement, “Franchisor” shall be defined to include Canine Dimensions Franchising, LLC, whose principal place of business is 23208 Sanabria Loop, Bonita Springs, Florida 34135. This Confidential Information includes, but is not limited to the following:

- a. price lists and marketing plans and strategies;
- b. proprietary computer software functions, capabilities, code, manuals, fixes, work arounds, revision plans, etc.;
- c. customer lists, customer identities, customer contacts and customer preferences (including identities and plans for approaching potential customers);
- d. any and all information contained in the Confidential Manual;
- e. all forms, instructions, processes, procedures, graphics, pictures, diagrams associated with operation of the Franchised Business;
- f. suppliers and vendors of Franchisor.

2. Employee understands and acknowledges that during the course of his employment by the Employer he has learned of, will learn of (and may develop), and has and will have access to Confidential Information of the Employer and Franchisor in order to properly and effectively discharge his duties.

3. Employee hereby agrees that at all times, both during Employee’s employment and after the termination thereof (for whatever reason, and whether voluntary or not), Employee will maintain the secrecy and confidentiality of the Confidential Information and that he will not reveal, disclose, divulge or make known to any person or entity, or copy or use for his own account, any of the Confidential Information as defined above.

3. ~~6.~~ Employee further agrees to use any and all equipment only to further the interests of Employer and not for any competitive or personal purpose.

5. Upon the termination of the Employee's employment with the Employer for any reason, or earlier at Employer's request, Employee shall deliver all copies of all documents or other property in his possession which are either the property of Employer or Franchisor and/or which relate to, contain, or constitute Confidential Information as described herein.

## **B. DUTY TO REPORT**

1. The Employee shall promptly communicate and disclose to the Employer all inventions, discoveries, improvements, new writings and ideas for new products, in any form whatsoever, including, without limitation, all software programs, routines, techniques, procedures, training aides and instructional manuals conceived, developed or made by the Employee or which the Employee learns during his employment by Employer, whether solely or jointly with others, and whether or not patentable or copyrightable (a) which relate to any matters or business of the type carried on or being developed by Employer or Franchisor, or (b) which result from or are suggested by any work done by the Employee in the course of his employment. The Employee acknowledges that all such information, inventions, discovery, etc. shall be and remain the sole and exclusive property of the Employer or Franchisor, as the case may be.

## **C. NON-COMPETITION**

1. Employee acknowledges and agrees that during the term of his employment by the Employer and for a period of two (2) years after the termination of employment (for whatever reason and whether voluntary or not) he will not, on his own behalf nor directly or indirectly (whether as employee, partner, proprietor, shareholder, consultant, volunteer or in any other capacity) on behalf of any other person, business or other entity, engage in any business activity whatsoever which is in competition with any business activity engaged in by Employer or Franchisor within the geographical Protected Territory served by Employer's office where Employee is employed, or which might have the effect of lessening the need for goods or services supplied by Employer or Franchisor in such Protected Territory.

2. Employee agrees, in addition to the provisions of Paragraph C.1. hereof, that for the period of two (2) years following the termination of his employment (for whatever reason and whether voluntary or not) he will not directly or indirectly solicit, entice, divert, lure, pirate, take away or interfere with any of the Employer's or Franchisor's customers, trade, business, patronage, suppliers, employees, agents or consultants within fifty (50) miles of any Franchised Business in the System. As used herein "customers" shall mean: any person, business or entity which either (i) has transacted any business with Employer or Franchisor; or (ii) was actively pursued by the Employer or Franchisor, during the term of Employee's employment, to become a customer of the Employer or Franchisor; or (iii) whose identity became known to Employee as a result of Employee's access to a customer list or other Confidential Information of Employer or Franchisor (including, but not limited to, response cards, target lists, leads, etc.).

#### **D. ENFORCEABILITY**

1. Employee further acknowledges and agrees that Employer and Franchisor will have no adequate remedy at law if the Employee breaches any provision contained in this Agreement. In the event of any such breach, Employer or Franchisor shall have the right, in addition to any other remedy that it may have, to obtain in any court of competent jurisdiction, injunctive relief to restrain any breach or threatened breach of any covenant contained herein, without necessity of bond.

