FRANCHISE DISCLOSURE DOCUMENT

Next Step Franchising, LLC
(A Delaware Limited Liability Company)
711 5th Avenue South, 210
Naples, FL 34102
866 My Lapels™ (866-695-2735)
www.lapelsfranchise.com

Lapels® businesses are full-service environmentally friendly Dry Cleaning Plants, Satellite Dry Cleaning Stores, Pick Up and Delivery Model and Laundromats. The full range of services offered in each type of Lapels® business includes dry cleaning and shirt service and which also may include laundry, tailoring, shoe repair, wedding gown and fur storage, suede and leather processing and other ancillary services. Depending on the type of business, some or all of the services connected with the store are sub-contracted to qualified professionals.

The total investment necessary to begin operation of a Lapels® franchise depends on the type of business you choose. We offer four options: a Full Service Environmentally Friendly Dry Cleaning Plant (a "Plant"), a Satellite Store, a Pick Up and Delivery Model ("Lapels Delivers") or a Laundromat.

Plant:	The total investment necessary to begin operation of a Lapels® Plant is $391,281 - $730,122. This includes $370,251 - $409,462 that must be paid to the franchisor or affiliates.
Satellite Store:	The total investment necessary to begin operation of a Lapels® Satellite Store is $91,752 - $211,212. This includes $81,312 - $88,312 that must be paid to the franchisor or affiliates.
Lapels Delivers:	The total investment necessary to begin operation of a Lapels® Pick Up and Delivery Model is $41,500 - $73,200. This includes $38,800 - $40,100 that must be paid to the franchisor or affiliates.
Laundromat:	The total investment necessary to begin operation of a Lapels® Laundromat is ~~$323,134 - $604,210.~~812,307 - $1,534,900. This includes ~~$312,694 - $357,310~~361,463 - $883,900 that must be paid to the franchisor or affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Lapels® corporate offices at 711 5th Avenue South, 210, Naples, Florida 34102 and 866 My Lapels™ (866-695-2735).

The terms of your contract will govern your franchise relationship. Don't 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 ~~14, 2023~~26, 2024

How to Use This Franchise Disclosure Document

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

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

	franchise opportunity. See the table of contents.

What You Need to Know about Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

Certain states require that the following risks 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 Florida. Out-of-state arbitration and litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to arbitrate or litigate with the franchisor in Florida than in your own state.

2. ~~**Turnover Rate**. During the last 3 years, a large number of franchised outlets (22) were terminated, not renewed, re-acquired, or ceased operations for other reasons. This franchise could be a higher risk investment than a franchise in a system with a lower turnover rate.~~

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.

Lapels®
FRANCHISE DISCLOSURE DOCUMENT
TABLE OF CONTENTS

ITEM		PAGE
Item 1:	**THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES**	2
Item 2:	**BUSINESS EXPERIENCE**	4
Item 3:	**LITIGATION**	5
Item 4:	**BANKRUPTCY**	5
Item 5:	**INITIAL FEES**	5
Item 6:	**OTHER FEES**	7
Item 7:	**ESTIMATED INITIAL INVESTMENT**	10
Item 8:	**RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**	15
Item 9:	**FRANCHISEE'S OBLIGATIONS**	17
Item 10:	**FINANCING**	18
Item 11:	**FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING**	18
Item 12:	**TERRITORY**	25
Item 13:	**TRADEMARKS**	27
Item 14:	**PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**	28
Item 15:	**OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**	**29**
Item 16:	**RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**	29
Item 17:	**RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**	29
Item 18:	**PUBLIC FIGURES**	31
Item 19:	**FINANCIAL PERFORMANCE REPRESENTATIONS**	32
Item 20:	**OUTLETS AND FRANCHISEE INFORMATION**	37
Item 21:	**FINANCIAL STATEMENTS**	48
Item 22:	**CONTRACTS**	48
Item 23:	**RECEIPTS**	48

Exhibits

A. FRANCHISE AGREEMENT with ADDENDA
B. GREENEARTH CLEANING LICENSE AGREEMENT
C. FINANCIAL STATEMENTS
D. STATE ADMINISTRATORS AND AGENTS TO RECEIVE SERVICE OF PROCESS
E. STATE SPECIFIC ADDENDA
F. TABLE OF CONTENTS, OPERATIONS MANUAL
G. GENERAL RELEASE
H. FRANCHISEE ACKNOWLEDGEMENT STATEMENT

Item 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Next Step Franchising, LLC, the franchisor of the Lapels® franchise, is referred to in this disclosure document as "we," "us," "our," or "Next Step" as the context requires. A franchisee is referred to in this disclosure document as "you", the legal entity [includes a corporation, partnership, LLC or other legal entity (collectively "legal entity") and their owners, officers and directors], and "your" as the context requires, who is buying the franchise.

We are a limited liability company formed under Delaware law on March 9, 2018. Our principal business address is 711 5th Avenue South, Suite 210, Naples, Florida, 34102. We do business under our company name, "Lapels" and its associated design (the "Marks"). We do not own or operate any businesses of the type you will be operating. We only offer franchises which operate under the "Lapels" Marks. We have not offered franchises in any other line of business or conduct other business activities. We began offering franchises in March 2018.

The principal business addresses of our agents for service of process are shown on Exhibit D.

We have a predecessor company, Next Step Franchising, Inc., a Massachusetts corporation with a principal address of 711 5th Avenue South, Suite 210, Naples, Florida, 34102. Next Step Franchising, Inc. offered Lapels franchises from September 2000 to March 2018. On March 28, 2018, we acquired substantially all of the assets of Next Step Franchising, Inc., including all existing franchise agreements. Next Step Franchising, Inc. has owned and operated 1 Lapels Dry Cleaning Plant and 1 Lapels Satellite Store in Fleming Island, Florida, since October, 2018.

Our parent company and sole member is Clean Franchise Brands, LLC ("Clean Franchise Brands"), a Delaware limited liability company, with a principal place of business at 711 5th Avenue South, Suite 210, Naples, Florida, 34102.

Clean Franchise Brands is also the sole member of Martinizing International, LLC ("Martinizing"), a Delaware limited liability company, with a principal place of business at 711 5th Avenue South, Suite 210, Naples, Florida, 34102. Martinizing is our affiliate and is the franchisor of the Martinizing Dry Cleaning franchise system, a drycleaning concept that has offered or is the franchisor for franchises using the trademarks "Martinizing", "Pressed4Time", "1800DryClean" and "Dry Cleaning Station." Martinizing has offered franchises since April 2021, and has 138 Martinizing franchises, 29 Pressed4Time franchises, 39 1800DryClean franchises, and 2 Dry Cleaning Station franchises in its system as of December 31, 2022.

We have a second affiliate company, GreenEarth Cleaning, LLC, a Delaware limited liability company with a principal business address of 711 5th Avenue South, Suite 210, Naples, Florida 34102. GreenEarth Cleaning, LLC, is a supplier of environmentally-friendly, non-toxic cleaning solvents to our franchisees. GreenEarth Cleaning, LLC, has not offered franchises in any line of business previously.

We offer 4 models of dry cleaning and laundry service businesses using the Lapels Marks (each a "Lapels Business"):

(1) A Lapels® Environmentally-Friendly Dry Cleaning Plant (a "Plant") is a full-service retail store at which all dry cleaning processing takes place on the premises. The cleaning is done in an environmentally friendly way in which Perchloroethylene is not used in any manner.

(2) A Lapels® Satellite Store business (a "Satellite Store") is a pick-up and drop-off dry cleaning store where no processing is done on premises. All processing work is done by Lapels® approved wholesalers who process the clothing at a separate location.

(3) A Lapels® Pick Up and Delivery Model business ("Lapels Delivers") is a pick-up and drop-off dry cleaning business where there is no storefront and the business is operated primarily from a delivery van. All processing work is done by Lapels® approved wholesalers who process the clothing at a separate location.

(4) A Lapels® Laundromat business (a "Laundromat") offers coin-operated washers and dryers, full service laundry and dry cleaning services. Any processing of dry cleaning is done by Lapels® approved wholesalers who process the clothing at a separate location.

You can purchase any Lapels Business model described in this Item. Each of these Lapels Businesses offer a full range of services including dry cleaning and laundry service, and which may also include tailoring, shoe repair, wedding gown heir-looming, fur storage, suede and leather processing and other ancillary services.

For all but Lapels Delivers, you will operate your Lapels Business from a fixed location that we approve in a defined geographical area (the "Territory").

The market for your Lapels Business consists of the general public who seek professional dry cleaning and laundry and related services. The market for professional dry cleaning and laundry services is well-developed and highly competitive. You will compete with businesses, including national, regional and local businesses, offering products and services similar to those offered by your Lapels Business. There are other dry cleaning and laundry franchises, as well as independent businesses throughout the United States that may offer similar products and services to those offered by your Lapels Business. The demand for the products and services offered by your Lapels Business may be affected by seasonality, climate and the demographic characteristics of the area in which the store is located. Summer and winter seasons tend to be lower in demand than fall and spring but, depending on the climate of the area, the degree to which this has an affect varies in different areas of the country. The demand for the products and services offered by your Lapels Business may also be affected by economic conditions.

At all times during the operation of your Lapels Business, you must comply with present and future mandates of the U.S. Environmental Protection Agency and Occupational Safety and Health Administration, and other federal, state and local regulatory agencies. You may need to purchase parts, accessories or other items, obtain local, state, and federal environmental permits or take other actions to comply with these laws.

For Plant locations, there are specific state and town/city building codes and regulations governing the operation of dry cleaning. For example, the Commonwealth of Pennsylvania requires that boiler rooms have exterior doors. Laws and regulations applying to boiler permits, fire prevention, hazardous waste disposal and the like vary from state to state and sometimes from locality to locality within a state. Also, state regulations are often stricter than the federal

regulations in some respects. State and local inspectors also may interpret and enforce ADA (Americans with Disabilities Act) requirements for plant design differently. For instance, local requirements for aisle width and height may vary. There may be other laws applicable to your business and we urge you to make inquiries about these laws.

Item 2

BUSINESS EXPERIENCE

Kevin A. DuBois, Chief Executive Officer

Kevin DuBois is our Chief Executive Officer, a position he has held since March 2018 in Hanover, Massachusetts. Mr. DuBois has also served as President and Chief Executive Officer of our predecessor, Next Step Franchising, Inc., based in Hanover, Massachusetts, from January 2012. Mr. DuBois has also been the Chief Executive Officer of Clean Franchise Brands, based in Naples, Florida, and Martinizing, based in Naples, Florida, since April 2021. Mr. Dubois is also the Manager of MA Green Cleaning, LLC, based in Hanover, Massachusetts, a position he has held from September 2018 to present. MA Green Cleaning LLC owns 6 Lapels Businesses in Brighton, West Roxbury, Dover, Waltham, Wellesley and Hanscom Air Force Base, Massachusetts.

David Grippi, Chief Operating Officer

David Grippi is our Chief Operating Officer and the Chief Operating Officer of Clean Franchise Brands, positions he has held since March 2018 and April, 2021, respectively, in Hanover, Massachusetts. Prior to that, Mr. Grippi was Vice President of Operations of our predecessor, Next Step Franchising, Inc., in Hanover, Massachusetts, from September 2016 to March 2018.

Michael Eisner, Vice President Franchise Development

Michael Eisner is our Vice President of Franchise Development, a position he has held from March 2018 to present, in Hanover, Massachusetts. Prior to that, Mr. Eisner was the Vice President of Franchise Development for our predecessor, Next Step Franchising, Inc. in Hanover, Massachusetts, from January 2013 to March 2018.

~~**John Powers, Vice President of Operations**~~

~~John Powers is our Vice President of Operations and the Vice President of Operations for Clean Franchise Brands, positions he has held since April 2021, in Naples, Florida. He has also served as Vice President of Operations for Martinizing since May 2019, in Berkley, Michigan prior to April 2021, and in Naples, Florida since April 2021. From June 2015 to May 2019, Mr. Powers was a Franchise Business Consultant with Neighborly in Ann Arbor, Michigan.~~

Robert Rosofsky, Head of Installation Team & Construction Oversight

Robert Rosofsky has been the Head of Installation and Construction Oversight since our inception in March 2018, in Naples, Florida. He served in this same role with our predecessor Next Step Franchising, Inc., in Hanover, Massachusetts, from 2007 through March of 2018.

Ted Sontag, Field Operations Training and Support Manager

Ted Sontag has been our Field Operations Training and Support Manager since April 2021, a role he holds concurrently with Clean Franchise Brands since April 2021, in Naples, Florida. He served as Field Operations Training and Support Manager for Martinizing's

predecessor Martinizing International, LLC, a Michigan limited liability company, in Berkley, Michigan, from December 2017 to April 2021.

Keith Kocher, Franchise Service Manager

Keith Kocher has been our Franchise Service Manager since April 2021, a role he has held concurrently with Clean Franchise Brands since April 2021, in Naples, Florida. From November 2017 to April 2021, he was the Franchise Service Manager for Martinizing's predecessor, Martinizing International, LLC, a Michigan limited liability company, in Berkley, Michigan.

Andrea Varga, Franchisee Liaison

Andrea Varga has been our Franchisee Liaison since April 2021, a role she holds concurrently with Clean Franchise Brands since April 2021, in Naples, Florida. From October 2019 through March 2021, Ms. Varga served as the Right Start Coordinator for Martinizing's predecessor, Martinizing International LLC, a Michigan limited liability company, in Berkley, Michigan. From 2013 to October 2019, Ms. Varga was the Program Management Administrator for Certified Restoration Drycleaning Network in Berkley, Michigan.

Item 3

LITIGATION

No litigation is required to be disclosed in this Item.

Item 4

BANKRUPTCY

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

Item 5

INITIAL FEES

We will charge you an initial franchise fee ("Initial Franchise Fee") when you sign the Franchise Agreement as follows:

Lapels Business	Initial Franchise Fee
Plant	$50,000
Satellite Store	$25,000
Lapels Delivers	$25,000
Laundromat	~~$30~~40,000

The Initial Franchise Fee is fully earned by us and due in lump sum when you sign the Franchise Agreement. The Initial Franchise Fee is not refundable under any circumstances.

From time to time, we may offer special incentive programs as part of our franchise development activities. We reserve the right to offer, modify or withdraw any incentive program without notice to you. Currently, we will discount the initial franchise fee for the second and each additional franchise that you purchase to 80% of the then-current initial franchise fee. In order to qualify to purchase additional stores, you must meet the same standards of qualification that we use for new franchisees, namely a minimum of twenty percent (20%) liquid cash injection and a minimum of fifty percent (50%) outside collateral on the total project start-up costs.

You must pay us an Initial Training and Site Support Fee in the following amounts when you sign the lease for your premises; or if you purchase a Lapels Delivers, when you sign the Franchise Agreement:

Lapels Business	**Initial Training and Site Support Fee**
Plant	$7,000
Satellite Store	$4,000
Lapels Delivers	$5,000
Laundromat	$7,000

The initial training fee is not refundable.

You must purchase from us the Start Up Supplies and Equipment Package in the following amounts when you sign the lease for your premises; or if you purchase a Lapels Delivers, when you sign the Franchise Agreement:

Lapels Business	**Start Up Supplies and Equipment Package Charge**
Plant	$293,851 to $329,062
Satellite Store	$38,412 to $40,412
Lapels Delivers	$3,800 to $5,100
Laundromat	~~$261,794~~278,563 to ~~$299,410~~763,000

The Start Up Supplies and Equipment Package Charge is refundable, less a 20% administrative fee, up to the time the purchase orders are submitted for the equipment, which is approximately one (1) week after receipt of payment by us.

You must pay us an allowance for your sign fabrication and permits in the following amounts:

Lapels Business	**Signage and Sign Permit Allowance**
Plant	$8,000
Satellite Store	$5,000
Laundromat	$5,000

Actual costs for signage and permits vary by location. If more than the allowance is required, you will be obligated to reimburse us for the difference. If less than the allowance is spent, we will refund or credit the difference to you. Signage and permit fees are not refundable once expenses are actually incurred.

You must pay us a grand opening and first year marketing fee in the following amounts when you sign the lease for your premises; or if you purchase a Lapels Delivers, when you sign the Franchise Agreement:

Lapels Business	**Grand Opening and First Year Marketing Fee**
Plant	$8,900
Satellite Store	$8,900
Lapels Delivers	$5,000
Laundromat	$8,900

The Grand Opening and First Year Marketing Fee is refundable, less a 20% administrative fee, up to twelve (12) weeks prior to the scheduled opening of your franchise.

If your Lapels Business is a Plant, you must pay our affiliate, GreenEarth Cleaning, LLC, $2,500 for a license to its nonhazardous cleaning solvent. This license fee is due prior to the Plant opening and is non-refundable.

Item 6

OTHER FEES

FA = Franchise Agreement

Type of fee	***Amount***	***Due Date***	***Remarks***
Successor Franchise Fee[1]	25% of the then-current Initial Franchise Fee	After the expiration of the initial term when you sign our then-current franchise agreement	Paid to us ~~(FA 1.4.)~~ Applies to a renewal or extension of the franchise term.
RoyaltyFee[1,3]	6% of Gross Revenue[2].	Every Monday for the week ending the prior Sunday	Paid to us ~~(FA 2.2.)~~
Ongoing Local Marketing	A minimum of one percent (1%) of Gross Revenue[2] per year, either through participation in corporate-wide programs (where available) or with local marketing vendors.	Expended bi-monthly each quarter	Paid to local advertisers or to us to spend on your behalf if you don't spend it ~~(FA 2.5.)~~
Regional/National Marketing[1,3]	Brand Development Fee of two percent (2%) of Gross Revenue[2]	Every Monday for the week ending the prior Sunday	Paid to us ~~(FA 2.5.)~~
Interest on Late Payments[1]	Highest contract rate beginning from the due date of the overdue payment	When you pay us the overdue amount	Paid to us ~~(FA 2.6.)~~
Non-reporting Fee	$500 fee per month for non-reporting of financials when due	On the 15th of the month, if applicable	Paid to us ~~(FA 7.1)~~
Refresher Training[1]	$400/day plus expenses, if needed. Required refresher training would likely be for one or two days and would take place either at corporate headquarters or your store. Subject matter would vary depending on specific needs	At the time you attend refresher training.	Paid to us ~~(FA 3.2)~~

Type of fee	***Amount***	***Due Date***	***Remarks***
Additional Support & Training Fees[1]	We have the option of charging for additional training we may conduct for you at your request. Amounts vary for this additional training from $1,000 - $4,000. You would be required to pay these fees if you request such additional training or support.	At the time you request additional training	Paid to us ~~(FA 3.1.)~~
Per Diem Fee[1]	$400 per day plus expenses	Before we provide additional guidance that you request	Paid to us ~~(FA 3.5.)~~
Operations Manual Replacement Charge[1]	Actual Cost plus 15% Processing Fee. Current cost is $50.00.	Before we give you another copy of our Operations Manual	Paid to us ~~(FA 3.6)~~
Auditing Costs[1]	Audit costs are not controllable by us and will vary greatly depending on the size of the franchisee's operation and the organization of their books and records.	After an audit	You shall reimburse us for our auditing costs if we must audit you because you fail to provide us with timely reports and to keep records required by the franchise agreement ~~(FA 8.3.)~~
Transfer Fee[1]	80% of then-current Franchise Fee, fee may be waived provided buyer executes a new Franchise Agreement and has paid an Initial Franchise Fee. Also paid at time of transfer: any outstanding fees owed to us, plus referral, broker and/or listing fees you incur with third parties.	Payable when we approve the transfer, or at your closing for the sale, as applicable.	Payable on transfers of your interest in the franchise, excludes transfers to a corp/LLC entity or to immediate family~~(FA 9.2.)~~
Store Remodel	Estimated between $2,000 and $10,000	At the time costs incurred	Required no more often than every 5 years ~~(FA 6.1)~~
Termination Fee	Twenty-Four (24) months of Royalties and Ad Fund fees	Upon unlawful termination by you or termination by us, with cause	This fee is calculated by identifying the Royalty and Ad Fund Fees assessable in the month in which you had your highest Gross Revenues during the term of the Franchise Agreement, and multiplying that number by twenty-four (24). Other damages may also be due to us ~~(FA 10 and 18).~~.

Type of fee	***Amount***	***Due Date***	***Remarks***
Costs and Attorneys' Fees[1]	Actual Costs	At the time actual costs are incurred.	You shall reimburse us for accounting, attorneys', arbitrators' and related fees incurred by us as a result of your failure to pay us or failure to provide us with required reports and other information in a timely manner. ~~(FA 13.9)~~
New Supplier Evaluation	$200 plus actual expenses	Upon your request to us	Your payment to us to evaluate a new supplier.
Interim Franchise Royalty Fees	Franchisor's then-current Royalty Fee plus 2%	Every Monday for the week ending the prior Sunday	Applicable if your Franchise Agreement expires, no renewal franchise agreement has been signed, and you continue operations of the Lapels Business.

Notes:

[1] Except as otherwise noted herein, all fees and charges are uniformly imposed by us on all franchisees, are payable to us and are nonrefundable.

[2] Gross Revenue: means all revenue you derive from operating the franchise, including, but not limited to, all amounts you receive at or away from the franchise location, and whether from cash, check, credit (including accounts receivable), barter, trade, or any other cash equivalent transactions, but excluding all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority and excluding customer refunds, adjustments, credits, discounts and allowances actually made by the franchise in compliance with our Operations Manual. See Article 2.3. of the Franchise Agreement.

[3] Royalties, Reports and Records: During the term of the Franchise Agreement, you must pay us an on-going, non-refundable Royalty Fee in an amount equal to 6% of your Gross Revenue, and an on-going, non-refundable Brand Development Fee in an amount equal to 2% of your Gross Revenue, calculated and payable weekly on Monday for the week ending the prior Sunday. If we do not receive your Royalty Fee or Brand Development Fee within 7 days of its due date, we will be permitted to directly debit your checking account for these unpaid weekly fees, which we will calculate based on information we obtain, or estimate if such information is not made available to us. You must provide to us authorization to debit your account by signing an electronic funds transfer authorization form.

Item 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT (Plant)

Type of Expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee	$50,000 (Note 1)	Lump sum	At signing of your Franchise Agreement	Us
Initial Training and Site Support Fee	$7,000	Lump Sum	When you sign a lease for your store	Us
Travel And Living Expenses While Training	$250 - $2,000 (Note 2)	As incurred	During training	Airlines, hotels, car rental agencies, restaurants
Real Estate and Prepaid Rent, Security And Utility Deposits	$0 - $15,000 (Note 3)	As incurred	As agreed with landlord, utilities supplier	Landlord, Utilities Suppliers
Leasehold improvements	$0 - $160,000 (Note 4)	As incurred	As agreed with contractors	Contractors
Start Up Supplies and Equipment Package	$293,851 - $329,062 (Note 5a)	Lump Sum	When you sign a lease for your store	Us
Green Earth Solvent Licensing Fee	$2,500 (Note 6)	Lump Sum	30 Days prior to Store Opening	GreenEarth Cleaning, LLC
Signage and permits	$8,000 - $12,000 (Note 7)	Lump Sum	Before commencing operations	Us
Grand Opening and First Year Marketing Fee	$8,900 (Note 8a)	Lump Sum	When you sign a lease for your store	Us
Insurance	$480 - $960 (Note 9)	As incurred	Before commencing operations	Insurance company
Miscellaneous opening costs	$300 - $2,700 (Note 10)	As incurred	As incurred	Suppliers, vendors, professional advisors, etc.
Additional funds – 3 months	$20,000 - $140,000 (Note 11)	As incurred	As incurred	Suppliers, vendors, employees, etc.
TOTAL	$391,281 - $730,122			

YOUR ESTIMATED INITIAL INVESTMENT
(Satellite Store)

Type of Expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee	$25,000 (Note 1)	Lump sum	At signing of your Franchise Agreement	Us
Initial Training and Site Support Fee	$4,000	Lump Sum	At signing of your Franchise Agreement	Us
Travel And Living Expenses While Training	$250 - $2,000 (Note 2)	As incurred	During training	Airlines, hotels, car rental agencies, restaurants
Real Estate and Prepaid Rent, Security And Utility Deposits	$0 - $8,000 (Note 3)	As arranged	As arranged with landlord, utilities supplier	Landlord, Utilities Suppliers
Leasehold improvements	$0 - $50,000 (Note 4)	As incurred	As agreed with contractors	Contractors
Start Up Supplies and Equipment Package	$38,412 - $40,412 (Note 5b)	Lump Sum	When you sign a lease for your store	Us
Signage and permits	$5,000 - $10,000 (Note 7)	Lump Sum	Before commencing operations	Us
Grand Opening and First Year Marketing Fee	$8,900 (Note 8a)	Lump Sum	When you sign a lease for your store	Us
Insurance	$140 - $200 (Note 9)	As incurred	Before commencing operations	Insurance company
Miscellaneous opening costs	$50 - $2,700 (Note 10)	As incurred	As incurred	Suppliers, vendors, professional advisors, etc.
Additional funds – 3 months	$10,000 - $60,000 (Note 11)	As incurred	As incurred	Suppliers, vendors, employees, etc.
TOTAL	$91,752 - $211,212			

YOUR ESTIMATED INITIAL INVESTMENT
(Lapels Delivers)

Type of Expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee	$25,000 (Note 1)	Lump sum	At signing of your Franchise Agreement	Us
Initial Training and Site Support Fee	$5,000	Lump Sum	When you sign a lease for your store	Us
Travel And Living Expenses While Training	$250 - $2,500 (Note 2)	As incurred	During training	Airlines, hotels, car rental agencies, restaurants
Delivery Vehicle	$400 - $900	As arranged	As arranged	Auto dealer
Vehicle Wrap/Vinyl	$500 - $3,000	As arranged	As arranged	Vendor
Permits and Licenses	$100 - $2,500	As arranged	As arranged	Government agencies
Start Up Supplies and Equipment Package	$3,800 - $5,100 (Note 5b)	Lump Sum	At signing of your Franchise Agreement	Us
Grand Opening and First Year Marketing Fee	$5,000 (Note 8b)	Lump Sum	When you sign a lease for your store	Us
Insurance	$200 - $1,500 (Note 9)	As incurred	Before commencing operations	Insurance company
Miscellaneous opening costs	$50 - $2,700 (Note 10)	As incurred	As incurred	Suppliers, vendors, professional advisors, etc.
Additional funds – 3 months	$1,200 - $20,000 (Note 11)	As incurred	As incurred	Suppliers, vendors, employees, etc.
TOTAL	$41,500 - $73,200			

YOUR ESTIMATED INITIAL INVESTMENT
(Laundromat)

Type of Expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee	~~$30~~40,000 (Note 1)	Lump sum	At signing of your Franchise Agreement	Us
Initial Training and Site Support Fee	$7,000	Lump Sum	When you sign a lease for your store	Us
Travel And Living Expenses While Training	$250 - $2,000 (Note 2)	As incurred	During training	Airlines, hotels, car rental agencies, restaurants
Real Estate and Prepaid Rent, Security and Utility Deposits	~~$0 - $12~~5,000 - $16,000 (Note 3)	As incurred	As agreed with landlord, utilities supplier	Landlord, Utilities Suppliers
Leasehold improvements	~~$0 - $190~~389,450 - $490,000 (Note 4)	As incurred	As agreed with contractors	Contractors
Equipment Installation	$24,000 - $38,000	As incurred	As agreed with contractors	Contractors
Start Up Supplies and Equipment Package	~~$261,794 - $299,410~~278,563 - $763,000 (Note 5b)	Lump Sum	When you sign a lease for your store	Us
Signage and permits	$5,000 - $12,000 (Note 7)	Lump Sum	Before commencing operations	Us
Freight	$7,000 - $15,000 (Note 6)	Lump Sum	When Equipment	Ur or 3rd party freight company directly
Grand Opening and First Year Marketing Fee	$8,900 (Note 8a)	Lump Sum	When you sign a lease for your store	Us
Insurance	$140 - ~~$200~~2,000 (Note 9)	As incurred	Before commencing operations	Insurance company
Sales Tax	$29,000 - $60,000	As incurred	When equipment is ready for shipment	
Miscellaneous opening costs	$50 - $2,700 (Note 10)	As incurred	As incurred	Suppliers, vendors, professional advisors, etc.
Additional funds – 3 months	$10,000 - $40,000 (Note 11)	As incurred	As incurred	Suppliers, vendors, employees, etc.
TOTAL	~~$323,134 - $604,210~~$812,307 - $1,534,900			

Notes to Item 7:

~~(1)~~1. Please see Item 5 for discounts to the Initial Franchise Fee.

~~(2)~~2. Expenses you may incur during training include travel, lodging and living expenses for the duration of training as needed and depending upon where you are located. At this time our training facilities are located in Waltham, West Roxbury and Wellesley, Massachusetts; Fort Mill, South Carolina; and Gilbert, Arizona. These fees are paid to third parties at the time of reservations or travel. Certain travel expenditures may be refundable at the discretion of the provider.

~~(3)~~3. If you do not own adequate space, you must lease space for your store. ~~Plants and Satellite Stores~~ Laundromats are typically ~~located~~found in retail centers or shopping plazas but may be free standing as well. Store sizes will vary from market to market but typically Plants will range from 1,700 to 2,200 square feet, Satellite Stores will range from 800 to 1,400 square feet, and Laundromats will range from 1,800 to 3,~~000~~600 square feet. The low investment presumes that you are opening the business in property that you already own. If you will be leasing space, the terms of the lease and your landlord will determine what deposits are required, when they are due, the method of payment that is acceptable, and the circumstances under which a deposit or lease payment is refundable. Generally, certain security and utility deposits are due at the time you sign your lease.

~~(4)~~4. The low estimate assumes landlord will provide the space ready for occupancy or will provide a tenant improvement allowance to cover fifth percent of the cost of build-out. If you hire contractors to perform leasehold improvements, the contract between you and the contractors will determine under what circumstances such payments are refundable. We have seen in recent builds a range of $100 to $125 per square foot for the build out of a similar size & scope Laundromat.

~~(5a)~~ The Startup Supplies and Equipment Package includes the items listed in Appendix C of the Franchise Agreement and is the standard basic package of supplies and equipment needed to start your business. Items included in the Startup Supplies and Equipment Package may be changed from time to time to reflect changes in the system, procedures and your needs. Equipment installation includes the coordination of delivery and receiving of Lapels® Laundromat Standard Equipment Package. ~~It also includes the installation of said equipment and the steam and return lines for the equipment.~~ Installation does not include the electrical, plumbing, HVAC or tenant improvements that may be needed in or to the space. The range is for optional pieces that would add larger capacity to the ~~Plant for those owners opening multiple Satellite stores, further detail on these optional pieces is provided in Appendix C of the Franchise Agreement.~~ Laundromat.

~~(5b)~~ The Startup Supplies and Equipment Package includes the items listed in Appendix C of the Franchise Agreement and is the standard basic package of supplies and equipment needed to start your business. Items included in the Startup Supplies and Equipment Package may be changed from time to time to reflect changes in the system, procedures ~~and your needs. The range for a Satellite Store accounts for a boutique counter package upgrade of $2,000. The range for a Laundromat accounts for additional washers (4) and dryers (2) for larger formats.~~, and your needs.

~~(6) There is a $2,500 license fee that you pay directly to our affiliate, GreenEarth Cleaning, LLC for the license to use the world's only environmentally nonhazardous cleaning solvent. The terms of the licensing agreement with our affiliate will determine under what circumstances this is refundable, once paid.~~

~~(7) The allocation for signage and sign permits in the amount of $8,000 for a Plant and in the amount of $5,000 for a Satellite Store or Laundromat is collected at the time you sign your~~

~~Lease and pay for your Startup Supplies and Equipment Package.~~ 6 The range in freight is dependent on the amount of equipment in the store, which is derived by the square footage of the space. It is also dependent on the distance the equipment travels.

7 Actual costs for signage and permits vary by location. If more than the allowance is required, you will be obligated to reimburse us for the difference. ~~If less than the allowance is required, we will refund the difference to you.~~

~~(8a)~~ 8 We will provide you with initial grand opening marketing materials for your Lapels Business. Such marketing materials include ~~15,000~~ direct mail pieces, ~~banners, micro-~~website~~, building your~~ build, social media~~, such as Facebook pages,~~ page builds and other grassroots marketing that may apply to your market.

~~(8b) We will provide you with initial grand opening marketing materials for your Lapels Business. Such marketing materials include 7,500 direct mail pieces, micro-website, building your social media, such as Facebook pages, and other grassroots marketing that may apply to your market.~~

~~(~~9~~)~~ This estimates your initial insurance down payment. We require general liability insurance with limits of $1M per claim or $2M aggregate per year. Your landlord may require higher liability coverage under the terms of your lease. Your insurance company will determine under what circumstances your payments for insurance are refundable.

~~(~~10~~)~~ This includes initial staff recruitment expenses, licenses and permits, incorporation fees, and professional fees. These fees are paid by you to third parties as they are incurred by you and are generally not refundable.

~~(~~11~~)~~ This range estimates your working capital and startup expenses, including payroll costs, which we have estimated based on the experience of our franchisees and on prices set by our suppliers as of the Issuance Date. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. Your payroll costs will largely be affected by your financial position at the time you start the business. Your costs will depend on how closely you follow the Operations Manual and other operating materials provided by us (called "*The Way We Do Things")*, your management skill, experience and business acumen, local economic conditions, the acceptance by local consumers of your services, prevailing wage rates, competition, and the sales levels reached during the initial period.

Please see Item 5 regarding amounts and circumstances under which the Initial Training and Site Support Fee, Startup Supplies and Equipment Package charge, and Grand Opening and First Year Marketing Fee may be refundable. All other fees and payments are non-refundable, unless otherwise stated or permitted by payee.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We have identified various suppliers, distributors and manufacturers of equipment, supplies and services that your Lapels Business must use or provide which meet our standards and requirements. You must purchase all equipment, supplies and services from our designated suppliers and contractors or in accordance with our specifications. We maintain written lists of approved items of equipment, supplies and services (by brand name and/or by

standards and specifications) and a list of designated suppliers and contractors for those items. We will update these lists periodically and issue the updated lists to all franchisees.

You must purchase the Start Up Supplies and Equipment Package (described in Items 5 and 7 of this Disclosure Document) from us. We are the only approved supplier of this package. The Start Up Supplies and Equipment Package includes the point-of-sale system ("POS System") you will need to operate your Lapels Business. Currently, the only approved POS software supplier is SPOT, with whom we will be the primary licensee of the software and will sublicense the right to use the software to you.

None of our officers owns an interest in any approved supplier.

Before you open for business, you must purchase and maintain at your sole cost and expense the insurance coverage that we specify. The minimum insurance required is general liability insurance with limits of $1,000,000 per claim or $2,000,000 aggregate per year, or such higher amounts required by your landlord or, if you operate a Lapels Delivers, by your vehicle lessor, or lender.

You may ask us to review and approve new suppliers or products. We have procedures for approving suppliers you recommend, which are further detailed in the Operations Manual. If you would like us to evaluate a new supplier, you will pay us $200 plus actual expenses for testing such product or supplier. It takes up to 30 days to evaluate new suppliers, and we will notify you of our approval or disapproval after 30 days following our receipt of your recommendation. Approvals may be revoked by us for cause, such as if a supplier we had previously approved changes their method, product quality or some other criterion on which we based our review and approval. We will notify you of such revocations in writing. We evaluate approved suppliers based on price, service, quality, and other commercially reasonable benchmarks; however, our criteria for approving items and suppliers are not otherwise available to you.

We derive revenue from required purchases our franchisees make from us. For the year ending December 31, 2023~~2022~~, our revenue from the sale of equipment and products to franchisees was $~~60,387~~18,310.88, or ~~4~~1% of our total revenues of $~~1,370,680~~2,023,623.

From time to time, we may receive revenue, rebates, discounts or other material consideration from suppliers based on your required purchases of products, supplies or equipment. Any rebates or discounts we receive may be kept by us in our sole discretion. During our fiscal year ending December 31, 2023~~2022~~, no supplier made any payment to us for franchisee-required purchases.

We estimate that your purchase or lease of products, supplies and services from approved suppliers (or those which meet our specifications) will represent approximately 65% of your costs to establish a Plant; 42% of your cost to establish a Satellite Store; 9% of your cost to establish a Lapels Delivers; and 82% of your costs to establish a Laundromat.

We estimate that your purchase or lease of products, supplies and services from approved suppliers (or those which meet our specifications) will represent approximately 5% of your ongoing costs of operation of any Lapels Business.

Currently, there are no purchasing or distribution cooperatives. However, we can require that you make your purchases through a cooperative if one is formed.

Although we do not do so currently, we may in the future negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of all franchisees.

We provide no material benefits (such as the grant of additional franchises) based on your use of designated sources; however, failure to use approved items or designated suppliers and contractors may be a default under the Franchise Agreement.

