

FRANCHISE DISCLOSURE DOCUMENT



FocalPoint Coaching, Inc.,
a Nevada corporation
2831 St. Rose Parkway, Suite 234
Henderson, Nevada 89052
Tel: (877) 433-6225; Fax: (702) 932-3871
www.focalpointcoaching.com

The franchise offered is for the right to operate a FocalPoint business coaching and consulting business designed to help individuals attain their personal and business goals using the FocalPoint system.

The total investment necessary to begin operation of a FocalPoint franchised business ranges from \$34,000 – \$133,140. This amount includes up to \$71,690 that must be paid to the franchisor or its 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 Stephen A. Thompson at 2831 St. Rose Parkway, Suite 234, Henderson, Nevada 89052, and (877) 433-6225.

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

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "[A Consumer's Guide to Buying a Franchise](#)," which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, 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 also be laws on franchising in your state. Ask your state agencies about them.

Issuance date of this Franchise Disclosure Document: March 2018, 20234.

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 information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit E.
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 C 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 FocalPoint 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 FocalPoint franchisee?	Item 20 or Exhibit E 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 or other creditors.

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration or litigation only in Nevada. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with franchisor in Nevada than in your own state.
2. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
3. **Mandatory Minimum Payments. You must make minimum royalty, advertising, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.**

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.

**THE FOLLOWING PROVISIONS APPLY ONLY TO
TRANSACTIONS GOVERNED BY
THE MICHIGAN FRANCHISE INVESTMENT LAW**

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 prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's 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 is 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.

(j) If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, 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 OFFERING 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 G. Mennen Williams Building
525 West Ottawa
Lansing, Michigan 48909
Telephone: 517-3735-7447632

Note: Despite subparagraph (f) above, we intend to enforce fully the provisions of the arbitration section contained in our Franchise Agreement. We believe that subparagraph (f) is unconstitutional and cannot preclude us from enforcing our arbitration section. You acknowledge that we will seek to enforce this section as written.

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EXHIBITS

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APPLICABLE STATE LAW MIGHT REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT. THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR IN EXHIBIT F.

Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The franchisor is FocalPoint Coaching, Inc. ("we," "us," or "our"). "You" means the person to whom we grant a franchise. If you are a corporation, partnership, limited liability company, or other entity, your owners must sign our "Guaranty and Assumption of Obligations," which means that all of our Franchise Agreement's provisions (Exhibit B) also will apply to your owners. (See Item 15)

We are a Nevada corporation formed on March 14, 2008. Our principal business address is 2831 St. Rose Parkway, Suite 234, Henderson, Nevada 89052. We operate under our corporate name, "FocalPoint Coaching®" and no other name. We currently have no parents or predecessors required to be included in this Item. If we have an agent in your state for service of process, we disclose that agent in Exhibit A.

We grant franchises for businesses operating under the "FocalPoint Coaching®" name and other Marks. (For reference purposes in this Disclosure Document, we call the businesses in our system "FocalPoint Franchised Businesses"; we call the FocalPoint Franchised Business that you will operate the "Franchised Business." FocalPoint Franchised Businesses offer business coaching, training and consulting services to small businesses and professionals (collectively, the "Services"). FocalPoint franchisees are responsible for soliciting and obtaining these small businesses and professionals as clients in their respective territories.

The Services are performed utilizing the Franchise System (as defined below) and products and equipment produced or manufactured using the designs and/or Marks developed by us (the "Proprietary Products"). These Services are provided by FocalPoint franchisees operating FocalPoint Franchised Businesses, which use our business formats, methods, procedures, signs, designs, layouts, standards, specifications and Marks (the "Franchise System"), all of which we may improve, further develop or otherwise modify. If you acquire a franchise, you must operate your Franchised Business according to our business formats, methods, procedures, designs, layouts, standards, and specifications. As part of the Franchise System, we will provide training on how to market to and solicit clients in your Territory (defined below).

Your Franchised Business will be located in a specific geographic territory (the "Territory") and will offer services to the general public throughout the year and compete with other businesses that offer business coaching products and services (local, regional, and national). The market for your type of services generally is developed and competitive. Despite this competition, we believe that FocalPoint Franchised Businesses appeal to consumers because of our service quality.

We began offering franchises for FocalPoint Franchised Businesses in August 2011. We have offered area representative franchises to area representative franchisees ("Area Representatives") for the right to solicit franchisees to own and operate FocalPoint Franchised Businesses within a specific territory since June 2011. We offer franchises for area representative businesses ("FocalPoint AR Businesses") under a separate disclosure document. We pay Area Representatives a portion of the initial franchise fee and the Royalty for each of the

FocalPoint Franchised Businesses developed and opened in the respective Area Representative's territory. (See Items 5 and 6) As of the end of our last fiscal year, there were 356 Area Representatives.

Between 2004 and 2009, our affiliate, FocalPoint International, Inc., a Delaware corporation ("FocalPoint International"), whose principal business address is 2831 St. Rose Parkway, Suite 234, Henderson, Nevada 89052, offered FocalPoint Franchised Businesses in Australia, Brazil, Canada, Indonesia, Ireland, and the United States.

Between March 2005 and March 2007, FocalPoint International offered master franchises to franchisees ("Master Franchisees") for the right to subfranchise FocalPoint Franchised Businesses in a specific geographic territory. As of June 2014, there were no Master Franchisees.

FocalPoint International offers FocalPoint franchises under the Marks and in the same line of business as FocalPoint Franchised Businesses in Australia, Canada, Dominican Republic, India, Ireland, Luxembourg, Nicaragua, Singapore, Switzerland, and the United Kingdom, but no longer offers franchises of any kind in the United States. FocalPoint International does not operate any FocalPoint Franchised Businesses in the United States. FocalPoint International has no other business activities and has not offered franchises in other lines of business.

We do not operate any FocalPoint Franchised Businesses, although we may do so in the future. We have no other business activities and have not offered franchises in other lines of business other than those described above. We have no other affiliates who offer franchises in any line of business or who provide products or services to our franchisees.

There are no regulations that apply specifically to the industry in which FocalPoint Franchised Businesses operate. However, you must comply with laws that apply generally to all business coaching and training businesses. You should investigate these laws.

Item 2

BUSINESS EXPERIENCE

President: Stephen A. Thompson

Mr. Thompson has been our President since March 2011. In addition, Mr. Thompson has been the President of FocalPoint International since November 2006.

Chief Development Officer: Scott Hartsfield

Mr. Hartsfield has been our Chief Development Officer since November 2020. From July 2019 to November 2020, he was our Director of Coach Recruitment and from July 2011 to July 2019 he was our Recruitment Manager.

Secretary and Chief Administrative Officer: Kristina Raffaniello

Ms. Raffaniello has been our Secretary and Chief Administrative Officer since November 2020 and our Secretary since July 2018. From January 2015 to November 2020, she was our Director of Operations.

Item 3

LITIGATION

Current Litigation:

None.

Concluded Litigation:

FocalPoint International, Inc. v. Dom Rubino Consulting Services Inc. and BizStratPlan, Inc., Case Number: 18-cv-00236-APG-PAL; United States District Court, District of Nevada; Date Filed: February 8, 2018; **Dom Rubino Consulting Services Inc. and BizStratPlan, Inc. v. FocalPoint International, Inc.,** Case Number: No. S182802, Vancouver Registry; Supreme Court of British Columbia, Canada; Date Filed: February 15, 2018.

These are related actions. For the US/Nevada matter, on February 8, 2018, FocalPoint International filed a lawsuit against Dom Rubino Consulting Services Inc. and BizStratPlan, Inc. (“Defendants”) seeking declaratory relief related to a Consulting Agreement, a Loan Agreement, and a Cash Advance Agreement. The claims related to alleged outstanding amounts that Defendants claims were owed. On May 22, 2018, Defendants filed counterclaims alleging breach of those same agreements. On June 20, 2018, FocalPoint International filed claims against Dominic Rubino, individually, for breach of fiduciary duty related to Mr. Rubino’s role as officer and director of FocalPoint. For the Canadian matter, on February 15, 2018, Defendants filed a lawsuit against FocalPoint International asserting claims of breach of contract related to a Consulting Agreement, a Loan Agreement, and a Cash Advance Agreement. The claims also related to same alleged outstanding payments at issue in the US/Nevada matter. On February 15, 2019, the parties entered into a settlement agreement and mutual release settling both related matters, and as part of that resolution, the Canadian matter and the Nevada were dismissed with prejudice. Under the settlement agreement, FocalPoint International agreed to pay BizStratPlan, Inc. \$400,000 in installments pursuant to a promissory note, Dominic Rubino agreed to transfer all of his outstanding shares of FocalPoint International to FocalPoint International upon completion of the payments, and the parties agreed to release each other from all claims.

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

Item 4

BANKRUPTCY

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

Item 5

INITIAL FEES

You must pay us an initial franchise fee in a lump sum when you sign the Franchise Agreement. Our standard initial franchise fee currently is \$45,000. If you operate a FocalPoint AR Business under an Area Representative Agreement with us, when you sign the Franchise Agreement you also will sign the Area Representative Addendum to the Franchise Agreement (the "AR Addendum"), which will waive your obligation to pay an initial franchise fee under the Franchise Agreement. The current form of AR Addendum is attached as Exhibit I.

Eligible veterans of the United States military forces may pay a reduced initial franchise fee (currently \$40,500, or a 10% reduction of our current standard initial franchise fee of \$45,000) under their first Franchise Agreement for a new FocalPoint Franchised Business. To qualify, veterans must provide us adequate documentation of their honorable discharge (by submission of a form 1041, military identification, and/or other materials we deem acceptable) and the qualified veteran must own at least 50% of the franchisee entity.

Initial franchise fees under Franchise Agreements are fully earned when paid and are not refundable under any circumstances, except as provided below. We use the initial franchise fee to help you develop and open your Franchised Business. Except as noted above for Area Representatives, the initial franchise fee is uniform as to all franchisees currently purchasing a franchise for a FocalPoint Franchised Business. If your Franchised Business is located in the territory of an Area Representative, we will pay the Area Representative a portion of the initial franchise fee you pay to us. During 2022²³, franchisees paid initial franchise fees ranging from \$40,500 to \$45,000.

You must pay us an initial marketing fee in the amount of \$2,950 (the "Initial Marketing Fee") in a lump sum when you sign the Franchise Agreement. The Initial Marketing Fee contributes to our costs associated with direct marketing for clients for your FocalPoint Franchised Business. If you operate a FocalPoint AR Business under an Area Representative Agreement with us, when you sign the Franchise Agreement you also will sign the AR Addendum which will waive your obligation to pay the Initial Marketing Fee. Except as noted above for Area Representatives, the Initial Marketing Fee is uniform as to all franchisees currently purchasing a franchise for a FocalPoint Franchised Business and is not refundable under any circumstances.

You must pay us an initial training fee in the amount of \$16,950 when you sign the Franchise Agreement. We use the initial training fee to train you (or your managing owner) or your business manager who we approve ("Business Manager"), and for the cost of an initial

supply of business cards and marketing materials. If we determine that you (or your managing owner) or Business Manager (if applicable) cannot complete initial training to our satisfaction, we may terminate the Franchise Agreement and refund the initial franchise fee, less \$10,000 for our expenses.

The initial training fee is uniform as to all franchisees currently purchasing a franchise for a FocalPoint Franchised Business and is not refundable under any circumstances.

You must pay us a technology fee in the amount of \$~~91~~1,250, plus any applicable taxes (the “Technology Fee”) in a lump sum when you sign the Franchise Agreement as the first payment of the annual Technology Fee. You must pay us an additional Technology Fee for each Associate you retain or hire. If you operate a FocalPoint AR Business under an Area Representative Agreement with us, when you sign the Franchise Agreement you also will sign the AR Addendum which will waive your obligation to pay the Technology Fee under the Franchise Agreement until such time as your Area Representative Agreement terminates or expires. The Technology Fee contributes to our costs associated with the creation, maintenance and ongoing development of the intranet site and other technology used for the Franchise System. See Item 6 for additional information. Except as noted above for Area Representatives, the Technology Fee is uniform as to all franchisees currently purchasing a franchise for a FocalPoint Franchised Business and is not refundable under any circumstances.

You must pay us a non-refundable regional setup fee in the amount of \$3,950 (the “Regional Setup Fee”) in a lump sum when you sign the Franchise Agreement. The Regional Setup Fee is used to support our initial setup procedures based on the Territory specific to your Franchised Business.

You must pay us a conference registration fee (the “Conference Registration Fee”) for each person that attends our annual national and/or regional conferences in a lump sum when you sign the Franchise Agreement as the first payment of the annual Conference Registration Fee. If you operate a FocalPoint AR Business under an Area Representative Agreement with us, when you sign the Franchise Agreement you also will sign the AR Addendum which will waive your obligation to pay the Conference Registration Fee under the Franchise Agreement until such time as your Area Representative Agreement terminates or expires. Currently, the Conference Registration Fee is \$1,800, plus any applicable taxes, per person (including any Associates). See Item 6 for additional information. Except as noted above for Area Representatives, the Conference Registration Fee is uniform as to all franchisees currently purchasing a franchise for a FocalPoint Franchised Business and is not refundable under any circumstances.

Item 6

OTHER FEES

Column 1 Type of Fee ⁽¹⁾	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Continuing Service and Royalty Fee	\$1,950 per month, plus any applicable taxes ⁽²⁾	Due on the 1 st day of each month ⁽³⁾	The Continuing Service and Royalty Fee (the "Royalty") that you must pay us will be reduced during the first 12 months following the date the Franchise Agreement is signed by us (the "Effective Date"). See Note 2
Associate Fee	\$1,200 per Associate ⁽²⁾	Due on the 1 st day of each month	Due only if you hire or retain an Associate to assist you with the provision of the Services to clients. The associate fee that you must pay us will be reduced during the first 9 months following the Effective Date. You may hire or retain no more than 3 Associates. See Note 2
Initial Marketing Fee for Associates	\$2,950 per Associate	Immediately upon receipt of invoice	You must pay us an Initial Marketing Fee each time you hire or retain an Associate.
Advertising and Development Fund	Not to exceed \$150 per month, plus \$150 per month for each Associate (currently, \$150 plus \$150 per Associate per month)	Due on the 15 th day of each month ⁽³⁾	See Item 11 for a detailed discussion about this Fund
Training Fee (Associates and Business Managers)	\$16,950 per person	Immediately upon receipt of invoice	You must pay us an initial training fee of \$16,950 for each Associate you hire or retain and for new Business Managers who we approve. You must pay for all travel and living expenses for your attendees, except that we will cover all supplied food and reasonable lodging expenses while the attendee participates in the initial training

Column 1	Column 2	Column 3	Column 4
Type of Fee⁽¹⁾	Amount	Due Date	Remarks
Training Fee (Non-coaching personnel)	\$3,900 per person	Immediately upon receipt of invoice	You must pay us an initial training fee of \$3,900 per person for training any non-coaching personnel who we approve. You must pay for all travel and living expenses for your attendees, except that we will cover all supplied food and reasonable lodging expenses while the attendee participates in the initial training
Additional Training or Assistance	As set by us or our affiliate (not to exceed \$1,000 per person per day)	When training or assistance begins	We provide initial training for 1 person at no cost (see Item 11) — we may charge you for initial training of more than 1 person; for training newly-hired personnel; for refresher training courses; and for additional or special assistance or training you need or request. You must pay for all related travel and living expenses in connection with attending all training courses, except that we will cover the costs of supplied food and reasonable lodging expenses for attendees to initial training (for whom we have received the initial training fee)
Conference Registration Fee	Not to exceed \$1,800, plus any applicable taxes, per person (currently, \$1,800 per person, including Associates)	Annual See Note 4	You must pay for all of the travel, living, and related expenses for your attendees. The Conference Registration Fee is further described in Item 5 and in Note 4 below
Technology Fee	\$91,250 per year plus an additional \$91,250 per Associate per year, plus any applicable taxes	On or before the last business day of each November See Note 5	We may increase the Technology Fee at any time with prior written notice to you. The Technology Fee is further described in Item 5 and in Note 5 below

Column 1 Type of Fee ⁽¹⁾	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Transfer	15% of the sale price of the Franchised Business or \$20,000, whichever is greater, plus any applicable taxes	Before transfer completed	No charge if Franchise Agreement transferred to an entity you control
Renewal	\$5,000, plus any applicable taxes	When you provide us written notice of your election to acquire a successor franchise	You must meet certain conditions to have the option to acquire a successor franchise
Early Termination Fee	20% of remaining Royalty payments under the Franchise Agreement <u>Varies based on when you elect to terminate (see remarks)</u>	When you elect to terminate the Franchise Agreement	Due only if <u>if you terminate the Franchise Agreement before the term expires. If</u> you elect to terminate the Franchise Agreement at or beyond <u>after</u> the 3 year anniversary of the Effective Date of the Franchise Agreement, <u>you must pay \$15,000. If you terminate the Franchise Agreement before the 3 year anniversary of the Effective Date of the Franchise Agreement, you must pay \$15,000 plus the total remaining Royalty payments due through the 3 year anniversary of the Effective Date of the Franchise Agreement.</u>
Product and Service Purchases	See Item 8	See Item 8	You will buy products and services from us; our affiliates; designated and approved vendors whose items meet our standards and specifications; and/or other suppliers to the industry
Operations- Manual	\$1,000	Immediately upon receipt of invoice	Due only if the Operations Manual is stolen, lost or destroyed
Testing	Costs of Testing	When billed	This covers the costs of testing new products or inspecting new suppliers you propose

Column 1	Column 2	Column 3	Column 4
Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Computer Systems, Maintenance, and Support	Costs of Service	As incurred	We or a third party may charge you a fee for any proprietary software or technology that we, our affiliates or a third party license to you and for other maintenance and support services that we or a third party might provide in the future; we do not currently provide these services but may charge you for them if we choose to provide them in the future
<u>Customer Relationship Management System Cost</u>	<u>Cost of Service</u>	<u>As incurred</u>	<u>We or a third party may charge you a fee for any customer relationship manager (CRM) system that we, our affiliates or a third party license to you and for other maintenance and support services that we or a third party might provide in the future; we do not currently provide these services but may charge you for them if we choose to provide them in the future</u>
<u>Application Service System Cost</u>	<u>Cost of Service</u>	<u>As incurred</u>	<u>We or a third party may charge you a fee for any application service system that we, our affiliates or a third party license to you and for other maintenance and support services that we or a third party might provide in the future; we do not currently provide these services but may charge you for them if we choose to provide them in the future</u>
Audit	Cost of inspection or audit	15 days after billing	Due if you do not give us reports, supporting records, or other required information
Late Fee	18% of amount owed to us	15 days after billing	Due on all overdue amounts as an administrative fee to compensate us for our increased costs and expenses

Column 1	Column 2	Column 3	Column 4
Type of Fee⁽¹⁾	Amount	Due Date	Remarks
Interest	Lesser of 1.5% per month or highest commercial contract interest rate law allows	15 days after billing	Due on all overdue amounts
Insurance	You must reimburse our costs	15 days after billing	If you fail to obtain insurance we require or required by law, we may obtain insurance for you and you must reimburse us
Insufficient Funds Processing Fee	\$100	As incurred	Due if you have insufficient funds in your EDTA to cover a payment, or, if you pay by check, a check is returned for insufficient funds
Failure to Submit Required Reports	\$75	As incurred	If you fail to send us the reports required by the Franchise Agreement, we may debit your account this amount on the 5 th day of the month following your failure to submit the require reports
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Due when you do not comply with the Franchise Agreement
Indemnification	Will vary under circumstances	As incurred	You must reimburse us for claims from your Franchised Business' operation

1/ If you operate a FocalPoint AR Business under an Area Representative Agreement with us, when you sign the Franchise Agreement you also will sign the AR Addendum which will waive your obligation to pay the following fees under the Franchise Agreement until such time as your Area Representative Agreement terminates or expires: the Royalty, the Fund contribution, the Conference Registration Fee and the Technology Fee. Except for product and service purchases described in Item 8, and except as otherwise noted in this Item 6, all fees are imposed and collected by and payable to us. Except for the Fund contributions described in Item 11, and except as otherwise noted above, all fees are uniform and nonrefundable.

2/ The amount of the Royalty and the associate fee will be equal to the following schedule:

<u>Time Period During the Term of the Franchise Agreement</u>	<u>Royalty Amount (per month)</u>	<u>Royalty Amount if You have One Associate (per month)</u>	<u>Royalty Amount if You have Two Associates (per month)</u>	<u>Royalty Amount if You have Three Associates (per month)</u>
Months 1 through 4 immediately following the Effective Date	\$500	\$900	\$1,300	\$1,700
Months 5 through 8 immediately following the Effective Date	\$1,000	\$1,800	\$2,600	\$3,400
Months 9 through 12 immediately following the Effective Date	\$1,500	\$2,700	\$3,900	\$5,100
Month 13 immediately following the Effective Date and for the remainder of the term of the Franchise Agreement	\$1,950	\$3,150	\$4,350	\$5,500

If your Franchised Business is located in the territory of an Area Representative, we will pay the Area Representative a portion of the Royalty you pay to us.

- 3/ Before your Franchised Business begins operating, you must sign and deliver to us the documents we require to authorize us to debit your business checking account automatically for the Royalty, Fund contributions, and other amounts due under the Franchise Agreement and for your purchases from us and/or our affiliates (the "Electronic Depository Transfer Account" or "EDTA"). We will debit the EDTA for these amounts on their due dates. Funds must be available in the EDTA for withdrawal. We may require payment other than by automatic debit, and you must comply with our payment instructions.
- 4/ The amount of the Conference Registration Fee will vary from year to year depending on the location of the annual national and/or regional conference and other factors. You must pay us the first annual payment of the Conference Registration Fee in a lump sum when you sign the Franchise Agreement. See Item 5. From Month 13 immediately following the Effective Date through the remainder of the term of the Franchise Agreement, you must pay the entire Conference Registration Fee each year either in a lump sum at least 60 days prior to attending the annual conference or a prorated monthly amount of the Conference Registration Fee on the 15th day of each month, which we

determine each year in our sole discretion and notify you of the required payment timing in electronic communication we send annually.

- 5/ You must pay us the first annual payment of the Technology Fee in a lump sum when you sign the Franchise Agreement. See Item 5. From Month 13 immediately following the Effective Date through the remainder of the term of the Franchise Agreement, you must pay us the Technology Fee on an annual basis on or before November 30th of each year.

Item 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be made
Initial Franchise Fee (1)	\$0 – \$45,000	Lump Sum	Upon signing Franchise Agreement	Us
Regional Setup Fee (1)	\$3,950	Lump Sum	Upon signing Franchise Agreement	Us
Real Estate/Rent (2)	\$0 - \$10,000	As Agreed	As Incurred	Landlord
Computer System and Telephone (3)	\$500 - \$5,000	As Agreed	As Incurred	Outside Suppliers
Initial Training Fee (4)	\$16,950	Lump Sum	Upon signing Franchise Agreement	Us
Initial Marketing Fee	\$2,950	Lump Sum	Upon signing Franchise Agreement	Us
Technology Fee	\$0 - \$ 9 <u>1,250</u>	Lump Sum	Upon signing Franchise Agreement	Us

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be made
Conference Registration Fee (for 1 person)	\$0 - \$1,800	Lump Sum	Upon signing Franchise Agreement	Us
Professional Fees	\$0 - \$4,000	As Agreed	As Incurred	Lawyers, Accountants and other Advisors
Furniture, Equipment and Signs (5)	\$0 - \$9,000	As Agreed	As Incurred	Outside Suppliers
Business License and Permits	\$0 - \$2,000	As Agreed	As Incurred	Government Agencies
Opening Inventory and Supplies (6)	\$100 - \$3,000	As Agreed	As Incurred	Designated and Approved Suppliers, Us
Training Expenses (out-of-pocket costs for 1 person)	\$500 - \$1,500	As Incurred	As Incurred	Third Parties
Insurance – 3 months (7)	\$500- \$7,000	As Incurred	As Incurred	Insurance Company
Additional Funds - 3 months (8)	\$9,000- \$20,000	As Incurred	As Incurred	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT (9)	\$34,000 – \$133,1400			

Explanatory Notes

- * If you operate a FocalPoint AR Business under an Area Representative Agreement with us and sign the AR Addendum, we will waive your obligation to pay the following fees under the Franchise Agreement until such time as your Area Representative Agreement terminates or expires: the initial franchise fee, the Technology Fee, and the Conference

Registration Fee. Except for the initial franchise fee (See Item 5), all amounts listed in the above table are nonrefundable.

1. We describe the initial franchise fee and Regional Setup Fee in Item 5.
2. It is your responsibility to identify an Office within the Territory. Your Office may be located in your residence. We estimate that your Office should occupy approximately 200 to 800 square feet of space. If your Office is located outside of a residence, we anticipate that you will rent the Office premises. Rent depends on geographic location, size, local rental rates, businesses in the area, site profile, and other factors and could be considerably higher in large metropolitan areas. FocalPoint Franchised Business offices can be located in strip shopping centers, shopping malls, free-standing units, and other venues in downtown commercial areas and in residential areas. It is possible, however, that you might choose to buy, rather than rent, real estate on which a building suitable for the Office already is constructed or could be constructed. Real estate costs depend on location, size, visibility, economic conditions, accessibility, competitive market conditions, and the type of ownership interest you are buying.
3. You must purchase a Computer System (defined in Item 11) that meets our specifications. We estimate that your purchase of the Computer System and the costs of setting up your phone lines will be between \$500 and \$5,000. See Item 11 for more information.
4. We describe the initial training fee in Item 5.
5. The costs for furniture, equipment and signs vary depending on the size, configuration and condition of the Office, and whether the Office is located in a residence or a commercial space.
6. We provide an initial supply of Proprietary Products to you as partial consideration for your payment of the initial franchise fee. You are responsible for purchasing any additional Proprietary Products other than those we provide to you.
7. You must obtain and maintain certain types and amounts of insurance. (See Item 8) Insurance costs depend on policy limits, types of policies, nature and value of physical assets, gross revenue, number of employees, square footage, location, business contents, and other factors bearing on risk exposure. The estimate contemplates insurance costs for 3 months.
8. This item estimates your initial start up expenses (other than the items identified separately in the table). These expenses include payroll costs (but not any draw or salary for you); equipment; installations; security deposits; utility costs; incorporation fees; signage; materials; and any unforeseen incidental expenses related to facilities improvements. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. We relied on FocalPoint International's approximately 18 years of experience as a franchisor to compile these estimates.

9. You should review these figures carefully with a business advisor before deciding to acquire the franchise. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions from which you request a loan.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate the Franchised Business according to our System Standards. System Standards may regulate, among other things, the types, models, and brands of Proprietary Products, fixtures, furniture, vehicles, furnishings, and signs (collectively, "Operating Assets"); products, other equipment and supplies you must use in operating the Franchised Business; unauthorized and prohibited products, equipment, and services; inventory requirements; and designated and approved suppliers of Operating Assets, Proprietary Products and other items.

In the case of Proprietary Products, suppliers will be limited to us, our affiliates, and/or our designated third party suppliers, and you must buy Proprietary Products during the franchise term only from us, our affiliates, and/or our designated third party suppliers at the prices we and they decide to charge. We restrict your sources of Proprietary Products in order to protect our trade secrets, assure quality, assure a reliable supply of products that meet our standards, achieve better terms of purchase and delivery service, control usage of the Marks by third parties, and monitor the manufacture, packaging, processing, and sale of these items. You will acquire an initial supply of Proprietary Products, including business cards and marketing materials from us as partial consideration for your payment of the training fee (see Item 5).

In the case of Operating Assets, suppliers could, at our option, be limited to us, our affiliates, and/or other specified exclusive sources, in which case you would have to buy such Operating Assets only from us, our affiliates, and/or the other specified exclusive sources at the prices we or they decide to charge. We have the absolute right to limit the suppliers with whom you may deal. Neither we nor any of our affiliates are currently the only approved suppliers for any of the products that you must use in operating the Franchised Business. There are currently no suppliers in which any of our officers owns an interest.

You currently must purchase all Proprietary Products (including business cards, marketing materials and coaching modules) from designated suppliers. If you choose to use an advertising and/or telemarketing service to promote your Franchised Business, you must use our designated supplier(s) for telemarketing and advertising services. If you choose to purchase DISC personality profile assessment access codes for use in your Franchised Business, you may purchase them from FocalPoint International or directly from the designated supplier, TTI. **In addition, we are currently evaluating suppliers of CRM systems and application service systems, and, once we select suppliers for these systems, you will be required to license these systems from our designated suppliers.** There are no other goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate or comparable items for establishing or operating the Franchised Business that you currently must buy or lease from

us (or an affiliate) or designated suppliers. Any purchases from us and our affiliates, whether required or voluntary, generally will be at prices exceeding our costs.

To maintain the quality of the goods and services that FocalPoint Franchised Businesses sell and our system's reputation, we may condition your right to buy or lease goods and/or services (besides those described above that you may obtain only from us, our affiliates, and/or other specified exclusive sources) on their meeting our minimum standards and specifications and/or being acquired from suppliers that we approve. We will issue and modify standards and specifications based on our, FocalPoint International's, and our franchise owners' experience in operating FocalPoint Franchised Businesses. Our standards and specifications may impose minimum requirements for production, performance, reputation, prices, quality, design, and appearance. Our Operations Manual or other communications will identify our standards and specifications. We will notify you and, where appropriate, the suppliers, of our standards and specifications. There might be situations where you can obtain items from any supplier who can satisfy our requirements and, therefore, would be an approved supplier.

If we institute any type of restrictive sourcing program (which, as noted above, we have already done for Proprietary Products and may do so for other items) and you want to use any item or service that we have not yet evaluated or to buy or lease from a supplier that we have not yet approved or designated, you first must send us sufficient information, specifications, and samples so that we can determine whether the item or service complies with System Standards or the supplier meets approved supplier criteria. We may charge you or the supplier a reasonable fee for the evaluation (see Item 6) and will decide within a reasonable time (no more than 30 days). We periodically will establish procedures for your requests and may limit the number of approved items, services, and/or suppliers as we think best.

Supplier approval might depend on product quality, delivery frequency and reliability, service standards, financial capability, customer relations, concentration of purchases with limited suppliers to obtain better prices and service, and/or a supplier's willingness to pay us, FocalPoint International, and/or our system for the right to do business with our system. We, FocalPoint International, and any other affiliate have the right to receive payments or other material consideration from suppliers on account of their actual or prospective dealings with you and other franchise owners and to use all amounts that we and our affiliates receive without restriction (unless we and our affiliates agree otherwise with the supplier) for any purposes we and our affiliates deem appropriate. Supplier approval might be temporary until we evaluate the supplier in more detail. We may inspect a proposed supplier's facilities during and after the approval process to make sure that the supplier meets our standards. If it does not, we may revoke our approval by notifying the supplier and you in writing. We have no obligation to approve any request for a new supplier, product, or service. There are no fees associated with our evaluation and approval or disapproval of proposed suppliers.

Insurance. Besides these purchases or leases, you must obtain and maintain, at your own expense, the insurance coverage that we periodically prescribe and satisfy other insurance-related obligations. We currently recommend that you obtain professional liability insurance for the Franchised Business and comprehensive public liability, general liability, employment practices liability insurance, product liability and motor vehicle liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring from the

Franchised Business's operation, all containing the minimum liability coverage we may recommend, worker's compensation insurance as required by law, and any other coverage required by law or your lease. Currently, we recommend at least the following minimum insurance policy coverages for your operation of the Franchised Business: (a) professional general liability and broad form contractual liability insurance to cover errors, omissions or negligent acts of at least \$1,000,000 aggregate per policy year, which may not have a deductible or self-insured retention of over \$5,000; and (b) if any vehicle is operated in connection with your Franchised Business, then automobile liability coverage in the greater of the amount required by all applicable state and federal laws or \$1,000,000 per person, total minimum liability of \$2,000,000 per occurrence, and a minimum limit of \$300,000 for property casualty per occurrence. In addition to the insurance above, if your Office is located in a non-residential location, you should purchase fire and extended coverage insurance, and you should purchase builders' or contractors' insurance and performance and completion bonds in connection with any construction, refurbishing or remodeling of the Office. Premiums depend on the insurance carrier's charges, terms of payment, and your history. All insurance policies must name us as an additional insured party.

Advertising Materials. Before you use them, you must send us for review samples of all advertising, promotional, and marketing materials that we have not prepared or previously approved. If you do not receive written disapproval within 5 days after we receive the materials, they are deemed to be approved. You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved.

Office Development. You are responsible for developing the Office. We reserve the right to give you mandatory and suggested specifications and layouts for a FocalPoint Franchised Business office, including requirements for dimensions, design, image, interior layout, decor, and color scheme. These plans might not reflect the requirements of any federal, state, or local law, code, or regulation, including those arising under the Americans with Disabilities Act ("ADA") or similar rules governing public accommodations for persons with disabilities. You must prepare a site survey and all required construction plans and specifications for the Office's site and make sure that they comply with the ADA and similar rules, other applicable ordinances, building codes, permit requirements, and lease requirements and restrictions. We reserve the right to review and approve all final plans and specifications before you begin constructing the Office and all revised or "as built" plans and specifications during construction. Our review is only to ensure your compliance with our design requirements. We may inspect the Office during its development.

Office Site. We do not anticipate a situation where we would own the Site and lease it to you for your operation of the Franchised Business. We have the right to approve the Office's lease or sublease and to require that it include certain provisions (listed in Section 1.D. of the Franchise Agreement).

You must give us information and materials we request regarding each territory within which you propose to operate a FocalPoint Franchised Business so we can assess that territory.

Collectively, the purchases and leases described above are approximately 5% of your overall purchases and leases in establishing the Franchised Business and between 2.5% and 7.5% of your overall purchases and leases in operating the Franchised Business.

We did not derive any revenue or other material consideration during 202~~2~~³ from selling items to FocalPoint Franchised Business franchise owners. During 202~~2~~³, FocalPoint International received approximately \$~~129,018~~^{93,561} from FocalPoint Franchised Business franchise owners for sales of DISC personality profile assessment access codes. During fiscal year 202~~2~~³, we received no rebates from any suppliers.

There currently are no purchasing or distribution cooperatives. We may negotiate purchase arrangements with suppliers (including price terms). We do not provide material benefits to FocalPoint Franchised Business franchise owners (for example, renewal or granting additional franchises) based on their purchase of particular products or services or use of particular suppliers.

Item 9

FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	Sections 1.D of Franchise Agreement	Items 7, 8, and 12
b. Pre-opening purchases/leases	Sections 1.D, 2.A, B, C and D and 8 of Franchise Agreement	Items 5, 7, 8, and 11
c. Site development and other pre-opening requirements	Sections 2.A, B, C and D of Franchise Agreement	Items 7, 8, and 11
d. Initial and ongoing training	Sections 4.A and B of Franchise Agreement	Items 5, 6, 7, and 11
e. Opening	Section 2.D of Franchise Agreement	Item 11

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
f. Fees	Sections 2.C, 3.A, B, C, D, E, G, and I, 4.A and B, 8.A and D, 9.A, 11.B, 12.C(7), 13.A, 14.C, 16.D, and 17.C of Franchise Agreement; Section 2 of Area Representative Addendum to Franchise Agreement	Items 5, 6, and 7
g. Compliance with standards and policies/operating manual	Sections 4.C and D and 8 of Franchise Agreement	Items 8 and 11
h. Trademarks and proprietary information	Sections 2.C, 5, and 6 of Franchise Agreement	Items 13 and 14
i. Restrictions on products/services offered	Sections 1.D and 8.A of Franchise Agreement	Items 8, 11, 12, and 16
j. Warranty and customer service requirements	Not Applicable	Not Applicable
k. Territorial development and sales quotas	Section 1.E of the Franchise Agreement	Items 12 and 17
l. Ongoing product/service purchases	Sections 2.B and C and 8 of Franchise Agreement	Items 6 and 8
m. Maintenance, appearance, and remodeling requirements	Sections 8 and 13.A of Franchise Agreement	Items 8, 11, 16, and 17
n. Insurance	Section 8.D of Franchise Agreement	Items 7 and 8
o. Advertising	Section 9 of Franchise Agreement	Items 6, 7, 8, and 11
p. Indemnification	Section 16.D of Franchise Agreement	Item 6
q. Owner's participation/management/staffing	Sections 1.C, 4.A, and 8.C of Franchise Agreement	Items 11 and 15

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
r. Records and reports	Section 10 of Franchise Agreement	Not Applicable
s. Inspections and audits	Section 11 of Franchise Agreement	Items 6 and 11
t. Transfer	Sections 12 of Franchise Agreement	Item 17
u. Renewal	Section 13 of Franchise Agreement	Item 17
v. Post-termination obligations	Section 15 of Franchise Agreement	Item 17
w. Non-competition covenants	Sections 7, 12.C(12), 12.G, and 15.D of Franchise Agreement	Items 15 and 17
x. Dispute resolution	Sections 17.E, F, G, and H of Franchise Agreement	Item 17

Item 10

FINANCING

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

Item 11

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

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

Before you open and begin operating the Franchised Business, we (and/or an Area Representative operating in the Territory) will:

1. Designate the Territory for your Franchised Business. (Franchise Agreement - 1.E)
2. Your Office may be located in your residence. Your Office must primarily be used for the operation of the Franchised Business, but you may operate businesses that are not a competitive business (defined below) from your Office. If you choose to locate your Office in a non-residential location, the site location must meet our criteria for demographic characteristics; parking; character of neighborhood; competition from, proximity to, and nature of other businesses; size; appearance; and other physical and

commercial characteristics. We may use reasonable efforts to assist you in designating the location of the Office, although we will not conduct site selection activities for you. If an Office has not been approved in writing by us as of the Effective Date of the Franchise Agreement, you agree to locate an Office acceptable to us and obtain our written approval of the location within 60 days following the Effective Date of the Franchise Agreement. We do not anticipate a situation where we would own the Site and lease it to you for the Office. If we and you cannot agree on an acceptable site and you do not open your Office within 60 days following the Effective Date of the Franchise Agreement, we may terminate the Franchise Agreement. (Franchise Agreement – Sections 1.D. and 14.B.)

3. If your Office will be located in a non-residential location, we will prescribe certain provisions that must be contained in your Office's lease. (Franchise Agreement – Section 1.D.)
4. If your Office will be located in a non-residential location, give you mandatory and suggested specifications and layouts for an Office, including requirements for dimensions, design, image, interior layout, decor, fixtures, equipment, signs, furnishings, and color scheme. (Franchise Agreement – Section 2.A.)
5. As discussed in Item 8, identify the Operating Assets, Proprietary Products, equipment and supplies that you must use to develop and operate the Franchised Business, the minimum standards and specifications that you must satisfy, and the designated and approved suppliers from whom you must or may buy or lease these items (which may be limited to and/or include us, our affiliates, and/or other specified exclusive sources). (Franchise Agreement – Sections 2.A., 2.B., and 8)
6. Provide you access to one copy of the Operations Manual, the current table of contents of which is Exhibit D. As of the date of this Disclosure Document, the Operations Manual contains approximately 206 pages. (Franchise Agreement – Section 4.D.)
7. Train you (or your managing owner) or your Business Manager who we approve, any Associates you hire or retain, and any non-coaching personnel who we approve. (Franchise Agreement – Section 4.A.) We describe this training later in this Item.

During your operation of the Franchised Business, we (and/or an Area Representative operating in the Territory) will:

1. Advise you regarding the Franchised Business' operation based on your reports or our inspections. We also will guide you on standards, specifications, and operating procedures and methods that FocalPoint Franchised Businesses use; purchasing required and authorized Operating Assets, Proprietary Products, and other items and arranging for their distribution to you; advertising and marketing materials and programs; employee training; and administrative, bookkeeping, and accounting procedures. We will guide you in our Operations Manual, bulletins, or other written materials; by electronic media;

by telephone consultation; and/or at our office or the Office. (Franchise Agreement – Section 4.C.)

2. Give you, at your request (and our option), additional or special guidance, assistance, and training. (Franchise Agreement – Section 4.) (See Item 6)
3. Continue to provide you access to one copy of the Operations Manual, which could include audiotapes, videotapes, compact disks, computer software, other electronic media, and/or written materials. The Operations Manual contains mandatory and suggested specifications, standards, operating procedures, and rules ("System Standards") that we periodically require. We may modify the Operations Manual periodically to reflect changes in System Standards. (Franchise Agreement – Sections 4.D. and 8)
4. Issue and modify System Standards for FocalPoint Franchised Businesses. We periodically may modify System Standards, which may accommodate regional or local variations, and these modifications may require you to invest additional capital in the Franchised Business and/or incur higher operating costs. (See Item 16) (Franchise Agreement – Section 8)
5. Establish, to the fullest extent allowed by applicable law, maximum, minimum, or other pricing requirements with respect to the prices you may charge for products and services. (Franchise Agreement - Section 8.E.)
6. Inspect the Office and observe the Franchised Business' operation to help you comply with the Franchise Agreement and all System Standards. If we inspect the Office, we will not interfere unreasonably with the Franchised Business' operation, and if your Office is located in a residence, we will only conduct an inspection if you host clients at the Office. (Franchise Agreement – Section 11.A.)
7. Let you use our confidential information. (Franchise Agreement – Section 6)
8. Let you use our Marks. (Franchise Agreement – Section 5)
9. Periodically offer refresher training courses. (Franchise Agreement – Section 4.B.) (See Item 6)
10. Establish maximum, minimum, or other pricing requirements with respect to the prices Franchisee may charge for products and services. (Franchise Agreement – Section 8.E)

Initial Marketing Fee

You must pay us the Initial Marketing Fee in the amount of \$2,950 in a lump sum when you sign the Franchise Agreement. You must pay us an additional Initial Marketing Fee for each Associate you retain or hire. The Initial Marketing Fee contributes to our costs associated with direct marketing for clients for your FocalPoint Franchised Business. If you operate a FocalPoint AR Business under an Area Representative Agreement with us, when you sign the Franchise

Agreement you also will sign the AR Addendum which will waive your obligation to pay the Initial Marketing Fee.

Advertising and Development Fund

We have established a formal Advertising and Development Fund (the "Fund") for advertising, marketing, and public relations programs and materials we deem appropriate. We may designate a separate entity as we deem appropriate in our sole discretion to operate and administer the Fund. Any such entity will have all of the rights and duties described here. You must contribute to the Fund the amounts that we periodically require, not to exceed \$150 per month, plus an additional \$150 per month for each Associate you retain or hire (currently, \$150 plus \$150 per Associate per month). (See Item 6) FocalPoint Franchised Businesses operating under franchise agreements with FocalPoint International also contribute to the Fund but may contribute on a different basis than your contributions to the Fund. FocalPoint Franchised Businesses that we or our affiliates operate are not required to contribute to the Fund. We have the right to collect for deposit into the Fund any advertising, marketing, or similar allowances paid to us by suppliers who deal with FocalPoint Franchised Businesses and with whom we have agreed that we will so deposit these allowances.

