

Special Risks to Consider About *This Franchise*

Certain states require that the following risks be highlighted:

1. **Out-of-State Dispute Resolution.** The Franchise Agreement requires you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in Nevada. Out-of-state mediation and litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate, arbitrate, and litigate with the franchisor in Nevada than in your own state.
2. **Governing Law.** The Franchise Agreement states that Nevada law governs the Franchise Agreement, and this law may not provide the same protection and benefits as local law. You may want to compare these laws.
3. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments regardless of your sales levels. Your inability to make the payments may result in the termination of your franchise and the loss of your investment.
4. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
5. **Going Concern.** The auditor's report on the franchisor's financial statements expresses substantial doubt about the franchisor's ability to remain in business. This means that the franchisor may not have the financial resources to provide services or support to you.

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

territory (a “Designated Marketing Area”) inside of which we will not grant any other entity the right to operate a Business subject to certain exceptions. You may operate a Home Business or an Office Business depending on your preference and our approval. Other franchisees may operate under different forms of agreements and our obligations and rights with respect to our other franchisees may differ materially in certain circumstances. You will sign your Franchise Agreement in your personal capacity and transfer it to a business entity with a personal guarantee obligation during your initial training process. The current form of Franchise Agreement is attached to the FDD as Exhibit B.

Market for Services of Your Business and Competition

The target market for your Business are owners, investors, and operators of cannabis- and CBD-related farms, chemical processing plants, product manufacturers, testing laboratories, wholesale and retail distributors, cannabis dispensaries, delivery services, and similar business ventures. The market for the Services is new, developing, and highly competitive. Businesses compete with other businesses both within and separate from the cannabis industry that offer products and services similar to the Services including, without limitation, national and local accounting chains, national and local bookkeeping providers, and other similar tax-related businesses that may be independent or franchised operations.

Regulation

You must research and comply with all federal, state, and local laws and regulations that apply to the operation of your Business. You must secure and maintain in force all required licenses, permits, and professional certifications relating to the operation of your Business.

In addition to laws and regulations that are applicable to businesses generally, the operation of your Business and your involvement will also be subject to specific local, state, and federal laws and regulations that relate to the particular nature of your Business such as state cannabis licensing laws, the federal Controlled Substances Act, and state and federal banking and tax laws. The possession and sale of cannabis and some of its derivative products is prohibited by federal law. As of the date of the FDD, 40 states (and Washington, D.C.) have established medical cannabis programs, with 24 of those states (and Washington, D.C.) also allowing the recreational use of cannabis and cannabis-related products. Each of these states has its own cannabis licensing and regulatory regime and controls and limits the number of licenses it issues. In those states, your Business will be subject to specific laws regulating cannabis-related businesses and you must ensure your compliance with all such laws. While we expect that more states will legalize cannabis-related enterprises as the industry develops and believe it likely that the federal prohibition of the possession and sale of cannabis will eventually end, we cannot guarantee that the operation of your Business will not expose you to potential civil or criminal liability including claims that your provision of Services constitutes “aiding and abetting” illegal activity. In addition, your legal risks associated with providing Services to cannabis-related businesses may be substantially higher in states that have not legalized cannabis-related enterprises. You must make your own determination as to whether your provision of Services violates any applicable laws and you should consult legal advisors for this purpose. Ultimately, you will operate your Business at your own risk. ~~We do not represent that your provision of Services will be legal under the laws applicable to your Business.~~

The Internal Revenue Service (the “IRS”) requires all tax preparers to become a Registered Tax Preparer (“RTP”) with the IRS to obtain a Preparer Tax Identification Number (“PTIN”). Tax preparers must renew their PTIN each year. You must have a minimum of one RTP working in your Business or an independent contractor from our network who is an RTP. The RTP can be you, any owner, or a non-owner of your Business. Each of your tax preparers must use appropriate diligence in preparing tax returns, verifying tax returns, and submitting their signatures and PTIN on all tax returns they prepare. You are required to retain copies of all tax returns prepared for at least the preceding three years. Each of

your tax preparers is required to comply with the continuing professional education requirements of the state where your Business is located. It is your responsibility to ensure that each of your tax preparers adhere to the above requirements.