Item 9

FRANCHISEE'S OBLIGATIONS

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

Obligation	*Section in agreement*	*Disclosure document item*
a. Site selection and acquisition/lease	1.3	11
b. Pre-opening purchases/leases	1.3	8
c. Site development and other pre-opening requirements	1 and 3	11
d. Initial and ongoing training	3	11
e. Opening	2.8 and 3	11
f. Fees	1.4, 2.1, 2.2, 2.5, 2.6, 2.7, 3.2, 3.5, 3.6, 8.3, 9.2	5, 6, 7
g. Compliance with standards and policies/Operations Manual	3.6, 6	11
h. Trademarks and proprietary information	4	13, 14
i. Restrictions on products/services offered	6	8, 16
j. Warranty and customer service requirements	No specific provision	Not applicable
k. Territorial development and sales quotas	No specific provision	12
l. Ongoing product/service purchases	6	8
m. Maintenance, appearance and remodeling requirements	6.1	17
n. Insurance	12.1	7
o. Advertising	2.5 and 2.6	6, 11
p. Indemnification	12.4	Not applicable
q. Owner's participation/management/ staffing	3.1	15
r. Records and reports	7	11
s. Inspections and audits	8	6 and 11
t. Transfer	9	17

Obligation	*Section in agreement*	*Disclosure document item*
u. Renewal	1	17
v. Post-termination obligations	10 and 11	17
w. Non-competition covenants	5 and 11	17
x. Dispute resolution	12 and 13	17
y. [other]		

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

Franchisor's Assistance

Except as listed below, we are not required to provide you with any assistance. (FA = franchise agreement).

We will grant you a franchise to be operated from a specific location in a specific territory (from time to time generally referred to herein as the "Store") (FA 1.3.).

Pre-Opening Assistance – Before you open your Store:

Before you open your Store, we will provide you with assistance with the following:

(1) Provide site selection guidelines for you to select the site for the Store (FA 1.3). The methods we use to assist you in selecting a site for your Lapels Business are an analysis of demographics including household counts, income levels, and LifeMode summary groups with similar consumption and demographic patterns, etc. We also conduct a review of the site plan, traffic patterns, foot traffic count, cost for build-out or renovation, proximity to competition, proximity to major anchor tenants, etc.

(2) Review the location selected by you for conformity to our site selection guidelines. The site must meet our criteria for demographic characteristics; traffic patterns; parking; character of neighborhood; competition from, proximity to, and nature of other businesses; size; appearance; and other physical and commercial characteristics. Although there is no set time limit for you to identify a site, it is a violation of the Franchise Agreement, and therefore grounds for termination of the Franchise Agreement, for you not to have opened for operations within two

hundred forty days (about 8 months) from the date you sign your Agreement. We will provide guidance to ensure you are on track to meet that timeline. If you have demonstrated due diligence and strong efforts to locate a site, but you and we have not yet agreed on a site, the dates for opening may be extended by mutual agreement. Once you have submitted a site to us for approval, we will approve or deny the site within fourteen (14) days of submission to us.

(3) If you are obtaining your first Lapels Business, provide you with guidance and assistance (either directly or through an independent commercial real estate agent) in submitting a Letter of Intent for the site you select. Such Letter of Intent will include items such as initial and renewal terms, preferred parking, signage criteria, condition of space, ability to construct a 24 hour drop box, exclusivity language, Landlord subordination, Landlords work to space, "fit up" period, delivery date of space and other payment terms. Although we or our agents may provide guidance or assistance to you in your securing a lease for your site, and we may make suggestions as to provisions to be changed or reviewed with your legal counsel, you must accept full responsibility for the final terms and conditions of the lease for your site.

(4) Provide a suggested floorplan for your location. For a Plant, such plan would include call area layout, equipment layout, boiler room, electrical load calculations and steam lines. Although not always required, if needed, you will arrange for Architecturally Stamped plans for submission to the town. You will independently contract with general contractor(s), architects and/or engineers to perform leasehold improvements to your location.

(5) As part of the Start Up Supplies and Equipment Package, provide signage mockups and help you secure town and landlord approval and installation of said signage. Signage allowance is $5,000 for a Satellite Store or Laundromat and $8,000 for a Plant location. Once town and landlord ordinances have been determined, we will provide the maximum amount of signage allowed as a mock up, along with additional pricing (if any) for your approval.

(6) As part of the Start Up Supplies and Equipment Package, order, and arrange for delivery and installation of, your machines, equipment, and supplies, as applicable.

(7) Provide our proprietary Lapels® "The Way We Do Things" Operations Manual. (FA 3.6). The Manual consists of 79 pages, and the Table of Contents, together with the number of pages devoted to each topic, can be found at Exhibit F attached at the end of this Disclosure Document.

(8) Provide you with grand opening marketing materials and guidance to promote the opening of your Store. (FA 2.8)

(9) Provide you with lists of approved suppliers and specifications for, or, in some cases, order directly from the manufacturer on your behalf and at your expense, the inventory, furniture, fixtures, equipment and supplies you will need to acquire before commencing operations (FA 3.7.).

Time to Open

We estimate the length of time between the earlier of the signing of the Franchise Agreement or the first payment for the Lapels® franchise and the start of operations of the Lapels® franchise to be approximately 30-180 days. Factors that may affect this time period include your ability to obtain financing, locating an acceptable site, delayed purchases or installation of furniture, fixtures, equipment, software, etc. The pre-commencement training program and commencement assistance will be conducted at our pre-determined location and

at our mutual convenience during this time period. You are required to have the Store open and operating no later than the earlier of 240 days from the date that we sign a Franchise Agreement or 60 days from the date that we approve your final construction plans.

Ongoing Assistance – After you have opened your Store:

(1) We will send one of our representatives to assist with the Store's opening (FA 3.1);
(2) We will advise you regarding the Store's operation based on your reports or our inspections. We will guide you in our Operations Manual by electronic media, telephone consultation or at our office or your Store;
(3) We will continue to provide you access to the Operations Manual and our consultation. We may modify the Operations Manual periodically to reflect changes in system standards;
(4) We or our representative may, at our discretion, visit with you in your Store from time to time to provide you with guidance in operating the franchise. (FA 3.4.);
(5) We will review for approval advertising material and website content that you wish to you. You may develop advertising materials for your own use, at your own cost. We must approve materials in advance and in writing prior to your using them. In order to protect the integrity of our trademarks and avoid confusion, we require that the only website you use in connection with your Lapels Business is the one we have created for and provided to you to use. You may make modifications to the website provided we approve the content in advance and in writing.
(6) At your request, we will furnish additional guidance and assistance and, in this case, may charge the *per diem* fees and charges we establish. If you request additional or special training for your employees, all of the expenses that we incur for this training, including *per diem* charges and travel and living expenses for our personnel, will be your responsibility (FA 3.5.). Training will be done either at our offices in Hanover, Massachusetts and one of our local area stores, or in your own store or in your local area if there is an Area Developer or Certified Trainer. You are responsible for paying for your travel and living expenses. The duration, frequency and content of this additional training will vary according to your request for additional training in a certain subject area, but it may range from 1-4 days and may be requested an unlimited number of times per year. Other than training you request, additional training or refresher courses will only be required if we find you are not complying with brand standards or operations, and may charge you the *per diem* fees and charges we establish.
(7) Provide you with general guidance regarding operating issues (FA 3.3.).
(8) From time to time, in our discretion, provide you with guidance on pricing. We do not set the price of the goods and services you sell.

Advertising

Regional/National Marketing. You must pay to us a "Brand Development Fee" of two percent (2%) of Gross Revenue, which is paid on a weekly basis. The Brand Development Fees are collected into a Brand Development Fund, which will be used by us for advertising, marketing, and public relations programs and materials that we deem appropriate and at our direction, for the purpose of maximizing national recognition of the Marks and patronage of the Lapels® businesses. It is our intention that the Brand Development Fund shall be used solely for this

purpose, and not to solicit for the sale of franchises. We do not have an obligation to spend a specific amount on advertising of the franchise system in your specific area. We have control over the creative concepts and the specific use of the Brand Development Fund contributions, as well as the geographic, market and media placement, and so it is possible that we may spend different amounts in your market than we do in other markets, or make no expenditures during a given time period, on marketing specifically targeted within your area or territory. Media sources include internet, social media and print advertising. The Brand Development Fund is not audited, but unaudited financial statements of the Fund are available for review by a franchisee, and will be made available annually or may be obtained upon written request and reasonable notice made to us one time per year. Although we had reserved the right to institute a regional or national marketing fee prior to this, the Brand Development Fee was formally added to our Franchise Agreement in 2015. Therefore, some franchisees currently pay a different amount as part of their agreement with us; however, it is our intention to require all franchisees to contribute to the Brand Development Fund over time. In fiscal year 2023, 94.372022, 100% of the Brand Development Fees collected from franchisees was spent on media placement; none5.63% of the fund was used for in-house marketing production, administrative expenses or any other use.

Local Advertising. You will be required to spend at least one percent (1%) of your Lapel Business's Gross Revenue for local advertising and marketing. We will provide guidelines for your local advertising and marketing that you must follow. You may develop advertising materials for your own use, at your cost. You must submit to us samples of all advertising, promotional and marketing materials that we have not prepared or previously approved at least thirty (30) days before its first use. You may not use any advertising or promotional materials that we have not approved.

Franchisees are not required to participate in a local or regional advertising cooperative.

There is presently an advertising committee comprised of five (5) franchisees that is an advisory board but does not have the right to render decisions on behalf of other franchisees. Members were self-nominated and represent various markets throughout the country. The Franchisor has the right to change or dissolve the committee.

Our obligation to conduct advertising directly within your local market is limited to the initial Grand Opening marketing campaign associated with the Grand Opening and First Year Marketing Fee of payable to us. We employ a combination of social media, internet/website, direct mail and PR releases in local newspapers in this local campaign. Our public relations firm is external, otherwise all advertising pieces are created by our employees.

Computer System

Included with your Start Up Supplies and Equipment Package, you will receive the entire computer system you will need to run your business, comprised of a computer hardware and software package and POS system. You must use the computer hardware, software and POS system provided, and you must continue to comply with computer specifications that we periodically establish, including hardware components, point of sale software, dedicated phone/cable/modem/power lines, printers and other computer-related accessories and peripheral equipment (the "Computer System"). In addition to the Computer System, you also must have a functioning email address so that we can send you notices and otherwise communicate with you by this method.

The Computer System will function in part as a web-based point-of-sale system for all transactions of your Lapels Business. The Computer System currently includes point of sale software and maintenance programs provided by one or more third-party suppliers that we designate. The initial computer package will include a Dual Core 3.0 GHZ Computer (or equivalent), Windows 7 Professional, 104 Key Keyboard, 3 Button Mouse Optical, Dual Serial & Dual Parallel Controller Cards, Norton Anti-Virus, 15" Touch Screen Monitor, Epson Thermal Invoice Printer, Printer Cables, Kick out Cash Drawer, Metrologic Wireless Scanner, Star Tag Printer and PPI approved Credit Card Swipe.

The Computer System currently includes (i) the required POS System from our designated suppler, SPOT; and (ii) the Software Systems we provide to you (see Items 7 and 8 above). We have acquired and will be the primary licensee with SPOT, and will sub-license the system to our franchisees. Each of the software systems interface and share information directly with the one another and the POS System.

The cost of the Computer System is included in the Start Up Supplies and Equipment Package that you purchase from us (See Item 5).

We may require you to upgrade or update the software for the POS System, but no more than every 3 years during the term of your Franchise Agreement. We will have independent access to all POS System data (except credit card related data) including transaction and customer contact related data recorded or otherwise stored in your POS System. We will use the POS System data to generate invoices for Royalties, advertising and promotional fees and any other fees set forth in the Franchise Agreement, to facilitate advertising and communication to your customers, to gather sales and related data for use in our Franchise Disclosure Documents, promotional or related material, to generate reports, and for any other purpose that we deem useful.

The types of data to be generated or stored in the Computer System include sales information, costs analysis and other information that we may specify in the Operations Manual. We have independent, unlimited access to the information generated by the Computer System, and there are no contractual limitations on our right to do so. The Computer System must interface with our information technology systems and be electronically linked to us or our designee to enable us (or our designee) to poll the Computer System on a daily or other basis at the time and in the manner we or our designee establish, with or without notice, and to retrieve transaction information (which includes sales, sales mix, supply usage, inventory, and other operations data we and/or our designee deem appropriate). If for any reason polling is not practicable or is prohibited by applicable law, we may require you to download such information into machine readable information compatible with the system operated by us, our affiliates, or our agents and to deliver such information to us by the method and at the temporal frequency as we may reasonably require. You must also have a functioning email address so that we can send you notices and otherwise communicate with you by this method.

All data, including without limitation any customer lists or customer related data, remains our sole and exclusive property during the term of your Franchise Agreement and any extensions or renewals and upon expiration or termination or other cessation of the Franchise Agreement. Your use of the POS and software to process Data does not violate or in any way modify the confidentiality terms of the Franchise Agreement so long as you comply with all other terms of the Franchise Agreement and all such data remains within the required operational system control and custody upon the expiration, termination or other cessation of the Franchise Agreement. You will not have access or use of the Data in any capacity, upon the expiration, termination of other cessation of the Franchise Agreement.

You must obtain specific maintenance, updating, upgrading or hosting support contracts for the Computer System from either our designated supplier(s) or directly from us. The monthly cost of the service contract for required maintenance, updating or support for the software components of the Computer System is paid per month/ per station, payable to us. Monthly software access fees are currently $60, subject to increase.

We or our supplier may condition any license of required or recommended proprietary software to you, and/or your use of technology developed or maintained by or for us, upon your signing a software license agreement or similar document, or otherwise agreeing to the terms that we periodically specify to regulate your use of, and our and your respective rights and responsibilities for, the software or technology. You must not modify, delete, or change any software or hardware configurations that we or our designated supplier(s) provide to you without our advanced written consent. We may charge you up-front and ongoing fees for any required or recommended proprietary software or technology that we or our supplier licenses to you in the future and for other Computer System maintenance and support services provided during the term of the Franchise Agreement.

We reserve the right to change the Computer System at any time. There are no contractual limitations on the frequency and cost of this obligation. We need not reimburse you for any of these costs. We may require you to use proprietary software, for which you may pay an annual license fee. We or our affiliates may condition any license of proprietary software to you, or your use of technology that we or our affiliates develop or maintain, on your signing a software license agreement or similar document that we or our affiliates prescribe to regulate your use of, and our and your respective rights and responsibilities concerning, the software or technology. We or our affiliates may charge you a monthly, annual, or other license fee for any proprietary software or technology that we or our affiliates license to you and for other maintenance and support services that we or our affiliates provide during the franchise term.

Training

We will provide you a pre-commencement training program for you and up to one additional employee, to be trained simultaneously. Due to the type of training, there are no regular scheduled training classes. Schedules are developed based on your and trainers' availability, date of lease signing, and anticipated date that your Lapels Business will open. Training will begin, usually two to three weeks prior to the anticipated opening date. The individual training program is normally conducted over a 4-6 day time period. The exact time will depend upon your experience and ability to learn the material. The content will be covered by studying our Operations Manual, the Computer System Manual, for familiarization with the touch screen application and on-the-job training at an operating Lapels® outlet.

Training will be done at our offices in Hanover, Massachusetts, and at our training facilities located in Waltham, West Roxbury and Wellesley, Massachusetts; in Fort Mill, South Carolina and in Gilbert, Arizona. You are responsible for paying for your travel and living expenses while training. You are required to complete the training program to our satisfaction prior to commencing business, which must be within eight months following signing your Franchise Agreement. We do not establish a specific deadline by which you must complete training, as this will be determined in part by site selection and your anticipated opening date. We will work with you to schedule training as close in time to the opening of your outlet as possible, taking into consideration travel needs and the availability of specific instructors.

TRAINING PROGRAM

Subject	***[1]Hours of Classroom Training***	***[1]Hours of On-The-Job Training***	***Location***
Orientation and Overview of Computer System, Services & Processes	1	6	Operating Training Store
Front Counter, Customer Interaction, Order Processing	1	12	Corporate Office, Operating Training Store
Marking-In Garments and Forms, Hands-on Customer Service	0	8	Operating Training Store
Administrative, File Maintenance, Back Office, Reporting	1	7	Operating Training Store
In-store Review, Marketing, Customer Service, Programs	2	3	Corporate Office, Operating Training Store
Hands-on Customer Interaction, Customer Service	0	6	Operating Training Store
Hands-on Review, Computer Setup, Refresher Training on specific subjects as determined by trainer	5	19	Franchisee's New Store
Total	**10**	**61**	
Additional Training for Plant Operation:			
Plant Operations - all aspects of cleaning, spotting, and finishing. This training will take place in your operating plant.	0	56	Franchisee's Operating Plant
Plant Equipment[3]	0	6	Franchisee's Operating Plant
Total (Plant)	**10**	**123**	

Notes:

[1] It is the nature of this business that there is full integration of the subjects being learned by the trainee and there are no clear beginning and ending times. Exact start and end time for subjects will depend on the background and experience of the trainee(s) and the content will be adjusted accordingly.

[2] Training will be conducted by a certified trainer in your area under the supervision of David Grippi, our Chief Operating Officer. Personnel conducting specific subjects may change over time. Our current certified trainers are:
(1) Keith Kocher: Mr. Kocher has 30 years' experience in this field and 5 years' experience with us.
(2) Ted Sontag: Mr. Sontag has 30 years' experience in this field and 5 years' experience with us.
(3) David Grippi, who teaches subjects relating to the "front of the house", such as the POS and computer system, store opening, internet connection, and customer service. Mr. Grippi has 30 years' experience in this field and 5 years' experience with us.

[3] A representative from the equipment supplier will train you on all aspects of operating your equipment. We authorize certain consultants to provide in-plant training and consultation to our franchisees as may be required from time to time.

The cost of training and training materials for up to 2 individuals is included in the Initial Training and Site Support Fee you pay to us (See Item 5). You must pay for travel expenses for yourself and your personnel.

We may conduct mandatory or optional additional refresher training programs from time to time. We have the right to impose a reasonable fee for tuition and/or attendance for all additional training programs. You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program.

Item 12

TERRITORY

You may operate your Plant, Satellite Store or Laundromat only at the fixed location that we have approved, and you may not relocate the Store without our approval. You may operate your Lapels Delivers franchise within a defined area. Once we approve the site or area, we will sign an addendum to your Franchise Agreement to specifically identify the Store location (if applicable) and you will be granted a specific territory, which we will define (the "Territory"). Once the Territory is defined, we will not modify your territorial rights. As long as you are in full compliance with your Franchise Agreement, and subject to certain exceptions described below, we will not grant anyone else the right to open a Lapels Business within the Territory, and we will not open a company-owned Lapels Business within the Territory. If an opportunity for a new Lapels Business is presented to us that is within your Territory, and we would recommend that you pursue it, we will forward that opportunity to you. You do not have options or rights of first refusal outside of the Territory. We will determine the size and boundaries of the Territory at our discretion, based on factors including geographic area, population density, character of neighborhood, location, number of competing businesses and other factors. While the exact size of the Territory will vary based on these factors, a typical territory will cover an area that extends in all directions from your premises, up to three miles in less populated areas and one city block in city areas, with your premises located at the approximate center of the Territory. We may approve the relocation of your store under limited circumstances, such as if you provide a substantial information to us that the new location would be better for you, or you lose occupancy rights, and such new location meets our site selection criteria. The relocation of your store would affect the location of the Territory.

There is no minimum sales requirement, market penetration or other contingency that will affect your limited protected right to operate in the Territory during the term of your Franchise Agreement, unless you are in default of your obligations to us.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

We retain the right in our sole discretion to establish, and grant to franchisees the right to establish, Lapels Business anywhere outside the Territory on terms and conditions as we deem appropriate. We and our affiliates reserve the right to sell products and services under the Mark or other trademarks within or outside the Territory through any Internet, catalog sales, telemarketing, or other direct marketing ("Alternative Distribution Channels").

You will receive no compensation for our sales through Alternative Distribution Channels in the Territory. You may not use Alternative Distribution Channels to make sales inside or outside your Territory.

Except as limited below, as long as you are in full compliance with the Franchise Agreement, then we and our affiliates will not grant a new franchise for the operation of a Lapels Business at a location in the Territory during the term of your Franchise Agreement. Otherwise, we and our affiliates retain all rights with respect to Lapels Businesses, the Marks, the sale of identical, similar or dissimilar products and services, and any other activities we deem appropriate whenever and wherever we desire, including, but not limited to:

(1) the right to operate, and to grant others the right to operate Lapels businesses or businesses operated under the tradenames of our affiliates located anywhere outside the Territory under any terms and conditions we deem appropriate and regardless of proximity to your Lapels Business outlet;

(2) the right to provide, offer and sell and to grant others the right to provide, offer and sell services and products that are identical or similar to and/or competitive with those services and products provided by Lapels businesses, whether identified by the Marks or other trademarks or service marks, through alternative distribution channels including, without limitation, the internet or similar electronic media and any other form of electronic commerce both inside and outside the Territory and on any terms and conditions we deem appropriate;

(3) the right to market and sell services and products to national, regional and institutional accounts, whether located inside or outside the Territory. "**National, regional and institutional accounts**" are organizational or institutional customers whose presence is not confined to your Territory, including: business entities with offices or branches situated both inside and outside of your Territory; government agencies, branches or facilities; healthcare networks; the military; and, any other customer whose presence is not confined to your Territory;

(4) the right to operate and grant others the right to operate Lapels businesses at "**Non-Traditional Sites**" within and outside the Territory on any terms and conditions we deem appropriate. "Non-Traditional Sites" are sites that generate customer traffic flow which is independent from the general customer traffic flow of the surrounding area, including military bases, shopping malls, major industrial or office complexes and school campuses;

(5) the right to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at Lapels businesses, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Territory); and

(6) the right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at Lapels businesses, or by another business, even if such business operates, franchises and/or licenses Competitive Businesses in the Territory.

You may not solicit or accept business from outside of your Territory without our prior written approval. If you operate a Lapels Delivers, or if you otherwise offer pick-up and delivery services, you may not pick up or deliver clothing, nor solicit customers for such services, outside of your Territory.

Our affiliate Martinizing International LLC, a Delaware limited liability company ("Martinizing"), is the franchisor of the Martinizing Dry Cleaning franchise system, a drycleaning concept that has offered franchises using the trademark "Martinizing". Martinizing is also the franchisor for certain drycleaning and other garment care businesses operating under the trademarks "Dry Cleaning Station," "1-800-DryClean," or "Pressed4Time" (collectively, the "Affiliate's Outlets"). These Affiliate's Outlets offer services similar to those offered by Lapels franchisees. All Affiliate's Outlets are franchisee-owned.

We will attempt to avoid conflicts between Lapels franchisees and franchisees of our Affiliate by designating the Territory granted to a new Lapels franchisee in a manner that does not conflict with existing Affiilate's Outlets and/or the services such Affiilate's Outlets provide. If any conflicts exist between Lapels franchises and any existing franchisees of the Affiliate's Outlets regarding territory, customers or franchisor support, we will make efforts to resolve those conflicts. We share the same principal business address as our Martinizing and do not physically separate offices. We will only provide training for Lapels franchisees, and there are physically separate training facilities for Martinizing franchisees.

Item 13

TRADEMARKS

The Lapels® trademark and other trademarks set forth below are the principal trademarks you'll use under license from us through the Franchise Agreement.

Trademark	***Registration Number***	***Date***	***Register***
LAPELS®	2595701	07/16/02	Principal
THE FUTURE OF DRY CLEANING®	2608181	08/13/02	Principal
LAPELS® [logotype]	3289519	09/11/07	Principal
Your Neighborhood Dry Cleaner®	4780505	07/28/15	Principal
866 MY LAPELS™	Common Law		
We Believe in a "Greener Future"®	4012272	08/16/11	Principal
The Future of Garment Care ™	Pending		Principal

By virtue of our trademark registrations with the Patent and Trademark Office, we have certain presumptive legal rights vis-à-vis these trademarks (the "Marks"). All affidavits of continued use that are required to be filed in connection with maintaining our rights to the Registered Marks have been filed in a timely manner. You must follow our operating procedures when you use the Marks. You cannot use the Marks or any other mark as part of your corporate name. You may not use the Marks in the event you wish to advertise the sale of your franchise.

There are no currently effective material determinations of the Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of any state or any court. There are no pending infringements, oppositions or cancellations concerning the Marks. There is no pending material litigation involving the Marks. We would control any litigation or administrative proceedings concerning the Marks.

There are no agreements currently in effect that significantly limit our rights to use or license the use of the Marks in a manner material to the franchise.

We are not obligated, by the terms of the Franchise Agreement or otherwise, to protect your right to use the Marks. Nor are we obligated to protect you against claims of infringement or unfair competition arising out of your use of the Marks. We are not obligated in the Franchise Agreement to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark licensed by us to you, or if the proceeding is resolved unfavorably to you. We have no actual knowledge of either superior prior rights or infringing uses that could materially affect your use of the Marks in the state where your franchise may be located. If we must require the franchisees to modify or discontinue using the principal trademarks, you may be required to pay for additional or modified signage, letterhead, fixtures, and the like.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

You do not receive the right to use an item covered by a patent or copyright, but you must use the proprietary information contained in our Operations Manual. The Operations Manual and the specifics on your use of the Operations Manual are described in the franchise agreement.

Although we haven't filed an application for copyright registration, we claim copyright protection for the Operations Manual, software, advertising materials, other materials we give you for your use or for public dissemination, other proprietary information and publications we own or have acquired under license from a third party, and everything concerning operating procedures. All of this is our proprietary intellectual property.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You or your managing partner or shareholder, or a manager designated by you and approved by us and trained by us, must, at all times, faithfully, honestly and diligently perform and exert your best efforts in performing your obligations under the franchise agreement. Each of your owners must jointly and severally be bound by the terms of the franchise agreement and personally guarantee performance. We expect that you or your full-time manager will provide on-site supervision of the franchise. If you are a multiple storeowner and do not provide full-time on-site supervision, we expect your manager(s) to be fully trained by you or by one of our certified trainers to the same level that you were trained, except for handling of business confidential information, such as check payment processing, etc. Your manager(s) or driver(s) must agree to the same level of confidentiality, non-competition and similar restrictions regarding our operating procedures as described in our Operations Manual. There is no amount of business equity that the "on premises" supervisor must have in the franchise.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only sell products and services that have been approved in advance by us. You must offer all goods and services that we designate as required for all franchisees. We reserve the right to change the types of authorized goods and services. There is no limit to our right to make changes in our offerings. You may offer additional goods and services that are unique to a specific region of the country, provided they are approved in advance by us in writing. You must operate your franchise according to *The Way We Do Things*, which may change and evolve over time. You must operate from your store within your Territory.

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

	PROVISION	***SECTION IN FRANCHISE AGREEMENT***	***SUMMARY***
a.	Length of the franchise term	1.4	Term is 10 years
b.	Renewal or extension of the term	1.4	A successor franchise may be granted for 10 years
c.	Requirements for you to renew or extend	1.4	Bring your franchise up to current standards, model and décor, sign a new then-current form franchise agreement and pay the successor franchise fee of 25% of the then-current Initial Franchise Fee. The then-current agreement may contain terms and conditions that are materially different than the Agreement attached to this disclosure document.
d.	Termination by you	10 and 18	You do not have the right to terminate the Franchise Agreement prior to the end of the Term, except on any grounds available by law. In the event you do, you will be subject to a termination fee as defined in Section 10 of the Franchise Agreement
e.	Termination by us without cause	Not applicable	We will not terminate the Franchise Agreement without cause
f.	Termination by us with cause	10.2	Material, uncured breaches of the Franchise Agreement
g.	"Cause" defined – curable defaults	10.2	You will be in default if you violate or fail to substantially comply with any provision of the Agreement or act in bad faith in carrying out the Agreement. Curable defaults include failure to pay fees to us, comply with The Way We Do Things, submit reports, unjustifiable closing of the Store. You will be given reasonable notice to cure any such defaults, which notice in no event need be more than thirty (30) days.
h.	"Cause" defined – non-curable defaults	10.2	Non-curable defaults include conviction of a felony, repeated defaults even if cured, abandonment, unapproved transfers, bankruptcy, assignment for benefit of creditors or appointment of a receiver. The provision in the FA which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq)
i.	Your obligations on termination/non-renewal	10.3	Your obligations include payment of all outstanding amounts, de-identification, return of manuals and confidential materials, continued non-disclosure of confidential information and trade secrets.
j.	Assignment of contract by us	9.1	Fully transferable by us, however, no assignment will be made except to an assignee who, in good-faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement
k.	"Transfer" by you – defined	9.2	All transfers require our approval
l.	Our approval of transfer by you	9.2	Required
m.	Conditions for our approval of transfer	9.2	Prior written approval
n.	Our right of first refusal to acquire your business	9.3	For all third party *bona fide* offers
o.	Our option to purchase your business	Not applicable	No specific provision

	PROVISION	***SECTION IN FRANCHISE AGREEMENT***	***SUMMARY***
p.	Your death or disability	9.2	Would be a transfer
q.	Non-competition covenants during the term of the franchise	5	You may not have an interest in a competitive business while you are a franchisee
r.	Non-competition covenants after the franchise is terminated or expires	11	24 months within an area consisting of your Territory plus 3 miles and a like area around any other Lapels® store
s.	Modification of the agreement	13.16	Must be in writing
t.	Integration / merger clause	13.18	Only the terms of the franchise agreement and other related written agreements are binding (subject to applicable state law.) Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. ~~Notwithstanding the foregoing statement~~However, nothing in any franchise agreement is intended to disclaim the express representations made in this Franchise Disclosure Document.
u.	Dispute resolution by arbitration or mediation	13.12	All non-money issues except post-term use of the principal trademarks, subject to state law.
v.	Choice of forum	13.14	Florida; however, this provision is subject to applicable state law
w.	Choice of law	13.13	Florida; however, this provision is subject to applicable state law

Item 18

PUBLIC FIGURES

We do not use public figures to promote this franchise.

Item 19

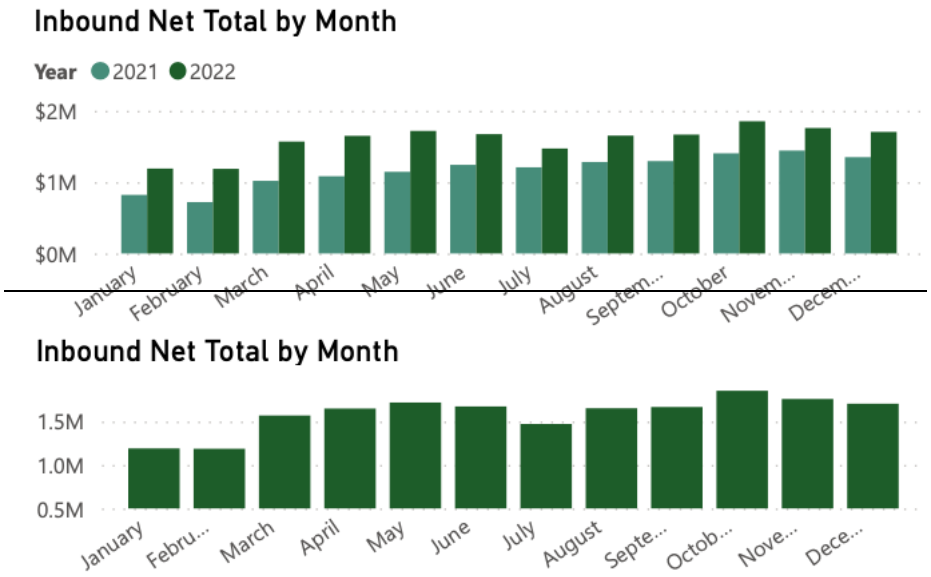
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying from us; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

The following representation is an historic financial performance representation about our existing outlets that were in operation in calendar year 2023~~2022~~. As of December 31, 2023~~2022~~, we had 83 franchised outlets and no company-owned outlets operating in the Lapels System. These outlets include 36 Plants, 37 Satellite Stores, 9 Lapels Delivers and 1 Laundromat. We have excluded information for 6 Satellite Stores, 6 Lapels Delivers and 1 Laundromat that did not use our POS System and whose data was not available.

~~Table 1[1]~~
~~Net Inbound Total Sales[2]~~
~~Calendar Years~~ *Rest of page intentionally left blank*

~~2021 and 2022~~



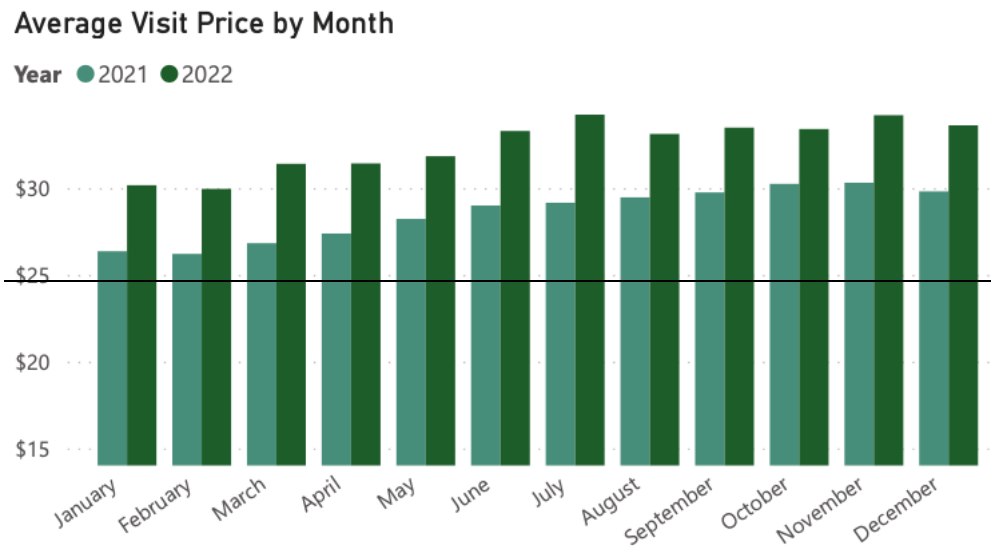
~~Table 2~~[3]
~~Sales Metrics~~
~~Calendar Year 2022~~

Sales Metrics

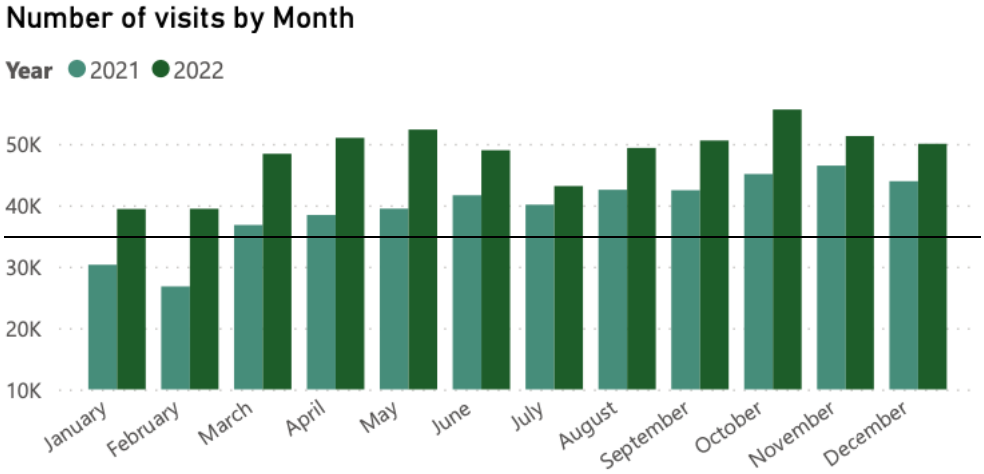
Plant Plus Satellite				
1,661,532.41	829,092.12	707,139.15	483,406.87	5
Top Annual Sales	Average Annual S...	Median Annual Sal...	Lowest Annual Sales	Enterprises Reporting
Plant Only				
1,213,698.71	448,129.71	395,740.72	206,889.63	22
Top Annual Sales	Average Annual S...	Median Annual Sal...	Lowest Annual Sales	Locations Reporting
Satellite Only				
573,343.63	308,758.57	291,273.88	167,488.30	22
Top Annual Sales	Average Annual S...	Median Annual Sal...	Lowest Annual Sales	Locations Reporting

~~Table 3~~[4,5]
~~Average Visit Price by Month~~

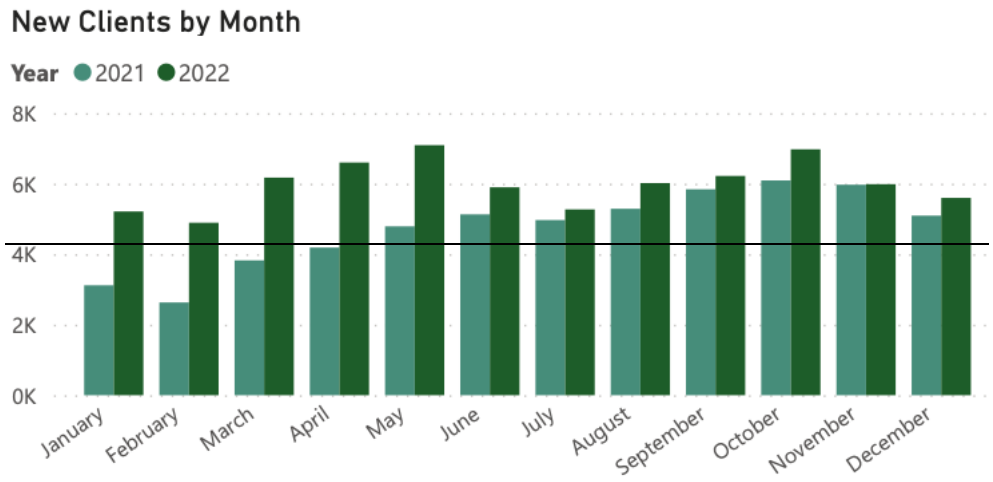
~~Calendar Years 2021 and 2022~~



~~Table 4~~[5,6]
~~Number of Visits by Month~~
~~Calendar Years 2021 and 2022~~



~~Table 5~~[7,8]
~~New Clients by Month~~
~~Calendar Years 2021 and 2022~~



~~Table 6[9]~~
~~Controllable Expenses[10,11, 12, 13, 14, 15]~~
~~Calendar Year 2022~~

Controllable Expenses

Payroll incl taxes and benefits	Cost of Goods	Insurance	Marketing	Maintenance	Utilities	Net Controllable Income
41.96%	8.09%	2.41%	1.66%	1.89%	4.07%	39.90%

~~Notes:~~

~~[1] Table 1 reflects the monthly Net Inbound Total Sales collectively by all outlets open through December 31, 2022 that had been open at least 1 year and report using our POS System. The data includes 36 Plants, 31 Satellite Stores, and 3 Lapels Delivers.~~

~~[2] Net Inbound Total Sales means Gross Sales (defined as all revenue earned from sales entered into an outlet's POS system as well as all other revenue derived from operating the outlet, whether it comes from cash, checks, credit or debit cards, bartering, trade credit, or other credit transactions, but excludes all federal, state, or municipal sales, use or service taxes collected from customers and paid to the appropriate tax authority), less any documented refunds, credits, coupons, manager-authorized or loyalty program discounts, allowances, and chargebacks given to customers by the outlet in good faith ("Discounts").~~

~~[3] Table 2 reflects the top, average, median and lowest Gross Sales of outlets in operation for a minimum of 3 years as of December 31, 2022, and report using our POS System. 5 franchisees operate both a Plant and a Satellite Store.~~

~~[4] Table 3 reflects the monthly Average Price per Visit by all outlets operating as of December 31, 2022 and report using our POS System. The data includes 36 Plants, 31 Satellite Stores, and 3 Lapels Delivers.~~

~~[5] A Visit refers to a single customer service order, which may include multiple garments.~~

[6] Table 4 reflects the number of Visits by month collectively by all outlets operating as of December 31, 2022 and report using our POS System. The data includes 36 Plants, 31 Satellite Stores, and 3 Lapels Delivers.