We and/or an advertising agency that we designate, and, if applicable, your Area Representative, will direct all programs that the Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The Fund may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining an electronic commerce Website and/or related strategies; administering regional and multi-regional marketing and advertising programs, including purchasing trade journal, direct mail, and other media advertising; using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public relations, market research, and other advertising, promotion, and marketing activities. The Fund may advertise locally, regionally, and/or nationally in printed materials, on radio or television, and/or on the Internet, whatever we think best. The Fund periodically will give you samples of advertising, marketing, and promotional formats and materials at no cost. We or the Fund will sell you multiple copies of these materials at their direct cost of producing them, plus any related shipping, handling, and storage charges.

We will account for the Fund separately from our other funds and not use the Fund for its or our general operating expenses. However, we may use the Fund to pay the reasonable salaries and benefits of personnel who manage and administer the Fund, the Fund's other administrative costs, travel expenses of personnel while they are on Fund business, meeting costs, exposition and show costs, overhead relating to Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Fund and its programs, including conducting market research; public relations; preparing advertising, promotion, and marketing materials; and collecting and accounting for Fund contributions.

The Fund is not our asset. The Fund also is not a trust. We have a contractual obligation to hold all Fund contributions for the benefit of the contributors and to use contributions only for their permitted purposes (described above). We do not have a fiduciary obligation to you for administering the Fund. The Fund may spend in any fiscal year more or less than the total Fund

contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, pay back outstanding principal amounts borrowed in prior years from us or third parties, or invest any surplus for future use. We do not expect to use any of the Fund contributions specifically to develop materials and programs to solicit franchisees. However, media, materials, and programs, including our Website, prepared using Fund contributions may describe our franchise program, reference the availability of franchises and related information, and process franchise leads. We will prepare an annual, unaudited statement of Fund collections and expenses and give it to you upon written request. We may have the Fund audited annually, at the Fund's expense, by an independent certified public accountant. We may incorporate the Fund or operate it through a separate entity when we think best. The successor entity will have all of the rights and duties described here.

During fiscal year 202~~2~~³ the Fund contributions were spent as follows: ~~7~~⁵~~5~~⁵% on media placement, ~~1~~³~~3~~⁰% on production expenses, and 15% on administrative expenses.

The Fund is to maximize recognition of the Marks and patronage of FocalPoint Franchised Businesses, and currently, we believe using the Fund to grow the number of FocalPoint Franchised Businesses will accomplish these objectives. Although we and, if applicable, your Area Representative, may use the Fund to develop advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all FocalPoint Franchised Businesses, we and, if applicable, your Area Representative, need not ensure that Fund expenditures in or affecting any geographic area are proportionate or equivalent to Fund contributions by FocalPoint Franchised Businesses operating in that geographic area or that any FocalPoint Franchised Business benefits directly or in proportion to its Fund contribution from the development of advertising and marketing materials or the placement of advertising. We may use collection agents and institute legal proceedings to collect Fund contributions at the Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the Fund. We assume no other direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Fund.

We may at any time defer or reduce a franchise owner's Fund contributions and, upon 30 days' prior written notice to you, reduce or suspend Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Fund. If we terminate the Fund, we will distribute all unspent monies to franchise owners, and to us and our affiliates, in proportion to their, and our, respective contributions during the preceding 12 month period. (Franchise Agreement – Section 9.B.)

Your Local Advertising

We do not require franchisees to spend a minimum amount on local advertising. Any local advertising or promotion you choose to implement must follow our guidelines. All advertising and promotional materials developed for your Franchised Business must contain notices of our Website's domain name in the manner we designate. You may not develop, maintain, or authorize any Website that mentions or describes you or the Franchised Business or displays any of the Marks.

All advertising, promotion, marketing, and public relations must be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the policies that we periodically require. Before you use them, you must send us or our designated agency for review samples of all advertising, promotional, marketing, and public relations materials that we have not prepared or previously approved. Promotional material includes materials you provide on a Website or similar medium. If you do not receive written disapproval within 30 days after we or our designated agency receives the materials, they are deemed to be approved. You may not use any advertising, promotional, marketing, or public relations materials that we have not approved or have disapproved.

We do not require franchisees to participate in a regional cooperative advertising program. We formed the Engage Group ("Engage"), an advisory council which advises us on advertising policies for the Franchise System. The Engage is comprised of one FocalPoint AR Business franchise owner, two to three FocalPoint Franchised Business franchise owners, and one of our representatives. Engage members are elected by us, FocalPoint Franchised Business franchise owners and FocalPoint AR Business franchise owners. We have the right to change or dissolve the Engage.

Computer System

You must obtain and use in your Franchised Business a desktop or laptop computer system containing the computer hardware and/or operating software we may specify (the "Computer System"). (See Items 7 and 8 above) You will need a Computer System for each Associate you hire or retain to assist you with the provision of the Services to your clients. You may obtain the Computer System from any vendor so long as the Computer System meets our specifications. We estimate that your purchase of the Computer System will cost between \$500 and \$5,000. The types of data to be generated or stored in the Computer System include sales and client information. You will be solely responsible for the acquisition, operation, maintenance, and upgrading of the Computer System. We currently do not require that you purchase a maintenance contract to service the Computer System, but we reserve the right to do so in the future. The third parties whose Computer System-related products you purchase or lease have no contractual rights or obligations to provide ongoing maintenance, repairs, upgrades or updates unless you obtain a service contract or a warranty covers the product. You must also have a functioning email address so that we can send you notices and otherwise communicate with you by this method.

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 have independent, unlimited access to the information generated by the Computer System. We also reserve the right to connect remotely to the Computer System, but will not do so without providing prior notice to you. 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 and our designated suppliers may charge you a monthly or other 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.

Opening

We estimate that it will be 30 to 60 days after you sign the Franchise Agreement before you open and begin operating the Franchised Business. The specific timetable for opening and operating the Franchised Business depends on the Office location (whether it is in a residential or non-residential location); the delivery schedule for equipment and supplies; completing training; and complying with local laws and regulations. You must notify us in writing at least 30 days before the day on which you propose to begin operating the Franchised Business. You may not open or begin operating the Franchised Business until: (1) we notify you in writing that the Franchised Business and the Office meet our standards and specifications; (2) you (or your managing owner) or your Business Manager complete initial training to our satisfaction; (3) you pay the initial franchise fee and other amounts then due to us; and (4) you give us certificates or other evidence we require for all insurance policies we may require. Subject to these conditions, you must open and operate the Franchised Business within 60 days after the Effective Date of the Franchise Agreement. (Franchise Agreement – Section 2.D.)

Training

If this is your first FocalPoint Franchised Business, then before the Franchised Business opens for business, we will train you (or your managing owner) or your Business Manager on operating a FocalPoint Franchised Business. We will provide approximately 6 days of training either in-person or online, in our sole discretion (although the specific number of days depends on our opinion of your experience and needs). We will use the Operations Manual and various instructional materials as we conduct the initial training program. If you (or your managing owner) or your Business Manager cannot complete initial training to our satisfaction, we may terminate the Franchise Agreement and may refund you a portion of the initial franchise fee. (See Item 5) (Franchise Agreement – Section 4.A.)

You must pay us an initial training fee in the amount of \$16,950 when you sign the Franchise Agreement. (See Item 5) Additional people beyond the first attendee may attend initial training if you pay our then current training charge for each additional person. (See Item 6) You must pay us our then current training fee (plus any applicable taxes) within 5 days of hiring or retaining an Associate for the Associate training program. (See Item 6) You also must pay for all travel and living expenses that you (or your managing owner), your Associates and your employees incur and for your employees' wages and workers' compensation insurance in traveling to and from our training facility or the location we designate. If initial training is in-person, we will pay all supplied food and reasonable lodging expenses of your attendees only while participating in the initial training program. (Franchise Agreement – Section 4.A.)

Training will occur after you sign the Franchise Agreement and while you are developing the Franchised Business. You (or your managing owner) or your Business Manager must complete initial training to our satisfaction before you may open and begin operating your Franchised Business. We plan to be flexible in scheduling training to accommodate our

personnel, you, and your personnel. As of the date of this Disclosure Document, we provide the following initial training:

TRAINING PROGRAM

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-The-Job Training	Column 4 Location
Overview	2		San Diego, California or at a location we designate, or online (See Note 1)
The Foundation	3.5		San Diego, California or at a location we designate, or online (See Note 1)
DISC	2.75		San Diego, California or at a location we designate, or online (See Note 1)
Coaching Technique	11		San Diego, California or at a location we designate, or online (See Note 1)
Prospecting	8.5		San Diego, California or at a location we designate, or online (See Note 1)
Presenting & Selling	14.25		San Diego, California or at a location we designate, or online (See Note 1)
Technology	2		San Diego, California or at a location we designate, or online (See Note 1)
Total	42	0	

1. We will conduct the initial training program either at our training facility in San Diego, California or another location we designate, or online, in our sole discretion.

Margaret Maclay will conduct the initial training program. Ms. Maclay has been part of the FocalPoint coach support team since April 2011, has served as the Director of the FocalPoint Assessment Center since May 2011, has conducted training for FocalPoint Franchised Businesses since May 2012, and has served as the Director of Franchise Onboarding, Certification and Support since November 2015. Ms. Maclay has experience in Manufacturing, Operations, Supply Chain Strategy and Process Improvement. Ms. Maclay has participated and led initiatives in Statistical Process Control and Supplier Certification program development and implementation. As a Support Coach, she mentors FocalPoint Business franchise owners and FocalPoint AR Business owners. As the Director of Franchise Onboarding, Certification

Support she is responsible for all aspects of the incoming coach onboarding and training process. As the Director of the FocalPoint Assessment Center she provides training and support to the FocalPoint community related to use of human factor assessments with clients.

Other staff may assist in conducting initial training as well. We expect that all other staff who assist in conducting initial training will have the appropriate years of experience in their relevant subject areas. We use manuals (including the Operations Manual), presentations, training guides and handouts in our training program.

You (or your managing owner), your Business Manager and/or other previously trained and experienced employees must attend and complete to our satisfaction various training courses that we periodically provide either online or in-person at the times and locations we designate. Besides attending these courses, we may require you to attend an annual national meeting of all FocalPoint Franchised Business franchise owners at a location we designate, and an annual regional meeting of FocalPoint Franchised Business franchise owners at a location we designate. We will not require in-person attendance at the annual meetings for more than 5 days during any calendar year. (See Item 6) You are responsible for all related travel and living expenses and wages incurred in connection with attending these courses and meetings.

We may require your Associates and non-coaching employees to complete initial and ongoing training programs to our satisfaction. We may charge you a fee for training Associates and non-coaching employees. (See Item 6) You are responsible for all related travel and living expenses and wages incurred in connection with you and your Associates, non-coaching employees and any other employees attending these training programs.

Item 12

TERRITORY

You will operate the Franchised Business within a specific Territory that we first must approve. You will not receive an exclusive territory. You may face competition from other FocalPoint Franchised Business franchise owners, from outlets that we own, or from other channels of distribution or competitive brands that we control. You may operate the Franchised Business only within the approved Territory and may not relocate the Office without our approval. We will describe the Territory in the Franchise Agreement before you sign it. We will determine the size and boundaries of the Territory in our discretion, based upon factors including population density, character of neighborhood, location and number of competing businesses and other factors. While there is no minimum territory size, we typically will define a territory to include approximately 100,000 people (residents and/or workers). You have no options, rights of first refusal, or similar rights to acquire additional franchises within the Territory or in contiguous territories.

We and our affiliates may operate or grant a franchise for the operation of another FocalPoint Franchised Business from an Office located within the Territory during the term of the Franchise Agreement. We and our affiliates retain all rights with respect to FocalPoint Franchised 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 FocalPoint Franchised Businesses located anywhere inside or outside the Territory under any terms and conditions we deem appropriate and regardless of proximity to the Office and the Franchised Business's Territory;

(2) the right to establish and operate, and to grant to others the right to establish and operate businesses offering similar or dissimilar products and services through similar or alternative channels of distribution (including the Internet, catalog sales, telemarketing, or other direct marketing), inside or outside the Territory under trademarks or service marks other than the Marks and on any terms and conditions we deem appropriate;

(3) the right to provide, offer and sell and to grant others the right to provide, offer and sell products and services that are identical or similar to and/or competitive with those products and services provided by FocalPoint Franchised Businesses, whether identified by the Marks or other trademarks or service marks, through alternative distribution channels (including the internet or similar electronic media) both inside and outside the Territory and on any terms and conditions we deem appropriate;

(4) the right to establish and operate, and to grant to others the right to establish and operate, businesses offering dissimilar products and services, both inside and outside the Territory under the Marks and on any terms and conditions we deem appropriate;

(5) the right to provide, and to grant others the right to provide, Services to national accounts (meaning a client with more than one office in more than one territory) anywhere inside or outside the Territory under any terms and conditions we deem appropriate and regardless of the client's proximity to the Office. You are not entitled to any compensation from us on account of the national account's business in the Territory;

(6) the right to operate and to grant others the right to operate FocalPoint Franchised 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, major industrial or office complexes, hotels, hospitals, and school campuses;

(7) the right to acquire the assets or ownership interests of one or more businesses providing products and services the same as or similar to those provided at FocalPoint Franchised 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

(8) 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 FocalPoint Franchised Businesses, or by another business, even if such business operates, franchises and/or licenses competitive businesses in the Territory.


We may exercise any of the retained rights without compensating you. You may not use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing to make sales inside or outside the Territory. You must advertise and solicit clients for the Franchised Business only within the Territory. You may not operate the Franchised Business or provide the Services outside the Territory; however, you may provide the Services to a client outside the Territory if the client is (i) a personal acquaintance of yours, (ii) was referred to you, or (iii) resulted from your indirect marketing efforts through digital media.

Although we have the right to do so (as described above), neither we nor our affiliate currently operates, franchises, or has present plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those you will sell in your Franchised Business.

Item 13

TRADEMARKS

You may use certain Marks in operating the Franchised Business. The principal Mark (the "Principal Mark") is:

MARK	REGISTRATION NUMBER	REGISTRATION DATE	INTERNATIONAL CLASS OF GOODS
	3,238,427	May 1, 2007	35

The Principal Mark is owned by Brian Tracy and Campbell Fraser (collectively, "Tracy and Fraser"). Tracy and Fraser have registered the Principal Mark on the Principal Register of the United States Patent and Trademark Office ("USPTO"). All required affidavits and renewal filings have been filed in connection with this registration.

Under an Amended and Restated License Agreement between Tracy and Fraser and FocalPoint International, dated January 12, 2016, Tracy and Fraser granted to FocalPoint International an exclusive, transferable license to (i) use the Principal Mark and to sublicense them for granting further licenses to use the Principal Mark and related FocalPoint materials and intellectual property in operating FocalPoint Franchised Businesses and FocalPoint AR

Businesses; and (ii) modify, adapt and create derivative works of the Principal Mark and licensed intellectual property. The license agreement requires FocalPoint International to pay Tracy and Fraser a monthly license fee during the term of the license agreement. The license agreement between Tracy and Fraser and FocalPoint International is for a term of 10 years. If FocalPoint International is not in material default of the license agreement, FocalPoint International will have the right to renew the license agreement for consecutive successor terms of 10 years each. Either party has the right to terminate the license agreement with 90 days written notice to the other party due to the other party's material breach of the license agreement, unless the other party has taken reasonable measures to cure the breach within the 90 day notice period. Tracy and Fraser may also terminate the license agreement if FocalPoint International (i) files a petition of bankruptcy, (ii) is involuntarily placed in bankruptcy proceedings, (iii) comes under control of a receiver, (iv) becomes insolvent, (v) makes assignments for the benefits of creditors of all or part of its assets, (vi) undergoes liquidation or dissolution, or (vii) is unable to pay its debts in the normal course of business. The license agreement cannot be modified without the mutual consent of both parties. If the license agreement terminates or expires, FocalPoint International's license will terminate and FocalPoint Franchised Business franchise owners and FocalPoint AR Business franchise owners will no longer have the right to use the Principal Mark and related FocalPoint materials and intellectual property. No other agreement limits FocalPoint International's right to use or license the Principal Mark.

Under an Amended and Restated License Agreement between FocalPoint International and us dated February 1, 2016, FocalPoint International has licensed us the right to use the Marks and to sublicense them to our franchise owners to use in operating FocalPoint Franchised Businesses and FocalPoint AR Businesses. The license agreement between FocalPoint International and us is for a term of 10 years and will automatically renew for additional 10 year terms after the expiration of the initial term unless FocalPoint International or we terminate the license or the license agreement between Tracy and Fraser and FocalPoint International terminates. However, termination of the license agreement will not affect existing franchise agreements and/or area representative agreements. No other agreement limits our right to use or license the Marks.

You must follow our rules when you use the Marks, including giving proper notices of trademark and service mark registration and obtaining fictitious or assumed name registrations required by law. You may not use any Mark in your corporate or legal business name; with modifying words, terms, designs, or symbols (except for those we license to you); in selling any unauthorized services or products; or as part of any domain name, homepage, electronic address, or otherwise in connection with a Website.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation, involving the principal Marks. We do not actually know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and you may not communicate with any person other than us, our attorneys, and your attorneys, regarding any infringement,

challenge, or claim. We and FocalPoint International may take the action we deem appropriate (including no action) and control exclusively any litigation, USPTO proceeding, or other administrative proceeding arising from any infringement, challenge, or claim. You must assist us and FocalPoint International in protecting and maintaining our interests in any litigation or USPTO or other proceeding. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving the Marks. At our option, we and FocalPoint International may defend and/or control the defense of any proceeding arising from your use of any Mark.

If it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or to use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your direct expenses of changing the Franchised Business' signs, for any loss of revenue due to any modified or discontinued Mark, any loss of goodwill associated with any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark.

Item 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents or pending patent applications are material to the franchise. We and FocalPoint International claim copyrights in the Operations Manual (which contains our trade secrets), advertising and marketing materials, and similar items used in operating FocalPoint Franchised Businesses. Neither we nor FocalPoint International have registered these copyrights with the United States Registrar of Copyrights, but neither we nor FocalPoint International need do so at this time to protect them. You may use these items only as we specify while operating your Franchised Business (and must stop using them if we so direct you).

There currently are no effective adverse determinations of the USPTO, the United States Copyright Office, or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the copyrighted materials. We do not actually know of any infringing uses of our copyrights that could materially affect your use of the copyrighted materials in any state.

We need not protect or defend copyrights, although we intend to do so if in the system's best interests. We may control any action we choose to bring, even if you voluntarily bring the matter to our attention. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright.

Our Operations Manual and other materials contain our confidential information (some of which constitutes trade secrets under applicable law). This information includes training and operations materials; methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating FocalPoint Franchised Businesses; marketing and advertising programs for FocalPoint Franchised Businesses; any computer software or similar technology that is proprietary to us or the system; knowledge of specifications for and suppliers of Operating Assets, Proprietary Products, and

other products and supplies; knowledge of the operating results and financial performance of FocalPoint Franchised Businesses other than your Franchised Business; and graphic designs and related intellectual property.

All ideas, concepts, techniques, or materials concerning a FocalPoint Franchised Business, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the system, and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, you assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing assignment or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item.

You may not use our confidential information in an unauthorized manner. You must take reasonable steps to prevent its improper disclosure to others. You agree to have our Non-Disclosure and Non-Competition Agreement (the current form of which is attached as Exhibit D of the Franchise Agreement) executed by all of the following persons: (i) the Business Manager and any supervisory or other employees and Associates who have received or will receive training from us, prior to their employment; (ii) if you are an entity, all your officers, directors, shareholders, partners, members and owners, and those of any entity directly or indirectly controlling you, at the same time the Franchise Agreement is signed, or at such time as they assume such status; and (iii) you, your owners and your and your owners' spouses. You agree to provide us copies of all executed Nondisclosure and Non-Competition Agreements no later than 10 days following their execution. We will be a third party beneficiary of that agreement with independent enforcement rights.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You must maintain a competent, conscientious, trained staff, including a fully-trained, full-time manager, which may be you (or, if you are an entity, your managing owner) or your Business Manager who we approve, who must act as the general manager of the Franchised Business with responsibility for direct supervision of the Franchised Business. You (or your managing owner) or your Business Manager who has completed our training programs must devote full time and efforts to the management and supervision of the Franchised Business. You must at all times faithfully, honestly, and diligently perform your contractual obligations and use best efforts to promote and enhance the Franchised Business. System Standards may regulate the Franchised Business' staffing levels, identifying the Franchised Business' personnel, and Associate and other employee qualifications, training, dress, and appearance. If you are a legal entity, you must appoint a shareholder, member, or partner (as applicable) to be your "Managing Owner," responsible for overseeing and supervising the Franchised Business' operation.

You must keep us informed at all times of the identity of any supervisory employees acting as the Business Manager or assistant managers of the Franchised Business. Your Business Manager and assistant managers need not have an equity interest in the Franchised

Business or you but must agree in writing to preserve confidential information to which they have access and not to compete with you, us, and other franchise owners. We may regulate the form of agreement that you use and be a third party beneficiary of that agreement with independent enforcement rights.

If you are a corporation, limited liability company, or partnership, your owners must personally guarantee your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenant not to compete. This "Guaranty and Assumption of Obligations" is the last page of the Franchise Agreement.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all goods and perform all services that we periodically require for FocalPoint Franchised Businesses. You may not offer or sell any products or perform any services that we have not authorized. (See Item 8) Our System Standards may regulate required and/or authorized Services, equipment, vehicles, materials, supplies and Proprietary Products; and unauthorized and prohibited services, products, equipment, vehicles, materials, supplies. We periodically may change required and/or authorized Services and Proprietary Products. There are no limits on our right to do so. (See Item 8)

You may hire or retain up to 3 employees or independent contractors (each an "Associate") to assist you with the provision of the Services to clients. Associates you hire or retain must be approved by us and must complete our Associate training program before providing the Services to your clients. (See Item 11)

You must advertise and solicit clients for the Franchised Business only within the Territory. You may not operate the Franchised Business or provide the Services outside the Territory; however, you may provide the Services to a client outside the Territory if the client is (i) a personal acquaintance of yours, (ii) was referred to you, or (iii) resulted from your indirect marketing efforts through digital media.

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 OR OTHER AGREEMENT	SUMMARY
a. Length of the franchise term	Section 1.D of Franchise Agreement	7 years from the Effective Date of the Franchise Agreement
b. Renewal or extension of the term	Section 13 of Franchise Agreement	If you are in full compliance, you may acquire 1 successor franchise term of 7 years. The successor franchise will be on our then current form of Franchise Agreement (which may be materially different)
c. Requirements for franchisee to renew or extend	Section 13 of Franchise Agreement	To "renew," you must be in substantial compliance with the Franchise Agreement; give us timely notice; pay us the renewal fee; maintain possession of Office premises or find acceptable substitute premises if the Office is located in a non-residential location; remodel Office according to our then current standards (regardless of cost), if the Office is located in a non-residential location; and sign our then current Franchise Agreement, a release (if law allows), and other documents we use to grant franchises The terms of our then current Franchise Agreement that you sign for renewal of the franchise may differ materially from any and all of those contained in the Franchise Agreement attached to this Disclosure Document, including reduced Territory and increased fees
d. Termination by franchisee	Sections 14.A and 14.F of Franchise Agreement	If we breach Franchise Agreement and an arbitrator determines that we did not cure default after notice from you, or upon your (or your managing owner's) death or disability (subject to

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
		state law). <u>Also, after the third anniversary of the Franchise Agreement you may terminate the Franchise Agreement at your option if you pay the termination fee.</u>
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Section 14.B of Franchise Agreement	We may terminate your franchise only if you or your owners commit one of several violations
g. "Cause" defined-curable defaults	Section 14.B of Franchise Agreement	You have 72 hours to cure any law, ordinance, or regulation regulating the operation of the Franchised Business; 10 days to cure monetary defaults and failure to maintain required insurance; 30 days to cure operational defaults and other defaults not listed in (h) below; and 90 days to relocate the Office to a new site if you lose possession of the premises
h. "Cause" defined-non-curable defaults	Section 14.B of Franchise Agreement	Non-curable defaults include: misrepresentation in acquiring the franchise; failure to open and operate the Franchised Business within 60 days after Franchise Agreement's Effective Date; failure to complete training; abandonment; unapproved transfers; conviction of a felony crime or other offense; dishonest or unethical conduct; you, any of your owners, representatives, or employees make any illicit statements, including in an email to our employees, officers, or directors, or in any social media posts, or any other unlawful, threatening, abusive, libelous, defamatory, obscene, vulgar, pornographic, gambling-related, drug-related, alcohol-related, profane, racist, sexually explicit or indecent comments that in our opinion negatively affects us, our employees, our operations or otherwise affects the Franchised Business' reputation or the goodwill associated with the Marks; making an unauthorized representation or warranty on our behalf; unauthorized use or disclosure of the

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
		Operations Manual or other confidential information; failure to pay taxes; failure to pay amounts owed to clients, FocalPoint Franchised Business franchise owners or third parties; repeated defaults (even if cured); an assignment for the benefit of creditors; appointment of a trustee or receiver; violation of any anti-terrorism law; termination of any other agreement between you (or your owners or affiliates) and us (or our owners and affiliates) due to failure to comply with the agreement; knowingly maintaining false books or records or submitting false reports; refusing to permit us to inspect the Office or Franchised Business or your books, records, or accounts; contacting Brian Tracy or Campbell Fraser or their respective employees, agents or affiliates without our prior written consent; interfering or attempting to interfere with our contractual relationships; and misrepresentation or failure to make a material disclosure regarding your Franchised Business to any governmental authority
i. Franchisee's obligations on termination/nonrenewal	Section 15 of Franchise Agreement	Obligations include paying outstanding amounts; complete deidentification; assigning telephone and other numbers; and returning confidential information (also see (o) and (r) below)
j. Assignment of contract by franchisor	Section 12.A of Franchise Agreement	No restriction on our right to assign; we may assign without your approval
k. "Transfer" by franchisee – defined	Section 12.B of Franchise Agreement	Includes transfer of Franchise Agreement, the Franchised Business (or its profits, losses or capital appreciation) sale of Franchised Business' assets, and ownership change in you or your owners
l. Franchisor approval of transfer by franchisee	Section 12.C of Franchise Agreement	No transfer without our prior written consent.
m. Conditions for	Section 12.C of	New franchise owner qualifies; you pay us, our

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
franchisor approval of transfer	Franchise Agreement	affiliates, and third party vendors all amounts due and submit all required reports; no default during 60-day period before transfer request or during period between request and transfer's proposed effective date; new franchise owner (and its owners and affiliates) are not in a competitive business (unless we provide prior written consent in our sole discretion); training completed; if the Office is in a non-residential location, your landlord allows the transfer or sublease of your lease; you or transferee signs our then current Franchise Agreement and other documents; transfer fee paid; you sign release (if law allows); we approve material terms; you subordinate amounts due to you; you deidentify; and you correct existing Franchised Business deficiencies of which we notify you on punchlist (also see (r) below)
n. Franchisor's right of first refusal to acquire franchisee's business	Section 12.G of Franchise Agreement	We may match any offer for your Franchised Business or an ownership interest in you
o. Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
p. Death or disability of franchisee	Sections 12.E and 14.A of Franchise Agreement	Your or your managing owner's representative must within 12 months either (i) assign the franchise or an ownership interest in you to approved party or (ii) terminate the Franchise Agreement
q. Non-competition covenants during the term of the franchise	Section 7 of Franchise Agreement	No diverting business; and unless we provide prior written consent in our sole discretion, no ownership interest in, or performing services for, competitive business anywhere ("competitive business" means any business that derives more than 20% of its revenue from selling business training or business consulting services and/or selling products similar to the Proprietary

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
		Products or any business granting franchises or licenses to others to operate such a business) (subject to state law)
r. Non-competition covenants after the franchise is terminated or expires	Section 15.D and 15.E of Franchise Agreement	No direct or indirect ownership interest in, or performing services for, competing business for 2 years at the premises where the Office is located; within the Territory; within 25 miles of the radius of the Territory; or within the territory of any other FocalPoint Franchised Business in operation or in the process of opening as of date Franchise Agreement expires or is terminated; no solicitation for 2 years of any of our or our affiliates' clients or any clients of any other franchise owner or area representative (same restrictions apply after transfer) (subject to state law)
s. Modification of the agreement	Section 17.I of Franchise Agreement	No modifications generally, but we may change Operations Manual and System Standards
t. Integration/merger clause	Section 17.N of Franchise Agreement	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the Franchise Disclosure Document and other agreements may not be enforceable
u. Dispute resolution by arbitration or mediation	Section 17.E of Franchise Agreement	We and you must arbitrate all disputes within 10 miles of our then current principal business address (currently, Henderson, Nevada), subject to state law
v. Choice of forum	Section 17.G of Franchise Agreement	Subject to arbitration requirement, litigation generally must be in courts in Henderson, Nevada (subject to state law)
w. Choice of law	Section 17.F of Franchise Agreement	Except for Federal Arbitration Act and other federal law, Nevada law governs (subject to state law)

Item 18

PUBLIC FIGURES

We use the endorsement of Brian Tracy in our advertising. You will also have the right to use Brian Tracy's endorsement in your advertising with our prior written approval. Brian Tracy was the developer of the FocalPoint Coaching System. He is widely recognized for his many business and civic accomplishments. Brian Tracy has not invested in us and he has no managerial control. We pay Brian Tracy a license fee ranging from 6% to 10% of the initial franchise fees and continuing royalty fees paid by FocalPoint franchise owners. The amount of the license fee for FocalPoint franchises operating in the United States increases annually up to a maximum of 10%.

You are not prohibited by the Franchise Agreement from using the name of a public figure or celebrity in your own promotional efforts or advertising; however, all advertising requires our prior approval.

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. 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 our President, Stephen A. Thompson, at 2831 St. Rose Parkway, Suite 234, Henderson, Nevada, 89119, (877) 433-6225, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

All year-end numbers appearing in the tables below are as of December 31 in each year.

Table 1
Systemwide Outlet Summary
For years 20201 to 20223

Column 1	Column 2	Column 3	Column 4	Column 5
Outlet Type	Year	Outlets at the Start of Year	Outlets at the End of Year	Net Change
Franchised	2020	127	133	+6
<u>Franchised</u>	2021	133	14 <u>98</u>	+1 <u>65</u>
	2022	14 <u>98</u>	16 <u>21</u>	+13
Company-Owned	202 <u>03</u>	0 <u>161</u>	0 <u>169</u>	0 <u>+8</u>
<u>Company Owned</u>	2021	0	0	0
	2022	0	0	0
Total Outlets	202 <u>03</u>	127 <u>0</u>	133 <u>0</u>	+6 <u>0</u>
<u>Total Outlets</u>	2021	133	14 <u>98</u>	+1 <u>65</u>
	2022	14 <u>98</u>	16 <u>21</u>	+13
	<u>2023</u>	<u>161</u>	<u>169</u>	<u>+8</u>

Table 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 20201 to 20223

Column 1	Column 2	Column 3
State	Year	Number of Transfers
Arizona	2020	0
	2021	0
	2022	0
Illinois	2020	0
	2021	0
	2022	0
Tennessee	2020	0
	2021	0
	2022	0
South Carolina	2020	0
	2021	0
	2022	0
Kansas	2020	0
<u>Kansas</u>	2021	0
	2022	1
Missouri	202 <u>03</u>	0

Column 1 State	Column 2 Year	Column 3 Number of Transfers
<u>Missouri</u>	2021	0
	2022	1
Totals	202 0 <u>3</u>	0
<u>Totals</u>	2021	0
	2022	2
	2023	0

Table 3
Status of Franchised Outlets
For years 202~~0~~1 to 202~~2~~3

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Open ed	Col. 5 Termi nations	Col. 6 Non- Renewal s	Col. 7 Reacquired By Franchisor	Col. 8 Ceased Operation s - Other Reasons	Col. 9 Outlets at End of the Year
Alabama	2020	0	0	0	0	0	0	0
<u>Alabama</u>	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Alaska	202 0 <u>3</u>	0 <u>1</u>	0	0	0	0	0	0 <u>1</u>
<u>Alaska</u>	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Arizona	202 0 <u>3</u>	3 <u>1</u>	0	2 <u>0</u>	0	0	0	1
<u>Arizona</u>	2021	1	1	0	0	0	0	2
	2022	2	1	0	0	0	0	3
Arkansas	202 0 <u>3</u>	0 <u>3</u>	1	0 <u>2</u>	0	0	0	1 <u>2</u>
<u>Arkansas</u>	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
California	202 0 <u>3</u>	19 <u>2</u>	2 <u>0</u>	11 <u>0</u>	0	0	0	10 <u>2</u>
<u>California</u>	2021	10	3	1	0	0	0	12
	2022	12	0	1	0	0	0	11
Colorado	202 0 <u>3</u>	8 <u>11</u>	14	24	0	0	0	7 <u>11</u>
<u>Colorado</u>	2021	7	0	1	0	0	0	6
	2022	6	1	2	0	0	0	5
Connecticut	202 0 <u>3</u>	15	0	0 <u>2</u>	0	0	0	13
<u>Connecticut</u>	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Delaware	202 0 <u>3</u>	0 <u>1</u>	1 <u>0</u>	0	0	0	0	1

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Open ed	Col. 5 Termina tions	Col. 6 Non- Renewal s	Col. 7 Reacquired By Franchisor	Col. 8 Ceased Operation s - Other Reasons	Col. 9 Outlets at End of the Year
<u>Delaware</u>	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
District of Columbia	2020 ³	1	0	10	0	0	0	01
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Florida	2020	8	4	1	0	0	0	11
<u>Florida</u>	2021	11	2	2	0	0	0	11
	2022	11	1	0	1	0	0	11
Georgia	2020 ³	311	15	04	0	0	01	411
<u>Georgia</u>	2021	4	1	0	0	0	0	5
	2022	5	1	1	1	0	0	4
Hawaii	2020 ³	14	03	12	0	0	0	05
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Idaho	2020	1	0	0	0	0	0	1
<u>Idaho</u>	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Illinois	2020 ³	42	21	10	0	0	0	53
<u>Illinois</u>	2021	5	0	1	0	0	0	4
	2022	4	3	0	0	0	0	7
Indiana	2020 ³	37	12	10	0	0	0	39
<u>Indiana</u>	2021	3	1	1	0	0	0	3
	2022	3	2	0	0	0	0	5
Kansas	2020 ³	15	0	0	0	0	0	15
<u>Iowa</u>	2021	10	0	0	0	0	0	10
	2022	10	0	0	0	0	0	10
Kentucky	2020 ³	70	1	10	0	0	0	71
<u>Kansas</u>	2021	71	0	20	0	0	0	51
	2022	51	0	10	0	0	0	41
Louisiana	2020 ³	01	0	0	0	0	0	01
<u>Kentucky</u>	2021	07	0	02	0	0	0	05
	2022	05	0	01	0	0	0	04
Maine	2020 ³	04	02	01	0	0	0	05
<u>Maine</u>	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Massachusetts	2020 ³	51	0	10	0	0	0	41

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Open ed	Col. 5 Termina tions	Col. 6 Non- Renewal s	Col. 7 Reacquired By Franchisor	Col. 8 Ceased Operation s - Other Reasons	Col. 9 Outlets at End of the Year
Massachusetts	2021	4	1	0	0	0	0	5
	2022	5	0	0	0	0	0	5
Michigan	2020 3	5	12	1	0	0	0	56
Michigan	2021	5	0	0	0	0	0	5
	2022	5	1	1	0	0	0	5
Minnesota	2020 3	35	41	1	0	0	0	65
Minnesota	2021	6	0	0	0	0	0	6
	2022	6	1	1	0	0	0	6
Missouri	2020 3	16	1	01	0	0	0	26
Missouri	2021	2	2	0	0	0	0	4
	2022	4	0	2	0	0	1 ⁺	1
	2023	1	2	0	0	0	0	3
Nebraska Montana	2020 1	10	0	0	0	0	0	10
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Nebraska	2021	1	1	0	0	0	0	2
	2022	2	0	1	0	0	0	1
Nevada	2020 3	01	0	0	0	0	0	01
Nevada	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
New-Hampshire	2020 3	01	0	0	0	0	0	01
New Hampshire	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
New Jersey	2020 3	72	31	30	0	0	0	73
New Jersey	2021	7	1	0	0	0	0	8
	2022	8	1	2	0	0	0	7
New Mexico	2020 3	07	03	02	0	0	0	08
New Mexico	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
New York	2020 3	31	0	1	0	0	0	20

⁺ This figure includes one franchisee that relocated its FocalPoint franchised business from Missouri to Texas.

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Open ed	Col. 5 Termina tions	Col. 6 Non- Renewal s	Col. 7 Reacquired By Franchisor	Col. 8 Ceased Operation s - Other Reasons	Col. 9 Outlets at End of the Year
<u>New York</u>	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
North-Carolina	2020 ³²	2	21	01	0	0	10	32
<u>North Carolina</u>	2021	3	2 ²¹	0	0	0	0	5
	2022	5	1	2	0	0	0	4
North-Dakota	2020 ³²	04	04	01	0	0	0	07
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Ohio	2020	7	3	1	0	0	0	9
<u>Ohio</u>	2021	9	1	0	0	0	1 ³²	9
	2022	9	3	2	0	0	0	10
Oklahoma	2020 ³²	10	10	03	0	0	0	17
<u>Oklahoma</u>	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Oregon	2020 ³²	31	01	10	0	0	0	2
<u>Oregon</u>	2021	2	0	1	0	0	0	1
	2022	1	0	0	0	0	0	1
Pennsylvania	2020 ³²	31	0	10	0	0	0	21
<u>Pennsylvania</u>	2021	2	1	1	0	0	0	2
	2022	2	1	0	0	0	0	3
Rhode-Island	2020 ³²	03	03	01	0	0	0	05
<u>Rhode Island</u>	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
South-Carolina	2020 ³²	41	0	10	0	0	0	31
<u>South Carolina</u>	2021	3	2	0	0	0	0	5
	2022	5	1	1	0	0	0	5
Tennessee	2020 ³²	25	10	0	0	0	0	35
<u>Tennessee</u>	2021	3	1	0	0	0	0	4
	2022	4	0	1	0	0	0	3
Texas	2020 ³²	113	50	21	0	0	0	142

²¹ This figure includes one franchisee that relocated its FocalPoint franchised business from Ohio to North Carolina.

³² This figure includes one franchisee that relocated its FocalPoint franchised business from Ohio to North Carolina.

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Open ed	Col. 5 Termina tions	Col. 6 Non- Renewal s	Col. 7 Reacquired By Franchisor	Col. 8 Ceased Operation s - Other Reasons	Col. 9 Outlets at End of the Year
<u>Texas</u>	2021	14	4	2	0	0	0	16
	2022	16	5 ⁴³	1	0	0	0	20
Utah	2020 3	20	02	06	0	0	0	016
<u>Utah</u>	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Vermont	2020 3	01	01	0	0	0	0	02
<u>Vermont</u>	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
Virginia	2020 3	32	20	10	0	0	0	42
<u>Virginia</u>	2021	4	1	1	0	0	0	4
	2022	4	3	0	0	0	0	7
Washington	2020 3	07	12	01	0	0	0	18
<u>Washington</u>	2021	1	1	0	0	0	0	2
	2022	2	1	0	0	0	0	3
West Virginia	2020 3	03	02	01	0	0	0	04
<u>West Virginia</u>	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Wisconsin	2020 3	71	40	0	0	0	0	11
<u>Wisconsin</u>	2021	11	1	2	0	0	0	10
	2022	10	1	3	0	0	0	8
TOTALS	2020 3	1278	420	350	0	0	1	1337
<u>TOTALS</u>	2021	133	321	15	0	0	1	1498
	2022	14 98	38	22	2	0	1	16 21
	<u>2023</u>	<u>161</u>	<u>46</u>	<u>36</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>169</u>

Table 4
Status of Company-Owned Outlets
For years 2020~~1~~ to 2022~~3~~

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
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⁴³ This figure includes one franchisee that relocated its FocalPoint franchised business from Missouri to Texas.

		Year		Franchisee			
All States	2020 1	0	0	0	0	0	0
	2021 2	0	0	0	0	0	0
	2022 3	0	0	0	0	0	0
Totals	2020 1	0	0	0	0	0	0
	2021 2	0	0	0	0	0	0
	2022 3	0	0	0	0	0	0

Table 5
Projected Openings as of December 31, 2022~~3~~

Column 1 State	Column 2 Franchise Agreements Signed but Outlets Not Opened	Column 3 Projected New Franchised Outlets In The New Fiscal Year	Column 4 Projected New Company-Owned Outlets In The New Fiscal Year
Arizona	0	1	0
California	0	1	0
Colorado	0	1	0
Connecticut	0	1	0
Georgia	0	1	0
Kansas	0	1	0
Kentucky	0	2	0
Louisiana	0	1	0
Massachusetts	0	1	0
Nevada	0	1	0
New Hampshire	0	1	0
New Jersey	0	1	0
North Carolina	0	1	0
Ohio	0	2	0
Oregon	0	1	0
Pennsylvania	0	1	0
South Carolina	0	1	0
Tennessee	0	1	0
Virginia	0	1	0
Washington	0	1	0
West Virginia	0	1	0
Wisconsin	0	2	0
Totals	0	25	0

Exhibit E lists the names of (i) all operating FocalPoint Franchised Business franchise owners as of December 31, 2022~~3~~ and the addresses and telephone numbers of their FocalPoint Franchised Businesses as well as (ii) all Area Representatives as of December 31, 2022~~3~~ and the

addresses and telephone numbers of their businesses. Exhibit E contains a list of the names, addresses, and last known telephone numbers of the ~~23~~6 former FocalPoint Franchised Business franchise owners (operating under Franchise Agreements with us and under franchise agreements with Master Franchisees) who had their FocalPoint Franchised Business transferred, terminated, cancelled, or not renewed or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement as of December 31, 202~~2~~3, or who have not communicated with us within 10 weeks of this Disclosure Document's issuance date. There are ~~4~~no former Area Representatives who had a FocalPoint AR Business terminated, cancelled, or not renewed or otherwise voluntarily or involuntarily ceased to do business under an agreement with us as of December 31, 202~~2~~3, or who ~~has~~have not communicated with us within 10 weeks of this Disclosure Document's issuance date.