#### **E. MISCELLANEOUS**

1. This Agreement shall be governed, construed and enforced in accordance with the laws of the State where Employer is located. Any action concerning, relating to or arising under this Agreement that involves the Franchisor shall be brought only in a state or federal court in the state where Employer is located, and Employee hereby submits to the jurisdiction thereof. This Agreement shall inure to the benefit of Employer and Franchisor, their successors and assigns, including, without limitation, any corporation that may acquire all or substantially all of Employer's or Franchisor's assets or business or with which Employer or Franchisor may be consolidated or merged. This Agreement may not be assigned by the Employee.

2. This Agreement and Employee's obligations hereunder shall not be affected by a change in Employee's position, title or responsibilities and may not be amended, modified, superseded or canceled, and none of the terms or covenants hereof may be waived, except by a written instrument duly executed by Employer.

3. The failure of Employer at any time or times to require performance of any provision hereof shall in no manner effect its right at a later time to enforce the same. No waiver by Employer of the breach of any term or covenant contained in this Agreement, whether by conduct or otherwise, in any one or more instances shall be deemed to be or construed as a further or continuing waiver of any such breach or of a breach of any other term or covenant of this Agreement.

4. If any provision of this Agreement is determined to be legally invalid, inoperative or unenforceable, only that particular provision shall be affected, and the determination shall have no effect whatsoever on any other provision of this Agreement, and all other provisions shall remain in full force and effect and fully enforceable. Further, in the event that any provision of Paragraphs C.1. or C.2. be deemed unenforceable by a court as over broad in duration, geographical scope or otherwise, the parties agree that such provision shall be deemed amended to the extent the court determines same to be enforceable, and Employee agrees to abide by same as if so included within the text of this Agreement.

4. ~~7-~~Nothing contained herein shall be deemed to create or establish a term or duration of Employee's employment. Employee continues as an employee at will.

[continued on next page **Signature Page Follows**]

***IN WITNESS WHEREOF***, the undersigned have executed this Agreement as of the date first above stated.

EMPLOYER:

\_\_\_\_\_  
Employee's Signature

\_\_\_\_\_

\_\_\_\_\_  
Print Name Name:

By: \_\_\_\_\_

Title: \_\_\_\_\_

**SCHEDULE D**

**GUARANTY AND ASSUMPTION OF OBLIGATIONS**

\_\_\_\_\_ THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this day of \_\_\_\_\_,  
20\_\_\_\_, by the following individuals:\_\_\_\_\_.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (the "Agreement") on this date by Canine Dimensions Franchising, LLC ("us", "we", or "our"), each of the undersigned personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreement and afterward as provided in the Agreement, that \_\_\_\_\_ ("Franchisee") will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality and arbitration requirements.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several; (2) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Franchisee or any other person; and (4) this liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance of the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement.

Each of the undersigned waives all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this Guaranty.

**IN WITNESS WHEREOF**, each of the undersigned individuals has affixed his or her signature on the same day and year as the Agreement was executed.

GUARANTOR(S)

\_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT D**  
**LIST OF CURRENT FRANCHISEES**

**CALIFORNIA**

~~Shari and Chris Sandberg  
3291 Yellowtail Drive  
Rossmoor, CA 90720  
(562) 430-1624~~

~~Jim Kleweg  
2053 Plum Street  
San Diego, CA 92106  
(619) 223-7387~~

**COLORADO**

James Ringler  
2920 Del Rey Plaza  
Colorado Springs, CO 80918  
(719) 426-9994

Audi and Brendan Cox  
9783 Zephyr Drive  
Westminster CO 80021  
(303) 456-1982

**CONNECTICUT**

~~Anthony Como  
1430 Midland Ave, #3B  
Bronxville, NY  
(203) 708-7146~~

**FLORIDA**

Rick Boyle  
2431 Coolidge Street  
Hollywood, FL 33020  
(954) 532-0505

Matthew Guida  
9611 Kona Village Drive  
Apartment 313  
Riverview, FL 33578  
(813) 502-1996