[7] Table 5 reflects the collective number of New Clients per month based on data from all outlets operating as of December 31, 2022 and report using our POS System. The data includes 36 Plants, 31 Satellite Stores, and 3 Lapels Delivers.

[8] A New Client is one who had not previously done business with a particular Lapels outlet.

[9] Table 6 reflects the average percentage that certain expenses are of Gross Sales and the resulting Net Controllable Income percentage for 9 Plants and 10 Satellite Stores. These 19 outlets were all of the reporting outlets of expense information, which was self-reported in a standardized format.

[10] Cost of Goods includes detergents, solvents, spotting agents, and packaging supplies but does not include labor.

[11] Insurance includes workers' compensation, business, vehicle and liability.

[12] Marketing includes amounts that the 19 reporting outlets spent on advertising, marketing and promotional activities and Brand Development Fund contributions.

[13] Maintenance represents costs of repairs, maintenance and replacement parts for equipment.

[14] Utilities represents expenses relating to electricity, gas, sewer, water, and telecommunications.

[15] Net Controllable Income is calculated by deducting the total percentage of controllable expenses from 100% of net sales. The controllable expenses in Table 6 do not encompass all cost and expense categories. Additional costs may include rent, real estate taxes, common area maintenance charges and other real property-related expenses; legal, accounting and other professional fees; interest and other debt service costs; taxes (other than those included in payroll costs); depreciation and amortization. Controllable expenses in Table 6 also does not include any compensation to the franchisee (to the extent this is not included in payroll costs).

Written substantiation will be made available to you upon reasonable request.

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

Other than the preceding financial performance ~~representations, we do~~representation, Next Step Franchising, LLC does not make any ~~representations about a franchisee's future~~ financial performance ~~or the past financial performance of company-owned or franchised outlets~~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 Kevin DuBois, CEO, Next Step Franchising, LLC, 711 5th Avenue South, Ste. 210, Naples, Florida, 34102, or 781-499-6992, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

System-wide Outlet Summary
For years ~~2020~~2021 to 2023~~2022~~

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	~~2020~~2021	~~89~~85	~~85~~81	-4
	~~2021~~	~~85~~	~~81~~	~~-4~~
	2022	81	83	+2
~~Company Owned~~	2023~~2020~~	~~0~~83	~~0~~83	0
Company Owned	2021	0	0	0
	2022	0	0	0
~~Total Outlets~~	2023~~2020~~	~~89~~0	~~85~~0	~~-4~~0
Total Outlets	2021	85	81	-4
	2022	81	83	+2

	2023	83	83	0

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than Franchisor)
For years ~~2020~~2021 to 2023~~2022~~

State	Year	Number of Transfers
Arizona	~~2020~~2021	~~2~~1
	~~2021~~	~~1~~
	2022	0
	2023	1
Florida	~~2020~~2021	~~2~~1
	~~2021~~	~~1~~
	2022	0

	2023	1
Georgia	~~2020~~2021	0
	~~2021~~	~~0~~
	2022	2
~~Massachusetts~~	~~2020~~2023	2
	~~2021~~	~~0~~
	~~2022~~	~~0~~
New Jersey	~~2020~~2021	~~1~~0
	~~2021~~	~~0~~
	2022	1
~~Texas~~	~~2020~~2023	~~2~~0
South Carolina	2021	0
	2022	0
~~Total~~	~~2020~~2023	~~9~~4
Total	2021	2
	2022	3
	2023	8

Table No. 3

Status of Franchised Outlets
For years ~~2020~~2021 to ~~2022~~2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
AZ	2021~~2020~~	~~6~~4	~~0~~1	0	0	0	0	~~4~~5
	2022~~2021~~	~~4~~5	1	0	0	0	0	~~5~~6
	~~2022~~2023	~~5~~6	~~1~~0	0	0	0	0	6

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
CA	2021~~2020~~	~~2~~1	0	0	0	0	~~1~~0	1
	2022~~2021~~	1	0	0	0	0	0	1
	~~2022~~2023	1	0	0	0	0	0	1
CO	2021~~2020~~	1	0	0	0	0	0	1
	2022~~2021~~	1	~~0~~1	0	0	0	0	~~1~~2
	~~2022~~2023	~~1~~2	~~1~~0	0	0	0	0	2
CT	2021~~2020~~	1	0	0	0	0	~~0~~1	~~1~~0
	2022~~2021~~	~~1~~0	0	0	0	0	~~1~~0	0
	~~2022~~2023	0	0	0	0	0	0	0
FL	2021~~2020~~	7	0	0	0	0	0	7
	2022~~2021~~	7	0	0	0	0	0	7
	~~2022~~2023	7	0	0	0	0	0	7
GA	2021~~2020~~	0	0	0	0	0	0	0
	2022~~2021~~	0	~~0~~2	0	0	0	0	~~0~~2
	~~2022~~2023	~~0~~2	~~2~~0	0	0	0	0	2
IL	2021~~2020~~	1	0	0	0	0	0	1
	2022~~2021~~	1	0	0	0	0	0	1
	~~2022~~2023	1	0	0	0	0	0	1
MA	2021~~2020~~	36	~~2~~0	~~1~~4	0	0	~~2~~1	~~36~~31
	2022~~2021~~	~~36~~31	~~0~~1	~~4~~0	~~0~~1	0	~~1~~2	~~31~~29
	~~2022~~2023	~~31~~29	~~1~~0	0	~~1~~0	0	2	~~29~~27
MS	2021~~2020~~	6	0	0	0	0	0	6
	2022~~2021~~	6	0	0	0	0	~~0~~1	~~6~~5
	~~2022~~2023	~~6~~5	0	0	0	0	~~1~~0	5
NC	2021~~2020~~	~~2~~4	~~2~~0	0	0	0	0	4
	2022~~2021~~	4	~~0~~1	0	0	0	0	~~4~~5
	~~2022~~2023	~~4~~5	1	0	0	0	0	~~5~~6
NJ	2021~~2020~~	2	0	0	0	0	0	2
	2022~~2021~~	2	0	0	0	0	0	2
	~~2022~~2023	2	0	0	0	0	0	2
OK	2021~~2020~~	3	0	0	0	0	~~0~~1	~~3~~2
	2022~~2021~~	~~3~~2	0	0	0	0	~~1~~0	2

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	~~2022~~2023	2	~~0~~1	0	0	0	0	~~2~~3
PA	2021~~2020~~	~~1~~0	~~0~~1	0	0	0	1	~~0~~1
	~~2021~~2022	~~0~~1	~~1~~0	0	0	0	~~1~~0	1
	~~2022~~2023	1	0	0	0	0	0	1
SC	2021~~2020~~	~~5~~6	~~1~~0	0	0	0	0	6
	2022~~2021~~	6	0	0	0	0	0	6
	~~2022~~2023	6	0	0	0	0	0	6
TN	2021~~2020~~	6	0	0	0	0	0	6
	~~2021~~2022	6	0	0	0	0	0	6
	~~2022~~2023	6	0	0	0	0	0	6
TX	2021~~2020~~	~~10~~7	0	~~3~~0	~~1~~0	0	0	7
	~~2021~~2022	7	0	0	0	0	0	7
	~~2022~~2023	7	0	0	0	0	0	7
Total	2021~~2020~~	~~89~~85	~~6~~4	~~1~~5	0	0	~~9~~3	~~85~~81
	~~2021~~2022	~~85~~81	~~4~~6	~~5~~0	~~0~~1	0	3	~~81~~83
	~~2022~~2023	~~81~~83	~~6~~2	0	~~1~~0	0	~~3~~2	83

Table No. 4

Status of Company-Owned Outlets
For years ~~2020~~2021 to ~~2022~~2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
TOTAL	2021~~2020~~	0	0	0	0	0	0
	~~2021~~2022	0	0	0	0	0	0

	~~2022~~2023	0	0	0	0	0	0

Table No. 5

Projected Openings as of December 31, ~~2022~~2023

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
AZ	1	1	0
CA	0	~~2~~0	0
CO	0	1	0
FL	~~0~~1	2	0
GA	0	2	0
MA	0	~~3~~2	0
MI	1	1	0
NV	0	1	0
NC	3	~~5~~3	0
NJ	0	1	0
NY	0	2	0
OK	0	1	0
SC	0	**1**	0
TN	0	1	0
TX	1	2	0
VA	0	1	0
Total	**~~5~~7**	**~~19~~22**	**0**

Franchisees that were not yet operational as of the franchisor's fiscal year ending December 31, ~~2022~~2023, were:

AZ	Morgan Martinez	928-248-4700
FL	Paul Napier	954-547-5530
MI	Steven Hindo	248-379-3636
~~SC~~NC	Jay Singh (~~3~~2) Adam Berdy & Anthony Fodel	919-641-5571 704-591-0328
TX	John Bullard~~-~~ _	214-436-4444

The following are the name, address and telephone number for each outlet of all current franchisees, as of the date of issuance of this document, April 26, 2024:

The following are the name, address and telephone number for each outlet of all current franchisees, as of the date of issuance of this document, April ~~1, 2023~~26, 2024:

LAUNDROMATS

STATE	FRANCHISEE NAME	ADDRESS & PHONE
~~**LAUNDROMATS**~~		
NC	**Yadav, Alka** **Shaisri, LLC**	**2208 Park Road, Charlotte~~, NC~~** **28203** **704-752-3885**
~~**LAPELS DELIVERS**~~		

ROUTE ONLY

STATE	FRANCHISEE NAME	ADDRESS & PHONE
AZ	**Pavkov, Ben** **DWC 941507, LLC**	**Scottsdale~~, AZ~~ 85258** **(602) 230-9600**
AZ	**Kline, Jeff** **JTK Industries, Inc.**	**Chandler~~, AZ~~ 85248** **480-963-2223**
FL	~~Morfesi, Guido~~ ~~HWL Dry Cleaners LLC~~**Conover, Charles** **SNAC ENDEAVORS, INC**	**Tampa~~, FL~~ 33618** **813-964-1253**
MA	**Dubois, Kevin** **MA Green Cleaning, LLC**	**Brighton~~, MA~~ 02135** **617-208-8459**
MA	**Wilkinson, Kimberly & Jeff** **Green Clean Enterprises Corp.**	**Hingham~~, MA~~ 02043** **781-749-7080**
~~**MA**~~	~~Asrat, Zack~~ ~~Eco Urban Solutions LLC~~	~~Somerville, MA 02143~~ ~~617-236-0098~~
NC	**Yadav, Alka** **Shaisri, LLC**	**Charlotte** ~~North Carolina~~ **28203** **(704) 595-7434**
SC	**Mathews, Adam** **Fresh-N-Clean LLC**	**Pawleys Island, 29585** **843-314-9082**
SC	**Mathews, Adam** **Fresh-N-Clean LLC**	**North Myrtle Beach, 29582** **843-249-5565**
TX	**Davila, Felipe Joseph** **Su-Jo Enterprise, LLC**	**Richmond~~, TX~~ 77406** **346-707-8278**
TX	**Kauachi, Jose~~-~~** **New Beginnings LLC**	**Brownsville~~, TX~~ 78521** **956-621-4389**

~~**SATELLITE STORES**~~

PLANT LOCATIONS

~~**AZ**~~**STATE**	**FRANCHISEE NAME**~~**Martinez, Morgan MSJ Companies, LLC**~~	~~2595 South 4th Avenue, Suite 2, Yuma, AZ 85364~~ **ADDRESS & PHONE**~~**928-248-4700**~~
AZ	**Kline, Jeff** **JTK Industries, Inc.**	**2586 S.Val Vista Drive #101, Gilbert, ~~AZ~~ 85295** **480-855-2000**
AZ	~~Khetarpal, Vijay~~ ~~TIP-TOP ENTERPRISES LLC~~**Garcia, Javier**	**1510 S Watson Road, Buckeye, ~~AZ~~ 85326** **623-327-9201**

	Big M Commercial Janitorial and Floor Services, Inc.	
AZ	**Martinez, Morgan** **MSJ Companies, LLC**	**2595 South 4th Ave Suite 2, Yuma 85364** **928-248-4700**
CA	**Bedoya, Anita** **TJAM, LLC**	**775 1st Street, Gilroy, ~~CA~~ 95020** **408-847-2121**
CO	**Wood, David & Karen** **DK Wood, Inc.**	**6709 Coal Mine Avenue, Littleton, ~~CO~~ 80123** **303-798-4444**
CO	**Ovitz, Robert, Muzek, Will** **6D Logistics, LLC**	**6785 W 120th Ave., Broomfield** **80020 (303) 466-3834**
FL	**Dubois, Kevin** **Next Step Franchising, Inc**	**2349 Village Square Pkwy, Suite 125,** **Fleming Island, ~~FL~~ 32003** **904-644-8687**
FL	**Ferrer, Burt** **FERGON, INC**	**17503A Preserve Walk Ln~~.~~., Tampa,~~ FL~~** **33647** **(813) 605-2000**
FL	~~Morfesi, Guido~~ ~~HWL Dry Cleaners LLC~~**Conover, Charles** **SNAC ENDEAVORS, INC**	**11209 N Dale Mabry Highway, Tampa, ~~FL~~** **33618** **813-964-1253**
FL	**Callejas, Luis Edmumdo Reves**	**1075 Oakleaf Plantation Parkway, Unit 304,** **Orange Park ~~FL~~ 32065**
GA	~~Humphrey, Sam~~ ~~Global Merchandising59 and Associates LLC~~**Carey, Tiffine** **C&W Family Cleaner's, LLC**	**4296 Washington Rd, Evans** ~~Georgia, USA~~**, 30809** **(706) 869-9789**
IL	**Zuberi, Fahim** **Green Ventures LLC**	**819 Ridge Rd., Willmette, 60091** **847-251-2433**

~~IL~~STATE	~~Zuberi, Fahim~~ ~~Green Ventures LLC~~ FRANCHISEE NAME	ADDRESS & PHONE~~819 Ridge Rd., Willmette, IL 60091~~ ~~847-251-2433~~
MA	Dubois, Kevin MA Green Cleaning, LLC	1036 Main Street, Waltham, ~~MA~~ 02451 781-788-4901
MA	Carroll, Greg Martha's Vineyard Dry Cleaners LLC	395 State Road, Vineyard Haven, ~~MA~~ 02568 508-338-2827
MA	Asrat, Zack Eco Urban Solutions (EUS), LLC	1100 Commonwealth Avenue, Allston, ~~MA~~ 02215 617-731-9706
MA	Dao, Kevin Tang Tran Dao Ltd.	959 Main Street, Wakefield, ~~MA~~ 01880 781-246-8828
MA	Nguyen, Lan LML Green Dry Cleaning LLC	435 Winthrop Avenue, Lawrence, ~~MA~~ 01845 978-482-7584
MA	Wilkinson, Kimberly & Jeff Green Clean Enterprises Corp.	776 Plain Street, Marshfield, ~~MA~~ 02050 781-837-4336
MA	Wiltshire, Matt Lajoieshire Enterprises, Inc.	597 Washington Street, Stoughton, ~~MA~~ 02072 781-886-6949
~~MA~~	~~Kapur, Dalip~~ ~~ANMOL, LLC~~	~~300 Tyler Street, Pittsfield, MA 01201~~ ~~413-347-8080~~
MS	Mitchell, Jeffrey Mississippi Made LLC	501 West Bankhead Street, New Albany, ~~MS~~ 38652 662-539-7182
MS	Richardson, Martin~~ & Leah~~ Richardson Group LLC.	367 N Gloster Street, Tupelo, ~~MS~~ 38804 662-842-9757
MS	Edwards, John Max Edwards 3 Ventures LLC	3010 Old Taylor Rd., Oxford, ~~MS~~ (662) 638-3149
NC	Yadav, Alka Shaisri, LLC	2904 Yorkmont Road, Charlotte ~~North Carolina,~~ 28208 (704) 595-7434
NC	Singh, Sukhjiwan Noor Brothers, LLC	1226 NW Maynard Rd, Cary 27513 919-380-1713
NJ	Shultz, Aryeh Bridge Equities, LLC	55 Brick Boulevard, Brick, ~~NJ~~ 08723 732-551-2106
NJ	Mastrola, Paul & Anna Kadence Properties LLC	103 W. Main Street, Somerville, ~~NJ~~ 08876 908-800-2404
NY	Patel, Niral	694 New Loudon Road, Latham ~~New York, USA,~~ 12110 (518) 608-0006
OK	Tjoeng, Michelle Broadway Cleaners LLC	13801 N. Bryant Ave., Oklahoma City, ~~OK~~ 73013 405-418-4030
PA	Kaur, Parminder J&S Enterprise LLC	360 Kidder Street, Wilkes Barre, PA 18702 570-846-0101
SC	~~Maganti, Krishna P.~~ ~~Premium Cleaners Inc.~~ Mathews, Adam Fresh-N-Clean LLC	6613 N. Kings Highway, Myrtle Beach, ~~SC~~ 29572 843-712-2682
SC	Huston, Roy Todd Avatara Enterprises Inc.	855 Gold Hill Road, Suite 109, Fort Mill, ~~SC~~ 29708 803-228-0824
TN	Cooley, Christopher NPF Investments, Inc.	6109 Nolensville Pike, Nashville, ~~TN~~ 37211 615-964-7217
TN	Dawson, Thomas Dawson Investment Group, Inc.	9947 Wolf River Blvd., Suite 114, Germantown, ~~TN~~ 38139

		901-290-8689
TX	**Davila, Felipe Joseph Su-Jo Enterprise, LLC**	**5102 FM 1463, Katy, ~~TX~~ 77494 346-707-8278**
TX	**Dang, Hiep Nova Satus, Inc.**	**20222 Champion Forest Dr., Suite 400, Spring, ~~TX~~ 77379 281-257-2222**
TX	**Bullard, John & Tammi JTBJ Holdings, Inc.**	**2180 FM 423, Suite 100, Little Elm, ~~TX~~ 75068 214-436-4444**
TX	**Kauachi, Jose~~-~~ New Beginnings LLC**	**1655 E. Ruben Torres Blvd, Brownsville, ~~TX~~ 78521 956-621-4389**

~~PLANTS~~

SATELLITE LOCATIONS

STATE	FRANCHISEE NAME	ADDRESS & PHONE
AZ	**Kline, Jeff JTK Industries, Inc~~.~~**	**24871 S. Ellsworth Rd. Suite 130, Queen Creek 85142~~ (~~ 480~~)~~ 549-3863**
FL	**Dubois, Kevin Next Step Franchising, Inc.**	**1581 County Road 220, Fleming Island, ~~FL~~ 32003 904-264-0526**
FL	**Ferrer, Burt FERGON, INC**	**6431 E County Line Road, Tampa, ~~FL~~ 33647 813-907-8555**
GA	**~~Humphrey, Sam Global Merchandising59 and Associates LLC~~Carey, Tiffine C&W Family Cleaner's, LLC**	**3515 Walton Way Ext., Augusta ~~Georgia, USA,~~ 30909 (706) 738-8337**
MA	**Dubois, Kevin MA Green Cleaning, LLC**	**29 Willow St. West Roxbury, ~~MA~~ 02132 617-469-2202**
MA	**Dubois, Kevin MA Green Cleaning, LLC**	**2 Whiting Rd., Dover, ~~MA~~ 02030 508-785-2900**
MA	**Dubois, Kevin MA Green Cleaning, LLC**	**446 Washington St, Wellesley, ~~MA~~ 02482 781-489-5904**
MA	**Dubois, Kevin MA Green Cleaning, LLC**	**55 Grenier St, Hanscom AFB ~~Massachusetts~~ 01731~~-~~ (781) 788-4901**
MA	**Asrat, Zack Eco Urban Solutions LLC**	**1304 Commonwealth Avenue, Allston ~~MA~~ 02134 617-545-5186**
MA	**Asrat, Zack Eco Urban Solutions LLC**	**621 Tremont Street, Boston, ~~MA~~ 02118 617-236-0098**
MA	**Nguyen, Lan LML Green Dry Cleaning LLC**	**209 Main Street, Wilmington, ~~MA~~ 01887 978-253-0030**
MA	**Nguyen, Lan LML Green Dry Cleaning LLC**	**91 Thoreau St., Concord, ~~MA~~ 01742 978-254-0349**
MA	**Kim, Myong**	**186 Great Road, Bedford, ~~MA~~ 01730 978-930-9302**
MA	**Wilkinson, Kimberly & Jeff Green Clean Enterprises Corp.**	**2117 Washington Street, Hanover, ~~MA~~ 02339 781-659-0444**
MA	**Wilkinson, Kimberly & Jeff Green Clean Enterprises Corp.**	**827 Chief Justice Cushing Highway, Cohasset, ~~MA~~ 02025 781-383-1300**
MA	**Wilkinson, Kimberly & Jeff Green Clean Enterprises Corp.**	**150 Summer Street, Kingston, ~~MA~~ 02364 781-936-2962**
MA	**Nguyen, Hong Thi~~-~~ Dao Tang LLC**	**152 Brookline Avenue, Boston, ~~MA.~~ 02215 617 262 8808**
MA	**Nguyen, Trung Pham**	**619 Washington, Street, Easton, ~~MA.~~ 02375**

	TAN TOAN, Inc.	**508-230-2299**
MA	**Tran, San** **San V. Tran, INC.**	**408 Centre Avenue, Abington, MA 02351** **781-871-2210**
MA	**Tran, Tung P.**	**73 Cedar St, Dedham, MA. 02026** **781-751-9015**
MA	**Wiltshire, Matt** **Lajoieshire Enterprises, Inc.**	**246 E. Main St. #102, Norton, MA 02766** **508-285-2859**
MA	**Djousse, Sylvie & Luc** **Cove Investments LLC**	**201 Middlesex Turnpike, Burlington, MA 01803** **(781) 365-9115**
MS	**Mitchell, Jeffrey** **Mississippi Made LLC**	**277 W Reynolds Street, Pontotoc, MS 38863** **662-200-2092**
MS	**Mitchell, Jeffrey** **Mississippi Made LLC**	**5025 Church Road East, Suite 105, Olive Branch, MS 38654** **662-874-6564**
NC **NC**	**Huston, Roy Todd** **Avatara Enterprises Inc.** **Yadav, Alka** **Shaisri, LLC**	**4815 Berewick Town Center Drive, Suite H, Charlotte, NC 28278** **980-219-7856** **14021 Conlan Circle, Unit B-2 Charlotte, NC 28277** **704-752-3885**
STATE	**FRANCHISEE NAME**	**ADDRESS & PHONE**
OK	**Tjoeng, Michelle** **Broadway Cleaners LLC**	**121 E Waterloo Road, Edmond, OK 73034** **405-285-8814**
OK	**Tjoeng, Michelle** **Broadway Cleaners LLC**	**16600 N. May Ave Suite 103, Oklahoma City 73012** **405-540-2457**
SC	~~Maganti, Krishna P.~~ ~~Premium Cleaners Inc.~~ **Mathews, Adam** **Fresh-N-Clean LLC.**	**4210 River Oaks Drive, Carolina Forest, SC 29579** **843-796-3174**
~~**SC**~~	~~Maganti, Krishna P.~~ ~~Premium Cleaners Inc.~~	~~11405-8 Ocean Highway, Pawleys Island, SC 29585~~ ~~843-314-9082~~
~~**SC**~~	~~Maganti, Krishna P.~~ ~~Premium Cleaners Inc.~~	~~313 Highway 17 North, North Myrtle Beach, SC 29582~~ ~~843-249-5565~~
SC	**Huston, Roy Todd** **Avatara Enterprises Inc.**	**6257 Carolina Commons Dr. Suite 800, Indian Land South Carolina 29707 (803) 228-0353**
TN	**Cooley, Christopher** **NPF Investments, Inc.**	**202 5th Avenue, North, Franklin, TN 37064** **615-567-6688**
TN	**Cooley, Christopher** **NPF Investments, Inc.**	**7630 Highway 70 South, Suite 304, Nashville, TN 37221** **615-712-7084**
TN	**Cooley, Christopher** **NPF Investments, Inc.**	**330 Franklin Rd., Suite 33, Brentwood, TN 37027** **615-373-0232**
TN	**Dawson, Thomas** **Dawson Investment Group, Inc.**	**5764 Airline Rd., Suite 10, Arlington, TN 38002** **901-257-9530**
TX	**Bullard, John & Tammi** **JTBJ Holdings, Inc.**	**4740 University Dr., Prosper, TX 75078** **972-347-9335**

Former Franchisee Contact Information

During the last fiscal year, the Lapels® Dry Cleaning franchisees listed below have left the system.

Set forth below are the names, cities and states and last known telephone numbers for every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business in the Lapels® franchise system during fiscal year ~~2022.~~ 2023. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the Lapels® system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

The following Lapels® Dry Cleaning franchisees voluntarily ceased to conduct business:

~~1. Young Sook Choie 296 Shawsheen Avenue, Wilmington, MA 01887~~
~~2. Frank Mercurio 407 High Plain St Walpole MA 02081~~

MA	**Asrat, Zack** **Eco Urban Solutions LLC**	**Somerville, 02143 617-236-0098**
MA	**Kapur, Dalip** **ANMOL, LLC**	**300 Tyler Street, Pittsfield, 01201** **413-347-8080**

The following Lapels® Dry Cleaning franchises were terminated:

None

The following Franchisees did not renew their Franchise Agreements:

~~1. Xuyen Nguyen 142 Littleton Rd Westford, MA 01866~~
None

The following Lapels® Dry Cleaning franchisees transferred their outlet:

STATE	FRANCHISEE NAME	ADDRESS & PHONE
AZ	Khetarpal, Vijay TIP-TOP ENTERPRISES LLC	1510 S Watson Road, Buckeye 85326 623-327-9201
FL	**Morfesi, Guido** HWL Dry Cleaners LLC	**11209 N Dale Mabry Highway, Tampa 33618** 813-964-1253
GA	**Humphrey, Sam** **Global Merchandising59 and Associates LLC**	**4296 Washington Rd, Evans 30809** **(706) 869-9789**
GA	**Humphrey, Sam** **Global Merchandising59 and Associates LLC**	**3515 Walton Way Ext., Augusta 30909** **(706) 738-8337**
SC	**Maganti, Krishna P.** **Premium Cleaners Inc.**	**4210 River Oaks Drive, Carolina Forest, 29579** **843-796-3174**
SC	**Maganti, Krishna P.** **Premium Cleaners Inc.**	**11405-8 Ocean Highway, Pawleys Island, 29585**

		843-314-9082
SC	**Maganti, Krishna P.** **Premium Cleaners Inc.**	**313 Highway 17 North, North Myrtle Beach, 29582** **843-249-5565**
SC	**Maganti, Krishna P.** **Premium Cleaners Inc.**	**6613 N. Kings Highway, Myrtle Beach, 29572** **843-712-2682**

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

There are currently no trademark-specific franchisee associations required to be disclosed in this document.

Item 21

FINANCIAL STATEMENTS

Our audited financials, which comprise the balance sheet as of December 31, ~~2022~~2023, December 31, ~~2021~~2022, and December 31, ~~2020~~2021, and the related statements of operations and members equity, and cash flows for the year ended December 31, ~~2022~~2023, December 31, ~~2021~~2022 and December 31, ~~2020~~2021, are included in Exhibit C.

The Franchisor's fiscal year ends on December 31.

Item 22

CONTRACTS

A copy of all proposed agreements regarding the franchise offering are included in this Disclosure Document, as follows:

- Exhibit A – The Franchise Agreement
- Exhibit B – GreenEarth Cleaning, LLC, License Agreement, for Plant operators
- Exhibit H – Franchisee Acknowledgement Statement, as permitted by state 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.

Item 23

RECEIPTS

A receipt in duplicate is attached as the last two pages of this Disclosure Document. You should sign both copies of the receipt. Keep one copy for your own records and return the other signed copy to Kevin DuBois, CEO, Next Step Franchising, LLC, 711 5th Avenue South, Ste. 210, Naples, Florida 34102.

Exhibit “A” — Franchise Agreement

FRANCHISE AGREEMENT

Date: _____

Franchisor: **Next Step Franchising, LLC**, a Delaware limited liability company having its principal place of business at 711 5th Avenue South, Naples, Florida 34102 (referred to in this Agreement as "we," "us" or "our").

Franchisee: _____, with a principal address of _____(referred to in this Agreement as "you," "your" or "owner").

1. PREAMBLES, ACKNOWLEDGMENTS AND GRANT OF FRANCHISE.

1.1. PREAMBLES. This Agreement governs your ownership and operation of one (1) Lapels® dry cleaning business of the type and in the location described in Article 1.3 below.

These businesses operate under the Lapels® name and other trademarks (the "Marks"), which we control, and under distinctive business formats, methods, procedures, standards and specifications (the "System"). You have represented to us that you want the Lapels® franchise. We have considered your purchasing a franchise in reliance upon all of your representations.

1.2. ACKNOWLEDGMENTS. You acknowledge that you have read this Agreement and our Franchise Disclosure Document and understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at each Lapels® business and thereby to protect and preserve the goodwill of the Marks. You acknowledge that you have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that, like any other business, the nature of the business conducted by the Lapels® business may evolve and change over time, that an investment in the Lapels® business involves business risks and that your business abilities and efforts are vital to the success of the venture. You acknowledge that any information you acquire from other Lapels® franchisees relating to their sales, profits or cash flows does not constitute information obtained from us, nor do we make any representation as to the accuracy of any such information. You acknowledge that, in all of their dealings with you, our officers, directors, employees and agents act only in a representative, and not in an individual, capacity. All business dealings between you and such persons as a result of this Agreement are solely between you and us. You further acknowledge that we have advised you to seek franchise counsel to review and evaluate this Agreement.

1.3. GRANT OF FRANCHISE. We grant you a franchise to operate one (1) Lapels® dry cleaning business of the following type (referred to in this Agreement as the "FRANCHISE"):

☐ Lapels Plant ☐ Lapels Satellite Store ☐ Lapels Delivers ☐ Lapels Laundromat

The FRANCHISE will be located as follows, which location will be approved in advance by us:
Franchise Location: TBD

Before commencing operations, you will provide us with a copy of your lease, if any, for the FRANCHISE, and will execute and cause to be executed concurrently with your execution of the lease an Option to Assume Lease in a form acceptable to us (see attached Appendix D). You acknowledge that we've advised you to seek real estate counsel to negotiate the terms of your lease with your landlord. We make no representation of any kind whatsoever regarding your likelihood of success at the FRANCHISE location. You acknowledge and agree that our recommendation or approval of the FRANCHISE location, and any information regarding the FRANCHISE communicated to you, does not constitute a representation or warranty of any kind, express or implied, as to the suitability of the location for a Lapels® store or for any other purpose. Our recommendation or approval of the location indicates only that we believe that the location falls within acceptable criteria for franchise locations that we have established as of the time of our recommendation or approval of the FRANCHISE location. You acknowledge and agree that your acceptance and approval of the FRANCHISE location is based on your own independent investigation of the suitability of the location. The development of the FRANCHISE is entirely your responsibility. Such development must follow *The Way We Do Things* (defined below).

Subject to Section 1.5 below, we will grant you a limited protected territory within a geographical area (referred to in this Agreement as the "Territory") described as follows:

> We will define the Territory based on the fixed location of the FRANCHISE, once we approve the site. We will determine the size and boundaries of your Territory at our discretion, based on factors including geographic area, population density, character of neighborhood, location, number of competing businesses and other factors. While the exact territory size will vary based on these factors, a typical territory will cover an area that extends in all directions from the FRANCHISE location, up to three miles in less populated areas and one city block in city areas, with the FRANCHISE location located at the approximate center of the Territory. The exact location of the FRANCHISE and definition of the Territory will be added to this Agreement by addendum once the location has been determined and approved.
>
> If you offer pickup and delivery services from your FRANCHISE using a Lapels® delivery van, you are not authorized to conduct such services outside of the Territory.

1.4. TERM AND RENEWAL. Time is of the essence in connection with the construction and opening of the FRANCHISE. You agree to open the FRANCHISE to the public no later than the earlier of 240 days from the date of this Agreement or 60 days from the date that we approve your final construction plans. This Agreement is for a term of ten (10) years from the first date on which the FRANCHISE opens to serve the general public, unless terminated as set forth herein. Provided you are in full compliance with the terms of this Agreement, we and you may mutually agree to renew this Agreement for successor ten (10) year periods. You and we will execute our then-current franchise agreement at the time of renewal. We shall be obligated to grant you a successor franchise if you give notice of your intention to renew as set forth herein and you are not in material default of the terms hereof at the time of such notice and at the time of such renewal. We are not required to renew this Agreement if we have notified you of your default hereunder more than three (3) times during the initial term. Upon renewal, you will pay us a renewal fee (the "Successor Franchise Fee") of Twenty-Five Percent (25%) of the then-current Initial Franchise Fee (see Paragraph 2.1 below) at the time we execute the then-current franchise agreement. In addition, at the time of renewal, you agree to update the model and décor of the Store to requirements for new franchised stores at the time of renewal, if you have not updated the model or décor of the Store within the five years prior to renewal.

1.5. RIGHTS WE RESERVE. Except as limited below, as long as you are in full compliance with the Franchise Agreement, then we and our affiliates will not grant a new franchise for the operation of a Lapels® business at a location in the Territory during the term of your Franchise Agreement. Otherwise, we and our affiliates retain all rights with respect to Lapels® businesses, the Marks, the sale of identical,

similar or dissimilar products and services, and any other activities we deem appropriate whenever and wherever we desire, including, but not limited to:

(1) the right to operate, and to grant others the right to operate Lapels® businesses or businesses operated under the tradenames of our affiliates located anywhere outside the Territory under any terms and conditions we deem appropriate and regardless of proximity to your Lapels® business outlet;

(2) the right to provide, offer and sell and to grant others the right to provide, offer and sell services and products that are identical or similar to and/or competitive with those services and products provided by Lapels® businesses, whether identified by the Marks or other trademarks or service marks, through alternative distribution channels including, without limitation, the internet or similar electronic media and any other form of electronic commerce both inside and outside the Territory and on any terms and conditions we deem appropriate;

(3) the right to market and sell services and products to national, regional and institutional accounts, whether located inside or outside the Territory. "**National, regional and institutional accounts**" are organizational or institutional customers whose presence is not confined to your Territory, including: business entities with offices or branches situated both inside and outside of your Territory; government agencies, branches or facilities; healthcare networks; the military; and, any other customer whose presence is not confined to your Territory;

(4) the right to operate and grant others the right to operate Lapels® businesses at "**Non-Traditional Sites**" within and outside the Territory on any terms and conditions we deem appropriate. "Non-Traditional Sites" are sites that generate customer traffic flow which is independent from the general customer traffic flow of the surrounding area, including military bases, shopping malls, major industrial or office complexes and school campuses;

(5) the right to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at Lapels® businesses, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Territory); and

(6) the right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at Lapels® businesses, or by another business, even if such business operates, franchises and/or licenses competitive businesses in the Territory.

