

FRANCHISE DISCLOSURE DOCUMENT



ALL AMERICAN PET
RESORTS, LLC a
Michigan limited liability
company 41850 West
Eleven Mile Road Suite
202 Novi, MI, 48375 (248)
513-3006

As a franchisee, you will operate a business offering professional pet boarding, daycare, and grooming services.

The total investment necessary to begin operation of an All American Pet Resorts® Business is ~~\$687,500~~668,000-~~\$1,509,500~~1,490,000. This includes ~~\$69,500~~60,000 that must be paid to the franchisor or its affiliate ~~for the initial franchise fee and \$20,000 which must be paid to franchisor or its affiliate for the real estate and resort coordination fee.~~

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the Chief Operating Officer at All American Pet Resorts, LLC, at 41850 West Eleven Mile Road, Suite 202, Novi, MI, 48375, (248) 513-3006 or stephan@aaprllc.com.

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

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

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

Issuance Date: April 30, 2024, [as amended August 14, 2024](#)

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 arbitration and/or litigation only in Michigan. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Michigan than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. The guarantee will place your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. ~~**Estimated Initial Investment.** The franchisee will be required to make an estimated initial investment ranging from \$687,500-\$1,509,500. This amount exceeds the franchisor's stockholders' equity as of December 31, 2023, which is \$147,889.~~
43. **Mandatory Minimum Payments.** You must make minimum advertising payments

- b) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - c) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - d) 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.
8. 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 (c).
9. A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited, and show a net worth of less than \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan
Consumer Protection Division
Attn: Franchise Administrator
670 G. Mennen Williams Building
525 West Ottawa Street
Lansing, Michigan 48909
Telephone Number: (517) 373-7117

Michigan Effective Date: August ~~13, 2023~~ 2024

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EXHIBITS:

- Exhibit A: Financial Statements
- Exhibit B: Franchise Agreement
- Exhibit C: List of Franchisees
- Exhibit D: Trademark-Specific Franchisee Organizations
- Exhibit E: List of State Administrators and Agents for Service of Process
- Exhibit F: State-Specific Addenda to Disclosure Document, Franchise Agreement and Area Development Agreement
- Exhibit G: Non-Disclosure and Non-Competition Agreement
- Exhibit G-1: Non-Disclosure and Non-Competition Agreement (Designated Business Manager)
- Exhibit H: Statement of Franchisee

Mrs. Rimbold has been a Member since our formation in November 2005 in Novi, Michigan. Mrs. Rimbold has also been the Vice President and Owner/Operator of All American Pet Resorts® Royal Oak since its formation in May 2005 in Royal Oak, Michigan.

Chief Operating Officer: Stephan Dimitroff

Mr. Dimitroff has been our Chief Operating Officer (formerly titled Executive Vice President) since December 2017 in Novi, Michigan. Previously, he was a Senior Account Manager for Omron Automotive Electronics from August 2011 until December 2017 in Novi, Michigan.

Director of Operations: Kevin Casida

Mr. Casida has been our Director of Operations since September 2021 in Novi, MI. Previously, from May 2017 to May 2020, Mr. Casida worked with GP Strategies Corporation in Troy, Michigan as the Global Training and Operations Manager on the QuickLane Tire and Auto project. From June 2020 to September 2021, Mr. Casida worked with MSX Intl in Southfield, Michigan as the Quick Lane Express Training Manager.

Digital Marketing Manager-Consultant: Laura Mikulski

Ms. Mikulski has been our Digital Marketing Manager since April 2021. Ms. Mikulski is located in Ferndale, Michigan. From January 2023 to present, Ms. Mikulski has worked as a Digital Strategist for Practis in Charlotte, North Carolina. From October 2021 to January 2023, Ms. Mikulski worked as a Marketing Manager for Goldstein Group Communications in Solon, OH on accounts with budgets from 100-500K. From January 2011 to October 2021, Ms. Mikulski worked as a Marketing Manager for Spotlight Grabber in Troy, Michigan ~~on Dogtopia accounts located in the Midwest and on the East coast. Her efforts were focused on improving digital presence, creating referral strategies, implementing store pre-launch strategies, and increasing client volume and loyalty.~~

Franchise Brand Marketing & Operations - Consultant Skip Starr

Mr. Starr is President of SC Brand Consultants in Grosse Pointe Park, Michigan and has been since January 2018. Mr. Starr joined our team in 2023 ~~and has over 30 years in all areas of franchising with a dedicated focus on marketing. Mr. Starr has worked with several national franchise brands and their franchisees both as a consultant and also on the corporate side as a franchisor.~~

**ITEM 3
LITIGATION**

Pending Prior Litigation

Kathleen and Richard Kresge v. All American Pet Resorts, LLC and Arthur K. Rimbold, Case No. 18-301109-CB, in the 44th Circuit Court of Michigan, Civil Division, filed on November 10, 2018. Plaintiffs asserted claims against us and our President for alleged failure to perform corporate

entered into a settlement agreement whereby Franchisor purchased Richard Kresge's ownership interest in the Franchisor, AAPR withdrew all default notices previously issued to the Plaintiffs' companies, the Plaintiffs withdrew the complaint they had filed with the Michigan Attorney General relating to same allegations in this litigation, the parties updated the franchise agreements for the Plaintiffs' respective locations, and the parties agreed to a dismissal of all claims with prejudice. The case has been dismissed with prejudice. **The Plaintiffs remain All American Pet Resorts® franchisees and continue to operate both All American Pet Resorts® Business locations as part of the System.**

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

ITEM 4 BANKRUPTCY

No bankruptcy actions are required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Initial Franchise Fee

The Initial Franchise Fee for your first All American Pet Resorts® Business is ~~\$69,500~~60,000 and is paid to us on the date when you sign a Franchise Agreement. The Initial Franchise Fee is deemed fully earned by us once paid and is non-refundable.

The Initial Franchisee Fee for your second and any additional All American Pet Resorts® Businesses is \$50,000 for each All American Pet Resorts® Business and is paid to us on the date when you sign a second or additional Franchise Agreement. The Initial Franchise Fee is deemed fully earned by us once paid and is non-refundable.

If you are a qualified United States Veteran, or active military member, we will discount the initial franchise fee for your All American Pet Resorts® Business(es) by 10% on your first All American Pet Resorts Business.

During our last fiscal year ending December 31, 2023, we did not collect any non-uniform Initial Franchise Fees.

Real Estate & Resort Coordination Fee

The Real Estate & Resort Coordination Fee is ~~\$20,000~~10,000 and is paid to us fifteen (15) days after you sign a Franchise Agreement. This fee is due per each location you open. This fee for additional locations is due upon signing Franchise Agreement for additional location. This fee is

deemed fully earned by us once paid and is nonrefundable. During our last fiscal year ending December 31, ~~2022~~2023, we did not collect a Real Estate & Resort Coordination Fee.

**ITEM 6
OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Royalty Royalty (Recurring)) (1)†	7% of Gross Revenues (1)	Payable monthly via electronic funds transfer on or before the 10th day of each month during the Operating Term (as defined in Item 11)	Gross Revenues are all revenue generated by the franchise operation. Payments are due after the first month of operations.
Royalty (Pre-Paid)	Varies	Upon election of a Future Royalty Purchase Program option	Franchisor may offer a pre-paid royalty program whereby franchisees are permitted to pay a set amount of royalties in advance and in lieu of recurring royalties for the duration of the term elected by franchisee. Franchisor reserves the right to discontinue the program at any time but will honor terms for any participating franchisees.
Local Advertising Expense(2) †	The greater of 1% of Gross Revenues ⁽¹⁾ per month or \$1,000 per month	Required fees calculated on a monthly basis and payment due as required by third party vendors	Expense after the first 90 days of operation for local advertising.
Brand Development and/or Promotions Fee ⁽³⁾ †	2% of Gross Revenues ⁽¹⁾ per month	Payable monthly via electronic funds transfer on or before the 10 th day of each month during the Operating Term	We have the right to increase the Brand Development and/or Promotions Fee up to 3% if it is approved by the Franchisee Advisory Council (“FAC”), should an FAC be formed, or with 90 days’ written notice in the absence of a FAC. Payments are due after the first month of operations.

<p>Cooperative Advertising⁽⁴⁾</p>	<p>As determined by us</p>	<p>As determined by us</p>	<p>We may determine the amount of contribution if an advertising cooperative is established and active. Your contributions to cooperative advertising promotional programs will be credited toward your Individual Advertising Expense, up to a maximum of 3% of your Gross Revenues. All operators in the area of the cooperative will participate in the fund in proportion to its sales during the preceding twelve (12) month period.</p>
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Type of Fee	Amount	Due Date	Remarks
<u>Cooperative Advertising</u> ⁽⁴⁾	<u>As determined by us</u>	<u>As determined by us</u>	<u>We may determine the amount of contribution if an advertising cooperative is established and active. Your contributions to cooperative advertising promotional programs will be credited toward your Individual Advertising Expense, up to a maximum of 3% of your Gross Revenues. All operators in the area of the cooperative will participate in the fund in proportion to its sales during the preceding twelve (12) month period.</u>
Initial Training for Additional Persons †	\$100 per day per person in excess of 2 people plus the cost of travel, lodging, meals and personal expenses	Payable prior to the beginning of the Initial Training Program and as incurred	If you want additional people to attend the initial training program, we will charge a training fee of \$100 per day per person. You will need to pay for airfare, lodging, ground transportation, meals, salary and benefits, and other personal expenses for each person attending the initial and any recurring or additional training program. Training fees can be increased or decreased by us at any time.
Franchisee Requested Additional Assistance †	\$150 per hour with a minimum of 4 hours (\$600) plus travel expenses, lodging and meals if on-site assistance is	50% at time of scheduling; expenses billed separately and remaining due upon arrival	If you request additional assistance if you are not meeting our requirements or if we determine that it is necessary for us to provide additional assistance to keep your location compliant with our
Advanced Training Program†	Per Operations Manual, between \$100 per day per person who receives the training as determined by us <u>As required</u>	As required	Advance training programs may be offered based on your needs and requirements. Such programs may include Red Cross sponsored pet emergency medical training, practical applications and pet wellness.
Franchise Agreement Renewal Fee	\$5,000	At time of renewal	Payable when you renew your Franchise.
Franchise Agreement Transfer Fee†	\$10,000, plus our actual costs and expenses in evaluating the transfer request not to exceed an additional \$25,000.	At time of transfer	Payable when you transfer your Franchise to a person or entity approved by us. You are also responsible for paying our costs and expenses in evaluating the transfer request.

Proposed Product or Supplier	Any costs incurred by us in evaluating a product or supplier that you have	As incurred	We will approve or disapprove of your proposed product or supplier within 30 days from the date we receive your request.
Kennel Operations Software Support Contract	\$2,700	Yearly	You must pay a fee to the software vendor we designate. You may pay on a monthly basis based on our vendors terms, however, the monthly fee may be more than on an
Financial Audit [†]	Cost of Audit	Immediately upon completion of audit	If an audit discloses an understatement in any report of 2% or more of Gross Revenues, you must pay us for all cost and expenses connected with the audit, plus any unpaid royalties and brand fund amounts.

Type of Fee	Amount	Due Date	Remarks
<u>Proposed Product or Supplier Approval Fee</u>	<u>Any costs incurred by us in evaluating a product or supplier that you have proposed. Cost not to exceed \$500.</u>	<u>As incurred</u>	<u>We will approve or disapprove of your proposed product or supplier within 30 days from the date we receive your request.</u>
<u>Kennel Operations Software Support Contract</u>	<u>\$2,700</u>	<u>Yearly</u>	<u>You must pay a fee to the software vendor we designate. You may pay on a monthly basis based on our vendors terms, however, the monthly fee may be more than on an</u>
<u>Financial Audit†</u>	<u>Cost of Audit</u>	<u>Immediately upon completion of audit</u>	<u>If an audit discloses an understatement in any report of 2% or more of Gross Revenues, you must pay us for all cost and expenses connected with the audit, plus any unpaid royalties and brand fund amounts.</u>
Insurance ⁽⁵⁾	An annual premium of approximately \$12,000 - \$20,000, plus administrative fee of 15% of cost of insurance	As Incurred	We have the right to acquire insurance on your behalf if you fail to do so and charge you an administrative fee.
Indemnification†	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims arising from your All American Pet Resorts®
Cost of Enforcement or Defense†	All costs including accounting and attorney's fees	Upon settlement or conclusion of claim or action	You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement.
Interest†	The lesser of 1.5% per month or the highest legal rate permitted by	Monthly	Begins to accrue after any payments are due and unpaid.
Late Report Fee†	\$100 per violation, per day	As incurred	Payable only if a required report or financial statement is not delivered when due. Revenue Reports are due the first business day of a new month for the previous month's business, unless that day falls on a Saturday or Sunday in which case the report is due on the first Monday of the new month. This fee is applicable after third occurrence.

Seminars, Conventions or Programs†	The estimated range of cost is \$500-\$1,000 per person, which does not include the cost of travel, lodging, meals and personal expenses for each person to attend, plus	As incurred	You must attend our biennial franchise convention. We may conduct other mandatory meetings of all Franchisees. You must pay your expenses, as well as the expenses your Designated Business Manager and employees incur in attending these meetings.
Management Fee ^{†(6)}	7% of Gross Revenues, plus Incentive Fee of 10% of profits or \$5,000 per month plus expenses, whichever is	As incurred	If you request or we are required to send a representative to your Pet Resort to operate your All American Pet Resorts [®] Business when you are unable to do so.

Type of Fee	Amount	Due Date	Remarks
<u>Seminars, Conventions or Programs</u> †	<u>The estimated range of cost is \$500-\$1,000 per person, which does not include the cost of travel, lodging, meals and personal expenses for each person to attend, plus</u>	<u>As incurred</u>	<u>You must attend our biennial franchise convention. We may conduct other mandatory meetings of all Franchisees. You must pay your expenses, as well as the expenses your Designated Business Manager and employees incur in attending these meetings.</u>
<u>Management Fee</u> †(6)	<u>7% of Gross Revenues, plus Incentive Fee of 10% of profits or \$5,000 per month plus expenses, whichever is</u>	<u>As incurred</u>	<u>If you request or we are required to send a representative to your Pet Resort to operate your All American Pet Resorts® Business when you are unable to do so.</u>
Non-Compliance Fee (7)	<ul style="list-style-type: none"> • \$250 first offense • \$500 for second offense • Upon third offense, \$500 plus daily fee of \$100 until default cured 	As Incurred	Applicable if you do not comply with terms of Franchise Agreement.

† Denotes fees which are imposed and payable to us. All fees paid to us are uniformly imposed and are non-refundable under any circumstances. Fees paid to vendors or other suppliers may or may not be refundable depending on your vendors and suppliers. We reserve the right to require you to pay fees and other amounts due to us via electronic funds transfer as direct debits from your business bank operating account as described in the Franchise Agreement. Under this procedure, you must authorize us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees, interest and/or other amounts payable to us. You must make the funds available to us for withdrawal by electronic transfer no later than the payment due date.

Notes:

- (1) Royalty Fee and Gross Revenue. “**Gross Revenues**” means the total of all invoiced charges derived from (i) all sales of products and services at your All American Pet Resorts® Business, (ii) labor, (iii) insurance claims for lost profits to the extent a claim is paid by the insurer, (iv) all business related pass-through charges, and (v) all other products and services sold or performed by or for you or your All American Pet Resorts® Business or by means of the business conducted under this Agreement, whether the receipts are evidenced by cash, credit, checks, gift certificates, scrip, coupons, services, property or other means

of exchange. Gross Revenues do not include the amount of any tax imposed by any federal, state, municipal or other governmental authority directly on sales and collected from customers, provided that the amount of any such tax is shown separately and in fact paid by the Franchisee to the appropriate governmental authority; and all customer refunds, approved and valid discounts and coupons, and credits made by the All American Pet Resorts® Business (exclusions will not include any reductions for credit card user fees, returned checks or reserves for bad credit or doubtful accounts).

Future Royalty Purchase Program (Patent Pending – See Item 14). The amount to participate in a pre-paid royalty program will be calculated as of January 1 of each year and based on prior calendar year average unit revenue for all units in operation a minimum of ten (10) years. The amount to participate will be due upon election to participate in the program and will be nonrefundable. By way of example only, an individual participating in a ten (10) year royalty prepayment program would pre-pay as follows:

Example: \$1,585,976 * 10 years * 7% royalty fee *.75 = \$832,637

- (2) Individual Advertising Expense. After the Start-Up Advertising Period expires and during the remaining Term of the Franchise Agreement, your required Individual Advertising Expense is equal to a minimum of 1% of your Gross Revenues for the preceding month or \$1,000, whichever is greater, per month for advertising and promotion within the Territory.

