

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 business which you will develop the geographic area we grant you to operate FocalPoint business coaching businesses within the Franchised Territory that will help individuals attain their personal and business goals.

The total investment necessary to begin operation of a FocalPoint area representative business is between \$~~404,750~~429,750 - \$~~467,650~~492,650. This includes \$~~385,650~~410,650 that must be paid to the franchisor or its affiliate(s). If you acquire a FocalPoint area representative business, you must also acquire and operate a FocalPoint unit franchise business that we offer under a separate disclosure document.

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 or grant. **Note, however, that no governmental agency has verified the information contained in this document.**

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.

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 Steve Thompson at 2831 St. Rose Parkway, Suite 234, Henderson, Nevada 89052, and (877) 433-6225.

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: March ~~2019~~, ~~2023~~2024

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you 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 area representative agreement requires you to resolve disputes with the franchisor by arbitration or litigation only within 10 miles of franchisor's principal business address (currently, Henderson, 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. **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.

- (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 transferee to meet the franchisor's then current reasonable qualifications or standards.

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee 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
Attn: Franchise
670 G. Mennen Williams Building
525 West Ottawa
Lansing, Michigan 48909
(517) ~~373-7117~~ 335-7632

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EXHIBITS

EXHIBIT A LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF
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EXHIBIT B AREA REPRESENTATIVE AGREEMENT

EXHIBIT C FINANCIAL STATEMENTS

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EXHIBIT E LIST OF AR BUSINESSES

EXHIBIT F STATE ADDENDA AND AGREEMENT RIDERS

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 Area Representative Agreement's provisions (Exhibit B) also will apply to your owners.

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 trademarks (collectively, the "Marks"). (For reference purposes in this Disclosure Document, we call the unit franchised businesses in our system "FocalPoint Franchised Businesses.") FocalPoint Franchised Businesses are offered under a separate disclosure document. FocalPoint Franchised Businesses offer business coaching, training and consulting services to small businesses and professionals (collectively, the "Services").

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. As part of the Franchise System, we will provide training on how to market to and solicit clients in your specific geographic territory.

We allow certain franchisees to represent us as area representatives ("Area Representatives") within defined geographic areas. (See Item 12) (For reference purposes in this Disclosure Document, we call the area representative businesses in our system "FocalPoint AR Businesses." We refer to the FocalPoint AR Business that you will operate the "AR Business.") As an Area Representative, you will open and solicit franchisees to open FocalPoint Franchised Businesses in the Franchised Territory (defined below), help franchisees develop and open their FocalPoint Franchised Businesses, train them, and then help them during the terms of their Franchise Agreements (signed directly with us and not you). In return, we pay you a portion of certain fees we receive from these franchisees. (See Item 11) You must follow our Area Representative standards and guidelines and sign our Area Representative Agreement. Our guidelines include your obligation to deliver a disclosure document to prospective franchisees on our behalf when required by law. We prepare at our own cost the disclosure documents you must use. You may not operate as an Area Representative in a franchise registration state until we have effectively registered in that state. You always must operate at least 1 franchised FocalPoint Franchised Business in your area. (We refer to the FocalPoint Franchised Business

that you will operate as the "Franchised Business.") You must operate your Franchised Business according to our business formats, methods, procedures, designs, layouts, standards, and specifications. You must sign our unit franchise agreement (the "Franchise Agreement"), which is included in a separate disclosure document for FocalPoint Franchised Businesses. While you are operating the AR Business under an Area Representative Agreement with us we will waive your obligation to pay certain fees payable to us under the Franchise Agreement. You may not begin soliciting new franchisees for FocalPoint Franchised Businesses to be located in that area until your own FocalPoint Franchised Business has operated in compliance with its Franchise Agreement for at least 3 months.

Your AR Business will be located in a specific geographic territory (the "Franchised 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 AR Businesses appeal to consumers because of our service quality.

We began offering franchises for FocalPoint Franchised Businesses in August 2011. As of the end of our last fiscal year, there were ~~162~~169 FocalPoint Franchised Businesses. We have offered franchises for FocalPoint AR Businesses since June 2011.

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 United Kingdom, but no longer offers franchises of any kind in the United States. FocalPoint International does not operate any FocalPoint Franchised Businesses. 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 or FocalPoint AR 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 AR Businesses operate. However, Area Representatives must comply with laws regulating the offer and sale of franchises under U.S. federal and applicable state franchise laws, and as an Area

Representative and FocalPoint Franchised Business franchise owner, you must comply with laws that apply generally to all 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 area representative fee (the "Area Representative Fee") in a lump sum when you sign the Area Representative Agreement. Our standard Area Representative Fee is currently ~~\$350,000~~\$375,000. During our ~~2022~~2023 fiscal year, Area Representatives that signed Area Representative Agreements during the year paid uniform Area Representative Fees of ~~\$325,000~~\$350,000.

You must pay us an initial marketing fee in the amount of \$5,000 (the "Initial Marketing Fee") in a lump sum when you sign the Area Representative Agreement. The Initial Marketing Fee contributes to our costs associated with direct marketing for coaches for your AR Business. The Initial Marketing Fee is uniform as to all Area Representatives currently purchasing a franchise for a FocalPoint AR Business and is not refundable under any circumstances.

You must pay us an initial training fee in the amount of \$9,950 for the Area Representative initial training program (the "AR Training Program"), and an initial training fee in the amount of \$16,950 for each person that will attend the FocalPoint Franchised Business initial training program (the "Franchisee Training Program") on your behalf, when you sign the Area Representative Agreement. We describe the Franchisee Training Program in greater detail in our separate disclosure document for FocalPoint Franchised Businesses, at least one of which you must operate as an Area Representative. We use the initial training fees to train you (or your managing owner) or your Area Representative business manager who we approve ("AR Business Manager"), and for an initial supply of business cards and marketing materials.

These initial training fees are uniform as to all franchisees currently purchasing a franchise for a FocalPoint Franchised Business and is not refundable under any circumstances. However, if we determine that you (or your managing owner) or AR Business Manager (if

applicable) cannot complete the Franchisee Training Program or the AR Training Program to our satisfaction, we may terminate the Area Representative Agreement and refund the Area Representative Fee, less \$25,000 for our expenses.

You must pay us a technology fee in the amount of \$1,950, plus any applicable taxes (the "Technology Fee") in a lump sum when you sign the Area Representative Agreement as the first payment of the annual Technology Fee. 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. The Technology Fee is uniform as to all Area Representatives currently purchasing a franchise for a FocalPoint AR Business and is not refundable under any circumstances.

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 Area Representative Agreement as the first payment of the annual Conference Registration Fee. Currently, the Conference Registration Fee is \$1,800, plus any applicable taxes, per person. See Item 6 for additional information. The Conference Registration Fee is uniform as to all Area Representatives currently purchasing a franchise for a FocalPoint AR Business and is not refundable under any circumstances.

Item 6

OTHER FEES

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty	\$1,950 per month, plus any applicable taxes	The 1st day of every month	See Note 2
Advertising Fund Fee	Not to exceed \$500 per month (currently, \$500 per month)	The 1 st day of every month	See Item 11 for a detailed discussion about the Advertising Fund. See Note 2
Technology Fee	As set by us or our Affiliate (currently, \$1,950, plus any applicable taxes)	On or before the last business day of each November See Note 3	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 3 below
Training Fees	Up to \$16,950 per	Immediately upon	You must pay a training fee

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
	person	receipt of invoice	of \$9,950 for new AR Business Managers for the AR Training Program. You must pay us an additional initial training fee of \$3,900 per person for training any non-coaching personnel who we approve. You must pay us an initial training fee of \$16,950 for new Business Managers approved by us for the Franchisee Training Program. 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
Franchisee Collection Reimbursement	66.6 <u>50</u> % of all costs and expenses incurred by us in collection of delinquent payments from Franchisees	Within 15 days of receipt of invoice	If we incur costs to collect fees from Franchisees in your Franchised Territory, you must reimburse us for your share of our costs of collection, including reasonable attorneys' fees
Reimbursement of Losses or Payments	66.6 <u>50</u> % of our loss, payment, or damages	Within 15 days of receipt of invoice	If we or any of our affiliates suffer a loss or damages, or must make a payment, to or in connection with a Franchisee in your Franchised Territory, you must promptly pay to us 66.6% of the amount of that payment, loss or damages
Conference Registration Fee	Not to exceed \$1,800, plus any applicable taxes,	Annual See Note 4	You must pay for all of the travel, living, and related expenses for your attendees.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
	per person (currently, \$1,800 per person)		The Conference Registration Fee is further described in Item 5 and in Note 4 below
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
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
Product and Service Purchases	See Item 8	See Item 8	We may require you to 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
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

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
			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>
Fee for Lost Manual	\$1,000	Immediately upon receipt of invoice	Upon the theft, loss or destruction of the Manual, we will provide you with access to a replacement copy at a fee of \$1,000, plus applicable taxes. A partial loss or failure to update the Manual is considered a complete loss
Transfer Fee	15% of the sale	Before transfer	No charge if Area

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
	price for the AR Business; or \$50,000, whichever is less, plus any applicable taxes.	completed	Representative Agreement transferred to an entity you control
Renewal	\$25,000 50,000, 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
Testing	Costs of Testing	When billed	This covers the costs of testing new products or inspecting new suppliers you propose
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims from your AR Business' operation
Audit	Cost of inspection or audit	15 days after billing	Due if you do not give us reports, supporting records, or other required information or understate required Royalties or Advertising Fund Fees by more than 2%
Service Charge for Insufficient Funds	\$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
Management Fee	\$500 per person per day (plus costs and expenses)	As incurred	Due when we (or a third party) manage the AR Business after your or your managing owner's death or disability or after your default or abandonment
Failure to	\$75	As incurred	If you fail to send us the

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Submit Required Reports			reports required by the Area Representative 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 AR Agreement
<u>Brand Damages</u>	<u>Will vary under circumstances</u>	<u>As incurred</u>	<u>Due only if you terminate the Area Representative Agreement before it expires, in which case you must pay us for all Brand Damages related to the early termination. See Note 5.</u>
Trade Accounts	Cost of maintaining trade accounts	As incurred	You must maintain your trade accounts in a current status and seek to promptly resolve any disputes with trade suppliers. If you fail to do so, we may maintain your trade accounts on your behalf you must immediately reimburse us
Deficiency Payment	You must pay us a weekly fee equal to 33% of the total Continuing Fees per week per FocalPoint Franchised Business that you fail to open	Within 10 days of receipt of invoice	See Item 12 for a detailed discussion of the Minimum Goal under the Area Representative Agreement

1. 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 as noted above, all fees are uniform and nonrefundable.