Lea Ann Savage  
316 Jupiter Drive  
Satellite Beach, FL 32937  
(321) 773-7088

**ILLINOIS**

Paul Spencer  
5737 Dover Drive  
Lisle, IL 60532  
(630) 842-1268

~~Eric Hayley  
129 E. 19th St.  
Lockport IL, 60441  
(630) 765-7298~~

**LIST OF CURRENT FRANCHISEES (Continued)**

Carol Moriello  
2911 Scottlynne Drive  
Park Ridge, IL 60068  
(224) 655-2398

**KANSAS**

Grant Nelson  
7932 Dearborn Drive  
Prairie Village, KS 66208  
(913) 341-2442

**MARYLAND**

Phil Verhalen  
24393 Widgeon Pl  
St. Michaels, MD 21663  
(410) 745-8787

**MISSOURI**

Kevin Staude  
3902 Wild Deer Drive  
Desoto MO 63020  
(636) 543-0086

**NEVADA**

Amalia Striker  
10541 Danielson Save  
Las Vegas, NV 89129  
(702) 582-9419

**NEW JERSEY**

Jessica Lee  
47 W Church Street  
Blackwood, NJ 08012  
(856) 352-0550

**LIST OF CURRENT FRANCHISEES (Continued)**

Michael Baldino  
392 Ski Trail  
Kinnelon, NJ 07405  
(973) 750-1490

Jim Dascoli  
27 Bailey Road  
Millburn, NJ 07041-2009  
(973) 206-9175

Giana Raheb  
703 Wildwood Avenue  
Ocean Gate, NJ 08740  
(848) 245-5070

**LIST OF CURRENT FRANCHISEES (Continued)**

**NEW YORK**

Paula Mandracchia  
316 95th Street  
Brooklyn, NY 11209  
(718) 285-9229

Michael Rudnick  
1 Harvard Lane  
Hastings-on-Hudson, NY 10706  
(914) 274-8660

Dmitry Rukhlin  
14 Sixth Avenue  
Smithtown, NY 11787  
(631) 553-0583

**NORTH CAROLINA**

Adam Baier  
6624 Fishers Farm Lane  
Charlotte, NC 28277  
(704) 912-4933

**PENNSYLVANIA**

Michael Wendel  
6 Summit Drive  
Glen Mills, PA 19342  
(610) 361-8381

Bruce Esterman  
1741 Borland Road  
Pittsburgh, PA 15243  
(412) 429-9900

**TENNESSEE**

Riley A. Cox  
1007 Quillen Way  
Lebanon, TN 37087  
(615) 965-2277

**LIST OF CURRENT FRANCHISEES (Continued)**

**TEXAS**

Shandra and Chris Dettbarn  
2612 Crazyhorse Pass  
Austin, TX 78734  
(737) 222-6207

Aimee Thompson-Logé Thompson  
8240 Meadow Rd., #2402  
Dallas, TX 75231  
(214) 238-2527

**VERMONT**

Maryanne Wood  
1246 North Main St.  
East Berkshire, VT 05447  
(802) 326-2005

**LIST OF CURRENT FRANCHISEES (Continued)**

**VIRGINIA**

Jerri and Michael Obalde  
12021 Aden Road  
Nokesville, VA 20181

(703) 594-0231

**EXHIBIT E**  
**LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM**

**CALIFORNIA**

Shari and Chris Sandberg  
3291 Yellowtail Drive  
Rossmoor, CA 90720  
(562) 430-1624

Jim Kleyweg  
2053 Plum Street  
San Diego, CA 92106  
(619) 223-7387

**CONNECTICUT**

Anthony Como  
1430 Midland Ave, #3B  
Bronxville, NY  
(203) 708-7146

**ILLINOIS**

Eric Hayley  
129 E. 19th St.  
Lockport IL, 60441  
(630) 765-7298

Carol Moriello  
2911 Scottlynne Drive  
Park Ridge, IL 60068  
(224) 655-2398

**KANSAS**

Grant Nelson  
7932 Dearborn Drive  
Prairie Village, KS 66208  
(913) 341-2442

**MISSOURI**

Kevin Staude  
3902 Wild Deer Drive  
Desoto MO 63020  
(636) 543-0086

**TEXAS**

Shandra and Chris Dettbarn  
2612 Crazyhorse Pass  
Austin, TX 78734  
(737) 222-6207

**VERMONT**

Maryanne Wood  
~~None~~1246 North Main St.  
East Berkshire, VT 05447  
(802) 326-2005