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT				
Type of Expenditure⁽¹⁾	Amount (Low – High)	Method of Payment	When Due	To Whom Payment is
Initial Franchise Fee ⁽²⁾	\$69,500 \$69,500 <u>\$60,000</u>	Lump Sum	As described in Note (2)	Us
Travel and living expenses while training ⁽³⁾	\$0 - \$5,000 per person	As incurred	As incurred during training	Airlines, hotels, restaurants
Real Estate Leasing ⁽⁴⁾	\$0 - \$20,000	As negotiated	Monthly or according to lease terms	Us or an affiliate, if we or an affiliate own the Pet Resort, otherwise, as per terms of the lease.
Leasehold Improvements ⁽⁵⁾	\$500,000- \$1,200,000	As agreed	Varied times	Building contractor
Furniture, Fixtures, Equipment ⁽⁶⁾	\$3,000 - \$10,000	As agreed	Varied times	Suppliers, vendors
Signage ⁽⁷⁾	\$5,000 - \$15,000	As billed	Terms of supplier	Supplier
Computer hardware, software and cameras⁽⁸⁾	\$15,000—\$25,000	Lump sum	At delivery	Suppliers, vendors
Utility Deposits & Licenses⁽⁹⁾	\$2,000—\$5,000	Lump Sum Negotiable	Negotiable/ As Incurred	Landlord/Utilities /Local Government Agencies
Legal, Architectural and Accounting Fees⁽¹⁰⁾	\$20,000—\$40,000	As incurred	As Invoiced	Attorneys, Accountants & Architects
Inventory and Supplies⁽¹¹⁾	\$5,000—\$10,000	Prior to opening and as needed	At delivery	Suppliers
Insurance⁽¹²⁾	\$3,000—\$15,000	As billed	As billed	Provider
Start-Up Advertising Expense⁽¹³⁾	\$20,000—\$25,000	As incurred	Varied times	Vendors
Additional funds for first 3 months⁽¹⁴⁾	\$25,000—\$50,000	As agreed	As incurred	Vendors or third parties
Real Estate & Resort Coordination Fee ⁽¹⁵⁾	\$20,000	Lump Sum	(15) days after you sign a Franchise Agreement	Us
TOTAL⁽¹⁶⁾	\$687,500- \$1,509,500			

<u>YOUR ESTIMATED INITIAL INVESTMENT</u>				
<u>Type of Expenditure</u> ⁽¹⁾	<u>Amount</u> <u>(Low – High)</u>	<u>Method of</u> <u>Payment</u>	<u>When Due</u>	<u>To Whom</u> <u>Payment is</u>
<u>Computer hardware, software and cameras</u> ⁽⁸⁾	<u>\$15,000 - \$25,000</u>	<u>Lump sum</u>	<u>At delivery</u>	<u>Suppliers, vendors</u>
<u>Utility Deposits & Licenses</u> ⁽⁹⁾	<u>\$2,000 - \$5,000</u>	<u>Lump Sum</u> <u>Negotiable</u>	<u>Negotiable/ As</u> <u>Incurred</u>	<u>Landlord/Utilities</u> <u>/Local</u> <u>Government</u> <u>Agencies</u>
<u>Legal, Architectural and Accounting Fees</u> ⁽¹⁰⁾	<u>\$20,000 - \$40,000</u>	<u>As incurred</u>	<u>As Invoiced</u>	<u>Attorneys,</u> <u>Accountants &</u> <u>Architects</u>
<u>Inventory and Supplies</u> ⁽¹¹⁾	<u>\$5,000 - \$10,000</u>	<u>Prior to</u> <u>opening and as</u> <u>needed</u>	<u>At delivery</u>	<u>Suppliers</u>
<u>Insurance</u> ⁽¹²⁾	<u>\$3,000 - \$15,000</u>	<u>As billed</u>	<u>As billed</u>	<u>Provider</u>
<u>Start-Up Advertising</u>	<u>\$20,000 - \$25,000</u>	<u>As incurred</u>	<u>Varied times</u>	<u>Vendors</u>
<u>Additional funds for first 3 months</u> ⁽¹⁴⁾	<u>\$25,000 - \$50,000</u>	<u>As agreed</u>	<u>As incurred</u>	<u>Vendors or third</u> <u>parties</u>
<u>Real Estate & Resort Coordination Fee</u> ⁽¹⁵⁾	<u>\$10,000</u>	<u>Lump Sum</u>	<u>(15) days after you</u> <u>sign a Franchise</u> <u>Agreement</u>	<u>Us</u>
<u>TOTAL</u> ⁽¹⁶⁾	<u>\$668,000-</u> <u>\$1,490,000</u>			

Notes:

- (1) Expenditures. All fees imposed by us are non-refundable unless otherwise noted. Fees and expenses paid to vendors or other third parties may or may not be refundable depending on the terms negotiated with them.
- (2) Initial Franchise Fee. The Initial Franchisee Fee is ~~\$69,500~~60,000 for your first franchise and is due when you sign the Franchise Agreement. The Initial Franchisee Fee for your second and any additional franchise is described in Item 5. The Initial Franchise Fee is nonrefundable.
- (3) Travel and Living Expenses While Training. We provide twenty (20) days of training in part at a location designated by us and in part at your Pet Resort. You must pay for airfare, meals, transportation costs, salaries, benefits, lodging and incidental expenses for all initial training program attendees. You must spend a portion of training at an existing All American Pet Resorts® Business working at the Business. You are responsible for paying all of your costs and expenses associated with these onsite visits.
- (4) Real Estate Leasing. These amounts may also include a security deposit equal to one month's rent. The actual amount of your real estate leasing expenses will vary depending

on local landlord practices and other factors. In certain circumstances, we or an affiliate may own the facility used by your All American Pet Resorts® Business and lease it to you.

- (5) Leasehold Improvements. You will need to make certain improvements to your premises to accommodate your All American Pet Resorts® Business or to comply with our standards and specifications. We estimate that the cost of leasehold improvements for a 100 suite All American Pet Resorts® Business is approximately \$10,000-\$15,000 per suite. Generally, an All American Pet Resorts® Business has 80-100 suites, but in certain instances, we may approve an All American Pet Resorts® Business with fewer than 80 suites. The lower estimate in the table above reflects an All American Pet Resorts® Business with 50 suites. The higher estimate in the table above reflects an All American Pet Resorts® Business with 80 suites. The cost of leasehold improvements will vary, however, based upon size, condition and location of the premises, local wage rates and material costs. This estimate is based on leasing a building. It does not include the costs to purchase a building. A building suitable for an All American Pet Resorts® Business that could service 100 dogs requires approximately 6,500 square feet and located on at least .75 acre of land.
- (6) Furniture, Fixtures, Equipment. You will be required to purchase or lease office furniture and any equipment necessary for providing the services offered by All American Pet Resorts® Businesses. Although some of these items may be leased, the range shown represents the actual purchase price.
- (7) Signage. These amounts are estimates of your costs for exterior signs as allowed by local ordinance. The cost of signs may vary significantly depending on the location your All American Pet Resorts® Business and local ordinance/zoning restrictions.
- (8) Computer Hardware, Software, and Cameras. The estimated initial investment includes costs related to the purchase of specified computer hardware, software, printer, and ~~web-~~
[web-based](#)

~~based~~ cameras. We require you to provide us with electronic access to certain daily information and access to all cameras 24 hours per day, 365 days per year. You will be required to use Software designated by us (See Item 8). The annual fee paid to our designated supplier for the Kennel Operations Software is \$2,000. You will also pay a setup fee of \$300 for the Kennel Operations Software.

- (9) Utility Deposits /Licenses. These amounts include estimated utility deposits. The actual amount of these deposits will vary depending on local practices and other factors. These amounts also include the estimated cost of obtaining licenses or permits to operate a pet care and boarding Pet Resort. Other permit and license fees will also vary depending on location and on whether applicable laws require the payment of occupational or other taxes for pet care, boarding and daycare facilities. Franchise taxes are not included.
- (10) Legal Architectural and Accounting Fees. You will need to employ an attorney, architect, accountant and other consultants to assist you in establishing your All American Pet Resorts® Business. These fees may vary from location to location depending upon the prevailing rate of attorneys', architects', accountants', and consultants' fees.
- (11) Inventory and Supplies. Your initial inventory and supplies will typically include pet food, cleaning and janitorial supplies, food and water bowls, pet bedding, laundry supplies, uniforms, grooming supplies, temporary leashes, office supplies and two-way radios. We may change the inventory and supplies you are required to purchase at any time.
- (12) Insurance. You must procure and maintain, at your own expense, insurance policies protecting you, us, our designated Affiliates and each of our officers, directors and employees against any loss, liability, personal injury, death, property damage, business interruption or expense resulting from the operation of your All American Pet Resorts® Business and all services you provide in connection with the operation of your All American Pet Resorts® Business as we may require for your and our protection in amounts noted in the Operations Manual and Franchise Agreement (which may be adjusted periodically). You must procure and maintain business interruption insurance covering at least twelve (12) months of operations. You must also procure and maintain all other insurance required by state or federal law, including workers compensation insurance and unemployment insurance. The policies must also stipulate that we must receive a 30-day prior written notice of cancellation and must contain endorsements by the insurance companies waiving all rights of subrogation against us. Original or duplicate copies of all insurance policies, certificates of insurance or other proof of insurance acceptable to us, including original endorsements affecting the coverage required by us must be furnished to us together with proof of payment within 10 days of issuance. You must also furnish us with certificates and endorsements evidencing such insurance coverage within 10 days after each of the following events: (i) at all policy renewal periods, no less often than annually; and (ii) at all instances of any change to, addition to, or replacement of any insurance. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements are subject to our approval. Your cost of insurance may vary based on the location of your All

is due per location we approve you to open and is due and payable upon your signing of a Franchise Agreement to open additional location. We will advise and consult with you, your real estate provider, architect, and contractor regarding numerous aspects in the development of your resort. This includes real estate comparison review, site inspection, demographic analysis, lease review & negotiation, resort design and construction consultation. The Real Estate & Resort Coordination Fee is non-refundable.

- (16) Total Estimated Initial Investment. These figures are estimates only and are based on our estimate of nationwide costs and market conditions prevailing as of the date of this Disclosure Document. We have relied on over 31 years of combined experience in the pet care industry to compile these estimates. You must bear any deviation or escalation in costs from the estimates that we have given. You should review these figures carefully with a business advisor before making any decision to purchase an All American Pet Resorts® Business. Many factors that are unique to your location can make a dramatic difference in the estimates provided. You may incur additional expenses starting your All American Pet Resorts® Business. ~~Your costs depend on several factors, including how well you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for our services; the prevailing wage rate; competition; and sales levels reached by your All American Pet Resorts® Business during the initial period.~~ The availability and terms of financing depend on several factors, including the availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must establish and operate your All American Pet Resorts® Business in compliance with your Franchise Agreement and the standards and specifications contained in the All American Pet Resorts® confidential Operations Manual (“**Operations Manual**”), which is a collective term

material benefits, such as renewing or granting additional franchises to franchisees, based on their use of designated or approved suppliers. There are no caps or limitations on the maximum amount of rebates we may receive from our suppliers as the result of franchisee purchases.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section in Franchise Agreement	Disclosure Document
a.	Site selection and acquisition/lease	Sections 8 &9	ITEM 11
b.	Pre-opening purchases/leases	Sections 9 and 10	ITEM 8 & ITEM 11
c.	Site development and other pre-opening requirements	Section 8	ITEM 5, ITEM 6, ITEM 7 & ITEM 11
d.	Initial and ongoing training	Sections 8 and 9	ITEM 11
e.	Opening	Section 9 and 15	ITEM 7, ITEM 11
f.	Fees	Sections 6, 7 and	ITEM 5 & ITEM 6
g.	Compliance with standards and policies / Operations Manual	Sections 8(e) and 9	ITEM 11
h.	Trademarks and proprietary information	Section 11	ITEM 13 & ITEM 14
i.	Restrictions on products/services offered	Sections 9 and 10	ITEM 8 & ITEM 16
j.	Warranty and customer service requirements	Section 9	ITEM 11
k.	Territorial development and sales quotas	Not Applicable	ITEM 12
l.	Ongoing product/service purchases	Sections 9 and 10	ITEM 16
m.	Maintenance, appearance and remodeling requirements	Sections 3 and 9	ITEM 7
n.	Insurance	Section 13	ITEM 6, ITEM 7, ITEM 8 & ITEM 11
o.	Advertising	Section 12	ITEM 11
p.	Indemnification	Section 13	ITEM 6
q.	Owners participation/Management/Staffing	Sections 8 and 9	ITEM 1, ITEM 11 & ITEM 15
r.	Records and reports	Section 7	ITEM 6 & ITEM 17
s.	Inspections and audits	Sections 7	ITEM 6
t.	Transfer	Section 16	ITEM 17
u.	Renewal	Section 4	ITEM 17
v.	Post-termination obligations	Sections 11, 15, and 18	ITEM 17
w.	Non-competition covenants	Section 15	ITEM 17
x.	Dispute resolution	Section 20	ITEM 17
y.	Other	Not Applicable	Not Applicable

	<u>Obligation</u>	<u>Section in Franchise Agreement</u>	<u>Disclosure Document</u>
f.	<u>Fees</u>	<u>Sections 6, 7 and</u>	<u>ITEM 5 & ITEM 6</u>
g.	<u>Compliance with standards and policies / Operations Manual</u>	<u>Sections 8(e) and 9</u>	<u>ITEM 11</u>
h.	<u>Trademarks and proprietary information</u>	<u>Section 11</u>	<u>ITEM 13 & ITEM 14</u>
i.	<u>Restrictions on products/services offered</u>	<u>Sections 9 and 10</u>	<u>ITEM 8 & ITEM 16</u>
j.	<u>Warranty and customer service requirements</u>	<u>Section 9</u>	<u>ITEM 11</u>
k.	<u>Territorial development and sales quotas</u>	<u>Not Applicable</u>	<u>ITEM 12</u>
l.	<u>Ongoing product/service purchases</u>	<u>Sections 9 and 10</u>	<u>ITEM 16</u>
m.	<u>Maintenance, appearance and remodeling requirements</u>	<u>Sections 3 and 9</u>	<u>ITEM 7</u>
n.	<u>Insurance</u>	<u>Section 13</u>	<u>ITEM 6, ITEM 7, ITEM 8 & ITEM 11</u>
o.	<u>Advertising</u>	<u>Section 12</u>	<u>ITEM 11</u>
p.	<u>Indemnification</u>	<u>Section 13</u>	<u>ITEM 6</u>
q.	<u>Owners participation/Management/Staffing</u>	<u>Sections 8 and 9</u>	<u>ITEM 1, ITEM 11 & ITEM 15</u>
r.	<u>Records and reports</u>	<u>Section 7</u>	<u>ITEM 6 & ITEM 17</u>
s.	<u>Inspections and audits</u>	<u>Sections 7</u>	<u>ITEM 6</u>
t.	<u>Transfer</u>	<u>Section 16</u>	<u>ITEM 17</u>
u.	<u>Renewal</u>	<u>Section 4</u>	<u>ITEM 17</u>
v.	<u>Post-termination obligations</u>	<u>Sections 11, 15, and 18</u>	<u>ITEM 17</u>
w.	<u>Non-competition covenants</u>	<u>Section 15</u>	<u>ITEM 17</u>
x.	<u>Dispute resolution</u>	<u>Section 20</u>	<u>ITEM 17</u>
y.	<u>Other</u>	<u>Not Applicable</u>	<u>Not Applicable</u>

ITEM 10 FINANCING

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

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

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

Pre-opening Obligations

Before you open your All American Pet Resorts® Business, we (or our designee) will provide the following assistance and services to you.

1. Approve the site for your All American Pet Resorts® Business. We do not own or lease the

Pet Resort for your All American Pet Resorts® Business to you. We will analyze a location by examining

Each member will have one vote for each All American Pet Resorts® Business operated by the member within the Advertising Coverage Area subject to the Council, and a simple majority will carry each motion. You will be obligated by the Franchise Agreement to pay any increased contributions even if you vote against the increase. Each Council will have to prepare an annual financial statement reporting its expenditures for the previous year to its members.