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

During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

The contact information for the trademark-specific franchisee organizations associated with the Franchise System is as follows:

The Engage Group (Engage) is an advisory council created by us and can be reached at: FocalPoint ~~Strategic Alliance Group, FocalPoint~~ Engage Group, 1494 Stone Trail, Enterprise, FL 32725, (940) 871-9276-2553~~987, 126 Shore View Ct, Taylors, SC 29687,~~ Attention: ~~Jerry Pilewski~~Pam Hargis.

The Area Representative Council (ARC) is also an advisory council created by us and can be reached at: FocalPoint Area Representative Council, ~~(513) 543-7271, 333 Whispering Pines Drive, Loveland, OH 45140~~2064 Arden Landing Cove N, Germantown, TN 38139, (832) 797-2314, Attention: ~~Todd Eppert~~Eric Eurich.

Item 21

FINANCIAL STATEMENTS

Exhibit C contains our audited financial statements as of December 31, 202~~0~~1, December 31, 202~~1~~2, and December 31, 202~~2~~3. Our fiscal year end is December 31.

Item 22

CONTRACTS

The following agreements are exhibits:

- (a) Franchise Agreement — Exhibit B

- (b) State Riders to Franchise Agreement — Exhibit F
- (c) Form of General Release — Exhibit G
- (d) Franchisee Disclosure Questionnaire — Exhibit H
- (e) Area Representative Addendum to Franchise Agreement – Exhibit I

Item 23

RECEIPTS

Our and your copies of the Franchise Disclosure Document Receipt are located at the last 2 pages of this Disclosure Document.

EXHIBIT A

LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

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

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

There also may be additional agents appointed in some of the states listed.

California

Commissioner of the Department of
Financial Protection and Innovation
Toll Free: 1 (866) 275-2677

Los Angeles

Suite 750
320 West 4th Street
Los Angeles, California 90013-2344
(213) 576-7500

Sacramento

2101 Arena Boulevard
Sacramento, California 95834
(916) 576-4941

San Diego

1455 Frazee Road, Suite 315
San Diego, California 92108
(619) 610-2093

San Francisco

One Sansome Street, Suite 600
San Francisco, California 94104-4428
(415) 972-8565

Hawaii

(for service of process)
Commissioner of Securities
Business Registration Division
Department of Commerce

and Consumer Affairs
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

(for other matters)
Commissioner of Securities
Business Registration Division
Department of Commerce
and Consumer Affairs
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

Illinois

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

Indiana

(for service of process)
Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

(state agency)
Indiana Secretary of State
Securities Division
Room E-111
302 West Washington Street
Indianapolis, IN 46204
(317) 232-6681

Maryland

(state agency)
Office of the Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(for service of process)
Maryland Securities Commissioner
at the Office of Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

Michigan

Corporations Division
Franchise
P.O. Box 30054
Lansing, MI 48909
(517) 335-7567

Minnesota

Minnesota Department of Commerce
85 7th Place East, Suite 280
Saint Paul, MN 55101
(651) 539-1600

New York

(for service of process)
Attention: New York Secretary of State
New York Department of State
One Commerce Plaza
99 Washington Ave., 6th Floor
Albany, New York 12231-0001
(518) 473-2492

(for other matters)
NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8285

North Dakota

(state agency)
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol – 14th Floor
Bismarck, North Dakota 58505-0510
(701) 328-2910

(for service of process)
Securities Commissioner
600 East Boulevard Avenue
State Capitol – 14th Floor
Bismarck, North Dakota 58505-0510
(701) 328-2910

Oregon

Oregon Division of Finance and Corporate
Securities
350 Winter Street NE, Room 410
Salem, Oregon 97301-3881
(503) 378-4387

Rhode Island

Securities Division
Department of Business Regulations
1511 Pontiac Avenue
John O. Pastore Complex-Building 69-1
Cranston, RI 02920
(401) 462-9500

South Dakota

Department of Labor and Regulation
Division of Securities
124 S. Euclid, Second Floor
Pierre, SD 57501
(605) 773-3563

Virginia

(for service of process)
Clerk, State Corporation Commission
1300 East Main Street
Ninth Floor
Richmond, Virginia 23219
(804) 371-9733

(for other matters)
State Corporation Commission
Division of Securities and Retail
Franchising
1300 East Main Street
Ninth Floor
Richmond, Virginia 23219
(804) 371-9051

Washington

(for service of process)
State of Washington
Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501

(for other matters)
Department of Financial Institutions
Securities Division
P. O. Box ~~9033~~41200
Olympia, Washington 9850~~74~~1290~~33~~
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Madison, Wisconsin 53705
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EXHIBIT B
FRANCHISE AGREEMENT

FOCALPOINT COACHING, INC.
UNIT FRANCHISE AGREEMENT

FRANCHISE OWNER

DATE OF AGREEMENT

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	GUARANTY AND ASSUMPTION OF OBLIGATIONS

FOCALPOINT COACHING, INC.
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "Agreement") is made and entered into by and between FOCALPOINT COACHING, INC., a Nevada corporation located at 2831 St. Rose Parkway, Suite 234, Henderson, Nevada 89052, ("Franchisor"), and _____, whose principal business address is _____ ("Franchisee") as of the date signed by Franchisor and set forth opposite Franchisor's signature on this Agreement (the "Effective Date").

1. PREAMBLES, ACKNOWLEDGMENTS, AND GRANT OF FRANCHISE.

A. PREAMBLES.

(1) Franchisor and its affiliates have expended considerable time and effort in developing a system relating to the establishment and operation of FocalPoint franchised businesses (each a "FocalPoint Franchised Business"), offering business training and consulting to small businesses and professionals (collectively, the "Services") utilizing the Franchise System (as defined below) and specialized products produced or manufactured using the designs developed by Franchisor and its affiliates (the "Proprietary Products"). These Services are provided by FocalPoint franchise owners operating FocalPoint Franchised Businesses, which operate under distinctive methods, procedures, standards and specifications, all of which Franchisor may improve, further develop or otherwise modify from time to time.

(2) Franchisor uses, promotes and licenses certain trademarks, service marks and other commercial symbols in operating FocalPoint Franchised Businesses, including the service marks "FOCALPOINT™", "FOCALPOINT INTERNATIONAL™", "FOCALPOINT COACHING EXCELLENCE POWERED BY BRIAN TRACY®" and such other trade names, service marks, trademarks, logos, emblems, domain names, and indicia of origin which have gained and continue to gain public acceptance and goodwill, and may create, use and license other trademarks, service marks and commercial symbols for FocalPoint Franchised Businesses (collectively, the "Marks").

(3) Franchisor grants to certain persons who meet Franchisor's qualifications, and are willing to undertake the investment and effort, a franchise to own and operate a FocalPoint Franchised Business offering the Proprietary Products and Services Franchisor authorizes and using Franchisor's business formats, methods, procedures, signs, designs, layouts, standards, specifications and Marks (the "Franchise System").

(4) As a franchise owner of a FocalPoint Franchised Business, Franchisee will comply with this Agreement and all System Standards (defined below) in order to maintain the high and consistent quality that is critical to attracting and keeping clients for FocalPoint Franchised Businesses.

(5) Franchisee has applied for a franchise to own and operate a FocalPoint Franchised Business.

B. ACKNOWLEDGMENTS.

Franchisee acknowledges:

(1) That Franchisee has independently investigated the FocalPoint Franchised Business franchise opportunity and recognizes that, like any other business, the nature of the business a FocalPoint Franchised Business conducts may, and probably will, evolve and change over time.

(2) That an investment in a FocalPoint Franchised Business involves business risks that could result in the loss of a significant portion or all of Franchisee's investment.

(3) That Franchisee's business abilities and efforts are vital to Franchisee's success.

(4) That attracting clients for Franchisee's FocalPoint Franchised Business will require Franchisee to make consistent marketing efforts in Franchisee's community through various methods, including media advertising, direct mail advertising, and display and use of promotional materials.

(5) That retaining clients for Franchisee's FocalPoint Franchised Business will require Franchisee to have a high level of customer service and adhere strictly to the Franchise System and Franchisor's System Standards and that Franchisee is committed to maintaining System Standards.

(6) That Franchisee has not received from Franchisor, and is not relying upon, any representations or guarantees, express or implied, as to the potential volume, sales, income, or profits of a FocalPoint Franchised Business.

(7) That in all of their dealings with Franchisee, Franchisor's officers, directors, employees, and agents act only in a representative, and not in an individual, capacity and that business dealings between Franchisee and them as a result of this Agreement are deemed to be only between Franchisee and Franchisor.

(8) That Franchisee has represented to Franchisor, to induce Franchisor's entry into this Agreement, that all statements Franchisee has made and all materials Franchisee has given Franchisor are accurate and complete and that Franchisee has made no misrepresentations or material omissions in obtaining the franchise.

(9) That Franchisee has read this Agreement and Franchisor's Franchise Disclosure Document and understands and accepts that this Agreement's terms and covenants are reasonably necessary for Franchisor to maintain Franchisor's high

standards of quality and service, as well as the uniformity of those standards at each FocalPoint Franchised Business, and to protect and preserve the goodwill of the Marks.

(10) That Franchisor will restrict Franchisee's sources of Proprietary Products and has the right to restrict Franchisee's sources of other goods and services as well, as provided in various sections of this Agreement, including Subsection 8.B below.

(11) That Franchisor has not made any representation, warranty, or other claim regarding this FocalPoint Franchised Business franchise opportunity, other than those made in this Agreement and Franchisor's Franchise Disclosure Document, and that Franchisee has independently evaluated this opportunity, including by using Franchisee's business professionals and advisors, and has relied solely upon those evaluations in deciding to enter into this Agreement.

(12) That Franchisee has been afforded an opportunity to ask any questions Franchisee has and to review any materials of interest to Franchisee concerning the FocalPoint Franchised Business franchise opportunity.

(13) That Franchisee has been afforded an opportunity, and has been encouraged by Franchisor, to have this Agreement and all other agreements and materials Franchisor has given or made available to Franchisee reviewed by an attorney and has either done so or waived Franchisee's right to do so.

C. **CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP.**

If Franchisee is at any time a corporation, limited liability company, general or limited partnership or other form of business entity (each, an "Entity"), Franchisee agrees and represents that:

(1) Franchisee will have the authority to execute, deliver, and perform Franchisee's obligations under this Agreement and all related agreements and are duly organized or formed and validly existing in good standing under the laws of the state of Franchisee's incorporation or formation;

(2) Franchisee's organizational documents, operating agreement, or partnership agreement, as applicable, will recite that this Agreement restricts the issuance and transfer of any ownership interests in Franchisee, and all certificates and other documents representing ownership interests in Franchisee will bear a legend referring to this Agreement's restrictions;

(3) **Exhibit A** to this Agreement completely and accurately describes all of Franchisee's owners and their interests in Franchisee as of the Effective Date;

(4) Each of Franchisee's owners during this Agreement's term will execute a guaranty in the form Franchisor prescribes undertaking personally to be bound, jointly

and severally, by all provisions of this Agreement and any ancillary agreements between Franchisee and Franchisor. Subject to Franchisor's rights and Franchisee's obligations under Section 12, Franchisee and Franchisee's owners agree to sign and deliver to Franchisor revised **Exhibits A** to reflect any permitted changes in the information that **Exhibit A** now contains;

(5) Franchisee will appoint a shareholder, member, or partner, as applicable, to be Franchisee's "Managing Owner," responsible for overseeing and supervising the operation of the Franchised Business (as defined in Subsection D below). The Managing Owner as of the Effective Date is identified in **Exhibit A**. Franchisee may not change the Managing Owner without Franchisor's prior written consent; and

(6) The Franchised Business and other FocalPoint Franchised Businesses, if applicable, will be the only businesses Franchisee operates (although for the avoidance of doubt Franchisee's owners may have other, non-competitive business interests, but it must be done either in his/her individual capacity or through another Entity other than Franchisee).

D. GRANT OF FRANCHISE.

Franchisee has applied for a franchise to own and operate a FocalPoint Franchised Business. Subject to the terms and upon the conditions contained in this Agreement, Franchisor hereby grants Franchisee a franchise (the "Franchise") to operate a FocalPoint Franchised Business (the "Franchised Business"), and to use the Franchise System in its operation and sale of Services, for a term beginning on the Effective Date and expiring seven (7) years from that date, unless sooner terminated as provided herein. Franchisee agrees that the Franchised Business will be operated from an office located at the principal business address listed on **Exhibit B** (the "Office"), which may not be relocated without Franchisor's prior written approval. The Office may be located in a residence. The Office must primarily be used for the operation of the Franchised Business, but Franchisee may operate businesses that are not a Competitive Business from the Office. If the office is located in a non-residential location, the lease for the Office shall contain certain provisions prescribed by Franchisor, including, without limitation, requirements that Franchisor be notified of any lease defaults by Franchisee and have the right to cure such defaults within a reasonable time and that the lease may be assigned at any time by Franchisee to Franchisor. No additional offices may be established by Franchisee without Franchisor's prior written approval. If an Office has not been approved in writing by Franchisor as of the Effective Date, Franchisee agrees to locate an Office acceptable to Franchisor and obtain Franchisor's written approval of the location within sixty (60) days following the Effective Date. Notwithstanding the foregoing, Franchisee must open and operate the Franchised Business within sixty (60) days following the Effective Date.

E. NON-EXCLUSIVE TERRITORIAL RIGHTS.

Before this Agreement is executed, Franchisor will describe the Territory in **Exhibit B**. The size of the Territory shall be determined in Franchisor's sole discretion. Franchisee's rights in the Territory during the term of this Agreement are non-exclusive and Franchisee may face

competition from Franchisor or other FocalPoint Franchised Businesses. Franchisee must advertise and solicit clients for the Franchised Business only within the Territory. Franchisee may not operate the Franchised Business or provide Services outside of the Territory; provided, however, Franchisee may provide Services to a client outside the Territory if the client (i) is a personal acquaintance of Franchisee, (ii) was referred to Franchisee, or (iii) resulted from Franchisee's indirect marketing efforts through 'digital media.

F. RIGHTS FRANCHISOR RESERVES.

Franchisor and Franchisor's affiliates retain all rights with respect to FocalPoint Franchised Businesses, the Marks, the sale of identical, similar or dissimilar products and services, and any other activities Franchisor deems appropriate whenever and wherever Franchisor desires. Specifically, but without limitation, Franchisor reserves the following rights:

(1) the right to operate, and to grant others the right to operate FocalPoint Franchised Businesses located anywhere inside or outside the Territory under any terms and conditions Franchisor deems appropriate and regardless of proximity to the Office and the Franchised Business' Territory;

(2) the right to establish and operate, and to grant to others the right to establish and operate businesses offering similar or dissimilar products and services through similar or alternative channels of distribution, inside or outside the Territory under trademarks or service marks other than the Marks and on any terms and conditions Franchisor deems appropriate;

(3) the right to provide, offer and sell and to grant others the right to provide, offer and sell products and services that are identical or similar to and/or competitive with those products and services provided by FocalPoint Franchised 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) both inside and outside the Territory and on any terms and conditions Franchisor deems appropriate;

(4) the right to establish and operate, and to grant to others the right to establish and operate, businesses offering dissimilar products and services, both inside and outside the Territory under the Marks and on any terms and conditions Franchisor deems appropriate;

(5) the right to provide, and to grant other the right to provide, Services to national accounts (meaning a client with more than one office in more than one territory) anywhere inside or outside the Territory under any terms and conditions Franchisor deems appropriate and regardless of the client's proximity to the Office. Under such circumstances, Franchisee is not entitled to any compensation from Franchisor on account of the national account's business in the Territory;

(6) the right to operate, and to grant others the right to operate FocalPoint Franchised Businesses at "Non-Traditional Sites" within and outside the Territory on any terms and conditions Franchisor deems 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, without limitation, military bases, major industrial or office complexes, hotels, hospitals and school campuses;

(7) the right to acquire the assets or ownership interests of one or more businesses providing products and services the same as or similar to those provided at FocalPoint Franchised 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

(8) 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 FocalPoint Franchised Businesses, or by another business, even if such business operates, franchises and/or licenses competitive businesses in the Territory.

G. MODIFICATION OF FRANCHISE SYSTEM.

Because complete and detailed uniformity under many varying conditions might not be possible or practical, Franchisee acknowledges that Franchisor specifically reserves the right and privilege, as Franchisor considers to be best, to vary System Standards (defined below) for any franchise owner based upon the peculiarities of any condition that Franchisor considers important to that franchise owner's successful operation. Franchisee has no right to require Franchisor to grant Franchisee a similar variation or accommodation.

2. OPENING OF FRANCHISED BUSINESS.

A. OFFICE DEVELOPMENT.

Franchisee is responsible for developing the Office. Franchisor reserves the right to give Franchisee mandatory and suggested specifications and layouts for a FocalPoint Franchised Business office, including requirements for dimensions, design, image, interior layout, decor, fixtures, signs, furnishings, and color scheme. These plans might not reflect the requirements of any federal, state, or local law, code, or regulation, including those arising under the Americans with Disabilities Act (the "ADA") or similar rules governing public accommodations for persons with disabilities. It is Franchisee's responsibility to make sure that the Office complies with the ADA and similar rules governing public accommodations for persons with disabilities, other applicable ordinances, building codes, permit requirements, and lease requirements and restrictions.

Franchisee agrees to do the following, at Franchisee's own expense, to develop the Office:

- (1) secure all financing required to develop and operate the Office;
- (2) obtain all required building, utility, sign, business, and other permits and licenses;
- (3) decorate the Office according to approved plans and specifications;
- (4) obtain all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating, and installation services;
- (5) purchase or lease, and install, all required fixtures, furniture, equipment (including a required or recommended computer and facsimile), furnishings, and signs (collectively, "Operating Assets") for the Office; and
- (6) purchase an opening inventory of authorized and approved Proprietary Products, other products, materials, and supplies to operate the Franchised Business.

B. OPERATING ASSETS.

Franchisee agrees to use in operating the Franchised Business only those Operating Assets that Franchisor approves for FocalPoint Franchised Businesses as meeting Franchisor's specifications and standards for quality, design, appearance, function, and performance. Franchisee agrees to place or display at the Office (interior and exterior) and on any vehicles used in connection with the Franchised Business only the signs, emblems, lettering, logos, and display materials that Franchisor approves from time to time. Franchisee agrees to purchase or lease approved brands, types, or models of Operating Assets only from suppliers Franchisor designates or approves (which may include or be limited to Franchisor and/or Franchisor's affiliates).

C. COMPUTER SYSTEM.

Franchisee agrees to obtain and use the computer hardware and/or operating software Franchisor may specify at any time and from time to time (the "Computer System"). Franchisor may modify specifications for and components of the Computer System. Franchisee agrees to maintain a functioning e-mail address. Franchisor's modification of specifications for the Computer System, and/or other technological developments or events, might require Franchisee to purchase, lease, and/or license new or modified computer hardware and/or software and to obtain service and support for the Computer System. Although Franchisor cannot estimate the future costs of the Computer System or required service or support, and although these costs might not be fully amortizable over this Agreement's remaining term, Franchisee agrees to incur the costs of obtaining the computer hardware and software comprising the Computer System (or additions and modifications) and required service or support. Franchisor has no obligation to reimburse Franchisee for any Computer System costs. Within sixty (60) days after Franchisee

receives notice from Franchisor, Franchisee agrees to obtain the Computer System components that Franchisor designates and to ensure that Franchisee's Computer System, as modified, is functioning properly.

Franchisee agrees that Franchisor or Franchisor's affiliates may condition any license of proprietary software to Franchisee, or Franchisee's use of technology that Franchisor or Franchisor's affiliates develop or maintain, on Franchisee's signing a software license agreement or similar document that Franchisor or Franchisor's affiliates prescribe to regulate Franchisee's use of, and Franchisor's and Franchisee's respective rights and responsibilities with respect to, the software or technology. Franchisor, Franchisor's affiliates and designated suppliers may charge Franchisee a monthly or other fee for any ~~proprietary~~ software or technology that Franchisor, Franchisor's affiliates or designated suppliers license to Franchisee and for other maintenance and support services that Franchisor, Franchisor's affiliates or designated suppliers provide during this Agreement's term.

Despite the fact that Franchisee agrees to buy, use, and maintain the Computer System according to Franchisor's standards and specifications, Franchisee will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the Computer System; (2) the manner in which Franchisee's Computer System interfaces with Franchisor's and any third party's computer system; and (3) any and all consequences if the Computer System is not properly operated, maintained, and upgraded. Franchisor reserves the right to connect remotely to the Computer System.

Franchisee hereby consents to Franchisor obtaining, using and disclosing to third parties (including, without limitation, prospective franchisees, financial institutions, legal and financial advisors), for any purpose or as may be required by law, any financial or other information contained in or resulting from information, data, materials, statements and reports received by Franchisor or disclosed to Franchisor, whether by means of the Computer System or otherwise, in accordance with this Agreement. Franchisee will obtain such consents from third parties, including Franchisee's clients, as are necessary in order to give effect to the foregoing.

D. FRANCHISED BUSINESS OPENING.

Franchisee must notify Franchisor in writing at least thirty (30) days prior to the day on which Franchisee proposes to begin operating the Franchised Business. Franchisee agrees not to begin operating the Franchised Business until:

- (1) Franchisor notifies Franchisee in writing that the Franchised Business and the Office meet Franchisor's standards and specifications (although Franchisor's acceptance is not a representation or warranty, express or implied, that the Office and the Franchised Business complies with any engineering, licensing, environmental, labor, health, building, fire, sanitation, occupational, landlord's, insurance, safety, tax, governmental, or other statutes, rules, regulations, requirements, or recommendations nor a waiver of Franchisor's right to require continuing compliance with Franchisor's requirements, standards, or policies);

(2) Franchisee (or Franchisee's Managing Owner) and Franchisee's other employees satisfactorily complete training;

(3) Franchisee pays the initial franchise fee and other amounts then due to Franchisor; and

(4) Franchisee gives Franchisor certificates for all required insurance policies, or such other evidence of insurance coverage and payment of premiums as Franchisor may request.

Franchisor may inspect the premises while Franchisee develops the Office. Subject to Franchisee's compliance with these conditions, Franchisee agrees to open the Franchised Business for business within sixty (60) days after the Effective Date, and Franchisee acknowledges that Franchisee's failure to timely commence operations shall be grounds for termination as set forth in Section 14 below.

E. **ASSOCIATES.**

Franchisee may hire or retain employees or independent contractors (each, an "Associate") to assist Franchisee with the provision of the Services to the clients of Franchisee. All Associates hired or retained by Franchisee must be approved by Franchisor and must complete Franchisor's training program for Associates to Franchisor's satisfaction prior to providing the Services to Franchisee's clients. Franchisee may not hire or retain more than three (3) Associates at any given time without the prior written consent of Franchisor.

3. **FEES.**

A. **INITIAL FRANCHISE FEE.**

Franchisee agrees to pay Franchisor a nonrecurring and, except as specifically provided in this Agreement, nonrefundable initial franchise fee of Forty-Five Thousand Dollars (\$45,000). This fee is due, and fully earned by Franchisor, when Franchisee signs this Agreement and is not refundable under any circumstances, except as provided in Subsection 4.A of this Agreement.

B. **CONTINUING SERVICE AND ROYALTY FEE.**

Franchisee agrees to pay Franchisor, in the manner provided below (or as the Operations Manual otherwise prescribes), a monthly Continuing Service and Royalty Fee (the "Royalty") in amounts equal to those described in the table below. Franchisee shall pay all applicable taxes on Royalty payments to Franchisor. The amount of the Royalty will be increased for each Associate hired or retained from time to time by Franchisee in an amount equal to the table below. For purposes of this Subsection 3.B, an Associate shall be considered hired or retained on the first day of the month after the Associate completes the training program for Associates to Franchisor's satisfaction. On or before the first day of each month during the term of this Agreement, Franchisee agrees to send Franchisor the Royalty due for that month.

<u>Time Period During the Term of this Agreement</u>	<u>Royalty Amount (per month)</u>	<u>Royalty Amount if Franchisee has One Associate (per month)</u>	<u>Royalty Amount if Franchisee has Two Associates (per month)</u>	<u>Royalty Amount if Franchisee has Three Associates (per month)</u>
Months 1 through 4 immediately following the Effective Date	\$500	\$900	\$1,300	\$1,700
Months 5 through 8 immediately following the Effective Date	\$1,000	\$1,800	\$2,600	\$3,400
Months 9 through 12 immediately following the Effective Date	\$1,500	\$2,700	\$3,900	\$5,100
Month 13 immediately following the Effective Date and for the remainder of the term of this Agreement	\$1,950	\$3,150	\$4,350	\$5,500

C. TRAINING FEE.

Upon execution of this Agreement, Franchisee shall pay Franchisor a non-refundable initial training fee of Sixteen Thousand Nine Hundred and Fifty Dollars (\$16,950), plus applicable taxes for each person that will attend the initial training program on behalf of Franchisee. No portion of the training fee will be returned to Franchisee if Franchisee (or, if Franchisee is an Entity, Franchisee's Managing Owner) or Franchisee's Business Manager (defined in Subsection 4.A below) fails to successfully complete the initial training program.

D. TECHNOLOGY FEE.

Franchisee agrees to pay Franchisor, in the manner provided below (or as the Operations Manual otherwise prescribes) an annual fee of ~~Nine~~**One Thousand Two** Hundred Fifty Dollars (\$~~9~~**1,2**50), plus any applicable taxes (the "Technology Fee"). Franchisee agrees to pay Franchisor an additional Technology Fee for each Associate Franchisee retains or hires. The Technology Fee contributes to Franchisor's costs associated with the creation, maintenance and ongoing development of the intranet site and other technology used for the Franchise System. Franchisee shall pay Franchisor the first annual payment of the Technology Fee in a lump sum upon execution of this Agreement. From the thirteenth (13th) month immediately following the Effective Date through the remainder of the term of this Agreement, Franchisee shall pay Franchisor the Technology Fee on an annual basis on or before November 30th of each year. Notwithstanding the foregoing, the Technology Fee may be increased by Franchisor at any time with prior written notice to Franchisee.

E. **REGIONAL SETUP FEE.**

Upon execution of this Agreement, Franchisee shall pay Franchisor a non-refundable regional setup fee of Three Thousand Nine Hundred and Fifty Dollars (\$3,950), plus applicable taxes. The regional setup fee shall be used to support Franchisor's initial setup procedures based on the Territory specific to Franchisor's Franchised Business. This fee is due, and fully earned by Franchisor, when Franchisee signs this Agreement and is not refundable under any circumstances.

F. **CONFERENCE REGISTRATION FEE.**

Franchisee agrees to pay Franchisor an annual fee for Franchisor's costs associated with the annual national and/or regional conferences for FocalPoint Franchised Business franchise owners, not to exceed One Thousand Eight Hundred Dollars (\$1,800) per person,, plus any applicable taxes (the "Conference Registration Fee"). Franchisee agrees to pay Franchisor an additional Conference Registration Fee for each Associate that attends any national and/or regional conferences for FocalPoint Franchised Business franchise owners. Franchisee shall pay Franchisor the first annual payment of the Conference Registration Fee in a lump sum upon execution of this Agreement. From Month 13 immediately following the Effective Date through the remainder of the term of this Agreement, Franchisee must pay the entire Conference Registration Fee each year either in a lump sum at least sixty (60) days prior to attending the annual conference or a prorated monthly amount of the Conference Registration Fee on the fifteenth (15th) day of each month, which Franchisor determines each year in Franchisor's sole discretion and notifies Franchisee of the required payment timing in electronic communication Franchisor sends annually.

G. **INITIAL MARKETING FEE.**

Upon execution of this Agreement, Franchisee shall pay Franchisor a nonrefundable marketing fee in the amount of Two Thousand Nine Hundred Fifty Dollars (\$2,950) (the "Initial Marketing Fee"). Franchisee agrees to pay Franchisor an additional Initial Marketing Fee for each Associate Franchisee retains or hires. The Initial Marketing Fee contributes to Franchisor's costs associated with direct marketing for clients for Franchisee's Franchised Business. This fee is due, and fully earned by Franchisor, when Franchisee signs this Agreement or Franchisee retains or hires an Associate, whichever is applicable, and is not refundable under any circumstances.

H. **DEFINITION OF "GROSS SALES".**

As used in this Agreement, the term "Gross Sales" means all revenue that Franchisee derives from operating the Franchised Business, including, but not limited to, all amounts that Franchisee receives for Services and products sold or rendered by the Franchised Business, and whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions and all other income of every kind and nature related to the Franchised Business, but (1) excluding all federal, state, or municipal sales, use, or service taxes collected from clients and paid to the appropriate taxing authority and (2) reduced by the amount of any documented

refunds, credits, allowances, and charge-backs the Franchised Business in good faith gives to clients.

I. LATE FEES AND INTEREST.

If Franchisee is late in any payment under this Agreement, Franchisee shall pay Franchisor an amount equal to eighteen percent (18%) of the amount owed as an administrative fee to compensate Franchisor for its increased costs and expenses. In addition, all amounts which Franchisee owes Franchisor for any reason, will bear interest accruing as of their original due date at one and one half percent (1.5%) per month or the highest commercial contract interest rate the law allows, whichever is less. Franchisor may debit Franchisee's bank account automatically for late fees and interest. Franchisee acknowledges that this Subsection 3.I is not Franchisor's agreement to accept any payments after they are due or Franchisor's commitment to extend credit to, or otherwise finance Franchisee's operation of, the Franchised Business.

J. APPLICATION OF PAYMENTS.

Despite any designation Franchisee makes, Franchisor may apply any of Franchisee's payments to any of Franchisee's past due indebtedness to Franchisor. Franchisor may set off any amounts Franchisee or Franchisee's owners owe Franchisor or Franchisor's affiliates against any amounts Franchisor or Franchisor's affiliates owe Franchisee or Franchisee's owners. Franchisee may not withhold payment of any amounts Franchisee owes Franchisor due to Franchisor's alleged nonperformance of any of Franchisor's obligations under this Agreement.

K. METHOD OF PAYMENT.

Before the Franchised Business begins operating, Franchisee agrees to sign and deliver to Franchisor the documents Franchisor requires to authorize Franchisor to debit Franchisee's business checking account automatically for the Royalty, Technology Fee, Conference Registration Fee, Fund contributions (defined below), and other amounts due under this Agreement and for Franchisee's purchases from Franchisor and/or Franchisor's affiliates (the "Electronic Depository Transfer Account" or "EDTA"). Franchisor will debit the EDTA for these amounts on their due dates. Franchisee agrees to ensure that funds are available in the EDTA to cover Franchisor's withdrawals. If there are insufficient funds in the EDTA to cover any such amount owed (or, if Franchisee is paying by check and a check is returned for insufficient funds), Franchisor will charge Franchisee a processing fee of One Hundred Dollars (\$100) to compensate Franchisor for Franchisor's additional administrative expenses. If there are insufficient funds in the EDTA, or if Franchisee's check is returned for insufficient funds, then Franchisor may require Franchisee to make all subsequent payments to Franchisor by certified check.

Franchisor may require Franchisee to pay any amounts due under this Agreement or otherwise by means other than automatic debit (*e.g.*, by check) whenever Franchisor deems appropriate, and Franchisee agrees to comply with Franchisor's payment instructions.

4. TRAINING AND ASSISTANCE.

A. INITIAL TRAINING.

If this is Franchisee's first FocalPoint Franchised Business, then before the Franchised Business begins operating, Franchisor will train Franchisee (or, if Franchisee is an Entity, Franchisee's Managing Owner) or Franchisee's manager-level employee who Franchisor approves (the "Business Manager") on the material aspects of operating a FocalPoint Franchised Business. Franchisor will provide the initial training program either in-person or online, in its sole discretion. If the initial training program is provided in-person, it will be at a designated training facility of Franchisor's choice. Franchisee shall notify Franchisor in writing at least thirty (30) days prior to the commencement of the initial training program the name of the individual who will attend the initial training program.

Franchisor will provide initial training for Franchisee (or, if Franchisee is an Entity, Franchisee's Managing Owner) or Franchisee's Business Manager. Additional people beyond this one (1) person may attend initial training if Franchisee pays Franchisor's then current training charge for each additional person. Franchisor reserves the right to refuse to provide training to Franchisee or any of Franchisee's proposed attendees for whom Franchisor has not received the relevant training fee. Franchisee also agrees to pay for all travel and living expenses which Franchisee (or Franchisee's Managing Owner) and all of Franchisee's employees incur and for Franchisee's employees' wages and workers' compensation insurance in traveling to and from the designated training facility, except, if initial training is in-person, Franchisor will pay all supplied food and reasonable lodging expenses of Franchisee (or Franchisee's Managing Owner) and Franchisee's employees only while participating in the initial training program.

Franchisee (or Franchisee's Managing Owner) or Franchisee's Business Manager must satisfactorily complete initial training. If Franchisor determines that Franchisee (or Franchisee's Managing Owner) or Business Manager, if applicable, cannot complete initial training to Franchisor's satisfaction, Franchisor may terminate this Agreement, in which case Franchisor will keep Ten Thousand Dollars (\$10,000) of the initial franchise fee. Franchisor will return the other Thirty-Five Thousand Dollars (\$35,000) of the initial franchise fee to Franchisee if Franchisee signs a general release in Franchisor's then-current form of its required general release.

Franchisee (or Franchisee's Managing Owner) may request additional training at the end of the initial training, to be provided at Franchisor's then current per diem charges, if Franchisee (or Franchisee's Managing Owner) does not feel sufficiently trained in the operation of a FocalPoint Franchised Business. Franchisor and Franchisee (or Franchisee's Managing Owner) will jointly determine the duration of this additional training. However, if Franchisee (or Franchisee's Managing Owner) or Franchisee's Business Manager, if applicable, satisfactorily completes Franchisor's initial training program and has not expressly informed Franchisor at the end of the program that Franchisee (or Franchisee's Managing Owner) or Franchisee's Business Manager, if applicable, does not feel sufficiently trained in the operation of a FocalPoint

Franchised Business, then Franchisee (or Franchisee's Managing Owner) will be deemed to have been trained sufficiently to operate a FocalPoint Franchised Business.

Franchisee agrees to pay to Franchisor the then current fee (plus any applicable taxes) for the training program for Associates within five (5) days after Franchisee hires or retains an Associate. Franchisor will provide the training program for Associates at a designated training facility of Franchisor's choice.

B. ONGOING TRAINING.

Franchisor may require Franchisee (or Franchisee's Managing Owner), the Business Manager and/or other previously trained and experienced employees to attend and complete satisfactorily various training courses that Franchisor periodically chooses to provide either online or in-person at the times and locations that Franchisor designates. Franchisor may charge reasonable registration or similar fees for these courses. Besides attending these courses, Franchisor may require Franchisee to attend an annual national meeting of all FocalPoint Franchised Business franchise owners at a location Franchisor designates, and an annual regional meeting of FocalPoint Franchised Business franchise owners at a location Franchisor designates. Franchisor will not require in-person attendance for more than five (5) days during any calendar year. Franchisee agrees to pay all costs to attend these training courses and meetings.

Franchisor may require that Franchisee's Associates and non-coaching employees satisfactorily complete Franchisor's initial and ongoing training programs. Franchisor may charge reasonable fees for training Associates and non-coaching employees. Franchisee agrees to pay all travel and living expenses which Franchisee and Franchisee's Associates, non-coaching employees, and any other employees incur during all training courses and programs. Franchisee agrees to assist Franchisor in training other FocalPoint Franchised Business franchise owners. Franchisor will reimburse Franchisee's out-of-pocket expenses for providing this assistance.

Franchisee understands and agrees that any specific ongoing training or advice Franchisor provides does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all of which Franchisor may discontinue and modify at any time and from time to time.

C. GENERAL GUIDANCE AND CONSULTATION SERVICES.

Franchisor may advise Franchisee at any time and from time to time regarding the Franchised Business' operation based on Franchisee's reports or Franchisor's inspections and may guide Franchisee with respect to: (1) standards, specifications, and operating procedures and methods that FocalPoint Franchised Businesses use; (2) purchasing required and authorized Operating Assets, Proprietary Products and other items and arranging for their distribution to Franchisee; (3) advertising and marketing materials and programs; (4) employee training; and (5) administrative, bookkeeping, accounting, and inventory control procedures.

Franchisor will guide Franchisee in Franchisor's operations manual ("Operations Manual"); in bulletins or other written materials; by electronic media; by telephone consultation;

and/or at Franchisor's office or Franchisee's Office. If Franchisee requests, and Franchisor agrees to provide, additional or special guidance, assistance, or training, Franchisee agrees to pay Franchisor's then applicable charges, including Franchisor's personnel's per diem charges and travel and living expenses.

If Franchisee requests, and Franchisor agrees to provide (subject to Franchisor's availability) either (i) additional guidance, assistance, or training, or (ii) specialized Consultation Services, then Franchisee agrees to pay Franchisor's then applicable charges, including Franchisor's personnel's per diem charges and travel and living expenses. For purposes of this Agreement, "Consultation Services" may include any advice related to the operation of the Franchised Business; on-site reviews of Franchisee's operations and additional training as needed; on-site training for Franchisee (or Franchisee's Managing Owner), Franchisee's Associates, or any of Franchisee's other personnel; off-site sessions; and other specialized assistance.

D. OPERATIONS MANUAL.

Franchisor will provide Franchisee with access during the Franchise term to one (1) copy of Franchisor's Operations Manual, which could include audiotapes, videotapes, photographs, compact disks, computer software, other electronic media, and/or written materials. The Operations Manual contains mandatory and suggested specifications, standards, operating procedures, and rules ("System Standards") that Franchisor periodically prescribes for operating a FocalPoint Franchised Business and information on Franchisee's other obligations under this Agreement. Franchisor may modify the Operations Manual periodically to reflect changes in System Standards. For purposes of this Agreement, all written instructions or communications Franchisor or Franchisor's affiliates provide to all, or a substantial number of, FocalPoint Franchised Business franchise owners concerning aspects or modifications to the Franchise System shall be deemed part of the Operations Manual.

Franchisee agrees to keep Franchisee's copy of the Operations Manual current and in a secure location at the Office. If there is a dispute over its contents, Franchisor's master copy of the Operations Manual controls. Franchisee agrees that the Operations Manual's contents are confidential and that Franchisee will not disclose the Operations Manual to any person other than Franchised Business employees who need to know its contents. Franchisee may not at any time copy, duplicate, record, or otherwise reproduce any part of the Operations Manual. ~~If Franchisee's copy of the Operations Manual is lost, destroyed, or significantly damaged, Franchisee agrees to obtain a replacement copy at Franchisor's then applicable charge.~~

At Franchisor's option, Franchisor may post some or all of the Operations Manual on a restricted Website or extranet to which Franchisee will have access. (For purposes of this Agreement, "Website" means an interactive electronic document contained in a network of computers linked by communications software, including, without limitation, the Internet and World Wide Web home pages). If Franchisor does so, Franchisee agrees to monitor and access the Website or extranet for any updates to the Operations Manual or System Standards. Any passwords or other digital identifications necessary to access the Operations Manual on a

Website or extranet will be deemed to be part of Confidential Information (defined in Section 6 below).

5. **MARKS.**

A. **OWNERSHIP AND GOODWILL OF MARKS.**

FocalPoint International, Inc., a Delaware corporation ("FocalPoint International") has licensed the Marks to Franchisor to use in connection with the franchising, development, and operation of FocalPoint Franchised Businesses. Franchisee's right to use the Marks is derived only from this Agreement and limited to Franchisee's operation of the Franchised Business according to this Agreement and all System Standards Franchisor prescribes during its term. Franchisee's unauthorized use of the Marks is a breach of this Agreement and infringes Franchisor's and FocalPoint International's rights in the Marks. Franchisee acknowledges and agrees that Franchisee's use of the Marks and any goodwill established by that use are exclusively for Franchisor's and FocalPoint International's benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon Franchisee (other than the right to operate the Franchised Business under this Agreement). All provisions of this Agreement relating to the Marks apply to any additional proprietary trade and service marks Franchisor authorizes Franchisee to use. Franchisee may not at any time during or after this Agreement's term or any renewal term contest or assist any other person in contesting the validity, or Franchisor's and FocalPoint International's ownership, of the Marks.

B. **LIMITATIONS ON FRANCHISEE'S USE OF MARKS.**

Franchisee agrees to use the Marks within the Territory as the Franchised Business' sole identification, except that Franchisee agrees to identify itself as its independent owner in the manner Franchisor prescribes. Franchisee may not use any Mark (1) as part of any corporate or legal business name, (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos Franchisor has licensed to Franchisee), (3) in selling any unauthorized services or products, (4) as part of any domain name, homepage, electronic address, or otherwise in connection with a Website, or (5) in any other manner that Franchisor has not expressly authorized in writing.

Franchisee may not use any Mark in advertising the transfer, sale, or other disposition of the Franchised Business or an ownership interest in Franchisee without Franchisor's prior written consent, which Franchisor will not unreasonably withhold. Franchisee agrees to display the Marks prominently as Franchisor prescribes at the Office and on vehicles, forms, advertising, supplies, and other materials Franchisor designates. Franchisee agrees to give the notices of trade and service mark registrations that Franchisor specifies and to obtain any fictitious or assumed name registrations required under applicable law.

C. **NOTIFICATION OF INFRINGEMENTS AND CLAIMS.**

Franchisee agrees to notify Franchisor immediately of any apparent infringement or challenge to Franchisee's use of any Mark, or of any person's claim of any rights in any Mark,

and not to communicate with any person other than Franchisor, Franchisor's attorneys, and Franchisee's attorneys, regarding any infringement, challenge, or claim. Franchisor may take the action Franchisor deems appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office ("USPTO") proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark. Franchisee agrees to sign any documents and take any other reasonable action that, in the opinion of Franchisor's attorneys, are necessary or advisable to protect and maintain Franchisor's interests in any litigation or USPTO or other proceeding or otherwise to protect and maintain Franchisor's interests in the Marks.

D. DISCONTINUANCE OF USE OF MARKS.

If, in Franchisor's sole judgment, it becomes advisable at any time for Franchisor and/or Franchisee to modify or discontinue using any Mark and/or to use one or more additional or substitute trade or service marks, Franchisee agrees to comply with Franchisor's directions within a reasonable time after receiving notice. Franchisor need not reimburse Franchisee for Franchisee's direct expenses of changing the Franchised Business' signs, for any loss of revenue due to any modified or discontinued Mark, any loss of goodwill associated with any modified or discontinued Mark, or for Franchisee's expenses of promoting a modified or substitute trademark or service mark.

Franchisor's rights in this Subsection 5.D apply to any and all of the Marks (and any portion of any Mark) that Franchisor authorizes Franchisee to use in this Agreement. Franchisor may exercise these rights at any time and for any reason, business or otherwise, that Franchisor thinks best. Franchisee acknowledges both Franchisor's right to take this action and Franchisee's obligation to comply with Franchisor's directions.