1.6. GUARANTY AND ASSUMPTION OF OBLIGATIONS. If you or anyone representing you is signing this Agreement in other than your or their individual capacity, you and such persons representing you shall also execute the Guaranty and Assumption of Obligations document attached hereto as Appendix "A."

1.7. CORPORATE, LLC OR PARTNERSHIP FRANCHISEE. If you are at any time a corporation, limited liability company, or partnership, you agree and represent that:

1.7.1. You will have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing and in good standing under the laws of the state of your incorporation or formation. You are also duly qualified to do business in the state in which your Territory is located. You will notify us within five (5) days whenever there is a change in your corporate status or whenever you receive service of process for any reason;

1.7.2. Your organizational documents or partnership agreement will recite that the issuance and transfer of any ownership interests in you are restricted by the terms of this Agreement, and all

certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement;

1.7.3. Appendix B to this Agreement will completely and accurately describe all of your owners and their interests in you; and

1.7.4. Each of your owners, at any time during the term of this Agreement, will execute an agreement in the form that we prescribe (see Appendix A to this Agreement) undertaking to be bound jointly and severally by all provisions of this Agreement and any ancillary agreements between you and us that bind you. You and your owners agree to execute and deliver to us such revised Appendices A as may be necessary to reflect any changes in the information contained therein and to furnish such other information about your organization or information as we may request within five (5) days of such change.

1.7.5. Your owners and you will grant to one individual, "Managing Owner", the authority to legally bind you in any dealings with us, or our affiliates, and to direct any action necessary to ensure compliance with this Agreement and any other agreements relating to the Lapels® business. You will notify us of any change in the Managing Owner before such change unless such change results from the death or incapacitation of the Managing Owner in which event you will appoint a new Managing Owner within sixty (60) days after such death or incapacitation and give us prior notice of such appointment. Neither you nor your owners will, directly or indirectly, take any actions to avoid or restrict the authority requirement for the Managing Owner.

2. FEES.

2.1. INITIAL FRANCHISE FEE. Concurrently with your execution of this Agreement, you are paying us a nonrecurring and nonrefundable Initial Franchise Fee in the amount of:

Lapels® Plant	$50,000
Lapels® Satellite Store	$25,000
Lapels Delivers	$25,000
Laundromat	$30,000

The Initial Franchise Fee will be fully earned by us upon the execution of this Agreement. We are under no obligation to grant you additional franchises.

2.2 ROYALTY FEES. Following your start of operations at your location, you agree to pay us a "Royalty Fee" in a weekly amount, equal to six percent (6%) of Gross Revenue (defined below). The Royalty Fee is due every Monday for the week ending the prior Sunday. We will directly debit your checking account for the weekly Royalty Fee, which we will calculate based on information we obtain, or estimate if such information is not made available to us. You have agreed to and have signed an Authorization for Electronic Funds Transfer (EFT), which is part of this Agreement and which will allow us to debit your bank account directly for Royalty Fees. In the event that you cancel your EFT Authorization you will be in breach of this Agreement, and such breach will constitute grounds for termination. See Article 10.2. If your Franchise Agreement expires, a Successor Franchise Agreement is not yet signed, and you continue operation of the FRANCHISE, an Interim Franchise Royalty Fee of our then-current Royalty Fee plus two percent (2%) shall apply.

2.3. GROSS REVENUE. Gross Revenue means all revenue you derive from operating the ~~franchise~~FRANCHISE, including, but not limited to, all amounts you receive at or away from the franchise location, and whether from cash, check, credit (including accounts receivable), barter, trade, or any other cash-equivalent transactions, but excluding all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority and excluding customer refunds, adjustments, credits, allowances and discounts actually made by the franchise in compliance with our Operations Manual.

2.4. STARTUP SUPPLIES & EQUIPMENT PACKAGE. You shall pay us for the standard Startup Supplies and Equipment Package upon signing of a lease for your store. The Startup Supplies and Equipment Package varies according to the type of franchise selected. For both the Environmentally-Friendly Dry Cleaning Plant and for the Satellite Store, it consists generally of an automated conveyor, slick rails, a marking counter, two call counters, specifications and layouts for outside/inside signage, custom touch screen computer system with software and printers (as further described in Article 2.4.2 below), store layout design for installation, uniforms and initial supplies for store operations. Plant locations include dry cleaning and finishing equipment. Laundromats include laundry equipment. A list of the Startup Supplies and Equipment Package specific to your franchise type is attached hereto as Appendix C.

2.4.1 For an Environmentally-Friendly Dry Cleaning Plant you shall pay us a fee for equipment installation. Equipment installation fees are part of the Startup Supplies and Equipment Package attached as Appendix C. Payment is due and payable upon Lease Execution.

2.4.2 Included with your Startup Supplies and Equipment Package, you will receive the computer hardware and software package and Point of Sale (POS) system you will need to run your business. You agree to use the computer hardware, maintenance and operation systems, point of sale systems, and/or operating software we specify from time to time, (the "Computer System"). You also agree to maintain a functioning e-mail address. We may modify specifications for the Computer System from time to time, which may require you to purchase additional or upgraded components to, or to obtain service, maintenance and support for, the Computer System. Although we cannot estimate the future cost of the Computer System, you agree to incur the costs of obtaining, upgrading, maintenance and/or support. You further acknowledge that we or our suppliers may require you to sign a software license or other similar document to regulate your use of, or our respective rights and responsibilities with regard to, the software, data and/or technology you use, and you agree to comply with the same. You acknowledge and agree that we have independent access to all information contained in the Computer System. You acknowledge and agree that all customer and financial data of your Lapels Business (i) is owned by us, (ii) is our proprietary information, (iii) may be published in franchise disclosure document(s) issued by us following the Effective Date hereof, and (iv) may be shared with other franchisees in the System.

2.5. ONGOING LOCAL MARKETING and REGIONAL/NATIONAL MARKETING.

Regional/National Marketing. Following your start of operations at your location, you agree to pay us a "Brand Development Fee" in a weekly amount, equal to two percent (2%) of Gross Revenue (defined above). The Brand Development Fee is due every Monday for the week ending the prior Sunday. If we do not receive your Brand Development Fee within seven days of its due date, we will be permitted to directly debit your checking account for the unpaid weekly fee, which we will calculate based on information we obtain, or estimate if such information is not made available to us. Your EFT authorization noted in paragraph 2.2 above, applies to the collection of the Brand Development Fee also.

Local Advertising: You must spend at least one percent (1%) of the FRANCHISE's Gross Revenue for local advertising and marketing. Your local advertising and marketing must follow our guidelines. You must keep a record of the amounts spent for local advertising and, if requested, submit or permit us to inspect your records. You may develop advertising materials for your own use, at your cost. You must submit to us samples of all advertising, promotional and marketing materials that we have not prepared or previously approved at least thirty (30) days before its first use. You may not use any advertising or promotional materials that we have disapproved. If you do not document your minimum advertising expenses of at least one percent (1%) of your Gross Revenue, we may collect such amount, or the balance thereof, from you and spend such amount for advertising the FRANCHISE on your behalf.

All advertising and marketing materials developed for your FRANCHISE must contain notices of our Website domain name in the manner we designate. You may not develop, maintain or authorize any

website that mentions or describes you or the FRANCHISE or displays any of the Marks, except that website that we have specifically authorized in writing or made available for your use.

2.6. INTEREST ON LATE PAYMENTS. All amounts which you owe us will bear interest after their due date at the highest contract rate of interest permitted by law. You acknowledge that this Article does not constitute our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance your operation of, the FRANCHISE. Your failure to pay all amounts when due constitutes grounds for termination of this Agreement, as provided in Article 10.2 hereof.

2.7. APPLICATION OF PAYMENTS. Notwithstanding any designation you might make, we have sole discretion to apply any of your payments to any of your past due indebtedness to us. You acknowledge and agree that we have the right to set off any amounts you or your owners owe us against any amounts we might owe you or your owners.

2.8 GRAND OPENING MARKETING. You will pay us a Grand Opening Marketing Fee of Eight Thousand Nine Hundred Dollars ($8,900) for a Plant, Satellite Store or Laundromat, which is due when you sign your lease for your premises, or Five Thousand Dollars ($5,000) for a Lapels Delivers outlet, which is due when you sign this Agreement. In connection with your Grand Opening, we will attract targeted customers to your FRANCHISE through direct mail postcards and cooperative mailings or other saturation marketing as available in the marketplace.

3. TRAINING, SITE SUPPORT AND COMMENCEMENT ASSISTANCE.

3.1. TRAINING/SITE SUPPORT. Before the FRANCHISE begins operating, we will furnish training and site support for the operation of the Lapels® business to you (or, if you are a corporation or partnership, your managing shareholder or partner) and one (1) additional employee you elect to enroll in the training program. For Plant and Laundromat franchisees, the fee for initial training and site support (the "Initial Training and Site Support Fee") is seven thousand dollars ($7,000). For a Lapels Delivers franchisee, the Initial Training and Site Support Fee is five thousand dollars ($5,000). For Satellite Store franchisees, the Initial Training and Site Support Fee is four thousand dollars ($4,000). Initial training consists of pre-commencement training and will cover the areas of personnel, administration, store operations, plant operations, marketing, sales and customer service. It is the nature of this business that there is full integration of the subjects being learned by a franchisee. As a result, there is not an exact beginning or ending time to cover these areas. Your completion of training may take between two (2) to six (6) days at designated Lapels® stores or Next Step Franchising, LLC Headquarters. Specific duration will vary depending on your prior relevant experience and ability to comprehend the training material. Training will be conducted by using a combination classroom instruction and by using a proprietary Operations Manual. Training will be provided simultaneously for you (or your managing shareholder or partner) and your employee at an operating Lapels® business or at our principal place of business. Commencement assistance consists of approximately one to three working days by our representative assisting you at your Store. You (or your managing shareholder or partner) and your employee are required to complete the initial training to our satisfaction. You also are required to participate in all other activities required to operate the FRANCHISE. Additionally, we will furnish initial training and site support such as for site location, lease review, wholesaler support, store build-out and other start up assistance to you (or your managing shareholder or partner) and the aforementioned number of additional employees, as needed. You will be responsible for all travel and living expenses which you (or your managing shareholder or partner) and your employee incur in connection with training. If we determine that you (or your managing shareholder or partner) are unable to complete initial training to our satisfaction, we have the right to terminate this Agreement pursuant to the terms hereof.

3.2. REFRESHER TRAINING. We may require you (or your managing shareholder or partner) and/or previously trained and experienced employees to attend periodic refresher training courses at such times and locations that we designate, and we may charge reasonable fees for such courses. We also may require you to pay us fees for our training your new employees hired after your FRANCHISE commences

operations, if you so request. You agree to give us reasonable assistance in training or assisting other Lapels® franchisees.

3.3. GENERAL GUIDANCE. We will advise you from time to time regarding operating issues concerning the FRANCHISE disclosed by reports you submit to us or on-site inspections we make. Such guidance will, at our discretion, be furnished in our "Operations Manual" (defined below), bulletins or other written materials and/or during telephone consultations and/or consultations at our principal business address or at the FRANCHISE.

3.4. ON-SITE CONSULTATION AND QUALITY ASSURANCE VISITS. During the term of this Agreement, our representative may call you or visit with you in your store to provide you with guidance in operating the FRANCHISE. Our representative may also visit with you in your Lapels business premises from time to time for the purpose of conducting quality assurance visits. Such visits may occur at any time during your regular business hours.

3.5. ADDITIONAL GUIDANCE AND ASSISTANCE. At your request, we may furnish additional guidance and assistance and, in such a case, may charge the *per diem* fees and charges we establish from time to time. If you request additional or special training for your employees, all of the expenses that we incur in connection with such training, including *per diem* charges and travel and living expenses for our personnel, will be your responsibility.

3.6. OPERATIONS MANUAL – "*THE WAY WE DO THINGS*". During the term of this Agreement, we will allow you to use one (1) copy of our operations manual ("Operations Manual"), consisting of such materials (possibly including, but not limited to, audio tapes, videotapes, magnetic media, computer software and written materials) that we furnish to franchisees from time to time for use in operating the FRANCHISE. The Operations Manual contains the System and other information and rules that we prescribe from time to time for the operation of the FRANCHISE and information relating to your other obligations under this Agreement and related agreements, which, taken together, we refer to as "*The Way We Do Things*". The Operations Manual may be modified from time to time to reflect changes in *The Way We Do Things*. You agree to keep your copy of the Operations Manual current and in a secure location at the FRANCHISE. In the event of a dispute relating to its contents, the master copy of the Operations Manual we maintain at our principal business address will be controlling. You may not at any time copy, duplicate, record or otherwise reproduce any part of the Operations Manual. If your copy of the Operations Manual is lost, destroyed or significantly damaged, you agree to obtain a replacement copy at our cost to replace the manual plus fifteen (15) percent processing fee. If you are unable to substantiate, to our reasonable satisfaction, that your lost Operations Manual, or parts thereof, was not obtained by a "Competitive Business" (defined herein), we may terminate this Agreement as provided herein.

3.7 SUPPLIERS AND WHOLESALERS. We, or our representative, shall assist you in obtaining lists of approved suppliers and/or specifications for any leasehold improvements, inventory, equipment and supplies you will need to directly acquire or will obtain directly from us before commencing operations at the FRANCHISE. You will acquire certain inventory, equipment, furniture, supplies, computer equipment and software directly from us as part of the Startup Supplies and Equipment Package. We, or our representatives, shall assist you in finding and negotiating agreements with wholesale providers of dry cleaning and other services on your behalf. You may then enter into contracts directly with these suppliers and may alter the terms thereof provided said terms conform to *The Way We Do Things*. We will also order certain fixtures or equipment directly from their manufacturer(s) on your behalf and at your expense. You acknowledge and agree that our recommendation or approval of wholesale providers of services, and any information regarding said providers communicated to you, do not constitute a representation or warranty of any kind, express or implied, as to the suitability of said providers or the quality of the services they provide. Our recommendation or approval of the wholesale providers of services indicates only that we believe that said providers fall within acceptable criteria for suppliers of services that we have established as of the time of our recommendation or approval.

4. MARKS AND CONFIDENTIAL INFORMATION.

4.1. OWNERSHIP AND GOODWILL OF MARKS. Your right to use the Marks is derived solely from this Agreement and limited to your operation of the FRANCHISE pursuant to and in compliance with this Agreement and *The Way We Do Things*, which we prescribe from time to time during its term. Your unauthorized use of the Marks will be a breach of this Agreement and an infringement of our rights in and to the Marks. You acknowledge and agree that your usage of the Marks and any goodwill established by such use will be exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate the FRANCHISE in compliance with this Agreement). All provisions of this Agreement applicable to the Marks apply to any additional proprietary trademarks and service marks and commercial symbols we authorize you to use.

4.2. LIMITATIONS ON YOUR USE OF THE MARKS. You agree to use the Marks as the sole identification of the FRANCHISE, except that you agree to identify yourself as the independent owner thereof in the manner we prescribe. **You may not use any Marks as part of any corporate or legal business name** or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed to you hereunder), or in any modified form, nor may you use any Marks in connection with the performance or sale of any unauthorized goods or services or in any other manner we have not expressly authorized in writing. No Marks may be used in any advertising concerning the transfer, sale or other disposition of the FRANCHISE or an ownership interest in you. You agree to display the Marks prominently in the manner we prescribe at the FRANCHISE, on supplies or materials we designate and in connection with forms and advertising and marketing materials. You agree to give such notices of trademark and service marks registrations; i.e., "®", "™", as we specify and to obtain any fictitious or assumed name registrations required under applicable law.

4.3. NOTIFICATION OF INFRINGEMENTS AND CLAIMS. You agree to notify us immediately of any apparent infringement or challenge to your use of any Marks, or of any claim by any person of any rights in any Marks, and you agree not to communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take such action as we deem appropriate and the right to control exclusively any litigation, United States Patent and Trademark Office ("USPTO") proceeding or any other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Marks. You agree to sign any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or USPTO proceeding or other proceeding or otherwise to protect and maintain our interests in the Marks.

4.4. DISCONTINUANCE OF USE OF THE MARKS. If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue the use of any Marks and/or use one or more additional or substitute trademarks or service marks, you agree to comply with our directions within a reasonable time after receiving notice thereof. We will not be obligated to reimburse you for any loss of Sales attributable to any modified or discontinued Marks or for any expenditure you make to promote a modified or substitute trademark or service mark.

4.5. WHAT'S OURS, IS OURS. We possess (and will continue to develop and acquire), and may disclose to you, certain confidential information (the "Confidential Information") relating to the development and operation of Lapels® businesses, which may include (without limitation): Store location selection criteria, the System, the Operations Manual, any other proprietary materials, the sales and marketing techniques used, and knowledge of and experience in developing and operating Lapels® businesses; marketing and advertising programs for Lapels® businesses; knowledge of specifications for and suppliers of certain goods, services, furniture, fixtures, equipment, software, furnishings and signs, materials and supplies; and knowledge of the operating results and financial performance of Lapels® businesses other than the FRANCHISE.

4.6. FOR FRANCHISE USE ONLY. You acknowledge and agree that you will not acquire any interest in Confidential Information, other than the right to utilize Confidential Information disclosed to you

in operating the FRANCHISE during the term of this Agreement, and that the use or duplication of any Confidential Information in any other business would constitute an unfair method of competition. You further acknowledge and agree that Confidential Information is proprietary, includes our trade secrets and is disclosed to you solely on the condition that you agree, and you do hereby agree, that you: Will not use Confidential Information in any other business or capacity; will maintain the absolute confidentiality of Confidential Information during and after the term of this Agreement; will not make unauthorized copies of any portion of Confidential Information disclosed via electronic medium or in written or other tangible form; and will adopt and implement all reasonable procedures that we prescribe from time to time to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restrictions on disclosure thereof to FRANCHISE personnel and others.

4.7. IDEAS, CONCEPTS, TECHNIQUES OR MATERIALS. All ideas, concepts, techniques or materials relating to the FRANCHISE, whether or not constituting protectable intellectual property, and whether created by or on behalf of you or your owners, will be promptly disclosed to us, deemed to be our sole and exclusive property and part of the System and deemed to be works made for hire for us. You and your owners agree to sign whatever assignment or other documents we may request from time to time to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, techniques or materials.

5. EXCLUSIVE RELATIONSHIP.

You acknowledge and agree that we would be unable to protect Confidential Information against unauthorized use or disclosure or to encourage a free exchange of ideas and information among Lapels® businesses if franchise owners of Lapels® businesses were permitted to hold interests in or perform services for a Competitive Business (defined below). You also acknowledge that we have granted the FRANCHISE to you in consideration of and reliance upon your agreement to deal exclusively with us. You therefore agree that, during the term of this Agreement, neither you nor any of your owners (nor any of your or your owners' spouses, children or other relatives by blood or marriage) will have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business or perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business or recruit or hire any person who is our employee or the employee of any Lapels® business without obtaining the prior written permission of that person's employer. The term "Competitive Business" as used in this Agreement means any business operating, or granting franchises or licenses to others to operate, any franchise or similar business (other than another Lapels® business operated under a franchise agreement with us).

6. *THE WAY WE DO THINGS*.

6.1. COMPLIANCE WITH *THE WAY WE DO THINGS*. You acknowledge and agree that your operation and maintenance of the FRANCHISE in accordance with *The Way We Do Things* (defined above) is essential to preserve the goodwill of the Marks and all Lapels® businesses. Therefore, at all times during the term of this Agreement, you agree to operate and maintain the FRANCHISE in accordance with *The Way We Do Things*, as we periodically modify and supplement them during the term of this Agreement. In compliance with this objective, you agree that you will maintain the condition, environment and appearance of the FRANCHISE in accordance with The Way We Do Things in such a manner as we prescribe from time to time, observing the highest standards of cleanliness, sanitation, efficiency and courtesy to customers. You also agree to update or remodel the FRANCHISE location in accordance with changes we may make in décor, fixtures or design for new Lapels® franchises, at least every five (5) years and as a condition to renewal.

6.2. PROVISIONS OF THIS AGREEMENT. You agree that *The Way We Do Things* prescribed from time to time in the Operations Manual, or otherwise communicated to you in writing or other tangible form, constitute provisions of this Agreement as if fully set forth herein. All references to this Agreement include all *The Way We Do Things* as periodically modified.

6.3. **MODIFICATION OF *THE WAY WE DO THINGS*.** We may periodically modify *The Way We Do Things*, which may accommodate regional or local variations as we determine, and any such modifications may obligate you to invest additional capital in the FRANCHISE ("Capital Additions") and/or incur higher operating costs; provided, however, that such modifications will not alter your fundamental status and rights under this Agreement. We will not obligate you to make any Capital Additions when such investment cannot, in our reasonable judgment, be amortized during the remaining term of this Agreement, unless we agree to extend the term of this Agreement so that such additional investment, in our reasonable judgment, may be amortized, or unless such investment is necessary in order to comply with applicable laws.

7. RECORDS, REPORTS AND FINANCIAL STATEMENTS.

7.1. **BOOKKEEPING.** You agree to establish and maintain at your own expense a bookkeeping, accounting and record keeping system conforming to the requirements and formats we prescribe from time to time, including but not limited to a Chart of Accounts that we prescribe, according to Generally Accepted Accounting Principles (GAAP). We may require you to use approved computer hardware and software in order to maintain certain sales data and other information. You agree to furnish to us on such forms that we may require and prescribe from time to time, without limitation, as follows: Within five (5) days after their filing, copies of all signed sales tax returns and signed withholding tax returns for the FRANCHISE and, as soon as you have received them, copies of the canceled checks for the required sales taxes and withholding taxes; within fifteen (15) days after the end of each calendar month, a profit and loss statement for the FRANCHISE for the immediately preceding calendar month and a year-to-date balance sheet as of the end of such month in our approved format; within ninety (90) days after the end of the Franchisee's fiscal year, reviewed annual profit and loss and source and use of funds statements and a reviewed balance sheet for the FRANCHISE as of the end of such fiscal year signed by you or your principal operating officer or operating partner; and within ten (10) days after our request, exact copies of federal and state income and other tax returns and such other forms, records, books and other information we may periodically require. For any period of financial reporting for which we do not receive a report by the 15th of the month following its due date, you will owe us a fee of $500.

7.2. **VERIFICATION.** You agree to verify and sign each report and financial statement in the manner we prescribe. We have the right to disclose data derived from such reports without identifying you or the location of the FRANCHISE. We also have the right to require you to have reviewed or audited financial statements prepared on an annual basis.

8. INSPECTIONS AND AUDITS.

8.1. **OUR RIGHT TO INSPECT THE FRANCHISE.** To determine whether you and the FRANCHISE are complying with this Agreement and *The Way We Do Things*, we and our designated agents have the right at any time during regular business hours, and without prior notice to you, to: Inspect the FRANCHISE; observe, photograph and videotape the operations of the FRANCHISE for such consecutive or intermittent periods as we deem necessary; remove samples of any goods, materials or supplies for testing and analysis; interview personnel and customers of the FRANCHISE; and inspect and copy any books, records and documents relating to your operation of the FRANCHISE. We also have the right at any time to receive and review the data transmitted through your Point of Sale computer system.

8.2. **COOPERATION.** You agree to cooperate with us fully in connection with any such inspections, observations, photographing, videotaping, product removal and interviews. You agree to present to your customers such evaluation forms that we periodically prescribe and to participate and/or request your customers to participate in any surveys performed by us or on our behalf.

8.3. **OUR RIGHT TO AUDIT.** We have the right at any time during regular business hours, and without prior notice to you, to inspect and audit, or cause to be inspected and audited, your (if you are a corporation or partnership) and the Franchisee's business, bookkeeping and accounting records, sales and income tax records and returns and other records. You agree to cooperate fully with our representatives and independent accountants we hire to conduct any such inspection or audit. In the event such inspection or audit is made necessary by your failure to furnish reports, supporting records or other information as herein required, or to furnish such items on a timely basis, you agree to reimburse us for the reasonable cost of such inspection or audit, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of our employees. The foregoing remedies are in addition to our other remedies and rights under this Agreement and applicable law.

9. TRANSFER.

9.1. **BY US.** This Agreement is fully transferable by us and will inure to the benefit of any transferee or other legal successor to our interests herein.

9.2. **BY YOU.** You understand and acknowledge that the rights and duties created by this Agreement are personal to you (or, if you are a corporation or partnership, to your owners) and that we have granted the Franchise to you in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability, acumen and financial capacity. Accordingly, neither this Agreement (or any interest therein) nor any ownership or other interest in you or the FRANCHISE may be transferred without our prior written approval, which will not be unreasonably withheld. Any transfer without such approval constitutes a breach of this Agreement and is void and of no effect. The transfer of your Franchise, and our approval, is further conditioned upon:

1. Franchisee executing a general release of all claims against Franchisor in form satisfactory to Franchisor;
2. Franchisee having fully paid and satisfied all of Franchisee's obligations to Franchisor and not otherwise in default of this Agreement;
3. the successor franchisee meeting our then-current financial and business criteria for new franchisees;
4. the successor franchisee executing for the FRANCHISE Location Franchisor's then-current standard form franchise agreement for a full term and including the Initial Franchise Fee provided therein; and
5. the successor franchisee (or its Managing Owner) attending and completing the training required by Franchisor.

As used in this Agreement, the term "transfer" includes your (or your owners') voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in: this Agreement; you; or the FRANCHISE, but does not apply to an assignment of the FRANCHISE from you to a corporate/LLC/entity controlled by you, or transfer of the FRANCHISE to members of your immediate family (meaning spouse or children). You will pay us a transfer fee of eighty percent (80%) of the then-current Initial Franchise Fee, provided, however, that we shall waive this fee if the transferee has paid an Initial Franchise Fee concurrently with the signing of a new franchise agreement.

9.3. **OUR RIGHT OF FIRST REFUSAL.** We have the right, exercisable by written notice delivered to you or your selling owners within thirty (30) days from the date of the delivery to us of both an exact copy of such *bona fide* offer and all other information we request, to purchase all of your interest for the price and on the terms and conditions contained in such *bona fide* offer, provided that: We may substitute cash for any form of payment proposed in such offer; our credit will be deemed equal to the credit of any proposed purchaser; we will have not less than sixty (60) days after giving notice of our election to purchase to prepare for closing; and we are entitled to receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the capital

stock of an incorporated business, as applicable.. In no case will we (nor any third party to whom we assign our right hereunder) exercise the option for any partial sale of your business. Any such sale to us will result in a 100% ownership position.

9.4. EXERCISE. If we exercise our right of first refusal, you and your selling owner(s) agree that, commencing on the date of the closing, you and they will be bound by the post-term non-competition covenant contained herein.

10. TERMINATION OF AGREEMENT; OBLIGATIONS UPON TERMINATION OR EXPIRATION

10.1. TERMINATION BY YOU. You may not terminate this Agreement except by operation of law. Any attempt by you to terminate this Agreement except by operation of law will be deemed a termination without cause. For any termination by you without cause, you will owe us a termination fee, in addition to any other specific monetary damages or equitable relief set forth in this Agreement. In those states in which termination fees are enforceable, Franchisee shall immediately pay to Franchisor, upon termination of this Agreement, a "Termination Fee" equal to Twenty-Four (24) months of Royalties and Ad Fund fees. The Termination Fee shall be calculated by identifying the Royalties and Ad Fund fees assessable on the month in which you had the highest Gross Revenues during the Term or Successor Term, as applicable, multiplied by Twenty-Four (24). The Termination Fee will be assessable in the event that: (a) Franchisee improperly attempts to terminate this Agreement prior to the expiration of the Term hereof; or (b) Franchisor terminates this Agreement for any reasons set forth in this Section 10. In the event that Franchisee ceases operation of the Franchised Business as a result of permanent and total business failure beyond Franchisee's reasonable control, as determined by Franchisor, Franchisee shall not be required to pay the Termination Fee.

10.2 TERMINATION BY US. We have the right to terminate this Agreement, effective upon delivery of written notice of termination to you, if:

1. You (or your managing shareholder or partner) fail to successfully complete initial training to our satisfaction;
2. you fail to begin operating the FRANCHISE by the earlier of two hundred forty (240) calendar days after the execution of this Agreement or 60 days from the date that we approve your final construction plans, providing we and you have found a mutually suitable location for your Lapels® business;
3. you abandon or fail actively to operate the FRANCHISE for three (3) or more consecutive business days, unless the FRANCHISE has been closed for a purpose we have approved or because of a major and significant casualty or by reason of a lawful government order;
4. you surrender or transfer control of the operation of the FRANCHISE without our prior written consent;
5. you (or any of your owners) have made any material misrepresentation or omission in connection with your purchase of the Franchise;
6. you (or any of your owners) are or have been convicted by a trial court of, or plead or have pleaded no contest to, a felony;
7. you (or any of your owners) engage in any dishonest or unethical conduct which may adversely affect the reputation of the FRANCHISE or another Lapels® business or the goodwill associated with the Marks;
8. you (or any of your owners) make an unauthorized assignment of this Agreement or of an ownership interest in you or the FRANCHISE;
9. in the event of your death or permanent disability or the death or permanent disability of the owner of a controlling interest in you, this Agreement or such owner's interest in you is not assigned as herein required;
10. you lose the right to possession of the Store;
11. you (or any of your owners) make any unauthorized use or disclosure of any Confidential Information or use, duplicate or disclose, or lose and are unable to produce same within twenty four (24) hours of our request, any portion of the Operations Manual in violation of this Agreement

(provided, however, if you can prove to our reasonable satisfaction that the Operations Manual, or portions thereof, were not obtained by a "Competitive Business," we will not exercise our rights to terminate this Agreement provided you pay the current replacement charge, which is the cost to replace the documents, plus fifteen (15%) processing fee;

12. you violate any health, safety or sanitation law, ordinance or regulation and do not immediately begin to cure the noncompliance or violation, and correct such noncompliance or violation within twenty four (24) hours after written notice thereof is delivered to you;

13. you fail to make payments of any amounts due to us and do not correct such failure within seven (7) days after written notice of such failure is delivered to you;

14. you cancel your EFT authorization without approval by us;

15. you fail to pay when due any federal or state income, service, sales or other taxes due on the operations of the FRANCHISE, unless you are, in good faith, legally contesting your liability for such taxes;

16. you (or any of your owners) fail to comply with any other provision of this Agreement or *The Way We Do Things* and do not correct such failure within thirty (30) days after written notice of such failure to comply is delivered to you;

17. you (or any of your owners) fail on three (3) or more separate occasions within any period of twelve (12) consecutive months to submit when due reports or other data, information or supporting records, to pay when due any amounts due to us or otherwise to comply with this Agreement, whether or not such failures to comply were corrected after written notice of such failure was delivered to you; or

18. you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee or liquidator of all or the substantial part of your property; the FRANCHISE is attached, seized, subjected to a writ or distress warrant or levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within thirty (30) days; or any order appointing a receiver, trustee or liquidator of you or the FRANCHISE is not vacated within thirty (30) days following the entry of such order.

10.3. **OBLIGATIONS UPON TERMINATION OR EXPIRATION.** Upon any termination or expiration of this Agreement, all of your rights to use the Marks and the System and to operate under the Marks and the System shall terminate and:

10.3.1. You shall immediately cease to operate the FRANCHISE, and shall not thereafter, directly or indirectly, represent yourself to the public or hold yourself out as a present or former franchisee of ours;

10.3.2. You shall promptly pay all sums owing to us, and any affiliated landlord entity, including interest and any damages, costs, and expenses, including reasonable attorneys' fees, incurred by us by reason of any default by you;

10.3.3. You shall immediately and permanently cease to use, by advertising or in any other manner whatsoever, any feature or method associated with the System, any or all of the Marks, and any other trade secrets, confidential information, operating manuals and materials, slogans, trade dress, signs, symbols, or devices that are part of our System or are otherwise used in connection with the operation of the FRANCHISE. You agree that any such unauthorized use or continued use after the termination of this Agreement shall constitute irreparable harm subject to injunctive relief. Your continued use of our trademarks, trade names, proprietary marks, and service marks after termination of this Agreement shall constitute willful trademark infringement;

10.3.4. You shall immediately return to us all operating manuals, plans, specifications, and other materials in your possession or control containing information prepared by us and relative to the operation of the FRANCHISE, and all copies thereof (all of which are acknowledged to be our property), and shall retain no copy or record of any of the foregoing, except your copy of this Agreement, any correspondence between the parties,

and any other documents that you reasonably need for compliance with any provision of law;

10.3.5. You shall remove from the FRANCHISE and from any equipment, signs, trade fixtures, furnishings, and other personal property (except as provided in paragraph 10.6 below) and return to us, all of the Marks or other indicia of Lapels®, and shall disconnect, withdraw, and/or terminate, within five (5) days after termination or expiration of this Agreement, any telephone listings and/or fictitious name registration containing any part of the Marks. You hereby appoint us as your attorney-in-fact to do any act necessary in your name to effect the intent of this paragraph;

10.3.6. You shall, at our option by notice to you within thirty (30) days from the date of termination or expiration, sell to us any or all of the equipment, interior and exterior signs, trade fixtures, furnishings, and other personal property used in connection with the FRANCHISE (hereinafter collectively "Equipment"), at its fair market value. Upon receipt of such notice, we will have the right of first refusal to purchase the Equipment from you at its fair market value, or the first option to negotiate said purchase upon mutually agreeable terms . If you owe a balance due on your purchase or financing of such Equipment, or if the same is otherwise subject to a lien or claim for any indebtedness, the amounts of such balance and/or indebtedness shall be deducted from the purchase price payable to you. All sums of money due to us by you may be offset against the purchase price payable to you. Nothing contained herein, however, shall be construed to entitle you to be released from liability for such unpaid balance or indebtedness, if any, in excess of the portion of the purchase price applied for payment of such debts;

10.3.7. You shall, at our option by notice to you within thirty (30) days from the date of termination or expiration, assign to us any interest that you have in the Lease or any other Agreement related to the FRANCHISE. If we do not elect to exercise our option to acquire the Lease, you shall make such modifications or alterations to the premises immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of the premises from that of other franchises in the System, and shall make such specific additional changes thereto as we may require for that purpose. In the event that you fail or refuse to comply with the requirements of this Article 10.7, we shall have the right to enter upon the premises, without being guilty of trespass or any other tort, for the purpose of making such changes as may be required, at your expense, which you agree to pay upon demand;

10.3.8. You shall pay to us all damages, costs, and expenses, including, but not limited to, reasonable investigation and attorneys' fees and other reasonable expenses and costs such as travel costs and payroll expenses for our employees, incurred in obtaining injunctive or other relief for the enforcement of any provisions of this Article 10; and

10.3.9. You shall continue to comply with Article 11 of this Agreement, for the period specified therein. If you begin to operate any other business wherever situated, you shall not use, in connection with such other business or the promotion thereof, any reproduction, counterfeit, copy or colorable imitation of any of our Marks or trade dress; and you shall not utilize any designation of origin or description or representation that falsely suggests or represents an association or connection with us, whether or not constituting unfair competition.

11. RESTRICTIVE COVENANTS.

You acknowledge that you will receive specialized training and confidential and proprietary information regarding, among other things, our operational, sales, promotional, and marketing methods and techniques, and that this training and information will provide you with a competitive advantage. As a

condition of providing you with this training and information and granting you the FRANCHISE, we require the following covenants to protect our legitimate business interests and goodwill and the interests of our other Lapels® franchisees.

11.1. During (a) the term of this Agreement, including any extension or renewal thereof, and (b) "the Post-Term period," which is two (2) years after any of the following dates, whichever occurs latest: (i) the date of a transfer permitted by Article 9 of this Agreement; (ii) the date of the expiration or termination of the Agreement, regardless of the cause for termination; or (iii) the date of your compliance with an arbitration award or court order with respect to any of the foregoing events or with respect to enforcement of this Article 11, neither you nor any of your partners, officers, directors, shareholders, owners, members, affiliates, or family members will, directly or indirectly:

(a) Divert or attempt to divert any business or customer of the FRANCHISE to any other business that sells or offers to sell products or services that are the same as or similar to the type offered at the FRANCHISE, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with our Marks and System;

(b) Employ or seek to employ any person who is at that time employed by us or by any other franchisee of ours, or otherwise directly or indirectly induce such person to leave such employment;

(c) Except with respect to the ownership or operation of additional franchises granted by us, own, maintain, advise, operate, engage in, be employed by, provide money or loans to, or have any other direct or indirect interest in or association or relationship with any other business that sells or offers to sell products or services that are the same as or similar to the type offered at the FRANCHISE; provided that, during the Post-Term period only, the provisions of this paragraph 11.1(c) shall only apply to another business located in the Territory; within an area consisting of the Territory plus a three (3) mile radius around the Territory; and within an area consisting of the territory of any other Lapels® business plus a three (3) mile radius around that territory; or

(d) Directly or indirectly contest or aid in contesting our right or the right of any prospective franchisee of ours to obtain a building permit, zoning variance, or other governmental approval required for the development of another location as a Lapels® franchise.