The Internal Revenue Code (“IRC”) and the rules and regulations issued under the IRC and by the IRS extensively regulate all aspects of tax preparation businesses including Businesses. You cannot file tax returns electronically unless you qualify for and obtain an electronic filing identification number (an “EFIN”) from the IRS. You can apply for an EFIN by submitting a completed application to the IRS. Instructions for becoming an authorized e-filer and obtaining an EFIN are available on the Internet at <http://www.irs.gov/pub/irs-pdf/p3112.pdf>. The IRS will screen you prior to issuing you an EFIN and you will be unable to obtain an EFIN if you do not pass the IRS’s background suitability check. You may not pass the IRS’s suitability check for a variety of reasons that include, without limitation, (i) an indictment or conviction of any criminal offense under the laws of the United States or of a state or other political subdivision, (ii) being the subject of an active IRS criminal investigation, (iii) a failure to file accurate federal, state, or local tax returns, (iv) a failure to pay any federal, state, or local tax liability, (v) the assessment of fraud penalties, (vi) the suspension or disbarment from practice before the IRS or before a state or local tax agency, (vii) disreputable conduct or other facts that may adversely impact your application, (viii) a misrepresentation on your application, (ix) unethical practices in return preparation, (x) non-compliance with §6695(g) of the IRC, (xi) stockpiling returns prior to official acceptance to participate in the IRS’s e-file program, (xii) knowingly and directly or indirectly employing or accepting assistance from any firm, organization, or individual that has been denied the right to participate in the IRS’s e-file program, or suspended or expelled from participating in the IRS’s e-file program (including any individual whose actions resulted in the denial, suspension, or expulsion of a firm from the IRS’s e-file program), (xiii) knowingly and directly or indirectly accepting employment as an associate, correspondent, or subagent from or sharing fees with any firm, organization, or individual that has been denied the right to participate in the IRS’s e-file program, or suspended or expelled from participating in the IRS’s e-file program (including any individual whose actions resulted in denial, suspension, or expulsion of a firm from the IRS’s e-file program), or (xiv) you have been enjoined from filing returns by a federal or state court injunction or prohibited from filing returns by any federal or state legal action. You cannot operate a Business if you are unable to obtain an EFIN.

The Federal Trade Commission’s Safeguards Rule requires that tax preparers use physical, administrative, and technological means to safeguard confidential client data. The federal Gramm Leach Bliley Act requires that tax preparers advise clients of what type of confidential data they collect, the use made of this data, and the safeguards in place to protect it.

States have laws and regulations governing the preparation of state tax returns and the licensure of state tax preparers. These laws vary from state to state. You are responsible for compliance with all applicable licensure requirements imposed by state and federal law. In addition, most states have regulations regarding the electronic filing of tax returns. However, many states accept the federal suitability testing, so if you can obtain an EFIN from the IRS, you can file many state returns electronically as well. Certain states also have privacy laws and may require tax preparers to purchase a bond. ~~There may be other state laws and regulations that govern the practices of tax preparation businesses including Businesses.~~

In California, tax preparers are governed by the California Business and Professions Code § 22250-22259. In summary, those laws require tax preparers (except Certified Public Accountants, attorneys, and their employees, certain trust companies and businesses, financial institutions regulated by the state or federal government, and persons enrolled to practice before the IRS) to post a bond, possess certain educational attainment in tax preparation, annually complete continuing education in tax

preparation, maintain and furnish tax records to clients, and not engage in dishonest business or advertising practices.

Every Business must comply with all applicable federal, state, county, and municipal building codes, handicap access codes, codes restricting smoking in public places, codes regulating the public posting of notices regarding health hazards, fire safety codes, general emergency preparedness codes, codes regulating the proper use, storage, and disposal of hazardous waste and materials, and other building, fire, and health codes. You must operate your Business in full compliance with all applicable workplace laws, ordinances, and regulations including governmental regulations relating to occupational hazards, health, the Equal Employment Opportunity Commission, the Occupational Safety and Health Administration, discrimination, employment, sexual harassment, worker's compensation, unemployment insurance, and the withholding and payment of federal, state, and local income taxes, social security taxes, and sales and use taxes.

~~There may be other local, state, or federal laws or regulations pertaining to your Business that you must comply with. We strongly suggest that you investigate these laws before buying this franchise.~~

ITEM 2 **BUSINESS EXPERIENCE**

President and Chief Executive Officer: Andrew Hunzicker, CPA

Mr. Hunzicker has been our President and Chief Executive Officer since our incorporation. He has been the Manager of C&C since its organization. He was the Manager of CFO Bend, LLC from October, 2017 to February, 2023. He was the Chief Executive Officer of Ancor Training LLC from February, 2018 to December, 2020. He offered CFO and accounting services as an individual from March, 2010 to January, 2018. All of these positions are or were located in Bend, Oregon.