We have not created any Council as of the date of this Franchise Disclosure Document.

Software, Computer, Printer and Camera Equipment

You must use the computer software required by us on the hardware of your choice, as long as that hardware meets our specifications. Currently, you are required to purchase a desktop personal computer (“**Hardware**”) that runs on the Windows operating system. Your computer must also have Kennel Operations Software, Point of Sale (“**POS**”) Software, and any other software specified by us (collectively, the “**Software**”) and be web-based with access to the Internet. You also must purchase a printer that includes faxing and scanning capabilities and ~~web-based web-~~ based cameras that fit our standards and specifications. The Hardware, Software, printer, and web-based cameras are referred to as the “**Computer System**,” which costs between \$15,000 and ~~\$30,000~~ 25,000. You must update your Computer System, at your expense, as we may require from time to time to meet our specifications as they evolve. Upgrades, in some cases, may only be available through our suppliers. You are responsible for ongoing maintenance, repairs, upgrades or updates for your Computer System. The annual cost of optional or required maintenance, updating, upgrading or support contracts is approximately \$500.

You will be required to purchase a subscription to the Kennel Operations Software offered by our designated supplier. This Software will run your All American Pet Resorts® business and its day-to-day operations. The reports in the Software will be used to track all of your boarding, daycare, grooming, services, training and/or retail revenue. You must use these reports to communicate your gross revenue to us on the first day of every new month. We may inspect your POS data and other financial records, without requesting your approval, at any time. We may use the Software to access the cameras located in your All American Pet Resorts® business at any time. You will be required to purchase an annual support contract from the Software vendor and from time to time, perform all upgrades from the vendor at your own expense. The annual cost of the support contract is \$2,000. You will also pay a set-up fee of \$300 to our designated supplier.

We reserve the right to mandate that you use financial software we designate to manage the finances of your All American Pet Resorts Business (the “**Financial Software**”). Training on the Financial Software is your responsibility and at your expense. We will provide you with a standardized chart of accounts in order to maintain consistency with the System. All financial reports we require must be reported in the form, format and schedule we designate. Currently, all financial reports must be submitted to us electronically. Regardless of the software utilized in your Franchised Business and whether it is designated by us, you must cooperate in providing us direct access to said software and data you generate in the software platform.

You must have sufficient computer skills to be able to operate your Computer System and to access e-mail and the Internet. You must have access to the Internet and maintain an email account that allows us to communicate with you on a regular basis. You must check your email

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours Of On The Job	Location
Pet Resort Design Development	4	3	Headquarters, All American Pet Resorts of our choice, your location, in person, or via telephone.
Resort Set Up, Work Flow Analysis & Design	2	4	Headquarters, All American Pet Resorts of our choice, your location, in person, or via telephone.
Marketing Training	2	2	Headquarters, All American Pet Resorts of our choice, and your location.
IT Training	2	4	Headquarters, All American Pet Resorts of our choice, and your location.
Staffing Training	2	4	Headquarters, All American Pet Resorts of our choice, and your location.
Business Planning	2	2	Headquarters, All American Pet Resorts of our choice, and your location.
Health & Safety	2	2	Headquarters, All American Pet Resorts of our choice, and your location.
POS Training	2	4	Headquarters, All American Pet Resorts of our choice, and your location.
Customer Service Training	2	6	Headquarters, All American Pet Resorts of our choice, and your location.
Sales Training	1	2	Headquarters, All American Pet Resorts of our choice, and your location.
<u>Kennel Operations</u>	<u>4</u>	<u>24</u>	<u>All American Pet Resorts of our choice, and your location.</u>

Subject	Hours of Classroom Training	Hours Of On The Job	Location
Kennel Operations	4	24	All American Pet Resorts of our choice, and your location.
Basic Pet Care	2	24	All American Pet Resorts of our choice, and your location.
Advanced Pet Care	2	16	All American Pet Resorts of our choice, and your location.
Business Operations Training	2	16	All American Pet Resorts of our choice, and your location.
Management Training	2	8	All American Pet Resorts of our choice, and your location.
Basic Site Management	1	2	Headquarters, All American Pet Resorts of our choice, and your location.
Financial Training – Revenue Reporting & Tracking	1	2	Headquarters, All American Pet Resorts of our choice, and your location.
Onsite Hands-On Training	0	80-160	Headquarters, All American Pet Resorts of our choice, and your location.
Total	35	205-285	

The training materials consist of our Operations Manual and other course books, certifications, classroom instruction, onsite training, tests, quizzes, written and practical examinations. and/or. All American Pet representatives and/or other employees of participating All American Pet Resorts® will conduct the initial training program and other on-going training. Art Rimbold has designed, developed, owned and operated kennels. He is also the past president of a Michigan Humane Society. Yolanda Rimbold has trained groomers and groomed dogs. She has owned and operated daycares and kennels. Together they have 80 years’ experience in the industry. We may change or substitute training personnel as necessary, and we may delegate our duties and share our responsibilities with regard to training. For example, our team of All American Pet Representative may assist with training. This team consists of individuals each having at least 1 year of experience in the style of pet care we require of our franchisees. You and/or your Designated Business Manager must pass all training to our sole satisfaction.

In addition to the initial training program described above, if at any point we determine, in our sole discretion, that you could benefit from additional training, we will require you to complete such training on a mutually agreed upon timeline. You and/or your Designated Business Manager must complete all additional training to our sole satisfaction and at your cost.

We are not required to pay you any compensation if we exercise any of the rights noted above.




The territorial rights granted to you under the Franchise Agreement are not dependent on your achievement of a certain sales volume, market penetration or other contingency and your Territory may not be altered, unless you fail to adhere to or comply with the Franchise Agreement, in which case we will have the right to terminate the Franchise Agreement. Also, we do not grant rights of first refusal.

To the extent that any other pet boarding, daycare and grooming businesses or Pet Resort we or our Affiliate(s) operate may be located within the same market as your All American Pet Resorts® Business, like all other similar businesses, they will compete for customers by offering pet boarding, daycare and grooming services.

ITEM 13 TRADEMARKS

The Franchise Agreement grants you the nonexclusive right to use our Marks, including the service mark “All American Pet Resorts®”, and various designs and logos associated with our services. You may also use our other current or future Marks as we may designate to operate your All American Pet Resorts® Business.

We have a trademark and filed all required affidavits on our principal Mark with the United States Patent and Trademark Office (“USPTO”) as follows:

Mark	Registration Date	Registration No.	Register
	April 14, 2009	3,607,712	Principal Register
	August 11, 2009	3,666,368	Principal Register
	April 19, 2011	3,948,259	Principal Register
	September 27, 2016	5,047,854	Principal Register
	June 9, 2020	6076139	Principal Register

Mark	Registration Date	Registration No.	Register
	June 9, 2020	6076139	Principal Register
	June 9, 2020	6076138	Principal Register
	June 9, 2020	6076137	Principal Register
	Pending	97061970 (Serial Number)	Pending
	Pending	97061760 (Serial Number)	Pending
	Pending	97061801 (Serial Number)	Pending
	Pending	98321239 (Serial Number)	Pending
	Pending	98321218 (Serial Number)	Pending
	Pending	98321266 (Serial Number)	Pending
	Pending	98531597 (Serial Number)	Pending

You must follow our rules when you use our Marks. You may not use any of the Marks alone or with modifying words, designs or symbols as part of a corporate or business name or in

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

The information contained in the Operations Manual is proprietary and is protected by copyright and other laws. The designs contained in the Marks, the layout of our advertising materials, the content and format of our Products, as well as any other writings, recordings in print or electronic form are also protected by copyright and other laws. Although we have not filed an application for copyright registration for the Operations Manual, the Marks, the advertising materials, the content and format of our Products, or any other writings and recordings, we claim common law and federal copyrights in these items. We grant you the right to use this proprietary and copyrighted information (“**Copyrighted Works**”) in connection with your operation of your All American Pet Resorts® Business, but such copyrights remain our sole property.

There are currently no effective determinations of the United States Copyright Office or any court regarding any Copyrighted Works of ours, nor are any proceedings pending, nor are there any currently effective agreements between us and third parties pertaining to the Copyrighted Works that will or may significantly limit your use of our Copyrighted Works.

Our Operations Manual, electronic information and communications, sales and promotional materials, the development and use of our System, standards, specifications, policies, procedures, information, concepts and systems on, knowledge of and experience in the development, operation and franchising of All American Pet Resorts® Businesses, formulations for and packaging of Products, and training techniques used to provide Services sold at All American Pet Resorts® Businesses, information concerning Product and Service sales, operating results, financial performance and other financial data of All American Pet Resorts® Businesses and other related materials are proprietary and confidential (“**Confidential Information**”) and are considered to be our property to be used by you only as described in the Franchise Agreement or the Operations Manual. Where appropriate, certain information has also been identified as trade secrets (“**Trade Secrets**”). You must maintain the confidentiality of our Confidential Information and Trade Secrets and adopt reasonable procedures to prevent unauthorized disclosure of our Trade Secrets and Confidential Information.

We will disclose parts of the Confidential Information and Trade Secrets to you as we deem necessary or advisable for the development of your All American Pet Resorts® Business during training and in guidance and assistance furnished to you under the Franchise Agreement, and you may learn or obtain from us additional Confidential Information and Trade Secrets during the term of the Franchise Agreement. The Confidential Information and Trade Secrets are valuable assets of ours and are disclosed to you on the condition that you, and your owners, if you are a business entity, and employees agree to maintain the information in confidence by entering into a confidentiality agreement that we can enforce. Nothing contained in the Franchise Agreement will be construed to prohibit you from using the Confidential Information or Trade Secrets in the operation of other All American Pet Resorts® Business during the term of the Franchise Agreement.

No patents are material to us at this time. We currently ~~do not~~ have anyone pending patent ~~applications~~application for our Future Royalty Purchase Program. On September 5, 2024, we filed a Provisional Patent

[Application with the United States Patent and Trademark Office for our Future Royalty Purchase Program \(Application #63/691,155\).](#)

You must notify us within 3 days after receiving notice of any claim, demand or cause of action based upon or arising from any attempt by any other person, firm or corporation to use the Copyrighted Works. Upon receipt of timely notice of an action, claim or demand against you relating to the Copyrighted Works, we have the sole right, but not the duty, to defend any such action. We have the exclusive right to contest or bring action against any third party regarding the third party's use of any of the Copyrighted Works and will exercise such right as we deem appropriate. We will control all actions but not be obligated to take any action. In any defense or prosecution of any litigation relating to the Copyrighted Works undertaken by us, you must cooperate with us, sign any and all documents, and take all actions as may be desirable or necessary in the opinion of our counsel, to carry out such defense or prosecution. At our option, you will join in any action, in which case we will bear all your out-of-pocket costs for such participation. You must modify or discontinue the use of the Copyrighted Works if we modify or discontinue use of the Copyrighted Works. If this happens, we will reimburse you for your tangible out of pocket cost of compliance.

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

If you are an individual, you may directly supervise the All American Pet Resorts® Business at your Pet Resort or you may hire a Designated Business Manager to perform the supervision. A Designated Business Manager is an individual who will have day-to-day management of the Business, exercise on-site supervision, and personally participate in the direct operation of the Business. If you are a business entity, your Designated Business Manager must perform the direct, on-site supervision.

If we believe you lack sufficient business experience, you must designate a Designated Business Manager to act as the operating manager for your All American Pet Resorts® Business. The Designated Business Manager must attend and successfully complete the initial training program and must abide by the obligations in the Franchise Agreement and the Operations Manual.

If you are a legal or business entity, each individual who owns, directly or indirectly, any interest in you (and, if you are an individual, your immediate family defined as your spouse and any adult children involved in any way with the All American Pet Resorts® Business) must sign the Guaranty and Assumption of Franchisee's Obligations assuming and agreeing to discharge all of your obligations and comply with all restrictions under the Franchise Agreement (Attachment D to the Franchise Agreement) and our Non-Disclosure and Non-Competition Agreement attached to this Disclosure Document as Exhibit G. If you have an Affiliated Lessor as defined in the Franchise Agreement, they must also sign the Guaranty and Assumption of Franchisee's Obligations assuming and agreeing to discharge all of your obligations and comply with all restrictions under the Franchise Agreement (Attachment D-1 to the Franchise Agreement) and our Non-Disclosure and Non-Competition Agreement attached to this Disclosure Document as Exhibit G.

EBITDA	\$396,171	\$475,167	\$153,967	\$(4,912)	\$216,113	\$300,359	\$525,671	\$(46,463)	\$137,784
EBITDA (%)	18.5%	20.2%	17.8%	-0.8%	22.8%	31.5%	30.0%	-4.3%	12.1%

Notes:

1. Total Gross Sales represent revenue that royalties are paid on and as defined in Item 6 "Other Fees" Note (1).
2. Cost of Goods Sold includes grooming supplies, kennel supplies & expenses, general supplies, and price adjustments.
3. Payroll Expenses include direct/indirect wages, employee benefits, payroll taxes, payroll expenses. This does not include any expenses related to owner compensation/distribution.
4. Rent expense includes the cost of the rent payment only.
5. Fixed Expenses include expenses associated with advertising, office expenses, professional fees & uniforms.
6. Property Expenses include security, utilities, building maintenance, building repairs, telephone, internet, water & sewer expenses related to the property.
7. Variable Expenses include expenses associated with bank & credit card fees, insurance, personal property taxes, real estate taxes, licenses, permits, penalties, fines & workers compensation.
8. Royalty Fees collected from these locations are not uniform. The Royalty Fee figures reflected in the chart above have been adjusted to reflect a standard 7% royalty rate.
9. Brand Fund Fees collected from these locations are not uniform. The Brand Fund Fee figures reflected in the chart above have been adjusted to reflect a standard 2% brand fund rate.

Additional Notes:

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

B.

~~B. You are responsible for developing your own business plan for your business, including capital budgets, financial statements, projections and other elements appropriate to your particular circumstances. As part of your planning, you need to take into account the expenses you will incur including labor and other operations expenses. Additional expenses that you may incur include, but are not limited to, royalty and brand fund fees detailed in Item 6 of this disclosure document, interest on debt service, insurance, legal and accounting charges, and depreciation/ amortization. Franchisees listed in this disclosure document, may be one source of information.~~

~~C. In developing the business plan for your All American Pet Resorts® Business, you should make a necessary allowance for changes in financial results to income, expenses, or both, that may result from operation of your business during periods of, or in geographic areas~~

~~suffering from, economic downturns, inflation, unemployment, or other negative economic influences.~~

~~D. Although this financial performance representation includes some expense information, these numbers are calculated by Franchisor's accountants based on financial information provided by Franchisees. This financial performance representation does not include all costs of sales, operating expenses, or other costs or expenses that must be deducted from gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your All American Pet Resorts® Business. Franchisees listed in this disclosure document, may be one source of information.~~

E. Other than the preceding financial performance representation, we do 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 Stephan Dimitroff, All American Pet Resorts, LLC Our principal business address is 41850 West Eleven Mile Road, Suite 202, Novi, MI, 48375, the Federal Trade Commission, and the appropriate state regulatory agencies.

TABLE NO. 2
TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR) FOR FISCAL YEARS 2021 TO 2023

State	Year	Number of Transfers
All States	2021	0
	2022	0
	2023	0
Total	2021	0
	2022	0
	2023	0

TABLE NO. 3
STATUS OF FRANCHISED OUTLETS FOR FISCAL YEARS 2021 TO 2023

State	Year	Outlets at Start of	Outlets Opened	Termination	Non-Renewal	Reacquired by	Ceased Operations -	Outlets at End of the
Florida	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Michigan	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
New Jersey	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1

State	Year	Outlets at Start of	Outlets Opened	Termination	Non-Renewal	Reacquired by	Ceased Operations -	Outlets at End of the
	2023	1	0	0	0	0	0	1
North Carolina	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Texas	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Totals	2021	9	0	0	0	0	0	9
	2022	9	0	0	0	0	0	9
	2023	9	1	0	0	0	0	10

ITEM 21 FINANCIAL STATEMENTS

Attached to the Disclosure Document as Exhibit A are our audited financial statements as of our fiscal years ending December 31, 2021, December 31, 2022, and December 31, 2023 with the independent auditor's report attached. [Also attached are unaudited financial statements as of September 30, 2024.](#)

ITEM 22 CONTRACTS

Attached are the following agreements proposed for use in connection with our offering of franchises:

Exhibit:

- B. Franchise Agreement
- F. State-Specific Addendum to Disclosure Document and Franchise Agreement
- G. Non-Disclosure and Non-Competition Agreement
- H. Statement of Franchisee
- J. Application and Confidentiality Agreement
- K. Form General Release of Claims

ITEM 23 RECEIPT

The last two pages of the disclosure document (following the exhibits and attachments) are receipt pages acknowledging your receipt of the disclosure document. One copy is for your records, and one copy must be signed and dated by you and returned to us.