2. Before your AR 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, Advertising Fund Fees, and other amounts due under the Area Representative 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.

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

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 Area Representative Agreement. From Month 13 immediately following the Effective Date through the remainder of the term of the Area Representative 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.

5. Brand Damages include all damages, costs, expenses, attorneys' and experts' fees directly or indirectly related to early termination, including lost Royalties, lost profits, loss of goodwill and damage to our Marks and reputation, lost opportunities, travel and personnel costs, expenses that we may incur in developing or finding another franchise owner to develop a new FocalPoint AR Businesses in the Franchised Territory, and any other lost payments or benefits we would have received for the balance of the term of the Area Representative Agreement after the effective date of termination.

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
Area Representative Fee	\$350,000 \$	Lump Sum	Upon signing	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
	<u>375,000</u>		Area Representative Agreement	
Initial Training Fees (AR Training Program and Franchisee Training Program) (Note 1)	\$26,900	Lump Sum	Upon signing Area Representative Agreement	Us
Initial Marketing Fee	\$5,000	Lump Sum	Upon signing Area Representative Agreement	Us
Technology Fee	\$1,950	Lump Sum	Upon signing Area Representative Agreement	Us
Conference Registration Fee (for 1 person)	\$1,800	Lump Sum	Upon signing Area Representative Agreement	Us
Training Expenses (out-of-pocket costs for 1 person)	\$500 - \$2,000	As Incurred	As Incurred	Third Parties
Real Estate, Rent and Fixtures (Note 2)	\$5,000 - \$15,000	As Agreed	As Incurred	Landlord, outside vendors and suppliers
Furniture, Equipment & Signs (Note 3)	\$1,000 - \$9,000	As Agreed	As Incurred	Outside Suppliers
Inventory and Supplies (Note 4)	\$100 - \$3,000	As Agreed	As Incurred	Designated and Approved Suppliers, Us
Computer System and Telephone (Note 5)	\$500 - \$5,000	As Agreed	As Incurred	Us, Outside Vendors and

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
				Suppliers
Costs of complying with franchise laws applicable to Territory (Note 6)	\$0 - \$5,000	As Agreed	As Incurred	State Agencies, Us
Business License and Permits	\$0 - \$2,000	As Agreed	As Incurred	Government Agencies
Insurance (Note 7)	\$3,000 - \$7,000	As Agreed	As Incurred	Outside Suppliers
Professional Fees	\$0 - \$4,000	As Agreed	As Incurred	Lawyers, Accountants and other Advisors
Additional Funds – 3 months (Note 8)	\$9,000 - \$30,000	As Agreed	As Incurred	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT (Note 9)	\$404,750 \$467,650 <u>429,750</u> - <u>\$492,650</u>			

Explanatory Notes

* Except for the Area Representative Fee (See Item 5), all amounts listed in the above table are nonrefundable. We do not finance any part of the initial investment. You must at all times during the Area Representative Agreement's term own and operate at least one FocalPoint Franchised Business. Therefore, if you do not already operate a FocalPoint Franchised Business when you become an Area Representative, you must develop one and incur the costs estimated in the table below.

1. We describe the initial training fee in Item 5.
2. It is your responsibility to identify an office for your AR Business (the "AR Business Office") within your Franchised Territory. Your AR Business Office may be located in your residence. We estimate that your AR Business Office should occupy approximately 200 to 800 square feet of space. 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 AR 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. If your AR Business Office is located outside of a residence, we anticipate that you will rent the AR Business Office premises. It is possible, however, that you might choose to buy, rather than rent, real estate on which a building suitable for the AR Business 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. The costs for furniture, equipment and signs vary depending on the size, configuration and condition of the AR Business Office, and whether the AR Business Office is located in a residence or a commercial space.

4. This includes costs for an initial supply of Proprietary Products, media and stationery and marketing materials.

5. 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.

6. If your ability to sell FocalPoint Franchised Business franchises under the Area Representative Agreement requires the preparation, amendment, registration or filing of any information or documents with any regulatory authority, the information and documents will be prepared, amended, registered or filed by us or our designee. The costs and expenses of that preparation, amendment, registration or filing, and any additional costs and expenses incurred by us in connection with the Franchised Territory, will be borne by you and the other Area Representatives within the state of where your Franchised Territory is located, on a proportionate basis determined by us. You must reimburse us for these costs upon demand by us.

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 AR 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 AR 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 initial training fee.

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 AR 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 AR Business, you must use our designated supplier(s) for telemarketing and advertising services. You currently must hire a practice mentor from our database of designated senior coaches to provide support to franchisees operating FocalPoint Franchised Businesses in your Franchise Territory. You must hire at least 1 practice mentor per franchisee in your Franchise Territory and pay the then-current rate for each of the practice mentors (currently, \$125 per hour). 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 AR 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 AR 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 AR Businesses and FocalPoint Franchised Businesses. Our standards and specifications may impose minimum requirements for production, performance, reputation, prices, quality, design, and appearance. Our 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 AR 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 AR 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 AR 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 AR 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 AR Business 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 AR Business 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 14 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 AR Business Office. The AR Business Office may be the same as your Franchised Business Office. We reserve the right to give you mandatory and suggested specifications and layouts for a FocalPoint AR 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 AR Business 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 AR Business 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 AR Business 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 AR Business. We have the right to approve the AR Business Office's lease or sublease and to require that it include certain provisions (listed in Section 8.13 of the Area Representative Agreement).

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

Collectively, the purchases and leases described above are between 7% to 16% of your overall purchases and leases in establishing the AR Business and between 5% and 10% of your overall purchases and leases in operating the AR Business.

We will generate revenue by adding a markup on all Proprietary Products you purchase from us. We expect that this markup will range from 15% to 20% of the wholesale cost that we pay. We also expect to generate revenue selling advertising and telemarketing related services that you purchase through us. We expect that the markup for services purchased through us will be 15% to 20% of our costs for these services. We may also derive revenue through reasonable license fees, commissions, promotional fees, advertising allowances, rebates or other monies paid by approved suppliers.

Neither we nor our affiliates received any revenue or other material consideration during ~~2022~~2023 from selling items to FocalPoint AR Business franchise owners. During fiscal year ~~2022~~2023, 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 franchisees (for example, renewal or granting additional franchises) based on their purchase of particular products or services or use of particular suppliers.

You must solicit and provide services to FocalPoint Franchised Business franchise owners according to our standards and guidelines and all applicable laws.

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 this agreement and in other items of this Disclosure Document.

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	Section 8.14 of Area Representative Agreement	Items 7, 8 and 12
b. Pre-opening purchases/leases	Sections 2.1, 8.3, 8.14 and 20.1 of Area Representative Agreement	Items 5, 7 and 8
c. Site development and other pre-opening requirements	Section 8.14 of Area Representative Agreement	Items 7, 8 and 11
d. Initial and ongoing training	Article 7 of Area Representative Agreement	Items 6 and 11
e. Opening	Section 8.14 of Area Representative Agreement	Item 11

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
f. Fees	Sections 5.1, 5.2, 5.3, 5.4, 5.5, 5.6, 5.7, 6.5, 7.1, 7.3, 7.4, 8.1, 8.10, 8.13, 14.2, 14.4, 15.2, 18.2, 20.1 and 22.2 of Area Representative Agreement	Items 5, 6, 7, 8, 11 and 12
g. Compliance with standards and policies/operating manual	Sections 7.3, 8.2, 8.3, 8.4, 8.5, 8.6, 8.7, 11.3 and 11.4 of Area Representative Agreement	Items 8 and 11
h. Trademarks and proprietary information	Sections 2.2 and 8.2 and Articles 9 and 12 of Area Representative Agreement	Items 13 and 14
i. Restrictions on products/services offered	Sections 2.1, 8.2, 8.3, 8.4 and 8.5 of Area Representative Agreement	Items 8 and 16
j. Warranty and customer service requirements	Not Applicable	Not Applicable
k. Territorial development and sales quotas	Section 8.1 of Area Representative Agreement	Item 12
l. Ongoing product/service purchases	Sections 8.3, 8.14 and 20.1 of Area Representative Agreement	Items 8 and 11
m. Maintenance, appearance, and remodeling requirements	Sections 8.14 and 11.5 of Area Representative Agreement	Items 11 and 13
n. Insurance	Article 20 of Area Representative Agreement	Items 6, 7 and 8
o. Advertising	Section 8.4 and Article 11 of Area Representative Agreement	Items 6, 7 and 11
p. Indemnification	Section 18.2 of Area Representative Agreement	Item 6
q. Owner's participation/management/staffing	Section 8.12 of Area Representative Agreement	Items 11 and 15
r. Records and reports	Sections 8.11, 22.1, 22.2 and Article 13 of Area Representative Agreement	Not Applicable
s. Inspections and audits	Article 22 of Area Representative	Items 6 and 11