6. CONFIDENTIAL INFORMATION.

Franchisor possesses (and will continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable law (the "Confidential Information"), relating to developing and operating FocalPoint Franchised Businesses, including (without limitation):

- (1) site selection criteria;
- (2) training and operations materials and manuals;
- (3) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating FocalPoint Franchised Businesses;
- (4) marketing, promotional and advertising research and programs for FocalPoint Franchised Businesses;

(5) knowledge of specifications for and suppliers of Operating Assets, Proprietary Products, and other products and supplies, including supplier pricing and related terms;

(6) any computer software or similar technology which is proprietary to Franchisor or the Franchise System, including, without limitation, digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology;

(7) knowledge of the operating results and financial performance of FocalPoint Franchised Businesses other than the Franchised Business;

(8) graphic designs and related intellectual property;

(9) client solicitation, communication and retention programs, along with data and information used or generated in connection with those programs;

(10) all data and other information generated by, or used in, the operation of the Franchised Business, including client names, addresses, phone numbers and other information supplied by any client, and any other information contained at any time and from time to time in the Computer System or that visitors to the Franchised Business (including Franchisee and Franchisee's personnel) provide to the Website for the network of FocalPoint Franchised Businesses;

(11) future business plans relating to FocalPoint Franchised Businesses and the FocalPoint franchise opportunity, including expansion and development plans; and

(12) any other information that Franchisor reasonably designates as confidential or proprietary.

Franchisee acknowledges and agrees that Franchisee will not acquire any interest in Confidential Information, other than the right to use it as Franchisor specifies in operating the Franchised Business during this Agreement's term, and that Confidential Information is proprietary, includes Franchisor's trade secrets, and is disclosed to Franchisee only on the condition that Franchisee agrees, and Franchisee in fact does agree, that Franchisee:

(a) will not use Confidential Information in any other business or capacity;

(b) will keep each item deemed to be part of Confidential Information absolutely confidential, both during this Agreement's term and then thereafter for as long as the item is not generally known in the business training and consulting industry;

(c) will not sell, trade or otherwise profit in any way from the Confidential Information (including by selling or assigning any client names,

addresses, phone numbers, e-mail contact information, or related data), unless Franchisor otherwise authorizes or approves in Franchisor's sole judgment;

(d) will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form; and

(e) will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restricting its disclosure to Franchised Business personnel and other need-to-know personnel and using non-disclosure and non-competition agreements with those having access to Confidential Information. Franchisor has the right to regulate the form of agreements that Franchisee uses and to be a third party beneficiary of those agreements with independent enforcement rights.

Confidential Information does not include information, knowledge, or know-how which Franchisee can demonstrate lawfully came to Franchisee's attention before Franchisor provided it to Franchisee directly or indirectly; which, at the time Franchisor disclosed it to Franchisee, already had lawfully become generally known in the business training and consulting industry through publication or communication by others (without violating an obligation to Franchisor); or which, after Franchisor discloses it to Franchisee, lawfully becomes generally known in the business training and consulting industry through publication or communication by others (without violating an obligation to Franchisor). However, if Franchisor includes any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that one of the exclusions provided in this paragraph is fulfilled.

All ideas, concepts, techniques, or materials relating to a FocalPoint Franchised Business, whether or not protectable intellectual property and whether created by or for Franchisee or Franchisee's owners or employees, must be promptly disclosed to Franchisor and will be deemed to be Franchisor's sole and exclusive property, part of the Franchise System, and works made-for-hire for Franchisor. To the extent that any item does not qualify as a "work made-for-hire" for Franchisor, by this paragraph Franchisee assigns ownership of that item, and all related rights to that item, to Franchisor, hereby waives all moral rights in that item, and hereby agrees to take whatever action Franchisor requests to evidence Franchisor's ownership or to help Franchisor obtain intellectual property rights in the item (including signing assignment or other documents, and causing Franchisee's owners, employees and contractors to do the same). Franchisee may not use any such idea, concept, technique or material in connection with the Franchised Business without Franchisor's prior approval.

7. EXCLUSIVE RELATIONSHIP.

Franchisee acknowledges that Franchisor has granted Franchisee the Franchise in consideration of and reliance upon Franchisee's agreement to deal exclusively with Franchisor. Franchisee therefore agrees that, during this Agreement's term and any renewal term, and unless Franchisor provides prior written consent in its sole discretion, neither Franchisee, any of Franchisee's owners, nor any of Franchisee's or Franchisee's owners' spouses will:

(a) have any direct or indirect controlling or non-controlling interest as an owner – whether of record, beneficially, or otherwise – in a Competitive Business, wherever located or operating (except that equity ownership of less than two percent (2%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subparagraph);

(b) perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business, wherever located or operating;

(c) divert or attempt to divert any actual or potential business or client of the Franchised Business or any FocalPoint Franchised Business to a Competitive Business; or

(d) engage in any other activity which, in Franchisor's sole opinion, might injure the goodwill of the Marks or Franchise System.

The term "Competitive Business" means (i) any business which derives more than twenty percent (20%) of its revenue from selling business training or business consulting services and/or selling products similar to the Proprietary Products or (ii) any business granting franchises or licenses to others to operate the type of business specified in subparagraph (i) (other than a FocalPoint Franchised Business operated under a franchise agreement with Franchisor).

Franchisee agrees to obtain similar covenants from the personnel Franchisor specifies, including officers, directors, managers, Associates and other employees attending Franchisor's training program or having access to Confidential Information. Franchisor has the right to regulate the form of agreement that Franchisee uses and to be a third party beneficiary of that agreement with independent enforcement rights.

Franchisee agrees to have all of the following persons sign, and Franchisee will submit to Franchisor an executed copy of, Franchisor's then current form of Nondisclosure and Non-Competition Agreement (a current form of which is set forth in **Exhibit C**) from all of the following persons: (i) the Business Manager and any supervisory or other employees and Associates who have received or will receive training from Franchisor, prior to their employment; (ii) if Franchisee is an Entity, all Franchisee's officers, directors, shareholders, partners, members and owners, and those of any Entity directly or indirectly controlling Franchisee, concurrent with the execution of this Agreement, or at such time as they assume such status; and (iii) all of the persons enumerated in this Section 7 and Subsection 15.D below. Franchisee agrees to provide Franchisor copies of all executed Nondisclosure and Non-Competition Agreements no later than ten (10) days following their execution.

8. SYSTEM STANDARDS.

A. APPROVED PRODUCTS AND SERVICES, DISTRIBUTORS AND SUPPLIERS.

In order to protect Franchisor's interest in the Services and Proprietary Products and to ensure the quality, uniformity, and distinctiveness of the Services and Proprietary Products, Franchisee shall offer, provide and sell through the Franchised Business only such Services and Proprietary Products as have been expressly approved in writing by Franchisor. Franchisee shall provide the Services using only the Marks and the Franchise System, and applying and selling only the Proprietary Products, to the extent such Proprietary Products continue to be available to Franchisee from Franchisor or its designated supplier, and such other equipment and products which may from time to time be expressly in writing approved by Franchisor for use and/or sale. Franchisee acknowledges that (i) the Services for business training and consulting offered and sold under the Franchise System are created from proprietary methods and procedures developed and owned by Franchisor, (ii) any required Proprietary Products or equipment for the Franchised Business are produced or manufactured using Marks and designs developed and owned by Franchisor, and (iii) Franchisee has entered into this Agreement in order to obtain the right to provide such Services offered under the Franchise System using Proprietary Products.

Franchisor has developed or may develop standards and specifications for types, models and brands of required Operating Assets, Proprietary Products and other products, materials and supplies. Franchisor reserves the right at any time and from time to time to approve specifications or suppliers and distributors of the above products or other products and services that meet Franchisor's reasonable standards and requirements. If Franchisor does so, Franchisee agrees to purchase only such products and services meeting those specifications, and if Franchisor requires it, only from distributors and other suppliers Franchisor has approved, including or limited to Franchisor or Franchisor's affiliates.

Franchisor may limit the number of approved distributors or suppliers (collectively "suppliers") with whom Franchisee may deal, designate sources that Franchisee must use, and/or refuse any of Franchisee's requests for any reason, including that Franchisor has already designated an exclusive source (which might be Franchisor or Franchisor's affiliate) for a particular item or service. Currently, Franchisee must purchase the Proprietary Products from Franchisor or a designated third party supplier.

Franchisor and Franchisor's affiliates may mark up and profit on the sale of goods and services to Franchisee and/or receive payments, rebates, or other material consideration from suppliers on account of such suppliers' dealings with Franchisee and other franchise owners, and may keep or use any amounts so received without restriction and for any purpose Franchisor and Franchisor's affiliates deem appropriate. Franchisor may concentrate purchases with one or more suppliers or distributors to obtain lower prices or the best advertising support or services. Approval of a supplier or distributor may be conditioned on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service, including prompt attention to complaints, or other criteria and may be temporary, pending Franchisor's continued evaluation of the supplier or distributor at any time and from time to time.

If Franchisee would like to purchase any items from any unapproved supplier or distributor, Franchisee must submit to Franchisor a written request for approval of the proposed supplier or distributor. (Alternatively, the proposed supplier or distributor may submit its own

request.) Franchisor has the right to inspect the proposed supplier's or distributor's facilities, and to require product samples from the proposed supplier or distributor to be delivered at Franchisor's option either directly to Franchisor or to any independent, certified laboratory which Franchisor designates for testing. Either Franchisee or the proposed supplier or distributor must pay Franchisor a fee (not to exceed the reasonable cost of the inspection and the actual cost of the test) to make the evaluation. Franchisor has no obligation to approve any new supplier, product or service Franchisee proposes. Franchisor reserves the right to periodically re-inspect the facilities and products of any approved supplier or distributor and to revoke Franchisor's approval if the supplier or distributor does not continue to meet any of Franchisor's criteria. Franchisor also reserves the right to charge manufacturers or suppliers a royalty for the right to manufacture products for use in a FocalPoint Franchised Business.

B. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES.

Franchisee must secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Business and must operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations, including, without limitation, government regulations relating to occupational hazards, health, worker's compensation and unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales and service taxes.

All advertising and promotion by Franchisee must be completely factual and must conform to the highest standards of ethical advertising. The Franchised Business must in all dealings with its clients, suppliers, Franchisor and the public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee agrees to refrain from any business or advertising practice which may be injurious to Franchisor's business and the goodwill associated with the Marks and other FocalPoint Franchised Businesses. Franchisee must notify Franchisor in writing within five (5) days of the commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect Franchisee's operation or financial condition or that of the Franchised Business and of any notice of violation of any law, ordinance, or regulation relating to the Franchised Business.

C. CONDUCT OF BUSINESS/ADEQUATE PERSONNEL.

Franchisee shall maintain a competent, conscientious, trained staff, including a fully-trained, full-time manager, which may be Franchisee (or Franchisee's Managing Owner) or a Business Manager who Franchisor approves, with responsibility for direct supervision of the Franchised Business. Franchisee shall take such steps as are necessary to ensure that its Associates and other employees preserve good client relations; render competent, prompt, courteous, and knowledgeable service; and meet such minimum standards as Franchisor may establish from time to time in the Operations Manual or otherwise in writing. Franchisee and its Associates and other employees shall handle all client complaints, refunds, returns, and other adjustments in a manner that will not detract from the name and goodwill of the Marks, the Franchise System or Franchisor.

Franchisee must keep Franchisor informed at all times of the identity of any supervisory employee(s) acting as the Business Manager or other assistant manager(s) of the Franchised Business. Franchisee (or Franchisee's Managing Owner) and/or the Business Manager must devote full time and efforts to the management and supervision of the Franchised Business. If Franchisee (or Franchisee's Managing Owner) owns more than one FocalPoint Franchised Business, each FocalPoint Franchised Business must be under the direct supervision of a business manager Franchisor has approved and who has completed Franchisor's training programs. Franchisee (or Franchisee's Managing Owner) is solely responsible for all employment decisions for the Franchised Business, including hiring, firing, remuneration, personnel policies, training, benefits, and maintaining supervision and discipline, regardless of whether Franchisee received advice from Franchisor on any of these subjects.

D. INSURANCE.

Within thirty (30) days after the Effective Date and during the term of this Agreement Franchisee must maintain in force at Franchisee's sole expense comprehensive public liability, general liability, product liability and motor vehicle liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in connection with the Franchised Business' operation, all containing the minimum liability coverage Franchisor prescribes from time to time. Franchisor may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages (including reasonable excess liability insurance and employment practices liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. Required coverage shall include insurers' waiver of subrogation against Franchisor and Franchisee shall waive rights of recovery against Franchisor.

These insurance policies must name Franchisor, any affiliates Franchisor designates and the Indemnified Parties (as identified in Subsection 16.D below) as additional named insureds for claims arising from the Franchised Business' operation and provide for thirty (30) days' prior written notice to Franchisor of a policy's material modification, cancellation or expiration. These insurance policies must be primary to and without right of contribution from any other insurance policy purchased by Franchisor or any other Indemnified Party; must not limit or reduce coverage for Franchisee if there is a claim by Franchisor or any one or more of the other Indemnified Parties; and must extend to and provide indemnity for all of Franchisee's indemnification obligations to Franchisor and the other Indemnified Parties under this Agreement. Franchisee agrees not to reduce the policy limits, restrict coverage, cancel or otherwise alter or amend Franchisee's insurance policies without Franchisor's prior written consent. If there is a claim by Franchisor or any one or more of the other Indemnified Parties against Franchisee, Franchisee must, upon Franchisor's request, assign to Franchisor all rights which Franchisee then has or thereafter may have with respect to the claim against the insurer(s) providing the coverages described above.

Franchisee must provide Franchisor with copies of Franchisee's Certificates of Insurance or other evidence Franchisor requires evidencing the required coverages no later than ten (10) days before Franchisee commences operation of the Franchised Business. Franchisee must

furnish Franchisor, on an annual basis, copies of Franchisee's Certificates of Insurance or other evidence Franchisor requires of Franchisee's maintaining this insurance coverage and paying premiums. Franchisee must furnish Franchisor the original policies evidencing all such insurance coverages within five (5) days of Franchisor's written request. Franchisee agrees to renew all policies and documents, and to furnish Franchisor copies of renewal Certificates of Insurance or other evidence Franchisor requires of Franchisee maintaining this insurance coverage and paying premiums prior to the expiration date of the policy.

If Franchisee fails or refuses to obtain and maintain the insurance Franchisor specifies, in addition to Franchisor's other remedies, Franchisor may (but need not) obtain such insurance for Franchisee and the Franchised Business on Franchisee's behalf, in which event Franchisee shall cooperate with Franchisor and reimburse Franchisor for all premiums, costs and expenses Franchisor incurs in obtaining and maintaining the insurance, plus a reasonable fee for Franchisor's time incurred in obtaining such insurance. If Franchisor obtains such insurance for Franchisee and the Franchised Business on Franchisee's behalf, Franchisee must furnish all information necessary to obtain and maintain such insurance within five (5) days of Franchisor's request.

E. PRICING.

Franchisor reserves the right, to the fullest extent allowed by applicable law, to establish maximum, minimum, or other pricing requirements with respect to the prices Franchisee may charge for products and services. These rights may include (without limitation) prescribing the maximum and/or minimum retail prices which Franchisee may charge clients for the products and/or Services offered by the Franchised Business; recommending retail prices; advertising specific retail prices for some or all products or Services sold by the Franchised Business; to engage in marketing, promotional and related campaigns which Franchisee must participate in and which may directly or indirectly impact Franchisee's retail prices; and, otherwise mandating, directly or indirectly, the maximum and/or minimum retail prices which the Franchised Business may charge the public for the products and Services it offers. Franchisor may engage in any such activity either periodically or throughout the term of this Agreement. Further, Franchisor may engage in such activity only in certain geographic areas (cities, states, regions) and not others, or with regard to certain subsets of franchisees and not others. Franchisee acknowledges that the prices Franchisor prescribes or suggests may or may not optimize the revenues or profitability of the Franchised Business and Franchisee irrevocably waives any and all claims arising from the establishment or suggestion of the Franchised Business' retail prices.

F. COMPLIANCE WITH SYSTEM STANDARDS.

Franchisee acknowledges and agrees that operating and maintaining the Franchised Business according to System Standards are essential to preserve the goodwill of the Marks and all FocalPoint Franchised Businesses. Therefore, Franchisee agrees at all times to operate and maintain the Franchised Business according to all of Franchisor's System Standards, as Franchisor periodically modifies and supplements them, even if Franchisee believes that a System Standard, as originally issued or subsequently modified, is not in the Franchise System's or the Franchised Business' best interests. Although Franchisor retains the right to establish and

periodically modify System Standards that Franchisee has agreed to maintain, Franchisee retains the right to and responsibility for the day-to-day management and operation of the Franchised Business and implementing and maintaining System Standards at the Franchised Business.

As examples, and without limitation, System Standards may regulate any one or more of the following, in addition to the items described in Subsections 8.A through 8.F above:

- (1) procedures, methods, and techniques for Services;
- (2) purchasing and inventory requirements for Proprietary Products and other products and supplies so that the Franchised Business may operate at full capacity;
- (3) terms and conditions of the sale and delivery of, and terms and methods of payment for, Proprietary Products, other products, and services that Franchisee obtains from Franchisor and affiliated and unaffiliated suppliers; and Franchisor's and Franchisor's affiliates' right not to sell Franchisee any Proprietary Products, or other products or to provide Franchisee with services, or to do so only on a "cash-on-delivery" or other basis, if Franchisee is in default under any agreement with Franchisor;
- (4) sales, marketing, advertising, promotional and loyalty programs and materials and media, including social media Websites, used in these programs ("social media" includes personal blogs, common social networks like Facebook, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools);
- (5) use and display of the Marks at the Office and on vehicles, forms, paper and plastic products, and other supplies;
- (6) issuing and honoring gift certificates;
- (7) staffing levels for the Franchised Business; identifying the Franchised Business' personnel; and employee qualifications, training, dress, and appearance (although Franchisee has sole responsibility and authority concerning employee selection and promotion, hours worked, rates of pay and other benefits, work assigned, and working conditions);
- (8) days and hours of operation;
- (9) participation in market research and testing and product and service development programs and preparation of reports and other relevant information Franchisor may request regarding the market research, as well as participation in, and dues assessed for, advisory councils;
- (10) accepting credit and debit cards, other payment systems, and check verification services;

(11) bookkeeping, accounting, data processing, and recordkeeping systems and forms; formats, content, and frequency of reports to Franchisor of sales, revenue, financial performance, and condition; and giving Franchisor copies of tax returns and other operating and financial information concerning the Franchised Business;

(12) use of social media in connection with the Franchised Business' operation or otherwise referencing the Franchise System; and

(13) any other aspects of operating and maintaining the Franchised Business that Franchisor determines to be useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and FocalPoint Franchised Businesses.

Franchisee agrees that System Standards Franchisor prescribes in the Operations Manual, or otherwise communicates to Franchisee in writing or another tangible form (for example, via Franchise System extranet or Website), are part of this Agreement as if fully set forth within its text. All references to this Agreement include all System Standards as periodically modified.

G. MODIFICATION OF SYSTEM STANDARDS.

Franchisor periodically may modify System Standards, which may accommodate regional or local variations, and these modifications may obligate Franchisee to invest additional capital in the Franchised Business and/or incur higher operating costs. Franchisee agrees to implement any changes in System Standards within the time period Franchisor requests, whether they involve buying new Proprietary Products or Operating Assets, adding new Services, or otherwise modifying the nature of Franchisee's operations, as if they were part of this Agreement as of the Effective Date.

9. MARKETING.

A. ADVERTISING AND DEVELOPMENT FUND.

Recognizing the value of advertising and marketing to the goodwill and public image of FocalPoint Franchised Businesses and the Franchise System, Franchisor may establish an Advertising and Development Fund (the "Fund") for the advertising, marketing, and public relations programs and materials Franchisor deems appropriate. Franchisee agrees to contribute to the Fund the amounts that Franchisor prescribes from time to time, not to exceed One Hundred and Fifty Dollars (\$150) per month, plus an additional One Hundred and Fifty Dollars (\$150) per month for each Associate Franchisee retains or hires, payable on or before the fifteenth (15th) day of each month.

Franchisor has the right to collect for deposit into the Fund any advertising, marketing, or similar allowances paid to Franchisor by suppliers who deal with FocalPoint Franchised Businesses and with whom Franchisor has agreed that Franchisor will so deposit these allowances. (These payments are different from those which are not designated by suppliers to be used exclusively for advertising or similar purposes and which Franchisor and Franchisor's

affiliates therefore may use for any purposes Franchisor and they deem appropriate, as provided in Subsection 8.B above.)

Franchisor may designate a separate entity as Franchisor deems appropriate in its sole discretion to operate and administer the Fund. Any such entity will have all of the rights and duties as specified in this Section. Franchisor will direct all programs that the Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The Fund may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining an electronic commerce Website and/or related strategies; administering regional and multi regional marketing and advertising programs, including, without limitation, purchasing trade journal, direct mail, and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public relations, market research, and other advertising, promotion, and marketing activities.

The Fund periodically may give Franchisee samples of advertising, marketing, and promotional formats and materials at no cost. Franchisor will sell Franchisee multiple copies of these materials at Franchisor's direct cost of producing them, plus any related shipping, handling, and storage charges.

Franchisor will account for the Fund separately from Franchisor's other funds and not use the Fund for any of Franchisor's general operating expenses. However, Franchisor may use the Fund to pay the reasonable salaries and benefits of personnel who manage and administer the Fund, the Fund's other administrative costs, travel expenses of personnel while they are on Fund business, meeting costs, overhead relating to Fund business, and other expenses that Franchisor incurs in activities reasonably related to administering or directing the Fund and its programs, including, without limitation, conducting market research, public relations, preparing advertising, promotion, and marketing materials, and collecting and accounting for Fund contributions.

The Fund will not be Franchisor's asset. Although the Fund is not a trust, Franchisor will hold all Fund contributions for the benefit of the contributors and use contributions only for the purposes described in this Subsection 9.A. Franchisor does not owe any fiduciary obligation to Franchisee for administering the Fund or any other reason. The Fund may spend in any fiscal year more or less than the total Fund contributions in that year, borrow from Franchisor or others (paying reasonable interest) to cover deficits, pay back outstanding principal amounts borrowed in prior years from Franchisor or third parties, or invest any surplus for future use. Franchisor will use all interest earned on Fund contributions to pay costs before using the Fund's other assets.

Franchisor will prepare an annual unaudited statement of Fund collections and expenses and give Franchisee the statement upon written request. Franchisor reserves the right, in Franchisor's sole judgment, to have the Fund audited annually, at the Fund's expense, by an independent certified public accountant. Franchisor may incorporate the Fund or operate it

through a separate entity whenever Franchisor deems appropriate. The successor entity will have all of the rights and duties specified in this Subsection 9.A.

Franchisor intends the Fund to maximize recognition of the Marks and patronage of FocalPoint Franchised Businesses. Although Franchisor will try to use the Fund to develop advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all FocalPoint Franchised Businesses, Franchisor need not ensure that Fund expenditures in or affecting any geographic area are proportionate or equivalent to Fund contributions by FocalPoint Franchised Businesses operating in that geographic area or that any FocalPoint Franchised Business benefits directly or in proportion to its Fund contribution from the development of advertising and marketing materials or the placement of advertising and marketing.

Franchisor has the right, but no obligation, to use collection agents and institute legal proceedings to collect Fund contributions at the Fund's expense. Franchisor also may forgive, waive, settle, and compromise all claims by or against the Fund. Except as expressly provided in this Subsection 9.A, Franchisor assumes no direct or indirect liability or obligation to Franchisee for collecting amounts due to, maintaining, directing, or administering the Fund.

Franchisor may at any time defer or reduce contributions of a FocalPoint Franchised Business franchise owner and, upon thirty (30) days' prior written notice to Franchisee, reduce or suspend Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Fund. If Franchisor terminates the Fund, Franchisor will distribute all unspent monies to Franchisor's franchise owners, and to Franchisor and Franchisor's affiliates, in proportion to their, and Franchisor's, respective Fund contributions during the preceding twelve (12) month period.

B. BY FRANCHISEE.

Franchisee's local advertising and promotion must follow Franchisor's guidelines. All advertising and promotional materials that Franchisee develops for the Franchised Business must contain notices of Franchisor's Website's domain name in the manner Franchisor designates. Franchisee may not develop, maintain, or authorize any Website that mentions or describes Franchisee or the Franchised Business or displays any of the Marks without Franchisor's prior written approval. Franchisee agrees that any advertising, promotion, marketing and public relations Franchisee conducts will be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that Franchisor prescribes at any time and from time to time.

Before Franchisee uses them, Franchisee agrees to send Franchisor or Franchisor's designated agency for approval samples of all advertising, promotional, and marketing materials which Franchisor has not prepared or previously disapproved including, but not limited to, press releases and interviews for publication in any media. If Franchisee does not receive written disapproval within five (5) days after Franchisor or Franchisor's designated agency receives the materials, they are deemed to be approved. Franchisee may not use any advertising,

promotional, or marketing materials that Franchisor has not approved or that Franchisor has disapproved.

10. **RECORDS, REPORTS, AND FINANCIAL STATEMENTS.**

Franchisee agrees to establish and maintain at Franchisee's own expense a bookkeeping, accounting, and recordkeeping system conforming to the requirements and formats Franchisor prescribes at any time and from time to time. Franchisor may require Franchisee to use a Computer System to maintain certain sales data and other information and to report such information to Franchisor via a Website or other means. Franchisee agrees to give Franchisor in the manner and format that Franchisor prescribes at any time and from time to time:

(a) on or before the seventh (7th) day of each month, a report on the Franchised Business' Gross Sales during the month ending on the preceding calendar month;

(b) within fifteen (15) days after the end of each calendar quarter, the operating statements, financial statements, statistical reports, purchase records, and other information Franchisor requests regarding Franchisee and the Franchised Business covering the previous calendar quarter and the fiscal year to date;

(c) within one hundred and twenty (120) days after the end of each fiscal year of the Franchised Business, annual profit and loss and source and use of funds statements and a balance sheet for the Franchised Business as of the end of the prior calendar year;

(d) within ten (10) days after Franchisor's request, exact copies of federal and state income tax returns, sales tax returns, and any other forms, records, books, and other information Franchisor periodically requires relating to the Franchised Business and the Franchise.

Franchisee agrees to verify and sign each report and financial statement in the manner Franchisor prescribes. Franchisor may disclose data derived from these reports, although Franchisor will not without Franchisee's consent (unless required by law) disclose Franchisee's identity in any materials that Franchisor circulates publicly. Moreover, Franchisor may, as often as Franchisor deems appropriate (including on a daily basis), access the Computer System and retrieve all information relating to the Franchised Business' operation.

Franchisee agrees to preserve and maintain all records in a secure location at the Office for at least seven (7) years (including, but not limited to, sales checks, purchase orders, invoices, payroll records, client lists, check stubs, sales tax records and returns, cash receipts and disbursement journals, and general ledgers). Franchisor may require Franchisee to have audited financial statements prepared annually during this Agreement's term.

If Franchisee fails to submit any reports as required by this Section, Franchisor may charge Franchisee a fee of Seventy-Five Dollars (\$75) to compensate Franchisor for Franchisor's

additional administrative expenses. Franchisor may increase this fee at any time with prior written notice to Franchisee.

11. INSPECTIONS AND AUDITS.

A. FRANCHISOR'S RIGHT TO INSPECT THE OFFICE AND FRANCHISED BUSINESS.

To determine whether Franchisee and the Franchised Business are complying with this Agreement and all System Standards, Franchisor and its designated agents or representatives may at all times and without prior notice to Franchisee, (1) inspect the Office; (2) photograph, observe and videotape the Office and the Franchised Business' operation for consecutive or intermittent periods Franchisor deems necessary; (3) remove samples of any products and supplies; (4) interview the Franchised Business' personnel and clients; and (5) inspect and copy any books, records, and documents relating to the Franchised Business' operation. Franchisee agrees to cooperate with Franchisor fully. If Franchisor exercises any of these rights, Franchisor will not interfere unreasonably with the Franchised Business' operation, and if Franchisee's Office is located in a residence, Franchisor will only conduct an inspection if Franchisee hosts clients at the Office'. Franchisee acknowledges that any evaluation or inspection that Franchisor or Franchisor's designated agents or representatives conduct is conducted in order to protect Franchisor's interests in the Franchise System and Marks and is not intended to exercise, and does not constitute, in whole or in part, control over the day-to-day operation of the Franchised Business and Franchisee agrees to never contend otherwise.

B. FRANCHISOR'S RIGHT TO AUDIT.

Franchisor may at any time during Franchisee's business hours, and without prior notice to Franchisee, examine Franchisee's (if Franchisee is an Entity) and the Franchised Business' business, bookkeeping, and accounting records, sales and income tax records and returns, and other records. Franchisee agrees to cooperate fully with Franchisor's representatives and independent accountants in any examination. If any examination discloses an understatement of any amounts owed to Franchisor hereunder Franchisee agrees to pay Franchisor, within fifteen (15) days after receiving the examination report, the amount of the understatement, plus Franchisor's service charges and interest on the understated amounts from the date originally due until the date of payment. Furthermore, if an examination is necessary due to Franchisee's failure to furnish reports, supporting records, or other information as required, or to furnish these items on a timely basis, Franchisee agrees to reimburse Franchisor for the costs of the examination, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of Franchisor's employees. These remedies are in addition to Franchisor's other remedies and rights under this Agreement and applicable law.

12. TRANSFER.

A. BY FRANCHISOR.

Franchisee acknowledges that Franchisor maintains a staff to manage and operate the Franchise System and that staff members can change as employees come and go. Franchisee represents that Franchisee has not signed this Agreement in reliance on any particular shareholder, director, officer, or employee remaining with Franchisor in that capacity. Franchisor may change Franchisor's ownership or form and/or assign this Agreement or any interest therein and any other agreement to a third party without restriction or notice to Franchisee. After Franchisor's assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, Franchisor no longer will have any performance or other obligations under this Agreement.

B. BY FRANCHISEE.

Franchisee understands and acknowledges that the rights and duties this Agreement creates are personal to Franchisee (or, if Franchisee is an Entity, to Franchisee's owners) and that Franchisor has granted Franchisee the Franchise in reliance upon Franchisor's perceptions of Franchisee's (or Franchisee's owners') individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, none of the following may be transferred without Franchisor's prior written approval: (i) this Agreement (or any interest in this Agreement); (ii) the Franchised Business (or any right to receive all or a portion of the Franchised Business' profits or losses or capital appreciation related to the Franchised Business); (iii) all or substantially all of the assets of the Franchised Business; (iv) any ownership interest in Franchisee (regardless of its size); or (v) any ownership interest in any of Franchisee's owners (if such owners are legal entities). A transfer of the Franchised Business' ownership, possession, or control, or substantially all of its assets, may be made only with a transfer of this Agreement. Any transfer without Franchisor's approval is a breach of this Agreement and has no effect.

In this Agreement, the term "transfer" includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition. An assignment, sale, gift, or other disposition includes the following events:

- (a) transfer of ownership of capital stock, a partnership or membership interest, or another form of ownership interest;
- (b) merger or consolidation or issuance of additional securities or other forms of ownership interest;
- (c) any sale of a security convertible to an ownership interest;
- (d) transfer of an interest in Franchisee, this Agreement, the Franchised Business or all or substantially all of its assets, or Franchisee's owners in a divorce, insolvency, or entity dissolution proceeding or otherwise by operation of law;

(e) if Franchisee, one of Franchisee's owners, or an owner of one of Franchisee's owners dies, a transfer of an interest in Franchisee, this Agreement, the Franchised Business or substantially all of its assets, or Franchisee's owner by will, declaration of or transfer in trust, or under the laws of intestate succession; or

(f) pledge of this Agreement (to someone other than Franchisor) or of an ownership interest in Franchisee or Franchisee's owners as security, foreclosure upon the Franchised Business, or Franchisee's transfer, surrender, or loss of the Office's possession, control, or Franchised Business' management. Franchisee may grant a security interest (including a purchase money security interest) in the Franchised Business' assets (not including this Agreement) to a lender that finances Franchisee's acquisition, development, and/or operation of the Franchised Business without having to obtain Franchisor's prior written approval as long as Franchisee gives Franchisor ten (10) days' prior written notice.

C. CONDITIONS FOR APPROVAL OF TRANSFER.

If Franchisee (and Franchisee's owners) is fully complying with this Agreement, then, subject to the other provisions of this Section 12, Franchisor will approve a transfer that meets all of the requirements in this Subsection 12.C.

If Franchisee is an entity, Franchisee's owners may transfer a non-controlling ownership interest in Franchisee or Franchisee's owners (determined as of the date on which the proposed transfer will occur) if: (1) the proposed transferee and its direct and indirect owners (if the transferee is an Entity) are of good character and otherwise meet Franchisor's then applicable standards for FocalPoint Franchised Business franchise owners (including no ownership interest in or performance of services for a Competitive Business, unless Franchisor provides prior written consent in its sole discretion); and (2) Franchisee gives Franchisor prior written notice of the transfer.

For any other proposed transfer (including a transfer of this Agreement, a transfer of a controlling ownership interest in Franchisee or one of Franchisee's owners, or a transfer which is one of a series of transfers (regardless of the time period over which these transfers take place) which in the aggregate transfer this Agreement or a controlling ownership interest in Franchisee or one of Franchisee's owners) all of the following conditions must be met before or concurrently with the effective date of the transfer:

(1) the transferee has sufficient business experience, aptitude, and financial resources to operate the Franchised Business;

(2) Franchisee has paid all Royalties, Fund contributions, and other amounts owed to Franchisor, Franchisor's affiliates, and third party vendors; has submitted all required reports and statements; and has not violated any provision of this Agreement or any other agreement with Franchisor during both the sixty (60) day period before

Franchisee requested Franchisor's consent to the transfer and the period between Franchisee's request and the effective date of the transfer;

(3) neither the transferee nor its owners (if the transferee is an Entity) or affiliates have an ownership interest (direct or indirect) in or perform services for a Competitive Business (unless Franchisor provides prior written consent in its sole discretion);

(4) the transferee (or its managing owner) satisfactorily completes Franchisor's training program at the transferee's expense, and pays to Franchisor the then current training charge, plus any applicable taxes;

(5) if the Office is in a non-residential location, Franchisee's landlord allows Franchisee to transfer the lease or sublease the premises where the Office is located to the transferee;

(6) the transferee shall (if the transfer is of this Agreement), or Franchisee shall (if the transfer is of a controlling ownership interest in Franchisee or one of Franchisee's owners), sign Franchisor's then current form of franchise agreement and related documents (including, without limitation, Franchisor's then current form of Nondisclosure and Non-Competition Agreement and Franchisor's then current form of Guaranty and Assumption of Obligations, if applicable), any and all of the provisions of which may differ materially from any and all of those contained in this Agreement, including the Royalty and the Fund contributions, provided, however, that the execution of the new franchise agreement will terminate this Agreement (except for Franchisee's guarantees, the post-termination obligations under this Agreement, and all other rights and obligations that survive termination or expiration of this Agreement), and the term of the new franchise agreement signed will equal seven (7) years;

(7) Franchisee or the transferee pays Franchisor a transfer fee equal to the greater of: (i) fifteen percent (15%) of the sales price of the Franchised Business and (ii) Twenty Thousand Dollars (\$20,000);

(8) Franchisee (and Franchisee's transferring owners) sign Franchisor's then-current form of general release of any and all claims against Franchisor and Franchisor's shareholders, officers, directors, members, employees, and agents;

(9) Franchisor has determined that the purchase price and payment terms will not adversely affect the transferee's operation of the Franchised Business;

(10) if Franchisee or Franchisee's owners finance any part of the purchase price, Franchisee and/or Franchisee's owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in the Franchised Business are subordinate to the transferee's obligation to pay Royalties, Fund

contributions, and other amounts due to Franchisor, Franchisor's affiliates, and third party vendors and otherwise to comply with this Agreement;

(11) (a) Franchisee has corrected any existing deficiencies of the Franchised Business (including with respect to the vehicles used by the Franchised Business) of which Franchisor has notified Franchisee on a punchlist or in other communications and/or (b) if the Office is in a non-residential location, the transferee agrees (regardless of cost) to remodel and/or expand the Office, add or replace Services, vehicles used by the Franchised Business, Operating Assets and/or Proprietary Products, and otherwise modify the Franchised Business in accordance with Franchisor's then current requirements and specifications for FocalPoint Franchised Businesses within the time period Franchisor specifies following the effective date of the transfer (Franchisor will advise the transferee before the effective date of the transfer of the specific actions that it must take and the time period within which such actions must be taken);

(12) Franchisee and Franchisee's transferring owners (and Franchisee and Franchisee's owners' spouses) will not, for two (2) years beginning on the transfer's effective date, engage in any of the activities proscribed in Subsection 15.D and Subsection 15.E below; and

(13) Franchisee and Franchisee's transferring owners will not directly or indirectly at any time or in any manner (except with respect to other FocalPoint Franchised Businesses Franchisee owns and operates) identify itself or Franchisee's transferring owners or any business as a current or former FocalPoint Franchised Business or as one of Franchisor's franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of a FocalPoint Franchised Business in any manner or for any purpose; or utilize for any purpose any trade name, trade or service mark, or other commercial symbol that suggests or indicates a connection or association with Franchisor.

Franchisor may review all information regarding the Franchised Business that Franchisee gives the transferee, correct any information that Franchisor believes is inaccurate, and give the transferee copies of any reports that Franchisee has given Franchisor or Franchisor has made regarding the Franchised Business.

D. TRANSFER TO A WHOLLY-OWNED CORPORATION OR LIMITED LIABILITY COMPANY.

Despite Subsection 12.C above, if Franchisee is fully complying with this Agreement, Franchisee may transfer this Agreement to a corporation or limited liability company which conducts no business other than the Franchised Business and, if applicable, other FocalPoint Franchised Businesses, in which Franchisee maintains management control, and of which Franchisee owns and controls one hundred percent (100%) of the equity and voting power of all issued and outstanding ownership interests, provided that all of the Franchised Business' assets are owned, and the Franchised Business' business is conducted, only by that single corporation or limited liability company. The corporation or limited liability company must expressly assume

all of Franchisee's obligations under this Agreement. Transfers of ownership interests in the corporation or limited liability company are subject to the conditions of Subsection 12.C above that otherwise apply to non-controlling transfers. Franchisee agrees to remain personally liable under this Agreement as if the transfer to the corporation or limited liability company did not occur.

E. FRANCHISEE'S DEATH OR DISABILITY.

Upon Franchisee's or Franchisee's Managing Owner's death or disability, Franchisee's or the Managing Owner's executor, administrator, conservator, guardian, or other personal representative must either: (i) transfer Franchisee's interest in this Agreement, or the Managing Owner's ownership interest in Franchisee, to a third party (which may be Franchisee's or the Managing Owner's heirs, beneficiaries, or devisees), or (ii) terminate this Agreement by providing written notice to Franchisor. If Franchisee elects to transfer Franchisee's interest in this Agreement or the Managing Owner's ownership interest in Franchisee, whichever is applicable, then that transfer must be completed within a reasonable time, not to exceed twelve (12) months from the date of death or disability, and is subject to all of the terms and conditions in this Section 12. A failure to transfer Franchisee's interest in this Agreement or the Managing Owner's ownership interest in Franchisee within this time period is a breach of this Agreement.

The term "disability" means a mental or physical disability, impairment, or condition that is reasonably expected to prevent or actually does prevent Franchisee or the Managing Owner from supervising the Franchised Business' management and operation.

F. EFFECT OF CONSENT TO TRANSFER.

Franchisor's consent to a transfer of this Agreement and the Franchised Business, or any interest in Franchisee or Franchisee's owners, is not a representation of the fairness of the terms of any contract between Franchisee and the transferee, a guarantee of the Franchised Business' or transferee's prospects of success, or a waiver of any claims Franchisor has against Franchisee (or Franchisee's owners) or of Franchisor's right to demand the transferee's full compliance with this Agreement.

G. FRANCHISOR'S RIGHT OF FIRST REFUSAL.

If Franchisee (or any of Franchisee's owners) at any time determines to sell or transfer for consideration an interest in this Agreement and the Franchised Business, or an ownership interest in Franchisee (except to or among Franchisee's current owners, which is not subject to this Subsection 12.G), in a transaction that otherwise would be allowed under Subsections 12.B and C above, Franchisee (or Franchisee's owners) agrees to obtain from a responsible and fully disclosed buyer, and send Franchisor, a true and complete copy of a bona fide, executed written offer (which may include a letter of intent) relating exclusively to an interest in Franchisee or in this Agreement and the Franchised Business. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be in a dollar amount,

and the proposed buyer must submit with its offer an earnest money deposit equal to five percent (5%) or more of the offering price.

The right of first refusal process will not be triggered by a proposed transfer that would not be allowed under Subsections 12.B and C above. Franchisor may require Franchisee (or Franchisee's owners) to send Franchisor copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction.

Franchisor may, by written notice delivered to Franchisee or Franchisee's selling owner(s) within thirty (30) days after Franchisor receives both an exact copy of the offer and all other information Franchisor requests, elect to purchase the interest offered for the price and on the terms and conditions contained in the offer, provided that:

(1) Franchisor may substitute cash for any form of payment proposed in the offer (such as ownership interests in a privately-held entity);

(2) Franchisor's credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes, Franchisor or Franchisor's designee may provide promissory notes with the same terms as those offered by the proposed buyer);

(3) Franchisor will have an additional thirty (30) days to prepare for closing after notifying Franchisee of Franchisor's election to purchase; and

(4) Franchisor must receive, and Franchisee and Franchisee's owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a legal entity, as applicable, including, without limitation, representations and warranties regarding: (a) ownership and condition of and title to ownership interests and/or assets; (b) liens and encumbrances relating to ownership interests and/or assets; and (c) validity of contracts and the liabilities, contingent or otherwise, of the entity whose assets or ownership interests are being purchased.

If Franchisor exercises Franchisor's right of first refusal, Franchisor and Franchisee's selling owner(s) agree that, for two (2) years beginning on the closing date, Franchisee and Franchisee's selling owner(s) will be bound by the non-competition and non-solicitation covenants contained in Subsections 15.D and 15.E below. Franchisor has the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Subsection 12.G.