(e) During the term of this Agreement, including any extension or renewal thereof, and at any time thereafter, regardless of the cause of termination, neither you, nor any of your partners, officers, directors, shareholders, members, or employees shall communicate or divulge to, or use for the benefit of any person, persons, partnership, association, or corporation, any information or knowledge concerning the methods of constructing, equipping, or operating units under any of our Systems and all other information or knowledge which we deem confidential and which may be communicated to you, or of which you may be apprised by virtue of your operation under the terms of this Agreement. You shall divulge such confidential information only to such of your employees as must have access to it in order to operate the FRANCHISE. Any and all information, knowledge, and know-how including, without limitation, drawings, materials, specifications, techniques, and other data, which we designate confidential shall be deemed confidential for purposes of this Agreement. We shall have the nonexclusive right to use and incorporate into our Systems, for our benefit and the benefit of our franchisees, licensees, and distributors, all modifications, changes, and improvements developed or discovered by you or your employees or agents in connection with the FRANCHISE, without any liability or obligation to the developer thereof.

(f) The covenants contained in this Article 11 shall be construed as severable and independent. If all or any portion of a covenant in this Article 11 is held unreasonable or unenforceable by a court, arbitration panel, or other agency having valid jurisdiction in a decision to which we are a party, you agree to be bound by any lesser covenant included within the terms of such greater covenant that imposes the maximum duty permitted by law, as if the lesser covenant were separately stated in, and made a part of, this Article 11.

(g) You acknowledge that we shall have the right to reduce the scope of any covenant set forth in this Article 11, or of any portion or portions thereof, without your consent, and you agree to comply forthwith with any covenant as modified. You agree that the existence of any claim that you may have against us shall not constitute a defense to our enforcement of the covenants in Article 11.

12. RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION.

12.1. INDEPENDENT CONTRACTORS. You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that we and you are and will be independent contractors and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner or employee of the other for any purpose. You agree to conspicuously identify yourself in all dealings with customers, suppliers, public officials, FRANCHISE personnel and others as the owner of the FRANCHISE under a franchise we have granted and to place such notices of independent ownership on such forms, checks, business cards, stationery and advertising and other materials as we may require from time to time. You agree to obtain the policies of insurance that we prescribe from time to time. You shall present evidence of insurance to us as often as we shall reasonably require, but in any event, not less than thirty (30) days before your commencement of operations. Such policies of insurance must require thirty (30) day notice of cancellation to us including notice of non-payment of premiums.

12.2. NO LIABILITY FOR ACTS OF OTHER PARTY. You agree not to employ any of the Marks in signing any contract or applying for any license or permit, or in a manner that may result in our liability for any of your indebtedness or obligations, and that you will not use the Marks in any way we have not expressly authorized. Neither we nor you will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other, represent that our respective relationship is other than franchisor and franchisee or be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing. We will not be obligated for any damages to any person or property directly or indirectly arising out of the Franchise's operation or the business you conduct pursuant to this Agreement.

12.3. TAXES. We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property or other taxes, whether levied upon you, your owners, or the FRANCHISE, in connection with the business you conduct (except any taxes we are required by law to collect from you with respect to purchases from us). Payment of all such taxes is your responsibility.

12.4. INDEMNIFICATION. You agree to indemnify, defend and hold us, our affiliates and our respective shareholders, directors, officers, employees, agents, successors and assignees (the "Indemnified Parties") harmless from and against and to reimburse any one or more of the Indemnified Parties for all claims, obligations and damages described in this Article, any and all taxes described in Article 12.3. and any and all claims and liabilities directly or indirectly arising out of the FRANCHISE operation or your breach of this Agreement. For purposes of this indemnification, "claims" includes all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. We have the right to defend any such claim against us. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Furthermore, you agree to indemnify, defend and hold harmless the Indemnified Parties from and against any obligations, liabilities, actions, costs and expenses arising from, related to or in connection with, your actions or failures to act, any violation by you of this Agreement or any violation by you of any law, rule or regulation, including franchise-related laws, rules and regulations.

12.5. MITIGATION NOT REQUIRED. Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a

failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

13. ENFORCEMENT.

13.1. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS. Except as expressly provided to the contrary herein, each provision of this Agreement, and any portion thereof, will be considered severable, and if, for any reason, any such provision is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which we are a party, that ruling will not impair the operation of, or have any other effect upon, such other portions of this Agreement as may remain otherwise enforceable, which will continue to be given full force and effect and bind the parties hereto, although any portion held to be invalid will be deemed not to be a part of this Agreement from the date the time for appeal expires, if you are a party thereto, otherwise upon your receipt from us of a notice of non-enforcement thereof.

13.2. LESSER COVENANT ENFORCEABLE. If any covenant herein which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited and/or length of time, but would be enforceable by reducing any part or all thereof, you and we agree that such covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law is applicable to the validity of such covenant.

13.3. GREATER NOTICE. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice than is required hereunder of the termination of this Agreement or of our refusal to enter into a successor franchise agreement, or the taking of some other action not required hereunder, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any of *The Way We Do Things* is invalid or unenforceable the prior notice and/or other action required by such law or rule will be substituted for the comparable provisions hereof, and we will have the right in our sole discretion to modify such invalid or unenforceable provision or unenforceable part of *The Way We Do Things* to the extent required to be valid and enforceable. You agree to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof, or any part of *The Way We Do Things*, any portion or portions which a court or arbitrator may hold to be unenforceable in a final decision to which we are a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order or arbitration award. Such modifications to this Agreement will be effective only in such jurisdiction, unless we elect to give them greater applicability, and will be enforced as originally made and entered into in all other jurisdictions.

13.4. WAIVER OF OBLIGATIONS. We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other or such other effective date stated in the notice of waiver. Any waiver we grant will be without prejudice to any other rights we may have, will be subject to our continuing review and may be revoked, in our sole discretion, at any time and for any reason, effective upon delivery to you of ten (10) days' prior written notice.

13.5. NON-WAIVER. We and you will not be deemed to have waived or impaired any right, power or option reserved by this Agreement, (including, without limitation, the right to demand exact compliance with every term, condition and covenant herein or to declare any breach thereof to be a default and to terminate this Agreement before the expiration of its term) by virtue of any custom or practice at variance with the terms hereof; our or your failure refusal or neglect to exercise any right under this Agreement or to insist upon exact compliance by the other with our and your obligations hereunder including without limitation, *The Way We Do Things*; our waiver, forbearance, delay, failure or omission to exercise any right, power or option whether of the same, similar or different nature with respect to other Lapels® businesses; the existence of other franchise agreements for Lapels® businesses which contain different

provisions from those contained herein; or our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will constitute a waiver compromise settlement or accord and satisfaction. We are authorized to remove or obliterate any legend or endorsement, and such legend or endorsement will have no effect.

13.6. ***FORCE MAJEURE.*** Neither we nor you will be liable for loss or damage or deemed to be in breach of this Agreement if our or your failure to perform our or your obligations results from: Transportation shortages, inadequate supply of equipment, goods, supplies, labor, material or energy or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof; acts of nature; fires, strikes, embargoes, war or riot; or any other similar event or cause.

13.7. **EXTEND PERFORMANCE.** Any delay resulting from any of said causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that said causes will not excuse payments of amounts owed at the time of such occurrence or payment of Royalties and Ad Fees due on any sales thereafter.

13.8. **OUT-OF-STOCK AND DISCONTINUED.** We are not liable to you for any loss or damage, or deemed to be in breach of this Agreement, if we cannot deliver, or cause to be delivered, or if our Affiliates or designated sources or approved suppliers cannot deliver, all of your orders for goods, equipment, supplies, etc., where such things are out-of-stock or discontinued.

13.9. **COSTS AND ATTORNEYS' FEES.** If we incur expenses in connection with your failure to pay when due amounts owed to us, to submit when due any reports, information or supporting records or otherwise to comply with this Agreement, you agree to reimburse us for any of the costs and expenses which we incur, including, without limitation, reasonable accounting, attorneys', arbitrators' and related fees.

13.10. **YOU MAY NOT WITHHOLD PAYMENTS DUE TO US.** You agree that you will not withhold payment of any amounts owed to us on the grounds of our alleged nonperformance of any of our obligations hereunder. You agree that all such claims will, if not otherwise resolved by us, be submitted to arbitration as provided herein.

13.11. **RIGHTS OF PARTIES ARE CUMULATIVE.** Our and your rights hereunder are cumulative, and no exercise or enforcement by us or you of any right or remedy hereunder will preclude our or your exercise or enforcement of any other right or remedy hereunder which we or you are entitled by law to enforce.

13.12. **ARBITRATION.** Except for money you owe us, our affiliates, designated sources or approved suppliers and except for controversies, disputes or claims related to or based on your use of the Marks after the expiration or termination of this Agreement, all controversies disputes or claims between us and our shareholders, officers, directors, agents and employees and you, your owners, guarantors, affiliates and employees, if applicable, arising out of or related to this Agreement or any other agreement between you and us or any provision of any such agreement, our relationship with you, the validity of this Agreement or any other agreement between you and us or any provision of any such agreement; or any part of *The Way We Do Things* relating to the establishment or operation of the FRANCHISE, will be submitted for arbitration to the office of the American Arbitration Association that is nearest to our principal business address on demand of either party. Such arbitration proceedings will be conducted in such office, except as otherwise provided in this Agreement, will be heard by one arbitrator (who must have franchise experience) in accordance with the then current commercial arbitration rules of the American Arbitration Association. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 *et. seq.*) and not by any state arbitration law.

13.13. **GOVERNING LAW.** All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 *et. seq.*). Except to the extent governed by the Federal Arbitration Act as required

hereby, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 *et. seq.*) or other Federal law, this Agreement, the Franchise and all claims arising from the relationship between us and you will be governed by the laws of Florida, without regard to its conflict of laws principles, except that any law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless jurisdictional requirements are met independently without reference to this Article.

13.14. CONSENT TO JURISDICTION. Subject to the arbitration provisions of this Agreement, you and your owners agree that we may institute any action against you or your owners in any state or federal court of general jurisdiction in Florida, and you (and each owner) irrevocably submit to the jurisdiction of such courts and waive any objection you (or he or she) may have to either the jurisdiction of or venue in such courts.

13.15. WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL. Except with respect to your obligation to indemnify us and claims we bring against you for your unauthorized use of the Marks or unauthorized use or disclosure of any Confidential Information, we and you and your respective owners waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between us, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains. In all suits, actions or other proceedings related to or arising out of this Agreement, Franchisee hereby irrevocably waives any right to trial by jury.

13.16. BINDING EFFECT. This Agreement is binding upon us and you and our respective executors, administrators, heirs, beneficiaries, assigns and successors in interest and may not be modified except by written agreement signed by you and us.

13.17. LIMITATIONS OF CLAIMS. Except for claims arising from your nonpayment or underpayment of amounts you owe us pursuant to this Agreement, any and all claims arising out of or relating to this Agreement or our relationship with you will be barred unless a judicial or arbitration proceeding is commenced within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims.

13.18. CONSTRUCTION. This Agreement, its preambles and exhibits, and the documents referred to herein, shall be the entire, full, and complete agreement between us and you concerning the subject matter hereof, and supersedes all prior agreements, no other representation having induced you to execute this Agreement. There are no representations, inducements, promises, or agreements, oral or otherwise, between the parties not embodied herein or in the Disclosure Document, which are of any force or effect with reference to this Agreement or otherwise. Except for those permitted hereunder to be made unilaterally by us, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed in writing by their authorized officers or agents.

13.19. WITHHOLD APPROVAL. Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed or effected actions that require our approval.

13.20. HEADINGS. The headings of the several Articles hereof are for convenience only and do not define, limit or construe the contents of such Articles.

13.21. JOINT AND SEVERAL OWNERS' LIABILITY. If two (2) or more persons are at any time the owner of the FRANCHISE hereunder, whether as partners or joint venturers, their obligations and liabilities to us will be joint and several. References to "owner" mean any person holding a direct or indirect, legal or beneficial ownership interest or voting rights in you (or a transferee of this Agreement and the FRANCHISE or an interest in you), including, without limitation, any person who has a direct or indirect interest in you (or a transferee), this Agreement or the FRANCHISE and any person who has any other legal or equitable interest, or the power to vest in himself any legal or equitable interest, in the Sales, profits, rights or assets thereof. References to a "controlling interest" in you mean thirty three and

one-third (33.33%) percent or more of your voting shares or other voting rights if you are a corporation or partnership owned by three (3) or more persons; otherwise, fifty (50%) percent or more of your voting shares or other voting rights will constitute a "controlling interest." "Person" means any natural person, corporation, general or limited partnership, unincorporated association, cooperative or other legal or functional entity.

13.22. "FRANCHISE". The term "FRANCHISE" as used herein includes all of the assets of the Lapels® business you operate pursuant to this Agreement, including its Sales and income.

13.23. MULTIPLE COPIES/COUNTERPARTS/SIGNATURES. This Agreement may be executed in multiple copies, each of which will be deemed an original. This Agreement may be executed in counterparts with facsimile signatures accepted provided original signatures and original Agreements follow through overnight delivery or standard U.S. Mail or whatever other means to which you and we shall agree.

13.24. OTHER DOCUMENTS. A default of this agreement shall operate as a default of every other agreement you have with us or our affiliates and a default of any other agreement you have with us or our affiliates, including but not limited to any Promissory Note payable to us or our affiliates, shall operate as a default of this Franchise Agreement.

14. NOTICES AND PAYMENTS.

14.1. NOTICES. All written notices and reports permitted or required to be delivered by the provisions of this Agreement or the Operations Manual will be deemed so delivered: At the time delivered by hand; one (1) business day after transmission by telecopy, facsimile or other electronic system with confirmed receipt; one (1) business day after being placed in the hands of a commercial courier service for next business day delivery; or three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid; and must be addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. Any required payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two (2) days prior thereto) will be deemed delinquent.

14.2. PAYMENTS. All payments required to be delivered by the provisions of this Agreement or the Operations Manual will be in U.S. Dollars and will be deemed so delivered as provided in Article 14.1. above, or will be deemed delivered by bank-wire transfer upon telephone or electronic confirmation with the receiving bank.

15. CONDITION TO SUBDIVIDING OR TRANSFERRING.

Your rights hereunder may be subdivided and transferred to others, subject to our approval and the provisions of Paragraph 9 hereof; however, this is provided that the balance of outstanding franchise, financing or other fees have been paid in full.

16. STATE AMENDMENTS.

If you are in a registration state that requires amendments to our standard franchise agreement, then this agreement includes a "state rider" attached hereto.

17. STATE AND LOCAL TAX ON FEES.

Any and all state and local taxes levied against royalty fees, ad fees, franchise fees or any other payments you make to us or owe to us shall be paid by you and not by us. You must account for the documentation and collection and payment of these taxes under Article (7) of this Agreement.

18. COMPENSATORY DAMAGES.

You do hereby acknowledge and agree that your breach of the terms of this Agreement or your termination of this agreement without our consent and without the award of lawful termination by a court or arbitrator in a proceeding brought in compliance with the terms hereof, shall cause us to incur damages, which damages may include, without limitation by enumeration, the following:

18.1. Specific compensatory damages equal to Twenty-Four (24) months of Royalty and Ad Fund Fees, calculated as set forth in Section 10.1 of this Agreement (Termination Fee);

18.2 Other money damages (actual and "benefit of the bargain");

18.3. Equitable relief;

18.4. Loss of market value and/or brand disparagement;

18.5. Lost profits;

18.6. The sum of money that you would reasonably have paid us during the term of this Agreement, including any renewal term;

18.7. The higher of the actual or pro rata cost of providing training to you by us;

18.8. Legal, accounting and other professional fees;

18.9. Out-of-pocket expenses to enforce the terms of this Agreement;

18.10. Other consequential damages;

18.11. Other incidental damages.

Nothing set forth above shall prevent a court or arbitrator to award compensatory damages as provided in this Agreement as well as injunctive or equitable relief as provided in this Agreement, and such damages provisions or injunctive or equitable relief provisions shall not prevent the arbitrator or court awarding other damages or relief as provided above. You agree that all damages set forth above are reasonable and foreseeable, that the damages were not avoidable by us and are reasonably certain to be sustained by us as a consequence of your unlawful termination of this Agreement. This provision shall be binding on each and every guarantor of this Agreement regardless of whether this provision is part of the guaranty document executed by the guarantor. Any award of damages to us by an arbitrator as provided above shall not be appealable. Any award by a court as provided above may be appealable but only after you post a bond in favor of us equal to the amount of the award of damages plus our reasonable costs and attorney's fees during the course of any appeal. Any award of damages to us by an arbitrator or court is not dischargeable in bankruptcy by you or your guarantors.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement on the date(s) set forth below.

Franchisor: NEXT STEP FRANCHISING, LLC

By: _____ _____
Name Printed: Kevin A. DuBois, its Chief Executive Officer Dated

Franchisee: _____(Corporate Name)

By: /s/ _____

Name Printed: _____ Title: _____

Date: _____

Franchisee: _____(Corporate Name)

By: /s/ _____

Name Printed: _____ Title: _____

Date: _____

As Individuals:

/s/_____ /s/_____

Name Printed:_____ Name Printed:_____

Date: _____ Date: _____

APPENDIX "A"

GUARANTY AND ASSUMPTION OF OBLIGATIONS

Date: _____

This Guaranty and Assumption of Obligations is given on the date set forth above by the following persons:

_____

_____

_____

In consideration of, and as an inducement to, the execution of the Franchise Agreement dated of even date herewith, between _____ ("Franchisee") and Next Step Franchising, LLC ("Franchisor") (the "Agreement"), each of the undersigned hereby personally and unconditionally:

Guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that Franchisee will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and

Agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities.

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

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

Each of the undersigned pledges his/her interest in Franchisee, if any, to Franchisor to secure the payment of any direct or indirect, primary or secondary liability, jointly or severally, or any renewals thereof, of the undersigned to Franchisor, due or to become due, or that may hereafter be contracted, and to secure any judgment on any of the foregoing. Franchisor or any of its assignee may collect any part of said security by any lawful means. Any and all transfers of the Agreement shall not affect this pledge. Each of the undersigned agrees to execute any documents reasonably required by Franchisor to secure its interest herein pursuant to the Uniform Commercial Code, including, without limitation, standard form UCC-1.

IN WITNESS WHEREOF, each of the undersigned has affixed his signature on the date set forth above.

GUARANTOR(S):

_____ _____

Name Printed: _____ Name Printed: _____

APPENDIX "B"
YOU AND YOUR OWNERS

Effective Date: This Appendix B is current and complete as of the date signed below

1. FORM OF OWNER.

1.1. SOLE PROPRIETORSHIP. Your owner(s) (is/are) as follows:
_____

1.2. CORPORATION, PARTNERSHIP OR LIMITED LIABILITY COMPANY (LLC). You were incorporated or formed on _____ , 20___, under the laws of the State of _____. You have not conducted business under any name other than your corporate, LLC, or partnership name and _____. The following is a list of your directors, if applicable, and officers, members, managers, or partners as of the effective date shown above:

Name of Each Director/Officer/Manager	**Position(s) Held**
_____	_____
_____	_____
_____	_____
_____	_____

1.3. OWNERS. The following list includes the full name and mailing address of each person who is one of your owners (as defined in the Agreement) and fully describes the nature of each owner's interest.

Owner's Name and Address	**Percentage of Interest**
_____	_____
_____	_____
_____	_____

[OWNER CORPORATION OR PARTNERSHIP]

By:_____

Title: _____

Dated: _____

As Individuals:

_____ Dated:_____

_____ Dated:_____

_____ Dated:_____

_____ Dated:_____

APPENDIX "C"

The Startup Supplies and Equipment Package for the FRANCHISE is described on the following page.

INSERT FRANCHISE-SPECIFIC LIST FOLLOWING THIS PAGE.

APPENDIX C
STARTUP SUPPLIES AND EQUIPMENT PACKAGE
AND OTHER INITIAL FEES
SATELLITE STORE

In return for your payment to us of Fifty-Six Thousand Three Hundred twelve and 00/100 dollars ($56,312.00), you will receive the following:

1. Standard Satellite Startup Supplies and Equipment Package ($38,412), consisting generally of:
    - Standard Single-user Touch Screen Computer System and Point-of-Sale Software
    - Standard Counter Package consisting of one marking in counter and two call counters including delivery
        - Optional upgrade to counter package $2,000.00 _____(Initials)
    - Standard Double-deck Clothing Conveyor including delivery and installation
    - Standard Store Startup supplies and uniforms
    - Store Layout and Design
2. Standard Grand Opening Marketing Package ($8,900)
3. Standard Retail Store Training Program ($4,000)
4. Standard Interior and Exterior Signage Layout, Drawings, Town/ City Permitting, Fabrication and Installation ($5,000 Allowance)

We and you agree that this payment is due and payable when you sign your lease for the Store. You understand and hereby acknowledge that you will most likely incur additional costs as stated in our Item 7 of the Disclosure Document.

Franchisor: NEXT STEP FRANCHISING, LLC

By: /s/_____ Dated: _____
Kevin A. DuBois, CEO

Franchisee: _____ (corporate name)

By: /s/_____ Dated: _____

Name Printed: _____

Title: _____

Franchisee: _____ (corporate name)

By: /s/_____ Dated: _____

Name Printed: _____

Title: _____

APPENDIX C
STARTUP SUPPLIES AND EQUIPMENT PACKAGE
AND OTHER INITIAL FEES
ENVIRONMENTALLY FRIENDLY DRY CLEANING PLANT STORE
with SHIRT PROCESSING

In return for your payment to us of Three Hundred Seventeen Thousand Seven Hundred and Fifty One and 00/100 dollars ($317,751.00), you will receive the following:

1. Startup Supplies and Equipment Package ($293,851), consisting generally of:

    a. Lapels Dry Cleaning and Finishing machines and equipment
    b. Lapels Shirt Processing and Finishing machines, equipment and supplies
    c. SPOT Business Systems Double-user Touch Screen Computer System and Point-of-Sale Software
    d. Counter Package consisting of one marking in counter and two call counters
    e. Double-deck Clothing Conveyor
    f. Lapels powered by Green Earth complete start up supplies package
    g. Lapels Suggested Store Layout and Design
    h. Equipment Installation which includes the freight of equipment.
    (Initials)

    _____ An additional payment is due for optional pieces that would add larger capacity to the Plant for those owners opening multiple Satellite stores:
    Dry Clean Machine upgrade to 60lb - $9,960.58
    Wetclean Machine upgrade to 65lb - $3721.90
    Dryer upgrade to 83lb - $454.70
    Shirt Press to Double Buck - $13,700.00
    Hothead Press - $7,372.40
2. Standard Grand Opening Marketing Package ($8,900)
3. Standard Interior and Exterior Signage Layout, Drawings, Fabrication and Installation ($8,000 Allowance)
4. Standard Plant Store Training Program ($7,000)

We and you agree that this payment is due and payable when you sign your lease for the Store. You understand and hereby acknowledge that you will most likely incur additional costs as stated in our Item 7 of the Disclosure Document.

Franchisor: NEXT STEP FRANCHISING, LLC

By: /s/_____ Dated: _____
Kevin A. DuBois, CEO

Franchisee: _____ (corporate name)

By: /s/_____ Dated: _____

Name Printed: _____ Title: _____

By: /s/_____ Dated: _____

Name Printed: _____ Title: _____

APPENDIX C
STARTUP SUPPLIES AND EQUIPMENT PACKAGE
AND OTHER INITIAL FEES
Lapels Delivers

In return for your payment to us of Thirteen Thousand Eight Hundred dollars ($13,800.00), you will receive the following:

1. Startup Supplies and Equipment Package ($3,800), consisting generally of:
   a. Lapels Delivers Start Up Supplies
   b. Lapels Delivery Point of Sale System by SPOT business Systems
2. Grand Opening Marketing – Lapels Delivers ($5,000)
3. Lapels Delivers Training ($5,000)

We and you agree that this payment is due and payable when you sign the Franchise Agreement. You understand and hereby acknowledge that you will most likely incur additional costs as stated in our Item 7 of the Disclosure Document.

Franchisor: NEXT STEP FRANCHISING, LLC

By: /s/_____ Dated: _____
Kevin A. DuBois, CEO

Franchisee: _____ (corporate name)

By: /s/_____ Dated: _____

Name Printed: _____ Title: _____

By: /s/_____ Dated: _____

Name Printed: _____ Title: _____

APPENDIX C
STARTUP SUPPLIES AND EQUIPMENT PACKAGE
AND OTHER INITIAL FEES
Lapels Laundromat

In return for your payment to us of Two Hundred Eighty Two Thousand Six Hundred and Ninety Four dollars ($282,694.00), you will receive the following:

1. Standard Laundromat Startup Supplies and Equipment Package (~~$261,794~~278,563), consisting generally of:
   a. Lapels Laundromat Washer Package (2-80lb, 4-60lb and 10=40lb) Washers
   b. Lapels Laundromat Dryer Package (2x50lb – 6, 2x30lb – 3)
   c. 25 Coin Vaults
   d. 8 Lapels Folding Tables
   e. 4 Bench Seating
   f. Security System including Installation
   g. Lapels Suggested Store Layout and Design
2. Standard Grand Opening Marketing Package ($8,900)
3. Standard Lapels Laundromat Store Training Program ($7,000)
4. Standard Interior and Exterior Signage Layout, Drawings, Fabrication and Installation ($5,000 Allowance)

We and you agree that this payment is due and payable when you sign your lease for the Store. You understand and hereby acknowledge that you will most likely incur additional costs as stated in our Item 7 of the Disclosure Document.

Franchisor: NEXT STEP FRANCHISING, LLC

By: /s/_____ Dated: _____
Kevin A. DuBois, CEO

Franchisee: _____ (corporate name)

By: /s/_____ Dated: _____

Name Printed: _____ Title: _____

By: /s/_____ Dated: _____

Name Printed: _____ Title: _____

APPENDIX “D”

THE OPTION TO ASSUME LEASE FOR THE FRANCHISE IS DESCRIBED ON THE FOLLOWING PAGE

Option to Assume Lease

1. If _____ ("Tenant") defaults under the Lease dated _____ _____ ("Lease") by and between _____ ("Landlord") and Tenant for the premises located at _____ (the "Premises"), or if Next Step Franchising, LLC ("Franchisor") terminates Tenant's franchise agreement covering the Premises, or if the franchise agreement expires, Landlord and Tenant acknowledge and agree that Franchisor will have the option to assume the Lease pursuant to the terms below.

2. Landlord agrees to give Franchisor written notice if Landlord terminates the Lease as a result of Tenant's default under the Lease. Franchisor agrees to give written notice to Landlord if Franchisor terminates Tenant's franchise agreement and, in such notice, will request that Landlord provide Franchisor with a copy of the Lease and specify any of Tenant's defaults thereunder. All notices will be by nationally recognized overnight courier (with tracking capability).

3. Franchisor or its representative may, within 30 days from (i) receipt of notice from Landlord that Landlord has terminated the Lease due to a default by Tenant, or (ii) sending notice to Landlord that Franchisor has terminated Tenant's franchise agreement covering the Premises, notify Landlord of Franchisor's decision to assume the Lease. If Franchisor exercises its right to assume the Lease, (i) Landlord will deliver possession of the Premises to Franchisor; and (ii) Franchisor will, immediately upon such delivery, cure all of Tenant's monetary defaults under the Lease, begin curing all of Tenant's nonmonetary defaults under the Lease, and execute an agreement, in a form acceptable to Landlord, pursuant to which Franchisor agrees to assume all of Tenant's rights and obligations under the Lease, subject to the next paragraph.

4. If Franchisor exercises its right to assume the Lease pursuant to Paragraph 3 above, Landlord agrees that Franchisor (i) may, without Landlord's consent, sublet the Premises or assign the Lease to an approved franchisee of Franchisor provided Franchisor remains liable for the payment of rent and the performance of Tenant's duties under the Lease and provided further that, if assigned, the approved franchisee executes an agreement, in a form acceptable to Landlord, pursuant to which such approved franchisee agrees to assume all of the Tenant's obligations under the Lease; (ii) may assign, without recourse, its rights under the Lease upon receiving Landlord's prior written consent, which consent shall not be unreasonably withheld; (iii) will not be subject to any provision of the Lease that requires Tenant to continuously operate a business in the Premises during any period that the Premises is closed for remodeling or while Franchisor is seeking to obtain and train a new franchisee, provided however, that such period of closure will not exceed 45 days in each instance; and (iv) may, if it subleases the Premises to a franchisee as provided above, retain all rent or other consideration payable to Franchisor under such sublease.

5. If Franchisor exercises its right to assume the Lease pursuant to Paragraph 3 above, within 10 days after written demand, Tenant agrees to assign all of its right, title, and interest in the Lease to Franchisor and, if Tenant does not do so, Tenant appoints Franchisor as its agent to execute all documents that may be necessary for Franchisor to take assignment of the Lease. Notwithstanding anything to the contrary contained herein, Tenant shall remain liable to Landlord for all of its obligations under the Lease and to Franchisor for all amounts that Franchisor pays to Landlord to cure Tenant's defaults under the Lease, including interest, reasonable collection costs, and de-identification costs (the parties acknowledging that Franchisor may enter the Premises, upon prior notice to Landlord, to de-identify the Premises). Upon notice to Landlord, Franchisor may assign this Option and its rights and obligations hereunder to any affiliate, subsidiary, or parent of Franchisor, provided such entity agrees to assume such rights and obligations in a form acceptable to Landlord. This Option may be signed in any number of counterparts by facsimile or otherwise, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. A facsimile signature may be used for any purpose in lieu of an original signature.

LANDLORD

_____
By: _____
Its: _____

TENANT

_____
By: _____
Its: _____

_____
, individually

_____

FRANCHISOR

NEXT STEP FRANCHISING, LLC

By: _____
Kevin A. DuBois
Its: CEO

, individually

Exhibit “B” — GreenEarth Cleaning, LLC, License Agreement

GREENEARTH®
CLEANING

LETTER OF UNDERSTANDING

Date: _____

Name: _____

Company Name: _____

Address: _____

City/State/Zip: _____

EIN/SSN: _____

GreenEarth Cleaning, LLC (hereinafter referred to as "GreenEarth" and "Licensor") licenses others to use our Intellectual Property in connection with the operation of professional fabricare businesses. You are engaged in this business and desire to license our Intellectual Property in connection with the operation of your business. We agree to grant you certain rights in and to our Intellectual Property in accordance with and subject to the following:

1. Definitions. First person personal pronouns such as "we," "us," or "our" refer to GreenEarth . Second person personal pronouns such as "you," "your," and "yours" refer to you, the addressee of this Letter of Understanding. Other capitalized terms have the meanings assigned to them in the GreenEarth Affiliate Network Rules (the "Network Rules") as they appear on our website, which Network Rules are incorporated into this Letter of Understanding .

2. Grant of Rights. Subject to all of the terms of this Letter of Understanding Agreement, we grant to you a limited term, non-transferable, and non-exclusive license to:

a. Utilize our Intellectual Property during the Term at your plant locations where dry cleaning is processed using the Licensed Processes, Licensed Equipment and Licensed Products in the number of dry cleaning machines and transfer recovery dryers as shown in Exhibit A enclosed with this Letter of Understanding. In order to assure optimized sustainability, the Licensed Machines as shown in Exhibit A must operate with Natural Filtration using Activated Clay Filtration Powder and without the use of cartridge filters

b. Utilize our Intellectual Property during the Term at your dry store locations as shown in Exhibit A where dry cleaning has been processed exclusively in a plant location using the Licensed Processes, Licensed equipment and Licensed Products

3. Confidential Information. You agree to keep and maintain the Confidential Information in strict confidence. You will not disclose it or use it except as permitted in this Letter of Understanding or the Network Rules.

4. Affiliation Fee. You will pay us an Affiliation Fee based upon the number of Drycleaning Machines that will be using our Licensed Processes or Licensed Products, and the number of Transfer Recovery Dryers used by said machines, determined in accordance with Exhibit B (enclosed herewith).

5. Warranty. We will not exert direct control over your operations. We make no warranties express or implied as to the effectiveness, efficiency, cost, or results of your use of our Intellectual Property. We do not manufacture any of the Licensed Products or Licensed Equipment AND WE MAKE NO WARRANTIES OF ANY KIND WITH RESPECT THERETO, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE.

6. Term. The term of our Letter of Understanding shall begin on the first day of the month following the date your first licensed machine begins operation and, unless terminated sooner (as permitted in the Network Rules), shall continue for an initial term of one (1) year.

7. Network Rules. As a part of this Letter of Understanding, you agree that you will follow and abide by the Network Rules and any changes to those Rules, as we may post from time to time on our website.

We look forward to having you as an Affiliate in the GreenEarth Affiliates Network. If this Letter of Understanding and the Network Rules as shown on our website accurately describe your understanding of our agreement, please sign the enclosed copy of this Letter of Understanding and return it to me along with the completed Exhibit A form.

Sincerely yours,

Ronald L. Benjamin
Managing Director

On behalf of the addressee of this Letter of Understanding, by my signature below, I affirm that the foregoing Letter of Understanding accurately sets forth my understanding of the agreement between the parties.

Date _____ Signature_____

Title _____

Company Name _____

EXHIBIT A

Machines Using GreenEarth® Licensed Process Patent

LOCATION:

Contact Person: _____ Store DBA: _____

Store Address: _____ City/State/Zip: _____

Store Phone: _____ Fax: _____ E-mail: _____

Avg. Pounds Per Week:_____ Plant, Plant w/Dry Stores, or Central Plant? _____

Dry-to-Dry or Washer-Extractor Machines at This Location Using GreenEarth® Licensed Process Patent:

Machine ID	Manufacturer	Model	Year	Size	Serial No.	Est. Start Date
1						
2						
3						
4						

Transfer Recovery Dryers at This Location Used in Conjunction With Machines Listed Above:

Dryer ID	Manufacturer	Model	Year	Size	Serial No.	Est. Start Date
1						
2						

Landlord for This Location

Company & Contact Person	Street Address	City/State/Zip

Non-Processing Retail Locations (Dry Stores) Processed Exclusively in GreenEarth® by Machines Listed Above

Store DBA	Street Address	City/State/Zip

Signature: _____ Date: _____

Name: _____

Company Name: _____

(If you need additional space, please duplicate this form.)

EXHIBIT B

a. Affiliation Fee for the first Drycleaning Machine using the GreenEarth® Licensed Intellectual Property including the Licensed Patents at a single location:

$2,500 Annually

b. Affiliation Fee for second and subsequent Drycleaning Machines using the GreenEarth® Licensed Intellectual Property including the Licensed Patents at a single location:

$1,250 Annually

c. Affiliation Fee for each Transfer Recovery Dryer used in conjunction with Drycleaning Machine(s) using the Licensed Intellectual Property:

$250 Annually

EXHIBIT C

LICENSED PRODUCTS *& LICENSED EQUIPMENT*

As shown on GreenEarth website.

LICENSED MARKS

GreenEarth® Cleaning Registered Logos

GreenEarth® Cleaning System

GreenEarth® Cleaners

greenearthcleaning.com

It's good for everybody®

You've never worn anything like it®

Improving the fabric of life℠

NETWORK RULES

The following GreenEarth® Affiliate Network Rules (the "Network Rules") and any changes to them which may be made by GreenEarth® Cleaning, L.L.C. are binding upon all signatories to Letters of Understanding with GreenEarth® Cleaning, L.L.C. and together with the Letter of Understanding form the "Agreement" between the parties.

1. DEFINITIONS. The capitalized terms used in these Network Rules and the Letter of Understanding shall have the meanings as set forth below in this Section 1.

1.1 Affiliate. Same as "Licensee." See Section 1.14.

1.2 Associate. The term "Associate" shall mean any person, entity, or company that (a) directly or indirectly owns or controls, (b) is directly or indirectly owned or controlled by, or (c) is under common control with the subject person, entity, or corporation. For purposes hereof, "control" or "controls" shall mean the right to elect one-half (½) or more of the members of the board of directors or of the governing body of a non-corporate entity.

1.3 Confidential Information. The term "Confidential Information" shall mean (1) the terms of this Agreement and (2) Know-How and/or Trade Secrets provided by Licensor to Licensee in any format, (3) the information provided in the protected sector of the Licensor's web site, and (4) any other information relating to Licensed Products, Licensed Processes, or Licensed Equipment that is either designated as Confidential Information, or, if such other information was disclosed orally, as to which the disclosing party promptly provides recipient with a statement describing the nature of the information provided and designating the information as Confidential Information. Confidential Information does not include information in the public domain, provided it did not come into the public domain through the unauthorized acts of the non-disclosing party, nor does it include information which was in the non-disclosing party's possession prior to its disclosure to the non-disclosing party by the disclosing party. It is agreed, that, unless required by court order or law, neither party shall disclose Confidential Information to anyone without the express written consent of the other.

1.4 Copyright. The term "Copyright" shall mean and includes all rights granted to authors and assignees of works of authorship under United States Copyright Law, 17 U.S.C. p 101 et seq., and includes, without limitation, registered claims of copyright, applications for registration of claim of copyright, unregistered claims of copyright, and Works as defined in 17 U.S.C. p 101 et seq. with respect to which claims of copyright may be registered under the laws of the United States or any foreign country.

1.5 Dry cleaning. The term "Dry cleaning or drycleaning" shall mean the providing of dry cleaning and/or associated services to wholesale or retail customers under any trade name, service marks, or system whatsoever.

1.6 GreenEarth® Affiliate Network. The term "GreenEarth® Affiliate Network" shall mean those individual licensees, as a group, who have entered into Letters of Understanding with Licensor.