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
	Agreement	
t. Transfer	Article 13 of Area Representative Agreement	Item 17
u. Renewal	Articles 4 and 15 of Area Representative Agreement	Item 17
v. Post-termination obligations	Article 17 of Area Representative Agreement	Item 17
w. Non-competition covenants	Article 19 of Area Representative Agreement	Item 17
x. Dispute resolution	Article 21 of Area Representative Agreement	Item 17
y. Other (Personal Guaranty)	Exhibit E to Area Representative Agreement	Item 15

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 AR Business, we will:

1. Identify the area within which you may recruit and assist FocalPoint Franchised Business franchise owners, determine your Sales and Opening Goals (see Item 12), and give you standards and specifications you must follow, including how to comply with applicable laws. (Area Representative Agreement – Sections 3.1 and 8.1)
2. Your AR Business Office may be located in your residence. If you choose to locate your AR Business 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 AR Business Office, although we will not conduct site selection activities for you. If an AR Business Office has not been approved in writing by us as of the Effective Date of the Area Representative Agreement, you agree to locate an AR Business Office acceptable to us and obtain our written approval of the location within 60 days following the Effective Date of the Area Representative Agreement. If we disapprove of a site for the AR Business Office, you must select another site for our approval. We do not anticipate a situation where we would own the Site and lease it to you for the AR Business Office. If we and you cannot agree on an acceptable site and you do not open your AR Business Office within 60 days following the Effective Date of the Area Representative Agreement, we may terminate the Area Representative Agreement. (Area Representative Agreement – Sections 8.13. and 17.2.)

3. If your AR Business Office will be located in a non-residential location, we will prescribe certain provisions that must be contained in your AR Business Office's lease. You must obtain office facilities in the Franchised Territory for your AR Business Office within 60 days after the Effective Date of the Area Representative Agreement (Area Representative Agreement – Section 8.13.)
4. If your AR Business Office will be located in a non-residential location, give you mandatory and suggested specifications and layouts for an AR Business Office, including requirements for dimensions, design, image, interior layout, decor, fixtures, equipment, signs, furnishings, and color scheme. (Area Representative Agreement – Section 8.13.)
5. As discussed in Item 8, identify the Operating Assets, Proprietary Products, equipment and supplies that you must use to develop and operate the AR 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). (Area Representative Agreement – Section 8.2)
6. Provide you access to one copy of the Manual, the current table of contents of which is Exhibit D. As of the date of this Disclosure Document, the Manual contains 75 pages. (Area Representative Agreement – Section 7.3.)
7. Train you (or your managing owner) or your AR Business Manager we approve. (Area Representative Agreement – Section 7.1.) We describe this training later in this Item.

During your operation of the AR Business, we will:

1. Review the applicants you propose as prospective franchisees of FocalPoint Franchised Businesses, initially consider proposed sites, and give you required disclosure documents and other legal documents. (Area Representative Agreement – Sections 8.3 and 8.4)
2. Pay you a portion of certain fees that we actually receive from FocalPoint Franchised Businesses within your Franchised Territory. We will pay you a portion of the initial

franchise fees and a portion of the Royalties we actually collect from FocalPoint Franchised Business franchise owners (including you). We pay you the portion of the initial franchise fee within 30 calendar days after we receive and accept the initial franchise fee and the portion of the Royalties on the 10th day of each month (or on the following business day if the tenth (10th) day of the month is not a business day). We will reduce the portion of the initial franchise fees we pay to you (and we also may reduce the portion of the Royalties we pay to you) to cover the costs for third party franchise broker services, discounts, referral fees, internal or external sales representative services, and for any other costs we incur to sell FocalPoint Franchised Businesses within your Franchised Territory. (Area Representative Agreement – Sections 6.1 and 6.2)

3. Inform you, on a quarterly basis, of the amount of the AR Marketing Fund (defined below). We describe the AR Marketing Fund later in this Item. (Area Representative Agreement – Section 11.1)
4. Give you, at your request (and our option), additional or special guidance, assistance, training and materials. (Area Representative Agreement – Section 7.2) (See Item 6)
5. Continue to provide you access to one copy of the Manual, which could include audiotapes, videotapes, compact disks, computer software, other electronic media, and/or written materials. The Manual contains mandatory and suggested specifications, standards, operating procedures, and rules ("System Standards") that we periodically require. We may modify the Manual periodically to reflect changes in System Standards. (Area Representative Agreement – Sections 7.3, 8.2 and 8.6)
6. Issue and modify System Standards for FocalPoint AR 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 AR Business and/or incur higher operating costs. (See Item 16) (Area Representative Agreement – Section 8.2)
7. Inspect the AR Business Office and observe the AR Business' operation to help you comply with the Area Representative Agreement and all System Standards. If we inspect the AR Business Office, we will not interfere unreasonably with the AR Business' operation, and if the AR Business Office is located in a residence, we will only conduct an inspection if you host clients or prospective franchisees at the AR Business Office. (Area Representative Agreement – Sections 23.2 and 23.3)
8. Let you use our confidential information. (Area Representative Agreement – Article 9)
9. Let you use our Marks. (Area Representative Agreement – Articles 2 and 13)
10. Periodically offer refresher training courses. (Area Representative Agreement – Section 7.4) (See Item 6)

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 Area Representative Agreement. The Initial Marketing Fee contributes to our costs associated with direct marketing for coaches for your AR Business.

Advertising Fund

FocalPoint AR Businesses contribute to an advertising and development fund (the "Advertising Fund") on a monthly basis. We may designate a separate entity as we deem appropriate in our sole discretion to operate and administer the Advertising Fund. Any such entity will have all of the rights and duties described here. The Area Representative Agreement requires you to contribute to the Advertising Fund the amounts that we periodically require, not to exceed \$500 per month (currently, \$500 per month). (See Item 6) We will spend monies contributed to the Advertising Fund by FocalPoint AR Businesses on regional, multi-regional, national and global advertising. We do not guarantee that we will spend any amount of money on a particular advertising campaign program.

We are not required to spend any amount on advertising specifically in your Franchised Territory. Except as set forth in this Item, we and our designees are not required to make expenditures which are equivalent or proportional to your contributions to the Advertising Fund or the payment of fees by FocalPoint AR Businesses in your Franchised Territory, to ensure that any particular FocalPoint AR Business benefits directly or pro rata from the placement of advertising or to ensure that any advertising impacts or penetrates your Franchised Territory.

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

The Advertising Fund is not our asset. The Advertising Fund also is not a trust. We have a contractual obligation to hold all Advertising 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 Advertising Fund. The Advertising Fund may spend in any fiscal year more or less than the total Advertising Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. While we do not anticipate that any part of Advertising Fund contributions will be used for advertising which is principally a solicitation for area representatives, we reserve the right to use a portion of the Advertising Fund for public relations or recognition of our brand, including explaining the franchise offering and soliciting potential area representatives, and to include a notation in any advertisement indicating "Franchises Available." There is no requirement that the Advertising Fund be audited. We will maintain the

sums of money in the Advertising Fund in a separate account from our other funds. We will prepare an annual unaudited statement of Advertising Fund collections and expenses and give you the statement upon written request. We may incorporate the Advertising 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.

The Advertising Fund is to maximize recognition of the Marks, FocalPoint AR Businesses and FocalPoint Franchised Businesses in general, and currently, we believe using the Advertising Fund to grow the number of FocalPoint AR Businesses will accomplish these objectives. Although we may use the Advertising Fund to develop regional, multi-regional, national and global advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all FocalPoint AR Businesses, we need not ensure that Advertising Fund expenditures in or affecting any geographic area are proportionate or equivalent to Advertising Fund contributions by FocalPoint AR Businesses operating in that geographic area or that any FocalPoint AR Business benefits directly or in proportion to its Advertising 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 Advertising Fund contributions at the Advertising Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the Advertising Fund. We assume no other direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Advertising Fund.

We may at any time defer or reduce a franchise owner's Advertising Fund contributions and, upon 30 days' prior written notice to you, reduce or suspend Advertising Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Advertising Fund. If we terminate the Advertising 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. (Area Representative Agreement – Section 11.2)

The Advertising Fund may spend in any fiscal year more or less than the total Advertising Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. If we expend an amount greater than the amount available in the Advertising Fund in any fiscal year, we will be entitled to reimburse ourselves from the Advertising Fund during the next fiscal year for all excess expenditures made during the fiscal year.

We may terminate and resume the Advertising Fund periodically during the term of the Area Representative Agreement, however, any decision to terminate or resume the Advertising Fund will apply to all franchise owners equally. We will not terminate the Advertising Fund before making arrangements to spend or rebate any balance in the Advertising Fund after payment of all expenses. If we resume the Advertising Fund, we will give you at least 30 days written notice before Advertising Fund Fees become due again. Anyone who buys or bought a FocalPoint AR Business after or before you buy your AR Business may receive a different rate of Advertising Fund Fees. (Area Representative Agreement, Section 11.2).

During fiscal year ending ~~2022~~2023, the Advertising Fund contributions were spent as follows: ~~75~~55% on media placement, ~~10~~30% on production expenses, and 15% on administrative expenses.