If Franchisor does not exercise Franchisor's right of first refusal, Franchisee or Franchisee's owners may complete the sale to the proposed buyer on the original offer's terms, but only if Franchisor otherwise approves the transfer in accordance with, and Franchisee (and Franchisee's owners) and the transferee comply with the conditions in, Subsections 12.B and C above. This means that, even if Franchisor does not exercise Franchisor's right of first refusal (whether or not it is properly triggered as provided above), if the proposed transfer otherwise

would not be allowed under Subsections 12.B and C above, Franchisee (or Franchisee's owners) may not move forward with the transfer at all.

If Franchisee does not complete the sale to the proposed buyer within sixty (60) days after Franchisor notifies Franchisee that Franchisor does not intend to exercise Franchisor's right of first refusal, or if there is a material change in the terms of the sale (which Franchisee agrees to tell Franchisor promptly), Franchisor or Franchisor's designee will have an additional right of first refusal during the thirty (30) day period following either the expiration of the sixty (60) day period or Franchisor's receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at Franchisor's or Franchisor's designee's option.

13. **EXPIRATION OF THIS AGREEMENT.**

A. **FRANCHISEE'S RIGHT TO ACQUIRE A SUCCESSOR FRANCHISE.**

If Franchisee meets certain conditions, then Franchisee will have the option to acquire one (1) successor franchise term for seven (7) years. The qualifications and conditions for the successor term are described below.

When this Agreement expires:

(1) if Franchisee (and each of Franchisee's owners) has substantially complied with this Agreement during its term; and

(2) if Franchisee (and each of Franchisee's owners) is, both on the date Franchisee gives Franchisor written notice of Franchisee's election to acquire a successor franchise (as provided in Subsection 13.B below) and on the date on which the term of the successor franchise would commence, in full compliance with this Agreement and all System Standards; and

(3) provided that if the Office is located in a non-residential location, (a) Franchisee maintains possession of and agrees (regardless of cost) to remodel and/or expand the Office, add or replace Services, vehicles used by the Franchised Business, Operating Assets and/or Proprietary Products, and otherwise modify the Franchised Business as Franchisor requires to comply with System Standards then applicable for new FocalPoint Franchised Businesses, or (b) at Franchisee's option, Franchisee secures a substitute office that Franchisee approves and Franchisee develops that office according to System Standards then applicable for FocalPoint Franchised Businesses,

then Franchisee has the option to acquire a successor franchise term of seven (7) years commencing immediately upon the expiration of this Agreement if Franchisee complies with

Franchisor's terms and conditions of renewal under this Agreement. Franchisee agrees to sign the form of franchise agreement Franchisor then uses to grant franchises for FocalPoint Franchised Businesses (modified as necessary to reflect the fact that it is for a successor franchise), which, except for the Territory (which will remain the same), may contain provisions that differ materially from any and all of those contained in this Agreement, including the amount of the Royalty and Fund Contributions. Franchisee shall pay to Franchisor a renewal fee equal to Five Thousand Dollars (\$5,000), plus applicable taxes, for a successor franchise. The renewal fee must accompany Franchisee's written notice of Franchisee's election to acquire a successor franchise as provided in Subsection 13.B below.

If Franchisee (and each of Franchisee's owners) is not, both on the date Franchisee gives Franchisor written notice of Franchisee's election to acquire a successor franchise and on the date on which the term of the successor franchise commences, in full compliance with this Agreement and all System Standards, Franchisee acknowledges that Franchisor need not grant Franchisee a successor franchise, whether or not Franchisor had, or chose to exercise, the right to terminate this Agreement during its term under Subsection 14.B.

B. GRANT OF A SUCCESSOR FRANCHISE.

Franchisee agrees to give Franchisor written notice of Franchisee's election to acquire a successor franchise no more than one hundred eighty (180) days and no less than ninety (90) days before this Agreement expires. Franchisor agrees to give Franchisee written notice of Franchisor's decision ("Franchisor's Notice"):

- (1) to grant Franchisee a successor franchise;
- (2) to grant Franchisee a successor franchise on the condition that Franchisee correct existing deficiencies in Franchisee's operation of the Franchised Business (including with respect to the vehicles used by the Franchised Business); or
- (3) not to grant Franchisee a successor franchise based on Franchisor's determination that Franchisee and Franchisee's owners have not substantially complied with this Agreement during its term or were not in full compliance with this Agreement and all System Standards on the date Franchisee gave Franchisor written notice of Franchisee's election to acquire a successor franchise.

If applicable, Franchisor's Notice will:

- (a) describe the remodeling, expansion, improvements, and/or modifications required to bring the Franchised Business into compliance with then applicable System Standards for new FocalPoint Franchised Businesses; and
- (b) state the actions Franchisee must take to correct operating deficiencies and the time period in which Franchisee must correct these deficiencies.

If Franchisor elects not to grant Franchisee a successor franchise, Franchisor's Notice will describe the reasons for Franchisor's decision. If Franchisor elects to grant Franchisee a successor franchise, Franchisee's right to acquire a successor franchise is subject to Franchisee's full compliance with all of the terms and conditions of this Agreement through the date of its expiration, in addition to Franchisee's compliance with the obligations described in Franchisor's Notice.

If Franchisor's Notice states that Franchisee must cure certain deficiencies of the Franchised Business or its operation as a condition to Franchisor's granting Franchisee a successor franchise, Franchisor will give Franchisee written notice of Franchisor's decision not to grant a successor franchise, based upon Franchisee's failure to cure those deficiencies. If Franchisee fails to notify Franchisor of Franchisee's election to acquire a successor franchise within the prescribed time period, Franchisor need not grant Franchisee a successor franchise.

C. AGREEMENTS/RELEASES.

If Franchisee satisfies all of the other conditions for a successor franchise, Franchisee and Franchisee's owners agree to execute the form of franchise agreement and any ancillary agreements Franchisor then customarily uses in granting franchises for FocalPoint Franchised Businesses (modified as necessary to reflect the fact that it is for a successor franchise), which may contain provisions that differ materially from any and all of those contained in this Agreement. Franchisee and Franchisee's owners further agree to sign Franchisor's then-current form of general release, of any and all claims against Franchisor and Franchisor's shareholders, officers, directors, members, employees, agents, successors, and assigns. Franchisor will consider Franchisee's or Franchisee's owners' failure to sign these agreements and releases and to deliver them to Franchisor for acceptance and execution within ten (10) days after their delivery to Franchisee to be an election by Franchisee not to acquire a successor franchise.

14. TERMINATION OF AGREEMENT.

A. BY FRANCHISEE.

If Franchisee and Franchisee's owners are fully complying with this Agreement and Franchisor materially fails to comply with this Agreement and does not correct the failure within thirty (30) days after Franchisee delivers to Franchisor written notice of the material failure to Franchisor or, if Franchisor cannot correct the failure within thirty (30) days, gives Franchisee within thirty (30) days after Franchisee's notice reasonable evidence of Franchisor's effort to correct the failure within a reasonable time (which may extend beyond that thirty (30) days, Franchisee may terminate this Agreement effective an additional thirty (30) after Franchisee delivers to Franchisor written notice of termination. (The time period during which Franchisor may cure any alleged material failure to comply with this Agreement after Franchisee's delivery of notice is called the "Cure Period.") However, if Franchisor sends Franchisee written notice during the Cure Period indicating that either (1) Franchisor does not agree that Franchisor has materially failed to comply with this Agreement or (2) Franchisor has fully corrected the failure, then Franchisee may not terminate this Agreement. If Franchisee disagrees with Franchisor's

position and still wishes to terminate this Agreement, Franchisee must commence an arbitration proceeding seeking a declaration of Franchisee's right to terminate this Agreement.

This Agreement will remain in full force and effect during the arbitration proceeding (unless Franchisor terminates it under Subsection 14.B below). If the arbitrator determines that Franchisor is materially failing to comply with this Agreement, or that Franchisor did not fully correct a material failure to comply, then Franchisor will have an additional thirty (30) days following the arbitrator's ruling to correct the failure. If Franchisor fails to do so, then Franchisee may terminate this Agreement effective an additional thirty (30) days after Franchisee delivers to Franchisor written notice of termination.

Franchisee's termination of this Agreement other than according to this Subsection 14.A will be deemed a termination without cause and a breach of this Agreement.

B. BY FRANCHISOR.

Franchisor may terminate this Agreement, effective upon delivery of written notice of termination to Franchisee, if:

(1) Franchisee (or any of Franchisee's owners) has made or makes any material misrepresentation or omission in acquiring the Franchise or operating the Franchised Business;

(2) Franchisee does not begin operating the Franchised Business within sixty (60) days after the Effective Date;

(3) Franchisee (or Franchisee's Managing Owner) or Franchisee's Business Manager does not satisfactorily complete the initial training program;

(4) Franchisee abandons or fails actively to operate the Franchised Business for forty-five (45) or more consecutive business days, unless Franchisee closes the Franchised Business for a purpose Franchisor approves or because of casualty or government order;

(5) Franchisee (or Franchisee's owners) makes or attempts to make any transfer in violation of Section 12;

(6) Franchisee (or any of Franchisee's owners) is or has been convicted by a trial court of, or pleads or has pleaded no contest to, a felony, crime or other offense involving moral turpitude or any other crime or offense which Franchisor reasonably believes adversely affects the Franchise System's reputation or the goodwill associated with the Marks;

(7) Franchisee fails to maintain the insurance Franchisor requires and does not correct the failure within ten (10) days after Franchisor delivers written notice of that failure to Franchisee;

(8) Franchisee (or any of Franchisee's owners) engages in any dishonest or unethical conduct which, in Franchisor's opinion, adversely affects the Franchised Business' reputation or the goodwill associated with the Marks;

(9) Franchisee, any of its Owners, representatives, or employees make any illicit statements, including in an email to Franchisor's employees, officers, or directors, or in any social media posts, or any other unlawful, threatening, abusive, libelous, defamatory, obscene, vulgar, pornographic, gambling-related, drug-related, alcohol-related, profane, racist, sexually explicit or indecent comments that in Franchisor's opinion negatively affects Franchisor, its employees, its operations or otherwise affects the Franchised Business' reputation or the goodwill associated with the Marks;

(10) Franchisee makes any representation or warranty on Franchisor's behalf that has not been specifically authorized in writing by Franchisor;

(11) Franchisee loses the right to occupy the Office and fails (a) to begin immediately to look for a substitute site or (b) to locate a substitute site, and to begin operating the Franchised Business from that substitute site, within ninety (90) days;

(12) Franchisee (or any of Franchisee's owners) knowingly makes any unauthorized use or disclosure of any part of the Operations Manual or any other Confidential Information;

(13) Franchisee violates any law, ordinance, or regulation regulating the operation of the Franchised Business, or operates the Franchised Business in an unsafe manner, and does not begin to cure the violation immediately, and correct the violation within seventy-two (72) hours after Franchisee receives notice from Franchisor or any other party;

(14) Franchisee fails to pay Franchisor (or Franchisor's affiliates) any amounts due and does not correct the failure within ten (10) days after Franchisor delivers written notice of that failure to Franchisee;

(15) Franchisee fails to pay when due any amounts owed to clients, FocalPoint Franchised Business franchise owners or third parties;

(16) Franchisee fails to pay when due any federal or state income, service, sales, or other taxes due on the Franchised Business' operation, unless Franchisee is in good faith contesting Franchisee's liability for these taxes;

(17) Franchisee (or any of Franchisee's owners) (a) fails on three (3) or more separate occasions within any twelve (12) consecutive month period to comply with this Agreement or any other agreement between Franchisee (or any of Franchisee's owners or affiliates) and Franchisor (or any of Franchisor's owners or affiliates), whether or not Franchisor notifies Franchisee of the failures, and, if Franchisor does notify Franchisee of

the failures, whether or not Franchisee corrects the failures after Franchisor's delivery of notice to Franchisee; or (b) fails on two (2) or more separate occasions within any six (6) consecutive month period to comply with the same obligation under this Agreement or under any other agreement between Franchisee (or any of Franchisee's owners or affiliates) and Franchisor (or any of Franchisor's owners or affiliates), whether or not Franchisor notifies Franchisee of the failures, and, if Franchisor does notify Franchisee of the failures, whether or not Franchisee corrects the failures after Franchisor's delivery of notice to Franchisee;

(18) Franchisee makes an assignment for the benefit of creditors or admits in writing Franchisee's insolvency or inability to pay Franchisee's debts generally as they become due; Franchisee consents to the appointment of a receiver, trustee, or liquidator of all or the substantial part of Franchisee's property; the real or personal property of the Franchised Business is attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant, or levy is vacated within thirty (30) days; or any order appointing a receiver, trustee, or liquidator of Franchisee or the Franchised Business is not vacated within thirty (30) days following the order's entry;

(19) Franchisee or any of Franchisee's owners fail to comply with Section 19 of this Agreement, or Franchisee's or any of Franchisee's owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities;

(20) Franchisee knowingly maintains false books or records, or submits any false reports to Franchisor;

(21) Franchisee refuses to permit Franchisor to inspect the Office or Franchised Business, or the books, records, or accounts of Franchisee upon request;

(22) Franchisee (or any of Franchisee's owners) or any of Franchisee's Associates or other employees contact Brian Tracy or Campbell Fraser, or any employee, agent or affiliate of Brian Tracy or Campbell Fraser, without the prior written consent of Franchisor;

(23) Franchisee interferes or attempts to interfere with Franchisor's contractual relationships with other FocalPoint Franchised Business franchise owners, prospective franchise owners or any other third parties;

(24) Franchisee makes a willful misrepresentation to or does not make a material disclosure required by any governmental authority regarding any matter involving the Franchised Business;

(25) Franchisor (or any of Franchisor's owners or affiliates) terminates any other agreement between Franchisee (or any of Franchisee's owners or affiliates) and

Franchisor (or any of Franchisor's owners or affiliates) due to Franchisee's (or any of Franchisee's owners' or affiliates') failure to comply with the terms of such agreement; or

(26) Franchisee (or any of Franchisee's owners) fails to comply with any other provision of this Agreement or any System Standard and does not correct the failure within thirty (30) days after Franchisor delivers written notice of the failure to Franchisee.

C. **FRANCHISOR'S ALTERNATE REMEDIES UPON FRANCHISEE'S DEFAULT.**

In addition to, and without limiting, Franchisor's other rights and remedies under this Agreement, any other agreement or applicable law, upon the occurrence of any event giving rise to Franchisor's right to terminate this Agreement under the preceding Subsection 14.B, Franchisor may instead elect, at Franchisor's sole option and upon providing Franchisee written notice, to take any or all of the following actions without terminating this Agreement:

(1) temporarily remove information concerning the Franchised Business from any Website or extranet operated for the network of FocalPoint Franchised Businesses, and/or restrict Franchisee's or the Franchised Business' participation in other programs or benefits offered on or through any such Website or extranet; or

(2) suspend Franchisee's and the Franchised Business' right to participate in any advertising, marketing, promotional, or public relations programs that Franchisor or the Fund provides, authorizes, or administers.

D. **CROSS DEFAULT.**

Any default or breach by Franchisee (or any of Franchisee's owners), or Franchisee's affiliate (or any of Franchisee's owner's affiliates) of any other agreement with Franchisor or Franchisor's affiliate will be considered an event of default under this Agreement, and any default or breach by Franchisee (or any of Franchisee's owners) of this Agreement will be considered an event of default or breach by Franchisee under any and all agreements between Franchisor or Franchisor's affiliate and Franchisee (or any of Franchisee's owners), or Franchisee's affiliate (or any of Franchisee's owner's affiliates). If the nature of the default under any other agreement would have been considered an event of default under this Agreement, then Franchisor or Franchisor's affiliate will have the right to terminate all other agreements between Franchisor or Franchisor's affiliate and Franchisee (or any of Franchisee's owners), or Franchisee's affiliate (or any of Franchisee's owner's affiliates) in accordance with the termination provisions of this Agreement.

E. **FAILURE TO CURE MAY BE DEEMED TERMINATION BY FRANCHISEE.**

Franchisee's failure to cure timely any breach by Franchisee of this Agreement about which Franchisor has provided Franchisee notice (and opportunity to cure, if applicable) pursuant to Subsection 14.B above, including but not limited to Franchisee's failure to pay

overdue Royalties, Fund contributions, or any other amounts due and owing to Franchisor or Franchisor's affiliates under this Agreement, may be irrevocably deemed a unilateral rejection and termination by Franchisee of this Agreement and all related agreements between Franchisee and Franchisor or Franchisor's affiliates, even if Franchisor ultimately issues a formal notice of such termination, and Franchisee shall never contend or complain otherwise.

F. EARLY TERMINATION FEE.

Franchisee will have the option to terminate this Agreement ~~at or beyond the three (3)-year anniversary of the Effective Date of this Agreement,~~ subject to the conditions set forth herein. Upon such termination, Franchisee will compensate Franchisor by paying Franchisor, as liquidated damages but not as a penalty, an early termination fee ~~equal to twenty percent (20%) of the~~ calculated as follows: (1) if Franchisee elects to terminate prior to the three (3) year anniversary of the Effective Date, Franchisee must pay fifteen thousand dollars (\$15,000) plus the total remaining Royalty payments ~~for the initial term of this Agreement, and due through the 3 year anniversary of the Effective Date of the Franchise Agreement;~~ (2) if Franchisee elects to terminate after the 3 year anniversary of the Effective Date of the Franchise Agreement, Franchisee must pay fifteen thousand dollars (\$15,000). Franchisee must provide Franchisor a signed general release in a form Franchisor prescribes. Such termination will be subject to this Agreement's provisions relating to Franchisee's obligations on termination or expiration of this Agreement.

15. FRANCHISOR'S AND FRANCHISEE'S RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT.

A. PAYMENT OF AMOUNTS OWED TO FRANCHISOR.

Franchisee agrees to pay Franchisor within fifteen (15) days after this Agreement expires or is terminated, or on any later date that Franchisor determines the amounts due to Franchisor, the Royalties, Fund contributions, interest, and all other amounts owed to Franchisor (and Franchisor's affiliates) which then are unpaid.

B. MARKS.

When this Agreement expires or is terminated:

(1) Franchisee may not directly or indirectly at any time or in any manner (except with other FocalPoint Franchised Businesses Franchisee owns and operates) identify itself or any business as a current or former FocalPoint Franchised Business or as one of Franchisor's current or former franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of a FocalPoint Franchised Business in any manner or for any purpose; or use for any purpose any trade name, trade or service mark, or other commercial symbol that indicates or suggests a connection or association with Franchisor;

(2) Franchisee agrees to discontinue the use of any Website and social media used in connection with the Franchised Business or otherwise referring to the Marks or FocalPoint Franchised Businesses;

(3) Franchisee agrees, at Franchisee's expense, to take the action required to cancel all fictitious or assumed name or equivalent registrations relating to Franchisee's use of any Mark;

(4) Franchisee agrees, at Franchisee's expense, to deliver to Franchisor within thirty (30) days all signs, sign-faces, sign-cabinets, marketing materials, forms, and other materials containing any Mark or otherwise identifying or relating to a FocalPoint Franchised Business that Franchisor requests and allow Franchisor, without liability to Franchisee or third parties for trespass or any other claim, to enter the Office and remove these items and to remove these items from any vehicles used by the Franchised Business;

(5) Franchisee agrees promptly and at Franchisee's own expense to make the alterations Franchisor specifies in Franchisor's Operations Manual (or otherwise) to distinguish the Office and the Franchised Business clearly from its former appearance and from other FocalPoint Franchised Businesses in order to prevent public confusion;

(6) Franchisee agrees to notify within five (5) days the telephone company and all telephone directory publishers (if any) of the termination or expiration of Franchisee's right to use any telephone, facsimile, or other numbers and telephone directory listings and email addresses associated with any Mark (if any); to authorize the transfer of these numbers and directory listings (if any) to Franchisor or at Franchisor's direction; and/or to instruct the telephone company to forward all calls made to Franchisee's numbers to numbers Franchisor specifies. If Franchisee fails to do so, Franchisor may take whatever action and sign whatever documents Franchisor deems appropriate on Franchisee's behalf to effect these events; and

(7) Franchisee agrees to give Franchisor, within thirty (30) days after the expiration or termination of this Agreement, evidence satisfactory to Franchisor of Franchisee's compliance with these obligations.

C. CONFIDENTIAL INFORMATION.

Franchisee agrees that, when this Agreement expires or is terminated, (1) Franchisee will immediately cease using any of Franchisor's Confidential Information (including computer software or similar technology and digital passwords and identifications that Franchisor has licensed to Franchisee or that otherwise are proprietary to Franchisor or the Franchise System) in any business or otherwise; (2) return to Franchisor all copies of the Operations Manual and any other confidential materials that Franchisor has provided Franchisee for Franchisee's use during the term of this Agreement; and (3) immediately deliver to Franchisor all training or other manuals furnished to Franchisee (including the Operations Manual and any supplements to the Operations Manual), computer software and database material, client lists, records and files,

documents, instructions, display items, advertising and promotional material, any and all materials, signs and related items which bear the Marks or slogans and insignias and designs, advertising contracts, forms and other materials or property of Franchisor's, and any copies of them in Franchisee's possession which relate to the operation of the Franchised Business. Franchisee may retain no copy or record of any of these items, except for Franchisee's copy of this Agreement, any correspondence between the parties and any other documents which Franchisee reasonably needs for compliance with any provision of law. Franchisee agrees that the foregoing items, materials, client lists, files, software and other similar items are at all times considered to be Franchisor's property for all purposes.

D. COVENANT NOT TO COMPETE.

Upon the termination or expiration of this Agreement, Franchisee and Franchisee's owners agree that, for two (2) years beginning on the effective date of termination or expiration of this Agreement (or upon a transfer as provided in Subsection 12.C(12) above), whichever is later, neither Franchisee nor any of Franchisee's owners will have any direct or indirect interest (e.g., through a spouse) as an owner (whether of record, beneficially, or otherwise), investor, partner, director, officer, employee, consultant, representative, or agent in any Competitive Business (as defined in Section 7 above) located or operating:

- (i) at the premises where the Office is located;
- (ii) within the Territory;
- (iii) within a twenty-five (25) mile radius of the Territory;
- (iv) within the Territory of any other FocalPoint Franchised Business in operation or in the process of opening on the later of the effective date of the termination or expiration of this Agreement or the date on which all persons restricted by this Subsection 15.D begin to comply with this Subsection 15.D.

E. COVENANT NOT TO SOLICIT.

Upon the termination or expiration of this Agreement, Franchisee and Franchisee's owners agree that, for two (2) years beginning on the effective date of termination or expiration of this Agreement (or upon a transfer as provided in Subsection 12.C.(12) above), whichever is later, neither Franchisee nor any of Franchisee's owners, officers, directors or employees will, directly or indirectly (e.g., through a spouse), solicit, or attempt to solicit, any client of Franchisor or of any of Franchisor's affiliates, franchise owners or area representatives to discontinue the client relationship with Franchisor or with any of Franchisor's affiliates, franchise owners or area representatives. In addition, the use of Franchisor's client lists, employee files or other such Confidential Information for the purpose of soliciting is prohibited.

F. TOLLING OF COVENANTS.

The restrictions under Subsection 15.D and Subsection 15.E above also apply after transfers, as provided in Subsection 12.C(12) above. If any person restricted by Subsection 15.D or Subsection 15.E refuses voluntarily to comply with these obligations, the two (2) year period for that person will commence with the entry of a court order enforcing the provision. The two (2) year period will be tolled, if applicable, for the period during which a restricted person is in breach of Subsection 15.D or Subsection 15.E and will resume when that person begins or resumes compliance. Franchisee and Franchisee's owners expressly acknowledge that Franchisee and Franchisee's owners possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, Franchisor's enforcement of the covenants made in this Section 15 will not deprive Franchisee or Franchisee's owners of its or their personal goodwill or ability to earn a living.

G. CONTINUING OBLIGATIONS.

All of Franchisor's and Franchisee's (and Franchisee's owners') obligations which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire.

16. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.

A. INDEPENDENT CONTRACTORS.

Franchisee and Franchisor understand and agree that this Agreement does not create a fiduciary relationship between Franchisee and Franchisor, that Franchisee and Franchisor are and will be independent contractors, and that nothing in this Agreement is intended to make either Franchisee or Franchisor a general or special agent, joint venturer, partner, or employee of the other for any purpose. Franchisee agrees to identify itself conspicuously in all dealings with clients, suppliers, public officials, Franchised Business personnel, and others as the Franchised Business' owner under a franchise Franchisor has granted and to place notices of independent ownership on the forms, business cards, stationery, advertising, and other materials Franchisor requires at any time and from time to time.

None of Franchisee's employees or other personnel will be considered to be Franchisor's employees or personnel. Neither Franchisee nor any of Franchisee's employees or personnel whose compensation Franchisee pays may in any way, directly or indirectly, expressly or by implication, be construed to be Franchisor's employee or personnel for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state, provincial, or federal governmental agency. Franchisor will not have the power to hire or fire Franchisee's employees or personnel. Franchisee expressly agrees, and will never contend otherwise, that Franchisor's authority under this Agreement to certify certain of Franchisee's employees or personnel for qualification to perform certain functions for the Franchised Business does not directly or indirectly vest in Franchisor the power to hire, fire or control any such employee. Franchisee acknowledges and agrees, and will never contend otherwise, that Franchisee alone will exercise day-to-day control over all operations, activities and elements of the Franchised Business and

that under no circumstance shall Franchisor do so or be deemed to do so. Franchisee further acknowledges and agrees, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of the Franchise System which Franchisor is required to comply with under this Agreement, whether set forth in the Operations Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of the Franchised Business, which Franchisee alone controls, but only constitute standards Franchisee must adhere to when exercising Franchisee's control of the day-to-day operations of the Franchised Business.

B. NO LIABILITY FOR ACTS OF OTHER PARTY.

Franchisor and Franchisee may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that Franchisor's and Franchisee's respective relationship is other than franchisor and franchise owner. Franchisor will not be obligated for any damages to any person or property directly or indirectly arising out of the Franchised Business' operation, the business Franchisee conducts under this Agreement, or the acts, errors or omissions of Franchisee's Associates or other employees.

C. TAXES.

Franchisor will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property, or other taxes, whether levied upon Franchisee or the Franchised Business, due to the business Franchisee conducts (except for Franchisor's income taxes). Franchisee is responsible for paying these taxes and must reimburse Franchisor for any taxes that Franchisor must pay to any state taxing authority on account of either Franchisee's operation or payments that Franchisee makes to Franchisor.

D. INDEMNIFICATION.

Franchisee agrees to indemnify, defend, and hold harmless Franchisor, Franchisor's affiliates, and Franchisor's and Franchisor's affiliates' respective shareholders, members, directors, officers, employees, agents, successors, and assignees (the "Indemnified Parties") against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of the Franchised Business' operation, employment matters in connection with the Franchised Business, the business Franchisee conducts under this Agreement, or Franchisee's breach of this Agreement, including, without limitation, those alleged to be or found to have been caused by the Indemnified Party's negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by Franchisor's gross negligence or willful misconduct in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction. Franchisee agrees to give Franchisor and the Indemnified Parties written notice of any action, suit, proceeding, claim, demand, inquiry or investigation that could be the basis for a claim for indemnification by any of the Indemnified Parties within three (3) days of Franchisee's actual or constructive knowledge of it. The Indemnified Parties shall have the right, in their sole discretion to: (i) retain counsel of their own choosing to represent them with respect to any claim; and (ii) control the response thereto and

the defense thereof, including the right to enter into settlements or take any other remedial, corrective, or other actions. Franchisee agrees to give its full cooperation to the Indemnified Parties in assisting the Indemnified Parties with the defense of any such claim, and to reimburse the Indemnified Parties for all of their costs and expenses in defending any such claim, including court costs and reasonable attorneys' fees, within ten (10) days of the date of each invoice delivered by the Indemnified Parties to Franchisee enumerating such costs, expenses and attorneys' fees.

For purposes of this indemnification, "claims" include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it at Franchisee's expense and agree to settlements or take any other remedial, corrective, or other actions.

This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its or their losses and expenses, in order to maintain and recover from third parties fully a claim against Franchisee under this subparagraph. Franchisee agrees that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from Franchisee under this subparagraph. Franchisee's or any of the other Indemnified Parties' undertaking of defense and/or settlement will in no way diminish Franchisee's obligation to indemnify Franchisor and the other Indemnified Parties and to hold Franchisor and any of the Indemnified Parties harmless.

17. **ENFORCEMENT.**

A. **SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS.**

Except as expressly provided to the contrary in this Agreement, each section, paragraph, term, and provision of this Agreement is severable, and if, for any reason, any part 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, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties.

If any covenant 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 if modified, Franchisee and Franchisor agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity.

If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of this Agreement's termination or of Franchisor's refusal to enter into a

successor franchise agreement, or some other action that this Agreement does not require, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and Franchisor may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. Franchisee agrees to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

B. WAIVER OF OBLIGATIONS.

Franchisor and Franchisee 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 to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights Franchisor or Franchisee has, will be subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of ten (10) days' prior written notice.

Franchisor and Franchisee will not waive or impair any right, power, or option this Agreement reserves (including, without limitation, Franchisor's right to demand exact compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before its term expires) because of any custom or practice at variance with this Agreement's terms; Franchisor's or Franchisee's failure, refusal, or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including, without limitation, any System Standard; Franchisor's waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other FocalPoint Franchised Businesses; the existence of franchise agreements for other FocalPoint Franchised Businesses which contain provisions different from those contained in this Agreement; or Franchisor's acceptance of any payments due from Franchisee after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to Franchisor will be a waiver, compromise, settlement, or accord and satisfaction. Franchisor is authorized to remove any legend or endorsement, which then will have no effect.

Neither Franchisor nor Franchisee will be liable for loss or damage or be in breach of this Agreement if Franchisor's or Franchisee's failure to perform Franchisor's or Franchisee's obligations results from: (1) compliance with the orders, requests, regulations, or recommendations of any federal, state, or municipal government; (2) acts of God; (3) fires, strikes, embargoes, war, acts of terrorism or similar events, or riot; or (4) any other similar event or cause. Any delay resulting from any of these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that these causes will not excuse payments of amounts owed at the time of the occurrence or payment of Royalties or Fund contributions due afterward.

C. COSTS AND ATTORNEYS' FEES.

If Franchisor incurs costs and expenses due to Franchisee's failure to pay when due amounts owed to Franchisor, to submit when due any reports, information, or supporting records, or otherwise to comply with this Agreement, Franchisee agrees, whether or not Franchisor initiates a formal legal proceeding, to reimburse Franchisor for all of the costs and expenses that Franchisor incurs, including, without limitation, reasonable accounting, attorneys', arbitrators', and related fees.

D. RIGHTS OF PARTIES ARE CUMULATIVE.

Franchisor's and Franchisee's rights under this Agreement are cumulative, and Franchisor's or Franchisee's exercise or enforcement of any right or remedy under this Agreement will not preclude Franchisor's or Franchisee's exercise or enforcement of any other right or remedy which Franchisor or Franchisee is entitled by law to enforce.

E. ARBITRATION.

Franchisor and Franchisee agree that all controversies, disputes, or claims between Franchisor and Franchisor's affiliates, and Franchisor's and their respective shareholders, officers, directors, agents, and/or employees, and Franchisee (and/or Franchisee's owners, guarantors, affiliates, and/or employees) arising out of or related to:

- (1) this Agreement or any other agreement between Franchisee and Franchisor or Franchisee's and Franchisor's respective affiliates;
- (2) Franchisor's relationship with Franchisee;
- (3) the scope and validity of this Agreement or any other agreement between Franchisee and Franchisor or any provision of such agreements (including the validity and scope of the arbitration obligations under this Subsection 17.E, which the parties acknowledge is to be determined by an arbitrator and not a court); or
- (4) any System Standard;

must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association ("AAA"). The arbitration proceedings will be conducted by one arbitrator if the amount of the claim is Three Hundred Thousand Dollars (\$300,000) or less, or three (3) arbitrators if the amount of the claim is more than Three Hundred Thousand Dollars (\$300,000). If there is one (1) arbitrator, the arbitrator shall be appointed by the AAA. If there are three (3) arbitrators, the claimant shall appoint one (1) arbitrator in its Notice of Arbitration and Statement of Claim; the respondent shall appoint one (1) arbitrator in its Statement of Defense, and the third arbitrator, who shall act as the Chairman, shall be appointed by the two (2) arbitrators appointed by the parties within thirty (30) days of the appointment of the second arbitrator. If any arbitrators are not appointed within these time periods, the AAA shall make the appointments. Except as this Subsection 17.E otherwise provides, the arbitration proceedings

will be conducted according to the then current commercial arbitration rules of the AAA. All proceedings will be conducted at a suitable location chosen by the arbitrator(s) within ten (10) miles of the city where Franchisor's then current principal business address is located (currently, Henderson, Nevada). All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 *et seq.*). Except as expressly provided otherwise in the remainder of this Section 17, judgment upon the arbitrator(s)' award may be entered in any court of competent jurisdiction.

The arbitrators have the right to award or include in their award any relief which they deems proper, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs, provided that the arbitrator(s) may not declare any Mark generic or otherwise invalid or, except as expressly provided in Subsection 17.H below, award any punitive or exemplary damages against either party (Franchisor and Franchisee hereby waiving to the fullest extent permitted by law, except as expressly provided in Subsection 17.H below, any right to or claim for any punitive or exemplary damages against the other). All aspects of the arbitration, including statements made and documents produced within the arbitration, will be confidential in nature and will not be admissible in any subsequent legal proceeding.

Except as expressly limited by Subsection 17.J below, Franchisor and Franchisee agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. Franchisor and Franchisee further agree that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrator(s) may not consider any settlement discussions or offers that might have been made by either Franchisee or Franchisor. Franchisor reserves the right, but has no obligation, to advance Franchisee's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished Franchisor's right to seek the recovery of those costs in accordance with Subsection 17.C.

Franchisor and Franchisee agree that arbitration will be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between Franchisor and Franchisor's affiliates, and Franchisor's and Franchisor's affiliates' respective shareholders, members, officers, directors, agents, and/or employees, and Franchisee (and/or Franchisee's owners, guarantors, affiliates, and/or employees) may not be consolidated with any other arbitration proceeding between Franchisor and any other person. Notwithstanding the foregoing or anything to the contrary in this Subsection 17.E or Subsection 17.A, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Subsection 17.E, then the parties agree that this arbitration clause shall not apply to that dispute and that such dispute will be resolved in a judicial proceeding in accordance with this Section 17 (excluding this Subsection 17.E).

Except as expressly provided otherwise in the remainder of this Section 17, despite Franchisor's and Franchisee's agreement to arbitrate, Franchisor and Franchisee each have the

right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that Franchisor and Franchisee must contemporaneously submit the dispute for arbitration on the merits as provided in this Subsection 17.E.

The provisions of this Subsection 17.E are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

F. 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, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 *ET SEQ.*), OR OTHER FEDERAL LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN FRANCHISOR AND FRANCHISEE WILL BE GOVERNED BY THE LAWS OF THE STATE OF NEVADA, WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY NEVADA LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SUBSECTION 17.F.

G. CONSENT TO JURISDICTION.

SUBJECT TO SUBSECTION 17.E ABOVE AND THE PROVISIONS BELOW, FRANCHISEE AND FRANCHISEE'S OWNERS AGREE THAT ALL ACTIONS ARISING UNDER THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN FRANCHISEE AND FRANCHISOR MUST BE COMMENCED IN THE STATE OR FEDERAL COURT OF COMPETENT JURISDICTION LOCATED CLOSEST TO FRANCHISOR'S THEN CURRENT PRINCIPAL BUSINESS ADDRESS (CURRENTLY, HENDERSON, NEVADA), AND FRANCHISEE (AND EACH OWNER) IRREVOCABLY SUBMITS TO THE JURISDICTION OF THOSE COURTS AND WAIVES ANY OBJECTION FRANCHISEE (OR THE OWNER) MIGHT HAVE TO EITHER THE JURISDICTION OF OR VENUE IN THOSE COURTS. NONETHELESS, FRANCHISEE AND FRANCHISEE'S OWNERS AGREE THAT FRANCHISOR MAY ENFORCE THIS AGREEMENT AND ANY ARBITRATION ORDERS AND AWARDS IN THE COURTS OF THE STATE OR STATES IN WHICH FRANCHISEE IS DOMICILED OR THE FRANCHISED BUSINESS IS LOCATED.

H. WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.

EXCEPT FOR FRANCHISEE'S OBLIGATION TO INDEMNIFY FRANCHISOR FOR THIRD PARTY CLAIMS UNDER SUBSECTION 16.D, AND EXCEPT FOR

PUNITIVE DAMAGES AVAILABLE TO EITHER PARTY UNDER FEDERAL LAW, FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN FRANCHISOR AND FRANCHISEE, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

FRANCHISOR AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER FRANCHISOR OR FRANCHISEE.

I. BINDING EFFECT.

This Agreement is binding upon Franchisor and Franchisee and Franchisor's and Franchisee's respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in interest. Subject to Franchisor's right to modify the Operations Manual and System Standards, this Agreement may not be modified except by a written agreement signed by both Franchisor's and Franchisee's duly-authorized officers.

J. LIMITATIONS OF CLAIMS.

EXCEPT FOR CLAIMS ARISING FROM FRANCHISEE'S NON PAYMENT OR UNDERPAYMENT OF AMOUNTS FRANCHISEE OWES FRANCHISOR, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR FRANCHISOR'S RELATIONSHIP WITH FRANCHISEE WILL BE BARRED UNLESS A JUDICIAL OR ARBITRATION PROCEEDING IS COMMENCED WITHIN EIGHTEEN (18) MONTHS FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIMS.

K. DELEGATION OF PERFORMANCE.

Franchisee agrees that Franchisor has the right to delegate the performance of any portion or all of its obligations under this Agreement to third-party designees, whether these designees are Franchisor's affiliates, agents, area representatives or other independent contractors with whom Franchisor contracts to perform these obligations. If Franchisor does so, such third-party designees will be obligated to perform the delegated functions for Franchisee in compliance with this Agreement.

L. LIMITED LIABILITY FOR OUR RELATED PARTIES.

You agree that no past, present or future director, officer, employee, incorporator, member, partner, stockholder, subsidiary, affiliate, owner, Entity under common control, ownership or management, vendor, service provider, agent, attorney or representative of Franchisor will have any liability for (i) any of Franchisor's obligations or liabilities relating to or

arising from this Agreement; (ii) any claim against Franchisor based on, in respect of, or by reason of, the relationship between Franchisee and Franchisor, or (iii) any claim against Franchisor based on any alleged unlawful act or omission of Franchisor.

M. COVENANT OF GOOD FAITH.

If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties hereto agree that the covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law will imply the covenant, Franchisee agrees that: (i) this Agreement (and the relationship of the parties hereto that is inherent in this Agreement) grants Franchisor the judgment to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisor's explicit rights and obligations under this Agreement that may favorably or adversely affect Franchisee's interests; (ii) any judgment Franchisor exercises will be based on our assessment of our own interests and balancing those interests against the interests of our franchise owners generally, and specifically without considering your individual interests or the individual interests of any other particular franchise owner; (iii) Franchisor will have no liability to Franchisee for the exercise of Franchisor's judgment in this manner, so long as the judgment is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation will substitute its judgment for Franchisor's judgment so exercised.

N. CONSTRUCTION.

The preambles and exhibits are a part of this Agreement which, together with any addenda or riders signed at the same time as this Agreement, constitutes Franchisor's and Franchisee's entire agreement, and supersedes all prior and contemporaneous oral or written agreements and understandings between Franchisor and Franchisee relating to the subject matter of this Agreement. There are no other oral or written understandings or agreements between Franchisor and Franchisee, or oral or written representations by Franchisor, relating to the subject matter of this Agreement, the franchise relationship, or the Franchised Business (any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement). Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Franchisee to waive reliance on any representation made by Franchisor in Franchisor's most recent franchise disclosure document (including exhibits and amendments) delivered to Franchisee or Franchisee's representative.

Any policies that Franchisor adopts and implements from time to time to guide Franchisor in Franchisor's decision-making are subject to change, are not a part of this Agreement, and are not binding on Franchisor.

Except as provided in Subsections 16.D and 17.E, nothing in this Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

Except where this Agreement expressly obligates Franchisor reasonably to approve or not unreasonably to withhold Franchisor's approval of any of Franchisee's actions or requests,

Franchisor has the absolute right to refuse any request Franchisee makes or to withhold Franchisor's approval of any of Franchisee's proposed, initiated, or completed actions that require Franchisor's approval. The headings of the sections and paragraphs are for convenience only and do not define, limit, or construe the contents of these sections or paragraphs.

References in this Agreement to "Franchisor," with respect to all of Franchisor's rights and all of Franchisee's obligations to Franchisor under this Agreement, include any of Franchisor's affiliates with whom Franchisee deals. The term "affiliate" means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling Franchisee or Franchisor. "Control" means the power to direct or cause the direction of management and policies. The words "include" and "including" are meant to be illustrative and not exhaustive and are deemed to be read in all cases as "including, without limitation" and/or "including but not limited to."

If two or more persons are at any time the owners of the Franchise and the Franchised Business, whether as partners or joint venturers, their obligations and liabilities to Franchisor will be joint and several. References to "owner" mean any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in Franchisee (or a transferee of this Agreement and the Franchised Business or an ownership interest in Franchisee), including, without limitation, any person who has a direct or indirect interest in Franchisee (or a transferee), this Agreement, the Franchise, or the Franchised Business and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets.

References to a "controlling ownership interest" in Franchisee or one of Franchisee's owners (if an Entity) mean the percent of the voting shares or other voting rights that results from dividing one hundred percent (100%) of the ownership interests by the number of owners. In the case of a proposed transfer of an ownership interest in Franchisee or one of Franchisee's owners, the determination of whether a "controlling ownership interest" is involved must be made as of both immediately before and immediately after the proposed transfer to see if a "controlling ownership interest" will be transferred (because of the number of owners before the proposed transfer) or will be deemed to have been transferred (because of the number of owners after the proposed transfer).

"Person" means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity.

Unless otherwise specified, all references to a number of days shall mean calendar days and not business days.

The term "Franchised Business" includes all of the assets of the FocalPoint Franchised Business Franchisee operates under this Agreement, including its revenue.

The term "employee" includes all of the Franchised Business' personnel, including all Associates, managers, administrators and other personnel that perform services for the

Franchised Business, whether such person is classified as an employee of Franchisee or an independent contractor.

This Agreement may be executed in multiple copies, each of which will be deemed an original.

O. MULTIPLE FORMS OF AGREEMENT.

Franchisee acknowledges and agree that there may be more than one form of franchise agreement in effect between Franchisor and its various FocalPoint franchise owners; those other agreements may contain provisions that may be materially different from the provisions contained in this Agreement; and Franchisee is not entitled to rely on any provision of any other agreement with other FocalPoint franchise owners whether to establish course of dealing, waiver, or estoppel, or for any other purpose.