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

**EXHIBIT F**

**STATE-SPECIFIC ADDENDUM**

**ADDENDUM TO THE CANINE DIMENSIONS FRANCHISING, LLC**  
**DISCLOSURE DOCUMENT: CALIFORNIA**

1. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, and non-renewal of a franchise. If the Franchise Agreement contains provisions that are inconsistent with the law, the law will control.
2. The Franchise Agreement provide for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 et seq.).
3. The Franchise Agreement contain covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.
4. Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.
5. Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 79a et seq., suspending or expelling such persons from membership in such association or exchange.
6. The franchise agreement requires binding arbitration. The arbitration will occur in Florida with the costs being borne by the 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 agreement restricting venue to a forum outside the State of California. Business and Professions Code Section 20040.5 relating to forum selection clauses restricting venue outside the state of California or arbitration may be preempted by the Federal Arbitration Act. Section 20040.5 may still apply to any provision relating to judicial proceedings. A binding arbitration provision may not be enforceable under generally applicable contract defenses, such as fraud, duress, or unconscionability.
7. The Franchise Agreement require application of the laws of Florida. This provision may not be enforceable under California law.
8. You must sign a general release if you renew or transfer your franchise. California Corporation Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).
9. 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.
10. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

11. OUR WEBSITE, [www.caninedimensions.com](http://www.caninedimensions.com), HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at [dfpi.ca.gov](http://dfpi.ca.gov).

12. For the purposes of Cal. Bus. & Prof. Code Section 20022, the parties agree as follows:

The parties agree that they will use the declining-balance depreciation method to calculate the value of Franchisee's inventory, supplies, equipment, fixtures, and furnishings (the "Assets") for the purposes of a purchase by us under Section 20022. The purchase price by us for the Assets will not include the cost of removal and transportation of those assets, which will be your responsibility.

The parties agree that for the purposes of Section 20022, you are not able to provide to us "clear title and possession" to your Assets if those Assets are subject to liens or encumbrances including: a) purchase money security interest; b) blanket security interest; c) right of first refusal; d) lien by franchisee's landlord; or e) tax lien.

The parties agree that for the purposes of Section 20022(h), our right of offset will include the following amounts owed by you to us or our Affiliates: a) Royalty Fees; b) Liquidated Damages; c) Transfer Fees; and d) any other type of fee owed by you to us or our Affiliates.

13. For the purposes of Cal. Bus. & Prof. Code Section 20035, the parties agree as follows:

"Fair market value of the franchise assets" means the value of your Assets, valued according to the declining-balance method of depreciation. The purchase price by us for the Assets will not include the cost of removal and transportation of those assets, which will be your responsibility.

"Fair market value of the franchised business" means the "fair market value of the franchise assets" as defined above, plus goodwill. The parties agree that the value of goodwill is the amount of Royalty Fees paid by you to us within the 12-month period immediately before our termination or failure to renew you in violation of the California Franchise Relations Act.

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.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Witness Name:

By: \_\_\_\_\_

Title: \_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_  
Witness

**ADDENDUM TO THE CANINE DIMENSIONS FRANCHISING, LLC  
DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF ILLINOIS**

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, 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.

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.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

ATTEST CANINE DIMENSIONS FRANCHISING, LLC

\_\_\_\_\_  
Witness Name:

By: \_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_

\_\_\_\_\_

**FOR THE STATE OF IOWA**

Any provision in the Franchise Agreement or Franchisee Disclosure Acknowledgement Statement which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

**NOTICE OF CANCELLATION**

\_\_\_\_\_ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to Phil Guida at 23208 Sanabria Loop, Bonita Springs, Florida 34135, phone (888) 281-3647 or an e-mail to phil@caninedimensions.com, not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

**ADDENDUM TO DISCLOSURE DOCUMENT AND  
AMENDMENT TO FRANCHISE AGREEMENT  
FOR THE STATE OF MARYLAND**

This will serve as the State Addendum for the State of Maryland for Canine Dimensions Franchising, LLC and for its Franchise Agreement. This addendum amends the Disclosure Document and Franchise Agreement.

1. The provisions contained in Item 17 of the Disclosure Document and Article 14 of the Franchise Agreement regarding termination may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

2. According to COMAR 02.02.08.16L, Item 17 of the Disclosure Document shall be amended at the sections dealing with the issuance of general releases to the effect that the general release required as a condition of renewal and/or assignment/transfer are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law. The appropriate sections of the Franchise Agreement are deemed to be amended accordingly.

3. Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. Any disclaimer regarding the occurrence and/or acknowledgment of the non-occurrence of acts that would constitute a violation of the Franchise Law in order to purchase the franchise 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. This amends Exhibit G to the Disclosure Document and Schedule D to the Franchise Agreement, the Franchisee Disclosure Acknowledgment Statement. The appropriate sections of the Franchise Agreement are also amended accordingly.

4. Item 17 of the Disclosure Document and Article 23 of the Franchise Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

5. Item 17 of the Disclosure Document is amended to state that the Franchise Agreement requires binding arbitration, the site of which is in the State of Florida, the costs of which are borne by the parties equally and any issues not decided by arbitration may be brought in a court of competent jurisdiction. However, according to Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law, a franchisee is permitted to enter into litigation with the Franchisor in the State of Maryland, notwithstanding the language in the Franchise Agreement. The appropriate sections of the Franchise Agreement are amended accordingly.

6. Exhibit G to the FDD is hereby amended to provide that 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.

7. The Franchise Agreement is hereby amended to state that any representations which require a prospective franchisee to assent to any general release, estoppel or waiver of liability as a condition of purchasing a franchise 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. The Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

9. The registered agent authorized to receive process in Maryland is the Maryland Securities Commissioner, 200 St. Paul Place, Baltimore, Maryland 21202-2020.

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.

The undersigned do hereby acknowledge receipt of this addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

ATTEST CANINE DIMENSIONS FRANCHISING, LLC

\_\_\_\_\_  
Witness Name:

By: \_\_\_\_\_  
\_\_\_\_\_  
Title: \_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_  
Witness

\_\_\_\_\_

**ADDENDUM TO CANINE DIMENSIONS FRANCHISING, LLC  
DISCLOSURE DOCUMENT FOR THE STATE OF MINNESOTA**

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement that would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.
2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the Franchise Disclosure Document or 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 Minnesota.
3. Minn. Rule Part 2860.4400J. prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any Agreement relating to franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Agreement relating to arbitration.
4. With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute Section 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 for non-renewal of the Agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.
5. Item 13 of the FDD is hereby amended to state that we will protect your rights under this Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Agreement and Our System standards. Notwithstanding anything to the contrary in the Franchise Agreement, we will protect your rights under this Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.
6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the sections of the Franchise Agreement that require you to sign a general release prior to renewing or transferring your franchise are hereby deleted from the Franchise Agreement.
7. The following language will be added to the Franchise Agreement:

**No Abrogation.** Pursuant to Minnesota Statutes, Section 80C.21, nothing in this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.

8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three years after the cause of action accrues. To

the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.

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.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

ATTEST CANINE DIMENSIONS FRANCHISING, LLC

\_\_\_\_\_  
Witness Name:

By: \_\_\_\_\_

Title: \_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_  
Witness

\_\_\_\_\_

**ADDENDUM TO CANINE DIMENSIONS FRANCHISING, LLC  
DISCLOSURE DOCUMENT FOR THE STATE OF NEW YORK**

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

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR 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 THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

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

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

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.

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.

6. Franchise Questionnaires and Acknowledgments – 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 must be made in compliance with §638(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, 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.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

ATTEST CANINE DIMENSIONS FRANCHISING, LLC

\_\_\_\_\_  
Witness Name:

By: \_\_\_\_\_

Title: \_\_\_\_\_

FRANCHISEE:

Witness \_\_\_\_\_

\_\_\_\_\_

**DISCLOSURES REQUIRED BY NORTH CAROLINA LAW**

The State of North Carolina has not reviewed and 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.

If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled. (N.C.G.S. §66-95)

Effective Date:

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

ATTEST CANINE DIMENSIONS FRANCHISING, LLC

\_\_\_\_\_  
Witness Name:

By: \_\_\_\_\_

Title: \_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_  
Witness

\_\_\_\_\_

**FOR THE STATE OF OHIO:**

The following language will be added to the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Franchisee Initials Here: \_\_\_\_\_

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**NOTICE OF CANCELLATION**

\_\_\_\_\_ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, to Phil Guida at 23208 Sanabria Loop, Bonita Springs, Florida 34135, phone (888) 281-3647 or an e-mail to phil@caninedimensions.com, not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

**DISCLOSURES REQUIRED BY SOUTH CAROLINA LAW**

If the seller fails to deliver the product, equipment or supplies necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**ATTEST (FRANCHISOR)**

\_\_\_\_\_  
Witness Name:

By: \_\_\_\_\_

\_\_\_\_\_  
Title: \_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_  
Witness

\_\_\_\_\_

**ADDENDUM REQUIRED BY VIRGINIA LAW**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for **Canine Dimensions 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:

“Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.”