Your Local Advertising

Within 90 days of the effective date of the Area Representative Agreement and on an annual basis thereafter, you must submit to us for our approval a written plan covering your proposed marketing and promotional programs for Focal Point Franchised Businesses in the Franchised Territory (the "AR Marketing Plan"). The AR Marketing Plan must include your sources of funds and operating budget for your proposed marketing and promotional programs. You must modify the AR Marketing Plan according to our comments and use commercially reasonable efforts to implement the modified AR Marketing Plan in accordance with the Area Representative Agreement. You must not implement the AR Marketing Plan in the Franchised Territory without first having obtained our written approval. Following our approval of the AR Marketing Plan, you must spend a minimum of \$6,000 annually towards approved marketing and promotional programs outlined in the AR Marketing Plan. Any local advertising or promotion must follow our guidelines. All advertising and promotional materials developed for your AR 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 AR Business or displays any of the Marks.

On the 1st day of each calendar quarter, we will inform you of the amount of all marketing and administration fees received from FocalPoint Franchised Businesses in your Franchised Territory, less conference call expenses, our administration expenses, and national expenses. We will reimburse you on a quarterly basis for your local or regional marketing expenditures we approve in advance in an amount up to 50% of the marketing and administration fees we receive from FocalPoint Franchised Businesses in your Franchised Territory (the "AR Marketing Fund") after we deduct our administration fees, conference call expenses and expenses mutually approved by you and us. In order to be eligible for the AR Marketing Fund, the marketing expenditures you incur must be directly related to the Franchise System and conducted within the Franchised Territory. If you do not spend the entire AR Marketing Fund in any given ~~quarter, calendar year, you will not be entitled to the unused portion of the AR Marketing Fund and~~ the difference between the amount you spent and the amount equal to 50% of the marketing and administration fees received from FocalPoint Franchised Businesses in your Franchised Territory will be reallocated ~~contributed~~ from the AR Marketing Fund to the marketing fund for FocalPoint Franchised Businesses, which we will use in our sole discretion. Your reimbursement will also depend on your delivering to us, on the 1st day of each calendar quarter, a report that outlines where and how you spent the AR Marketing Fund. (Area Representative Agreement, Section 11.3).

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 14 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 currently retain 15% of the AR Marketing Fund for any reasonable administrative costs and overhead that we may incur in activities reasonably related to the administration or direction of the AR Marketing Fund and advertising programs for FocalPoint AR Businesses and FocalPoint Franchised Businesses and for reimbursement of salaries of our employees who are engaged in advertising and promotional programs; and for new product development and research, including conducting market research; preparing marketing and advertising materials; preparing and maintaining of Websites; other activities related to advertising and promotion via the Internet and/or other public computer networks; and, collecting and accounting for the AR Marketing Fund.

We do not require franchise owners of FocalPoint AR Businesses to participate in a regional cooperative advertising program. We formed the Strategic Alliance Group ("STAG"), an advisory council which advises us on advertising policies for the Franchise System. The STAG is comprised of one FocalPoint AR Business franchise owner, two to three FocalPoint Franchised Business franchise owners, and one of our representatives. STAG members are elected by us, FocalPoint AR Business franchise owners and FocalPoint Franchised Business franchise owners. We have the right to change or dissolve the STAG. We also formed the Area Representative Council ("ARC"), an advisory council which advises us on marketing and other topics related to FocalPoint AR Businesses. The ARC is comprised of four FocalPoint AR Business franchise owners and one of our representatives. ARC members are elected by us and FocalPoint AR Business franchise owners. We have the right to change or dissolve the ARC.

Computer System

You must obtain and use in your Franchised Business and your AR 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 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 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 Area Representative Agreement before you open and begin operating the AR Business. The specific timetable for opening and operating the AR Business depends on the AR Business 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 14 days before the day on which you propose to begin operating the AR Business. You may not open or begin operating the AR Business until: (1) we notify you in writing that the AR Business and the AR Business Office meet our standards and specifications; (2) you (or your managing owner) or your AR Business Manager complete initial training to our satisfaction; (3) you pay the Area Representative 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 AR Business within 60 days after the Area Representative Agreement's Effective Date. (Area Representative Agreement – Section 8.13.)

AR Training Program

You or your AR Business Manager must attend our AR Training Program before you open your AR Business. (You or your Business Manager must also attend the Franchisee Training Program described below in connection with your Franchised Business.) We will provide approximately 3 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). You must notify us in writing of the name of the individual that will attend the AR Training Program at least 10 days before the AR Training Program commences. If you or your AR Business Manager cannot complete the AR Training Program to our satisfaction, we may terminate the Area Representative Agreement and may refund you a portion of the initial Area Representative Fee. (See Item 5) (Area Representative Agreement – Section 7.1)

You must pay us an initial training fee in the amount of \$9,950 for the AR Training Program, and an initial training fee in the amount of \$16,950 for the Franchisee Training Program, when you sign the Area Representative Agreement. (See Item 5) You also must pay for all travel and living expenses that you and your personnel incur in connection with the AR Training Program, including, transportation costs, and other expenses that you and your personnel incur in traveling to or from the AR Training Program, except that if initial training is in-person, we will pay all supplied food and reasonable lodging expenses of you or your AR Business Manager only while participating in the AR Training Program. (Area Representative Agreement – Section 7.1)

As of the date of this Disclosure Document, we provide the following training for FocalPoint AR Businesses:

AR TRAINING PROGRAM

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-The-Job Training	Column 4 Location
Overview	2	0	San Diego, California or at a location we designate, or online (See Note 1)
Marketing	2	0	San Diego, California or at a location we designate, or online (See Note 1)
DISC Training	2	0	San Diego, California or at a location we designate, or online (See Note 1)
Support	2	0	San Diego, California or at a location we designate, or online (See Note 1)
Selling Franchises	8	0	San Diego, California or at a location we designate, or online (See Note 1)
Total	20	0	

1. We will conduct the AR 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 AR 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 AR Business franchise owners and FocalPoint Franchised Business franchise owners. As the Director of Franchise Onboarding, Certification and 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 the AR Training Program as well. We expect that all other staff that assist in conducting the AR Training Program 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 the AR Training Program.

You (or your managing owner), your AR Business Manager and/or other previously trained and experienced employees must attend and complete to our satisfaction various training courses for FocalPoint AR Business franchise owners 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 international meeting of all FocalPoint AR Business franchise owners at a location we designate. We will not require in-person attendance at the annual meeting 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. (Area Representative Agreement – Section 7.4)

We may require AR Business employees to complete initial and ongoing training programs to our satisfaction. We may charge you a fee for training employees. (See Item 6) You are responsible for all related travel and living expenses and wages incurred in connection with attending these training programs. (Area Representative Agreement – Section 7.4)

Franchisee Training Program

If this is your first FocalPoint AR Business and you are opening 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). If you (or your managing owner) or your Business Manager cannot complete the Franchisee Training Program 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.)

Additional people beyond the first attendee may attend the Franchisee Training Program 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 any employees or independent contractors to assist you with providing services to clients of your FocalPoint Franchised Business (each, 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 the Franchisee Training Program to our satisfaction before you may open and begin operating your Franchised Business and your AR 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 for FocalPoint Franchised Businesses:

FRANCHISEE 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 Franchisee 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 also conduct the Franchisee Training Program. Other staff may assist in conducting the Franchisee Training Program as well. We expect that all other staff that assist in conducting the Franchisee Training Program will have the appropriate years of experience in their relevant subject areas. We will use the FocalPoint Franchised Business Operations Manual (the "Franchisee Manual") and various instructional materials as we conduct the Franchisee 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 for FocalPoint Franchised Business franchise owners 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. (Franchise Agreement – Section 4.B.)

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 AR Business within the Franchised Territory we approve. You will not receive an exclusive territory. You may face competition from other FocalPoint AR Business franchise owners, from outlets that we own, or from other channels of distribution or competitive brands that we control. You may operate the AR Business only within the approved Franchised Territory, and you may not relocate the AR Business Office without our approval. We will not approve relocation unless the new proposed location meets our criteria for site selection described above in Item 11. We will describe the Franchised Territory in the Area Representative Agreement before you sign it. While you need not operate from a specific location, you always must operate at least one FocalPoint Franchised Business within the Franchised Territory. We typically mark the Franchised Territory's boundaries by cities, counties, or state lines. We primarily consider demographics, traffic patterns, competition, your capacity to recruit and provide services in a large area, site availability, economic trends, and the number of FocalPoint Franchised Businesses we believe the Franchised Territory can sustain. There is no specific minimum or maximum area we must include in the Franchised Territory, but we estimate that the area will contain a minimum of 100,000 businesses according to relevant United States Census figures as of the Effective Date. We always identify the Franchised

Territory in a schedule to the Area Representative Agreement before you sign it. You may recruit and provide services only to franchisees located within the Franchised Territory.