18. NOTICES AND PAYMENTS.

All written notices, reports, and payments permitted or required to be delivered by this Agreement or the Operations Manual will be deemed to be delivered:

- (a) at the time delivered by hand;
- (b) at the time delivered via computer transmission and, in the case of the Royalty, Fund contributions, and other amounts due, at the time Franchisor actually receives payment via the EDTA;
- (c) one (1) business day after transmission by facsimile or other electronic system if the sender has confirmation of successful transmission;
- (d) one (1) business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery; or
- (e) three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid.

Any notice to Franchisor must be sent to the address specified on the first page of this Agreement, although Franchisor may change this address for notice by giving Franchisee notice of the new address. Any notice that Franchisor sends to Franchisee may be sent only to the one (1) person identified on **Exhibit A**, even if Franchisee has multiple owners, at the email or postal address specified on **Exhibit A**. Franchisee may change the person and/or address for notice only by giving Franchisor thirty (30) days' prior notice by any of the means specified in subparagraphs (a) through (e) above.

Any required payment or report which Franchisor does not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two (2) days before then) will be deemed delinquent.

19. **COMPLIANCE WITH ANTI-TERRORISM AND OTHER LAWS.**

Franchisee and Franchisee's owners agree to comply, and to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply, with all applicable legislation, laws, regulations, rules, ordinances, administrative orders, decrees and policies of any court, arbiter, government, governmental agency, department, or similar organization that are in effect from time to time pertaining to: (a) the various anti-terrorism, economic sanctions, and anti-money laundering and narco-trafficking laws, regulations, orders, decrees and guidelines of the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC"), (b) the USA PATRIOT Act (Title III of Pub. L. 107-56, signed into law October 26, 2001), as amended, (c) the provisions of United States Executive Order 13224, (d) the U.S. Prevention of Corruption Act 1988, (e) the U. S. Foreign Corrupt Practices Act, 15 U.S.C. Section 78dd-2, (e) relevant multilateral measures such as the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and the UN Convention Against Corruption, (f) bribery and anti-corruption laws, (g) the laws against money laundering, and (h) the laws against facilitating or supporting persons who conspire to commit these and other crimes against any person or government. Franchisee immediately shall notify Franchisor in writing if a potential violation of any of the foregoing legislation, laws, regulations, rules, ordinances, administrative orders, decrees and/or policies has occurred or is suspected to have occurred. Franchisee immediately shall provide Franchisor with copies of any communication to or from any such agency, government, or commission that relates to or affects this Agreement, the Franchised Business, or the Marks. Any failure to comply with this Section by Franchisee or Franchisee's owners, or any blocking of Franchisee's or Franchisee's owners' assets under any of such laws, legislation, regulations, orders, decrees and/or policies shall constitute good cause for immediate termination of this Agreement, as provided in Section 14.B(18) above.

20. **ELECTRONIC MAIL.**

Franchisee acknowledges and agrees that exchanging information with Franchisor by e-mail is efficient and desirable for day-to-day communications and that Franchisor and Franchisee may utilize e-mail for such communications. Franchisee authorizes the transmission of e-mail by Franchisor and Franchisor's employees, vendors, and affiliates ("Official Senders") to Franchisee during the term of this Agreement.

Franchisee further agrees that: (a) Official Senders are authorized to send e-mails to those of Franchisee's employees as Franchisee may occasionally authorize for the purpose of communicating with Franchisor; (b) Franchisee will cause Franchisee's officers, directors, and employees to give their consent to Official Senders' transmission of e-mails to them; (c) Franchisee will require such persons not to opt out or otherwise ask to no longer receive e-mails from Official Senders during the time that such person works for or is affiliated with Franchisee; and (d) Franchisee will not opt out or otherwise ask to no longer receive e-mails from Official Senders during the term of this Agreement.

The consent given in this Section 20 shall not apply to the provision of notices by either party under this Agreement pursuant to Section 18 using e-mail unless the parties otherwise agree in a written document manually signed by both parties.

21. **ELECTRONIC SIGNATURES.**

The counterparts of this Agreement and all ancillary documents executed or delivered in connection with this Agreement may be executed and signed by electronic signature by any of the parties to this Agreement, and delivered by electronic or digital communications to any other party to this Agreement, and the receiving party may rely on the receipt of such document so executed and delivered by electronic or digital communications signed by electronic signature as if the original has been received. For the purposes of this Agreement, electronic signature means, without limitation, an electronic act or acknowledgement (*e.g.*, clicking an "I Accept" or similar button), sound, symbol (digitized signature block), or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record.

[Signatures on following page.]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date.

FOCALPOINT COACHING, INC., a
Nevada corporation

By: _____
Stephen Thompson, President

DATED*: _____
(*Effective Date of this Agreement)

FRANCHISE OWNER

**(IF FRANCHISEE IS TAKING THE
FRANCHISE AS A CORPORATION,
LIMITED LIABILITY COMPANY, OR
PARTNERSHIP):**

[Print Name of Franchisee Entity]

By: _____
[signature of person signing on behalf of
entity]

Title of Signator: _____

DATED: _____

**(IF FRANCHISEE IS TAKING THE
FRANCHISE INDIVIDUALLY AND
NOT AS A LEGAL ENTITY):**

[signature of individual franchisee]

Print Name: _____

DATED: _____

[signature of individual franchisee]

Print Name: _____

DATED: _____

EXHIBIT A
TO THE FRANCHISE AGREEMENT

Effective Date: This Exhibit A is current and complete
as of _____, 20__

Franchisee and Franchisee's Owners

1. **Form of Owner.** (Choose (a) or (b))(a) **Individual Proprietorship.** List individual(s):

(b) **Corporation, Limited Liability Company, or Partnership.** (CIRCLE ONE) Franchisee was incorporated or formed on _____, under the laws of the State of _____. Franchisee has not conducted business under any name other than Franchisee's corporate, limited liability company, or partnership name and _____. The following is a list of Franchisee's directors, if applicable, and officers as of the effective date shown above:

<u>Name of Each Director/Officer</u>	<u>Position(s) Held</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

2. **Owners.** The following list includes the full name of each person who is one of Franchisee's owners (as defined in the Franchise Agreement), or an owner of one of Franchisee's

Exhibit A-1

owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

	<u>Owner's Name</u>	<u>Percentage/Description of Interest</u>
(a)	_____	_____
(b)	_____	_____
(c)	_____	_____
(d)	_____	_____

3. **Name and Address of Person to Receive Notice for Franchise Owner.**

- (a) Name: _____
- (b) Postal Address: _____
- (c) E-mail Address: _____

4. **Identification of Managing Owner.** Franchisee's Managing Owner as of the Effective Date is _____ (must be one of the individuals listed in paragraph 2 above). Franchisee may not change the Managing Owner without prior written approval.

[Signatures on following page.]

FOCALPOINT COACHING, INC., a
Nevada corporation

By: _____
Stephen Thompson, President

DATED: _____

FRANCHISE OWNER

**(IF FRANCHISEE IS TAKING THE
FRANCHISE AS A CORPORATION,
LIMITED LIABILITY COMPANY, OR
PARTNERSHIP):**

[Print Name of Franchisee Entity]

By: _____
[signature of person signing on behalf of
entity]

Title of Signator: _____

DATED: _____

**(IF FRANCHISEE IS TAKING THE
FRANCHISE INDIVIDUALLY AND
NOT AS A LEGAL ENTITY):**

[signature of individual franchisee]

Print Name: _____

DATED: _____

[signature of individual franchisee]

Print Name: _____

DATED: _____

Exhibit A-3

EXHIBIT B
TO THE FRANCHISE AGREEMENT
THE OFFICE AND TERRITORY

1. The Office will be located at:

2. The Territory shall be:

[Signatures on following page.]

Exhibit B-1

FOCALPOINT COACHING, INC., a
Nevada corporation

By: _____
Stephen Thompson, President

DATED: _____

FRANCHISE OWNER

**(IF FRANCHISEE IS TAKING THE
FRANCHISE AS A CORPORATION,
LIMITED LIABILITY COMPANY, OR
PARTNERSHIP):**

[Print Name of Franchisee Entity]

By: _____
[signature of person signing on behalf of
entity]

Title of Signator: _____

DATED: _____

**(IF FRANCHISEE IS TAKING THE
FRANCHISE INDIVIDUALLY AND
NOT AS A LEGAL ENTITY):**

[signature of individual franchisee]

Print Name: _____

DATED: _____

[signature of individual franchisee]

Print Name: _____

DATED: _____

Exhibit B-2

EXHIBIT C
TO THE FRANCHISE AGREEMENT
NONDISCLOSURE AND NON-COMPETITION AGREEMENT

THIS NONDISCLOSURE AND NON-COMPETITION AGREEMENT (this "Agreement") is made as of the ____ day of _____, 20__, is executed by _____ ("Individual," "me," or "I") for the benefit of **FOCALPOINT COACHING, INC.**, a Nevada corporation ("Company"), and for _____, a/an _____ ("Franchisee").

Franchisee is a franchisee of Company pursuant to a franchise agreement entered into by those parties concerning a business operating, or to be operated, under the "FocalPoint" name at _____ (the "Franchise Agreement"). The franchised business Company authorizes Franchisee to operate under the Franchise Agreement is known as the "Business," which Business is one among all businesses that Company owns, operates, or franchises under the "FocalPoint" name. I agree that, unless otherwise specified, all capitalized terms in this Agreement have those meanings ascribed to them in the Franchise Agreement.

I agree that during the term of my employment by, ownership participation in, association with or service to Franchisee, or at any time thereafter, I will not communicate, divulge or use for the benefit of any other person, persons, partnership, proprietorship, association, corporation or entity, Company's proprietary and confidential information relating to the development and operation of FocalPoint Franchised Businesses, including but not limited to the following concerning FocalPoint Franchised Businesses: (1) site selection criteria; (2) training and operations materials and manuals; (3) sales, marketing and advertising programs and techniques; (4) client lists and records; (5) identity of suppliers, and knowledge of specifications and pricing for products, materials, supplies and equipment that Company authorizes; (6) knowledge of operating results and financial performance of businesses in the network, other than those franchised businesses that Franchisee owns; (7) computer systems and software programs; and (8) any and all other information Company provides to me, Franchisee, Franchisee's Owners or Affiliates that is designated orally or in writing as proprietary or confidential, or by its nature would reasonably be understood to be proprietary or confidential, regardless of whether such information is specifically designated as proprietary or confidential (collectively, all information referenced above, including examples (1) through (8), is known as the "Confidential Information").

Furthermore, any and all information, knowledge, know-how, techniques and information which the entities mentioned above (or their officers) designate as confidential is considered, and hereby acknowledged by me, to be Confidential Information for the purposes of this Agreement, except information which I can demonstrate came to my attention before disclosure or which had become or becomes a part of the public domain through publication or communication by others (unless the publication or communication violates a similar confidentiality agreement), but in no event through any act of mine.

Exhibit C-1

I specifically understand that, without limitation, all the above items, concepts, and/or examples contained in the preceding paragraph constitute Confidential Information of Company, and I will not divert any business to competitors of Franchisee and/or Company. I will at no time copy, duplicate, record or otherwise reproduce any of the Confidential Information or material containing it, in whole or in part, store them in a computer retrieval or database, nor otherwise make them available to any unauthorized person.

I further agree that, during the term of my employment/service/association or ownership participation, I will not, directly or indirectly, engage or participate in any Competitive Business (defined below in this paragraph), any of which such prohibited behavior I understand and hereby explicitly acknowledge would or could be injurious to, or (in Company's sole judgment) have an adverse effect upon, Company's protectable interests in the Confidential Information, the "FocalPoint" trademark or related Marks, or the goodwill and/or reputation of FocalPoint Franchised Businesses generally. I agree that, unless Company provides prior written consent in its sole discretion, I am prohibited from engaging in any Competitive Business as a proprietor, partner, investor, shareholder, director, officer, employee, principal, agent, advisor, or consultant. For purposes of this Agreement, a "Competitive Business" means (i) any business which derives more than twenty percent (20%) of its revenue from selling business training or business consulting services and/or selling or offering products similar to those offered or sold by the Business; or (ii) grants franchises or licenses to others to operate the type of business specified in the preceding subparagraph (i) (other than a FocalPoint Franchised Business operated under a franchise agreement with Company). Despite the foregoing definition of a Competitive Business, nothing under this Agreement or the Franchise Agreement will prevent Individual from owning for investment purposes less than two percent (2%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange, and so long as neither Individual nor Franchisee controls the company in question.

Upon the expiration or other termination for any reason of my employment, association, service or ownership participation, I agree:

- (i) to return immediately to Company or Franchisee, as the case may be, all Confidential Information, and any material(s) containing a subset thereof, in my possession that was utilized, or to which I had access, during my employment, association, service or ownership participation;
- (ii) to refrain, beginning upon such expiration or termination and forever thereafter, from any and all contacts with clients of FocalPoint Franchised Businesses for any purpose whatsoever; and
- (iii) for a period of two (2) years, starting on the effective date of termination or expiration of my employment/service/association or ownership participation, to refrain from directly or indirectly (such as through any one or more of my spouse, legally-recognized domestic partner, parents, children or sibling(s) (collectively, "Immediate Family")) owning a legal or beneficial interest in, or rendering services or giving advice to: any Competitive Business operating (a) at the premises where the Office is located; (b) within the Territory; (c) within a

Exhibit C-2

twenty-five (25)-mile radius of the Territory; (d) within the territory of any FocalPoint Franchised Business in operation or under construction on the effective date of termination or expiration of my employment/service/association/ownership participation; or (e) any entity which grants franchises, licenses or other interests to others to operate any Competitive Business.

I acknowledge and understand that the provisions of this Agreement, including my representations, covenants, and warranties (as applicable) given hereunder, are necessary and integral to this Agreement and to Company's and Franchisee's interests under the Franchise Agreement, and are intended to:

- (i) preclude not only direct competition, but also all forms of indirect competition, such as consultation for Competitive Businesses, service as an independent contractor for Competitive Businesses, or any assistance or transmission of information of any kind which would be of any material assistance to a competitor;
- (ii) bind any person or entity having any legal or beneficial interest in me, or traceable to, down or through me, including (without limitation) any of member of my Immediate Family, any direct or indirect beneficiary, any partner (general or limited) or proprietor of mine, and any other such related person or entity, regardless of how many levels or tiers there may be between any such described person or entity and me; and
- (iii) identify for me, toward the goal of preserving through this Agreement, Company's protectable legal interests in the System, clients of FocalPoint Franchised Businesses, the Confidential Information, and the goodwill associated with the Marks.

I also expressly acknowledge my possession of skills and abilities of a general nature, and the opportunity for exploiting such skills in other ways than the operation or involvement in the activities of a FocalPoint Franchised Business or a Competitive Business, so that enforcement of my covenants made in this Agreement will not deprive me of my personal goodwill or ability to earn a living after the effective date of expiration or termination of my relationship with Franchisee, the Business, or FocalPoint Franchised Businesses generally. If I fail or refuse to abide by any of my foregoing obligations or promises made under this Agreement, and Company or Franchisee obtains enforcement in a judicial or arbitration proceeding, then my obligations and responsibilities specified under the breached covenant will be tolled during the period(s) of time that the covenant is breached and/or Company or Franchisee seeks to enforce it, and will continue for two (2) years starting from the effective date of the order enforcing the covenant.

I acknowledge that violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Company and Franchisee, for which no adequate remedy at law will be available. Accordingly, I hereby consent to the entry of an injunction procured by Company or Franchisee (or both), in any appropriate jurisdiction and venue (notwithstanding other references to resolution of actions exclusively in Company's home prohibiting any conduct by me in violation of the terms of those covenants not to compete and/or restrictions on the use of Confidential

Exhibit C-3

Information under this Agreement. I expressly agree that it may conclusively be presumed in any legal action that any violation of the terms of these covenants not to compete was accomplished by and through my unlawful utilization of Company's Confidential Information. Further, I expressly agree that any claims I may have against Company will not constitute a defense to Company's enforcement of the covenants not to compete under this Agreement. I further agree to pay all costs and expenses (including reasonable attorneys' and experts' fees) incurred by Company in connection with the enforcement of those covenants not to compete set forth in this Agreement.

If all, or any portion of, this covenant not to use Confidential Information and not to compete is held unreasonable, void, vague or illegal by any court or agency having valid jurisdiction in an unappealed final decision to which Franchisee and/or Company is a party, the court or agency will be empowered to revise and/or construe the covenant to fall within permissible legal limits, and should not invalidate the entire covenant. I expressly agree to be bound by any lesser covenant subsumed within the terms of this Agreement as if the resulting covenant were separately stated in and made a part of this Agreement.

I agree that this Agreement and all relations and disputes between myself on the one hand, and Franchisee or Company on the other hand, whether sounding in contract, tort, or otherwise, are to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of Nevada without recourse to Nevada (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the laws of the State of Nevada, and if the Business is located outside of the State of Nevada and the provision would be enforceable under the laws of the state in which the Business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Agreement is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or any other doctrine of law of the State of Nevada or any other state, which would not otherwise apply.

I further agree that any litigation arising out of or related to this Agreement, any breach of this Agreement, and any and all relations and/or disputes between myself on the one hand, and Franchisee or Company on the other hand, whether sounding in contract, tort, or otherwise, will be instituted exclusively in the U.S. District Court sitting nearest to Company's corporate headquarters (currently, Henderson, Nevada). I agree that any dispute as to the aforementioned venue will be submitted to and resolved exclusively by such aforementioned court. Nonetheless, I agree that Franchisee or Company may enforce this Agreement and any awards in the courts of the state or states in which I am domiciled or the Business is located.

I IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY ME, FRANCHISEE OR COMPANY. I hereby waive and covenant never to assert or claim that said venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens).

Exhibit C-4

IN WITNESS WHEREOF, Franchisee has hereunto caused this Agreement to be executed by its duly authorized officer, and Individual has executed this Agreement, as of the day and year first written above.

ATTESTED TO BY FRANCHISEE:

INDIVIDUAL:

_____,
a/an _____

(Print Name)

By: _____
(Name of Franchisee's Officer)

(Signature)

Signed: _____
(Signature of Franchisee's Officer)

(Date)

(Date)

**WITNESS TO INDIVIDUAL'S
SIGNATURE:**

(Print Witness Name)

(Signature of Witness)

(Date)

Exhibit C-5

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this _____ day of _____, 20 ____

By (list each guarantor):

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

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several, both with Franchisee and among other guarantors; (2) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Franchisee or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we may at any time and 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 (including the release of other guarantors), none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement (including extensions), for so long as any performance is or might be owed under the Agreement by Franchisee or its owners, and for so long as we have any cause of action against Franchisee or its owners; and (5) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or Franchisee, and each of the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers.

Each of the undersigned waives: (i) 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; and (ii) acceptance and

Guaranty 1 of 2

notice of acceptance by us of his or her undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled.

If we are required to enforce this Guaranty in a judicial or arbitration proceeding, and prevail in such proceeding, we shall be entitled to reimbursement of our costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the undersigned shall reimburse us for any of the above-listed costs and expenses we incur.

Subject to the arbitration obligations and the provisions below, each of the undersigned agrees that all actions arising under this Guaranty or the Agreement, or otherwise as a result of the relationship between us and the undersigned, must be commenced in the state or federal court of competent jurisdiction located closest to our then current principal business address (currently, Henderson, Nevada), and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. Nonetheless, each of the undersigned agrees that we may enforce this Guaranty and any arbitration orders and awards in the courts of the state or states in which he or she is domiciled.

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

Signatures of Each Guarantor

**Percentage Of Ownership
In Franchisee**

_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %

EXHIBIT C
FINANCIAL STATEMENTS

FOCALPOINT COACHING, INC.

FINANCIAL REPORTS

DECEMBER 31, 2023 and 2022

C O N T E N T S

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1301 SOUTH JONES BOULEVARD
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FAX: (702) 878-1325

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
FocalPoint Coaching, Inc.
Henderson, Nevada

Opinion

We have audited the accompanying financial statements of FocalPoint Coaching, Inc. (a Nevada corporation), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income (loss), retained earnings (deficit), 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 FocalPoint Coaching, Inc. as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 FocalPoint Coaching Inc. 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 FocalPoint Coaching Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

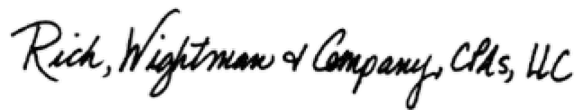
Auditor's Responsibilities for the Audit of the Financial Statements

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 FocalPoint Coaching, Inc.'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 FocalPoint Coaching, Inc.'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.

A handwritten signature in black ink that reads "Rich, Wightman & Company, CPAs, LLC". The signature is written in a cursive, flowing style.

Rich, Wightman & Company, CPAs, LLC
Las Vegas, Nevada

February 27, 2024

FOCALPOINT COACHING, INC.

BALANCE SHEETS
December 31, 2023 and 2022

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash	\$ 102,789	\$ 74,422
Accounts receivable, including \$18,334 of allowance for doubtful accounts for 2023	191,057	5,740
Prepaid expenses	<u>36,837</u>	<u>18,000</u>
Total current assets	<u>\$ 330,683</u>	<u>\$ 98,162</u>
PROPERTY AND EQUIPMENT, at cost		
Computer equipment	\$ 32,573	\$ 31,036
Furniture and fixtures	21,698	15,573
Website design	<u>0</u>	<u>108,360</u>
	\$ 54,271	\$ 154,969
Less accumulated depreciation	<u>(46,340)</u>	<u>(145,677)</u>
	<u>\$ 7,931</u>	<u>\$ 9,292</u>
OTHER ASSETS, other receivable	<u>303,083</u>	<u>421,607</u>
	<u>\$ 641,697</u>	<u>\$ 529,061</u>

See Notes to Financial Statements.

FOCALPOINT COACHING, INC.

BALANCE SHEETS
December 31, 2023 and 2022

LIABILITIES AND STOCKHOLDERS' DEFICIT

	<u>2023</u>	<u>2022</u>
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 711,455	\$ 552,653
Unearned revenue	69,116	198,800
Income tax payable	<u>110,777</u>	<u>44,306</u>
	<u>\$ 891,348</u>	<u>\$ 795,759</u>
STOCKHOLDERS' DEFICIT		
Common stock, \$.001 par value; authorized 67,260 shares; issued and outstanding	\$ 100	\$ 100
Treasury stock, \$.001 par value; \$10 cost; 32,743 outstanding	(10)	0
Retained deficit	<u>(249,741)</u>	<u>(266,798)</u>
	<u>\$ (249,651)</u>	<u>\$ (266,698)</u>
	<u>\$ 641,697</u>	<u>\$ 529,061</u>

See Notes to Financial Statements.

FOCALPOINT COACHING, INC.

STATEMENTS OF INCOME (LOSS)
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Net revenues	\$ 6,121,239	\$ 4,997,606
Cost of revenues	<u>3,168,080</u>	<u>2,753,668</u>
Gross profit	\$ 2,953,159	\$ 2,243,938
Operating expenses, general and administrative	<u>2,956,803</u>	<u>2,328,456</u>
Operating income (loss)	\$ (3,644)	\$ (84,518)
Nonoperating income (expense):		
Other income	39,416	29,613
Interest income	1	0
Interest expense	<u>(316)</u>	<u>(498)</u>
Income before income (loss) taxes	\$ 35,457	\$ (55,403)
Federal income tax benefit (expense)	<u>(18,400)</u>	<u>0</u>
Net income (loss)	<u>\$ 17,057</u>	<u>\$ (55,403)</u>

STATEMENTS OF ACCUMULATED DEFICIT
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Balance, beginning (deficit)	\$ (266,798)	\$ (211,395)
Net income (loss)	<u>17,057</u>	<u>(55,403)</u>
Balance, ending (deficit)	<u>\$ (249,741)</u>	<u>\$ (266,798)</u>

See Notes to Financial Statements.

FOCALPOINT COACHING, INC.

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Cash received from customers	\$ 5,935,922	\$ 5,079,501
Cash paid to suppliers and employees	(5,937,550)	(5,037,342)
Interest received	1	0
Interest paid	(316)	(498)
Other income	39,416	29,613
Income tax paid	(1,444)	(48,514)
Net cash provided by operating activities	<u>\$ 36,029</u>	<u>\$ 22,760</u>
Cash flows from investing activities:		
Net cash applied to investing activities, capital expenditures	<u>\$ (7,662)</u>	<u>\$ (9,923)</u>
Net increase in cash and cash equivalents	\$ 28,367	\$ 12,837
Cash and cash equivalents at beginning of year	<u>74,422</u>	<u>61,585</u>
Cash and cash equivalents at end of year	<u><u>\$ 102,789</u></u>	<u><u>\$ 74,422</u></u>

See Notes to Financial Statements.

FOCALPOINT COACHING, INC.

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023 and 2022

RECONCILIATION OF NET INCOME (LOSS) TO NET CASH
PROVIDED BY OPERATING ACTIVITIES

	<u>2023</u>	<u>2022</u>
Net income (loss)	\$ 17,057	\$ (55,403)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	9,023	7,440
(Increase) decrease in:		
Accounts receivable	(185,317)	81,895
Prepaid expenses	(18,837)	(15,500)
Other receivable	118,514	148,509
Increase (decrease) in:		
Accounts payable and accrued expenses	78,633	(95,667)
Income tax payable	18,400	0
Income tax payable	<u>(1,444)</u>	<u>(48,514)</u>
Net cash provided by operating activities	<u>\$ 36,029</u>	<u>\$ 22,760</u>

SUPPLEMENTAL SCHEDULE OF NONCASH OPERATING AND FINANCING
ACTIVITIES:

During the year ended December 31, 2023, the Company acquired 32,743 shares of common stock at a cost of \$10, classified as treasury stock in exchange for a reduction of a related party receivable.

See Notes to Financial Statements.

FOCALPOINT COACHING, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Business and Significant Accounting Policies

Nature of business:

FocalPoint Coaching, Inc. (the “Company”) is a Nevada corporation formed on March 14, 2008 (“inception”) and remained dormant until beginning operations in early March, 2011. The Company sells franchises to operate a professional coaching business, and use the "FocalPoint Coaching" name, design and system within a specified territory that is approved by the Company.

The Company’s franchise system is characterized by certain trademarks and logos, operating systems, training and marketing concepts, the manual, distinctive color scheme, and other elements, and includes methods for marketing and operating territories in the franchise industry.

The Company has one affiliate, FocalPoint International, Inc., by common ownership and control which operates a business similar to that being offered as a franchise.

A summary of the Company’s significant accounting policies follows:

Recognition of revenue:

The Company has revenue recognition policies for each of their major revenue components. They are classified as either an area representative or a unit franchise.

Franchise fees

Area Representative - The initial fee for an individual or company to become an area representative within the franchised territory for the development, management, servicing, and supervision of FocalPoint Franchised Business with the Franchised territory. The fee is due and recognized as revenue upon execution of the contract and completion of training. These fees are used to cover costs incurred by the Company for the initial setup of the Franchisee, which include broker fees and training.

Unit Franchise - The initial fee for an individual or company to become a franchise to own and operate a FocalPoint Franchised Business offering the proprietary products and services Franchisor authorizes and using Franchisor’s business formats, methods, procedures, signs, designs, layouts, standards, specifications and marks (the “Franchise System”). The fee is due and recognized as revenue upon execution of the contract and completion of training. These fees are used to cover costs incurred by the Company for the initial setup of the Franchisee, which include broker fees and training.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Business and Significant Accounting Policies (continued)

Royalty fees

Area Representative - A monthly royalty fee is charged and recognized as revenue from Franchisees for the use of the Franchisor's business formats, methods, procedures, signs, designs, layouts, standards, specifications and marks (the "Franchise System"). The length of the franchise term is ten years. If the Franchisee chooses to discontinue with the franchise prior to the ten year term, an early termination fee is charged and due immediately upon separation.

Unit Franchise - A monthly royalty fee is charged and recognized as revenue from Franchisees for the use of the Franchisor's business formats, methods, procedures, signs, designs, layouts, standards, specifications and marks (the "Franchise System"). The amount of the royalty will be increased for each associate hired or retained from time to time by Franchisee. The length of the franchise term is seven years. If the Franchisee chooses to discontinue with the franchise prior to the seven year term, an early termination fee is charged and due immediately upon separation.

Marketing fee

Unit Franchise – Fee for the Franchisor's costs associated with direct marketing for clients for Franchisee's Franchised Business. This is a one-time fee that is due and recognized as revenue upon execution of the contract.

Marketing fund

For both area representatives and unit franchisees a monthly advertising fund fee is due to from franchisees to be used for advertising costs associated with the franchise as a whole. 85% of the total amount received is contributed to the fund and 15% is the Franchisor fee for the administration of the fund and marketing of the franchise.

Training fees

For both area representatives and unit franchisees there is a fee for the mandatory attendance of the FocalPoint Franchised Business initial training program. This is a one-time fee due upon execution of the franchise agreement and is recognized as revenue when training is completed.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Business and Significant Accounting Policies (continued)

Technology fees

For both area representatives and Unit Franchisees there is an annual fee paid by the Franchisee's to the Franchisor for the Franchisor's costs associated with the creation, maintenance, and ongoing development of the intranet site and other technology used for the Franchise System.

Conference registration fee

For both area representatives and Unit Franchisees an annual fee paid by the Franchisees for the Franchisor's costs associated with the annual national and/or regional conferences for Franchisees. This fee is due beginning the thirteenth month from the execution of the franchise agreement.

Other

Unit Franchise – Non-refundable regional setup fee used to support Franchisor's initial setup procedures based on territory specific to the Franchisor's franchised business. This is a one-time fee upon execution of the franchise agreement.

A monthly subscription fee is charged and recognized as revenue from Franchisees for use of various platforms.

Cash equivalents:

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Concentrations of credit risk:

The Company maintains its cash and cash equivalents in financial institutions which are insured by the Federal Deposit Insurance Corporation up to \$250,000.

Fair value of financial instruments and accruals:

The carrying amounts of cash, short-term investments and accruals approximate fair value because of the short maturity of those instruments and accruals.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Business and Significant Accounting Policies (continued)

Depreciation:

Depreciation of property and equipment is computed on the straight-line and declining balance methods over the estimated useful lives as follows:

	<u>Years</u>
Computer equipment	3-5
Furniture, fixtures and equipment	3-10

Maintenance and repairs of property and equipment are charged to operations and major improvements are capitalized. Upon retirement, sale or other disposition, the cost and accumulated depreciation are eliminated from the accounts and gain or loss is included in operations.

Long-lived assets:

The Company reviews the carrying value of long-lived assets for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted future cash flows are less than the carrying value, an impairment loss is recognized equal to the amount by which the carrying value exceeds the fair value of the assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, as well as the effects of obsolescence, demand, competition, and other economic factors. Certain long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

Use of estimates and significant judgments:

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. It is at least reasonably possible that the significant estimates used will change within the next year.

The Company is subject to the United States corporation tax and judgment is required in determining the provision for income and deferred taxation. The Company recognizes taxation assets and liabilities based upon estimates and assessments of many factors including judgments about the outcome of future events. Deferred tax assets are only recognized to the extent that it is probable that they will

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Business and Significant Accounting Policies (continued)

Use of estimates and significant judgments (continued)

be recovered against the reversal of deferred tax liabilities or other future taxable profits. At December 31, 2023 the Company has recognized a deferred tax liability consisting of the tax effect of timing differences in respect of the excess of taxation allowances over depreciation upon fixed assets, and various prepaid/accrued amounts for December 31, 2023 and 2022 of \$18,400 and \$19,700, respectively, on the basis that the company is in a tax paying position.

Advertising:

Advertising costs consisting of nondirect-response amounts are expensed as incurred and are included in general and administrative expenses.

Trade receivables:

The Company has multiple classes of receivables based on the specific revenue components. Invoices are typically due upon execution of franchise or area representative agreements.

Management monitors the credit quality of its accounts receivable by reviewing an aging of customer invoices. Invoices are considered past due if a scheduled payment is not received within contractually agreed terms. Management may also review a variety of other relevant qualitative information such as collection experience, economic conditions, and specific customer financial conditions to evaluate credit risk in recording the allowance for doubtful accounts.

Collectability of trade receivables is reviewed on an ongoing basis for impairment. An allowance for doubtful accounts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Receivables are written off only after management has exhausted all collection efforts.

An allowance for doubtful accounts has been provided based on specific identifiable customer accounts considered not deemed to be collectible. Management believes that all other trade receivables are fully collectible based upon the Company's history of collections.

Subsequent Events

Subsequent events were evaluated through February 27, 2024, which is the date of the financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENTS

Note 2. Related Party Accounts and Transactions

Included in other receivables for the years ended December 31, 2023 and 2022 are amounts due from companies affiliated through common ownership totaling \$303,083 and \$421,607, respectively. There are no specific repayment terms or interest noted.

Included in general and administrative expenses for the year ended December 31, 2023 and 2022 are amounts paid as management fees to companies affiliated through common ownership totaling \$1,004,506 and \$897,823, respectively. Management fees are charged to the Company by a related party entity that are affiliates by common ownership and management, FocalPoint International, Inc., along with unrelated third-party advisors.

Included in general and administrative expenses for the year ended December 31, 2023 and 2022 are amounts paid as marketing fees to companies affiliated through common ownership totaling \$0 and \$107,963, respectively

Note 3. Leases

The Company has one (1) lease arrangement under which it is the lessee. The Company leases an office on a month-to-month basis requiring fixed monthly rental amounts.

The Company elected the short-term lease practical expedient (a lease that at commencement date has a lease term of twelve (12) months or less and does not contain an option that the lease is reasonably certain to exercise) related to the lease of its office space.

During the years ended December 31, 2023, and 2022 the Company recognized short-term operating lease expenses totaling \$1,500 and \$1,500, respectively.

Note 4. Income Tax Matters

The Company records income and computes certain deductions for income tax purposes on a basis different from that used for financial reporting. For income tax purposes the Company computes depreciation using different lives with accelerated methods, the timing of recognition of certain revenues and expenses differs for financial reporting and tax.

The Company reviews the carrying value of its deferred tax asset (liabilities) arising from unused federal income tax carry forwards to make an allowance for anticipated future taxable income and applicable current tax rates in effect under the Internal Revenue Code.

NOTES TO FINANCIAL STATEMENTS

Note 4. Income Tax Matters (continued)

The provisions for income taxes is as follows:

	<u>2023</u>	<u>2022</u>
Federal income tax currently payable	<u>\$ 18,400</u>	<u>\$ 0</u>

The Company is subject to taxation in the United States. At December 31, 2023, the Company's tax years for 2019 through 2022 are subject to routine examination by tax authorities.

Note 5. Financial Risk Management

The Company uses various financial instruments. These include cash and various items such as trade debtors and trade creditors that arise directly from its operations.

The main risks arising from the Company's financial instruments are liquidity risk, interest rate risk, credit risk and currency risk. The directors review and agree policies for managing each of these risks and they are summarized below.

Liquidity Risk:

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The directors' policy is to have bank overdraft available to maintain short-term flexibility, as well as financial commitments by shareholders in the event of liquidity needs of the Company.

Interest Rate Risk:

The Company finances its operations through a mixture of retained profits and bank overdraft where required. The Company exposure to interest rate fluctuation on its borrowings is managed by the use of both fixed and floating facilities.

NOTES TO FINANCIAL STATEMENTS

Note 5. Financial Risk Management (continued)

Credit Risk:

The Company's principal financial assets are cash, and accounts receivable. The risk associated with cash is limited, principal credit risk likes with accounts receivable.

In order to manage credit risk the directors utilize set limits for customers based on a combination of payment history and third-party credit references. Credit limits are reviewed on a regular basis in conjunction with debt aging and collection history.

Note 6. Recently Adopted Accounting Pronouncements

At the beginning of the first quarter of 2022, the Company adopted the Financial Accounting Standards Board's (the "FASB") Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02"), and additional ASUs issued to clarify and update the guidance in ASU 2016-02 (collectively, the "new leases standard"), which modifies lease accounting for lessees to increase transparency and comparability by recording lease assets and liabilities for operating leases and disclosing key information about leasing agreements. The Company adopted the new leases standards utilizing the modified retrospective transition method, under which amounts in prior periods presented were not restated. For contracts existing at the time of adoption, the Company elected not to reassess (i) whether any are or contain leases, (ii) leases classification, and (iii) initial direct costs. Upon adoption the Company recorded \$0 of right-of-use ("ROU") assets and \$0 of lease liabilities on its Balance Sheet.

Note 7. Treasury Stock

During the year ended December 31, 2023, the Company purchased 32,743 shares of common stock at a cost of \$10. These shares were purchased by the Company as part of an agreement between the Company and one shareholder. Shares that are repurchased are classified as treasury stock pending future use and the number of shares outstanding is reduced accordingly. Payment of the stock was issued by FocalPoint International, Inc. and a receivable due from FocalPoint International, Inc. to FocalPoint Coaching, Inc. was reduced.



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INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

To the Board of Directors
FocalPoint Coaching, Inc.
Henderson, Nevada

Our report on our audits of the basic financial statements of FocalPoint Coaching, Inc. for the years ended December 31, 2023 and 2022 appear on pages 1 and 2. Those audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of net revenues, cost of revenues, general and administrative expenses on pages 17 through 18 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Rich, Wightman & Company, CPAs, LLC

Rich, Wightman & Company, CPAs, LLC
Las Vegas, Nevada

February 27, 2024

FOCALPOINT COACHING, INC.

NET REVENUES
Years Ended December 31, 2023 and 2022

	<u>2023</u>		<u>2022</u>	
	<u>Amount</u>	<u>Percent to Revenues</u>	<u>Amount</u>	<u>Percent to Revenues</u>
Conference fee	\$ 174,681	2.85%	\$ 132,556	2.65%
Franchise fee	2,181,700	35.64	1,547,805	30.97
Marketing fee	144,550	2.36	111,700	2.24
Marketing fund	42,428	.69	42,735	.86
Royalty fee	2,379,667	38.88	2,326,719	46.56
Technology fee	137,550	2.25	130,025	2.60
Training fee	860,950	14.06	552,200	11.05
Other	<u>199,713</u>	<u>3.27</u>	<u>153,866</u>	<u>3.07</u>
	<u>\$ 6,121,239</u>	<u>100.00%</u>	<u>\$ 4,997,606</u>	<u>100.00%</u>

COST OF REVENUES
Years Ended December 31, 2023 and 2022

	<u>2023</u>		<u>2022</u>	
	<u>Amount</u>	<u>Percent to Revenues</u>	<u>Amount</u>	<u>Percent to Revenues</u>
Commission	\$ 318,244	5.20%	\$ 221,500	4.43%
Franchise broker commission	849,500	13.88	664,600	13.30
Franchise fee disbursement	307,424	5.02	252,629	5.06
Referral fee	64,000	1.05	25,000	.50
Regional fee disbursement	81,623	1.33	52,660	1.05
Royalty fee disbursement	1,111,688	18.16	1,143,055	22.87
Training costs	<u>435,601</u>	<u>7.12</u>	<u>394,224</u>	<u>7.89</u>
	<u>\$ 3,168,080</u>	<u>51.76%</u>	<u>\$ 2,753,668</u>	<u>55.10%</u>

FOCALPOINT COACHING, INC.

GENERAL AND ADMINISTRATIVE EXPENSES

Years Ended December 31, 2023 and 2022

	<u>2023</u>		<u>2022</u>	
	<u>Amount</u>	<u>Percent to Revenues</u>	<u>Amount</u>	<u>Percent to Revenues</u>
Advertising	\$ 82,590	1.35%	\$ 147,941	2.96%
Assessment fee	105,807	1.73	86,287	1.73
Automotive expenses	7,396	.12	8,732	.17
Bad debt	45,020	.74	41,325	.83
Banking costs	18,139	.30	22,254	.45
Computer support	133,274	2.18	89,599	1.79
Conference	169,908	2.78	134,667	2.69
Depreciation	9,023	.15	7,440	.15
Donations	553	.01	2,078	.04
Dues and subscriptions	4,933	.08	3,215	.06
Insurance	34,243	.56	5,426	.11
Management fee	1,004,506	16.41	897,823	17.97
Meals and entertainment	98,599	1.61	77,516	1.55
Office expense	17,759	.29	23,403	.47
Payroll taxes	36,524	.60	27,022	.54
Penalties	39,386	.64	5,291	.11
Postage	4,365	.07	758	.02
Professional services	183,007	2.99	153,769	3.08
Rent	1,500	.02	1,500	.03
Salaries and wages	258,968	4.23	245,042	4.90
Taxes and licenses	244,083	3.99	10,777	.22
Telephone	6,180	.10	5,999	.12
Training and seminars	385,986	6.31	285,563	5.71
Travel	65,054	1.04	45,029	.89
	<u>\$ 2,956,803</u>	<u>48.30%</u>	<u>\$ 2,328,456</u>	<u>46.59%</u>

FOCALPOINT COACHING, INC.

FINANCIAL REPORTS

DECEMBER 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
FocalPoint Coaching, Inc.
Henderson, Nevada

Opinion

We have audited the accompanying financial statements of FocalPoint Coaching, Inc. (a Nevada corporation), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income (loss), retained earnings (deficit), 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 FocalPoint Coaching, Inc. as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 FocalPoint Coaching Inc. 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 FocalPoint Coaching Inc.'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 FocalPoint Coaching, Inc.'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 FocalPoint Coaching, Inc.'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.



Rich, Wightman & Company, CPAs, LLC
Las Vegas, Nevada

February 16, 2023

FOCALPOINT COACHING, INC.

BALANCE SHEETS
December 31, 2022 and 2021

ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash	\$ 74,422	\$ 61,585
Accounts receivable	5,740	87,635
Prepaid expenses	<u>18,000</u>	<u>2,500</u>
Total current assets	<u>\$ 98,162</u>	<u>\$ 151,720</u>
PROPERTY AND EQUIPMENT, at cost		
Computer equipment	\$ 31,036	\$ 20,616
Furniture and fixtures	15,573	15,573
Website design	<u>108,360</u>	<u>108,360</u>
	\$ 154,969	\$ 144,549
Less accumulated depreciation	<u>(145,677)</u>	<u>(137,741)</u>
	<u>\$ 9,292</u>	<u>\$ 6,808</u>
OTHER ASSETS, other receivable	<u>421,607</u>	<u>570,116</u>
	<u><u>\$ 529,061</u></u>	<u><u>\$ 728,644</u></u>

LIABILITIES AND STOCKHOLDERS' DEFICIT

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 552,653	\$ 753,466
Unearned revenue	198,800	93,653
Income tax payable	<u>44,306</u>	<u>92,820</u>
	<u>\$ 795,759</u>	<u>\$ 939,939</u>
STOCKHOLDERS' DEFICIT		
Common stock, \$.001 par value; authorized 100,000 shares; issued and outstanding	\$ 100	\$ 100
Retained deficit	<u>(266,798)</u>	<u>(211,395)</u>
	<u>\$ (266,698)</u>	<u>\$ (211,295)</u>
	<u><u>\$ 529,061</u></u>	<u><u>\$ 728,644</u></u>

See Notes to Financial Statements.