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.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**ATTEST (FRANCHISOR)**

\_\_\_\_\_  
Witness Name:

By: \_\_\_\_\_  
\_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
Witness

\_\_\_\_\_

**WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT,  
FRANCHISE AGREEMENT, AND RELATED AGREEMENTS**

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder 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, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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.

**[Signature Page Follows]**

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**ATTEST (FRANCHISOR)**

\_\_\_\_\_  
Witness Name:

By: \_\_\_\_\_

Title: \_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_  
Witness

\_\_\_\_\_

**EXHIBIT G**

**FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT**

As you know, Canine Dimensions Franchising, LLC (the “Franchisor”) and you are preparing to enter into a franchise agreement (the “Franchise Agreement”) for the establishment and operation of a Canine Dimensions Business (the “Franchised Business”). The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor (“Broker”) that have not been authorized, or that were not disclosed in the Disclosure Document or that may be untrue, inaccurate or misleading. The Franchisor, through the use of this document, desires to ascertain: (a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor.

In the event that you are intending to purchase an existing Franchised Business from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor. The questions below do not apply to any communications that you had with the transferring Franchisee. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

**We will not ask you to complete this form, and we will disregard any answers from you, if you live or plan to operate your franchise in the states of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, Wisconsin.**

1. Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing Franchised Business from an existing Franchisee?

Yes \_\_\_\_\_ No \_\_\_\_\_

2. I had my first face-to-face meeting with a Franchisor representative on \_\_\_\_\_, 20\_\_.

3. Have you received and personally reviewed the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes \_\_\_\_\_ No \_\_\_\_\_

4. Do you understand all of the information contained in the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes \_\_\_\_\_ No \_\_\_\_\_

If no, what parts of the Franchise Agreement, any Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary.)

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5. Have you received and personally reviewed the Franchisor's Disclosure Document that was provided to you?

Yes \_\_\_\_\_ No \_\_\_\_\_

6. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes \_\_\_\_\_ No \_\_\_\_\_

7. Do you understand all of the information contained in the Disclosure Document and any state-specific Addendum to the Disclosure Document?

Yes \_\_\_\_\_ No \_\_\_\_\_

If No, what parts of the Disclosure Document and/or Addendum do you not understand? (Attach additional pages, if necessary.)

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8. Have you discussed the benefits and risks of establishing and operating a Franchised Business with an attorney, accountant, or other professional advisor, or made the decision not to consult with one?

Yes \_\_\_\_\_ No \_\_\_\_\_

9. Do you understand that the success or failure of your Franchised Business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, location, lease terms, your management capabilities and other economic, and business factors?

Yes \_\_\_\_\_ No \_\_\_\_\_

10. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual or potential revenues, profits or operating costs of any particular Franchised Business operated by the Franchisor or its franchisees (or of any group of such businesses), that is contrary to or different from the information contained in the Disclosure Document?

Yes \_\_\_\_\_ No \_\_\_\_\_

11. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the franchised business that is contrary to or different from the information contained in the Disclosure Document?

Yes \_\_\_\_\_ No \_\_\_\_\_

12. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Franchised Business will generate, that is contrary to or different from the information contained in the Disclosure Document?

Yes \_\_\_\_\_ No \_\_\_\_\_

13. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating the Franchised Business that is contrary to or different from the information contained in the Disclosure Document?

Yes \_\_\_\_\_ No \_\_\_\_\_

14. Has any employee of a Broker or other person speaking on behalf of the Franchisor 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 \_\_\_\_\_

15. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document or franchise agreement?

Yes \_\_\_\_\_ No \_\_\_\_\_

16. Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise prior to today?