Raymond J. Guns, CPA: Chief Operations Officer

Mr. Guns has been our Chief Operations Officer since April, 2022. He has been the sole Member of 1st Choice since its organization. He was a Lead Internal Auditor for Johnson Controls from April, 2018 to January, 2022. He was a Senior Financial Auditor for CliftonLarsonAllen from October, 2015 to March, 2018. All of these positions are or were located in Milwaukee, Wisconsin.

Chief Experience Officer: Kristi Vaneé Kim

Ms. Kim has been our Chief Experience Office since December, 2023, in Modesto, California. They were our CFO Success Manager from July, 2022, to November, 2023, in Modesto, California. They have been the Treasurer and a Director of Freedom Grow since June, 2023, in Modesto, California. They have been the Chief Operating Officer of Talmalpais Holding Company since April, 2023, in Modesto, California. They have been a student at Northeastern University since September, 2021, in Boston, Massachusetts. They have been a Superhost for Laurel Gulch since April, 2020, in Madero County, California. They were a Cannabis Accountant for The Rendered Safe Project from December, 2021, to August, 2023, in Modesto, California. They were a self-employed Contract Accountant from June, 2016, to September, 2022, in Modesto, California. They were a Regulatory Accountant for Sierra Tel from February, 2020, to August, 2021, in Oakhurst, California.

A list of the names of all franchisees and the addresses and telephone numbers of their Businesses as of the date of this FDD are listed in Exhibit D to this FDD. A list of the names, city, and state and current business telephone numbers or last-known home telephone numbers of all franchisees who have had a Business terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business as of the date of this FDD or who have not communicated with us within ten weeks of the date of this FDD are listed in Exhibit E to this FDD.

One franchisee has signed a confidentiality clause during the last three years.

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

We do not know of any trademark-specific franchisee organization associated with the System.

ITEM 21

FINANCIAL STATEMENTS

Attached to this FDD as Exhibit F are our audited financial statements as of December 31, 2022, and December 31, 2023, and our unaudited balance sheet and income statement dated August 15, 2024. Our fiscal year end is December 31. We have not been in business for three years or more and cannot include audited financial statements for our last three fiscal years as required by the FTC's Rule on Franchising.

ITEM 22

CONTRACTS

Attached to this FDD are the following contracts:

Exhibit B Emitepod Inc. Franchise Agreement
Exhibit G State Law Addenda and Riders

ITEM 23

RECEIPT

On the last two pages of this FDD (Exhibit H), you will find two copies of the Receipt page. You must sign, date, and deliver the copy of the Receipt page labeled "to be returned to Emitepod Inc." to us for our records.

MINNESOTA

The Risk Factors of the Franchise Disclosure Document is supplemented by the addition of the following:

1. THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

2. THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Item 7 of the Franchise Disclosure Document is supplemented by the addition of the following:

Notwithstanding anything in the Franchise Agreement to the contrary, we will defer payment of the Initial Franchise Fee and other initial payments due to us from you until we complete our pre-opening obligations to you under the Franchise Agreement. The Minnesota Department of Commerce has imposed this deferral requirement due to our financial condition.

Item 13 of the Franchise Disclosure Document will be supplemented by addition of the following:

As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any costs incurred by you in the defense of your right to use the marks, so long as you were using the marks in the manner authorized by us, and so long as we are timely notified of the claim and given the right to manage the defense of the claim including the right to compromise, settle, or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

Item 17 of the Franchise Disclosure Document is supplemented by the addition of the following:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Franchise Agreement.

Item 17 of the Franchise Disclosure Document is supplemented by the addition of the following:

Item 17 will not provide for a prospective general release of claims against us that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will 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.

**RIDER TO THE EMITEPOD INC. FRANCHISE AGREEMENT
FOR USE IN MINNESOTA**

This Rider (the “Rider”) is effective on _____, and made by and between EMITEPOD INC., a Nevada corporation (“Emitepod”), and _____, whose principal business address is _____ (“Franchisee”).