FOCALPOINT COACHING, INC.

STATEMENTS OF INCOME (LOSS)
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Net revenues	\$ 4,997,606	\$ 4,148,097
Cost of revenues	<u>2,753,668</u>	<u>2,347,583</u>
Gross profit	\$ 2,243,938	\$ 1,800,514
Operating expenses, general and administrative	<u>2,328,456</u>	<u>1,809,280</u>
Operating income (loss)	\$ (84,518)	\$ (8,766)
Nonoperating income (expense):		
Other income	29,613	20,487
Interest expense	<u>(498)</u>	<u>(528)</u>
Income before income (loss) taxes	\$ (55,403)	\$ 11,193
Federal income tax benefit (expense)	<u>0</u>	<u>(9,424)</u>
Net income (loss)	<u>\$ (55,403)</u>	<u>\$ 1,769</u>

STATEMENTS OF ACCUMULATED DEFICIT
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Balance, beginning (deficit), as previously reported	\$ (211,395)	\$ (213,164)
Add net income (loss)	<u>(55,403)</u>	<u>1,769</u>
Balance, ending (deficit)	<u>\$ (266,798)</u>	<u>\$ (211,395)</u>

See Notes to Financial Statements.

FOCALPOINT COACHING, INC.

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Cash received from customers	\$ 5,079,501	\$ 4,082,896
Cash paid to suppliers and employees	(5,037,342)	(4,137,330)
Interest paid	(498)	(528)
Other income	29,613	20,487
Income tax paid	<u>(48,514)</u>	<u>0</u>
Net cash provided by (applied to) operating activities	<u>\$ 22,760</u>	<u>\$ (34,475)</u>
Cash flows from investing activities:		
Net cash applied to investing activities, capital expenditures	<u>\$ (9,923)</u>	<u>\$ (1,026)</u>
Net increase (decrease) in cash and cash equivalents	\$ 12,837	\$ (35,501)
Cash and cash equivalents at beginning of year	<u>61,585</u>	<u>97,086</u>
Cash and cash equivalents at end of year	<u><u>\$ 74,422</u></u>	<u><u>\$ 61,585</u></u>

See Notes to Financial Statements.

FOCALPOINT COACHING, INC.

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2022 and 2021

RECONCILIATION OF NET INCOME (LOSS) TO NET CASH
PROVIDED BY (APPLIED TO) OPERATING ACTIVITIES

	<u>2022</u>	<u>2021</u>
Net income (loss)	\$ (55,403)	\$ 1,769
Adjustments to reconcile net income to net cash provided by (applied to) operating activities:		
Depreciation	7,440	28,553
(Increase) decrease in:		
Accounts receivable	81,895	(65,201)
Prepaid expenses	(15,500)	8,400
Other receivable	148,509	(9,885)
Increase (decrease) in:		
Accounts payable and accrued expenses	(95,667)	(7,535)
Income tax payable	<u>(48,514)</u>	<u>9,424</u>
Net cash provided by (applied to) operating activities	<u>\$ 22,760</u>	<u>\$ (34,475)</u>

See Notes to Financial Statements.

FOCALPOINT COACHING, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Business and Significant Accounting Policies

Nature of business:

FocalPoint Coaching, Inc. (the “Company”) is a Nevada corporation formed on March 14, 2008 (“inception”) and remained dormant until beginning operations in early March, 2011. The Company sells franchises to operate a professional coaching business, and use the "FocalPoint Coaching" name, design and system within a specified territory that is approved by the Company.

The Company’s franchise system is characterized by certain trademarks and logos, operating systems, training and marketing concepts, the manual, distinctive color scheme, and other elements, and includes methods for marketing and operating territories in the franchise industry.

The Company has one affiliate, FocalPoint International, by common ownership and control which operates a business similar to that being offered as a franchise.

A summary of the Company’s significant accounting policies follows:

Recognition of revenue:

The Company has revenue recognition policies for each of their major revenue components. They are classified as either an area representative or a unit franchise.

Franchise fees

Area Representative - The initial fee for an individual or company to become an area representative within the franchised territory for the development, management, servicing, and supervision of FocalPoint Franchised Business with the Franchised territory. The fee is due and recognized as revenue upon execution of the contract and completion of training. These fees are used to cover costs incurred by the Company for the initial setup of the Franchisee, which include broker fees and training.

Unit Franchise - The initial fee for an individual or company to become a franchise to own and operate a FocalPoint Franchised Business offering the proprietary products and services Franchisor authorizes and using Franchisor’s business formats, methods, procedures, signs, designs, layouts, standards, specifications and marks (the “Franchise System”). The fee is due and recognized as revenue upon execution of the contract and completion of training. These fees are used to cover costs incurred by the Company for the initial setup of the Franchisee, which include broker fees and training.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Business and Significant Accounting Policies (continued)

Royalty fees

Area Representative - A monthly royalty fee is charged and recognized as revenue from Franchisees for the use of the Franchisor's business formats, methods, procedures, signs, designs, layouts, standards, specifications and marks (the "Franchise System"). The length of the franchise term is ten years. If the Franchisee chooses to discontinue with the franchise prior to the ten year term, an early termination fee is charged and due immediately upon separation.

Unit Franchise - A monthly royalty fee is charged and recognized as revenue from Franchisees for the use of the Franchisor's business formats, methods, procedures, signs, designs, layouts, standards, specifications and marks (the "Franchise System"). The amount of the royalty will be increased for each associate hired or retained from time to time by Franchisee. The length of the franchise term is seven years. If the Franchisee chooses to discontinue with the franchise prior to the seven year term, an early termination fee is charged and due immediately upon separation.

Marketing fee

Unit Franchise – Fee for the Franchisor's costs associated with direct marketing for clients for Franchisee's Franchised Business. This is a one-time fee that is due and recognized as revenue upon execution of the contract.

Marketing fund

For both area representatives and unit franchisees a monthly advertising fund fee is due to from franchisees to be used for advertising costs associated with the franchise as a whole. 85% of the total amount received is contributed to the fund and 15% is the Franchisor fee for the administration of the fund and marketing of the franchise.

Training fees

For both area representatives and unit franchisees there is a fee for the mandatory attendance of the FocalPoint Franchised Business initial training program. This is a one-time fee due upon execution of the franchise agreement and is recognized as revenue when training is completed.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Business and Significant Accounting Policies (continued)

Technology fees

For both area representatives and Unit Franchisees there is an annual fee paid by the Franchisee's to the Franchisor for the Franchisor's costs associated with the creation, maintenance, and ongoing development of the intranet site and other technology used for the Franchise System.

Conference registration fee

For both area representatives and Unit Franchisees an annual fee paid by the Franchisees for the Franchisor's costs associated with the annual national and/or regional conferences for Franchisees. This fee is due beginning the thirteenth month from the execution of the franchise agreement.

Other

Unit Franchise – Non-refundable regional setup fee used to support Franchisor's initial setup procedures based on territory specific to the Franchisor's franchised business. This is a one-time fee upon execution of the franchise agreement.

A monthly subscription fee is charged and recognized as revenue from Franchisees for use of various platforms.

Cash equivalents:

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Concentrations of credit risk:

The Company maintains its cash and cash equivalents in financial institutions which are insured by the Federal Deposit Insurance Corporation up to \$250,000.

Fair value of financial instruments and accruals:

The carrying amounts of cash, short-term investments and accruals approximate fair value because of the short maturity of those instruments and accruals.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Business and Significant Accounting Policies (continued)

Depreciation:

Depreciation of property and equipment is computed on the straight-line and declining balance methods over the estimated useful lives as follows:

	<u>Years</u>
Computer equipment	3-5
Furniture, fixtures and equipment	3-10
Website design	3

Maintenance and repairs of property and equipment are charged to operations and major improvements are capitalized. Upon retirement, sale or other disposition, the cost and accumulated depreciation are eliminated from the accounts and gain or loss is included in operations.

Long-lived assets:

The Company reviews the carrying value of long-lived assets for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted future cash flows are less than the carrying value, an impairment loss is recognized equal to the amount by which the carrying value exceeds the fair value of the assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, as well as the effects of obsolescence, demand, competition, and other economic factors. Certain long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

Use of estimates and significant judgments:

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. It is at least reasonably possible that the significant estimates used will change within the next year.

The Company is subject to the United States corporation tax and judgment is required in determining the provision for income and deferred taxation. The Company recognizes taxation assets and liabilities based upon estimates and assessments of many factors including judgments about the outcome of future events. Deferred tax assets are only recognized to the extent that it is probable that they will

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Business and Significant Accounting Policies (continued)

Use of estimates and significant judgments (continued)

be recovered against the reversal of deferred tax liabilities or other future taxable profits. At December 31, 2022 the Company has recognized a deferred tax liability consisting of the tax effect of timing differences in respect of the excess of taxation allowances over depreciation upon fixed assets, and various prepaid/accrued amounts for December 31, 2022 and 2021 of \$19,700 and \$19,700, respectively, on the basis that the company is in a tax paying position.

Advertising:

Advertising costs consisting of nondirect-response amounts are expensed as incurred and are included in general and administrative expenses.

Trade receivables:

The Company has multiple classes of receivables based on the specific revenue components. Invoices are typically due upon execution of franchise or area representative agreements.

Management monitors the credit quality of its accounts receivable by reviewing an aging of customer invoices. Invoices are considered past due if a scheduled payment is not received within contractually agreed terms. Management may also review a variety of other relevant qualitative information such as collection experience, economic conditions, and specific customer financial conditions to evaluate credit risk in recording the allowance for doubtful accounts.

Collectability of trade receivables is reviewed on an ongoing basis for impairment. An allowance for doubtful accounts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Receivables are written off only after management has exhausted all collection efforts.

An allowance for doubtful accounts has been provided based on specific identifiable customer accounts considered not deemed to be collectible. Management believes that all other trade receivables are fully collectible based upon the Company's history of collections.

Subsequent Events

Subsequent events were evaluated through February 16, 2023, which is the date of the financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENTS

Note 2. Related Party Accounts and Transactions

Included in other receivables for the year ended December 31, 2022 and 2021 are amounts due from companies affiliated through common ownership totaling \$421,607 and \$570,116, respectively. There are no specific repayment terms or interest noted.

Included in general and administrative expenses for the year ended December 31, 2022 and 2021 are amounts paid as management fees to companies affiliated through common ownership totaling \$897,823 and \$647,355, respectively. Management fees are charged to the Company by a related party entity that are affiliates by common ownership and management, FocalPoint International, Inc., along with unrelated third-party advisors.

Included in general and administrative expenses for the year ended December 31, 2022 and 2021 are amounts paid as marketing fees to companies affiliated through common ownership totaling \$107,963 and \$0, respectively

Note 3. Leases

The Company has one (1) lease arrangement under which it is the lessee. The Company leases an office on a month-to-month basis requiring fixed monthly rental amounts.

The Company elected the short-term lease practical expedient (a lease that at commencement date has a lease term of twelve (12) months or less and does not contain an option that the lease is reasonably certain to exercise) related to the lease of its office space.

During the years ended December 31, 2022, and 2021 the Company recognized short-term operating lease expenses totaling \$1,500 and \$1,887, respectively.

Note 4. Income Tax Matters

The Company records income and computes certain deductions for income tax purposes on a basis different from that used for financial reporting. For income tax purposes the Company computes depreciation using different lives with accelerated methods, the timing of recognition of certain revenues and expenses differs for financial reporting and tax.

The Company reviews the carrying value of its deferred tax asset (liabilities) arising from unused federal income tax carry forwards to make an allowance for anticipated future taxable income and applicable current tax rates in effect under the Internal Revenue Code.

NOTES TO FINANCIAL STATEMENTS

Note 4. Income Tax Matters (continued)

The provisions for income taxes is as follows:

	<u>2022</u>	<u>2021</u>
Federal income tax currently payable	\$ 0	\$ (44,269)
Federal income tax benefit:		
(Increase) decrease in deferred income taxes	<u>0</u>	<u>34,845</u>
	<u>\$ 0</u>	<u>\$ (9,424)</u>

During the year ended December 31, 2022, it was discovered that income tax payable had been understated at December 31, 2021. A correction was made to the comparative information on this report for any impact to December 31, 2021. This correction has the effect of increasing income tax expense and liability by \$9,424.

The Company is subject to taxation in the United States. At December 31, 2022, the Company's tax years for 2018 through 2022 are subject to routine examination by tax authorities.

Note 5. Financial Risk Management

The Company uses various financial instruments. These include cash and various items such as trade debtors and trade creditors that arise directly from its operations.

The main risks arising from the Company's financial instruments are liquidity risk, interest rate risk, credit risk and currency risk. The directors review and agree policies for managing each of these risks and they are summarized below.

Liquidity Risk:

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The directors' policy is to have bank overdraft available to maintain short-term flexibility, as well as financial commitments by shareholders in the event of liquidity needs of the Company.

Interest Rate Risk:

The Company finances its operations through a mixture of retained profits and bank overdraft where required. The Company exposure to interest rate fluctuation on its borrowings is managed by the use of both fixed and floating facilities.

NOTES TO FINANCIAL STATEMENTS

Note 5. Financial Risk Management (continued)

Credit Risk:

The Company's principal financial assets are cash, and accounts receivable. The risk associated with cash is limited, principal credit risk likes with accounts receivable.

In order to manage credit risk the directors utilize set limits for customers based on a combination of payment history and third-party credit references. Credit limits are reviewed on a regular basis in conjunction with debt aging and collection history.

Note 6. Recently Adopted Accounting Pronouncements

At the beginning of the first quarter of 2022, the Company adopted the Financial Accounting Standards Board's (the "FASB") Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02"), and additional ASUs issued to clarify and update the guidance in ASU 2016-02 (collectively, the "new leases standard"), which modifies lease accounting for lessees to increase transparency and comparability by recording lease assets and liabilities for operating leases and disclosing key information about leasing agreements. The Company adopted the new leases standards utilizing the modified retrospective transition method, under which amounts in prior periods presented were not restated. For contracts existing at the time of adoption, the Company elected not to reassess (i) whether any are or contain leases, (ii) leases classification, and (iii) initial direct costs. Upon adoption the Company recorded \$0 of right-of-use ("ROU") assets and \$0 of lease liabilities on its Balance Sheet.



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INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

To the Board of Directors
FocalPoint Coaching, Inc.
Henderson, Nevada

Our report on our audits of the basic financial statements of FocalPoint Coaching, Inc. for the years ended December 31, 2022 and 2021 appears on page 1. Those audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of net revenues, cost of revenues, general and administrative expenses on pages 16 through 17 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Rich, Wightman & Company, CPAs, LLC
Las Vegas, Nevada

February 16, 2023

FOCALPOINT COACHING, INC.

NET REVENUES
Years Ended December 31, 2022 and 2021

	<u>2022</u>		<u>2021</u>	
	<u>Amount</u>	<u>Percent to Revenues</u>	<u>Amount</u>	<u>Percent to Revenues</u>
Conference fee	\$ 132,556	2.65%	\$ 48,601	1.17%
Franchise fee	1,547,805	30.97	1,432,138	34.53
Marketing fee	111,700	2.24	67,500	1.63
Marketing fund	42,735	.86	38,333	.92
Royalty fee	2,326,719	46.56	1,888,633	45.53
Technology fee	130,025	2.60	107,000	2.58
Training fee	552,200	11.05	474,950	11.45
Other	<u>153,866</u>	<u>3.07</u>	<u>90,942</u>	<u>2.19</u>
	<u>\$ 4,997,606</u>	<u>100.00%</u>	<u>\$ 4,148,097</u>	<u>100.00%</u>

COST OF REVENUES
Years Ended December 31, 2022 and 2021

	<u>2022</u>		<u>2021</u>	
	<u>Amount</u>	<u>Percent to Revenues</u>	<u>Amount</u>	<u>Percent to Revenues</u>
Commission	\$ 221,500	4.43%	\$ 186,420	4.49%
Franchise broker commission	664,600	13.30	490,000	11.81
Franchise fee disbursement	252,629	5.06	205,882	4.96
Referral fee	25,000	.50	59,500	1.43
Regional fee disbursement	52,660	1.05	15,798	.38
Royalty fee disbursement	1,143,055	22.87	946,173	22.81
Training costs	<u>394,224</u>	<u>7.89</u>	<u>443,810</u>	<u>10.71</u>
	<u>\$ 2,753,668</u>	<u>55.10%</u>	<u>\$ 2,347,583</u>	<u>56.59%</u>

FOCALPOINT COACHING, INC.

GENERAL AND ADMINISTRATIVE EXPENSES
Years Ended December 31, 2022 and 2021

	<u>2022</u>		<u>2021</u>	
	<u>Amount</u>	<u>Percent to Revenues</u>	<u>Amount</u>	<u>Percent to Revenues</u>
Advertising	\$ 147,941	2.96%	\$ 159,851	3.85%
Assessment fee	86,287	1.73	108,130	2.61
Automotive expenses	8,732	.17	13,246	.32
Bad debt	41,325	.83	9,730	.23
Banking costs	22,254	.45	17,938	.43
Computer support	89,599	1.79	116,827	2.82
Conference	134,667	2.69	10,186	.25
Depreciation	7,440	.15	28,553	.69
Donations	2,078	.04	0	.00
Dues and subscriptions	3,215	.06	2,940	.07
Insurance	5,426	.11	24,785	.60
Management fee	897,823	17.97	647,355	15.61
Meals and entertainment	77,516	1.55	35,553	.86
Office expense	23,403	.47	22,549	.54
Payroll taxes	27,022	.54	23,332	.56
Penalties	5,291	.11	26,640	.64
Postage	758	.02	253	.01
Professional services	153,769	3.08	158,493	3.82
Rent	1,500	.03	1,887	.05
Salaries and wages	245,042	4.90	191,084	4.61
Taxes and licenses	10,777	.22	10,230	.25
Telephone	5,999	.12	6,964	.17
Training and seminars	285,563	5.71	186,759	4.50
Travel	45,029	.89	5,995	.13
	<u>\$ 2,328,456</u>	<u>46.59%</u>	<u>\$ 1,809,280</u>	<u>43.62%</u>

EXHIBIT D

OPERATIONS MANUAL TABLE OF CONTENTS

Exhibit D-1

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EXHIBIT E

LIST OF FRANCHISEES

LIST OF FRANCHISEES AS OF 12/31/2023

LIST OF FOCALPOINT COACHING BUSINESSES AND AR BUSINESSES

FOCALPOINT COACHING BUSINESSES

Name	Email	Phone(s)	Address
Allen Smith	asmith@focalpointcoaching.com	251 490 3045	3148 Dolly Ridge Drive Vestavia Hills, AL 35243
Allan Carraway	acarraway@focalpointcoaching.com	907 727 7487	2440 Tudor Rd. #347 Anchorage, AK 99507
Dan Creed	dcreed@focalpointcoaching.com	480 460 2363	15815 S. 46th St., Ste. 116, Phoenix, AZ 85048
Sindi-Major-Martinez Kristin Piotrowski	smajormartinez@focalpointcoaching.com kpiotrowski@focalpointcoaching.com	602-319-6858 998 1492	15169 N.Scottsdale Rd, 7650 E. Williams Drive Unit 1032 Scottsdale, AZ 8526055
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Alan Fonner	afonner@focalpointcoaching.com	817 907 0354	20 Barrington Circle, Gordonville, TX 76245 (AR for Arkansas)
Erie-Kapral Michael Viane	ekapral@focalpointcoaching.com mviane@focalpointcoaching.com	415-8108 33184 3563	1012 Evelyn Avenue, 5555 Bromely Drive Albany Oak Park, CA 94137067
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Bill Lazor	blazor@focalpointcoaching.com	714 842 8879	7290 Edinger Avenue, #4012, Huntington Beach, CA 92647-0945
Mikke Pierson	mpierson@focalpointcoaching.com	310 309 0038	30702 Monte Lado Drive, Malibu, CA 90265
Robert Hechler	rhechler@focalpointcoaching.com	386 547 3847	37 Via Vicini, Rancho Santa Margarita, CA, 92688
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Alay Yajnik	Northern California	ayajnik@focalpointcoaching.com	925 967 2197	11518 Soleado Ct., Dublin, CA 94568
Robert Hechler	Southern California	rhechler@focalpointcoaching.com	(386) 547-3847	37 Via Vicini, Rancho Santa Margarita, CA 92688
Sammy Silva	Colorado	ssilva@focalpointcoaching.com	(303) 910-2156	18737 E 51 st PL, Denver, CO 80249
John Geshay	Florida	jgeshay@focalpointcoaching.com	(904) 923-1246	1668 Norton Hill Drive, Jacksonville, FL 32225
Marc Cote	S. Florida	mcote@focalpointcoaching.com	(617) 538-5688	130 Tobey Garden St, Duxbury, MA 02332
Chris Dekle	Georgia	cdekle@focalpointcoaching.com	(770) 888-1663	3225 Lanier Beach South Rd., Cumming, GA 30041
Alfredo Avilla	Idaho	aavila@focalpointcoaching.com	(208) 403-2192	451 Cranbrook Ln Idaho Falls, ID 83404
Duke Hamm	Indiana	dhamm@focalpointcoaching.com	(765) 465-2576	141 Fairway Dr, New Castle, IN

Name	Territory	CMS E-mail	Phone(s)	Address
				47362
Jon Lazarow	Kansas	jlazarow@focalpointcoaching.com	(937) 726-0234	12 Oak Terrace, Webster Groves, MO, 63119
Gregory Pestinger	Kentucky	gpestinger@focalpointcoaching.com	(502) 424-9158	2134 Baringer Avenue, Louisville, KY 40204
Marc Cote	Maine	mcote@focalpointcoaching.com	(617) 538-5688	130 Tobey Garden St, Duxbury, MA 02332
Marc Cote	Massachusetts	mcote@focalpointcoaching.com	(617) 538-5688	130 Tobey Garden St, Duxbury, MA 02332
Matthew Job	Michigan	mjob@focalpointcoaching.com	(734) 673-2568	8301 Ferry Rd, Grosse Ile, MI 48138
John Channon	Minnesota	mchannon@focalpointcoaching.com	(651) 373-6406	9 La Costa Circle,Dellwood , MN 55110
Jon Lazarow	Missouri	jlazarow@focalpointcoaching.com	(937) 726-0234	12 Oak Terrace, Webster Groves, MO, 63119
David Fisher	Illinois	dfisher@focalpointcoaching.com	(773) 620-0360	3930 Lawn Ave Western Springs, IL 60558
Jim Masters	Nebraska	jmasters@focalpointcoaching.com	(402) 331- 7000	510 West Centennial Road Papillion, NE 68046
Marc Cote	New Hampshire	mcote@focalpointcoaching.com	(617) 538-5688	130 Tobey Garden St, Duxbury, MA 02332
Nick Mariniello	New Jersey	nmariniello@focalpointcoaching.com	(732) 224-7679	15 Storm Road, Lincroft, NJ 07738
Sharon Richter	New York	srichter@focalpointcoaching.com	(410) 804-3522	324 West 88th Street, Apt 2A, New York, NY 10024

Name	Territory	CMS E-mail	Phone(s)	Address
<u>Scott Hartsfield & Nick Mariniello</u>	<u>North Carolina</u>	<u>shartsfield@focalpointcoaching.com</u> <u>nmariniello@focalpointcoaching.com</u>	<u>(919) 599-1406</u> <u>(732) 224-7679</u>	<u>7 Thompsonville Ct</u> <u>Durham, NC 27713</u> <u>15 Storm Rd., Lincroft, NJ 07738</u>
Todd Eppert	Ohio	teppert@focalpointcoaching.com	(513) 543-7271	333 Whispering Pines Drive, Loveland, OH 45140
Alan Fonner	Oklahoma	afonner@focalpointcoaching.com	(817) 907-0354	20 Barrington Circle, Gordonville, TX 76245
Todd Eppert	Oregon	teppert@focalpointcoaching.com	(513) 543-7271	333 Whispering Pines Drive, Loveland, OH 45140
Mark Steinke	Pennsylvania	msteinke@focalpointcoaching.com	(610) 768-7774	630 Freedom Business Center Drive, 3 rd Floor, King of Prussia, PA 19406
Marc Cote	Rhode Island	mcote@focalpointcoaching.com	(617) 538-5688	130 Tobey Garden St, Duxbury, MA 02332
Jerry Pilewski	South Carolina	jpilewski@focalpointcoaching.com	(908) 927-2987	126 Shore View Ct, Taylors, SC 29687
Eric Eurich	Tennessee	eurich@focalpointcoaching.com	(832) 797-2314	2064 Arden Landing Cove N, Germantown, TN 38139
Steve Lowrey	Texas	slowrey@focalpointcoaching.com	(281) 360- 6685	3914 Brook Shadow Dr., Kingwood, TX 77345
Dennis				2561 Estrada

Name	Territory	CMS E-mail	Phone(s)	Address
Stetzel	Texas	dstetzel@focalpointcoaching.com	(303) 250-9879	Drive, League City, TX 77573
Scott Hartsfield	Virginia	shartsfield@focalpointcoaching.com	(919- 599) <u>599</u> -1406	7 Thompsonville Ct Durham, NC 27713
Marc Cote	Vermont	mcote@focalpointcoaching.com	(617) 538-5688	130 Tobey Garden St, Duxbury, MA 02332
Jason Weseman	Wisconsin	jwesemen@focalpointcoaching.com	(414) 639-9060	9309 N. Fairway Drive, Bayside WI 53217

LIST OF FORMER FOCALPOINT COACHING BUSINESSES

The following is a list of the names, addresses, and last known telephone numbers of all former FocalPoint Franchised Business franchise owners who had its FocalPoint Franchised Business ~~transferred~~, terminated, cancelled, or not renewed or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement as of December 31, 202~~2~~³, or who has not communicated with us within 10 weeks of this Disclosure Document's issuance date. ~~Also listed below is the 1~~ There were no former Area Representatives ~~(who operated 2 AR Businesses) who had his AR Business transferred, their its FocalPoint franchise~~ terminated, cancelled, or not renewed or otherwise voluntarily or involuntarily ceased to do business under an agreement with us as of December 31, 202~~0~~³, or who have not communicated with us within 10 weeks of this Disclosure Document's issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Sindi Major-Martinez: (602) 319-6858. 15169 N. Scottsdale Rd., Scottsdale, AZ 85260.

Gary Bliss: (480) 250-8320. 5814 N. 25th Place, Phoenix, AZ 85016.

~~Kevin Onareker~~ Eric Kapral: (954) 894-9109-3384. 24101 52 Ristras Lane, Los Angeles Evelyn Ave., Albany, CA 92547062.

~~MJ Torrez (408) 836-9375, 6095. S. Oswego St., Greenwood Village, CO 80111.~~

Craig Korotko: (951) 689-6006, 392 Mock Blf., Beaumont, CA 92223.

Peter Irish: (703) 999-9693. 3525 Arclight Ct., Fort Myers, FL 33916 (FocalPoint Franchised Business was located in California).

Anita Gramont: (949) 877-8776. 4 Tivoli Court, Newport Beach, CA 92657.

~~Robert Bruhn~~ Sandy Lamb: (724) 260-6799. 7740 S. Glencoe Way, Centennial 566-2718. 5850 Gladstone St., Colorado Springs, CO 80122906.

~~Ellis Mass: (754) 229-6282. 8275 NW 105th Lane, Parkland, FL 33076.~~

~~Jeffrey Bartholomew: (770) 331-1525. 1204 Greers Trail, Peachtree City, GA 30269.~~

~~Linda Brennan Easter: (478) 719-0700. 115 S Haven Ct, Macon, GA 31210.~~

~~Luca Setti: (863) 398-2477, 3304. Riggs Court, Lexington, KY 40513.~~

Michael Rice: (252) 590-0571. 1184 Loch Ness Ave. Broomfield, CO, 80020

Chris & Lisa Perry: (305) 298-8582. 538 NE 17th Way, Ft. Lauderdale, FL 33301

Scott Rutkauskis: (941) 993-0529. 11615 Brookside Dr., Bradenton, FL 34211

Tom Strehle: (917) 723-3162. 2520 NW 69th Street Boca Raton, FL 33496

Dawn Hennessey: (904) 994-8524. 3379 Lighthouse Point Ln., Jacksonville Beach, FL 32250

Wayne Townsend: (352) 816-9642. 846 Rocky Shoals Dr., Midland, GA 31820

Jason Goldberg: (706) 267-4811. 718 Marsh Point Rd., Evans, GA 30809

Jason Ballard: (719) 640-8826. 3902 Clarke Place, Crestwood, KY 40014

Dominic Grew: (857) 272-6391. 325 Massapoag Avenue, Sharon, MA, 02067

~~Jerry Fronezak~~ Rob Wicker: (248) 227-3378. 1283 Tulberry Circle, Rochester 881-3122. 9386 Lake Park Dr., Grand Blanc, MI, 4843069.

~~Pam Cabalka~~ Michael Linder: (612) 207-8880 865-3654. 536511 Barrington 130th Way N, Excelsior Hugo, MN 5503348.

Frank Bick (314) 713-8388. 516 Shadow Mountain Court, Wildwood, MO, 63011 (FocalPoint Franchised Business was located in Texas).

Garrett Grega: (908) 892-2539. 404 Mathers Ln., Neshanic Station, NJ 08853

Joan Sebring: (732) 693-9039. 8 Monmouth Ave., Rumson, NJ 07760

Mike Patrick: (505) 225-9189. 1821 Blanca Peak Trail NE, Rio Rancho, NM 87144

Jeffrey Kiplinger: (781) 366-1995. 2441 County Route 27, Hudson, NY 12534

David Black: (980) 253-4095. 10722 Campbell Commons Way, Charlotte, NC 28277

Carter Irwin: (330) 646-6517. 196 Bentwillow Dr., Niles, OH 44446

~~Keith Jacob: (314) 398-3938. 15978 Kettington Road, Chesterfield, MO 63017.~~

~~Sean Quigley: (540) 424-0567. 9330 NW 74th St., Parkville, MO 64152.~~

~~Brian Zuger: (402) 690-3196. 4215 Barksdale Circle, Bellevue, NE 68123.~~

~~Megan Malanga: (917) 599-8230. 14 Lynn Dr, Springfield, NJ 07081.~~
~~Suren Kapse: (609) 613-1463. 36 Lavender Drive, Princeton, NJ 08540.~~
~~Rhana Kurdi: (502) 654-5538. 148 Eclipse Way, Mooresville, NC 28117.~~
~~Adam Weisman: (630) 631-3079. 7924 Chapel Creek Dr, Denver, NC 28037.~~
~~Scott Brown~~ Tom Thistleton: (951) 377-207-5770. 4089 Hawk 608-4713. 5559 Irwin Simpson Rd., Mechanicsburg, OH 43044.
Stacie Riffert: (508) 641-3631. 670 Morgan Trail, Aurora, OH 44202
James Wright: (267) 408-1015. 1507 S 12th St., Philadelphia, PA 19147
~~Michael Stromberg: (614) 738-5796. 3 Green Meadow Lane, Cincinnati, OH 45242.~~
~~Stuart Fowler: (828) 381-1631. 13 W. Forest Run Ct., Spartanburg, SC 29301.~~
~~Cheryl Jett~~ Joel Philhours: (615) 210-7882. 97458-8818. 5939 Colechester Drive, Hermitage Arlie Cv, Collierville, TN 38017.
Shawn Lacagnina: (281) 235-5830. 13214 Dogwood Blossom Trl., Houston, TX 77065
Dave Eisen: (641) 758-4196. 193 Rainbow Dr. #9363, Livingston, TX 77399
Jim Field: (713) 859-8003. 13906 Charlton Way Dr., Houston, TX 77077
Pat Feyen: (214) 704-1832. 280 Clubhouse Dr., Gordonville, TX 76245
~~Paul Mueller~~ Austin Tenette: (281) 341-0407 814-3745. 13520614 Shermons Pond Marlebone Ct., Houston, TX 77041.
Dan Colman: (571) 292-4419. 10328 Mockingbird Pond Ct., Burke, VA 22015
Conor Chamberlain: (425) 429-1850. 10264 39TH Ave. SW, Seattle, WA 98146
~~Steve Duvall: (262) 388-7170. W231N7895 Martin Ct, Sussex, WI 53089.~~
~~Bruce Russell: (920) 438-9264. 6031 Rolling Meadows Court, Abrams, WI 54101.~~
~~Ronald Katanick: (314) 406-8300. N54 W27923 Sutton Ct, Sussex, WI 53089.~~

List of Area Representatives/FocalPoint Franchised Business franchise owners who transferred their Area Representative Agreements and Franchise Agreements during our fiscal year ended December 31, 2023: None.

~~Joe Blackburn: (217) 871-1976 3652 Yellowstone Dr., Normal, IL 61761 (operated 2 businesses in Kansas and Missouri).~~

EXHIBIT F

STATE ADDENDA AND FRANCHISE AGREEMENT RIDERS

**ADDITIONAL DISCLOSURES FOR THE
MULTI-STATE FRANCHISE DISCLOSURE DOCUMENT OF
FOCALPOINT COACHING, INC.**

The following are additional disclosures for the Franchise Disclosure Document of FocalPoint Coaching, Inc. required by various state franchise laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

CALIFORNIA

1. The following paragraph is added at the end of Item 3 of the Disclosure Document:

Except as disclosed above, neither we nor any person identified in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, 15 U.S.C.A. Section 78a et seq., suspending or expelling such person from membership in such association or exchange.

2. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

3. OUR WEBSITE, www.focalpointcoaching.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

4. The Department has determined that either the franchisor has not demonstrated it is adequately capitalized or that the franchisor must rely on franchise fees to fund operations. The Commissioner has imposed a financial assurance condition and franchisor has elected to defer franchisee's payment of initial fees to franchisor until franchisor has satisfied all of its pre-opening obligations and franchisee has commenced doing business.

Therefore, the following paragraph is added to the end of Item 5 of the Disclosure Document:

Payment of all initial fees is postponed until after all of franchisor's initial obligations are complete and franchisee commences doing business.

5. The row entitled “Interest” in Item 6 of the Disclosure Document is amended to state that the maximum interest rate in California currently is 10% annually.

6. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

California Law Regarding Termination and Nonrenewal. California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination, transfer or nonrenewal of the franchise. If the Franchise Agreement contains any provision that is inconsistent with the law, and the law applies, then the law will control.

Termination Upon Bankruptcy. The Franchise Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.)

Covenant not to Compete. The Franchise Agreement contains a covenant not to compete which extend beyond the termination of the franchise. This provision may not be enforceable under California law.

Arbitration. The Franchise Agreement requires binding arbitration. The arbitration will occur at a suitable location in Las Vegas, Nevada with the costs being borne as the arbitrator determines. 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 provision of the Franchise Agreement restricting venue to a forum outside the State of California.

Material Modification. California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Business Oversight, prior to a solicitation of a proposed material modification of an existing franchise.

Releases. The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

Personal Guarantee. Franchisees and all owners must sign a personal guarantee, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guarantee will place your and your spouse's marital and personal assets at risk, perhaps even your house, if your franchise fails.

7. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

HAWAII

1. The following is added to the State Cover Page of the Disclosure Document as an additional Risk Factor:

THE FRANCHISOR HAS A NEGATIVE MEMBERS' CAPITAL OF ~~\$266,698~~249,741, AS OF DECEMBER 31, 20223. AS A RESULT, FOR EACH FRANCHISE SOLD IN HAWAII, THE STATE OF HAWAII HAS REQUIRED US TO DEFER THE RECEIPT OF INITIAL FRANCHISE FEES AND OTHER PAYMENTS TO US AND OUR AFFILIATES UNTIL WE HAVE MET ALL OF OUR PRE-OPENING OBLIGATIONS AND YOU HAVE OPENED YOUR FRANCHISE BUSINESS.

2. The following paragraph is added to the end of Item 5 of the Disclosure Document:

Despite the payment provisions above, we will defer your payment of initial fees owed by you to us under the Franchise Agreement until all of our pre-opening obligations have been satisfied and you commence doing business under the Franchise Agreement.

3. 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 REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES 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

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.

ILLINOIS

1. The following paragraph is added to the end of Item 5 of the Disclosure Document:

Despite the payment provisions above, we will defer your payment of initial fees owed by you to us under the Franchise Agreement until all of our pre-opening obligations have been satisfied and you commence doing business under the Franchise Agreement. This requirement has been imposed by the Illinois Attorney General's Office based on our audited financial statements.

2. The following paragraphs are added to the end of the Disclosure Document:

Illinois law governs the Franchise Agreement.

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

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

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

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

behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

MARYLAND

1. The following paragraph is added to the end of Item 5 of the Disclosure Document:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has requested 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.

2. The "Summary" sections of Items 17(c), entitled **Requirements for franchisee to renew or extend**, and 17(m), entitled **Conditions for franchisor approval of transfer**, of the Disclosure Document are amended by adding the following:

Any general releases you sign as a condition of renewal and/or assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

3. The "Summary" section of Item 17(h), entitled **"Cause" defined – non-curable defaults**, of the Disclosure Document is amended by adding the following:

The agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we and you agree to enforce it to the extent the law allows.

4. The "Summary" section of Item 17(v), entitled **Choice of forum**, of the Disclosure Document is amended by adding the following:

Although you may, subject to your arbitration obligation, bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. The following language is added to the end of Item 17 of the Disclosure Document:

Despite any contradicting provision in the Franchise Agreement, you have 3 years from the date on which we grant you the franchise to bring a claim under the Maryland Franchise Registration and Disclosure Law.

6. **No Waiver of Disclaimer of Reliance**. 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 any

other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

MINNESOTA

1. The following paragraph is added to the end of Item 5 of the Disclosure Document:

Despite the payment provisions above, we will defer your payment of initial fees owed by you to us under the Franchise Agreement until all of our pre-opening obligations have been satisfied and you commence doing business under the Franchise Agreement.

2. The Item 6 chart row entitled “Insufficient Funds Processing Fee” is replaced with the following to meet the requirements of Minnesota Statute 604.113 regarding the maximum allowable amount of the fee chargeable for insufficient payments:

Insufficient Funds Processing Fee	\$30	As incurred	Due if you have insufficient funds in your EDTA to cover a payment, or, if you pay by check, a check is returned for insufficient funds
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3. The following language is added to the end of Item 13:

To the extent required by Minnesota Stat. Sec. 80C.12, Subd. 1(g), we will protect your right to use the Marks and indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.

4. The following is added at the end of the chart in Item 17:

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

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J might prohibit us from requiring litigation to be conducted outside Minnesota. Those provisions also provide that no condition, stipulations or provision in the Franchise Agreement shall in any way abrogate or reduce any rights you have under the Minnesota Franchises Law, including (if applicable) the right to submit matters to the jurisdiction of the courts of Minnesota and the right to any procedure, forum or remedies that the laws of the jurisdiction provide.

Any release required as a condition of renewal or transfer/assignment will not apply to the extent prohibited by the Minnesota Franchises Law.

Minn. Rule Part 2860.4400J might prohibit a franchisee from waiving rights to a jury trial; waiving rights to any procedure, forum or remedies provided by the laws of the jurisdiction; or consenting to liquidated damages, termination penalties or judgment notes. However, we and you will enforce these provisions in our Franchise Agreement to the extent the law allows.

NEW YORK

1. The following is added to the “Special Risks to Consider About *This Franchise*” Page of the Disclosure Document as an additional risk:

Minimum Payments. You must make minimum royalty, advertising, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

2. The following information is added to the State Cover Page of the Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

3. The following paragraphs are added at the beginning of Item 3 of the Disclosure Document:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor’s principal trademark:

(a) No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

(b) No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

(c) No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

(d) No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

4. 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.

5. 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.

6. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum”**, and Item 17(w), titled **“Choice of law”**:

The forgoing 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.

7. There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the State of New York. However, an offer or sale is deemed made in New York if you are domiciled in and the franchise will be operated in New York. We are required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

NORTH DAKOTA

1. The following paragraph is added to the end of Item 5 of the Disclosure Document:

Despite the payment provisions above, we will defer your payment of initial fees owed by you to us under the Franchise Agreement until all of our pre-opening obligations have been satisfied and you commence doing business under the Franchise Agreement.

2. The “Summary” sections of Items 17(c), entitled **Requirements for franchisee to renew or extend**, and 17(m), entitled **Conditions for franchisor approval of transfer**, of the Franchise Agreement chart in the Disclosure Document are amended by adding the following:

However, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

3. The “Summary” section of Item 17(i), entitled **Franchisee's obligations on termination/non-renewal**, of the Franchise Agreement chart in the Disclosure Document is amended by adding the following:

The Commissioner has determined termination or liquidated damages to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. However, we and you agree to enforce these provisions to the extent the law allows.

4. The “Summary” section of Item 17(r), entitled **Non-competition covenants during the term of the franchise**, of the Franchise Agreement chart in the Disclosure Document is amended by adding the following:

Covenants not to compete such as those mentioned above generally are considered unenforceable in North Dakota. However, we will seek to enforce them to the extent enforceable.

5. The “Summary” section of Item 17(u), entitled **Dispute resolution by arbitration or mediation**, of the Franchise Agreement chart in the Disclosure Document is amended by adding the following:

However, to the extent required by the North Dakota Franchise Investment Law (unless preempted by the Federal Arbitration Act), arbitration will be at a site to which we and you mutually agree.

6. The “Summary” section of Item 17(v), entitled **Choice of Forum**, of the Franchise Agreement chart in the Disclosure Document is amended by adding the following:

Subject to arbitration requirements and to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

7. The “Summary” section of Item 17(w), entitled **Choice of law**, of the Franchise Agreement chart in the Disclosure Document is amended by adding the following:

Except for Federal Arbitration Act and other federal law, North Dakota law governs.

SOUTH DAKOTA

1. The following paragraph is added to the end of Item 5 of the Disclosure Document:

Despite the payment provisions above, we will defer your payment of initial fees owed by you to us under the Franchise Agreement until all of our pre-opening obligations have been satisfied and you commence doing business under the Franchise Agreement.

VIRGINIA

1. The following is added to the State Cover Page of the Disclosure Document as an additional Risk Factor:

THE FRANCHISOR'S FINANCIAL CONDITION, AS REFLECTED IN ITS FINANCIAL STATEMENTS (SEE ITEM 21), CALLS INTO QUESTION THE FRANCHISOR'S FINANCIAL ABILITY TO PROVIDE SERVICES AND SUPPORT TO YOU.