EXHIBIT A

ALL AMERICAN PET RESORTS, LLC

FINANCIAL STATEMENTS

UNAUDITED FINANCIAL STATEMENT

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

ALL AMERICAN PET RESORTS, LLC

FINANCIAL STATEMENTS

SEPTEMBER 30, 2024 AND 2023

ERIC S. CANVASSER, CPA

CERTIFIED PUBLIC ACCOUNTANT

31275 Northwestern
Highway Suite 203
Farmington Hills, MI
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To Management and the Stockholders of
All American Pet Resorts, LLC
Novi, Michigan

Management and the Stockholders are responsible for the accompanying financial statements of All American Pet Resorts, LLC (a Michigan corporation), which comprise the statements of assets, liabilities, and stockholders' equity-tax basis as of September 30, 2024 and 2023, and the related statements of revenues and expenses-tax basis for the nine months ended, and for determining that the tax basis of accounting is an acceptable financial reporting framework. We have performed a preparation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not perform an audit, review or compilation engagement on the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the tax basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management and the Stockholders have elected to omit substantially all the disclosures ordinarily included in financial statements prepared in accordance with the tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to All American Pet Resorts, LLC.
Certified Public Accountant

(Add)

Eric S. Canvasser

October 28, 2024

All American Pet Resorts, LLC
Statements of Assets, Liabilities and
Stockholders' Equity - Tax Basis

Assets

	<u>September 30, 2024</u>	<u>September 30, 2023</u>
<u>Current Assets</u>		
<u>Chase-Royalty Account</u>	27,696.46	174,938.36
<u>Chase-Brand Account</u>	103,437.10	138,439.40
<u>Total Current Assets</u>	<u>131,133.56</u>	<u>313,377.76</u>
<u>Property and Equipment</u>		
<u>Fixed Assets</u>	6,173.73	6,173.73
<u>Total Property and Equipment</u>	<u>6,173.73</u>	<u>6,173.73</u>
<u>Less Accumulated Depredation</u>	<u>(6,173.73)</u>	<u>(6,033.13)</u>
<u>Net Property and Equipment</u>	<u>0.00</u>	<u>140.60</u>
<u>Other Assets</u>		
<u>Right of Use Asset</u>	<u>8,869.00</u>	<u>40,504.00</u>
<u>Total Other Assets</u>	<u>8,869.00</u>	<u>40,504.00</u>
<u>Total Assets</u>	<u>140,00256</u>	<u>354,022.36</u>

These &andel statements have not been subjected to an aodiC or review or compilation engagement and no assurance is provided on them.

All American Pet Resorts, LLC
Statements of Assets, Liabilities and
Stockholders' Equity - Tax Basis

Liabilities and Partners' Equity

	<u>September 30, 2024</u>	<u>September</u>
<u>Current Liabilities</u>		
American Express	\$ 0.00	\$ 25,750.34
Payroll Liabilities	(288.00)	0.00
401K Accrual	1,416.74	684.08
Unearned Revenue	149,750.00	46,666.66
unearned Revenue-Sponsors[p Trcerm2	4,500.00	7,000.00
Lease bahlity	8,869.00	40,504.00
<u>Total Current Liabilities</u>	<u>164,247.74</u>	<u>120,605.08</u>
<u>Long-Term Liabilities</u>		
	<u>0.00</u>	<u>0.00</u>
<u>Total Liabilities</u>	<u>164,247.74</u>	<u>120,605.08</u>
<u>Stockholders' Equity</u>		
Capital Withdrawals	(108,450.00)	(103,500.00)
Additional Paid in Capital	605,772.39	605,772.39
Unit Certificate	12,918.00	12,918.00
Stockholders' Equity	(534,485.57)	(281,773.11)
<u>Total Partners' Equity</u>	<u>(24,241.18)</u>	<u>233,417.28</u>
<u>Total Liabilities and Partners' Equity</u>	<u>140,002.56</u>	<u>\$ 354,022.36</u>

*These financial statements have not been subjected to an audit or review or
compilation engagement and no assurance is provided on them.*

All American Pet Resorts, LLC
Statements of Revenues and Expenses
Tax Basis

	<u>9 Months Ended</u>		<u>9 Months Endue</u>	
		<u>percent</u>	<u>September</u>	<u>Percent</u>
<u>Sales</u>				
Franchise Fees	\$ 109,500.00	100.00%	\$ ▶45,000.00	100.00%
Royalties	594,197.28	100.00	570,717.28	100.00
Brand Development Fund	130,900.09	100.00	123,056.51	100.00
Franchise Transfer Fees	14,836.00	100.00	0.00	0.00
Design & Real Estate Location	20,000.00	100.00	0.00	0.00
Total Sales	869,433.37	100.00	838,773.79	100.00
Gross Profit	869,433.37	100.00	838,773.79	100.00
<u>Operating Expenses</u>				
Marketing	2,200.00	0.25	275.00	0.03
Franchise Marketing-Scorpion	76,720.00	8.82	80,464.00	9.59
Franchise Development-Scorpion	24,000.00	2.76	27,000.00	3.22
Gas/Oil Expense	588.11	0.07	408.16	0.05
Wages-Salary	425,015.00	48.88	324,555.34	38.69
Commissions-Broker	35,000.00	4.03	129,000.00	15.38
401K Expense	6,765.36	0.78	0.00	0.00
Screening-Franchise	566.00	0.07	1,296.50	0.15
Brand Conference	33,954.17	3.91	16,587.16	1.98
Brand Development - listen 360	6,122.25	0.70	10,091.76	1.20
Brand Development-TFD	24,000.00	2.76	43,523.82	5.20
Bank Fees	389.45	0.04	1,367.43	0.16
Consulting	27,691.74	3.19	17,950.00	2.14
Contracted Services-Marketing	18,900.00	2.17	18,090.00	2.16
Dues & Subscriptions	18,847.45	2.17	12,971.30	1.55
Insurance-Employee Health	20,700.00	2.38	12,700.00	1.51
Insurance-liability	3,380.31	0.39	3,092.00	0.37
Meals & Entertainment	9,598.42	1.10	5,329.82	0.64
Franchise Development-Lead Generation	18,620.00	2.14	11,691.00	1.39
Office Supplies	16,692.74	1.92	11,047.24	1.32
Postage & Shipping	237.75	0.03	254.38	0.03
Professional Fees-Accounting	11,916.00	1.37	21,370.00	2.55
Professional Fees-Legal	65,797.81	7.57	70,081.87	8.36
Professional Fees-Other	1,850.00	0.21	1,510.00	0.18
Rent	32,125.00	3.69	24,815.00	2.96
Software & Licensing	4,073.74	0.47	1,424.04	0.17
Telephone and Internet	1,315.82	0.15	1,106.73	0.13
Payroll Processing	4,121.44	0.47	4,848.75	0.58
Payroll Taxes	31,202.76	3.59	24,208.50	2.89
Training	5,765.50	0.66	3,776.23	0.45
Travel	9,612.37	1.11	6,781.80	0.81
Car Rental	1,348.13	0.16	1,453.10	0.17
Total Operating Expenses	939,117.32	108.01	889,170.93	106.01
Operating Income (Loss)	(69,683.95)	(8.01)	(50,397.14)	(6.011)
<u>Other Income (Expenses)</u>				
Sponsorship Income	5,000.00	0.58	5,000.00	0.60
Referral Fee Income	1,000.00	0.12	0.00	0.00

These financial statements have not been subjected to an audit or renew or Calif/dation engagement and no assurance is provided on them.

All American Pet Resorts, LLC
Statements of Revenues and Expenses
Tax Basis

	<u>9 Months Ended</u> <u>September 30, 2024</u>	<u>Percent</u>	<u>9 Months Ended</u> <u>September 30, 2023</u>	<u>Persil=</u>
Total Other Income (Expenses)	6,000.00	0.69	5,000.00	0.60
Net Income (Loss)	(63,683.95)	<u>7FM</u>	145,397.141	(5.41)

These financial statements have not been subjected to an audit or review or compilation engagement and no assurance is provided on them.

AUDITED FINANCIAL STATEMENTS

(Modified)

AI/All American PAC Services, LLC
Table of Contents
December 31, 2023, 2022, and 2021

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Cole, Newton
~~Duron~~Duran

Certified Public ~~Accountants~~ Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members
of All American Pet Resorts, LLC

Opinion

We have audited the accompanying financial statements of All American Pet Resorts, LLC (a Michigan limited liability company), which comprise the balance sheets as of December 31, 2023, 2022, and 2021, and the related statements of income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about All American Pet Resorts, LLC's 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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 All American Pet Resorts, LLC's internal control. Accordingly, no such opinion is expressed.

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734-427-2030 Fax 734-427-3004 CNDmCNDCPA, CND@CNDCPA.com www.CNDCPA.com

- 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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about All American Pet Resorts, LLC's ability to continue as a going concern for a reasonable period of time.

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

Other Information Included in the Annual Franchise Disclosure Document

Management is responsible for the other information ~~included~~included in the annual franchise disclosure document. The other information comprises the general information about the franchising operations but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

~~Ae-cd'="z~~

Cole, Newton & Duran CPAs
Livonia, Michigan
March 28, 2024

All American Pet Resorts, LLC
Balance Sheets
December 31, 2023, 2022, and 2021

		ASSETS		
		2023	2022	2021
Current Assets				
Cash and cash equivalents	\$	260,331	\$393,499 <u>393</u>	\$308,653 <u>308</u>
Accounts receivable		67,483	71,127 <u>71,127</u>	58,773
Total Current Assets		327,820	464,626 <u>464,626</u>	367,426 <u>367,426</u>
Office Equipment		6,174	6,174 <u>6,174</u>	6,174 <u>6,174</u>
Less accumulated depreciation		(6,174)	(6,033)	(5,752) <u>(5,752)</u>
Net Office Equipment			141	422
Other Assets				
Operating lease right of use asset		8,869	40,504	
Total Other Assets		8,869	40,504 <u>40,504</u>	
Total Assets		\$ 336,689	\$505,271 <u>505,271</u>	\$367,848 <u>367,848</u>
		LIABILITIES & MEMBERS'	EQUITY	
Current Liabilities				
Accounts payable	\$	24,441	\$ 28,097 <u>28,097</u>	\$ 12,514 <u>12,514</u>
Deferred franchise fee revenue		149,750	46,667 <u>46,667</u>	46,667 <u>46,667</u>
Other deferred revenue		4,500	7,000 <u>7,000</u>	-
Accrued payroll		1,240	689	
Current operating lease liability		8,869 <u>8,869</u>	34,105 <u>34,105</u>	
Total Current Liabilities		188,800	116,558 <u>116,558</u>	59,181 <u>59,181</u>
Other Liabilities				
Operating lease liability, long term			6,399 <u>6,399</u>	
Total Liabilities		188,800	122,957 <u>122,957</u>	59,181 <u>59,181</u>
Members' Equity		147,889	382,314	308,667 <u>308,667</u>
Total Liabilities and Members' Equity		\$ 336,689	\$ 505,271 <u>505,271</u>	\$ 367,848 <u>367,848</u>

See Notes to the Financial Statements

All American Pet Resorts, LLC
Statements of Income
For the Years Ended December 31, 2023, 2022, and 2021

Revenue	2023	2022	2021
Royalty revenue	\$ 810,173 <u>810.1</u>	\$ 742,623	\$ 645,639
Brand development revenue	182,178 <u>182.1</u> 78	165,093	120,866
Franchise fee revenue	51,917	-	4,333
Total Revenue	1,044,268 <u>1.0</u> <u>44,268</u>	907,716	770,838
Operating Expenses			
Accounting fees	25,420 <u>25,420</u>	22,922	20,500
Advertising	13,986 <u>13,986</u>	24,917	17,500
Amortization	-	-	2,063
Brand development	229,885 <u>229.8</u> 85	121,497	74,553
Communication expense	1,596	1,556	-
Consulting	23,550 <u>23,550</u>	29,909	127,747
Contributions	-	2,312	450
Depreciation	141	281	4,781
Dues and subscriptions	16,809	11,409	12,925
Employee health benefits	19,850 <u>19,850</u>	18,900	18,625
Insurance	3,551 <u>3,551</u>	3,219	
Licensing fees	-	420	(425)
Meetings and facilities	8,560	4,518 <u>4,518</u>	9,408
Office expenses	23,332	21,501	15,377
Payroll taxes	30,104	16,745	13,691
Postage and shipping	332	362	315
Professional fees	128,234	275,516	376,270
Quality control			641
Rent	34,085 <u>34,085</u>	40,650 <u>40,650</u>	19,100
Retirement expense	783	-	-
Repairs and maintenance	-	362	623
Salaries and wages	582,655	213,564 <u>213.5</u> 64	171,167
Software and licensing	1,544 <u>1,544</u>	833	379
Supplies	-	-	2,575
Training	3,776 <u>3,776</u>	4,000	-
Travel	13,000	12,676 <u>12,676</u>	11,287
Total Operating Expenses	1,161,193 <u>1.1</u> <u>61.193</u>	828,069 <u>828.0</u> <u>69</u>	899,552
Net Operating Income (Loss)	(116,925) <u>116.</u> <u>925</u>	79,647 <u>79.647</u>	(128,714)
Other Income			
Other income	20,500 <u>20,500</u>		20,833
Total Other Income	20,500 <u>20,500</u>		20,833
Net Income (Loss)	\$ (96.42)	\$ 79,647 <u>79,647</u>	\$ (107,881)

All American Pet Resorts, LLC
Statements of Changes in Members' Equity
For the Years Ended December 31, 2023, 2022, and 2021

	2023	2022	2021
Balance at Beginning of Year	\$ 382,31	\$ 308,66	\$
Member distributions	(138,000)	(6,000) <u>6,000</u>	(4,500)
Net Income (loss)	(96,425)	79,647	(107,881)
Balance at End of Year	\$ 147,88	\$ 382,31	308,667 <u>308,667</u>

See Notes to the Financial Statements

All American Pet Resorts, LLC
Statements of Cash Flows
For the Years Ended December 31, 2023, 2022, and 2021

	2023	2022	2021
Cash Flows from Operating Activities			
Net Income (Loss)	\$ (96,425)	\$	\$ (107,1
Cash Flows from Operating Activities			
Net Income (Loss)	(96,425)	\$ 79,647	\$ (107,881)
Adjustments to reconcile net income to net cash provided by (used in) operating activities			
Amortization			2,063
Depreciation	141	281	4,781
PPP forgiveness			(20,833)
(Increase) decrease in assets:			
Accounts receivable	3,644	(12,354)	(18,842)
Prepaid expenses and deposits			3,843
Increase (decrease) in liabilities			
Accounts payable	(3,656)	15,583	(17,394)
Accrued payroll		551	46,667
Deferred revenue and other liabilities	100,583	7,000	
Net cash provided by (used in) operating activities	4,838	90,846	(107,596)
Cash Flows from Investing Activities			
Purchase of fixed assets			(4,500)
Net cash provided by (used in) investing activities			(4,500)
Cash Flows from Financing Activities			
Member distributions	(138,000)	(6,000)	(4,500)
Net cash provided by (used in) financing activities	(138,000)	(6,000)	(4,500)
Net Increase (Decrease) in Cash and Cash Equivalents	(133,162)	84,846	(116,596)
Cash and Cash Equivalents at Beginning of Year	393,499	308,653	425,249
Cash and Cash Equivalents at End of Year	\$ 260,337	\$ 393,499	\$ 308,653
SUPPLEMENTAL DISCLOSURES			
Cash paid for interest	5		
Cash paid for income taxes			
Cash paid for income taxes	S		

All American Pet Resorts, LLC
Notes to the Financial Statements
December 31, 2023, 2022, and 2021

NOTE 1 - Nature of Activities

All American Pet Resorts, LLC (the Company) is a pet care franchisor that offers a business model for providing pet boarding, daycare, and grooming services in pet resorts operating in the continental United States of America. Ten franchises are operating as of December 31, 2023. Revenue is derived primarily from royalties and brand development fees received from franchisees.