In recognition of the requirements of the Minnesota Statutes, Chapter 80C. and Minnesota Franchise Rules, Chapter 2860, the parties to the attached Emitepod, Inc. Franchise Agreement (the “Franchise Agreement”), agree as follows:

1. Section 4.6 of the Franchise Agreement is supplemented by the addition of the following:

Notwithstanding anything in the Agreement to the contrary, Emitepod will protect Franchisee, to the extent required by the Minnesota Franchise Act, against claims of infringement or unfair competition with respect to Franchisee’s use of the Marks when in the opinion of Emitepod’s counsel, Franchisee’s rights warrant protection.

2. Section 7 of the Franchise Agreement is supplemented by the addition of the following:

Notwithstanding anything in the Agreement to the contrary, Emitepod will defer payment of the Initial Franchise Fee and other initial payments due to Emitepod from Franchisee until Emitepod completes its pre-opening obligations to Franchisee under the Agreement. The Minnesota Department of Commerce has imposed this deferral requirement due to Emitepod’s financial condition.

3. Section 11 of the Franchise Agreement is supplemented by the addition of the following:

Minnesota law provides a franchisee with certain termination and non-renewal rights. Minn. Stat. Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that Franchisee be given 180 days’ notice of nonrenewal of the Agreement by Emitepod.

- ~~34.~~ Section 11.2(g) of the Franchise Agreement is supplemented by the addition of the following:

provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee’s favor from the provisions of the Minnesota Franchise Act, Minn. Stat. Section 80C.14 et seq. and Minnesota Rules 2860.4400(D), will remain in force, it being the intent of this provision that the non-waiver provisions of the Minnesota Rules 2860.4400(D) be satisfied; and

- ~~45.~~ Section 12 of the Franchise Agreement is supplemented by the addition of the following:

Minnesota law provides a franchisee with certain termination rights. Minn. Stat. Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that Franchisee be given 90 days’ notice of termination (with 60 days to cure) of the Agreement.

- ~~56.~~ Section 12.1 of the Franchise Agreement is supplemented by the addition of the following:

Section 12.1 will not be enforced to the extent prohibited by applicable law.

EMITEPOD, INC.
UNAUDITED BALANCE SHEET AND INCOME STATEMENT
AS OF AUGUST 15, 2024

BALANCE SHEET

<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash and Cash Equivalents	\$182,425.00
Unbilled Revenue	\$8,532.00
Due From Affiliate	\$126,926.00
Prepaid Expenses	\$4,956.00
Investments	\$389,520.00
Other Receivables	\$1,311.00
TOTAL CURRENT ASSETS	\$713,670.00
Note Receivable	\$50,000.00
Intangible Assets	\$1,000.00
Crypto Assets	\$167,965.00
TOTAL ASSETS	\$932,635.00
<u>LIABILITIES AND STOCKHOLDER'S EQUITY</u>	
<u>CURRENT LIABILITIES</u>	
Accrued Expenses	\$4,693.00
Income Tax Payable	\$26,326.00
Deferred Revenue	\$72,651.00
TOTAL CURRENT LIABILITIES	\$103,670.00
<u>LONG-TERM LIABILITIES</u>	
Deferred Revenue, Net	\$55,036.00
Deferred Tax Liability, Net	\$6,624.00
Deferred Compensation Liability	\$80,736.00
<u>STOCKHOLDER'S EQUITY</u>	
Additional Paid-In Capital	\$1,000.00
Retained Earnings	\$581,899.00
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$932,635.00

These financial statements have been prepared without an audit. Prospective franchisees 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.

INCOME STATEMENT

REVENUES

Franchise Fee Revenue	\$42,693.00
Product Revenue	\$862,369.00
Mastermind Program Revenue	\$22,865.00
Royalty Revenue	\$18,639.00
Other Revenue	\$2,100.00
TOTAL REVENUE	\$948,666.00

GENERAL AND ADMINISTRATIVE EXPENSES

Advertising and Marketing	\$398,189.00
Personnel Costs	\$362,995.00
Professional Fees	\$24,635.00
Other General and Administrative Expenses	\$95,326.00
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	\$881,145

INCOME FROM OPERATIONS **\$67,521.00**

OTHER INCOME (EXPENSES)

Interest Income	\$986.00
Dividend Income	\$877.00
Interest Expense	(\$58.00)
Realized Gain (Loss) on Investments	\$80.00
Unrealized Gain on Investments	\$125,659.00
TOTAL OTHER INCOME (EXPENSES)	\$127,544.00

INCOME BEFORE PROVISION FOR INCOME TAXES **\$195,065.00**

PROVISION FOR INCOME TAXES **\$42,673.00**

NET INCOME **\$152,392.00**

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