Except as provided below in this paragraph, we and our affiliates will not, without your prior written consent, establish and appoint another person as an Area Representative to develop, manage, service and supervise franchisees within the Franchised Territory as long as you are not in default of the Area Representative Agreement or any other agreement with us. The Area Representative Agreement provides you with no marketing exclusivity in the Franchised Territory as to the sale of FocalPoint Franchised Businesses. We and our affiliates may operate, or grant a franchise for the operation of, other FocalPoint Franchised Businesses within the Franchised Territory. We need not provide compensation to you for soliciting prospective franchisees or customers (or accepting customer orders) for FocalPoint Franchised Businesses within the Franchised Territory or outside the Franchised Territory. However, we will compensate you by paying you ~~66.6~~50% of the total amount of each initial license fee, and ~~66.6~~50% of the ongoing royalty, we actually receive from each franchisee that signs a Franchise Agreement after the effective date of your Area Representative Agreement for a FocalPoint Franchised Business to be operated within the Franchised Territory, plus ~~33.3~~25% of the ongoing royalty we receive from each FocalPoint Franchised Business operating within the Franchised Territory before the effective date of your Area Representative Agreement to which we may require you to provide services while you operate the AR Business. We and our affiliates retain all rights with respect to 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 own, operate and situate FocalPoint Franchised Businesses anywhere within and outside of the Franchised Territory, as we or our affiliates consider appropriate and regardless of proximity to an existing FocalPoint Franchised Business;
- 2) the right to grant franchises, licenses, contracts, and/or enter into joint venture agreements for the operation of FocalPoint Franchised Businesses anywhere within and outside of the Franchised Territory, as we or our affiliates consider appropriate and regardless of proximity to an existing FocalPoint Franchised Business;
- 3) the right to develop, market, own, operate or participate in any other business under the Marks or any other trademark within and outside of the Franchised Territory;
- 4) the right to purchase, merge, acquire, be acquired by or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that network's, chain's or business's facilities, and to operate those businesses and/or facilities as FocalPoint Franchised Businesses operating under the Marks or any other trademark following the purchase, merger, acquisition or affiliation, regardless of the location of these facilities, which may be anywhere within the Franchised Territory. (However, if we or our affiliates purchase, merge, acquire, are acquired by, or affiliate with an existing competitive franchise network and one or more of the businesses convert to a FocalPoint Franchised Business, then you will have the right to develop, manage, service and supervise those franchised businesses and/or facilities as FocalPoint Franchised Businesses in the Franchised Territory to the same

extent permitted under the Franchise Agreement for franchisees within the Franchised Territory);

5) the right to use the Marks to sell Proprietary Products and services under the franchise system and the franchised methods through alternative methods of distribution (including the Internet, catalog sales, telemarketing, or other direct marketing) regardless of the proximity of use or any potential clients to the Franchised Territory or to any FocalPoint Franchised Businesses within the Franchised Territory; and

6) the right to operate and to grant others the right to operate FocalPoint Franchised Businesses at "Non-Traditional Sites" within and outside the Franchised 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.

You may not begin soliciting new franchisees for FocalPoint Franchised Businesses to be located in the Franchised Territory until you have operated your own FocalPoint Franchised Business (as disclosed to you in a separate disclosure document for the unit franchise offer) in compliance with the Franchise Agreement for at least 3 months. You may not advertise or solicit any franchisee for operation of a FocalPoint Franchised business to be located outside the Franchised Territory of your FocalPoint AR Business, including through other channels of distribution (such as the Internet, catalog sales, telemarketing, or other direct marketing). You have no options, rights of first refusal, or similar rights to acquire additional FocalPoint AR Businesses.

Sales and Opening Goals

To maintain your rights within the Franchised Territory, you must satisfy the development schedule we and you negotiate for the Franchised Territory for each year during the Area Representative Agreement's term. This schedule will identify the number of new FocalPoint Franchised Businesses you must open, and/or solicit franchisees to open, in the Franchised Territory each year (the "Minimum Goal") and the total number of FocalPoint Franchised Businesses that must be operating in the Franchised Territory at the end of each development period. Factors we consider to establish your schedule are the same factors we consider to determine your Franchised Territory's boundaries (see above). We will insert the applicable numbers in a schedule to the Area Representative Agreement before you sign it.

We will include a FocalPoint Franchised Business in the cumulative number of FocalPoint Franchised Businesses that must be open and operating only if it actually is operating within the Franchised Territory and substantially complying with its Franchise Agreement. However, a FocalPoint Franchised Business which is, with our approval, permanently closed during the last 3 months of a development period after being open and operating will be included in the cumulative number of FocalPoint Franchised Businesses that must be open and operating during that particular development period (but not after). We will include any FocalPoint Franchised Business you (or your owners), we (or our affiliates), or franchisees own and operate within the Franchised Territory in the cumulative number of FocalPoint Franchised Businesses


that must be open and operating. If you do not comply with the development schedule, we may (but need not):

- (a) terminate the Area Representative Agreement; or
- (b) reduce the Franchised Territory's size to a lesser area we determine; or
- (c) eliminate your right to solicit, qualify, and provide services to franchisees in the Franchised Territory.

Item 13

TRADEMARKS

You may use certain Marks in operating the AR Business and 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 January 15, 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 AR 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 Manual and the Franchisee Manual (which contain our trade secrets), advertising and marketing materials, and similar items used in operating FocalPoint AR Businesses and 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 AR 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 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 AR Businesses; marketing and advertising programs for FocalPoint AR 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 AR Businesses other than your AR Business; and graphic designs and related intellectual property.

All ideas, concepts, techniques, or materials concerning a FocalPoint AR 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 form of Non-Disclosure and Non-Competition 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 Area Representative 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 personally and directly supervise the operation of your AR Business, unless we otherwise permit in writing. You must devote the amount of your time, attention and best efforts to the performance of your duties under the Area Representative Agreement that is necessary for the proper and effective operation of your AR Business. You (or your managing owner) or your AR Business Manager who has completed our training programs must devote full time and efforts to the management and supervision of the AR 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 AR Business' staffing levels, identifying the AR Business' personnel, and 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 AR Business Manager or assistant managers of the AR Business. Your AR Business Manager and assistant managers need not have an equity interest in the AR 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 Area Representative 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 Area Representative 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 AR 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 must use reasonable efforts to ensure that FocalPoint Franchised Business franchise owners within your Franchised Territory do not offer, sell or promote any services or products that have not been authorized by us in writing.

You may not operate the AR Business, solicit franchisees, or provide services outside the Franchised Territory. We may change standards for doing so periodically, and there are no limits on our right to do so. (See Item 12)

Item 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Area Representative Agreement. You should read these provisions in the agreement attached to this Disclosure Document.

PROVISION	SECTION IN AREA REPRESENTATIVE OR OTHER AGREEMENT	SUMMARY
a. Length of the franchise term	Article 4 of Area Representative Agreement	10 years
b. Renewal or extension of the term	Articles 4 and 15 of Area Representative Agreement	You can renew for 2 additional consecutive terms of 10 years each if you have complied with the conditions and procedures for renewal in the Area Representative Agreement if we are franchising in the state where your Franchised Territory is located
c. Requirements for	Sections 15.1 and 15.2 of	To "renew," you must be in

PROVISION	SECTION IN AREA REPRESENTATIVE OR OTHER AGREEMENT	SUMMARY
franchisee to renew or extend	Area Representative Agreement	<p>substantial compliance with the Area Representative Agreement and Manual; give us timely notice; pay us the renewal fee, plus applicable taxes; remodel the AR Business Office according to our then current standards (regardless of cost); and sign our then current area representative agreement, a release (if law allows), and other documents we use to grant franchises.</p> <p>The terms of our then current area representative agreement that you sign for renewal of the franchise may differ materially from any and all of those contained in the Area Representative Agreement attached to this Disclosure Document, including increased fees</p>
d. Termination by franchisee	Not Applicable	Not Applicable (subject to state law)
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Sections 16.1, 16.2, and 16.3 of Area Representative Agreement	We may terminate your franchise only if you or your owners commit one of several violations
g. "Cause" defined — curable defaults	Section 16.2 of Area Representative Agreement	You have 30 days to cure any failure to substantially comply with any of the requirements imposed upon you by the Area Representative Agreement; monetary defaults; failure to submit required reports or information; failure by any owner of yours to execute a guarantee (if applicable); you do not indemnify us;

PROVISION	SECTION IN AREA REPRESENTATIVE OR OTHER AGREEMENT	SUMMARY
		you engage in conduct reflecting materially and unfavorably on your AR Business, us, or the Franchise System, you do not comply with any other lawful provision or requirement under the Area Representative Agreement; or other defaults not listed in (h) below
h. "Cause" defined — non-curable defaults	Sections 16.1 and 16.2 of Area Representative Agreement	Non-curable defaults include: an assignment for the benefit of creditors; appointment of a trustee or receiver; abandonment; misrepresentation in acquiring the franchise or operating the AR Business; failure to open and operate the AR Business within 60 days after the Effective Date; conviction of a felony, fraud, crime or offense involving moral turpitude or other crime related to the AR Business; unapproved transfers; failure to comply with the in-term covenant not to compete; violation of restrictions on use of confidential information; failure to obtain non-competition or confidentiality covenants from persons we require; you conceal revenues; knowingly maintaining false books or records or submitting false reports; repeated defaults (even if cured); willful misrepresentation or failure to make a material disclosure required by any governmental authority; interference with our contractual relations with third parties; interference with our ability to license others to use our Marks and the Franchise System; dishonest or unethical conduct; you, any of your owners, representatives, or employees

PROVISION	SECTION IN AREA REPRESENTATIVE OR OTHER AGREEMENT	SUMMARY
		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 AR Business' reputation or the goodwill associated with the Marks; unauthorized use of the Marks; failure to comply with any law or regulation applicable to the AR Business for 30 days after notice of non-compliance by us or governmental authority; offer or sale of any unapproved program, service or product; failure to use materials, notices and procedures we specify; unauthorized use or duplication of the Franchise System, services, programs or Proprietary Products; failure to cure breach of advertising standards within 3 days; contacting Brian Tracy or Campbell Fraser, or any of their employees, agents or affiliates, without our written permission; failure to meet your Sales and Opening Goals (including your Minimum Goal) within 60 days of receiving notice by us; or violation of any anti-terrorism law
i. Franchisee's obligations on termination/nonrenewal	Article 17 of Area Representative Agreement	Obligations include paying outstanding amounts; complete deidentification; assigning telephone and other numbers; and returning