NOTE 2 - Summary of Significant Accounting Policies

Basis of accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and, accordingly, reflect all significant receivables, payables, and other liabilities.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Company to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair value of financial instruments

Financial Accounting Standards Board (FASB) guidance on fair value measurements defines fair value, establishes a framework for measuring fair value, and expands disclosure of fair value measurements. The guidance applies to all assets and liabilities that are measured and reported on a fair value basis. The carrying amounts of financial instruments, including cash, accounts receivable, accounts payable, and accrued liabilities approximate fair value due to the short-term maturity of these instruments.

Cash and cash equivalents

The Company considers all short-term debt securities purchased with an original maturity of three months or less to be cash equivalents.

Accounts receivable

Revenue is provided by franchisee assessments for royalties and brand development. Management has reviewed the accounts as of December 31, 2023, 2022, and 2021, and believes they are all collectible. No allowance for credit losses has been provided. Bad debt is charged against operations in the period in which it is deemed uncollectible.

Property and equipment

Office equipment is stated at cost. Expenditures for major renewals and betterments that extend the useful lives of office equipment are capitalized. Expenditures for maintenance and repairs that do not improve or extend the useful lives of the equipment are charged to expenses as incurred. Depreciation is calculated using the straight-line method of depreciation over the estimated useful life of five years. Depreciation expense for the years ending December 31, 2023, 2022, and 2021 was \$141,528, and \$4,781, respectively. When items are disposed of, the costs and accumulated depreciation are eliminated from the accounts and any gain or loss is included in the results of operations.

Startup costs

Startup costs consist of legal costs and other miscellaneous startup costs incurred by the Company when it began operations in 2005. The Company amortized the startup costs using the straight-line method over 15 years. The startup costs were fully amortized in 2021. Amortization expense for 2023, 2022, and 2021, was \$0, \$0, and \$2,063, respectively.

All American Pet Resorts, LLC
Notes to the Financial Statements
December 31, 2023, 2022, and 2021

NOTE 2 - Summary of Significant Accounting Policies (continued)

Revenue recognition

The Company's revenues consist of fees from locations operated by franchisees. Revenues from franchisees include royalties based on a percentage of sales and initial fees. Initial franchise and transfer fees are recognized as the Company satisfies the performance obligation over the franchise term. Franchise fee revenue for the years ending December 31, 2023, 2022, and 2021, was 551,917, ~~50,000~~, and ~~53,333~~, 53,333, respectively. Deferred franchise fee revenue as of December 31, 2023, 2022, and 2021 was 5149,750, ~~546,667~~, 546,667, and 546,667, respectively.

Advertising costs

The Company expenses advertising costs as they are incurred. Advertising expense for 2023, 2022, and 2021, was ~~513,986~~, ~~S24,917~~, 513,986, 524,917, and 517,500, respectively.

Income tax status

Effective January 1, 2007, the Company elected under the Internal Revenue Code to be taxed as an S-Corporation. In lieu of corporate income taxes, the members are taxed on their proportionate share of the Company's taxable ~~income~~, income. Therefore, no provision or liability for federal income taxes has been included in the financial statements. The Company is no longer subject to Internal Revenue Tax examinations for years prior to 2020. The Company has evaluated FASB ASC 740, Income Taxes, and has concluded it has no uncertain positions.

Leases

The Company leases a building. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed. Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term.

Operating leases are included in operating lease right-of-use (~~42014~~, "ROU") assets, current operating lease liability, and operating lease liability long term on the balance sheet.

ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Company has elected to use the practical expedient related to the discount rate and uses the risk-free interest rate based on the three-month U.S. Treasury bill at lease commencement. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise the option.

Subsequent events

Management has evaluated events and transactions for potential recognition or disclosure through the date of the auditor's report, which is the date the financial statements were available to be issued.

All American Pet Resorts, LLC
Notes to the Financial Statements
December 31, 2023, 2022, and 2021

NOTE 3 - Concentrations and Credit Risk

Cash

The Company maintains its cash balances at a national financial institution where the balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to ~~\$250,000~~ \$250,000. Amounts on deposit may at times exceed the insured amount. Uninsured balances as of December 31, 2023, were ~~\$14,387~~ \$14,387. The Company has experienced no losses with respect to uninsured amounts on deposit.

NOTE 4 - Related Party Transactions

Member franchise ownership

Three members own a combined 100% of one franchise.

Consulting fees

A member of the Company was paid for consulting services performed for the Company. Fees paid to this member for the years ended December 31, 2023, 2022, and 2021, were ~~\$0~~ \$0, ~~\$5190,000~~ \$0, ~~\$190,000~~ \$190,000, and ~~\$285,000~~ \$285,000, respectively. The fee paid in 2021 was for multiple years of service. There were no payables for these services for the years ending December 31, 2023, 2022, and 2021.

NOTE 5 - Operating Leases

On June 25, 2021, the Company leased new office facilities starting October 1, 2021, for a term of 30 months. The lease calls for annual rent increases.

The following summarizes the line items in the balance sheets which include amounts for operating and finance leases as of December 31:

	2023	2022	2021
Operating lease right of use asset	8,869 <u>8,869</u>	\$ 40.5	\$
Other current liabilities	8,869 <u>8,869</u>	\$ 34.1	\$ <u>\$</u>
Operating lease liabilities	<u>=</u>	6,399	
Total operating lease liabilities	<u>\$ 8,869</u>	<u>\$ 40.5</u>	<u>\$ \$</u>

The following summarizes the weighted average remaining lease term and discount rate as of December 31:

	2023	2022	2021
Weighted Average Remaining Lease Term	0.25 years	1.25 years	N/A
Weighted Average Discount Rate	4.764%	4.764%	N/A

Future maturities of lease liabilities as of December 31, 2023 were as follows:

Year ending December 31, 2024	9,270 <u>9,270</u>
Total lease liabilities payments	9,270 <u>9,270</u>
Less: Interest	(401)
Present value of lease liabilities	\$ <u>\$ 8,869</u>

All American Pet Resorts, LLC
Notes to the Financial Statements
December 31, 2023, 2022, and 2021

NOTE 5 - Operating Leases (continued)

The following summarizes the components of operating lease expense for the year ended December 31:

	2023	2022	2021
<u>Operating lease cost</u>	<u>34,065</u>	<u>40,650</u>	<u>19,100</u>
<u>Operating lease cost</u>	<u>34,065</u>	<u>40,650</u>	<u>19,100</u>

The following summarizes cash flow information related to leases for the year ended December 31:

	2023	2022	2021
Operating cash flows from operating leases	\$ 19,100	\$ 34,085	\$ 40,650
<u>Operating cash flows from operating leases</u>	<u>\$ 19,100</u>	<u>\$ 34,085</u>	<u>\$ 40,650</u>

Subsequent to December 31, 2023, the Company entered into an additional operating lease that has not yet commenced of approximately 576,000. This operating lease will commence in March 2024 with a lease term of 2 years.

NOTE 6 - PPP Loan

On May 23, 2020, the Company was granted a loan (the Loan) from Wells Fargo Bank in the aggregate amount of \$20,833 pursuant to the Paycheck Protection Program (the PPP) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which was in the form of a Note dated May 23, 2020, was set to mature on May 23, 2022, and bore interest at a rate of 1% per annum. Funds from the Loan could only be used for payroll costs, costs used to continue group health care benefits, rent, utilities, and interest on debt obligations incurred before February 15, 2020. The Company used the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with payments deferred for the first ten months. The note was forgiven on April 13, 2021 and recorded as other income for the year ended December 31, 2021.

NOTE 7 - Revenue Recognition

The Company sells individual franchises. The franchise agreements typically require the franchisee to pay an initial, non-refundable fee prior to opening the respective location(s), and continuing royalty and brand development fees on a monthly basis based upon a percentage of franchisee sales. The initial term of a franchise agreement is typically 10 years. Subject to the Company's approval, a franchisee may generally renew the franchise agreement upon its expiration. If a contract is terminated prior to its term, it is a breach of contract, and a penalty is assessed based on a formula reviewed and approved by management. Revenue generated from a contract breach is termed settlement income by the Company and included in licensing fees and other income.

Under the terms of their franchise agreements, the Company typically promises to provide franchise rights, pre-opening services such as blueprints, operational materials, planning and functional training courses, and ongoing services, such as management of the marketing fund. The Company has determined that certain pre-opening activities, and the franchise rights and related ongoing services, represented two separate performance obligations. The franchise fee revenue has been allocated to the two separate performance obligations using a residual approach. The Company has estimated the value of performance obligations related to certain pre-opening activities deemed to be distinct based on cost plus an applicable margin and assigned the remaining amount of the initial franchise fee to the franchise rights and ongoing services.

All American Pet Resorts, LLC
Notes to the Financial Statements
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NOTE 7 - Revenue Recognition (continued)

The Company has elected to use the practical expedient regarding the pre-opening activities, which allows franchisors that are not public businesses to account for pre-opening services as a single performance obligation and is earned at a point in time. Revenue allocated to franchise rights and ongoing services is deferred until the store opens and recognized on a straight-line basis over the duration of the agreement, as this ensures that revenue recognition aligns with the customer's access to the franchise right. This revenue is earned over time.

Royalty revenue and brand development revenue is recognized during the respective franchise agreement based on the revenue earned each period as the underlying franchise store sales occur. Payment typically occurs within 30 days.

There are two items involving revenue recognition of contracts that require the Company to make subjective judgments: the determination of which performance obligations are distinct within the context of the overall contract and the estimated standalone selling price of each obligation. In instances where the contract includes significant customization or modification services, the customization and modification services are generally combined and recorded as one distinct performance obligation.

The following table disaggregates the Company's revenue based on the timing of satisfaction of

The following table disaggregates the Company's revenue based on the timing of satisfaction of performance obligations for the year ended December 31:

the timing of satisfaction of

	2023	2022	2021
Performance obligations satisfied at a point in time	\$ 41,667,416	\$ 3,333	\$ 3,333
Performance obligations satisfied over time	4,002,601,002,601	907,716	767,505,767,505
Total revenue from contracts with customers	\$ 1,044,268	\$ 907,716	\$ 770,838

The following summarizes contract assets and contract liabilities as of December 31:

	2023	2022	2021
Accounts receivable (contract assets)	\$ 67,483	\$ 71,427	\$ 58,773
Deferred revenue (contract liabilities)	\$ 149,750	\$ 46,667	\$ 46,667

There were no changes in judgments related to revenue recognition

The Company uses the practical expedient to record revenue as if there is no significant financing component when the receivable is due within one year.

NOTE 8 - Retirement Plan

The Company has a defined contribution plan covering substantially all employees. In December of 2023, the plan was amended to include an employer matching contribution. Prior to December of 2023, employer contributions were discretionary. Employer contributions for the years ended December 31, 2023, 2022, and 2021 were \$783,783, \$0, and \$0, respectively.

NOTE 9 - Members' Equity

The Company is organized as a Michigan domestic limited liability company. The members' liability is limited to the financial contributions made by the members

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FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (“Agreement”) is made this _____ day of _____, 20__ (the “Effective Date”), by and between ALL AMERICAN PET RESORTS, LLC, a Michigan limited liability company, located at 41850 West Eleven Mile ~~Road,~~ Road, Suite 202, Novi, MI 48375 (“Franchisor”) and _____, ~~located~~ located at _____ (“Franchisee”).

RECITALS

WHEREAS, Franchisor has developed a comprehensive system for the operation of a business offering services for boarding, daycare and grooming pets, and the sale of related Products (“All American Pet Resorts® Business”).

WHEREAS, the All American Pet Resorts® Businesses are operated under a business format using a unique system with high standards of service, including valuable know-how, information, Trade Secrets, Confidential Information, training methods, standards, designs, methods of trademark usage, copyrights, sources and specifications, confidential electronic and other communications, methods of Internet usage, and research and development (“System”).

WHEREAS, the distinguishing characteristics of the System include the trademark “All American Pet Resorts®” and other trademarks and trade names, confidential operating procedures, confidential Operations Manual, standards and specifications for equipment, services and products, methods of service, management and marketing programs and sales techniques and strategies. All of these distinguishing characteristics may be changed, improved, and further developed by Franchisor from time to time. They are Franchisor's Confidential Information and Trade Secrets and are designated by and identified with the Marks described in this Agreement.

WHEREAS, Franchisor continues to use, develop and control the use of the Marks in order to identify for the public the source of services and products marketed under the System, and which represent the System’s high standards of quality, service and customer satisfaction.

WHEREAS, Franchisee acknowledges the benefits to be derived from being identified with the System, and also recognizes the value of the Marks and the continued uniformity of image to Franchisee, Franchisor, and other franchisees of Franchisor.

WHEREAS, Franchisee acknowledges the importance to the System of Franchisor’s high and uniform standards of quality, service and customer satisfaction, and further recognizes the necessity of opening and operating an All American Pet Resorts® Business in conformity with the System.

WHEREAS, Franchisee recognizes that in order to enhance the value of the System and goodwill associated with it, this Agreement places detailed obligations on Franchisee, including strict adherence to Franchisor’s reasonable present and future requirements regarding the types of products sold, services offered, advertising used, operational techniques, marketing and sales strategies and related matters.

Manual maintained by Franchisor shall prevail in the event of any dispute regarding the form of or content of the Operations Manual between Franchisor and Franchisee.

1.8 “Business Interruption Insurance” – means insurance that covers business losses related to a covered event which result in business closure, including lost revenue, mortgage, rent and lease payments, loan payments, taxes, payroll, relocation costs and training, as well as Royalty Fee, Brand Development Fee and any other related payments which must be paid to Franchisor.

1.9 “Cash Flow” - means all cash funds derived from operations of the Franchised Business, without reduction for any non-cash charges, but less cash funds used to pay current operating expenses of the Franchised Business.

1.10 “Confidential Information” - means all knowledge, know-how, standards, methods and procedures related to the establishment and operation of the System and includes all records pertaining to customers, suppliers, and other service providers of, and/or related in any way to, Franchisee’s All American Pet Resorts® Business including, without limitation, all databases (whether in print, electronic or other form), all names, addresses, phone numbers, ~~e-mail~~[email](#) addresses, customer purchase records, manuals, promotional and marketing materials, marketing strategies and any other data which Franchisor designates as confidential.

1.11 “Designated Business Manager” – means an individual who will have day-to-day management of the Business after successful completion of our initial training, exercise on-site supervision, personally participate in the direct operation of the Business, attend required conferences and meetings and has authority to make business decisions in your absence, unavailability, incapacity or death.

1.12 “Franchisor’s System” or “System” - means the standards, systems, concepts, identifications, collateral, methods, and procedures developed or used by Franchisor, or which may hereafter be developed or used by Franchisor, for the sales and marketing of Franchisor’s Services and Products.

1.13 “Franchise” - shall mean the business operations conducted or to be conducted using Franchisor’s System and in association therewith the Marks.

1.14 “Franchisee Owner” or “Owner” - means any person or entity with an equity interest, or any other type of ownership interest in Franchisee.

1.15 “Gross Revenues” - means the total of all receipts derived from all sales of products and services at Franchisee’s All American Pet Resorts® Business, labor, insurance claims for lost profits to the extent a claim is paid by the insurer, and all other products and services sold or performed by Franchisee or Franchisee’s All American Pet Resorts® Business or by means of the business conducted under this Agreement, whether the receipts are evidenced by cash, credit, checks, gift certificates, scrip, coupons, services, property or other means of exchange. Gross Revenues do not include:

1.26 “Services” - means the sale and provision of services for boarding, daycare and/or grooming for pets conducted or otherwise dealt with in connection with the All American Pet Resorts® Business and associated with the Marks.

1.27 “Territory” – shall mean the geographical area conveyed to franchisee as further described in Attachment B and Section 3.1 of this Agreement.

1.28 “Trade Secret(s)” - shall mean information, including a formula, pattern, compilation, program, device, method, training technique or process related to the System that both derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

2. COVENANTS, REPRESENTATIONS, AND WARRANTIES OF FRANCHISEE.

Franchisee covenants, represents and warrants as follows and acknowledges that Franchisor is relying upon such covenants, representations and warranties in making its decision to enter into this Agreement.