1.7 Intellectual Property. The term "Intellectual Property" shall mean Licensor's (i) Patents, (ii) Marks, (iii) Trade Secrets, Confidential Information, and Know-How, as provided by Licensor to Licensee from time to time, including, without limitation, information provided in the password-protected GreenEarth Affiliate Resource Center located on Licensor's web site, and (iv) Copyrights (including registered and unregistered claims of copyright).

1.8 Know-How. The term "Know-How" shall mean all knowledge, enhancements, technology practices, processes, methods of production, materials, discoveries, improvements, developments, inventions, data, or similar other information relating to Licensed Products, Licensed Processes, or Licensed Equipment and/or all associated Intellectual Property.

1.9 Letter of Understanding. The term "Letter of Understanding" shall mean the letter agreement between Licensor and Licensee.

1.10 Affiliation Fee. The term "Affiliation Fee" shall mean the annual total of Per-Machine Fees and Per-Transfer Recovery Dryer Fees or other fees payable in accordance with Section 4 of the Letter of Understanding.

1.11 Licensed Equipment. The term "Licensed Equipment" shall mean dry cleaning equipment approved by Licensor that is used to perform Licensed Processes with Licensed Products and includes, without limitation, equipment covered by Intellectual Property.

1.12 Licensed Products. The term "Licensed Products" shall mean the chemicals, substances, and other material approved from time to time by Licensor for use with Licensed Equipment in Licensed Processes, including, without limitation, products covered by Intellectual Property, products listed on Exhibit C, and improvements, revisions, and enhancements thereof.

1.13 Licensed Processes. The term "Licensed Processes" shall mean dry cleaning processes and procedures disclosed in or covered by Intellectual Property that are used in Licensed Stores.

1.14 Licensed Store. The term "Licensed Store" shall mean dry cleaning store or plant owned or operated by Licensee that use Licensed Products, Licensed Equipment, Licensed Processes and/or any of Licensor's Intellectual Property.

1.15 Licensee. The term "Licensee" shall mean any establishment offering Drycleaning services and which has entered into a Letter of Understanding with Licensor. A licensee is also called an "Affiliate" or a "Member".

1.16 Licensor. The term "Licensor" shall mean GreenEarth® Cleaning, L.L.C., a Delaware limited liability company.

1.17 Marks. The term "Marks" shall mean Licensor's registered and unregistered trademarks, service marks, collective marks, certification marks, and applications for registration thereof, together with all unregistered marks and trade dress currently used by Licensor.

1.18 Patent. The term "Patent" shall mean Licensor's U.S. and foreign issued patents, pending patent applications, and the technology disclosed therein, and includes without limitation all continuations, divisions, continuations in part, reexaminations, inter partes reviews, and reissues thereof.

1.19 Per-Machine Fee. The term "Per-Machine Fee" shall be the applicable fee for each specific Drycleaning Machine, as set forth on Exhibit B enclosed with the Letter of Understanding (as amended from time to time). A Per-Machine Fee shall apply to all machines on any premises owned by or under the control of each specific Licensee, whether or not such machine or machines are, in fact, used with the Licensed Products or in the Licensed Processes, so long as Licensor qualifies the particular type of machine as being eligible for use with the Licensed Products in the Licensed Processes.

1.20 Per-Transfer Recovery Dryer Fee. The term "Per-Transfer Recovery Dryer Fee" shall be the applicable fee for each transfer recovery dryer as set forth in Exhibit B enclosed with the Letter of Understanding (as amended from time to time).

2. ACKNOWLEDGMENTS.

2.1 Quality Standards. Each Licensee acknowledges the importance of utilizing the Intellectual Property in accordance with high standards of quality and service.

2.2 Understanding of Agreement. Each Licensee acknowledges that (a) Licensee has read these Network Rules, and (b) Licensee has been given an opportunity to confer with counsel and clarify any provision that Licensee did not understand. Each Licensee understands and accepts the terms, conditions, and covenants contained in these Network Rules as being reasonable and necessary to maintain Licensor's goodwill in the Intellectual Property.

2.3 **Representations.** Each Licensee acknowledges that (a) in all dealings with Licensee, the officers, directors, employees, and agents of Licensor or any of its Associates act and have acted only in a representative capacity and not in an individual capacity; and (b) these Network Rules and all business dealings between Licensee and Licensor are solely between the individual Licensee and Licensor, as an entity.

2.4 **Converted Non-Class IIIA Machines.** Each Licensee acknowledges that for converted non-Class IIIA machines using the Licensed Processes, it is a condition of the Letter of Understanding and Network Rules that the Licensee shall receive the approval of the local fire marshal with regard to the converted non-Class IIIA machine. If Licensee operates a Drycleaning Machine without securing this approval, it is a violation of these Network Rules subject to Disaffiliation as outlined in Section 10 of these Network Rules. In addition, Licensee acknowledges that the rules governing conversions as stated in the National Fire Protection Agency (NFPA) Section 32 are being followed currently and will be followed by Licensee continuously in the future operation of the converted machine(s). Failure to do so invalidates this License.

3. LICENSED RIGHTS.

3.1 **No Sublicensing.** The rights granted to each Licensee under the Letter of Understanding are personal to each such Licensee, and no Licensee is granted any right to sublicense any of Licensor's Intellectual Property.

3.2 **Exclusivity.** Each Licensee agrees that it will use the Licensor's Intellectual Property only in connection with services that involve use of the Licensed Products, Licensed Equipment and Licensed Processes. No Licensee shall use the Marks, or any portion thereof, as any part of the name of Licensee or the name under which Licensee does business, or in any way that would indicate to a reasonable consumer that Licensee's services are being provided by or on behalf of Licensor. Licensee shall receive Licensor's written approval for the way in which any of the Marks are portrayed to the public prior to using them commercially.

4. OBLIGATIONS OF LICENSEE.

4.1 **Quality Standards**. Each Licensee, in using the Licensor's Intellectual Property, shall comply with and uphold the Licensor's quality standards as communicated to the Licensees from time to time by the Licensor. It is acknowledged that the quality standards Licensor may impose are only those necessary to preserve the goodwill associated with the Licensor's Intellectual Property and that Licensor has no right otherwise to control any aspect of any Licensee's business operations.

4.2 **Confidential Information.** Each Licensee agrees to keep and maintain the Confidential Information in confidence and not to use or disclose the same except as permitted in these Network Rules. The Confidential Information shall be made available only to such of the Licensee's employees who have a reasonable need to know in the performance of their duties and who have signed written confidentiality agreements satisfactory in form and substance to Licensor. Licensee agrees that the Confidential Information provided to Licensee by Licensor during the Term of this Agreement shall continue to remain the property of the Licensor at the conclusion of the Term of this Agreement and shall not be utilized by the Licensee thereafter.

5. AFFILIATION FEES.

5.1 **Annual Payments.** Affiliate shall pay an Affiliation Fee based on: (i) the number of Drycleaning Machines in which Licensee may use the Licensed Processes or Licensed Products, plus (ii) the number of Transfer Recovery Dryers used by said Drycleaning Machines. The annual Affiliation Fee shall be payable in advance for a license period of twelve months duration and the amount of the annual Affiliation Fee shall be determined in accordance with Exhibit B. The annual Affiliation Fee for each Drycleaning Machine or Transfer Recovery Dryer shall be due on the first day of the month following the date each machine begins operating using the Licensed Processes. At such time as the Licensee increases, decreases, or otherwise changes the number and/or type of machines eligible for the Licensed Processes or the Licensed Products, or the number of Transfer Recovery Dryers, Licensee shall provide Licensor notice thereof, and, unless and until Licensor objects, Exhibit A shall be adjusted accordingly, effective as of the first day of the month following the month in which the said notice is given. Licensor may change the Per-Machine Fee or the Per-Transfer Recovery Dryer Fee used in calculating the Affiliation Fee no more often than annually by providing sixty (60) days' prior written notice to the Licensee.

5.2 **Renewal Payments.** Provided Affiliate is in good standing and at the option of Licensor, Affiliate may renew the Letter of Understanding and the Network Rules by paying the Affiliation Fee for the next annual term.

Payment of Affiliation Fees for annual renewal terms indicates Affiliate's acceptance of the then-stated Letter of Understanding and Network Rules.

5.3 Late Fees and Collection Fees. Affiliate fees are due on the first day of the month following the date each machine begins operation, using the licensing process, and renew annually each year. If payment is not received within 14 days after due date, a ten (10%) percent late fee will be applied. If Licensee fails to make any payment within 30 days after Affiliate fees are due, the Affiliate's payments due may be sent to a collection agency to collect all fees including those associated with collection and all late fees due.

5.4 No Refunds. All payments made by Licensee to Licensor pursuant to the Licensee's Letter of Understanding and/or these Network Rules are nonrefundable.

5.5 Affiliation Fees Duration. All Affiliation Fees are due and payable until the Affiliate has been disaffiliated by the Licensor per Section 10 and the Letter of Understanding has been deemed to be terminated by the Licensor.

6. ENFORCING QUALITY STANDARDS.

6.1 Quality Operation. Each Licensee shall use the Licensor's Intellectual Property only in accordance with Licensor's quality standards. In this regard, each Licensee agrees to repair or replace damaged, worn, or obsolete signs or emblems bearing the Marks and to place or display at each of its business locations signs, emblems, lettering, and logos that properly display the Marks (as prescribed by Licensor).

6.2 Inspection and Compliance. To determine whether each respective Licensee is observing Licensor's quality standards and to verify the number and type of machines on premises owned by or subject to the control of Licensee and the number of Transfer Recovery Dryers using the Licensor's Intellectual Property, Licensor or its agents shall be permitted access at all reasonable times to all of the Licensee's stores or operations at which the Licensor's Intellectual Property is used.

6.3 Compliance with Law. Each Licensee acknowledges that it is responsible to secure and maintain in force in its name all required licenses, permits, and certificates relating to its business. Licensee shall conduct all operations that utilize the Licensor's Intellectual Property in full compliance with all applicable laws, ordinances and regulations.

7. ADVERTISING. All advertising materials containing the Marks used by any Licensee must be in good taste (in Licensor's reasonable judgment) and comply with Licensor's standards and specifications. Licensee shall change or discontinue any such advertising if requested to do so by Licensor for reasonable cause.

8. THE MARKS.

8.1 Ownership and Goodwill. Each Licensee's right to use the Marks is derived solely from the applicable Letter of Understanding and these Network Rules and is limited as provided herein. Any unauthorized use of the Marks by Licensee shall constitute a breach of these Rules and an infringement of the rights of Licensor in and to the Marks. All usage of the Marks by any Licensee and any goodwill established thereby shall inure to the exclusive benefit of Licensor. The Letter of Understanding and these Rules do not confer any goodwill or other interests in the Marks upon any Licensee (other than the right to use the Marks in connection with its use of the Licensed Processes and the Licensed Products) as presented in the Marketport section of the GreenEarth website.

8.2 Limitations on Licensee's Use of the Marks. Each Licensee shall use the Marks only in connection with its use of the Licensed Processes or Licensed Products. All other actions with regard to the Marks are prohibited.

8.3 Use of Marks In Signage. Each Licensee shall have the right to use the marks in the Licensee's signage so long as the total area represented by the marks is less than 50% of the total area of the copy and images centered in the sign.

8.4 Use of Marks in Communications. Each Licensee shall use the Marks in all of its communications to the public regardless of the message format used and in accordance with the Marketport section of the GreenEarth website.

9. TRANSFER. Licensor may sell or assign all or a portion of its rights under the Letter of Understanding and these Network Rules at any time. Provided that the obligations of Licensor are assumed by the transferee, Licensor shall automatically, upon such sale or assignment, be released from further obligations to any of the Licensees in the GreenEarth® Affiliate Network. No Licensee may (directly or indirectly) transfer or assign its rights under the Letter of Understanding or these Network Rules or a controlling interest in the Licensee (by way of stock sale or otherwise) without the prior written consent of Licensor. To effect any permitted transfers, a transfer fee of $100.00 (USD) per license will be charged to cover the administrative costs involved.

10. DISAFFILIATION.

10.1 Grounds for Disaffiliation. If any Licensee (a) is adjudged bankrupt or insolvent; (b) files a voluntary petition in bankruptcy or for similar relief from creditors; (c) makes or attempts to make an unauthorized transfer of its rights under the Letter of Understanding or these Network Rules or an ownership interest in Licensee; (d) makes any unauthorized use or disclosure of any Confidential Information, makes any unauthorized use of the Marks, or makes any unauthorized use of the Licensed Processes or the Licensed Products; (e) fails to make any payment to Licensor when the same is due; or (f) otherwise violates these Network Rules or breaches the Letter of Understanding, then the Letter of Understanding shall be deemed terminated and the Licensee shall be deemed disaffiliated with the GreenEarth® Affiliate Network upon the expiration of the applicable cure period (as described below) without the need for any further action or notice, provided that the breach or violation is not cured during the applicable cure period to the satisfaction of Licensor.

10.2 Cure Periods. For the events, breaches, and/or violations described in clauses (a), (b), and (f) of Section 10.1, the cure period is thirty (30) days; for the events, breaches, and/or violations described in clauses (c) and (e) of Section 10.1, the cure period is five (5) days; and for breaches and/or violations described in clause (d) of Section 10.1, there is no applicable cure period. In each case in which there is a cure period, the applicable cure period commences upon the date when notice of the event, breach, and/or violation is provided. For a breach for which there is no cure period, the termination is effective upon the giving of the said notice.

11. RIGHTS AND RESPONSIBILITIES UPON DISSAFFILIATION.

11.1 Monetary Obligations. Each Licensee shall pay to Licensor or its Associates within fifteen (15) days after the effective date of termination of the Letter of Understanding and disaffiliation from the GreenEarth® Affiliate Network all amounts owed to Licensor or its Associates which have accrued, but which are then unpaid.

11.2 Intellectual Property, Marks and Trade Dress. After disaffiliation from the GreenEarth® Affiliate Network, each Licensee shall:

(a) Not directly or indirectly at any time or in any manner identify Associates or any business as using the Licensed Processes, Licensed Equipment or the Licensed Products, or as a Licensee of, or as otherwise associated with Licensor, or use any of the Marks or any colorable imitation thereof in any manner or for any purpose, or utilize for any purpose any trade name, trade or service mark, or other commercial symbol that suggests or indicates a connection, affiliation, or association with Licensor or the GreenEarth® Affiliate Network;

(b) Remove all signs, emblems, decals, or other items containing any of the Marks and return to Licensor or destroy all forms and materials containing any Mark or otherwise identifying or relating to Licensor or the GreenEarth® Affiliate Network;

(c) Discontinue using all of the Licensor's Intellectual Property.

(d) Furnish to Licensor, within thirty (30) days after the effective date of disassociation, evidence satisfactory to Licensor of Licensee's compliance along with the Confirmation of Inactive Status document, with the provisions of this Section 11.2 and Section 11.3 hereof and allow Licensor to visually inspect the premises to assure compliance.

11.3 Intellectual Property. Upon termination of the Letter of Understanding and disaffiliation from the GreenEarth® Affiliate Network (for any cause), each disaffiliated Licensee shall immediately cease to use any Intellectual Property and return to Licensor all copies of any Confidential Information.

11.4 Continuing Obligations. All obligations of Licensor and Licensee under Sections 4, 11.1 through 11.3 and 12.4 of the Network Rules shall continue, notwithstanding termination of the Letter of Understanding and/or disaffiliation from the GreenEarth® Affiliate Network.

12. RELATIONSHIP OF PARTIES/INDEMNIFICATION.

12.1 Independent Contractors. Neither the Letter of Understanding nor these Rules creates a fiduciary relationship between or among Licensor and the Licensee participants in the GreenEarth® Affiliate Network. Licensor and each Licensee are and shall be independent contractors. Nothing in the Letter of Understanding or these Network Rules is intended to make either party a general or special agent, joint venturer, partner, or employee of the other for any purpose. The Letter of Understanding is a license agreement only and not a franchise agreement. Licensor, other than the minimum quality controls necessary to preserve the validity of the Marks and the confidentiality of the Intellectual Property, has not (a) provided for itself the right to exercise significant controls over the business of any Licensee or (b) promised significant assistance to any Licensee or any other person in the operation of Licensee's business. If any employee of Licensor ever makes or purports to make any promise or exerts or attempts to exert any such control over or with respect to any Licensee's business, Licensee is obligated immediately to notify the Managing Director of Licensor with respect to any such statement or action.

12.2 No Authority. No Licensee shall on behalf of Licensor (a) make any express or implied agreements, warranties, guarantees, or representations; (b) incur any debt; or (c) represent that their relationship is other than Licensor and Licensee. Licensor shall not be obligated for any damages to any person or property directly or indirectly arising out of Licensee's business or other activities.

12.3 Taxes. Licensor shall have no liability for any sales, use, service, occupation, excise, gross receipts, income, property, or other taxes or assessments, whether levied upon Licensee or Licensee's property, or upon Licensor, in connection with sales made or business conducted by any Licensee. Payment of all such taxes shall be the responsibility of the Licensee.

12.4 Indemnification. Each Licensee shall indemnify, defend, and hold Licensor, its Associates, and their shareholders, directors, officers, employees, agents, consultants, independent contractors, successors, and assigns harmless against and shall reimburse them for all claims, obligations, taxes, assessments, and damages described in these Rules as belonging to Licensee and any claims directly or indirectly arising out of the Licensee's operations or the use of the Licensor's Intellectual Property, Marks, the Licensed Processes, the Licensed Equipment or the Licensed Products in any manner, including, without limitation, any claims, damages, or remediation obligations imposed as a result of environmental damage or the violation of environmental laws, but excluding any claims based on alleged infringement of intellectual property rights of third parties where the Licensed Products, the Licensed Equipment or the Licensed Processes, and the Marks are used in the manner prescribed by Licensor. For purposes of this indemnification, "claims" shall mean and include all obligations, actual and consequential damages, and costs reasonably incurred in the defense of any claim against the indemnified parties, including, without limitation, reasonable accountants', attorneys', and expert witness fees; costs of investigation and proof of facts; court costs; other litigation expenses; and travel and living

expenses. Licensor shall have the right to defend any such claim against it in such manner as Licensor deems appropriate or desirable in its sole discretion.

13. GENERAL PROVISIONS.

13.1 Governing Law. The relationship between the parties shall be governed by the substantive laws of the State of Missouri.

13.2 Binding Effect. These Rules will inure to the benefit of, and be binding upon, the parties hereto and their heirs, successors, representatives, and permitted assigns and transferees, except as may be otherwise restricted pursuant to other sections of these Network Rules.

13.3 Amendment. In addition to paragraph 5.2 above, these Network Rules may be modified and amended at any time by Licensor. If Licensor revises these Network Rules, Licensor will post the changes to the Network Rules on the Affiliates Section of the GreenEarth website (www.greenearthcleaning.com). Licensor will also show the dates on which the Network Rules were last revised. Licensee's continued use of the GreenEarth Intellectual Property constitutes Licensee's acceptance of the revised Network Rules. It is the Licensee's responsibility to regularly check the GreenEarth website to determine if there have been changes to the Network Rules and to review such changes.

13.4 Entire Agreement. The Letter of Understanding and these Network Rules, together with the Conditions for Use located on the GreenEarth Affiliate Resource Center sign in page and any schedules hereto or thereto, constitute the entire agreement between the Licensor and each respective Licensee participant in the GreenEarth® Affiliate Network. There are no other oral or written understandings or agreements between Licensee or Licensor or their respective Associates relating to the subject matter of the Letter of Understanding and/or these Network Rules, and all prior and contemporaneous agreements, understandings, conditions, warranties, and representations are superseded by the Letter of Understanding and these Network Rules. Headings herein and in the Letter of Understanding are for convenience of reference only and do not form a part of any agreement between Licensor and any Licensee. Schedules referenced herein and in the Letter of Understanding, however, are incorporated herein by reference and do form a part of the Letter of Understanding and these Network Rules.

13.5 Attorneys' Fees. If a claim for amounts owed by any Licensee to Licensor is asserted in any proceeding before a court of competent jurisdiction or arbitrator, or if Licensor is required to enforce its rights under the Letter of Understanding or these Network Rules in a judicial or arbitration proceeding, if Licensor prevails in such proceeding, Licensor shall be entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees, to the extent incurred with respect to the issues for which Licensor prevails.

13.6 Judicial Enforcement and Injunctive Relief. Each Licensee agrees that all litigation initiated by Licensee to adjudicate a dispute must be filed in the courts in Jackson County, Missouri. Licensor may enforce these Rules, including, without limitation, any right Licensor may have to seek preliminary and permanent injunctive relief prohibiting unauthorized use or infringement of any of the Licensor's Intellectual Property in general and the Marks, the Licensed Processes, the Licensed Equipment or the Licensed Products specifically by judicial process in any court of competent jurisdiction, including (without limitation) courts in Jackson County, Missouri. Licensee consents to, and agrees not to contest or challenge, the jurisdiction or venue of the courts in Jackson County, Missouri, or the enforcement of any judgment of these courts with respect to Licensee anywhere Licensee uses the Intellectual Property or conducts operations using the Licensed Processes, Licensed Equipment or the Licensed Products.

13.7 Dry Cleaning Fluids Usage Notice. In order for Licensor to be in full compliance with the Federal Trade Commission's Truth in Advertising regulations in advising the public with regard to the services offered at each Licensed Store in the store location section of the Licensor's website, Licensee is required to inform Licensor as to the dry cleaning fluid(s) being used at the Licensed Store location. Licensed Stores using only the GreenEarth liquid silicone dry cleaning fluid shall be highlighted and designated as exclusive GreenEarth providers on the Licensor's

website. Licensee agrees to promptly inform Licensor as to the dry cleaning fluid(s) being used at the start of the Letter of Understanding Agreement and at any time during the Term of the Agreement should a change occur in the dry cleaning fluid(s) being used at the Licensed Store.

13.8 Network Membership. All Licensees in good standing are Members of the GreenEarth Affiliates Network. As such, each Member is entitled to use all of GreenEarth's Intellectual Property (the Members' benefits), including its trademarks, brand, copyrighted materials, know how, branded products and activated clay filtration process. Upon disaffiliation as a Licensee, a Licensee is no longer a Member of the GreenEarth Affiliates Network and is no longer entitled to use any of the Members' benefits.

* * * * *

Exhibit “C” — Financial Statements

NEXT STEP FRANCHISING, LLC

Financial Statements
and
Independent Auditor's Report
For the Years Ended December 31, 2023 and 2022

Next Step Franchising, LLC

Contents

Independent Auditor's Report 2 - 3

Financial Statements

Balance sheets 4

Statements of income and changes in member's equity 5

Statements of cash flows 6

Notes to financial statements 7 - 12

Supplementary Information

Independent Auditor's Report on Supplemental Information 14

Schedules of franchise and general administrative expenses (unaudited) 15

Independent Auditor's Report

Member and Management
Next Step Franchising, LLC
Hanover, Massachusetts

Opinion

We have audited the accompanying financial statements of Next Step Franchising, LLC which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income and changes in member's 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 Next Step Franchising, LLC as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years ended December 31, 2023 and 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Next Step Franchising, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Next Step Franchising, 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.

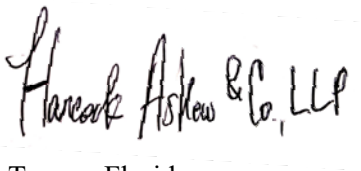
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- 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 Next Step Franchising, LLC's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Next Step Franchising, 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.



Tampa, Florida
March 08, 2024

Next Step Franchising, LLC

Balance Sheets

December 31,		**2023**		2022
ASSETS				
Current assets				
Cash	**$**	**497,646**	$	355,001
Accounts receivable, net of allowance for doubtful accounts of $27,082 and $25,000 respectively		**151,386**		78,183
Accounts receivable, related party		**35,181**		10,187
Notes receivable, current		**139,972**		76,079
Notes receivable, related party, current		**109,885**		99,885
Inventory		**3,753**		22,675
Contract assets, commissions, current portion		**7,250**		5,500
Other current assets		**5,834**		4,434
Total current assets		**950,907**		651,944
Other assets				
Notes receivable, net of current portion and allowance for doubtful notes receivable of $12,000, respectively		**153,632**		193,078
Contract assets, commissions, net of current portion		**123,968**		92,026
Goodwill		**2,433,988**		2,433,988
Total assets	**$**	**3,662,495**	$	3,371,036
LIABILITIES AND MEMBER'S EQUITY				
Current liabilities				
Accounts payable and accrued expenses	**$**	**44,954**	$	71,950
Accounts payable, related party		**1,620**		1,000
Franchisees marketing fees		**11,927**		-
Contract liabilities				
Franchise fees, current portion		**102,716**		219,675
Training fees		**4,000**		-
Territory development agreements, current portion		-		11,250
Total current liabilities		**165,217**		303,875
Long-term liabilities				
Due to related party		**871,858**		774,768
Notes payable, related parties		**200,000**		242,026
Contract liabilities				
Franchise fees, net of current portion		**55,324**		57,851
Total liabilities		**1,292,399**		1,378,520
Member's equity		**2,370,096**		1,992,516
Total liabilities and member's equity	**$**	**3,662,495**	$	3,371,036

See accompanying notes to financial statements.

Next Step Franchising, LLC

Statements of Income and Changes in Member's Equity

For the years ended December 31,		**2023**		2022
Revenues				
Franchise fees	**$**	**331,986**	$	118,030
Equipment fees		**18,311**		60,387
Advertising fund collections		**443,785**		223,479
Franchise royalties		**1,035,019**		902,545
Supplies and other fees		**149,772**		63,739
Territory development fees		**11,250**		2,500
Other revenue		**33,500**		-
Total revenues		**2,023,623**		1,370,680
Operating expenses				
Franchise expenses		**675,589**		487,172
General and administrative expenses		**882,469**		834,158
Total operating expenses		**1,558,058**		1,321,330
Income from operations		**465,565**		49,350
Other income (expense)				
Interest income		**35,555**		17,613
Other income		**11,115**		-
Other compensation		**(9,628)**		-
Franchise redevelopment		**(103,608)**		-
Interest expense		**(21,419)**		(34,901)
Total other income (expense), net		**(87,985)**		(17,288)
Net income		**377,580**		32,062
Member's equity, beginning		**1,992,516**		1,960,454
Member's equity, ending	**$**	**2,370,096**	$	1,992,516

See accompanying notes to financial statements.

Next Step Franchising, LLC

Statements of Cash Flows

For the years ended December 31,		**2023**		2022
Operating activities				
Net income	**$**	**377,580**	$	32,062
Adjustments to reconcile net income to net cash provided by (used in) operating activities				
Bad debt expense		**2,082**		12,000
(Increase) decrease in assets				
Accounts receivable		**(75,285)**		(54,836)
Accounts receivable, related party		**(24,994)**		(5,170)
Inventory		**18,922**		(11,220)
Contract assets, commissions		**(33,692)**		5,508
Other assets		**(1,400)**		(4,434)
Increase (decrease) in liabilities				
Accounts payable and accrued expenses		**(26,996)**		(36,062)
Accounts payable, related party		**620**		(181,136)
Training fees		**4,000**		-
Franchisees marketing fees		**11,927**		-
Contract liabilities, equipment sales		**-**		(7,201)
Contract liabilities, franchise fees		**(119,486)**		146,692
Contract liabilities, territory development agreements		**(11,250)**		(2,500)
Net cash provided by (used in) operating activities		**122,028**		(106,297)
Investing activities				
Advances on note receivable		**(92,733)**		(240,000)
Payments received on notes receivable		**68,286**		78,382
Advances on note receivable - related party		**(10,000)**		(131,885)
Payments received on notes receivable - related party		**-**		316,020
Net cash (used in) provided by investing activities		**(34,447)**		22,517
Financing activities				
Payments on notes payable - related party		**(42,026)**		(237,252)
Advances from related party		**97,090**		281,426
Net cash provided by financing activities		**55,064**		44,174
Net increase (decrease) in cash		**142,645**		(39,606)
Cash, beginning of year		**355,001**		394,607
Cash, end of year	**$**	**497,646**	$	355,001
Supplemental disclosures of cash flow information				
Cash paid for interest	**$**	**45,258**	$	10,400
Noncash investing activities				
Transfer of note receivable	**$**	**87,267**	$	-

See accompanying notes to financial statements.

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Next Step Franchising, LLC (the Company) was formed on March 28, 2018, for the purpose of selling and operating franchises under the brand name Lapels Dry Cleaning. The Company authorizes franchisees and third-party licensees to use business formats, systems, methods, procedures, designs, layouts, specifications, trade names, and trademarks in the United States.

The Company does not operate any Lapels Dry Cleaning locations.

As of December 31, 2023, there were eighty-three (83) open and operating franchise locations and six (6) additional franchise locations with signed agreements in various stages of development.

Basis of Presentation

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

The Company maintains cash balances at a financial institution, which at various times during the year may exceed the threshold for insurance provided by the Federal Deposit Insurance Corporation (FDIC). Accounts at each institution are insured by the FDIC up to $250,000. The Company believes it is not exposed to any significant credit risk on cash.

Revenue Recognition

The Company generates revenue from the sale of franchise licenses under various agreements. The initial franchise fee is due at signing and is earned based on the recognition of specific performance obligations. The Company also generates revenue from the installation of equipment which is earned when the full installation is complete. The Company also offered multi-unit territory development agreements which they recognize over the length of the agreement. The Company generates revenue from royalty and advertising fees which are recognized when collected. From time to time the Company may charge various other fees as outlined in the Franchise Disclosure Document. See Note 2, Revenue from Contracts with Customers for further information regarding implementation and disclosures.

Accounts Receivable

Accounts receivables are recorded at the invoiced amount. Payments of accounts receivable are allocated to the specific invoices on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices. The Company does not require collateral from its customers.

1. Nature of Operations and Summary of Significant Accounting Policies (cont.)

Accounts Receivable (cont.)

The Company uses the allowance method to establish an adequate reserve to cover anticipated uncollectible accounts receivable. Recoveries are credited to the allowance. Accounts receivable balances that exceed 90 days from the invoice date are considered delinquent. Management reviews the adequacy of the allowance at year-end based on its history of past write-offs and collections and current credit conditions. Accounts are written-off as uncollectible when the Company determines that collection is unlikely. There is an allowance for credit losses of $27,082 and $25,000 recorded as of December 31, 2023 and 2022, respectively.

Inventory

Inventory consists primarily of supplies and equipment held for sale and are stated at the lower of cost (average cost method) or market value.

Goodwill

The Company follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 350, Goodwill and Other Intangible Assets. Under this statement, goodwill and other intangible assets are deemed to have indefinite lives and are not amortized. Intangible assets that have finite lives are amortized over their estimated useful lives. Goodwill was reported at fair market value at the time of the acquisition of assets and assumed liabilities of Next Step Franchising, Inc.

Goodwill is not amortized but is tested for impairment on an annual basis and between annual tests whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill is tested at the reporting unit level, which is defined as an operating segment, or one level below the operating segment. The Company tests for an indication of goodwill impairment in the fourth quarter of each year, or sooner, when indicators of impairment exist, by comparing the fair value of our reporting unit to its carrying value. If there is an indication of impairment, we perform a step two test to measure the impairment. Impairments, if any, are recorded to the statement of operations in the period the impairment is recognized. No impairment loss was recognized for the years ended December 31, 2023 and 2022.

A significant amount of judgment is involved in determining if an indicator of impairment has occurred. Such indicators include a sustained and significant decline in our expected future cash flows, a significant adverse change in legal factors or in the business climate and unanticipated competition.

Impairment of Long-Lived Assets

The Company evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Long-lived assets consist primarily of property, plant, and equipment and intangible assets. Recoverability of assets is measured by a comparison of the carrying amount of an asset group to future net cash flows expected to be generated by the asset group. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. For the years ended December 31, 2023 and 2022, the Company did not recognize any impairment of long-lived assets.

1. Nature of Operations and Summary of Significant Accounting Policies (cont.)

Income Taxes

The Company has elected to be treated as a Limited Liability Company for federal and state income tax reporting purposes. As such, the Company does not pay income taxes on its taxable income. Instead, the members are liable for individual income taxes on their respective shares of the Company's taxable income. Accordingly, no provision or liability for income tax is reflected in these financial statements. Effective April 5, 2021, the Company is a wholly owned single member limited liability company and is a disregarded entity for U.S. federal and state income tax purposes, and all of its income and expenses are reported on the member's tax return. Management does not believe there are any uncertain tax positions as of December 31, 2023.

Limited Liability Company

Since the Company is a limited liability company, no member, manager, agent, or employee of the Company shall be personally liable for the debt, obligations, or liabilities of the entity, whether arising in contract, tort, or otherwise, or for the acts or omissions of any other member, manager, agent, or employee of the entity, unless the individual has signed a specific personal guarantee.

As a limited liability company, the member's liability is limited to the amounts reflected in their respective member equity account.

System Advertising Fund

The Company administers a system advertising fund for the common benefit of the franchisees. Funds collected from franchisees are based on a percentage of weekly gross sales and the Company manages the franchise brand system advertising fund.

Advertising and Marketing Costs

Advertising and marketing costs are charged to operations in the year incurred.

Advertising and marketing costs on behalf of the franchisor were $12,393 and $31,705 for the years ended December 31, 2023 and 2022, respectively.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued Accounting Standard Update (ASU) No. 2016-13, Financial Instruments – Credit Losses (Topic 326). The ASU introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to the original ASU. The CECL Methodology utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses for loans, held-to-maturity securities, and other receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in current GAAP, which generally require that a loss be incurred before it is recognized. The Company adopted ASC 326 using the prospective transition approach.

2. Revenue From Contracts With Customers

The Company applies ASU No. 2021-02, Franchisors-Revenue from Contracts with Customers (Subtopic 952-606) (ASU 2021- 02) which allows franchisors to simplify the application of the guidance about identifying performance obligations for franchisors that perform pre-opening services by allowing a franchisor to account for pre-opening services as distinct if they are consistent with those included in a predefined list of pre-opening services.

Franchise Fees

The Company recognizes initial franchise fees as two (2) performance obligations. Pre-opening services include, but are not limited to, training, assisting in selecting the site for the store, assistance with reviewing the lease, and assistance with the store's grand opening period. The other performance obligation is access to the license. The pre-opening service performance obligation is recognized at a point in time, when the franchisee signs their lease, as that is the time those services are completed. The amount allocated to the franchise license is earned over time based on the franchise agreement as performance obligations are satisfied due to the continuous transfer of control to the franchisee.

Territory Development Fees

Revenue from a multi-unit territory development area fee, paid at the time the Territory Development Agreement is signed, is applied towards each individual location's initial franchise fee. The fees range based upon the number of franchise units the franchisee will operate. These fees are stated in the Franchise Disclosure Document. These fees are deferred and recognized in accordance with the franchise fee revenue recognition policy.

Equipment Fees

Revenue from the plant and satellite location equipment program range depending on store location and the equipment necessary to turn the site into an approved Lapels Dry Cleaning location. The fees represent the design, outfitting, and supervision through a grand opening at a particular site. These revenues are recognized in full upon the installation of the equipment.

Variable Considerations

The franchise agreement contains variable considerations in the form of royalty and advertising fees. These fees are based on franchisee weekly sales and are recorded as revenue as these services are delivered because the variable payment relates specifically to the performance obligation of using the license. Other variable considerations for supplies and materials are recorded as revenue as the materials are delivered because the variable payments relate specifically to the performance obligation of providing the materials to the franchisee.

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

December 31, 2023	Franchise Fees	Territory Development Fees	Equipment Fees	Advertising Funds	Franchise Royalties	Supplies and Other Fees and Other Revenue	Total
Performance obligations satisfied at a point in time	**$ 306,500**	**$ -**	**$ 18,311**	**$ -**	**$ -**	**$ 183,272**	**$ 508,083**
Performance obligations satisfied over time	**25,486**	**11,250**	**-**	**443,785**	**1,035,019**	**-**	**1,515,540**
Total	**$ 331,986**	**$ 11,250**	**$ 18,311**	**$ 443,785**	**$ 1,035,019**	**$ 183,272**	**$ 2,023,623**

2. Revenue From Contracts With Customers (cont.)

Variable Considerations (cont.)

December 31, 2022	Franchise Fees	Territory Development Fees	Equipment Fees	Advertising Funds	Franchise Royalties	Supplies and Other Fees and Other Revenue	Total
Performance obligations satisfied at a point in time	$ 113,000	$ -	$ 60,387	$ -	$ -	$ 63,739	$ 237,126
Performance obligations satisfied over time	5,030	2,500	-	223,479	902,545	-	1,133,554
Total	$ 118,030	$ 2,500	$ 60,387	$ 223,479	$ 902,545	$ 63,739	$ 1,370,680

Contract Assets and Liabilities

Contract assets consist of commissions paid to facilitate the franchise sale and are amortized over the expected customer life which includes the franchise license period plus a renewal period.

Contract liabilities consist of the unearned portion of the initial franchise agreements and the equipment installation, and the remaining amortizable portion of the territory development agreements. Contract liabilities from franchise agreements are a result of the collection of the franchise fee when the franchise agreement is signed and performance obligations that have not yet been performed. Contract liabilities from equipment installation are a result of an installation agreement being signed, but the actual installation having not yet been finished by year-end. Contract liabilities for the territory development agreements consist of the remaining amortizable portion of the initial fee that will be recognized over time.