PROVISION	SECTION IN AREA REPRESENTATIVE OR OTHER AGREEMENT	SUMMARY
		confidential information (also see (o) and (r) below)
j. Assignment of contract by franchisor	Section 14.1 of Area Representative Agreement	No restriction on our right to assign; we may assign without your approval
k. "Transfer" by franchisee — defined	Section 14.2 of Area Representative Agreement	Includes transfer of Area Representative Agreement, the AR Business, ownership change in you or your owners
l. Franchisor approval of transfer by franchisee	Sections 14.2 and 14.4 of Area Representative Agreement	No transfer without our written consent
m. Conditions for franchisor approval of transfer	Section 14.4 of Area Representative Agreement	You comply with our right of first refusal; new franchise owner qualifies; training completed; you have cured any existing defaults under the Area Representative Agreement; you pay us and our affiliates all amounts due; transferee signs our then current area representative agreement and other documents; you sign release (if law allows); transfer fee paid; we approve material terms; transferee upgrades the AR Business Office to conform to then current standards; and you remain liable for all pre-transfer obligations to us under the Area Representative Agreement (also see (r) below)
n. Franchisor's right of first refusal to acquire franchisee's business	Section 14.6 of Area Representative Agreement	We may match any offer for your AR Business or an ownership interest in you
o. Franchisor's	Not Applicable	Not Applicable

PROVISION	SECTION IN AREA REPRESENTATIVE OR OTHER AGREEMENT	SUMMARY
option to purchase franchisee's business		
p. Death or disability of franchisee	Section 14.5 of Area Representative Agreement	Assignment of franchise or an ownership interest in your within 365 days; we may manage AR Business if there is no qualified AR Business Manager
q. Non-competition covenants during the term of the franchise	Section 8.19 of Area Representative 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 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	Sections 19.1 and 19.2 of Area Representative Agreement	No direct or indirect ownership interest in, or performing services for, competing business for two (2) years at the premises where the AR Business Office is located; within the Franchised Territory; or within the territory of any other FocalPoint AR Business in operation or in the process of opening as of the date Area Representative 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)

PROVISION	SECTION IN AREA REPRESENTATIVE OR OTHER AGREEMENT	SUMMARY
		(subject to state law)
s. Modification of the agreement	Sections 7.3 and 23.1 of Area Representative Agreement	No modifications generally, but we may change Manual and System Standards
t. Integration/merger clause	Section 23.2 of Area Representative Agreement	Only the terms of the Area Representative 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 21.1 of Area Representative 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 21.4 of Area Representative Agreement	Subject to arbitration requirement, litigation generally must be in courts in Henderson, Nevada (subject to state law)
w. Choice of law	Section 21.3 of Area Representative 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 Area Representative 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, Steve 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. These tables are for Area Representatives operating under franchise agreements with us.

Table 1
Systemwide Outlet Summary
For years ~~2020~~2021 to ~~2022~~2023

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	28	29	+1
	2021	29	29	0
	2022	29	35	+6

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
	<u>2023</u>	<u>35</u>	<u>36</u>	<u>+1</u>
Company Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Outlets	2020	28	29	+1
	2021	29	29	0
	2022	29	35	+6
	<u>2023</u>	<u>35</u>	<u>36</u>	<u>+1</u>

Table 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years ~~2020~~2021 to ~~2022~~2023

Column 1	Column 2	Column 3
State	Year	Number of Transfers
Kansas	2020	0
	2021	0
	2022	1
	<u>2023</u>	<u>0</u>
Missouri	2020	0
	2021	0
	2022	1
	<u>2023</u>	<u>0</u>
Totals	2020	0
	2021	0
	2022	2
	<u>2023</u>	<u>0</u>

Table 3
Status of Franchised Outlets
For years ~~2020~~2021 to ~~2022~~2023

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Term-in ations	Col. 6 Non- Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
Arizona	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Arkansas	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
California	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	<u>2023</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
Colorado	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Connecticut	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Florida	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	<u>2023</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Georgia	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Idaho	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Indiana	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Term-in ations	Col. 6 Non- Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Illinois	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Kansas	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Kentucky	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Maine	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Massachusetts	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Michigan	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Minnesota	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Missouri	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Nebraska	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Term-in ations	Col. 6 Non- Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
	2023	1	0	0	0	0	0	1
New Hampshire	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New Jersey	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New York	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
North Carolina	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Ohio	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Oklahoma	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Oregon	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Pennsylvania	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Rhode Island	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Term-in ations	Col. 6 Non- Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
South Carolina	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Tennessee	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Texas	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	<u>2023</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Virginia	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Vermont	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Wisconsin	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
TOTALS	2020	28	2	0	0	0	1	29
	2021	29	0	0	0	0	0	29
	2022	29	6	0	0	0	0	35
	<u>2023</u>	<u>35</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>36</u>

Table 4
Status of Company-Owned Outlets
For years ~~2020~~2021 to ~~2022~~2023

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
All States	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Table 5
Projected Openings As of December 31, ~~2022~~2023

Column 1 State	Column 2 Franchise Agreements Signed But Outlets Not Opened	Column 3 Projected New Franchised Outlets In The Next Fiscal Year	Column 4 Projected New Company-Owned Outlets In the Next Fiscal Year
Alabama	0	1	0
Florida	0	1	0
Texas	0	1	0
Nevada	0	1	0
Virginia	0	1	0
Washington	0	1	0
Totals	0	<u>6</u> <u>3</u>	0

Exhibit E lists the names of all Area Representatives as of December 31, ~~2022~~2023 and the addresses and telephone numbers of their businesses. There ~~is 1~~are no former Area ~~Representative (who operated 2 AR Businesses)~~Representatives who had a FocalPoint AR Business terminated, cancelled, transferred, or not renewed or otherwise voluntarily or involuntarily ceased to do business under an agreement with us as of December 31, ~~2022~~2023, 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, ~~(908) 927-2987, 126 Shore View Ct, Taylors, SC 29687~~ [1494 Stone Trail, Enterprise, FL 32725, \(407\) 766-5539](tel:(407)766-5539), Attention: ~~Jerry Pilewski~~ [Pam Hargis](mailto:Pam.Hargis@engagegroup.com).

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~~ [FocalPoint Area Representative Council, 2064 Arden Landing Cove N, Germantown, TN 38139, \(832\) 797-2314](tel:(832)797-2314), Attention: ~~Todd Eppert~~ [Eric Eurich](mailto:Eric.Eurich@focalpointcoaching.com).

Item 21

FINANCIAL STATEMENTS

Exhibit C discloses our audited financial statements as of December 31, ~~2020~~ [2021](#), December 31, ~~2021~~ [2022](#), and December 31, ~~2022~~ [2023](#). Our fiscal year end is December 31.

Item 22

CONTRACTS

The following agreements/documents are exhibits:

- (a) Area Representative Agreement — Exhibit B (Exhibit F to the Area Representative Agreement is the form of release we intend to use upon transfer/renewal and Exhibit G to the Area Representative Agreement is the Acknowledgments and Representations you will be required to sign)
- (b) State-Specific Riders to Agreements — Exhibit F

RECEIPTS

Our and your copies of the 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) 378-4140

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
9th Floor
Richmond, Virginia 23219
(804) 371-9051

(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 41200
Olympia, Washington 98504-1200
(360) 902-8760

Wisconsin

Commissioner of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-0448

EXHIBIT B
AREA REPRESENTATIVE AGREEMENT

FOCALPOINT COACHING, INC.
AREA REPRESENTATIVE AGREEMENT
FOR

Name of Area Representative:	
Franchised Territory:	

FOCALPOINT COACHING, INC.
AREA REPRESENTATIVE AGREEMENT
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EXHIBITS

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Exhibit B	Listing of Ownership Interests
Exhibit C	Sales and Opening Goals
Exhibit D	Confidentiality/Non-Competition Agreement
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Exhibit F	Support Obligations of Area Representative
Exhibit G	Acknowledgments and Representations
Exhibit H	EFT Addendum

FOCALPOINT COACHING, INC.
AREA REPRESENTATIVE AGREEMENT

THIS AGREEMENT is made and entered into between FocalPoint Coaching, Inc., a Nevada corporation with its principal office located at 2831 St. Rose Parkway, Suite 234, Henderson, Nevada 89052 ("**Franchisor**") and _____, whose principal address is _____ ("**Area Representative**"), as of the date signed by Franchisor and set forth opposite Franchisor's signature on this Agreement (the "**Effective Date**").

RECITALS

WHEREAS Franchisor owns and/or licenses a system for administering and operating a business that provides business coaching to business owners, professionals and other similar type individuals through a uniform system which has high standards of service and uses quality products;

WHEREAS subject to the terms and conditions of this Agreement, Franchisor and Area Representative desire to provide for the appointment of Area Representative as Franchisor's area representative within the Franchised Territory for the development, management, servicing and supervision of FocalPoint Franchised Businesses within the Franchised Territory; and

WHEREAS Area Representative desires to be so appointed.

NOW THEREFORE, in consideration of the payment of the fees specified herein and the mutual covenants and agreements herein contained and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged), the Parties agree as follows

ARTICLE 1
CERTAIN DEFINITIONS

In this Agreement, the following terms shall have the meanings set forth below, unless the context requires otherwise:

- (a) "**ADA**" shall have the meaning ascribed to the term in Section 8.14(b).
- (b) "**Advertising Fund Fee**" shall have the meaning ascribed to the term in Section 5.5.
- (c) "**Advertising Material**" shall have the meaning ascribed to the term in Section 11.4(a).
- (d) "**Agreement**" means this Area Representative Agreement, including all exhibits hereto, as amended and supplemented from time to time.
- (e) "**Anti-Terrorism Laws**" shall have the meaning ascribed to the term in Section 23.8.