2.1 Franchisee acknowledges that it has received, has had ample time to read, and has read this Agreement, and all related agreements with Franchisor. Franchisee acknowledges that Franchisor has advised it to obtain independent legal and accounting advice with respect to this Agreement and the transactions arising out of this Agreement. Franchisee further acknowledges that it has had an adequate opportunity to be advised by legal, accounting and other professional advisors of its own choosing regarding all pertinent aspects of the All American Pet Resorts® Business, Franchisor and this Agreement.

2.2 Franchisee has, or has made firm arrangements to acquire, funds to commence, open and operate the All American Pet Resorts® Business, and it is financially and otherwise able to accept the risks attendant upon entering into this Agreement.

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

2.4 There are no material financial obligations of Franchisee, whether actual or contingent, which are outstanding as of the date of this Agreement other than those disclosed to Franchisor by Franchisee in writing.

2.5 Franchisee is not a party to or subject to any court or administrative order or action of any governmental authority which would limit or interfere in any way with the performance by Franchisee of its obligation hereunder.

2.6 Franchisee is not a party to any litigation or legal proceedings other than those ~~which have been disclosed to Franchisor by Franchisee in writing.~~

which have been disclosed to Franchisor by Franchisee in writing.

2.7 Franchisee represents that it is not a party to or subject to agreements that might conflict with the terms of this Agreement and agrees not to enter into any conflicting agreements during the Operating Term or any Interim Period.

2.8 Franchisee agrees and acknowledges that it has not been induced to enter into this Agreement in reliance upon, nor as a result of, any statements, representations, warranties, conditions, covenants, promises or inducements, whatsoever, whether oral or written, and whether directly related to the contents hereof or collateral thereto, made by Franchisor, its officers, directors, agents, employees or contractors except as provided herein and in the Franchise Disclosure Document supplied to Franchisee. Franchisee acknowledges that the Franchise has been granted in reliance upon the information supplied to Franchisor in Franchisee's application for a Franchise.

2.9 Franchisee and its owners agree to comply with and/or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee and its owners certify, represent, and warrant that none of their property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and its owners are not otherwise in violation of any of the Anti-Terrorism Laws.

(a) Franchisee and its owners certify that they, their employees, and everyone associated with Franchisee are not listed in the Annex to Executive Order 13224 (which can be accessed at <http://www.treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html>). Franchisee agrees not to hire (or, if already employed, retain the employment of) any individual who is listed in the Annex.

(b) Franchisee certifies that it has no knowledge or information that, if generally known, would result in Franchisee, its owners, their employees, or anyone associated with Franchisee to be listed in the Annex to Executive Order 13224.

(c) Franchisee is solely responsible for ascertaining what actions it must take to comply with the Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that its indemnification responsibilities set forth in this Agreement pertain to its obligations under this Section 2.9.

(d) Any misrepresentation under this Section or any violation of the Anti-Terrorism Laws by Franchisee, its owners, agents, its employees shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered with Franchisor or any of Franchisor's affiliates.

(e) "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban

has been established, it will not be changed regardless of any increase or decrease of the population in the Territory.

6. FEES.

6.1 Upon the execution of this Agreement, Franchisee shall pay to Franchisor, as a non-recurring initial franchise fee (“Initial Franchise Fee”), the sum set forth on Attachment A, plus, if due and payable, all applicable federal, state or municipal taxes. The Initial Franchise Fee shall be due upon the signing of this Franchise Agreement and shall be paid by means of cashier’s check, money order or wire transfer. The Initial Franchise Fee shall be deemed to have been fully earned by Franchisor when paid and is non-refundable once paid.

6.2 Within fifteen (15) days of execution of this Agreement, Franchisee shall pay Franchisor a Real Estate & Resort Coordination Fee of ~~\$20,000~~10,000. If Franchisee is approved to open subsequent locations, this fee shall be due per location and must be paid to Franchisor at the same time Franchisee provides written notice to Franchisor of its intent to open additional location(s).

6.3 Beginning on the first day of the second month of the Operating Term (payment due for the first month of the Operating Term on the second month of the Operating Term) and continuing thereafter for each month or partial month of the Operating Term of this Agreement and any Interim Period, Franchisee shall pay to Franchisor a royalty fee equal to 7% of all Gross Revenues for the previous month (“Royalty Fee”).

6.4 The Royalty Fee shall be payable to Franchisor on or before the 10th day of each month for the preceding calendar month and shall be payable through the entire Operating Term of this Agreement and any Interim Period. Franchisee shall pay the Royalty Fee monthly via electronic funds transfer. Franchisee shall not subordinate to any other obligation its obligation to pay the Royalty Fee or any other fee or charge hereunder. Each Royalty Fee payment will be based on a report as set forth in Section 6.4(a).

(a) Each Royalty Fee payment shall be, without exception, based on a statement of the previous month’s Gross Revenues as generated by the Operations Software. Gross revenue reports are due to Franchisor on the first day of every month via fax or electronic email. Each failure to include a fully completed gross revenue report of the previous month’s Gross Revenues with the Royalty Fees payable to Franchisor when due shall constitute a material breach of this Agreement.

(b) Franchisor requires Franchisee to remit fees via Franchisor initiated electronic funds transfer (“EFT”) or other similar means utilizing a Franchisor approved computer system or otherwise. The EFT Authorization is attached to the Franchise

amount equal to (a) the fees transferred from Franchisee's account for the last reporting period for which a report of the Gross Revenues was provided to Franchisor as required hereunder; (b) the Royalty Fee and Brand Development Fee and any penalty fees; or (c) the amount due based on information retrieved by Franchisor.

6.5 Pre Paid Royalty Fee Future Royalty Purchase Program

Franchisee may elect to participate in one (1) of two _____ three (32) pre-paid royalty fee purchase programs under our Future Royalty Purchase Program (Patent Pending): the Pre-Term Royalty Purchase Program, Mid-Term Royalty Purchase Program and Post-Term Royalty Purchase Program. Future Royalty Pre Pay Program and the Mid Term Pre Pay Royalty Program. The terms and conditions of both these programs are contained in Attachment I to this Franchise Agreement. Franchisor reserves the right to discontinue the program at any time but will honor terms for any participating franchisees.

~~6.5~~6.6 Non-Compliance Fee

If Franchisee violates or breaches any term of this Agreement, including its failure to pay or to have adequate amounts available for electronic transfer of amounts Franchisee or its affiliates owe us or our affiliates, Franchisee's failure to timely provide required reports and financial information, and/or Franchisee's failure to attend in its entirety all mandatory meetings such as Franchisor's franchise convention, Franchisor may require Franchisee to pay \$250 for the first offense; \$500 for second offense and \$500 plus a daily fee of \$100 until default cured. The daily charge will continue until Franchisor determines that Franchisor has cured all deficiencies and is compliant with all terms of the Franchise Agreement. This fee will be due upon receipt of invoice. These non-compliance charges are intended to compensate Franchisor for additional expenses and certain losses it will incur as a result of Franchisee's non-compliance and are not a penalty or an expression of the total amount of such damages. Franchisor may periodically change or eliminate this charge. Imposition of this fee does not waive any rights Franchisor otherwise has under the Franchise Agreement.

7. ACCOUNTING, RECORDS, AUDITS AND LATE PAYMENT CHARGES.

7.1 Franchisee shall keep such complete records of its All American Pet Resorts® Business as a prudent and careful businessperson would normally keep. Franchisee must use the accounting system and the pre-formatted template required by Franchisor, if any. Franchisee shall keep its financial books and records as Franchisor may from time to time direct in the Operations Manual or otherwise, including retention of all invoices, order forms, payroll records, cash register tapes, check records, bank deposit receipts, sales tax records, refunds, cash disbursements, journals and general ledgers. Franchisee shall advise Franchisor of the location

of the All American Pet Resorts® Business and Franchisor may reject any location as it deems appropriate. However, Franchisee agrees that Franchisor's assistance in no way constitutes a representation or warranty with respect to the success or viability of the property or the Lease. Franchisee acknowledges that Franchisor's approval of the Pet Resort site indicates only that Franchisor believes that the site falls within acceptable criteria established by Franchisor as of the approval date. Franchisee shall not change the location of the Pet Resort without the prior written consent of Franchisor.

8.5 Currently, the services provided by Franchisor to Franchisee after Franchisee ~~opens~~ opens the All American Pet Resorts® Business shall include:

(a) Making a representative reasonably available to speak with Franchisee on the telephone during normal business hours, to discuss Franchisee's operational issues and support needs in Franchisor's discretion and as Franchisor deems appropriate.

(b) Holding periodic conferences to discuss sales techniques, new Product developments, bookkeeping, training, accounting, inventory control, performance standards, advertising programs, merchandising procedures and other topics in Franchisor's discretion and as Franchisor deems appropriate. Franchisee must pay all its travel and living expenses to attend.

(c) Franchisor may also hold mandatory biennial or annual conferences and conventions to discuss sales techniques, new Service and Product developments, training, bookkeeping, accounting, performance standards, advertising programs, merchandising procedures and other topics in Franchisor's discretion and as Franchisor deems

appropriate. Unless Franchisee received express written consent from the Franchisor not to attend the convention, Franchisee must attend any such franchise conference and convention. Franchisee must pay the conference fee, if any, and all personal travel and living expenses. Informing Franchisee of mandatory specifications, standards and procedures for the operations of the All American Pet Resorts Business in Franchisor's discretion and as Franchisor deems appropriate.

(d) Researching new Products, Services and training methods, from time to time, and providing Franchisee with information concerning developments of this research in Franchisor's discretion and as Franchisor deems appropriate.

(e) Maintaining the Brand Development Fund and using these funds to ~~develop~~ develop promotional and advertising programs and public relations coverage for All American Pet Resorts® Businesses in Franchisor's discretion and as Franchisor deems appropriate.

(f) Providing advertising materials to Franchisee in the form of a graphic art package included in the Operations Manual and as further provided in Section 12.

(g) A representative of Franchisor may provide additional assistance in Franchisor's discretion and as Franchisor deems appropriate. There may be additional charges for this additional assistance. If Franchisor provides additional assistance,

reduction in Gross Revenues (subject to seasonal factors that may be applicable to the Territory), and a 30% reduction in profitability from the average profitability during the previous 12 months (subject to seasonal factors that may be applicable to the Territory) would be considered a material reduction in profitability.

9.7 Franchisor may require Franchisee's compliance with the provisions of this ~~Section~~

Section 9 even if it does not require such compliance by all franchisees.

9.8 If Franchisee is an individual, Franchisee must have day-to-day management of ~~the~~ the Business, direct on-site supervision and personally participate in the direct operation of the Business and attend required conferences and meetings. If Franchisee is a corporation or other business entity, if Franchisee has, in Franchisor's sole judgment, insufficient experience in a business similar to the franchise or experience in business management in general, or if Franchisee so desires, then Franchisee shall nominate a Designated Business Manager having the required experience who shall have direct responsibility for all operations of the All American Pet Resorts® Business. Franchisee is required to immediately notify Franchisor in writing of any change in your Designated Business Manager. Any new Designated Business Manager must

rejects the fair market value determination made by Franchisor's designated appraiser, Franchisee may, within ten (10) days of receiving the appraisal, select its own appraiser to determine the fair market value of the assets. Within ten (10) days of receiving the appraisal from Franchisee's designated appraiser, Franchisor will have the right to rescind its offer to purchase the assets. If the appraisals set by the two appraisers differ by 10% or less, the fair market value of the assets will be the average of the two appraisals. If, however, the appraisals set by the two appraisers differ by more than 10%, Franchisor and Franchisee will have ten (10) days to reach an agreement regarding the fair market value of the assets. If an agreement cannot be reached within the ten (10) day time period, the two appraisers will select a third appraiser to determine the fair market value of the assets. Unless Franchisor rescinds its offer to purchase within ten (10) days of receiving the third appraisal, the amount set by the third appraiser will be conclusive and binding on Franchisor and Franchisee. Franchisor and Franchisee will each be responsible for all costs associated with the appraiser they select. The cost for the third appraiser will be paid by the party whose designated appraiser's appraisal was the furthest away from the third appraiser's appraisal.

17.4 If Franchisor elects to exercise any option to purchase provided in this Section 17, Franchisor will have the right to set off all amounts due from Franchisee under the Franchise Agreement or any other agreements between the parties, any commissions or fees payable to any broker, agent or other intermediary and the cost of the appraisal, if any, against any payment. Franchisee shall also have the right to substitute cash for any other form of consideration specified in the Purchase Offer and to pay in full the entire purchase price at the time of closing.

17.5 Franchisor will notify Franchisee of its intention to exercise or not exercise its rights to purchase ("Notice of Intent") within sixty (60) days following an event described in Section 17.1(a) or 17.1(b) or within thirty (30) days following an event described in Section 17.1(c). The Notice of Intent will specify the assets to be purchased, and the current fair market value as determined by Franchisor if Section 17.1(a) or 17.1(b) is applicable. In the event Franchisor is purchasing the assets pursuant to Sections 17.1(a) or 17.1(b), Franchisee will have 14 days following receipt of Franchisor's Notice of Intent to object to any of the prices specified therein, and any disputes over pricing shall be resolved through appraisal as specified by Section 17.3. If Franchisor declines to exercise its rights under this Section within the thirty (30) or sixty (60) day period described above, as applicable, Franchisee may thereafter sell or dispose of the All American Pet Resorts® Business to any third party in the event of a sale under Section 17.1(a) or 17.1(b) or to the third party identified in the Purchase Offer in the event of a sale under Section 17.1(c), but not at a lower price nor on more favorable terms than set forth in the Purchase Offer, if any, or the Notice of Intent and subject to the prior written permission of Franchisor and satisfaction of the other conditions to assignment set forth in Section 16. If the sale to such third party purchaser is not completed within 90 days after Franchisor delivers the Notice of Intent to Franchisee, Franchisor shall again have the right of first refusal provided in this Agreement.

17.6 If Franchisor provides Franchisee with its Notice of Intent to exercise its rights under this Section 17, the purchase and sale contemplated in this Section shall be consummated as soon as possible. In the event Franchisor is purchasing the assets pursuant to Sections 17.1(a) or 17.1(b), following the delivery of a Notice of Intent as specified in Section 17.5, Franchisor or

Franchisor's designee shall have the immediate right to take possession of the All American Pet

correct such failure within 10 days (or 30 days if this is the first non-compliance or breach) after written notice from Franchisor (which shall describe the action that Franchisee must take) is delivered to Franchisee.

18.3 Notwithstanding the foregoing, if the breach is curable, but is of a nature which cannot be reasonably cured within such 30 day period and Franchisee has commenced and is continuing to make good faith efforts to cure the breach during such 30 day period, Franchisee shall be given an additional reasonable period of time to cure the same, but in no event longer than 30 additional days. In the event Franchisee participates in a Future Royalty Pre PayPurchase Program or Mid Term Pre Pay Royalty Program and the breach is curable, but is of a nature which cannot be reasonably cured within such 30 day period and Franchisee has commenced and is continuing to make good faith efforts to cure the breach during such 30 day period, Franchisee shall be given an additional reasonable period of time to cure the same, but in no event longer than 90 additional days. If Franchisee fails to reasonably cure the breach, they shall forfeit all prepaid royalty fees.

18.4 A termination of this Agreement by Franchisee shall be deemed to be a termination without cause and a breach hereof, by Franchisee. Franchisee agrees that it shall not, on grounds of an alleged nonperformance by Franchisor of any of its obligations or any other reason, withhold payment of any amount due to Franchisor whatsoever or set off amounts owed to Franchisor under this Agreement, against any monies owed to Franchisee, which right of set off is hereby expressly waived by Franchisee.

18.5 No endorsement or statement on any check or payment of any sum less than the full sum due to Franchisor shall be construed as an acknowledgment of payment in full or an accord and satisfaction, and Franchisor may accept and cash such check or payment without prejudice to its right to recover the balance due or pursue any other remedy provided herein or by law. Franchisor may apply any payments made by Franchisee against any past due indebtedness of Franchisee as Franchisor may see fit. Franchisor may set off against any payment due to Franchisee hereunder any outstanding debts of Franchisee to Franchisor, and may, at Franchisor's option, pay Franchisee's trade creditors out of any sum otherwise due to Franchisee.

18.6 Franchisee agrees to pay within 5 days of the effective date of termination or expiration of the Franchise all amounts owed to Franchisor, the landlord of the Pet Resort or other premises used in the All American Pet Resorts® Business (if applicable) and Franchisee's trade and other creditors which are then unpaid.