Contract liabilities can fluctuate from year to year based on the number of franchises, territory development and equipment installation agreements signed.

The beginning and ending contract balances were as follows:

	2023	2022	2021
Contract assets			
Commissions	**$ 131,218**	$ 97,526	$ 103,034
Contract liabilities			
Franchise fees	**$ 158,040**	$ 277,526	$ 130,834
Training fees	**$ 4,000**	$ -	$ -
Equipment sales	**$ -**	$ -	$ 7,201
Territory development agreements	**$ -**	$ 11,250	$ 13,750

Practical Expedients and Exemptions

Upon the adoption of ASC Subtopic 952-606, the Company utilized certain practical expedients and exemptions as follows:

The Company has elected to account for pre-opening services as distinct from the franchise license.

3. Notes Receivable

From time to time, the Company lends funds to franchisees. These notes include interest up to 9%. The balance of the notes receivable at December 31, 2023 and 2022, other than those with related parties, was $293,604 and $269,157, respectively. Note receivable from related parties are disclosed in Note 4.

4. Related Party Transactions

The Company has a management services agreement with Clean Franchise Brands, Inc. During the years ended December 31, 2023 and 2022, the Company paid a service fee to Clean Franchise Brands, Inc. in the amount of $924,923 and $800,144, respectively, which was used to cover costs associated with the management service agreement, rent, payroll, and related other benefits associated with the costs of personnel. As of December 31, 2023 and 2022, there was $871,858 and $774,768, respectively, payable for these services included in due to related party on the balance sheets.

From time to time, the Company may lend additional funds to the Lapels Dry Cleaning, MA Green Cleaning, as needed. There was no amount owed to the Company under this arrangement as of December 31, 2023. The Company has a management fee agreement with this same entity, where the Company will claim all of the profits, excluding $500 a month, or $6,000 annually, of MA Green Cleaning locations. As of December 31, 2023 and 2022, respectively, there was a management fee of $6,765 and $6,057 receivable for these services which is included in accounts receivable, related party on the balance sheets.

The Company has a note receivable from a franchisee under common control which accrues interest at a rate of 2.7%. As of December 31, 2023 and 2022, the franchisee owed $109,885 and $99,885, respectively, to the Company. There are no specified repayment terms for the note receivable.

During 2020, the Company entered into a note payable with a related party in the amount of $220,000. The interest rate on this note is 10% per annum. There are no specific terms for repayment of the note. Interest accrued and payable through December 31, 2023, and 2022, is $1,700 and $52,041, respectively. Principal and accrued interest totaling $200,000 and $242,026 are included in notes payable, related parties on the balance sheets for the years ended December 31, 2023 and 2022, respectively.

During 2020, the Company entered into a note payable with a related party in the amount of $180,000. This interest rate on this note is 10% per annum. There are no specific terms for repayment of the note. Interest accrued and paid during the year ended December 31, 2022 is $8,522. Principal and accrued interest are included in notes payable, related parties on the balance sheets. The note was paid off during 2022.

5. Subsequent Events

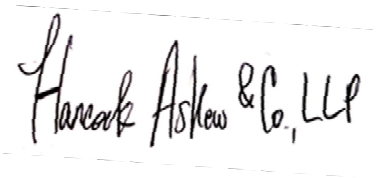
Subsequent events were evaluated and disclosed through March 08, 2024, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

Members and Management
Next Step Franchising, LLC
Hanover, Massachusetts

We have audited the financial statements of Next Step Franchising, LLC as of December 31, 2023 and 2022, and for the years then ended, and our report thereon dated March 08, 2024, which expressed an unmodified opinion on those financial statements, appears on pages 2 and 3. Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedules of franchise and general and administrative expenses, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.



Tampa, Florida
March 08, 2024

Next Step Franchising, LLC

Schedules of Franchise and General and Administrative Expenses (Unaudited)

For the years ended December 31,		**2023**		2022
FRANCHISE EXPENSES				
Brand fund expenses	**$**	**347,186**	$	213,175
Equipment expense		**18,966**		68,523
Franchise development costs		**309,437**		205,474
	$	**675,589**	$	487,172
GENERAL AND ADMINISTRATIVE EXPENSES				
Advertising and marketing	**$**	**12,393**	$	31,705
Bank and credit card fees		**6,157**		8,371
Dues and subscriptions		**146,411**		76,263
Licenses and permits		**300**		13
Management fees		**661,051**		622,315
Meals and entertainment		**472**		2,694
Office expense		**1,227**		8,698
Professional fees		**44,893**		50,033
Repairs and maintenance		**-**		1,655
Travel and entertainment		**5,218**		15,057
Utilities		**-**		1,155
Bad debt expense		**2,082**		12,000
Website		**2,265**		4,199
	$	**882,469**	$	834,158

NEXT STEP FRANCHISING, LLC

Financial Statements
and
Independent Auditor's Report
For the Years Ended December 31, 2022 and 2021

Next Step Franchising, LLC

Contents

Independent Auditor's Report 2 - 3

Financial Statements

Balance sheets 4

Statements of operations and changes in member's equity 5

Statements of cash flows 6

Notes to financial statements 7 - 13

Supplementary Information

Independent Auditor's Report on Supplemental Information 15

Schedules of franchise and general administrative expenses (unaudited) 16

Independent Auditor's Report

Member and Management
Next Step Franchising, LLC
Hanover, Massachusetts

Opinion

We have audited the accompanying financial statements of Next Step Franchising, LLC which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations and changes in member's 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 Next Step Franchising, LLC as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years ended December 31, 2022 and 2021, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Next Step Franchising, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Next Step Franchising, 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 Next Step Franchising, LLC's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Next Step Franchising, 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.

Tampa, Florida
March 20, 2023

Next Step Franchising, LLC

Balance Sheets

December 31,		**2022**		2021
ASSETS				
Current assets				
Cash	**$**	**355,001**	$	394,607
Accounts receivable, net of allowance for doubtful accounts of $25,000 in 2022 and 2021		**78,183**		23,347
Accounts receivable, related party		**10,187**		5,017
Notes receivable, current		**76,079**		57,406
Notes receivable, related party, current		**99,885**		-
Inventory		**22,675**		11,455
Contract assets, commissions, current portion		**5,500**		5,500
Other assets		**4,434**		-
Total current assets		**651,944**		497,332
Other assets				
Notes receivable, net of current portion and allowance for doubtful notes receivable of $12,000 and $0 in 2022 and 2021, respectively		**193,078**		87,633
Notes receivable, related party, net of current portion and allowance		**-**		258,520
Contract assets, commissions, net of current portion		**92,026**		97,534
Goodwill		**2,433,988**		2,433,988
Total assets	**$**	**3,371,036**	$	3,375,007
LIABILITIES AND MEMBER'S EQUITY				
Current liabilities				
Accounts payable and accrued expenses	**$**	**71,950**	$	108,012
Accounts payable, related party		**1,000**		182,136
Contract liabilities				
Franchise fees, current portion		**219,675**		86,683
Equipment sales, current portion		**-**		7,201
Territory development agreements, current portion		**11,250**		2,500
Total current liabilities		**303,875**		386,532
Long-term liabilities				
Due to related party		**774,768**		493,342
Notes payable, related parties		**242,026**		479,278
Contract liabilities				
Franchise fees, net of current portion		**57,851**		44,151
Territory development agreements, net of current portion		**-**		11,250
Total liabilities		**1,378,520**		1,414,553
Member's equity		**1,992,516**		1,960,454
Total liabilities and member's equity	**$**	**3,371,036**	$	3,375,007

See accompanying notes to financial statements.

Next Step Franchising, LLC

Statements of Operations and Changes in Member's Equity

For the years ended December 31,		**2022**		2021
Revenues				
Franchise fees	**$**	**118,030**	$	237,999
Equipment fees		**60,387**		537,994
Advertising fund collections		**223,479**		89,504
Franchise royalties		**902,545**		678,242
Supplies and other fees		**63,739**		13,972
Territory development fees		**2,500**		8,667
Other revenue		**-**		12,881
Total revenues		**1,370,680**		1,579,259
Operating expenses				
Franchise expenses		**487,172**		794,771
General and administrative expenses		**834,158**		898,166
Total operating expenses		**1,321,330**		1,692,937
Income (loss) from operations		**49,350**		(113,678)
Other income (expense)				
Interest income		**17,613**		9,290
Gain on termination of territory development agreement		**-**		54,472
Other income		**-**		17,130
Interest expense		**(34,901)**		(48,859)
Total other income (expense), net		**(17,288)**		32,033
Net income (loss)		**32,062**		(81,645)
Member's equity, beginning		**1,960,454**		2,042,099
Member's equity, ending	**$**	**1,992,516**	$	1,960,454

See accompanying notes to financial statements.

Next Step Franchising, LLC

Statements of Cash Flows

For the years ended December 31,		**2022**		2021
Operating activities				
Net income (loss)	**$**	**32,062**	$	(81,645)
Adjustments to reconcile net income (loss) to net cash used in operating activities				
Bad debt expense		**12,000**		32,747
Gain on termination of territory development agreement		**-**		(54,472)
(Increase) decrease in assets				
Accounts receivable		**(54,836)**		(20,960)
Accounts receivable, related party		**(5,170)**		(5,017)
Inventory		**(11,220)**		(5,902)
Contract assets, commissions		**5,508**		(29,930)
Other assets		**(4,434)**		-
Increase (decrease) in liabilities				
Accounts payable and accrued expenses		**(36,062)**		(74,679)
Accounts payable, related party		**(181,136)**		-
Contract liabilities, equipment sales		**(7,201)**		7,201
Contract liabilities, franchise fees		**146,692**		12,001
Contract liabilities, territory development agreements		**(2,500)**		(8,667)
Net cash used in operating activities		**(106,297)**		(229,323)
Investing activities				
Advances on note receivable		**(240,000)**		(154,500)
Payments received on notes receivable		**78,382**		60,934
Advances on note receivable - related party		**(131,885)**		(104,500)
Payments received on notes receivable - related party		**316,020**		13,500
Net cash provided by (used in) investing activities		**22,517**		(184,566)
Financing activities				
Advances from (payments on) notes payable - related party		**(237,252)**		50,278
Advances from related party		**281,426**		704,478
Net cash provided by financing activities		**44,174**		754,756
Net increase (decrease) in cash		**(39,606)**		340,867
Cash and cash equivalents, beginning of year		**394,607**		53,740
Cash and cash equivalents, end of year	**$**	**355,001**	$	394,607
Supplemental disclosures of cash flow information				
Cash paid for interest	**$**	**10,400**	$	4,269

See accompanying notes to financial statements.

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Next Step Franchising, LLC (the Company) was formed on March 28, 2018, for the purpose of selling and operating franchises under the brand name Lapels Dry Cleaning. The Company authorizes franchisees and third-party licensees to use business formats, systems, methods, procedures, designs, layouts, specifications, trade names, and trademarks in the United States.

The Company does not operate any Lapels Dry Cleaning locations.

As of December 31, 2022, there were seventy- eight (78), open and operating franchise locations and six (6) additional franchise locations with signed agreements in various stages of development.

Basis of Presentation

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

The Company maintains cash balances at a financial institution, which at various times during the year may exceed the threshold for insurance provided by the Federal Deposit Insurance Corporation (FDIC). Accounts at each institution are insured by the FDIC up to $250,000. The Company believes it is not exposed to any significant credit risk on cash.

Revenue Recognition

The Company generates revenue from the sale of franchise licenses under various agreements. The initial franchise fee is due at signing and is earned based on the recognition of specific performance obligations. The Company also generates revenue from the installation of equipment which is earned when the full installation is complete. The Company also offered multi-unit territory development agreements which they recognize over the length of the agreement. The Company generates revenue from royalty and advertising fees which are recognized when collected. From time to time the Company may charge various other fees as outlined in the Franchise Disclosure Document. See Note 2, Revenue from Contracts with Customers for further information regarding implementation and disclosures.

Accounts Receivable

Accounts receivables are recorded at the invoiced amount. Payments of accounts receivable are allocated to the specific invoices on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices. The Company does not require collateral from its customers.

1. Nature of Operations and Summary of Significant Accounting Policies (cont.)

Accounts Receivable (cont.)

The Company uses the allowance method to establish an adequate reserve to cover anticipated uncollectible accounts receivable. Recoveries are credited to the allowance. Accounts receivable balances that exceed 90 days from the invoice date are considered delinquent. Management reviews the adequacy of the allowance at year-end based on its history of past write-offs and collections and current credit conditions. Accounts are written-off as uncollectible when the Company determines that collection is unlikely. There is an allowance for doubtful accounts of $25,000 and $25,000 recorded as of December 31, 2022 and 2021, respectively.

Inventory

Inventory consists primarily of supplies and equipment held for sale and are stated at the lower of cost (average cost method) or market value.

Goodwill

The Company follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 350, Goodwill and Other Intangible Assets. Under this statement, goodwill and other intangible assets are deemed to have indefinite lives and are not amortized. Intangible assets that have finite lives are amortized over their estimated useful lives. Goodwill was reported at fair market value at the time of the acquisition of assets and assumed liabilities of Next Step Franchising, Inc.

Goodwill is not amortized but is tested for impairment on an annual basis and between annual tests whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill is tested at the reporting unit level, which is defined as an operating segment, or one level below the operating segment. The Company tests for an indication of goodwill impairment in the fourth quarter of each year, or sooner, when indicators of impairment exist, by comparing the fair value of our reporting unit to its carrying value. If there is an indication of impairment, we perform a step two test to measure the impairment. Impairments, if any, are recorded to the statement of operations in the period the impairment is recognized. No impairment loss was recognized for the years ended December 31, 2022 and 2021.

A significant amount of judgment is involved in determining if an indicator of impairment has occurred. Such indicators include a sustained and significant decline in our expected future cash flows, a significant adverse change in legal factors or in the business climate and unanticipated competition.

Impairment of Long-Lived Assets

The Company evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Long-lived assets consist primarily of property, plant, and equipment and intangible assets. Recoverability of assets is measured by a comparison of the carrying amount of an asset group to future net cash flows expected to be generated by the asset group. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. For the years ended December 31, 2022 and 2021, the Company did not recognize any impairment of long-lived assets.

1. Nature of Operations and Summary of Significant Accounting Policies (cont.)

Income Taxes

The Company has elected to be treated as a Limited Liability Company for federal and state income tax reporting purposes. As such, the Company does not pay income taxes on its taxable income. Instead, the members are liable for individual income taxes on their respective shares of the Company's taxable income. Accordingly, no provision or liability for income tax is reflected in these financial statements. Effective April 5, 2021, the Company is a wholly owned single member limited liability company and is a disregarded entity for U.S. federal and state income tax purposes, and all of its income and expenses are reported on the Member's tax return. Management does not believe there are any uncertain tax positions as of December 31, 2022.

Limited Liability Company

Since the Company is a limited liability company, no member, manager, agent, or employee of the Company shall be personally liable for the debt, obligations, or liabilities of the entity, whether arising in contract, tort, or otherwise, or for the acts or omissions of any other member, manager, agent, or employee of the entity, unless the individual has signed a specific personal guarantee.

As a limited liability company, the member's liability is limited to the amounts reflected in their respective member equity account.

System Advertising Fund

The Company administers a system advertising fund for the common benefit of the franchisees. Funds collected from franchisees are based on a percentage of weekly gross sales and the Company manages the franchise brand system advertising fund.

Advertising and Marketing Costs

Advertising and marketing costs are charged to operations in the year incurred.

Advertising and marketing costs on behalf of the franchisees were $213,175 and $85,795 for the years ended December 31, 2022 and 2021, respectively.

Advertising and marketing costs on behalf of the franchisor were $31,705 and $44,323 for the years ended December 31, 2022 and 2021, respectively.

Change in Accounting Estimate

Effective January 1, 2021, the Company elected to change its method of estimating the portion of franchise fees to be recognized at the point in time the Company has satisfied its pre-opening services performance obligation. The change in accounting estimate has been applied prospectively. Had the revenue been recognized under the prior estimation methodology, franchise fees would have been approximately $13,000 lower for the year ended December 31, 2021.

Reclassifications

Certain reclassifications have been made to the 2021 consolidated financial statements in order to conform them to the 2022 presentation. These reclassifications had no impact to net loss or member's equity.

2. Revenue From Contracts With Customers

In January 2021, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2021-02, Franchisors-Revenue from Contracts with Customers (Subtopic 952-606) (ASU 2021- 02). This ASU provides a practical expedient to ASU 2014-09 Revenue from Contracts with Customers (Topic 606). The new guidance allows franchisors to simplify the application of the guidance about identifying performance obligations for franchisors that perform pre-opening services by allowing a franchisor to account for pre-opening services as distinct if they are consistent with those included in a predefined list of pre-opening services. The Company follows FASB ASC Topic 606, Revenue from Contracts with Customers and adopted Subtopic 952-606 Franchisors-Revenue from Contracts with Customers effective with the application of ASC Topic 606 for the year ended December 31, 2020.

Franchise Fees

The Company recognizes initial franchise fees as two (2) performance obligations. Pre-opening services include, but are not limited to, training, assisting in selecting the site for the store, assistance with reviewing the lease, and assistance with the store's grand opening period. The other performance obligation is access to the license. The pre-opening service performance obligation is recognized at a point in time, when the franchisee signs their lease, as that is the time those services are completed. The amount allocated to the franchise license is earned over time based on the franchise agreement as performance obligations are satisfied due to the continuous transfer of control to the franchisee.

Territory Development Fees

Revenue from a multi-unit territory development area fee, paid at the time the Territory Development Agreement is signed, is applied towards each individual location's initial franchise fee. The fees range based upon the number of franchise units the franchisee will operate. These fees are stated in the Franchise Disclosure Document. These fees are deferred and recognized in accordance with the franchise fee revenue recognition policy. During the year ended December 31, 2021, the Company terminated a territory development arrangement with a franchisee, resulting in the acceleration of recognition of approximately $54,000 in deferred territory development fees which is included in other income in the statements of operations and member's equity.

Equipment Fees

Revenue from the plant and satellite location equipment program range depending on store location and the equipment necessary to turn the site into an approved Lapels Dry Cleaning location. The fees represent the design, outfitting, and supervision through a grand opening at a particular site. These revenues are recognized in full upon the installation of the equipment.

Variable Considerations

The franchise agreement contains variable considerations in the form of royalty and advertising fees. These fees are based on franchisee weekly sales and are recorded as revenue as these services are delivered because the variable payment relates specifically to the performance obligation of using the license. Other variable considerations for supplies and materials are recorded as revenue as the materials are delivered because the variable payments relate specifically to the performance obligation of providing the materials to the franchisee.

2. Revenue From Contracts With Customers (cont.)

Variable Considerations (cont.)

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

December 31, 2022	Franchise Fees	Territory Development Fees	Equipment Fees	Advertising Funds	Franchise Royalties	Supplies and Other Fees and Other Revenue	Total
Performance obligations satisfied at a point in time	**$ 113,000**	**$ -**	**$ 60,387**	**$ -**	**$ -**	**$ 63,739**	**$ 237,126**
Performance obligations satisfied over time	**5,030**	**2,500**	**-**	**223,479**	**902,545**	**-**	**1,133,554**
Total	**$ 118,030**	**$ 2,500**	**$ 60,387**	**$ 223,479**	**902,545**	**$ 63,739**	**$ 1,370,680**

December 31, 2021	Franchise Fees	Territory Development Fees	Equipment Fees	Advertising Funds	Franchise Royalties	Supplies and Other Fees and Other Revenue	Total
Performance obligations satisfied at a point in time	$ 234,499	$ -	$ 537,994	$ -	$ -	$ 26,853	$ 799,346
Performance obligations satisfied over time	3,500	8,667	-	89,504	678,242	-	799,913
Total	$ 237,999	$ 8,667	$ 537,994	$ 89,504	$ 678,242	$ 26,853	$ 1,579,259

Contract Assets and Liabilities

Contract assets consist of commissions paid to facilitate the franchise sale and are amortized over the expected customer life which includes the franchise license period plus a renewal period.

Contract liabilities consist of the unearned portion of the initial franchise agreements and the equipment installation, and the remaining amortizable portion of the territory development agreements. Contract liabilities from franchise agreements are a result of the collection of the franchise fee when the franchise agreement is signed and performance obligations that have not yet been performed. Contract liabilities from equipment installation are a result of an installation agreement being signed, but the actual installation having not yet been finished by year-end. Contract liabilities for the territory development agreements consist of the remaining amortizable portion of the initial fee that will be recognized over time.

Contract liabilities can fluctuate from year to year based on the number of franchises, territory development and equipment installation agreements signed.

2. Revenue From Contracts With Customers (cont.)

Contract Assets and Liabilities (cont.)

The beginning and ending contract balances were as follows:

	2022	2021	2020
Contract assets			
Commissions	**$ 97,526**	$ 103,034	$ 73,104
Contract liabilities			
Franchise fees	**$ 277,526**	$ 130,834	$ 123,833
Equipment sales	**$ -**	$ 7,201	$ -
Territory development agreements	**$ 11,250**	$ 13,750	$ 76,889

Practical Expedients and Exemptions

Upon the adoption of ASC Subtopic 952-606, the Company utilized certain practical expedients and exemptions as follows:

The Company has elected to account for pre-opening services as distinct from the franchise license.

The Company applied the full-retrospective approach method upon adoption of ASC Subtopic 952-606 for the year ended December 31, 2021, which allowed the new accounting standard to be applied to all contracts as of the date of initial implementation. There was no effect to member's equity as a result of this adoption.

3. Notes Receivable

From time to time, the Company lends funds to franchisees. These notes include interest up to 9%. The balance of the notes receivable at December 31, 2022 and 2021, other than those with related parties, was $269,157 and $145,039, respectively. Note receivable from related parties are disclosed in Note 4.

4. Related Party Transactions

Next Step Franchising, Inc. is a former member company of Next Step Franchising, LLC. During the year ended December 31, 2021, the Company paid a management fee to Next Step Franchising, Inc. in the amount of $340,181, which was used to cover costs associated with the management service agreement, rent, payroll, and related other benefits associated with the costs of personnel. As of December 31, 2021, there was $182,136 payable for these services included in due to related party in the balance sheets. Subsequent to the reorganization in July 2021, no management fee was paid to Next Step Franchising, Inc.

During 2021, the Company entered into a management services agreement with Clean Franchise Brands, Inc. During the years ended December 31, 2022 and 2021, the Company paid a service fee to Clean Franchise Brands, Inc. in the amount of $800,144 and $493,142, respectively, which was used to cover costs associated with the management service agreement, rent, payroll, and related other benefits associated with the costs of personnel. As of December 31, 2022 and 2021, there was $774,768 and $493,142 payable for these services included in due to related party on the balance sheets.

4. Related Party Transactions (cont.)

A related party of the Company owns and operates six (6) Lapels Dry Cleaning locations. From time to time, this related party may lend funds to the Company as needed. There was no money owed to the related party as of December 31, 2022. As of December 31, 2021, the Company owed $29,000 to this related party which is included in due to related party on the balance sheets.

From time to time, the Company may lend additional funds to the Lapels Dry Cleaning, MA Green Cleaning, as needed. There was no amount owed to the Company under this arrangement as of December 31, 2022. The amount of money owed to the Company under this arrangement was $258,520 as of December 31, 2021, and is included in note receivable, related party on the balance sheet. The Company has a management fee agreement with this same entity, where the Company will claim all of the profits, excluding $500 a month, or $6,000 annually, of MA Green Cleaning locations. As of December 31, 2022 and 2021, respectively, there was a management fee of $6,057 and $5,017 receivable for these services which is included in accounts receivable, related party on the balance sheets.

The Company has a note receivable from a franchisee under common control which accrues interest at a rate of 2.7%. As of December 31, 2022 and 2021, the franchisee owed $99,885 and $25,500, respectively, to the Company. There are no specified repayment terms for the note receivable.

During 2020, the Company entered into a note payable with a related party in the amount of $220,000. The interest rate on this note is 10% per annum. There are no specific terms for repayment of the note. Interest accrued and payable through December 31, 2022, and 2021, is $52,041 and $27,653, respectively. Principal and accrued interest totaling $242,026 and $247,653 are included in notes payable, related parties on the balance sheets for the years ended December 31, 2022 and 2021, respectively.

During 2020, the Company entered into a note payable with a related party in the amount of $180,000. This interest rate on this note is 10% per annum. There are no specific terms for repayment of the note. Interest accrued and paid during the year ended December 31, 2022 is $8,522. Principal and accrued interest are included in notes payable, related parties on the balance sheets. The note was paid off during 2022. Principal and accrued interest totaling $202,625 are included in notes payable, related parties on the balance sheets for the year ended December 31, 2021.

5. Subsequent Events

Subsequent events were evaluated and disclosed through March 20, 2023, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

Members and Management
Next Step Franchising, LLC
Hanover, Massachusetts

We have audited the financial statements of Next Step Franchising, LLC as of December 31, 2022 and 2021, and for the years ended, and our report thereon dated March 20, 2023, which expressed an unmodified opinion on those financial statements, appears on pages 2 and 3. Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedules of franchise and general and administrative expenses, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Hancock Askew & Co. LLP

Tampa, Florida
March 20, 2023

Next Step Franchising, LLC

Schedules of Franchise and General and Administrative Expenses (Unaudited)

For the years ended December 31,		**2022**		2021
FRANCHISE EXPENSES				
Advertising and marketing	**$**	**213,175**	$	85,795
Equipment expense		**68,523**		467,126
Franchise development costs		**205,474**		241,850
	$	**487,172**	$	794,771
GENERAL AND ADMINISTRATIVE EXPENSES				
Advertising and marketing	**$**	**31,705**	$	44,323
Bank and credit card fees		**8,371**		5,460
Dues and subscriptions		**76,263**		1,539
Licenses and permits		**13**		-
Management fees		**622,315**		659,473
Meals and entertainment		**2,694**		10,115
Office expense		**8,698**		35,560
Professional fees		**50,033**		80,255
Recruiting and training		**-**		1,000
Repairs and maintenance		**1,655**		4,207
Travel		**15,057**		14,675
Utilities		**1,155**		6,641
Bad debt expense		**12,000**		32,747
Website		**4,199**		2,171
	$	**834,158**	$	898,166

NEXT STEP FRANCHISING, LLC

Financial Statements
and
Independent Auditor's Report
For the Years Ended December 31, 2021 and 2020

Next Step Franchising, LLC

Contents

Independent Auditor's Report 2 - 3

Financial Statements

Balance sheets 4

Statements of operations and changes in member's equity 5

Statements of cash flows 6

Notes to financial statements 7 - 12

Supplementary Information

Independent Auditor's Report on Supplemental Information 14

Schedules of franchise and general administrative expenses (unaudited) 15

Independent Auditor's Report

Member and Management
Next Step Franchising, LLC
Hanover, Massachusetts

Opinion

We have audited the accompanying financial statements of Next Step Franchising, LLC (a Delaware Limited Liability Company), which comprise the balance sheet as of December 31, 2021, and the related statements of operations and changes in member's equity, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit 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 Next Step Franchising, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of Next Step Franchising, LLC as of December 31, 2020 were audited by other auditors whose report, dated April 28, 2021, expressed an unmodified opinion on those statements.

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 Next Step Franchising, 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 Next Step Franchising, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Next Step Franchising, 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.

Tampa, Florida
March 31, 2022

Next Step Franchising, LLC

Balance Sheets

December 31,		**2021**		2020
ASSETS				
Current assets				
Cash	**$**	**394,607**	$	53,740
Accounts receivable, net of allowance for doubtful accounts of $25,000 and $45,000 in 2021 and 2020, respectively		**23,347**		15,276
Accounts receivable, related party		**5,017**		-
Notes receivable - current		**57,406**		76,331
Prepaid expenses		**11,455**		5,553
Contract assets, commissions, current portion		**5,500**		3,750
Total current assets		**497,332**		154,650
Other assets				
Notes receivable, net of current		**87,633**		-
Note receivable, related party		**258,520**		167,520
Contract assets, commissions, net of current portion		**97,534**		69,354
Goodwill		**2,433,988**		2,433,988
Total other assets		**2,877,675**		2,670,862
Total assets	**$**	**3,375,007**	$	2,825,512
LIABILITIES AND MEMBER'S EQUITY				
Current liabilities				
Accounts payable and accrued expenses	**$**	**108,012**	$	182,691
Due to related party		**704,478**		-
Notes payable, related parties		**450,278**		400,000
Contract liabilities				
Franchise fees, current portion		**86,683**		82,000
Equipment sales, current portion		**7,201**		-
Territory development agreements, current portion		**2,500**		8,664
Total current liabilities		**1,359,152**		673,355
Long-term liabilities				
Contract liabilities				
Franchise fees, net of current portion		**44,151**		41,833
Territory development agreements, net of current portion		**11,250**		68,225
Total long-term liabilities		**55,401**		110,058
Total liabilities		**1,414,553**		783,413
Member's equity		**1,960,454**		2,042,099
Total liabilities and member's equity	**$**	**3,375,007**	$	2,825,512

See accompanying notes to financial statements.

Next Step Franchising, LLC

Statements of Operations and Changes in Member's Equity

For the years ended December 31,		**2021**		2020
Revenues				
Franchise fees	**$**	**237,999**	$	146,017
Territory development fees		**8,667**		44,145
Equipment fees		**537,994**		2,704
Advertising fund collections		**89,504**		118,768
Franchise royalties		**678,242**		487,086
Supplies and other fees		**13,972**		107,686
Other revenue		**12,881**		4,150
Total revenues		**1,579,259**		910,556
Operating expenses				
Franchise expenses		**794,771**		241,544
General and administrative expenses		**898,166**		1,206,458
Total operating expenses		**1,692,937**		1,448,002
Loss from operations		**(113,678)**		(537,446)
Other income (expense)				
Interest income		**9,290**		2,468
Gain on termination of territory development agreement		**54,472**		-
Other income		**17,130**		-
Interest expense		**(48,859)**		(14,367)
Total other income (expense), net		**32,033**		(11,899)
Net loss		**(81,645)**		(549,345)
Member's equity, beginning		**2,042,099**		2,591,444
Member's equity, ending	**$**	**1,960,454**	$	2,042,099

See accompanying notes to financial statements.

Next Step Franchising, LLC

Statements of Cash Flows

For the years ended December 31,		**2021**		2020
Operating activities				
Net loss	**$**	**(81,645)**	$	(549,345)
Adjustments to reconcile net loss to net cash used in operating activities				
Bad debt expense		**32,747**		54,093
Gain on termination of territory development agreement		**(54,472)**		-
(Increase) decrease in assets				
Accounts receivable		**(20,960)**		(26,641)
Accounts receivable, related party		**(5,017)**		-
Prepaid management fee		**-**		98,626
Prepaid expenses		**(5,902)**		8,686
Contract assets, commissions		**(29,930)**		(68,604)
Increase (decrease) in liabilities				
Accounts payable and accrued expenses		**(74,679)**		(89,026)
Contract liabilities, equipment sales		**7,201**		-
Contract liabilities, franchise fees		**12,001**		59,833
Contract liabilities, territory development agreements		**(8,667)**		(44,145)
Net cash used in operating activities		**(229,323)**		(556,523)
Investing activities				
Advances on notes receivable		**(154,500)**		(34,500)
Payments received on notes receivable		**60,934**		18,011
Advances on note receivable - related party		**(104,500)**		(96,799)
Payments received on notes receivable - related party		**13,500**		45,000
Net cash used in investing activities		**(184,566)**		(68,288)
Financing activities				
Proceeds from notes payable - related party		**50,278**		400,000
Advances from related party		**704,478**		-
Net cash provided by financing activities		**754,756**		400,000
Net increase (decrease) in cash		**340,867**		(224,811)
Cash and cash equivalents, beginning of year		**53,740**		278,551
Cash and cash equivalents, end of year	**$**	**394,607**	$	53,740
Supplemental disclosures of cash flow information				
Cash paid for interest	**$**	**4,269**	$	6,789

See accompanying notes to financial statements.

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Next Step Franchising, LLC (the Company) was formed on March 28, 2018 for the purpose of selling and operating franchises under the brand name Lapels Dry Cleaning. The Company authorizes franchisees and third-party licensees to use business formats, systems, methods, procedures, designs, layouts, specifications, trade names, and trademarks in the United States.

The Company does not operate any Lapels Dry Cleaning locations.

As of December 31, 2021, there were eighty-five (85), open and operating franchise locations and two (2) additional franchise locations with signed agreements in various stages of development.

Basis of Presentation

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

The Company maintains cash balances at a financial institution, which at various times during the year may exceed the threshold for insurance provided by the Federal Deposit Insurance Corporation (FDIC). Accounts at each institution are insured by the FDIC up to $250,000. The Company believes it is not exposed to any significant credit risk on cash.

Revenue Recognition

The Company generates revenue from the sale of franchise licenses under various agreements. The initial franchise fee is due at signing and is earned based on the recognition of specific performance obligations. The Company also generates revenue from the installation of equipment which is earned when the full installation is complete. The Company also offered multi-unit territory development agreements which they recognize over the length of the agreement. The Company generates revenue from royalty and advertising fees which are recognized when collected. From time to time the Company may charge various other fees as outlined in the Franchise Disclosure Document. See Note 2, Revenue from Contracts with Customers for further information regarding implementation and disclosures.

Accounts Receivable

Accounts receivables are recorded at the invoiced amount. Payments of accounts receivable are allocated to the specific invoices on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices. The Company does not require collateral from its customers.

1. Nature of Operations and Summary of Significant Accounting Policies (cont.)

Accounts Receivable (cont.)

The Company uses the allowance method to establish an adequate reserve to cover anticipated uncollectible accounts receivable. Recoveries are credited to the allowance. Accounts receivable balances that exceed 90 days from the invoice date are considered delinquent. Management reviews the adequacy of the allowance at year-end based on its history of past write-offs and collections and current credit conditions. Accounts are written-off as uncollectible when the Company determines that collection is unlikely. There is an allowance for doubtful accounts of $25,000 and $45,000 recorded as of December 31, 2021 and 2020, respectively.

Goodwill

The Company follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 350, Goodwill and Other Intangible Assets. Under this statement, goodwill and other intangible assets are deemed to have indefinite lives and are not amortized. Intangible assets that have finite lives are amortized over their estimated useful lives. Goodwill was reported at fair market value at the time of the acquisition of assets and assumed liabilities of Next Step Franchising, Inc.

Goodwill is not amortized but is tested for impairment on an annual basis and between annual tests whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill is tested at the reporting unit level, which is defined as an operating segment, or one level below the operating segment. The Company tests for an indication of goodwill impairment in the fourth quarter of each year, or sooner, when indicators of impairment exist, by comparing the fair value of our reporting unit to its carrying value. If there is an indication of impairment, we perform a step two test to measure the impairment. Impairments, if any, are recorded to the statement of operations in the period the impairment is recognized. No impairment loss was recognized for the years ended December 31, 2021 and 2020.

A significant amount of judgment is involved in determining if an indicator of impairment has occurred. Such indicators include a sustained and significant decline in our expected future cash flows, a significant adverse change in legal factors or in the business climate and unanticipated competition.

Impairment of Long-Lived Assets

The Company evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Long-lived assets consist primarily of property, plant, and equipment and intangible assets. Recoverability of assets is measured by a comparison of the carrying amount of an asset group to future net cash flows expected to be generated by the asset group. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. For the years ended December 31, 2021 and 2020, the Company did not recognize any impairment of long-lived assets.

Income Taxes

The Company has elected to be treated as a Limited Liability Company for federal and state income tax reporting purposes. As such, the Company does not pay income taxes on its taxable income. Instead, the members are liable for individual income taxes on their respective shares of the Company's taxable income. Accordingly, no provision or liability for income tax is reflected in these financial statements. Effective April 5, 2021, the Company is a wholly owned single member limited liability company and is a disregarded entity for U.S. federal and state income tax purposes, and all of its income and expenses are reported on the Member's tax return. Management does not believe there are any uncertain tax positions as of December 31, 2021.

1. Nature of Operations and Summary of Significant Accounting Policies (cont.)

Limited Liability Company

Since the Company is a limited liability company, no Member, manager, agent, or employee of the Company shall be personally liable for the debt, obligations, or liabilities of the entity, whether arising in contract, tort, or otherwise, or for the acts or omissions of any other Member, manager, agent, or employee of the entity, unless the individual has signed a specific personal guarantee.

As a limited liability company, the member's liability is limited to the amounts reflected in their respective member equity account.

System Advertising Fund

The Company administers a system advertising fund for the common benefit of the franchisees. Funds collected from franchisees are based on a percentage of weekly gross sales and the Company manages the franchise brand system advertising fund.

Advertising and Marketing Costs

Advertising and marketing costs are charged to operations in the year incurred.

Advertising and marketing costs on behalf of the franchisees were $85,795 and $108,825 for the years ended December 31, 2021 and 2020, respectively.

Advertising and marketing costs on behalf of the franchisor were $44,323 and $73,634 for the years ended December 31, 2021 and 2020, respectively.

Change in Accounting Estimate

Effective January 1, 2021, the Company elected to change its method of estimating the portion of franchise fees to be recognized at the point in time the Company has satisfied its pre-opening services performance obligation. The change in accounting estimate has been applied prospectively. Had the revenue been recognized under the prior estimation methodology, franchise fees would have been approximately $13,000 lower for the year ended December 31, 2021.