- (f) **"Applicant"** shall have the meaning ascribed to the term in Section 8.4(b).
- (g) **"AR Business"** means the FocalPoint AR Business for the Franchised Territory that Franchisor grants Area Representative the right to operate under this Agreement.
- (h) **"AR Business Manager"** shall have the meaning ascribed to the term in Section 8.12(b).
- (i) **"Area Representative Fee"** shall have the meaning ascribed to the term in Section 5.1.
- (j) **"AR Marketing Fund"** shall have the meaning ascribed to the term in Section 11.3.
- (k) **"AR Training Fee"** shall have the meaning ascribed to the term in Section 5.3.
- (l) **"AR Training Program"** shall have the meaning ascribed to the term in Section 7.1(a).
- (m) **"Assignment"** for purposes of this Agreement, whether voluntary or involuntary, direct or indirect, includes: an assignment, sale, gift or pledge; the grant of a mortgage, charge, lien, encumbrance or security interest (including the grant of a collateral assignment); a merger or consolidation, or issuance of additional Ownership Interest or redemption of Ownership Interest; a sale of voting interests or of securities convertible to voting interests, or an agreement granting the right to exercise, or control the exercise of, voting rights of any holder of an Ownership Interest; and a transfer that occurs as a result of divorce, insolvency, or Entity dissolution or, upon death, by will, intestate succession or by declaration of, or transfer to, a trust.
- (n) **"Business Day"** includes all calendar days except Saturdays, Sundays and national holidays provided for under any federal law of the United States.
- (o) **"Competitive Business"** means any business which: (i) derives more than twenty percent (20%) of its revenue from selling business training and business consulting services and/or selling products similar to the Proprietary Products; or (ii) grants franchises or licenses to others to operate the type of business specified in subparagraph (i) (other than a FocalPoint Franchised Business or a FocalPoint AR Business operating under a franchise agreement with Franchisor).
- (p) **"Computer System"** shall have the meaning ascribed to the term in Section 8.14(f).
- (q) **"Conference Call Expenses"** means an amount equal to the cost per minute for each Franchisee to connect to each conference call hosted by Franchisor

multiplied by the number of Franchisees in the Franchised Territory multiplied by the number of minutes of conference calls held since the date last payment of the AR Marketing Fund was made to Area Representative by Franchisor.

- (r) **"Confidential Information"** shall have the meaning ascribed to the term in Article 9.
- (s) **"Continuing Fees"** shall have the meaning ascribed to the term in Section 6.2.
- (t) **"Contract Year"** means the period commencing on the Effective Date of this Agreement and ending on the date that is the last day of the calendar month in which occurs the first anniversary of the Effective Date of this Agreement, and each consecutive period of twelve (12) months thereafter.
- (u) **"Deficiency Payment"** shall have the meaning ascribed to the term in Section 8.1(d).
- (v) **"EFT"** shall have the meaning ascribed to the term in Section 8.21.
- (w) **"Entity"** shall have the meaning ascribed to the term in Section 10.3.
- (x) **"FocalPoint AR Business"** means the development, management, servicing and supervision of Franchisees in a territory Franchisor designates using the Marks and Franchise System.
- (y) **"FocalPoint Franchised Business"** means an outlet operated by a Franchisee that specializes in the promotion and sale of Proprietary Products using the Franchise System and the Marks.
- (z) **"Franchise Agreement"** means the agreement pursuant to which Franchisor grants a Franchisee the right to establish and operate a FocalPoint Franchised Business.
- (aa) **"Franchised Methods"** means the distinctive methods and plans for the establishment, operation and promotion of FocalPoint Franchised Businesses.
- (bb) **"Franchised Territory"** means the geographic area set forth in the attached **Exhibit A** and incorporated herein by reference, which area will contain a minimum 100,000 businesses pursuant to relevant United States Census figures as of the Effective Date.
- (cc) **"Franchisee"** means any person who has entered into a Franchise Agreement to establish and operate a FocalPoint Franchised Business that is, or will be, located within the Franchised Territory.
- (dd) **"Franchisee Manual"** shall have the meaning ascribed to the term in Section 8.8.

- (ee) **"Franchisee Training Program"** shall have the meaning ascribed to the term in Section 5.3.
- (ff) **"Franchisee Territory"** means the geographic area within which Franchisor will grant a Franchisee the right to establish and operate a FocalPoint Franchised Business under a Franchise Agreement.
- (gg) **"Franchise Fee"** means the initial franchise fee paid to Franchisor by a Franchisee pursuant to a Franchise Agreement.
- (hh) **"Franchise System"** means the system developed by Franchisor and/or its affiliates for administering and operating a FocalPoint Franchised Business designed to provide business training and consulting to small businesses using Franchisor's business formats, methods, procedures, signs, designs, layouts, standards, specifications and Marks. Franchisor and its affiliates continue to expend time, skill and money to investigate new or substitute procedures, systems, products, services, programs and activities and, if Franchisor considers it desirable, to develop and integrate them into the Franchise System.
- (ii) **"Franchisee"** means any person who has entered into a Franchise Agreement to establish and operate a FocalPoint Franchised Business that is, or will be, located within the Franchised Territory.
- (jj) **"Government Entity"** means (i) any federal, provincial, state, municipal, local or other governmental department, court, commission, board, bureau, agency or instrumentality, domestic or foreign; (ii) any agent, commission, board or authority of any of the foregoing; or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing.
- (kk) **"Gross Revenues"** means the aggregate of all royalty fees, transfer fees and renewal fees that Franchisor charges to Franchisees, but excludes Franchise Fees, training fees, web fees and technology fees. Gross Revenues shall be recognized based on the date that the applicable fees are collected.
- (ll) **"Guarantor"** shall have the meaning ascribed to the term in Section 8.16.
- (mm) **"Guidelines"** shall have the meaning ascribed to the term in Section 11.4(a).
- (nn) **"Immediate Family"** shall mean the parents, spouses, natural and adopted children and siblings of a person.
- (oo) **"Indemnified Parties"** shall have the meaning ascribed to the term in Section 18.2.
- (pp) **"Initial Marketing Fee"** shall have the meaning ascribed to the term in Section 5.7.

~~(qq)~~ ~~"Initial Term" shall have the meaning ascribed to the term in Article 4.~~

(qq) ~~(rr)~~ **"Intellectual Property"** means all technical information, procedures, processes, databases, Confidential Information, trade secrets, copyrights, methods, practices, techniques, processes, methods, know-how and other intellectual property which is developed by Area Representative for use by or in respect of the AR Business or which is provided to any Franchisee or by any Franchisee, and includes without limitation, all improvements or enhancements to any Intellectual Property and all computer software.

(rr) ~~(ss)~~ **"License Fee"** shall have the meaning ascribed to the term in Section 6.1.

(ss) ~~(tt)~~ **"Manual"** means collectively, all books, pamphlets, memoranda, audiotapes, videotapes, photographs, compact disks, computer software, other electronic media, and/or written materials prepared by or on behalf of Franchisor for use by area representatives generally or for Area Representative in particular, setting forth information, advice, instructions or policies relating to the Franchise System and the operation of the AR Business, all as such may be amended from time to time.

(tt) ~~(uu)~~ **"Marks"** means the trademarks, service marks and other commercial symbols used in the operation of 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.

(uu) ~~(vv)~~ **"Meeting"** shall have the meaning ascribed to the term in Section 7.4.

(vv) ~~(ww)~~ **"Minimum Goal"** shall have the meaning ascribed to the term in **Exhibit C**.

(ww) ~~(xx)~~ **"National Approved Expenses"** means all expenses mutually approved by Area Representative and Franchisor.

(xx) ~~(yy)~~ **"Office"** shall have the meaning ascribed to the term in Section 8.14(a).

(yy) ~~(zz)~~ **"Official Senders"** shall have the meaning ascribed to the term in Section 23.9.

(zz) ~~(aaa)~~ **"Operating Assets"** shall have the meaning ascribed to the term in Section 8.14(c).

- (aaa) ~~(bbb)~~ **"Owners"** means all persons or business entities holding a direct or indirect, disclosed or undisclosed, legal or beneficial Ownership Interest or voting right in an Entity, including ownership or control through one or more agents, subsidiaries or other intermediaries. The Owners of Area Representative as of the Agreement Date are listed on **Exhibit B**.
- (bbb) ~~(eee)~~ **"Ownership Interest"** means with respect to an Entity, (a) any share of stock in relation to a corporation, any membership interest in relation to a limited liability company, any general or limited partnership interest in relation to a partnership, or any beneficial interest in a trust or other Entity; (b) any other legal or equitable interest in the revenue, profits, losses, rights and/or assets of an Entity; or (c) any security or other right or interest that is convertible into any right or interest reflected in (a) or (b) above.
- (ccc) ~~(ddd)~~ **"Performance Reports"** shall have the meaning ascribed to the term in Section 13.1.
- (ddd) ~~(eee)~~ **"Proprietary Products"** means any products or services developed by Franchisor and/or its affiliates or any products and services approved for sale by Franchisor in or from a FocalPoint Franchised Business, including, without limitation, any software and Internet e-commerce products.
- (eee) ~~(fff)~~ **"Representatives"** means any shareholders, directors, officers, employees, partners, members, agents, counsel, or other authorized persons of Area Representative or retained by Area Representative who have a need to know the contents of the Manual or who need to know any Confidential Information of Franchisor provided to Area Representative for the purpose of enabling Area Representative to operate the AR Business and/or a FocalPoint Franchised Business.
- (fff) ~~(ggg)~~ **"Restricted Persons"** means (a) Area Representative's Owners as of the date of this Agreement; (b) individuals or entities who become Area Representative's Owners during the ~~Initial~~ Term; (c) affiliates of Area Representative; (d) individuals having a Controlling Ownership Interest in any affiliates of Area Representative; (e) the parents, spouses, and natural and adopted children of any person in (a), (b) or (d) above; and (f) the officers, directors and management personnel of Area Representative and its affiliates.
- (ggg) ~~(hhh)~~ **"Royalty Fee"** shall have the meaning ascribed to the term in Section 5.2.
- (hhh) ~~(iii)~~ **"Sales and Opening Goals"** shall have the meaning ascribed to the term in Section 8.1.
- (iii) ~~(jjj)~~ **"Successor Agreement"** shall have the meaning ascribed to the term in Section 15.2.