18.7 All royalty and advertising contributions, all amounts due for goods purchased by Franchisee from time to time from Franchisor or its Affiliates and any other amounts owed to Franchisor or its Affiliates by Franchisee pursuant to this Agreement or any other agreement shall bear interest after the due date at the rate of 18% per annum or the highest rate permitted by law, whichever is lower, both before and after default, with interest on overdue interest at the aforesaid rate. The acceptance of any interest payment shall not be construed as a waiver by Franchisor of its rights in respect of the default giving rise to such payment and shall be without prejudice to Franchisor's right to terminate this Agreement in respect of such default.

action required by such law or rule shall be substituted for the notice requirements hereof. Such modifications to this Agreement shall be effective only in such jurisdiction and shall be enforced as originally made and entered into in all other jurisdictions.

18.16 In the event of termination of the Agreement for any reason whatsoever the parties shall accept the default remedies contained herein as full and final satisfaction of all claims. The parties waive, to the extent permitted by law, any claim against the other for punitive or exemplary damages; except for such punitive or exemplary damages for violation of the Lanham Act, trademark infringement or dilution, unauthorized dissemination of the Confidential Information or Trade Secrets or arising under the indemnification set out in Section 12.

18.17 The rights of the parties hereto are cumulative and no exercise or enforcement by a party of any right or remedy hereunder shall preclude the exercise or enforcement by that party of any other right or remedy herein contained, or to which it is entitled by law.

18.18 Nothing herein shall prevent Franchisor or Franchisee from seeking injunctive relief to prevent irreparable harm, in addition to all other remedies. If it is necessary for Franchisor to seek preliminary or permanent injunctive relief, Franchisor may do so without a bond.

18.19 The parties acknowledge that in the event that the terms of this Agreement regarding termination or expiration are inconsistent with applicable state or federal law, such law shall govern Franchisee's rights regarding termination or expiration of this Agreement.

19. NOTICES.

19.1 Any notice of default under this Agreement shall be delivered personally, by courier, or via e-mail (with copy via overnight courier) to the appropriate location as designated below. Any other notice, request, demand, approval, consent or other communication which the parties hereto may be required or permitted to be given hereunder shall be in writing and may be given to the party for whom it is intended by personal delivery, facsimile transmission or delivering it to such party by mailing it by prepaid registered mail, or by recognized overnight delivery or courier services, in the case of Franchisor to:

Notices to Franchisor:

ALL AMERICAN PET RESORTS, LLC
41850 West Eleven Mile Road, Suite 202,
Novi, MI 48375
Attention: Chief Operating Officer
AllAmericanPetResorts.com

With a Copy to:
(which shall not constitute notice)

Earsa R. Jackson, Esq.
Clark Hill PLC
901 Main Street, Ste. 6000
Dallas, Texas 75202
ejackson@clarkhill.com

22. ACKNOWLEDGEMENT.

BEFORE SIGNING THIS AGREEMENT, FRANCHISEE SHOULD READ IT CAREFULLY WITH THE ASSISTANCE OF LEGAL COUNSEL.

FRANCHISEE ACKNOWLEDGES THAT:

1. NO STATEMENT, REPRESENTATION OR OTHER ACT, EVENT OR COMMUNICATION, EXCEPT AS SET FORTH IN THIS DOCUMENT, AND IN ANY DISCLOSURE DOCUMENT SUPPLIED TO FRANCHISEE, IS BINDING ON FRANCHISOR IN CONNECTION WITH THE SUBJECT MATTER OF THIS AGREEMENT; AND

2. FRANCHISEE HAD A COMPLETE COPY OF THIS AGREEMENT, WITH ~~ALL~~ ALL BLANKS FILLED IN, IN ITS POSSESSION FOR A PERIOD OF TIME NOT LESS THAN 5 FULL BUSINESS DAYS, DURING WHICH TIME FRANCHISEE HAD THE OPPORTUNITY TO SUBMIT SAME FOR PROFESSIONAL REVIEW AND ADVICE OF FRANCHISEE'S CHOOSING PRIOR TO FREELY EXECUTING THIS AGREEMENT. FRANCHISEE ACKNOWLEDGES THAT IT HAS HAD AMPLE TIME AND OPPORTUNITY TO INVESTIGATE FRANCHISOR'S ALL AMERICAN PET RESORTS® BUSINESS AND TO CONSULT WITH LEGAL AND FINANCIAL ADVISORS OF ITS CHOICE; AND

3. FRANCHISEE HAS CONDUCTED AN INDEPENDENT INVESTIGATION ~~OF~~ OF THE SYSTEM AND RECOGNIZES THAT THE ALL AMERICAN PET RESORTS® BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT AND ITS SUCCESS INVOLVES SUBSTANTIAL BUSINESS RISK AND WILL BE LARGELY DEPENDENT UPON THE ABILITY OF FRANCHISEE AS AN INDEPENDENT BUSINESS PERSON AND ITS ACTIVE PARTICIPATION IN THE DAILY AFFAIRS OF THE ALL AMERICAN PET RESORTS® BUSINESS. FRANCHISEE HEREBY ASSUMES THE RESPONSIBILITY FOR ITS SUCCESS OR FAILURE OF THE ALL AMERICAN PET RESORTS® BUSINESS VENTURE; AND

**ATTACHMENT A
TO FRANCHISE AGREEMENT**

INITIAL FRANCHISE FEE

Initial Franchise Fee – Check one:

- First All American Pet Resorts® Business ~~\$69,500~~60,000
~~\$69,500~~60,000 paid by Franchisee to Franchisor with the execution of this Agreement.

- Second All American Pet Resorts® Business \$50,000
\$50,000 paid by Franchisee to Franchisor with the execution of this Agreement.

FRANCHISOR:

FRANCHISEE:

ALL AMERICAN PET RESORTS, LLC

By: _____ By: _____

Title: _____ Title: _____

**ATTACHMENT C
TO FRANCHISE AGREEMENT**

GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of the Franchise Agreement executed between _____ (“Franchisee”) and All American Pet Resorts LLC (“Franchisor”) on _____, _____ (“Agreement”) each of the undersigned hereby personally and unconditionally:

1. Guarantees to Franchisor and its successors and assigns, for the Operating Term, including any Interim Period thereof, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and

2. Agrees to be personally bound by and personally liable for the breach of, each and every provision in the Agreement, including but not limited to the terms of Section 15.

Each of the undersigned waives the following:

1. Acceptance and notice of acceptance by Franchisor of the foregoing undertaking;

2. Notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;

3. Protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;

4. Any right he or she may have to require that any action be brought against Franchisee or any other person as a condition of liability; and

5. Any and all other notices and legal or equitable defenses to which he or she may ~~be~~ be entitled.

Each of the undersigned consents and agrees that:

6. His or her direct and immediate liability under this guaranty shall be joint and several;

7. He or she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so;

8. Such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and

9. Such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person, including without limitation the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any

**ATTACHMENT D
TO FRANCHISE AGREEMENT
STATEMENT OF OWNERSHIP**

Franchisee: _____

Trade Name (if different from above): _____

Form of Ownership
(Check One)

Individual ____ Partnership ____ Corporation ____ Limited Liability Company

If a Partnership, provide name and address of each partner* showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a Corporation, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder* showing what percentage of stock is owned by each.

If a Limited Liability Company, give the state and date of formation, the name and address of the manager(s), and list the names and addresses of every member* and the percentage of membership interest held by each member.

If a Trust, Individual Retirement Account, or other retirement vehicle identify all beneficial interest holders.

~~_____ If Franchisee intends to utilize a Designated Business Manager, identify name and address of desired Designated Business Manager. Franchisee acknowledges that any Designated Business Manager must successfully complete Franchisor's initial training prior to assuming his or her duties. If Franchisee desires to substitute a new Designated Business Manager, Franchisee must immediately notify Franchisor in writing; and the proposed new Designated Business Manager must successfully complete Franchisor's initial training prior to assuming his or her duties.~~

_____ Franchisee acknowledges that this Statement of Ownership applies to the All American ~~Pet~~ Pet Resorts® Business authorized under the Franchise Agreement.

**ATTACHMENT F
TO FRANCHISE AGREEMENT**

**COLLATERAL ASSIGNMENT OF TELEPHONE NUMBERS AND
TELEPHONE LISTINGS AND INTERNET ADDRESSES**

THIS ASSIGNMENT is entered into this ____ day of _____, 20__, in accordance with the terms of the All American Pet Resorts® Franchise Agreement (“Franchise Agreement”) between _____ (“Franchisee”) and All American Pet Resorts, LLC (“Franchisor”), executed concurrently with this Assignment, under which Franchisor granted Franchisee the right to own and operate an All American Pet Resorts® Business (“Franchise Business”) located at _____.

FOR VALUE RECEIVED, Franchisee hereby assigns to Franchisor (1) those certain telephone numbers and regular, classified or other telephone directory listings (collectively, the “Telephone Numbers and Listings”) and (2) those certain Internet website addresses (“URLs”) associated with Franchisor’s trade and service marks and used from time to time in connection with the operation of the Franchise Business at the address provided above. This Assignment is for collateral purposes only and, except as specified herein, Franchisor shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless Franchisor shall notify the telephone company and/or the listing agencies with which Franchisee has placed telephone directory listings (all such entities are collectively referred to herein as “Telephone Company”) and/or Franchisee’s Internet service provider (“ISP”) to effectuate the assignment pursuant to the terms hereof.

Upon termination or expiration of the Franchise Agreement (without the extension of Franchisee’s rights to operate the Franchise Business), Franchisor shall have the right and is hereby empowered to effectuate the assignment of the Telephone Numbers and Listings and the URLs, and, in such event, Franchisee shall have no further right, title or interest in the Telephone Numbers and Listings and the URLs, and shall remain liable to the Telephone Company and the ISP for all past due fees owing to the Telephone Company and the ISP on or before the effective date of the assignment hereunder.

Franchisee agrees and acknowledges that as between Franchisor and Franchisee, upon termination or expiration of the Franchise Agreement, Franchisor shall have the sole right to, and interest in, the Telephone Numbers and Listings and the URLs, and Franchisee irrevocably appoints Franchisor as Franchisee’s true and lawful attorney-in-fact, which appointment is coupled with an interest, to direct the Telephone Company and the ISP to assign same to Franchisor, and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, Franchisee shall immediately notify the Telephone Company and the ISP to assign the Telephone Numbers and Listings and the URLs to Franchisor. If Franchisee fails to promptly direct the Telephone Company and the ISP to assign the Telephone Numbers and Listings and the URLs to Franchisor, Franchisor shall direct the Telephone Company and the ISP to effectuate the assignment contemplated hereunder to Franchisor. The parties agree that the Telephone Company and the ISP may accept Franchisor’s written direction, the Franchise Agreement or this Assignment as conclusive proof of Franchisor’s exclusive rights in and to the Telephone Numbers and Listings and the URLs upon such ~~termination or expiration~~

termination or expiration and that such assignment shall be made automatically and effective immediately upon Telephone Company's and ISP's receipt of such notice from Franchisor or Franchisee. The parties further agree that if the Telephone Company or the ISP requires that the parties execute the Telephone Company's or the ISP's assignment forms or other documentation at the time of termination or expiration of the Franchise Agreement, Franchisor's execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement.

ASSIGNEE:

ASSIGNOR:

ALL AMERICAN PET RESORTS, LLC

By: _____ By: _____

Its: _____ Its: _____

**ATTACHMENT G
TO FRANCHISE AGREEMENT**

LEASE ADDENDUM

This Addendum to Lease, dated _____, 20 __, is entered into by and between _____ (“Lessor”), _____ (“Lessee”), and All American Pet Resorts, LLC (“Franchisor”).

A. The parties hereto have entered into a certain Lease Agreement, dated _____, 20 __, and pertaining to the premises located at _____ (“Lease”).

B. Lessor acknowledges that Lessee intends to operate an All American Pet Resorts® franchise from the leased premises (“Premises”) pursuant to a Franchise Agreement (“Franchise Agreement”) with All American Pet Resorts, LLC (“Franchisor”) under the name “All American Pet Resorts®” or other name designated by Franchisor (herein referred to as “Franchised Business”).

C. The parties now desire to amend the Lease in accordance with the terms and conditions contained herein.

NOW, THEREFORE, it is hereby mutually covenanted and agreed between Lessor, Lessee, and Franchisor as follows:

1. Remodeling and Decor. Lessor agrees that Lessee shall have the right to remodel, equip, paint and decorate the interior of the Premises and to display the proprietary marks and signs on the interior and exterior of the Premises as Lessee is reasonably required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which Lessee may operate a Franchised Business on the Premises.

2. Rental Rate Increases. Lessor shall not increase the amount of payments required to be made by Lessee under the Lease without the prior written consent of both Lessee and Franchisor.

3. Assignment. Lessee shall have the right to assign all of its right, title and interest in the Lease to Franchisor or Franchisor's parent, subsidiary, or affiliate, (including another franchisee) at any time during the term of the Lease, including any extensions or renewals thereof, without first obtaining Lessor’s consent in accordance with the Collateral Assignment of Lease attached hereto as Attachment G-1. However, no assignment shall be effective until such time as Franchisor or its designated affiliate gives Lessor written notice of its acceptance of the assignment, and nothing contained herein or in any other document shall constitute Franchisor or its designated subsidiary or affiliate a party to the Lease, or guarantor thereof, and shall not create any liability or obligation of Franchisor or Franchisor's parent unless and until the Lease is assigned to, and accepted in writing by, Franchisor or Franchisor's parent, subsidiary or affiliate. In the event of any assignment, Lessee shall remain liable under the terms of the Lease. ~~Franchisor shall~~

Franchisor shall have the right to reassign the Lease to another franchisee without the Landlord's consent in accordance with Section 4(a).

4. Default and Notice.

(a) In the event there is a default or violation by Lessee under the terms of the Lease, Lessor shall give Lessee and Franchisor written notice of the default or violation within a reasonable time after Lessor receives knowledge of its occurrence. If Lessor gives Lessee a default notice, Lessor shall contemporaneously give Franchisor a copy of the notice. Franchisor shall have the right, but not the obligation, to cure the default. Franchisor will notify Lessor whether it intends to cure the default and take an automatic assignment of Lessee's interest as provided in Paragraph 4(a). Franchisor will have an additional fifteen (15) days from the expiration of Lessee's cure period in which it may exercise the option, but it is not obligated to cure the default or violation.

(b) All notices to Franchisor shall be sent by registered or certified mail, postage prepaid, or by a recognized overnight courier or delivery services to the following address:

All American Pet Resorts, LLC
41850 West Eleven Mile Road, Suite 202
Novi, MI 48375
Attention: President

Franchisor may change its address for receiving notices by giving Lessor written notice of the new address. Lessor agrees that it will notify both Lessee and Franchisor of any change in Lessor's mailing address to which notices should be sent.

(c) Following Franchisor's approval of the Lease, Lessee agrees not to terminate, or in any way alter or amend the same during the Operating Term of the Franchise Agreement or any Interim Period thereof without Franchisor's prior written consent, which consent shall be granted or denied as Franchisor deems appropriate, and any attempted termination, alteration or amendment shall be null and void and have no effect as to Franchisor's interests thereunder; and a clause to the effect shall be included in the Lease.

5. Termination, Expiration or Non-renewal.

(a) Upon Lessee's default and failure to cure the default within the applicable cure period, if under either the Lease or the Franchise Agreement or Lessee's failure to exercise its renewal options under the Lease, Franchisor will, at its option, have the right, but not the obligation, to take an automatic assignment of Lessee's interest and at any time thereafter to reassign the Lease to a new franchisee without Landlord's consent and to be fully released from any and all liability to Landlord upon the reassignment, provided Franchisee agrees to assume Lessee's obligations and the Lease

(b) Upon the expiration or termination of either the Lease or the Franchise Agreement, Landlord will cooperate with and assist Franchisor in securing possession of the

will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Lessor, to remove all signs, awnings, and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect the All American Pet Resorts® marks and system, and to distinguish the Premises from a Franchised Business. In the event Franchisor exercises its option to purchase assets of Lessee, Lessor shall permit Franchisor to remove all the assets being purchased by Franchisor.