Reclassifications

Certain reclassifications have been made to the 2020 financial statements in order to conform them to the 2021 presentation. These reclassifications have no impact to net loss or member's equity.

2. Revenue From Contracts With Customers

In January 2021, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2021-02, Franchisors-Revenue from Contracts with Customers (Subtopic 952-606) (ASU 2021- 02). This ASU provides a practical expedient to ASU 2014-09 Revenue from Contracts with Customers (Topic 606). The new guidance allows franchisors to simplify the application of the guidance about identifying performance obligations for franchisors that perform pre-opening services by allowing a franchisor to account for pre-opening services as distinct if they are consistent with those included in a predefined list of pre-opening services. The Company follows FASB ASC Topic 606, Revenue from Contracts with Customers and adopted Subtopic 952-606 Franchisors-Revenue from Contracts with Customers effective with the application of ASC Topic 606 for the year ended December 31, 2020.

2. Revenue From Contracts With Customers (cont.)

Franchise Fees

The Company recognizes initial franchise fees as two (2) performance obligations. Pre-opening services include, but are not limited to, training, assisting in selecting the site for the store, assistance with reviewing the lease, and assistance with the store's grand opening period. The other performance obligation is access to the license. The pre-opening service performance obligation is recognized at a point in time, when the franchisee signs their lease, as that is the time those services are completed. The amount allocated to the franchise license is earned over time based on the franchise agreement as performance obligations are satisfied due to the continuous transfer of control to the franchisee.

Territory Development Fees

Revenue from a multi-unit territory development area fee, paid at the time the Territory Development Agreement is signed, is applied towards each individual location's initial franchise fee. The fees range based upon the number of franchise units the franchisee will operate. These fees are stated in the Franchise Disclosure Document. These fees are deferred and recognized in accordance with the franchise fee revenue recognition policy. During the year ended December 31, 2021, the Company terminated a territory development arrangement with a franchisee, resulting in the acceleration of recognition of approximately $54,000 in deferred territory development fees which is included in other income in the statements of operations and member's equity.

Equipment Fees

Revenue from the plant and satellite location equipment program range depending on store location and the equipment necessary to turn the site into an approved Lapels Dry Cleaning location. The fees represent the design, outfitting, and supervision through a grand opening at a particular site. These revenues are recognized in full upon the installation of the equipment.

Variable Considerations

The franchise agreement contains variable considerations in the form of royalty and advertising fees. These fees are based on franchisee weekly sales and are recorded as revenue as these services are delivered because the variable payment relates specifically to the performance obligation of using the license. Other variable considerations for supplies and materials are recorded as revenue as the materials are delivered because the variable payments relate specifically to the performance obligation of providing the materials to the franchisee.

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

December 31, 2021	Franchise Fees	Territory Development Fees	Equipment Fees	Advertising Funds	Franchise Royalties	Supplies and Other Fees and Other Revenue	Total
Performance obligations satisfied at a point in time	$ 234,499	$ -	$ 537,994	$ -	$ -	$ 26,853	$ 799,346
Performance obligations satisfied over time	3,500	8,667	-	89,504	678,242	-	779,913
Total	$ 237,999	$ 8,667	$ 537,994	$ 89,504	678,242	$ 26,853	$ 1,579,259

2. Revenue From Contracts With Customers (cont.)

Variable Considerations (cont.)

December 31, 2020	Franchise Fees	Territory Development Fees	Equipment Fees	Advertising Funds	Franchise Royalties	Supplies and Other Fees and Other Revenue	Total
Performance obligations satisfied at a point in time	$ 144,850	$ -	$ 2,704	$ -	$ -	$ 111,836	$ 259,390
Performance obligations satisfied over time	1,167	44,145	-	118,768	487,086	-	651,166
Total	$ 146,017	$ 44,145	$ 2,704	$ 118,768	$ 487,086	$ 111,836	$ 910,556

Contract Assets and Liabilities

Contract assets consist of commissions paid to facilitate the franchise sale and are amortized over the expected customer life which includes the franchise license period plus a renewal period.

Contract liabilities consist of the unearned portion of the initial franchise agreements and the equipment installation, and the remaining amortizable portion of the territory development agreements. Contract liabilities from franchise agreements are a result of the collection of the franchise fee when the franchise agreement is signed and performance obligations that have not yet been performed. Contract liabilities from equipment installation are a result of an installation agreement being signed, but the actual installation having not yet been finished by year end. Contract liabilities for the territory development agreements consist of the remaining amortizable portion of the initial fee that will be recognized over time.

Contract liabilities can fluctuate from year to year based on the number of franchise, territory development and equipment installation agreements signed.

Practical Expedients and Exemptions

Upon the adoption of ASC Subtopic 952-606, the Company utilized certain practical expedients and exemptions as follows:

The Company has elected to account for pre-opening services as distinct from the franchise license.

The Company applied the full-retrospective approach method upon adoption of ASC Subtopic 952-606 for the year ended December 31, 2020, which allowed the new accounting standard to be applied to all contracts as of the date of initial implementation. There was no effect to member's equity as a result of this adoption.

3. Notes Receivable

From time to time, the Company lends funds to franchisees. These notes include interest up to 9%. The balance of the notes receivable at December 31, 2021 and 2020 was $145,039 and $56,331, respectively.

4. Related Party Transactions

Next Step Franchising, Inc. is a former member company of Next Step Franchising, LLC. During the years ended December 31, 2021 and 2020, the Company paid a management fee to Next Step Franchising, Inc. in the amount of $340,181 and $906,799, respectively, which was used to cover costs associated with the management service agreement, rent, payroll, and related other benefits associated with the costs of personnel. As of December 31, 2021, there was $182,136 payable for these services included in due to related party in the balance sheet. There was no management fee payable as of December 31, 2020.

During 2021, the Company entered into a management services agreement with Clean Franchise Brands, Inc. During the year ended December 31, 2021, the Company paid a service fee to Clean Franchise Brands, Inc. in the amount of $493,142, which was used to cover costs associated with the management service agreement. As of December 31, 2021, there was $493,142 payable for these services included in due to related party on the balance sheet. There was no management fee payable as of December 31, 2020.

A related party of the Company owns and operates six (6) Lapels Dry Cleaning locations. From time to time, this related party many lend funds to the Company as needed. As of December 31, 2021, the Company owed $29,000 to this related party which is included in due to related party on the balance sheet.

From time to time, the Company may lend additional funds to the Lapels Dry Cleaning, MA Green Cleaning, as needed. The amount of money owed to the Company under this arrangement was $258,520 and $167,520 as of December 31, 2021 and 2020, respectively, and is included in note receivable, related party on the balance sheet. The Company has a management fee agreement with this same entity, where the Company will claim all of the profits, excluding $500 a month, or $6,000 annually, of MA Green Cleaning locations. As of December 31, 2021, there was a management fee of $5,017 receivable for these services which is included in accounts receivable, related party on the balance sheet. There was no management fee receivable from MA Green Cleaning locations as of December 31, 2020.

During 2020, the Company entered into a short-term note with a related party in the amount of $220,000. This interest rate on this note is 10% per annum, with monthly payments of interest only through September 2021. There are no specific terms for repayment of the note. Interest accrued through December 31, 2021 and payable is $27,653. Principal and accrued interest totaling $247,653 and $218,231 are included in notes payable, related parties on the balance sheet for the years ended December 31, 2021 and 2020, respectively.

During 2020, the Company entered into a short-term note with a related party in the amount of $180,000. This interest rate on this note is 10% per annum, with monthly payments of interest only through September 2021. There are no specific terms for repayment of the note. Interest accrued through December 31, 2021 and payable is $22,625. Principal and accrued interest are included in notes payable, related parties on the balance sheet. Principal and accrued interest totaling $202,625 and $183,419 are included in notes payable, related parties on the balance sheet for the years ended December 31, 2021 and 2020, respectively.

5. Subsequent Events

Subsequent events were evaluated and disclosed through March 31, 2022, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Members and Management
Next Step Franchising, LLC
Hanover, Massachusetts

We have audited the financial statements of Next Step Franchising, LLC as of December 31, 2021, and for the year then ended, and our report thereon dated March 31, 2022, which expressed an unmodified opinion on those financial statements, appears on pages 2 and 3. Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedules of franchise and general and administrative expenses, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Prior Period Financial Statements

The financial statements of Next Step Franchising, LLC for the year ended December 31, 2020, were audited by another auditor who expressed an unmodified opinion on that statement on April 28, 2021. Those statements included the schedules of franchise and general and administrative expenses for the year ended December 31, 2020, with the auditor's disclaimer of opinion on the supplementary information.

Tampa, Florida
March 31, 2022

Next Step Franchising, LLC

Schedules of Franchise and General and Administrative Expenses (Unaudited)

For the years ended December 31,		**2021**		2020
FRANCHISE EXPENSES				
Advertising and marketing	**$**	**85,795**	$	108,825
Equipment expense		**467,126**		67,192
Franchise development costs		**241,850**		57,412
	$	**794,771**	$	233,429
GENERAL AND ADMINISTRATIVE EXPENSES				
Advertising and marketing	**$**	**44,323**	$	73,634
Bank and credit card fees		**5,460**		4,805
Commissions		**-**		1,896
Dues and subscriptions		**1,539**		4,311
Licenses and permits		**-**		342
Management fees		**659,473**		906,799
Meals and entertainment		**10,115**		5,123
Office expense		**35,560**		48,577
Professional fees		**80,255**		77,739
Recruiting and training		**1,000**		1,182
Registration fees		**-**		4,800
Repairs and maintenance		**4,207**		1,074
Travel		**14,675**		7,784
Uniforms		**-**		1,497
Utilities		**6,641**		4,687
Bad debt expense		**32,747**		54,093
Website		**2,171**		8,115
	$	**898,166**	$	1,206,458

Exhibit “D” — State Administrators and State Agents For Service Of Process (State Agencies)

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce

State	State Agency	Agent for Service of Process
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222 Phone (212) 416-6042 Fax	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 5th Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH CAROLINA	Secretary of State P.O. Box 11350 Columbia, SC 29211 (803) 734-2166	Legalinc Corporate Services Inc. 1591 Savannah Highway Suite 201 Charleston, SC 29407
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

Exhibit "E" — State Addenda

DISCLOSURE DOCUMENT ADDENDUM – CALIFORNIA

(Applies only to California franchises)

Risk Factors:

REGISTRATION OF THIS FRANCHISE WITH THE STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS OFFERING CIRCULAR. IF YOU LEARN THAT ANYTHING IN THIS OFFERING CIRCULAR IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION, D.C. 20580 AND THE COMMISSIONER OF CORPORATIONS, 320 W. 4th STREET, SUITE 750, LOS ANGELES, CA 90013.

Neither the franchisor, nor any person or franchise broker in Item 2 of this Offering Circular is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.S.A 78a et seq., suspending or expelling such person from membership in such association or exchange.

You must sign a general release if you renew or transfer your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 200010 voids a waiver of our rights under the Franchise Relations Act (Business and Professions code 2000000 through 20043).

The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the offering circular.

Additional Disclosures per Rule 310.114 (c):

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchise concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under the federal bankruptcy law (11 U.S.C.A. Section 101 and following).

The franchise agreement contains a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

DISCLOSURE DOCUMENT ADDENDUM – CALIFORNIA
Continued

The franchise agreement requires binding arbitration. The arbitration will occur at Naples, Florida with the costs being borne by the losing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside of the State of California.

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

Section 31125 of the Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of Corporations before we ask you to consider a material modification of your franchise agreement.

Our web URL is www.lapelsdrycleaning.com.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dbo.ca.gov.

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE HAWAII FRANCHISE INVESTMENT LAW

(Applies only to Hawaii franchises)

These franchises will be/have been filed under the Franchise Investment Law of the State of Hawaii. Filing does not constitute approval, recommendation or endorsement by the Director of Commerce and Consumer Affairs or a finding by the Director of Commerce and Consumer Affairs that the information provided herein is true, complete and not misleading.

The Franchise Investment Law makes it unlawful to offer or sell any franchise in this state without first providing to the prospective franchisee, or subfranchisor, at least seven (7) days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least seven days prior to the payment of any consideration by the franchisee, or subfranchisor, whichever occurs first, a copy of the Disclosure Document, together with a copy of all proposed agreements relating to the sale of the franchise.

This Disclosure Document contains a summary only of certain material provisions of the franchise agreement. The contract or agreement should be referred to for a statement of all rights, conditions, restrictions and obligations of both the franchisor and the franchisee.

No release language set forth in the franchise agreement shall relieve us or any other person, directly or indirectly, from liability imposed by laws concerning franchising in the State of Hawaii.

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

Hawaii Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
808-586-2727

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE INDIANA FRANCHISE DISCLOSURE LAW AND THE INDIANA DECEPTIVE FRANCHISE PRACTICES ACT

(Applies only to Indiana franchises)

Notwithstanding anything to the contrary set forth in the Disclosure Document of Franchise Agreement, the following provisions shall supersede and apply to all franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the Franchise Agreement, the other agreements or Florida law if such provisions are in conflict with Indiana law.

2. The prohibition by Indiana Code §23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as material breach of the Franchise Agreement, shall supersede the provisions of the Franchise Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.

3. Liquidated damages and termination penalties are prohibited by law in the State of Indiana and, therefore, the Disclosure Document and the Franchise Agreement are amended by the deletion of all references to liquidated damages and termination penalties and the addition of the following language to the original language that appears therein:

   "Notwithstanding any such termination, and in addition to the obligations of the Franchisee as otherwise provided, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions therein, the Franchisee nevertheless shall be, continue and remain liable to Franchisor for any and all damages which Franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the Franchisee for the unexpired Term of the Franchise Agreement.

   At the time of such termination of the Franchise Agreement, the Franchisee covenants to pay to Franchisor within ten (10) days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney's fees) incurred by Franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Term of the Franchise Agreement. This Agreement does not constitute a waiver of the Franchisee's right to a trial on any of the above matters."

4. No release language set forth in the Disclosure Document or Franchise Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.

5. The Franchise Agreement is amended to provide that such agreement will be construed in accordance with the laws of the State of Indiana.

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE INDIANA FRANCHISE DISCLOSURE LAW AND THE INDIANA DECEPTIVE FRANCHISE PRACTICES ACT
Continued

6. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, is deleted from any Franchise Agreement issued in the State of Indiana.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum concurrently with the execution of the Franchise Agreement this _____ day of _____, 20____.

NEXT STEP FRANCHISING, LLC
FRANCHISOR

By:_____
Kevin A. DuBois

Title: CEO

_____
FRANCHISEE (Print Name)

By:_____

Title:_____

DISCLOSURE DOCUMENT ADDENDUM – ILLINOIS

(Applies only to Illinois franchises)

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

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

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

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

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.

FRANCHISE AGREEMENT RIDER – ILLINOIS

Notwithstanding anything to the contrary set forth in the Franchise Agreement to which this Rider is attached, the following terms and conditions shall control:

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

Section 13.13 and 13.14 are hereby amended to provide that jurisdiction and venue must be in a forum within the State of Illinois, subject, however, to the arbitration provisions of the Agreement set forth in Section 13.12,.which provide for arbitration outside of Illinois

Section 13.15 is hereby amended to provide that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act (the "Act") or any other law of the State of Illinois is void. This section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of the Act, nor shall it prevent the arbitration of any claim purchase to the provisions of Title 9 of the United States Code.

Section 13.17 is hereby amended by replacing the section with the following: Any and all claims arising out of or relating to this Agreement or our relationship with you will be barred unless a judicial or arbitration proceeding is commenced within the earlier of three (3) years after the act or transaction constituting the violation upon which it is based, the expiration of one (1) year after the franchisee becomes aware of the facts or circumstances reasonably indicating that he may have a claim for relief in respect to conduct governed by the Act, or ninety (90) days after delivery to the franchisee of a written notice disclosing the violation, whichever shall first expire. No cause of action barred under existing law on the effective date of the Act shall be revived by this Act. Every cause of action under the Act survives the death of any person who might have been a plaintiff or defendant.

Section 13.18 of the Franchise Agreement is hereby supplemented with the following:

"Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the representations made in the franchise disclosure document."

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

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

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rider concurrently with the execution of the Franchise Agreement this _____ day of _____, 20____.

NEXT STEP FRANCHISING, LLC
FRANCHISOR

_____
FRANCHISEE (Print Name)

By:_____
Kevin A. DuBois

Title: CEO

By:_____

Title:_____

DISCLOSURE DOCUMENT ADDENDUM – MARYLAND

(Applies only to Maryland franchises)

Item 5 is hereby supplemented as follows:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

Item 17 is hereby amended as follows:

a) A Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
b) Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the Franchise.
c) Pursuant to COMAR 02.02.08 16L, any general release required by the terms and conditions of the Franchise Agreement as a condition of renewal, assignment or transfer shall not apply to any liability 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.

FRANCHISE AGREEMENT RIDER – MARYLAND

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

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

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.

The Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a franchisee's assent to a release of liability under that Law as a condition for the sale, renewal, assignment or transfer of the franchise. To the extent of any inconsistencies with the Maryland Franchise Registration and Disclosure Law contained in Section 9.2(1) of the Franchise Agreement, such inconsistent provisions are hereby deleted.

Section 1.2 of the Franchise Agreement is hereby deleted in its entirety. You recognize, however, that, in all of their dealings with you, our officers, directors, employees and agents act only in a representative, and not in an individual, capacity. All business dealings between you and such persons as a result of this Agreement are solely between you and us.

Section 2.1 of the Franchise Agreement is hereby supplemented with the following: "Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under 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.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rider concurrently with the execution of the Franchise Agreement this _____ day of _____, 20____.

NEXT STEP FRANCHISING, LLC
FRANCHISOR

_____
FRANCHISEE (Print Name)

By:_____
Kevin A. DuBois

Title: CEO

By:_____

Title:_____

DISCLOSURE DOCUMENT ADDENDUM - MICHIGAN

(Applies only to Michigan franchises)

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

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

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise before the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provisions of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration, of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if (i) the term of the franchise is less than 5 years; and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but it not limited to:

(i) The failure of the proposed franchisee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (C).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee or subfranchisor until the obligations 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 Disclosure Document on file with the Attorney General does not constitute approval, recommendation, or endorsement by the Attorney General.

Any questions regarding the notice should be directed to:

State of Michigan
Consumer Protection Division
Attention: Franchise
670 Law Building
Lansing, Michigan 48913
Telephone Number: (517) 373-3800

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND AMENDMENT TO FRANCHISE AGREEMENT PURSUANT TO THE MINNESOTA FRANCHISE INVESTMENT LAW

(Applies only to Minnesota franchisees)

Notwithstanding anything to the contrary set forth in the Disclosure Document and/or Franchise Agreement, as applicable, the following provisions shall supersede and apply to all franchises offered and sold in the State of Minnesota:

1. The following language shall be added to the Disclosure Document and the Franchise Agreement:

   "The Minnesota Department of Commerce requires the Franchisor to indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the Franchisee's use of the tradename infringes trademark rights of the third party. Franchisor indemnifies Franchisee against the consequences of Franchisee's use of the tradename in accordance with the requirements of the license, and, as a condition to indemnification, Franchisee must provide notice to Franchisor of any such claims within ten (10) days and tender the defense of the claim to Franchisor. If Franchisor accepts the tender of defense, Franchisor has 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."

2. The Disclosure Document and Franchise Agreement are amended as follows:

   "With respect to franchises governed by Minnesota law, Franchisor will comply with Minn.Stat.Sec. 80C.14, Subds 3, 4 and 5, which require, except in certain specific cases, that a Franchisee be given ninety (90) day notice of termination (with sixty (60) days to cure) and one hundred eighty (180) day notice for non-renewal of the Franchise Agreement."

3. No release language set forth in the Franchise Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Minnesota.

4. Liquidated damages and termination penalties are prohibited by law in the State of Minnesota and, therefore, the Franchise Agreement is amended by the addition of the following language to the original language that appears therein:

   "Notwithstanding any such termination, and in addition to the obligations of the Franchisee as otherwise provided, or in the event the termination or cancellation of the Franchise Agreement under any of the other provisions therein, the Franchisee nevertheless shall be, continue and remain liable to Franchisor for any and all damages which Franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the Franchisee for the unexpired term of the Franchise Agreement.

   At the time of such termination of the Franchise Agreement, the Franchisee covenants to pay to Franchisor within ten (10) days after demand as compensation for all damages, losses, costs and expenses (including reasonable attorney's fees) incurred by Franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Operating Term of the Franchise Agreement. This does not constitute a waiver of the Franchisee's right to a trial on any of the above matters."

5. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i)

waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on 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.

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND AMENDMENT TO FRANCHISE AGREEMENT PURSUANT TO THE MINNESOTA FRANCHISE INVESTMENT LAW
Continued

5. Item 17 of the Disclosure Document is amended to add the following and the following language will appear at the end of any Franchise Agreement issued in the State of Minnesota:

   "Pursuant to Minnesota Statutes, Chapter 80C and Minn. Rule Part 2860-4400J, this Section shall not in any way abrogate or reduce any rights of the Franchisee as provided for in the Minnesota Statutes Chapter 8OC."

6. The Disclosure Document and the Franchise Agreement are amended as follows:

   "Nothing contained herein shall limit Franchisee's rights to submit matters to the jurisdiction of the courts of Minnesota to the full extent required by Minn. Rule 2860-4400J."

7. The Franchisee cannot consent to the Franchisor obtaining injunctive relief. The Franchisor may seek injunctive relief. See Minn. Rule 2860.4400J. Also, a court will determine if a bond is required.

8. Any limitations of claims set forth in the Franchise Agreement must comply with Minnesota Statutes, Section 80C.17, Subd 5.
9. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Minnesota Amendment concurrently with the execution of the Franchise Agreement this _____ day of _____, 20____.

NEXT STEP FRANCHISING, LLC
FRANCHISOR

By:_____
Kevin A. DuBois

Title: CEO

_____
FRANCHISEE (Print Name)

By:_____

Title:_____

DISCLOSURE DOCUMENT ADDENDUM – NEW YORK

(Applies only to New York franchisees)

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

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

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

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

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

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

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

   D. No such party is subject to any currently effective injunctive or restrictive order or decree relating to franchise, or under a federal, state, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange as defined in the Securities Exchange Act of 1934, suspending or expelling such persons from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4: During the ten-year period immediately before the date of this Franchise Disclosure Document, neither the Franchisor, its affiliate, its predecessor, officers or general partner has (a) filed as a debtor (or had filed against it) a petition to start an

action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one (1) year after the officer or general partner of Franchisor held this position in the company or partnership.

4.

The following is added to the end of Item 5: The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

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

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

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

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

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

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

8. The following is added to the end of the "Summary" section of Item 17(v), titled "Choice of forum", and Item 17(w), titled "Choice of Law":

   The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

FRANCHISE AGREEMENT RIDER – NEW YORK

Notwithstanding anything to the contrary set forth in the Franchise Agreement to which this Rider is attached, the following terms and conditions shall control:

1. All rights enjoyed by Franchisee and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law, Section 687.4 and 687.5 be satisfied.

2. You may terminate the Agreement on any grounds available by law.

3. With regard to Franchisor's right of assignment set forth in Article 9.1, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under this Agreement.

4. The choice of law provision in Article 13.13 should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rider concurrently with the execution of the Franchise Agreement this _____ day of _____, 20____.

NEXT STEP FRANCHISING, LLC
FRANCHISOR

_____
FRANCHISEE (Print Name)

By:_____
Kevin A. DuBois

By:_____

Title: CEO

Title:_____

DISCLOSURE DOCUMENT ADDENDUM
and
FRANCHISE AGREEMENT RIDER
NORTH DAKOTA

(Applies only to North Dakota franchisees)

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of North Dakota:

1. Liquidated damages and termination penalties are prohibited by law in the State of North Dakota: If a Franchise is so terminated, and in addition to the obligations of the Franchisee as otherwise provided herein, Franchisor shall retain the full amount of any fees heretofore paid to Franchisor and Franchisee shall continue to remain liable to Franchisor for any and all damages which Franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the Franchisee for the unexpired term of the Franchise Agreement.

2. The laws of the State of North Dakota supersede any provisions of the Franchise Agreement, the other agreements or Florida law if such provisions are in conflict with North Dakota law.

3. Any provision of the Franchise Agreement which designates jurisdiction or venue, or requires Franchisee to agree to jurisdiction or venue, in a forum outside of North Dakota, is deleted from any Franchise Agreement issued in the State of North Dakota.

4. The laws of the State of North Dakota do not allow for the following statement and they are therefore deleted from any Franchise Agreement issued in the State of North Dakota:

    a. A general release to be signed upon renewal; and
    b. The requirement that franchisees consent to termination or liquidated damages, a waiver of trial by jury, a waiver of exemplary and punitive damages, and/or to a limitation of claims within one (1) year.

5. The Disclosure Document and Franchise Agreement are amended adding the following statement to each:

    “Covenants not to compete, such as those mentioned herein, are generally considered unenforceable in the State of North Dakota.”

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum and Rider concurrently with the execution of the Franchise Agreement this _____ day of _____, 20____.

NEXT STEP FRANCHISING, LLC
FRANCHISOR

_____
FRANCHISEE (Print Name)

By:_____
Kevin A. DuBois

Title: CEO

By:_____

Title:_____

FRANCHISE AGREEMENT RIDER – RHODE ISLAND

(Applies only to Rhode Island franchises)

Notwithstanding anything to the contrary set forth in the Franchise Agreement to which this Rider is attached, the following terms and conditions shall control:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

The above language has been included in this Offering Circular as a condition to registration. Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all choice of law provisions, is fully enforceable. Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

NEXT STEP FRANCHISING, LLC FRANCHISOR	_____ FRANCHISEE (Print Name)
By:_____ **Kevin A. DuBois** Title: CEO	By:_____ Title:_____

DISCLOSURE DOCUMENT ADDENDUM
and
FRANCHISE AGREEMENT RIDER
SOUTH DAKOTA

(Applies only to South Dakota franchisees)

To the extent this Addendum is inconsistent with any terms or conditions of the Franchise Agreement or exhibits or attachments thereto, or the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of South Dakota:

1. Liquidated damages and termination penalties are prohibited by law in the State of North Dakota: If a Franchise is so terminated, and in addition to the obligations of the Franchisee as otherwise provided herein, Franchisor shall retain the full amount of any fees heretofore paid to Franchisor and Franchisee shall continue to remain liable to Franchisor for any and all damages which Franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the Franchisee for the unexpired term of the Franchise Agreement.

   At the time of such termination of the Franchise Agreement, the Franchisee covenants to pay to Franchisor within ten (10) days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney's fees) incurred by Franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired term of the Franchise Agreement.

2. Franchise registration, employment, covenants not to compete and other matters of local concern will be governed by the laws of the State of South Dakota. As to contractual and other matters, the Franchise Agreement will be and remains subject to the construction, enforcement and interpretation of the laws of Florida. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires Franchisee to agree to jurisdiction or venue, in a forum outside of South Dakota, is deleted from any Franchise Agreement issued in the State of South Dakota.

3. No release language set forth in the Franchise Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of South Dakota.

4. Termination provisions covering breach of the Franchise Agreement, failure to meet performance and quality standards, and failure to make royalty payments contained in the Franchise Agreement shall afford Franchisee thirty (30) days written notice with an opportunity to cure said default prior to termination.

5. REGISTRATION OF THIS FRANCHISE DOES NOT CONSTITUTE APPROVAL OR RECOMMENDATION OF THE FRANCHISE BY THE DIRECTOR.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum and Rider concurrently with the execution of the Franchise Agreement this _____ day of _____, 20____.

NEXT STEP FRANCHISING, LLC
FRANCHISOR

_____
FRANCHISEE (Print Name)

By:_____
Kevin A. DuBois

By:_____

Title: CEO

Title:_____

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

FRANCHISE AGREEMENT ADDENDUM - WASHINGTON

(Applies only to Washington franchises)

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum and Rider concurrently with the execution of the Franchise Agreement this _____ day of _____, 20____.

NEXT STEP FRANCHISING, LLC
FRANCHISOR

By:_____
Kevin A. DuBois

_____
FRANCHISEE (Print Name)

By:_____

Title: CEO **Title:**_____

DISCLOSURE DOCUMENT ADDENDUM – WISCONSIN

(Applies only to Wisconsin franchises)

Franchise Registrations are governed in Wisconsin by the Wisconsin Franchise Investment Law, Wis. Stat. Ch. 553, and the Wisconsin Administrative Code, DFI-Sec Chapters 31-36.

The Wisconsin Fair Dealership Law, Wis. Stat. Ch. 135 applies to most, if not all, franchise agreements and prohibits the termination, cancellation, non-renewal or the substantial change of the competitive circumstances of a dealership agreement without good cause. It further provides that ninety (90) days prior written notice of a proposed termination, etc. must be given to the dealer. The dealer has sixty (60) days to cure the deficiency and if the deficiency is cured, the notice is void. Section 17 of this Franchise Disclosure Document and the corresponding section of the franchise should state that the Wisconsin Fair Dealership Law supersedes any provisions contained in the franchise or license agreement that are inconsistent with that Law.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum and Rider concurrently with the execution of the Franchise Agreement this _____ day of _____, 20____.

NEXT STEP FRANCHISING, LLC
FRANCHISOR

_____
FRANCHISEE (Print Name)

By:_____
Kevin A. DuBois

Title: CEO

By:_____

Title:_____

Exhibit "F" — Table of Contents, Operations Manual

TABLE OF CONTENTS

SECTION A – INTRODUCTION	4
About this Manual	5
The Future of Dry Cleaning	5
SECTION B -- LAPELS® POLICIES	6
Uniforms / Dress Code	7
Hours of Operation	9
Holiday Schedule	9
Store Appearance	9
Ongoing Support	11
SECTION C – CUSTOMER SERVICE	13
What is a Customer?	14
Customer Interaction	15
How to Handle Complaints	24
SECTION D -- MARKETING	26
The Importance of Marketing	27
SECTION E – STORE OPERATIONS	28
Opening Procedures	29
Incoming Orders / Creating an Invoice	29
Inspecting and Marking In	30
Standard Production Process	33
Do Overs	37
Outgoing Orders / Customer Pick-up	37
End of Day Procedures	39
SECTION F –PERONNEL	41

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Working the Front Counter 42
Interviewing and Hiring 51
SECTION G – MANAGING YOUR BUSINESS 56
Book-Keeping 57
Record Keeping 58
Reporting 59
APPENDIX A - Specialized Services 76
APPENDIX B - Care Labels 77
APPENDIX C - Contact Information 78
MISCELLANEOUS FORMS AND RESOURCES 79

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Exhibit "G" — General Release

GENERAL RELEASE

This release (the "Release") is given this day of _____ by _____ _____, a(n) _____, with its principal place of business located at _____ _____ ("Franchisee") and _____'s principals _____, an individual residing at _____and ("Principal(s)").

Franchisee and Principal(s), on behalf of themselves and their respective officers, directors, employees, successors, assigns, heirs, personal representatives, and all other persons acting on their behalf or claiming under them (collectively, the "Franchisee Releasors"), hereby release, discharge and hold harmless Next Step Franchising, LLC ("Franchisor") and Franchisor's parents, subsidiaries, affiliates, officers, directors, members, shareholders, employees, agents, attorneys, successors, and assigns (collectively, the "Franchisor Releasees") from any suits, claims, controversies, rights, promises, debts, liabilities, demands, obligations, costs, expenses, actions, and causes of action of every nature, character and description, in law or in equity, whether presently known or unknown, vested or contingent, suspected or unsuspected arising under, relating to, or in connection with the Franchise Agreement dated _____ between Franchisee and Franchisor and any related agreements and the relationship created thereby, or the Franchised Business operated under the Franchise Agreement, or any claims or representations made relative to the sale of the franchise to operate such Franchised Business or under any federal or state franchise or unfair or deceptive trade practice laws, which any of the Franchisee Releasors now own or hold or have at any time heretofore owned or held against the Franchisor Releasees (collectively, the "Franchisee Released Claims").

FRANCHISEE AND PRINCIPAL(S) ON BEHALF OF THEMSELVES AND THE FRANCHISEE RELEASORS WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED HEREIN BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS WHICH THE FRANCHISEE RELEASORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT. The Franchisee Releasors also covenant not to bring any suit, action, or proceeding, or make any demand or claim of any type, against any Franchisor Releasees with respect to any Franchisee Released Claim, and Franchisee and Principal(s) shall defend, indemnify and hold harmless each of Franchisor Releasees against same.

[Washington Residents: The General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW19.100, and the rules adopted thereunder.]

Release given this day of _____ by:

FRANCHISEE:

_____

By:_____

_____,_____
(Print Name, Title)

PRINCIPAL:

_____

PRINCIPAL:

_____

_____
(Print Name)

(Print Name)

Exhibit "H" — Franchisee Acknowledgement Statement

~~*NOT FOR USE IN CALIFORNIA~~

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

LAPELS FRANCHISEE ACKNOWLEDGEMENT STATEMENT

Acknowledgement of the truthfulness of the statements below are an inducement for the Franchisor to enter into a Franchise Agreement. Notify Franchisor immediately, prior to acknowledgment, if any statement below is incomplete or incorrect.

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.

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

_____
Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

_____
Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

_____
Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business

contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

_____
Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

_____
Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

_____
Initial

7. Franchisee acknowledges that it has received the Next Step Franchising, LLC, Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

_____
Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

_____
Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

_____
Initial

10. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

_____
Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

_____
Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE NEXT STEP FRANCHISING, LLC, CLEAN FRANCHISE BRANDS, LLC, AND ANY OF EITHER'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE.

_____
Initial

FRANCHISEE:

_____

By:_____

_____,_____
(Print Name, Title)

Date:_____

PRINCIPAL:

_____

_____
(Print Name)

Date: _____

PRINCIPAL:

_____

_____

(Print Name)

Date: _____

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 registered, on file or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	~~June 5, 2023~~Pending
Illinois	~~April 27, 2023~~Pending
Indiana	~~May 28, 2023~~Pending
Maryland	Pending
Michigan	~~May 21, 2023~~Pending
Minnesota	Pending
New York	~~June 14,~~ Pending~~2023~~
North Dakota	Pending
Rhode Island	~~May 21,~~ Pending~~2023~~
Virginia	~~May 26, 2023~~Pending
Washington	~~June 27, 2023~~Pending
Wisconsin	~~April 27,~~ Pending~~2023~~

~~This document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates. These states do not require renewal or re-registration once effective:~~

~~Connecticut Registered as of 04/16/18~~
~~Kentucky Registered as of 04/25/18~~
~~Nebraska Registered as of 04/10/18~~
~~Texas Registered as of 04/16/18~~

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

RECEIPT

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

If Next Step Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

State law requires a franchisor to provide the franchise disclosure document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Next Step Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency listed in Exhibit C of this disclosure document.

The following person/people offered this franchise for sale to you:
Name_____
Principal business address_____
Telephone number_____

The issuance date of this disclosure document is: April ~~14,~~ 26, 2024~~2023~~
A state-specific effective date may also apply. State Effective Date: _____

The name and address of the franchisor's registered agent authorized to receive service of process is set forth in Exhibit C.

I received a disclosure document dated ~~April 14, _____ 2023~~ that included the following Exhibits:

A. FRANCHISE AGREEMENT with ADDENDA
B. GREENEARTH CLEANING LICENSE AGREEMENT
C. FINANCIAL STATEMENTS
D. STATE ADMINISTRATORS AND AGENTS TO RECEIVE SERVICE OF PROCESS
E. STATE SPECIFIC ADDENDA
F. TABLE OF CONTENTS, OPERATIONS MANUAL
G. GENERAL RELEASE
H. FRANCHISEE ACKNOWLEDGEMENT STATEMENT

Date _____ Prospective Franchisee:/s/_____

Printed Name: _____

Address: _____ City/State: _____ Zip: _____

PROSPECTIVE FRANCHISEE'S COPY

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 Next Step Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

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If Next Step Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency listed in Exhibit C of this disclosure document.

The following person(s) offered this franchise for sale to you:
Name_____
Principal business address_____
Telephone number_____

The issuance date of this disclosure document is: April ~~**14,**~~ 26, 2024~~**2023**~~
A state-specific effective date may also apply. State Effective Date: _____

The name and address of the franchisor's registered agent authorized to receive service of process is set forth in Exhibit D.

I received a disclosure document dated ~~**April 14,**~~ _____ ~~**2023**~~ that included the following Exhibits:

A. FRANCHISE AGREEMENT with ADDENDA
B. GREENEARTH CLEANING LICENSE AGREEMENT
C. FINANCIAL STATEMENTS
D. STATE ADMINISTRATORS AND AGENTS TO RECEIVE SERVICE OF PROCESS
E. STATE SPECIFIC ADDENDA
F. TABLE OF CONTENTS, OPERATIONS MANUAL
G. GENERAL RELEASE
H. FRANCHISEE ACKNOWLEDGEMENT STATEMENT

Date _____ Prospective Franchisee:/s/_____

Printed Name: _____

Address: _____ City/State: _____ Zip: _____

FRANCHISOR'S COPY

Please immediately sign and date both of the receipts set forth on this and the preceding page. Return this page (marked "FRANCHISOR'S COPY" at the bottom) to our corporate offices at 711 5th Avenue South, Suite 210, Naples, FL 34102. Fax 781-829-9546.