Yes \_\_\_\_\_ No \_\_\_\_\_

17. Have you paid any money to the Franchisor concerning the purchase of this franchise prior to today?

Yes \_\_\_\_\_ No \_\_\_\_\_

18. Do you understand that any training, support, guidance or tools we provide to you as part of the franchise are for the purpose of protecting the Canine Dimensions® brand and trademarks and to assist you in the operation of your business and not for the purpose of controlling or in any way intended to exercise or exert control over your decisions or day-to-day operations of your business, including your sole responsibility for the hiring, wages and other compensation (including benefits), training, supervision and termination of your employees and all other employment and employee related matters?

Yes \_\_\_\_\_ No \_\_\_\_\_

19. Do you understand that we are relying on your responses to this questionnaire to help us determine whether we, and any brokers or consultants that work with us, complied with applicable state and federal law?

Yes \_\_\_\_\_ No \_\_\_\_\_

If you have answered No to questions 9, or Yes to any one of questions 10-17, please provide a full explanation of each answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered Yes to question 9, and No to each of questions 10-17, please leave the following lines blank.

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I signed the Franchise Agreement and Addendum (if any) on \_\_\_\_\_, 20\_\_\_\_, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. In addition, by signing this Questionnaire, you also acknowledge that:

A. You recognize and understand that business risks, which exist in connection with the purchase of any business, make the success or failure of the franchise subject to many variables, including among other things, your skills and abilities, the hours worked by you, competition, interest rates, the economy, inflation, franchise location, operation costs, lease terms and costs and the marketplace. You hereby acknowledge your awareness of and willingness to undertake these business risks.

B. You agree and state that the decision to enter into this business risk is in no manner predicated upon any oral representation, assurances, warranties, guarantees or promises made by Franchisor or any of its officers, employees or agents (including the Broker or any other broker) as to the likelihood of success of the franchise. Except as contained in the Disclosure Document, you acknowledge that you have not received any information from the Franchisor or any of its officers, employees or agents (including the Broker or any other broker) concerning actual, projected or forecasted franchise sales, profits or earnings. If you believe that you have received any information concerning actual, average, projected or forecasted franchise sales, profits or earnings other than those contained in the Disclosure Document, please describe those in the space provided below or write "None".

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**EXHIBIT H**

**MANUAL**

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# OPERATIONS MANUAL

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**EXHIBIT I**

**FRANCHISE DISCLOSURE DOCUMENT RECEIPTS**  
**AND STATE EFFECTIVE DATES**

## STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	May 29, 2024 <u>Pending</u>
Hawaii	
Illinois	April 30, 2024 <u>Pending</u>
Indiana	July 26, 2024 <u>Pending</u>
Maryland	
Michigan	May 24, 2024 <u>Pending</u>
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	April 29, 2024 <u>Pending</u>

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.

**RECEIPT**

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

If Canine Dimensions, 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. Under Iowa or New York law, if applicable, Canine Dimensions, LLC must provide this disclosure document to you at your 1<sup>st</sup> personal meeting to discuss the franchise 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. Michigan requires Canine Dimensions, LLC to give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Canine Dimensions, 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 appropriate state agency identified on Exhibit A.

The name, principal business address and telephone number of franchise seller offering the franchise is Philip J. Guida, Canine Dimensions LLC, 12 Providence Rd., Bonita Springs, Florida 34135, tel: 888-281-3647. The name and address of other franchise sellers that have dealt with franchisee (franchisor: attach additional pages if necessary) - None:

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Issuance Date: ~~April 10, 2024~~ APRIL 16, 2025

See Exhibit A for Canine Dimensions LLC’s registered agents authorized to receive service of process.

I have received a disclosure document dated ~~April 10, 2024~~ APRIL 16, 2025 that included the following Exhibits:

- A. List of State Agencies/Agents for Service of Process
- B. Financial Statements
- C. Franchise Agreement
- D. List of Franchisees
- E. List of Franchisees Who Have Left the System
- F. State Specific Addendum
- G. Franchise Disclosure Acknowledgment Statement
- H. Manual Table of Contents
- I. Franchise Disclosure Document Receipt and State Effective Dates

<hr/>	<hr/>	<hr/>
Date	Signature	Printed Name

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Date	Signature	Printed Name

Please sign two copies of the receipt and date your signature. Keep one copy for your records, and return the other copy to Phil Guida, Canine Dimensions, LLC, 12 Providence Rd, Bonita Springs, Florida 34135, or at phil@caninedimensions.com.