6. Consideration; No Liability.

(a) Lessor hereby acknowledges that the provisions of this Addendum to Lease are required pursuant to the Franchise Agreement under which Lessee plans to operate its business and Lessee would not lease the Premises without this Addendum. Lessor also hereby consents to the Collateral Assignment of Lease from Lessee to Franchisor as evidenced by Attachment G-1.

(b) Lessor further acknowledges that Lessee is not an agent or employee of Franchisor and Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any affiliate of Franchisor, and that Lessor has entered into this Addendum to Lease with full understanding that it creates no duties, obligations or liabilities of or against Franchisor or any affiliate of Franchisor.

7. Sales Reports. If requested by Franchisor, Lessor will provide Franchisor with whatever information Lessor has regarding Lessee’s sales from its Franchised Business.

8. Amendments. No amendment or variation of the terms of the Lease or this Addendum to the Lease shall be valid unless made in writing and signed by the parties hereto.

9. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions and covenants of the Lease shall remain in full force and effect and are incorporated herein by reference and made a part of this Agreement as though copies herein in full.

10. Beneficiary. Lessor and Lessee expressly agree that Franchisor is a third-party beneficiary of this Addendum.

IN TESTIMONY WHEREOF, witness the signatures of the parties hereto as of the day, month and year first written above.

LESSOR:

LESSEE:

By: _____

By: _____

Title: _____

Title: _____

Title:

Title:

FRANCHISOR: ALL AMERICAN PET RESORTS, LLC

By: _____

Title: _____

**ATTACHMENT G-1
TO FRANCHISE AGREEMENT**

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, as of the ____ day of _____, 20__ (“Effective Date”), the undersigned, _____ (“Assignor”), hereby ~~assigns;~~ assigns, transfers and sets over unto All American Pet Resorts, LLC (“Assignee”) all of Assignor’s right, title and interest as tenant, in, to and under that certain lease, a copy of which is attached hereto as Exhibit A (“Lease”) with respect to the premises located at _____ . This Collateral Assignment of Lease (“Assignment”) is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Assignee shall take possession of the premises demised by the Lease pursuant to the terms hereof and shall assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under that certain franchise agreement for an All American Pet Resorts® Franchised Business between Assignee and Assignor (“Franchise Agreement”), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in the event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Through the Operating Term of the Franchise Agreement and any Interim Period thereof, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

[Signatures on following page]

**ADDENDUM
RELATING TO**

ALL AMERICAN PET RESORTS, LLC

FRANCHISE AGREEMENT

THIS ADDENDUM (Addendum) is made and entered into on _____, 20____, by ALL AMERICAN PET RESORTS, LLC, a Michigan limited liability company, located at 41850 West Eleven Mile Road, Suite 202, Novi, MI 48375 (“Franchisor”) and (“Franchisee”) _____, located at _____.

Recitals. Franchisor and Franchisee entered into a Franchise Agreement on 20__, (“Franchise Agreement”). The Franchisee agreed among other things to operate and maintain a franchise located at _____ Franchisee _____ has _____ obtained _____ from _____ a lender a loan (“Loan) in which funding is provided with the assistance of the United States Small Business Administration (“SBA”). SBA requires the execution of this Addendum as a condition for obtaining the SBA assisted financing.

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable considerations in hand paid by each of the parties to the others, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

- The Franchise Agreement is in full force and effect, and Franchisor has sent no ~~official~~ official notice of default to Franchisee under the Franchise Agreement that remains uncured on the date hereof.
- Franchisor will not unreasonably withhold, delay or condition its consent to any proposed transfer or assignment by Franchisee which requires Franchisor’s consent under Section 16.4 of the Franchise Agreement.
- If the franchisor must operate the business under Section 8.7 of the Franchise Agreement, Franchisor will operate the business for 90 days, renewable as necessary for up to one year, and the Franchisor will periodically discuss the status with the franchisee or its heirs.
- This Addendum automatically terminates on the earliest to occur of the following: ~~(i)~~ (i) a Termination occurs under the Franchise Agreement; (ii) the Loan is paid; or (iii) SBA no longer has any interest in the Loan.

ATTACHMENT I
TO FRANCHISE AGREEMENT

TERMS OF FUTURE ROYALTY PRE PAYPURCHASE PROGRAM (Patent Pending)

1. Pre-Term Royalty Purchase Future Royalty Pre Pay Program (Initial Term)

At the time of executing a new Franchise Agreement, an approved candidate may have the opportunity to participate in our Pre-Term Royalty Purchase Future Royalty Pre Pay Program (“FRPPPre-Term RPP”), whereby Franchisee would be permitted to pay, up front, a fixed value for all future royalty fees for the initial term of the Franchise Agreement of ten (10) years, plus up to one (1) additional ten (10) year term according to the following calculation: Seventy-five percent (75%) of the prior calendar year average unit revenue for all units in operation a minimum of ten (10) years multiplied by ten (10) years, multiplied by the then current royalty fee (see Example 1 below). Franchisees participating in this Pre-Term RPPFRPPP will not be required to pay any additional royalties for their initial term and up to one (1) renewal term. Franchisor reserves the right to limit the number or percentage of franchisees who are approved to participate in this Pre-Term RPPFRPPP for any given year. Franchisor reserves the right to suspend or discontinue this Pre-Term RPPFRPPP at any time. Franchisor will honor all prior approved elections to participate in this Pre-Term RPPFRPPP should it suspend or discontinue offering this Pre-Term RPPFRPPP in the future. While this FRPPP will establish and define the Royalty Fee for the duration of the participation in the FRPPP, Franchisee must be approved by Franchisor and execute the then current franchise agreement upon renewal. An addendum will be attached to any renewal agreement to acknowledge pre payment of any Royalty Fee during the renewal term consistent with the FRPPP. All Royalty Fees pre-paid under this Pre-Term RPPFRPPP are non-refundable. The Program is limited to a total of two (2) consecutive ten (10) year terms.

Example 1: 10-year initial term: \$1,585,976 1,730,288 average unit revenue * 75% * 10 years * 7% royalty fee = \$832,637,908,401. 10 year renewal term: \$1,730,288 average unit revenue * 75% * 10 years * 7% royalty fee = \$908,401. Total prepaid Royalty Fees = \$1,816,802.

2. Mid-Term Royalty Pre PayPurchase Program

At the time an existing franchisee completes their fifth (5th) full year of operation, they will have the opportunity to participate in our Mid-Term Royalty Pre PayPurchase Program (“MTRPPMid-Term RPP”), whereby Franchisee would be permitted to pay a fixed value for all future royalty fees according to the following calculation: Seventy-five percent (75%) of the prior calendar year average unit revenue for all units in operation a minimum of ten (10) years multiplied by five (5) years multiplied by the then current royalty fee (see Example 2 below). Franchisees electing to participate in the Mid-Term RPPMTRPPP will not be required to pay any additional royalties for the remainder of their initial term and up to one (1) renewal term. The term of the Mid-Term RPPMid Term Royalty Pre Pay Program will run the remaining duration of the existing franchise term, plus up to one (1) additional ten (10) year term so long as Franchisee is approved by Franchisor and executes the then current franchise agreement upon renewal. An addendum will be attached to any

ALL AMERICAN PET RESORTS, LLC

renewalexisting franchise agreement to waive any remaining Royalty Fee during the renewal balance of the initial term consistent with the Mid-Term RPPMTRPPP. All Royalty Fees prepaid under this Mid-Term RPPMTRPPP are non-refundable. Franchisor reserves the right to limit the number or percentage of franchisees who elect to participate in this Mid-Term RPPMTRPPP for any given year. Franchisor reserves the right to terminate this offering at any time. Franchisor will honor all prior elections to participate in this Mid-Term RPPMTRPPP should it discontinue offering this Mid-Term RPPMTRPPP in the future. All Royalty Fees pre paid under this MTRPPP are non refundable. The MTRPPP is limited to a total of fifteen (15) years.

Example 2: Remainder of 5-year term: \$1,585,976 1,730,288 average unit revenue * 75% * 5 years * 7% royalty fee = \$416,319454,200. 10 year renewal term: \$1,730,288 average unit revenue * 75% * 10 years & 7% royalty fee = \$908,401. Total prepaid Royalty Fees = \$1,362,601.

3. Post-Term Royalty Purchase Program (Renewal Term)

At the time of executing a renewal Franchise Agreement, an approved candidate may have the opportunity to participate in our Post-Term Royalty Purchase Program (“Post-Term RPP”), whereby Franchisee would be permitted to pay, up front, a fixed value for all future royalty fees for the renewal term of the Franchise Agreement of ten (10) years: Seventy-five percent (75%) of the prior calendar year average unit revenue for all units in operation a minimum of ten (10) years multiplied by ten (10) years, multiplied by the then current royalty fee (see Example 3 below). Franchisees participating in this Post-Term RPP will not be required to pay any additional royalties for their renewal term. Franchisor reserves the right to limit the number or percentage of franchisees who are approved to participate in this Post-Term RPP for any given year. Franchisor reserves the right to suspend or discontinue this Post-Term RPP at any time. Franchisor will honor all prior approved elections to participate in this Post-Term RPP should it suspend or discontinue offering this Post-Term RPP in the future. While this Post-Term RPP will establish and define the Royalty Fee for the duration of the participation in the Post-Term RPP for one renewal term, Franchisee must be approved by Franchisor and execute the then current franchise agreement upon renewal. An addendum will be attached to any renewal agreement to acknowledge pre-payment of any Royalty Fee during the renewal term consistent with the Post-Term RPP. All Royalty Fees pre-paid under this Post-Term RPP are non-refundable.

Example 1: 10-year initial term: \$1,730,288 average unit revenue * 75% * 10 years * 7% royalty fee = \$908,401.

MARYLAND ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT

Item 1, Additional Disclosures. The following statements are added to Item 1:

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

Item 17, Additional Disclosures. The following statements are added to Item 17:

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

The “Summary” column of Item 17(H) of the Disclosure Document, pertaining to “Cause defined – defaults that cannot be cured” is supplemented to state that any provision in the Franchise Agreement which terminates the franchise upon the bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law.

Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law, provided that the Franchise Agreement may provide for arbitration in a forum outside of Maryland.

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

Exhibit H, Statement of Franchisee. The following statement is added to the Statement of Franchisee:

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.

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.

ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR MARYLAND FRANCHISEES

This Addendum to Franchise Agreement (“**Franchise Agreement**”) dated _____ between All American Pet Resorts, LLC (“Franchisor”) and _____ (“**Franchisee**”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of Maryland; (b) Franchisee is a resident of the State of Maryland; and/or (c) the Franchised Business will be located or operated in the State of Maryland.

2. The following sentence is added to the end of Sections 2 and 22:

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.

3. The following sentence is added to the end of Sections 4.2(c) and 16.7(c):

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

4. The following sentence is added to the end of Sections 20.2, 20.3 and 21.1:

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. The following sentence is added to the Franchise Agreement:

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.

~~5~~6. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

6. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

MINNESOTA ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT

Item 17, Additional Disclosures. The following statements are added to Item 17:

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

Exhibit H, Statement of Franchisee. The following statement is added to the Statement of Franchisee:

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

MINNESOTA ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR MINNESOTA FRANCHISEES

1. Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
2. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
3. The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
4. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
5. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
6. The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.
7. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

(Signature of Franchisee)

(Name of Franchisee)

(Title)

EXHIBIT H

STATEMENT OF FRANCHISEE

[Note: Dates and Answers Must be Completed in the Prospective Franchisee’s Own Handwriting]

Do not sign this Statement if you are a resident of Maryland or the business is to be operated in Maryland.

In order to make sure that no misunderstanding exists between you, the Franchisee, and us, All American Pet Resorts, LLC (also called “All American Pet Resorts®”, the “Franchisor” or “we”) and to make sure that no violations of law might have occurred, and understanding that we are relying on the statements you make in this document, you assure us as follows:

A. The following dates are true and correct:

- | | Date | Initials | |
|----|--------|----------|--|
| 1. | , 20__ | _____ | The date on which I received a Franchise Disclosure Document regarding the All American Pet Resorts® Business. |
| 2. | , 20__ | _____ | The date of my first face to face meeting with Marketing Representative to discuss a possible purchase of an All American Pet Resorts® Business. |
| 3. | , 20__ | _____ | The date on which I received a completed copy (other than signatures) of the Franchise Agreement which I later signed. |
| 4. | , 20__ | _____ | The date on which I signed the Franchise Agreement. |
| 5. | , 20__ | _____ | The earliest date on which I delivered cash, check or other consideration to the Marketing Representative or an officer of Franchisor. |

B. Representations.

1. No oral, written, visual or other promises, agreements, commitments, representations, understandings, “side agreements,” options, right-of-first-refusal or otherwise have been made to or with me with respect to any matter (including but not limited to advertising, marketing, site location, operational, marketing or administrative assistance, exclusive rights or exclusive or protected territory or otherwise), nor have I relied in any way on same, except as expressly noted in the Franchise Agreement, the Disclosure Document or an attached written Addendum signed by All American Pet Resorts® and me, except as follows: _____

and e) the most important factors in the success of any All American Pet Resorts® Business, including the one to be operated by me, are my personal business skills, which include marketing, sales, and management, and require sound judgment and extremely hard work.

8. I understand that the occurrence of an economic crisis and financial situation, whether nationally, regionally, or locally, could have a negative impact on the pet care industry, the All American Pet Resorts® System and my All American Pet Resorts® Business and that the economic situation may worsen.

If there are any matters inconsistent with the statements in this document or if anyone has suggested that you sign this document without all of its statements being true, correct and complete, immediately inform All American Pet Resorts® (Phone: (248) 449-2949) and our president.

You understand and agree that we do not furnish, or authorize our salespersons, brokers or others to furnish any oral or written information concerning actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or information from which such items might be ascertained), from franchise or non-franchised units, that no such results can be assured or estimated, and that actual results will vary from unit to unit.

You understand and agree to all provisions notes above and represent and warrant that all of the above statements are true, correct and complete.

PROSPECTIVE FRANCHISEE:

MARKETING REPRESENTATIVE:

Date: _____ Date: _____

REVIEWED BY FRANCHISOR: _____

ALL AMERICAN PET RESORTS, LLC

By: _____

Its: _____

Date:

~~Date:~~ _____

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State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
Florida Indiana	July 10 May 13, 2023 2024
Indiana Maryland	May 15, 2023 Pending
Michigan	August 11 13, 2023 2024
North Carolina Minnesota	July 6, 2021 * Pending
Texas	May 15, 2006 *
Virginia	May 24, 2023
New York	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

~~*Denotes One-Time Filing, perpetual registration~~

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 All American Pet Resorts, LLC offers you a franchise, All American Pet Resorts, LLC must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale or grant.

Iowa, New York, Oklahoma and Rhode Island require that All American Pet Resorts, LLC gives you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan and Oregon require that All American Pet Resorts, LLC gives 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 All American Pet Resorts, 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, DC 20580, and the appropriate state agency identified on Exhibit E.

The franchisor is All American Pet Resorts, LLC located at 41850 West Eleven Mile Road, Suite 202, Novi, MI, 48375. Its telephone number is (248) 513-3006.

Issuance Date: April 30, 2024, [as amended August 14, 2024](#)

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

- Stephan Dimitroff, 41850 West Eleven Mile Road, Suite 202, Novi, MI, (248) 513-300 48375
 - Arthur Rimbold, 41850 West Eleven Mile Road, Suite 202, Novi, MI, (248) 513-300 48375
 -
- | Name | Address | Phone Number |
|------|---------|--------------|
|------|---------|--------------|

All American Pet Resorts® authorizes the respective state agencies identified on Exhibit E to receive service of process for it in the particular state.

I received a disclosure document dated April 30, 2024 that included the following Exhibits: (A) Financial Statements; (B) Franchise Agreement; (C) List of Franchisees; (D) Trademark-Specific Franchisee Organizations; (E) List of State Administrators and Agents for Service of Process; (F) State-Specific Addenda to Disclosure Document and Franchise Agreement; (G) Nondisclosure and Non-Competition Agreement; (H) Statement of Franchisee; (I) Operations Manual Table of Contents; (J) Application and Confidentiality Agreement; (K) Form General Release of Claims; and (L) Receipt.

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- Stephan Dimitroff, 41850 West Eleven Mile Road, Suite 202, Novi, MI, (248) 513-300 48375
- Arthur Ribold, 41850 West Eleven Mile Road, Suite 202, Novi, MI, (248) 513-300 48375

Name Address Phone Number

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Date

AAPR FDD 2024

Signature

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Printed Name