2. The following language is added to the end of Item 5 of the Disclosure Document:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has

completed its pre-opening obligations under the franchise agreement.

3. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the “Summary” section of Item 17(h), entitled **“Cause” defined – non-curable defaults**, is amended by adding the following:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

WASHINGTON

1. The following paragraph is added to the end of Item 5 of the Disclosure Document:

In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee (a) has received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or disclosure document, and (b) is open for business.

2. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

3. RCW 19.100.180 may supersede the Franchise Agreement in your relationship with us 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 us including the areas of termination and renewal of your franchise.

4. 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.

5. 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.

6. Transfer fees are collectable to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer.

7. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of an area representative, 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.

8. 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.

9. The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

**THE FOLLOWING PAGES IN THIS EXHIBIT ARE
STATE-SPECIFIC RIDERS TO THE
FRANCHISE AGREEMENT**

**RIDER TO THE FOCALPOINT COACHING, INC. FRANCHISE AGREEMENT
FOR USE IN INDIANA, MICHIGAN, RHODE ISLAND, AND WISCONSIN**

This Rider (the “**Rider**”) is made and entered into by and between FOCALPOINT COACHING, INC., a Nevada corporation located at 2831 St. Rose Parkway, Suite 234, Henderson, Nevada 89052, (“**Franchisor**”), and _____, whose principal business address is _____ (“**Franchisee**”).

1. **Background.** Franchisor and Franchisee are parties to that certain Franchise Agreement that has been signed at the same time as the signing of this Rider (the “**Franchise Agreement**”). This Rider is part of the Franchise Agreement.

2. **No Waiver of Disclaimer of Reliance in Certain States.** The following provision applies only to franchisees and franchises that are subject to the state franchise disclosure laws in Indiana, Michigan, Rhode Island, or Wisconsin:

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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the Effective Date stated in the Franchise Agreement.

FOCALPOINT COACHING, INC., a FRANCHISE OWNER
Nevada corporation

By: _____
Stephen Thompson, President

**(IF FRANCHISEE IS TAKING THE
FRANCHISE AS A CORPORATION,
LIMITED LIABILITY COMPANY, OR
PARTNERSHIP):**

DATED: _____

[Print Name of Franchisee Entity]

By: _____
[signature of person signing on behalf of
entity]

Title of Signator: _____

DATED: _____

**(IF FRANCHISEE IS TAKING THE
FRANCHISE INDIVIDUALLY AND
NOT AS A LEGAL ENTITY):**

[signature of individual franchisee]

Print Name: _____

DATED: _____

[signature of individual franchisee]

Print Name: _____

DATED: _____

**RIDER TO THE FOCALPOINT COACHING, INC.
FRANCHISE AGREEMENT
FOR USE IN CALIFORNIA**

This Rider (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between FOCALPOINT COACHING, INC., a Nevada corporation with its principal business address at 2831 St. Rose Parkway, Suite 234, Henderson, Nevada 89052 (“**we,**” “**us**” or “**our**”), and _____ a _____ whose principal business address is _____ (“**you**” or “**your**”).

1. **Background.** We and you are parties to that certain Franchise Agreement that has been signed at the same time as the signing of this Rider (the “**Franchise Agreement**”). This Rider is part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Franchised Business that you will operate under the Franchise Agreement was made in the State of California, and/or (b) you are a resident of California and the Franchised Business will be located in California.

2. **Initial Fees.** The following language is added to the end of Sections 3.A and 4.A of the Franchise Agreement:

Despite the payment provisions above, payment of all initial fees owed by you to us under this Agreement is postponed until after all of our initial obligations are complete and you commence doing business.

3. **Late Fees and Interest.** Section 3.I of the Franchise Agreement is revised to reflect that the maximum interest rate in California currently is 10% annually, notwithstanding any statement to the contrary contained in Section 3.I of the Franchise Agreement.

4. **No Waiver of Disclaimer of Reliance.** 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

SIGNATURES ON THE FOLLOWING PAGE

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the Agreement Date.

FOCALPOINT COACHING, INC.

By: _____
Stephen A. Thompson, President

DATED: _____

FRANCHISE OWNER

**(IF YOU ARE TAKING THE
FRANCHISE AS A CORPORATION,
LIMITED LIABILITY COMPANY, OR
PARTNERSHIP):**

[Print Name of Franchisee Entity]

By: _____
[Signature of person signing on behalf of
entity]

Title: _____

DATED: _____

**RIDER TO THE FOCALPOINT COACHING, INC.
FRANCHISE AGREEMENT
FOR USE IN HAWAII**

This Rider (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between FOCALPOINT COACHING, INC., a Nevada corporation with its principal business address at 2831 St. Rose Parkway, Suite 234, Henderson, Nevada 89052 (“**we,**” “**us**” or “**our**”), and _____ a _____ whose principal business address is _____ (“**you**” or “**your**”).

1. **Background.** We and you are parties to that certain Franchise Agreement that has been signed at the same time as the signing of this Rider (the “**Franchise Agreement**”). This Rider is part of the Franchise Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in Hawaii, and/or (b) you are a resident of Hawaii.

2. **Acknowledgements.** Sections 1.B(1), (2), (3), (4), (6), (9), (11) and (13) are deleted from the Franchise Agreement.

3. **Initial Fees.** The following language is added to the end of Sections 3.A and 4.A of the Franchise Agreement:

Despite the payment provisions above, we will defer payment of initial fees owed by you to us under this Agreement until all of our pre-opening obligations have been satisfied and you commence doing business under this Agreement.

3. **No Waiver of Disclaimer of Reliance.** 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[Signatures on following page]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the Agreement Date.

FOCALPOINT COACHING, INC.

By: _____
Stephen A. Thompson, President

DATED: _____

FRANCHISE OWNER

**(IF YOU ARE TAKING THE
FRANCHISE AS A CORPORATION,
LIMITED LIABILITY COMPANY, OR
PARTNERSHIP):**

[Print Name of Franchisee Entity]

By: _____
[Signature of person signing on behalf of
entity]

Title: _____

DATED: _____

**(IF YOU ARE TAKING THE
FRANCHISE INDIVIDUALLY AND
NOT AS A LEGAL ENTITY):**

[Signature of individual franchisee]

Print Name: _____

DATED: _____

[Signature of individual franchisee]

Print Name: _____

DATED: _____

**RIDER TO THE FOCALPOINT COACHING, INC.
FRANCHISE AGREEMENT
FOR USE IN ILLINOIS**

This Rider (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between FOCALPOINT COACHING, INC., a Nevada corporation with its principal business address at 2831 St. Rose Parkway, Suite 234, Henderson, Nevada 89052 (“**we**,” “**us**” or “**our**”), and _____ a _____ whose principal business address is _____ (“**you**” or “**your**”).

1. **Background.** We and you are parties to that certain Franchise Agreement that has been signed at the same time as the signing of this Rider (the “**Franchise Agreement**”). This Rider is part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Franchised Business that you will operate under the Franchise Agreement was made in the State of Illinois and the Franchised Business will be located in Illinois, and/or (b) you are a resident of Illinois.

2. **Initial Fees.** The following language is added to the end of Sections 3.A and 4.A of the Franchise Agreement:

Despite the payment provisions above, we will defer payment of initial fees owed by you to us under this Agreement until all of our pre-opening obligations have been satisfied and you commence doing business under this Agreement. This requirement has been imposed by the Illinois Attorney General’s Office based on our audited financial statements.

3. **Governing Law.** The following language is added to the end of Section 17.F of the Franchise Agreement:

However, Illinois law will apply to claims arising under the Illinois Franchise Disclosure Act.

4. **Consent to Jurisdiction.** The following language is added to the end of Section 17.G of the Franchise Agreement:

However, subject to the parties’ arbitration obligations, the parties submit to the jurisdiction and venue of the state and federal courts of competent jurisdiction in Illinois for claims arising under the Illinois Franchise Disclosure Act.

5. **Waiver of Jury Trial.** The following language is added to the end of the second paragraph of Section 17.H of the Franchise Agreement:

However, this waiver shall not apply to the extent prohibited by Section 705/41 of the Illinois Franchise Disclosure Act of 1987 or Illinois Regulations at Section 260.609.

6. **Limitation of Claims.** The following language is added to the end of Section 17.J of the Franchise Agreement:

However, nothing in this Section shall shorten any period within which Franchisee may bring a claim under Section 705/27 of the Illinois Franchise Disclosure Act or constitute a condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act of 1987 or any other Illinois law (as long as the jurisdictional requirements of that Illinois law are met).

7. **Waivers Void.** The following language is added as a new Section 17.P of the Franchise Agreement:

Nothing in this Agreement shall constitute a condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act of 1987 or any other Illinois law (as long as the jurisdictional requirements of that Illinois law are met).

8. **No Waiver of Disclaimer of Reliance.** 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[Signatures on following page]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the Agreement Date.

FOCALPOINT COACHING, INC.

By: _____
Stephen A. Thompson, President

DATED: _____

FRANCHISE OWNER

**(IF YOU ARE TAKING THE
FRANCHISE AS A CORPORATION,
LIMITED LIABILITY COMPANY, OR
PARTNERSHIP):**

[Print Name of Franchisee Entity]

By: _____
[Signature of person signing on behalf of
entity]

Title: _____

DATED: _____

**(IF YOU ARE TAKING THE
FRANCHISE INDIVIDUALLY AND
NOT AS A LEGAL ENTITY):**

[Signature of individual franchisee]

Print Name: _____

DATED: _____

[Signature of individual franchisee]

Print Name: _____

DATED: _____

**RIDER TO THE FOCALPOINT COACHING, INC.
FRANCHISE AGREEMENT
FOR USE IN MARYLAND**

This Rider (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between FOCALPOINT COACHING, INC., a Nevada corporation with its principal business address at 2831 St. Rose Parkway, Suite 234, Henderson, Nevada 89052 (“**we**,” “**us**” or “**our**”), and _____ a _____ whose principal business address is _____ (“**you**” or “**your**”).

1. **Background.** We and you are parties to that certain Franchise Agreement that has been signed at the same time as the signing of this Rider (the “**Franchise Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of the State of Maryland, and/or (b) the Franchised Business that you will operate under the Franchise Agreement will be located in Maryland.

2. **Acknowledgements.** Sections 1.B(1), (2), (3), (4), (6), (9), (11) and (13) are deleted from the Franchise Agreement.

3. **Initial Fees.** The following language is added to the end of Sections 3.A and 4.A of the Franchise Agreement:

"Based upon our financial condition, the Maryland Securities Commissioner has requested a financial assurance. Therefore, all initial fees and payments owed by you shall be deferred until we complete our pre-opening obligations under the Franchise Agreement."

3. **Releases.** The following language is added to the end of the third paragraph in Section 4.A. (entitled “Initial Training”) and to the end of Sections 12.C.(8) (entitled “Conditions for Approval of Transfer”) and 13.C. (entitled “Agreements/Releases”) of the Franchise Agreement:

However, such general release will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

4. **Insolvency.** The following language is added to the end of Section 14.B.(18) of the Franchise Agreement:

; termination upon insolvency might not be enforceable under federal insolvency law (11 U.S.C. Sections 101 et seq.), but we and you agree to enforce this provision to the maximum extent the law allows.

5. **Consent to Jurisdiction.** The following language is added to the end of Section 17.G of the Franchise Agreement:

However, subject to the parties' arbitration obligations, you may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. **Limitation of Claims.** The following language is added to the end of Section 17.J of the Franchise Agreement:

However, the limitation of such claims shall not act to reduce the three (3)-year statute of limitations afforded to you for bringing a claim under the Maryland Franchise Registration and Disclosure Law.

7. **Acknowledgements.** The following language is added as a new Section 17.P of the Franchise Agreement:

All representations requiring you to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

8. **No Waiver of Disclaimer of Reliance.** 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[Signatures on following page]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the Agreement Date.

FOCALPOINT COACHING, INC.

By: _____
Stephen A. Thompson, President

DATED: _____

FRANCHISE OWNER

**(IF YOU ARE TAKING THE
FRANCHISE AS A CORPORATION,
LIMITED LIABILITY COMPANY, OR
PARTNERSHIP):**

[Print Name of Franchisee Entity]

By: _____
[Signature of person signing on behalf of
entity]

Title: _____

DATED: _____

**(IF YOU ARE TAKING THE
FRANCHISE INDIVIDUALLY AND
NOT AS A LEGAL ENTITY):**

[Signature of individual franchisee]

Print Name: _____

DATED: _____

[Signature of individual franchisee]

Print Name: _____

DATED: _____

**RIDER TO THE FOCALPOINT COACHING, INC.
FRANCHISE AGREEMENT
FOR USE IN MINNESOTA**

This Rider (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between FOCALPOINT COACHING, INC., a Nevada corporation with its principal business address at 2831 St. Rose Parkway, Suite 234, Henderson, Nevada 89052 (“**we**,” “**us**” or “**our**”), and _____ a _____ whose principal business address is _____ (“**you**” or “**your**”).

1. **Background.** We and you are parties to that certain Franchise Agreement that has been signed at the same time as the signing of this Rider (the “**Franchise Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the Franchised Business that you will operate under the Franchise Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Minnesota.

2. **Initial Fees.** The following language is added to the end of Sections 3.A and 4.A of the Franchise Agreement:

Despite the payment provisions above, we will defer payment of initial fees owed by you to us under this Agreement until all of our pre-opening obligations have been satisfied and you commence doing business under this Agreement.

3. **Insufficient Funds Processing Fee.** The last sentence in the first paragraph of Section 3.K. of the Franchise Agreement is deleted and replaced with the following:

If there are insufficient funds in the EDTA to cover any such amount owed (or, if Franchisee is paying by check and a check is returned for insufficient funds), Franchisor will charge Franchisee a processing fee of Thirty Dollars (\$30) to compensate Franchisor for Franchisor's additional administrative expenses.

4. **Releases.** The following is added to the end of the third paragraph in Section 4.A. and to the end of Sections 12.C.(8) and 13.C. of the Franchise Agreement:

; however, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

5. **Infringement.** The following language is added to the end of Section 5.C. of the Franchise Agreement:

To the extent required by Minnesota Stat. Sec. 80C.12, Subd. 1(g), we will protect your right to use the Marks and indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.

6. **Renewal and Termination.** The following is added to the end of Sections 13 and 14.B of the Franchise Agreement:

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

7. **Governing Law.** The following is added to the end of Section 17.F of the Franchise Agreement:

However, nothing in this Section 17.F shall abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide.

8. **Consent to Jurisdiction.** The following is added to the end of Section 17.G of the Franchise Agreement:

However, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us, except in certain specified cases, from requiring litigation to be conducted outside Minnesota. Nothing in this Section 17.G shall abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide.

9. **Waiver of Punitive Damages and Jury Trial.** If required by the Minnesota Franchises Law, Section 17.H of the Franchise Agreement is deleted.

10. **Limitations of Claims.** The following is added to the end of Section 17.J of the Franchise Agreement:

However, Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than three (3) years after the cause of action accrues.

11. **No Waiver of Disclaimer of Reliance.** 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[Signatures On Following Page]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the Agreement Date.

FOCALPOINT COACHING, INC.

By: _____
Stephen A. Thompson, President

DATED: _____

FRANCHISE OWNER

**(IF YOU ARE TAKING THE
FRANCHISE AS A CORPORATION,
LIMITED LIABILITY COMPANY, OR
PARTNERSHIP):**

[Print Name of Franchisee Entity]

By: _____
[Signature of person signing on behalf of
entity]

Title: _____

DATED: _____

**(IF YOU ARE TAKING THE
FRANCHISE INDIVIDUALLY AND
NOT AS A LEGAL ENTITY):**

[Signature of individual franchisee]

Print Name: _____

DATED: _____

[Signature of individual franchisee]

Print Name: _____

DATED: _____

**RIDER TO THE FOCALPOINT COACHING, INC.
FRANCHISE AGREEMENT
FOR USE IN NEW YORK**

This Rider (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between FOCALPOINT COACHING, INC., a Nevada corporation with its principal business address at 2831 St. Rose Parkway, Suite 234, Henderson, Nevada 89052 (“**we**,” “**us**” or “**our**”), and _____ a _____ whose principal business address is _____ (“**you**” or “**your**”).

1. **Background.** We and you are parties to that certain Franchise Agreement that has been signed concurrently with the signing of this Rider (the “**Franchise Agreement**”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Franchised Business that you will operate under the Franchise Agreement was made in the State of New York, and/or (b) you are a resident of New York and will operate the Business in New York.

2. **Releases.** The following language is added to the end of the third paragraph in Section 4.A. and to the end of Sections 12.C.(8) and 13.C. of the Franchise Agreement:

, provided, however, that to the extent required by Article 33 of the General Business Law of the State of New York, 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 the proviso that the non-waiver provisions of GBL 687 and 687.5 be satisfied.

3. **Transfer by Us.** The following language is added to the end of Section 12.A. of the Franchise Agreement:

However, to the extent required by applicable law, 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.

4. **Termination by You.** The following language is added to the end of Section 14.A of the Franchise Agreement:

The franchisee may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. **Governing Law/Consent to Jurisdiction.** The following language is added to the end of Sections 17.F and 17.G of the Franchise Agreement:

The forgoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by article 33 of the General Business law of the state of New York.

6. **Limitation of Claims.** The following language is added to the end of Section 17.J of the Franchise Agreement:

However, to the extent required by Article 33 of the General Business Law of the State of New York, all rights 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 provision that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied.

7. **Application of Rider.** There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the State of New York. However, an offer or sale is deemed to be made in New York if you are domiciled in and the franchise will be opened in New York. We are required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

8. **No Waiver of Disclaimer of Reliance.** 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

SIGNATURES ON THE FOLLOWING PAGE

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the Agreement Date.

FOCALPOINT COACHING, INC.

By: _____
Stephen A. Thompson, President

DATED: _____

FRANCHISE OWNER

**(IF YOU ARE TAKING THE
FRANCHISE AS A CORPORATION,
LIMITED LIABILITY COMPANY, OR
PARTNERSHIP):**

[Print Name of Franchisee Entity]

By: _____
[Signature of person signing on behalf of
entity]

Title: _____

DATED: _____

**(IF YOU ARE TAKING THE
FRANCHISE INDIVIDUALLY AND
NOT AS A LEGAL ENTITY):**

[Signature of individual franchisee]

Print Name: _____

DATED: _____

[Signature of individual franchisee]

Print Name: _____

DATED: _____

**RIDER TO THE FOCALPOINT COACHING, INC.
FRANCHISE AGREEMENT
FOR USE IN NORTH DAKOTA**

This Rider (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between FOCALPOINT COACHING, INC., a Nevada corporation with its principal business address at 2831 St. Rose Parkway, Suite 234, Henderson, Nevada 89052 (“**we**,” “**us**” or “**our**”), and _____ a _____ whose principal business address is _____ (“**you**” or “**your**”).

1. **Background.** We and you are parties to that certain Franchise Agreement that has been signed concurrently with the signing of this Rider (the “**Franchise Agreement**”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of North Dakota and the Franchised Business will be located in North Dakota, and/or (b) the offer or sale of the franchise for the Franchised Business that you will operate under the Franchise Agreement was made in the State of North Dakota.

2. **Initial Fees.** The following language is added to the end of Sections 3.A and 4.A of the Franchise Agreement:

Despite the payment provisions above, we will defer payment of initial fees owed by you to us under this Agreement until all of our pre-opening obligations have been satisfied and you commence doing business under this Agreement.

3. **Releases.** The following language is added to the end of the third paragraph in Section 4.A. and to the end of Sections 12.C.(8) and 13.C. of the Franchise Agreement:

Any general release shall not apply to the extent prohibited by law with respect to claims arising under the North Dakota Franchise Investment Law.

4. **Covenant Not to Compete.** The following language is added to the end of Section 15.D. of the Franchise Agreement:

Covenants not to compete such as those mentioned above generally are considered unenforceable in North Dakota. However, we will seek to enforce them to the extent enforceable.

5. **Arbitration.** The following language is added to the end of Section 17.E of the Franchise Agreement:

However, to the extent required by the North Dakota Franchise Investment Law (unless preempted by the Federal Arbitration Act), arbitration will be at a site to which we and you mutually agree.

6. **Governing Law.** The following language is added to the end of Section 17.F of the Franchise Agreement:

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, North Dakota law will apply to this Agreement.

7. **Consent to Jurisdiction.** The following language is added to the end of Section 17.G of the Franchise Agreement:

However, that to the extent required by applicable law, subject to your arbitration obligation, you may bring an action in North Dakota.

8. **Limitation of Claims.** The following language is added to the end of Section 17.J of the Franchise Agreement:

The time limitations set forth in this Section might be modified by the North Dakota Franchise Investment Law.

9. **No Waiver of Disclaimer of Reliance.** 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

SIGNATURES ON THE FOLLOWING PAGE

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the Agreement Date.

FOCALPOINT COACHING, INC.

By: _____
Stephen A. Thompson, President

DATED: _____

FRANCHISE OWNER

**(IF YOU ARE TAKING THE
FRANCHISE AS A CORPORATION,
LIMITED LIABILITY COMPANY, OR
PARTNERSHIP):**

[Print Name of Franchisee Entity]

By: _____
[Signature of person signing on behalf of
entity]

Title: _____

DATED: _____

**(IF YOU ARE TAKING THE
FRANCHISE INDIVIDUALLY AND
NOT AS A LEGAL ENTITY):**

[Signature of individual franchisee]

Print Name: _____

DATED: _____

[Signature of individual franchisee]

Print Name: _____

DATED: _____

**RIDER TO THE FOCALPOINT COACHING, INC.
FRANCHISE AGREEMENT
FOR USE IN SOUTH DAKOTA**

This Rider (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between FOCALPOINT COACHING, INC., a Nevada corporation with its principal business address at 2831 St. Rose Parkway, Suite 234, Henderson, Nevada 89052 (“**we**,” “**us**” or “**our**”), and _____ a _____ whose principal business address is _____ (“**you**” or “**your**”).

1. **Background.** We and you are parties to that certain Franchise Agreement that has been signed concurrently with the signing of this Rider (the “**Franchise Agreement**”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of South Dakota and the Franchised Business will be located in South Dakota, and/or (b) the offer or sale of the franchise for the Franchised Business that you will operate under the Franchise Agreement was made in the State of South Dakota.

2. **Initial Fees.** The following language is added to the end of Sections 3.A and 4.A of the Franchise Agreement:

Despite the payment provisions above, we will defer payment of initial fees owed by you to us under this Agreement until all of our pre-opening obligations have been satisfied and you commence doing business under this Agreement.

3. **No Waiver of Disclaimer of Reliance.** 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

SIGNATURES ON THE FOLLOWING PAGE

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the Agreement Date.

FOCALPOINT COACHING, INC.

By: _____
Stephen A. Thompson, President

DATED: _____

FRANCHISE OWNER

**(IF YOU ARE TAKING THE
FRANCHISE AS A CORPORATION,
LIMITED LIABILITY COMPANY, OR
PARTNERSHIP):**

[Print Name of Franchisee Entity]

By: _____
[Signature of person signing on behalf of
entity]

Title: _____

DATED: _____

**(IF YOU ARE TAKING THE
FRANCHISE INDIVIDUALLY AND
NOT AS A LEGAL ENTITY):**

[Signature of individual franchisee]

Print Name: _____

DATED: _____

[Signature of individual franchisee]

Print Name: _____

DATED: _____

**RIDER TO THE FOCALPOINT COACHING, INC.
FRANCHISE AGREEMENT
FOR USE IN VIRGINIA**

This Rider (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between FOCALPOINT COACHING, INC., a Nevada corporation with its principal business address at 2831 St. Rose Parkway, Suite 234, Henderson, Nevada 89052 (“**we,**” “**us**” or “**our**”), and _____ a _____ whose principal business address is _____ (“**you**” or “**your**”).

1. **Background.** We and you are parties to that certain Franchise Agreement that has been signed at the same time as the signing of this Rider (the “**Franchise Agreement**”). This Rider is part of the Franchise Agreement. This Rider is being signed because the Franchised Business that Franchisee will operate under the Franchise Agreement will be located in Virginia.

2. **Initial Fees.** The following language is added to the end of Sections 3.A and 4.A of the Franchise Agreement:

Despite the payment provisions above, we will defer payment of initial fees owed by you to us under this Agreement until all of our pre-opening obligations have been satisfied and you commence doing business under this Agreement.

3. **No Waiver of Disclaimer of Reliance.** 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[Signatures on following page]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the Agreement Date.

FOCALPOINT COACHING, INC.

By: _____
Stephen A. Thompson, President

DATED: _____

FRANCHISE OWNER

**(IF YOU ARE TAKING THE
FRANCHISE AS A CORPORATION,
LIMITED LIABILITY COMPANY, OR
PARTNERSHIP):**

[Print Name of Franchisee Entity]

By: _____
[Signature of person signing on behalf of
entity]

Title: _____

DATED: _____

**(IF YOU ARE TAKING THE
FRANCHISE INDIVIDUALLY AND
NOT AS A LEGAL ENTITY):**

[Signature of individual franchisee]

Print Name: _____

DATED: _____

[Signature of individual franchisee]

Print Name: _____

DATED: _____

**WASHINGTON RIDER TO THE FOCALPOINT COACHING, INC.
FRANCHISE AGREEMENT, ACKNOWLEDGMENT AND
REPRESENTATIONS, AND RELATED AGREEMENTS**

This Rider (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between FOCALPOINT COACHING, INC., a Nevada corporation with its principal business address at 2831 St. Rose Parkway, Suite 234, Henderson, Nevada 89052 (“**we,**” “**us**” or “**our**”), and _____ a _____ whose principal business address is _____ (“**you**” or “**your**”).

1. **Background.** We and you are parties to that certain Franchise Agreement that has been signed at the same time as the signing of this Rider (the “**Franchise Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the Franchised Business that you will operate under the Franchise Agreement will be located in Washington; and/or (b) you are a resident of Washington; and/or (c) any of the offering or sales activity relating to the Franchise Agreement occurred in Washington.

2. **Acknowledgments.** Section 1.B(6) of the Franchise Agreement is revised to read as follows:

That Franchisee has not received from Franchisor any representations or guarantees, express or implied, as to the potential volume, sales, income, or profits of a FocalPoint Franchised Business.

3. **Initial Fees.** The following language is added to the end of Sections 3.A and 4.A of the Franchise Agreement:

In lieu of an impound of franchise fees, we will not require or accept the payment of any initial franchise fees until you (a) have received all pre-opening and initial training obligations that you are entitled to under the Franchise Agreement or disclosure document, and (b) are open for business.

4. **Addition of Paragraphs.** The following is added to the end of the Franchise Agreement:

In recognition of the requirements by the Washington Franchise Investment Protection Act and the Rules and Regulations promulgated thereunder (the “**Act**”), the Franchise Agreement of FocalPoint Coaching, Inc. shall be modified as follows:

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 us 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 us including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the Agreement Date.

FOCALPOINT COACHING, INC.

By: _____
Stephen A. Thompson, President

DATED: _____

FRANCHISE OWNER

**(IF YOU ARE TAKING THE
FRANCHISE AS A CORPORATION,
LIMITED LIABILITY COMPANY, OR
PARTNERSHIP):**

[Print Name of Franchisee Entity]

By: _____
[Signature of person signing on behalf of
entity]

Title: _____

DATED: _____

**(IF YOU ARE TAKING THE
FRANCHISE INDIVIDUALLY AND
NOT AS A LEGAL ENTITY):**

[Signature of individual franchisee]

Print Name: _____

DATED: _____

[Signature of individual franchisee]

Print Name: _____

DATED: _____

NEW YORK REPRESENTATIONS PAGE

THE FRANCHISOR REPRESENTS THAT THIS PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

EXHIBIT G

FORM OF GENERAL RELEASE

FOCALPOINT COACHING, INC.
GRANT OF FRANCHISOR CONSENT AND FRANCHISEE RELEASE*

FOCALPOINT COACHING, INC. (“we,” “us,” “our,” or “Franchisor”) and the undersigned franchisee, _____ (“you,” “your,” or “Franchisee”), currently are parties to a certain franchise agreement dated _____ (the “Franchise Agreement”). You have asked us to take the following action or to agree to the following request: [insert as appropriate for renewal or transfer situation] _____

_____. We have the right under the Franchise Agreement to obtain a general release from you (and, if applicable, your owners) as a condition of taking this action or agreeing to this request. Therefore, we are willing to take the action or agree to the request specified above if you (and, if applicable, your owners) give us the release and covenant not to sue provided below in this document. You (and, if applicable, your owners) are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to take the action or agree to the request described above.

Consistent with the previous introduction, you, on your own behalf and on behalf of your successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, shareholders, members, directors, officers, principals, employees, and affiliated entities (collectively, the “Releasing Parties”), hereby forever release and discharge us and our affiliates, our and their current and former officers, directors, shareholders, principals, employees, agents, representatives, affiliated entities, successors, and assigns (collectively, the “Franchisor Parties”) from any and all claims, damages (known and unknown), demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind (collectively, “Claims”) that you and any of the other Releasing Parties now has, ever had, or, but for this document, hereafter would or could have against any of the Franchisor Parties (1) arising out of or related to the Franchisor Parties’ obligations under the Franchise Agreement or (2) otherwise arising from or related to your and the other Releasing Parties’ relationship, from the beginning of time to the date of your signature below, with any of the Franchisor Parties. You, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the Franchisor Parties on any of the Claims released by this paragraph and represent that you have not assigned any of the Claims released by this paragraph to any individual or entity that is not bound by this paragraph.

We also are entitled to a release and covenant not to sue from your owners. By his, her, or their separate signatures below, your transferring owners likewise grant to us the release and covenant not to sue provided above.

* This release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

[Signature Page Follows]

Sample Form of General Release - 1

FOCALPOINT COACHING, INC.
a Nevada corporation

By: _____

Title: _____

FRANCHISEE,
a/an _____

By: _____

Title: _____

EXHIBIT H

FRANCHISEE DISCLOSURE QUESTIONNAIRE

EXHIBIT H
FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know, FocalPoint Coaching, Inc. and you are preparing to enter into a Unit Franchise Agreement for the operation of a FOCALPOINT™ franchise. In this questionnaire, FocalPoint Coaching, Inc. will be referred to as “we” or “us.” The purpose of this questionnaire is to determine whether any statements or promises were made to you that we did not authorize and that may inaccurate. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received, studied and reviewed carefully the Franchise Disclosure Document (“FDD”) and Unit Franchise Agreement? Check one: ☐ Yes ☐ No
2. Do you understand all of the information contained in the Unit Franchise Agreement and each exhibit and schedule attached to it? Check one: ☐ Yes ☐ No

If your answer is “No,” what parts of the Unit Franchise Agreement do you not understand? (Attach additional pages, if necessary).

3. Do you understand all of the information contained in the FDD and each addendum attached to it? Check one: ☐ Yes ☐ No

If your answer is “No,” what parts of the FDD do you not understand? (Attach additional pages, if necessary).

4. Have you discussed with an attorney, accountant, or other professional advisor the benefits and risks of establishing and operating a business as a FocalPoint franchise? Check one: ☐ Yes ☐ No

If No, do you wish to have more time to do so? Check one: ☐ Yes ☐ No

5. Has any employee or other person speaking on our behalf made any statement or promise that is contrary to, or different from, the information contained in the FDD? Check one: ☐ Yes ☐ No.

If your answer is “Yes,” please describe the statement or promise:

(Attach additional pages, if necessary).

6. Was any oral, written or visual claim or representation made to you that stated, suggested, predicted or projected your sales, income or profit levels or that of any other actual or hypothetical FocalPoint franchise business? Check one: ☐ Yes ☐ No.

If your answer is “Yes,” please describe the oral, written or visual claim or representation made to you:

(Attach additional pages, if necessary).

7. Do you understand that the success or failure of your business will depend in large part upon your skills and experience, your business acumen, the hours you will work, your location, the local market for FocalPoint products and services, interest rates, the economy, inflation, the prevailing wage rate, competition, and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your business may change? Check one: ☐ Yes ☐ No.

If your answer is “No,” please describe your understanding of what the success or failure of your business will depend:

(Attach additional pages, if necessary).

8. Have any of our employees or any other persons speaking on our behalf made any statement, promise or agreement concerning the likelihood of success that you should or

might expect to achieve from operating a FocalPoint franchise business? Check one:
() Yes () No.

If your answer is “Yes,” please describe the statement, promise, or agreement:

(Attach additional pages, if necessary).

9. Have any of our employees or any other persons speaking on our behalf made any statement, agreement or promise to you concerning the advertising, marketing, training, support service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the FDD?

Check one: () Yes () No.

If your answer is “Yes,” please describe the statement, promise, or agreement:

(Attach additional pages, if necessary).

10. Have any of our employees or any other persons speaking on our behalf made any statement, agreement or promise to you concerning the costs you may incur in operating a FocalPoint franchise business that is contrary to, or different from, the information contained in the FDD?

Check one: () Yes () No.

If your answer is “Yes,” please describe the statement, promise, or agreement:

(Attach additional pages, if necessary).

11. Do you understand that there may be national, regional, state, or local laws or regulations applying to the operation of a FocalPoint franchise business (either specifically or generally), and that, as a franchisee, you are fully responsible as an independent business owner for learning about and complying with these laws?

Check one: ☐ Yes ☐ No.

If your answer is “No,” please describe your understanding regarding legal compliance:

(Attach additional pages, if necessary).

12. Have we or any of our employees or any other persons speaking on our behalf made any oral, written, visual or other promises, agreements, commitments, representation, understandings, “side agreements” or otherwise that expand upon or are inconsistent with FDD or the Unit Franchise Agreement, or any attached written addendum signed by you and an officer of ours?

Check one: ☐ Yes ☐ No.

If your answer is “Yes,” please describe the statement, promise, or agreement:

(Attach additional pages, if necessary).

13. Have we or any of our employees or any other persons speaking on our behalf made any statements to you regarding the financial condition of any of our affiliated companies?
Check one: ☐ Yes ☐ No.

If your answer is “Yes,” have you relied on the statement(s) regarding the financial condition of any of our affiliated companies in deciding whether to purchase a franchise from us? Check one: ☐ Yes ☐ No.

If your answer to either of the above questions is “Yes,” please describe the statements you received or heard regarding the financial condition of our parent or any of our affiliated companies. (Attach additional pages, if necessary).

By signing below, you are acknowledging that you understand that your answers are important and that we will rely on them, and that you have responded truthfully to the above questions.

The Following language applies only to transactions governed by the Hawaii Franchise Investment Act:

This Questionnaire shall not apply to residents of Hawaii or if the franchise is located in Hawaii.

The following language applies only to transactions governed by the Maryland Franchise Registration and Disclosure Law:

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

The following language applies only to transactions governed by the Washington Franchise Investment Protection Act:

~~This~~Do not sign this Questionnaire ~~does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder~~if you are a resident of Washington or the franchise is to be operated in Washington.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, OR OTHER ENTITY, EACH OF ITS PRINCIPALS MUST EXECUTE THIS ACKNOWLEDGMENT (Make Additional Copies if Necessary).

By: _____

Name: _____

By: _____

Name: _____

EXHIBIT I

AREA REPRESENTATIVE ADDENDUM TO FRANCHISE AGREEMENT

FOCALPOINT COACHING, INC.
AREA REPRESENTATIVE ADDENDUM TO FRANCHISE AGREEMENT

THIS AREA REPRESENTATIVE ADDENDUM TO THE FRANCHISE AGREEMENT (this “**Addendum**”) is entered into this ____ day of _____, 20__ (the “**Effective Date**”) by and between **FOCALPOINT COACHING, INC.**, a Nevada corporation (“**Franchisor**”), and _____, an _____ (“**Franchisee**”).

RECITALS

WHEREAS, Franchisee and Franchisor are parties to that certain Area Representative Agreement dated of even date herewith (the “**Area Representative Agreement**”), for the operation of a FocalPoint area representative business;

WHEREAS, pursuant to the Area Representative Agreement, Franchisee must own and operate at least one (1) FocalPoint Franchised Business throughout the term of the Area Representative Agreement;

WHEREAS, concurrently with signing this Addendum, Franchisee and Franchisor have entered into that certain Franchise Agreement dated of even date herewith (the “**Franchise Agreement**”), for the operation of the Franchised Business; and

WHEREAS, Franchisor and Franchisee now desire to modify the Franchise Agreement, subject to the terms and conditions set forth in this Addendum.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, and the mutual promises set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Recitations.** The foregoing recitations of fact are true and correct and are incorporated herein by this reference. All initial capitalized terms used but not defined in this Addendum shall have the meanings set forth in the Franchise Agreement. This Addendum is annexed to and forms part of the Franchise Agreement. All references in this Addendum to “Section” shall mean the applicable Section of the Franchise Agreement. Except as provided in this Addendum, the Franchise Agreement remains in full force and effect as originally written. If there is a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.

2. **Waiver of Certain Fees under the Franchise Agreement.** Notwithstanding anything to the contrary in the Franchise Agreement, during such time as the Area Representative Agreement remains in effect, Franchisee shall not be required to pay the following fees payable under the Franchise Agreement: Section 3.A (the initial franchise fee); Section 3.B (Royalty), Section 3.D (Technology Fee); Section 3.E (Regional Setup Fee); Section 3.F (Conference Registration Fee); Section 3.G (Initial Marketing Fee); and Section 9.A (contributions to the Fund). Notwithstanding the foregoing, if Area Representative hires or retains an Associate, then Area

Representative must pay all fees applicable for each Associate as required under the Franchise Agreement. In the event the Area Representative Agreement terminates or expires during the term of the Franchise Agreement, the temporary waiver under this Section shall expire and Franchisee shall immediately commence to pay Franchisor the Royalties, Technology Fees, Conference Registration Fees and Fund contributions in accordance with the terms of the Franchise Agreement.

3. **No Other Modifications.** The parties hereby acknowledge and agree that this Addendum does not modify or amend the Area Representative Agreement, which shall remain in full force and effect. Except as expressly set forth herein, all of the terms and conditions of the Franchise Agreement shall remain in full force and effect.

4. **Authorized Signatories.** Each person executing this Addendum on behalf of Franchisor and Franchisee, respectively, certifies and warrants that he or she is duly authorized to execute this Addendum, and that this Addendum is a valid, binding and enforceable agreement of such party.

5. **Counterparts.** This Addendum may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, notwithstanding that all parties are not signatory to the original or the same counterpart. The parties agree that an electronic transmission, including email and facsimile, of any duly executed copy of this Addendum constitutes an original and binding document.

6. **Entire Agreement.** This Addendum is annexed to and forms part of the Franchise Agreement, and constitutes the entire understanding of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by Franchisor and Franchisee.

SIGNATURES ON FOLLOWING PAGE

IN WITNESS WHEREOF, the parties have executed and delivered this Addendum on the Effective Date.

FRANCHISOR:

FOCALPOINT COACHING, INC., a
Nevada corporation

By: _____
Stephen Thompson, President

DATED: _____

FRANCHISEE:

_____, an _____

By: _____
[signature of person signing on behalf of
entity]

Title of Signator: _____

DATED: _____

**(IF FRANCHISEE IS TAKING THE
FRANCHISE INDIVIDUALLY AND
NOT AS A LEGAL ENTITY)**

[signature of individual franchisee]

Print Name: _____

DATED: _____

State Effective Dates

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

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

State	Effective Date
California	April 3, 2023 Pending
Hawaii	June 21, 2023 Pending
Illinois	March 2018 , 2023 34
Indiana	March 2018 , 2023 34
Maryland	April 20, 2023 Pending
Michigan	March 2018 , 2023 34
Minnesota	April 3, 2023 Pending
New York	June 20, 2023 Pending
North Dakota	March 21, 2023 Pending
Rhode Island	March 20, 2023 Pending
South Dakota	March 2018 , 2023 34
Virginia	March 23, 2023 Pending
Washington	April 28, 2023 Pending
Wisconsin	March 2018 , 2023 34

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.

Item 23
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 FocalPoint Coaching, Inc. offers you a franchise, it must provide this **d**Disclosure **d**Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **[New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this **d**Disclosure **d**Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.]**

If FocalPoint Coaching, Inc. 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 state agency listed on Exhibit A.

The franchisor is FocalPoint Coaching, Inc., located at 2831 St. Rose Parkway, Suite 234, Henderson, Nevada 89052. Its telephone number is (877) 433-6225.

The franchise seller for this offering is:

Stephen A. Thompson, President at 2831 St. Rose Parkway, Suite 234, Las Vegas, NV 89119, (877) 433-6225, and sthompson@focalpointcoaching.com;

_____;
_____; and/or
_____.

Issuance Date: March **20**18, 202**3**4

We authorize the respective state agencies identified on Exhibit A to receive service of process for us in the particular state.

I have received a Disclosure Document dated March **20**18, 202**3**4 that included the following Exhibits:

Exhibit A	List of State Administrators/Agents for Service of Process
Exhibit B	Franchise Agreement
Exhibit C	Financial Statements
Exhibit D	Operations Manual Table of Contents
Exhibit E	List of Franchisees
Exhibit F	State Addenda and Franchise Agreement Riders
Exhibit G	Form of General Release
Exhibit H	Franchisee Disclosure Questionnaire
Exhibit I	Area Representative Addendum to Franchise Agreement

Date

Prospective Franchisee

(Sign, Date and Keep This Copy for Your
Records)

Authorized Signature

Item 23

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 FocalPoint Coaching, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **[New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.]**

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Stephen A. Thompson, President at 2831 St. Rose Parkway, Suite 234, Las Vegas, NV 89119, (877) 433-6225, and sthompson@focalpointcoaching.com;

_____;
_____; and/or
_____.

Issuance Date: March ~~2018~~, 202~~34~~

We authorize the respective state agencies identified on Exhibit A to receive service of process for us in the particular state.

I have received a Disclosure Document dated March ~~2018~~, 202~~34~~ that included the following Exhibits:

Exhibit A	List of State Administrators/Agents for Service of Process
Exhibit B	Franchise Agreement
Exhibit C	Financial Statements
Exhibit D	Operations Manual Table of Contents
Exhibit E	List of Franchisees
Exhibit F	State Addenda and Franchise Agreement Riders
Exhibit G	Form of General Release
Exhibit H	Franchisee Disclosure Questionnaire
Exhibit I	Area Representative Addendum to Franchise Agreement

Date

Prospective Franchisee

Authorized Signature

Please sign this copy of the receipt, date your signature, and return it to Kristina Raffaniello, 2831 St. Rose Parkway, Suite 234, Henderson, NV 89119, email: kraffaniello@focalpointcoaching.com.