- (jjj) ~~(kkk)~~ "Successor Franchise Fee" shall have the meaning ascribed to the term in Section 15.2(d).
- (kkk) ~~(lll)~~ "Successor Term" shall have the meaning ascribed to the term in Article 4.
- (lll) ~~(mmm)~~ "System Standards" shall have the meaning ascribed to the term in Section 7.3(a).
- (mmm) ~~(nnn)~~ "Taxes" means all sales, goods and services, value added, use or other like taxes, levies and charges, chargeable by or payable to any federal, provincial, state, local or municipal taxation authority.
- (nnn) ~~(ooo)~~ "Technology Fee" shall have the meaning ascribed to the term in Section 5.4.
- (ooo) "Term" shall have the meaning ascribed to the term in Article 4.
- (ppp) "Unit Franchise Training Fee" shall have the meaning ascribed to the term in Section 5.3.
- (qqq) "Website" shall have the meaning ascribed to the term in Section 7.3(c).

ARTICLE 2

GRANT OF RIGHTS

2.1 Grant of Rights

Franchisor hereby grants to Area Representative, and Area Representative accepts, the right (the "**Franchise**") to operate a FocalPoint AR Business upon the terms and subject to the provisions of this Agreement. This Agreement does not permit Area Representative either directly or through an affiliate to own or operate a FocalPoint Franchised Business without separate approval in writing by Franchisor. Area Representative must at all times during the **Initial** Term or any Successor Term of this Agreement, own and operate at least one (1) FocalPoint Franchise Business under a separate Franchise Agreement. The Franchise Fee for that first FocalPoint Franchised Business is included in the Area Representative Fee. Area Representative may not begin soliciting new Franchisees for FocalPoint Franchised Businesses to be located in the Franchised Territory until its own FocalPoint Franchised Business has been in operation and in compliance with the Franchise Agreement for at least three (3) months.

2.2 License to Use and Display the Marks

Franchisor hereby grants to Area Representative, upon the terms and subject to the provisions of this Agreement, a non-exclusive license to use and display the Marks in connection with operating the AR Business in the Franchised Territory and in connection with the activities authorized by this Agreement.

2.3 Conducting Business Outside the Franchised Territory

Except as may otherwise be permitted by Franchisor, Area Representative shall not advertise and solicit any franchisee for the operation of any FocalPoint Franchised Business to be located outside of the Franchised Territory.

ARTICLE 3

TERRITORY AND RESERVATION OF RIGHTS

3.1 Franchisor's Restrictions

Franchisor and its affiliates will not, without the prior written consent of Area Representative, grant a franchise for another FocalPoint AR Business within the Franchised Territory, for so long as Area Representative is not in default under this Agreement or any other agreements between Franchisor and Area Representative, and except as provided in Section 3.2. These restrictions will terminate immediately upon the expiration or termination of this Agreement for any reason. Area Representative acknowledges that this Agreement confers no marketing exclusivity in the Franchised Territory on Area Representative.

3.2 Reservation of Rights

- (a) Area Representative expressly understands and agrees that it will only have those rights to operate a FocalPoint AR Business that are set forth expressly in this Agreement. Franchisor specifically reserves all other rights to itself and its affiliates. For example, and without limitation, now and in the future:
 - (i) Franchisor and its affiliates have the right to develop, market, own, operate or participate in any other business under the Marks or any other trademark within and outside of the Franchised Territory.
 - (ii) Franchisor and its affiliates have the right to own, operate and situate FocalPoint Franchised Businesses anywhere within and outside of the Franchised Territory, as Franchisor or its affiliates consider appropriate and regardless of proximity to an existing FocalPoint Franchised Business.
 - (iii) Franchisor has the right to engage one or more third party franchise broker and sales representative services to sell FocalPoint Franchised Businesses within and outside the Franchised Territory, as Franchisor or its affiliates consider appropriate.
 - (iv) Franchisor and its affiliates have the right to grant franchises, licenses, contracts, and/or enter into joint venture agreements for the operation of FocalPoint Franchised Businesses within and outside of the Franchised Territory, as Franchisor or its affiliates consider appropriate and regardless of proximity to an existing FocalPoint Franchised Business.

- (v) Franchisor and its affiliates have the right to purchase, merge, acquire, be acquired by or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that network's, chain's or business's facilities and to operate those businesses and/or facilities as FocalPoint Franchised Businesses operating under the Marks or any other trademark following the purchase, merger, acquisition or affiliation, regardless of the location of these facilities, which may be anywhere within the Franchised Territory. If Franchisor or its affiliates, purchase, merge, acquire, is acquired by or affiliates with an existing competitive franchise network and one or more of the businesses convert to a FocalPoint Franchised Business, Area Representative will have the right to develop, manage, service and supervise those franchised businesses and/or facilities as FocalPoint Franchised Businesses in the Franchised Territory to the same extent permitted under this Agreement for Franchisees within the Franchised Territory.
- (vi) Franchisor and its affiliates have the right to use the Marks to sell Proprietary Products and services under the Franchise System and the Franchised Methods through alternative methods of distribution, including the Internet, regardless of the proximity of use or any potential clients to Area Representative's Franchised Territory or to any FocalPoint Franchised Businesses within the Franchised Territory.
- (vii) Franchisor and its affiliates have 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 or school campuses.

ARTICLE 4

TERM AND SUCCESSOR TERMS

This Agreement shall commence and be effective as of the Effective Date and shall continue for a period of ten (10) years, unless sooner terminated in accordance with the provisions of this Agreement (the "~~Initial~~ Term"). Area Representative will have the right (but not the obligation) to enter into up to two (2) additional consecutive terms of ten (10) years each (each a "**Successor Term**"), subject to Area Representative's compliance with each and every one of the conditions specified in Article 16 of this Agreement.

ARTICLE 5

CONSIDERATION TO FRANCHISOR

5.1 Initial Area Representative Fee

Area Representative agrees to pay to Franchisor an initial fee of Three Hundred ~~Fifty~~Seventy-Five Thousand Dollars (~~\$350,000.00~~\$375,000.00) (the "Area Representative Fee") upon execution of this Agreement.

5.2 Royalty Fee

Area Representative shall, on the first (1st) day of each month during the ~~Initial~~ Term, pay Franchisor a royalty fee equal to One Thousand Nine Hundred Fifty Dollars (\$1,950) (the "Royalty Fee"). Area Representative agrees that Franchisor will have the right to withdraw funds from Area Representative's designated bank account each month by EFT in the amount of the Royalty Fee. Such withdrawals shall be drawn on the first (1st) day of each month for the amount of the Royalty Fee for the preceding month.

5.3 Training Fees

Upon execution of this Agreement, Area Representative shall pay Franchisor a non-refundable training fee of Sixteen Thousand Nine Hundred and Fifty Dollars (\$16,950) (the "Unit Franchise Training Fee") for each person that will attend the FocalPoint Franchised Business initial training program (the "Franchisee Training Program") on behalf of Area Representative, and a non-refundable area representative training fee of Nine Thousand Nine Hundred Fifty Dollars (\$9,950) (the "AR Training Fee") for each person that will attend the AR Training Program on behalf of Area Representative, plus applicable taxes. No portion of either the Unit Franchise Training Fee or AR Training Fee will be returned to Area Representative if Area Representative or its AR Business Manager fails to successfully complete either program.

5.4 Technology Fee

Area Representative agrees to pay Franchisor, in the manner provided below (or as the Manual otherwise prescribes) an annual fee of One Thousand Nine Hundred Fifty Dollars (\$1,950), plus any applicable taxes (the "Technology Fee"). 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. Area Representative 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 ~~Initial~~ Term, Area Representative shall pay Franchisor the Technology Fee on an annual basis on or before November 30th of each year. Franchisor reserves the right to increase the Technology Fee in its sole judgment on an annual basis to take into account the time, money and resources expended by Franchisor for the development and maintenance of such Franchise System technologies.

5.5 Advertising Fund Fee

On or before the first (1st) day of each month during the ~~Initial~~ Term, Area Representative must pay Franchisor an advertising fund fee in the amounts that Franchisor prescribes from time to time, not to exceed Five Hundred Dollars (\$500.00) per month (the "Advertising Fund Fee"). Franchisor's use of the Advertising Fund Fee is described in Article 11.

5.6 Conference Registration Fee

Area Representative agrees to pay Franchisor an annual fee for Franchisor's costs associated with the annual national and/or regional conferences for Franchisees, not to exceed One Thousand Eight Hundred Dollars (\$1,800), plus any applicable taxes (the "Conference Registration Fee"). Area Representative shall pay Franchisor the first annual payment of the Conference Registration 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 ~~Initial~~ Term, Area Representative must pay the Conference Registration Fee each year either in a lump sum at least sixty (60) days prior to attending the national or regional conference, or a prorated monthly amount of the Conference Registration Fee on the fifteenth (15th) day of each month.

5.7 Initial Marketing Fee

Upon execution of this Agreement, Area Representative shall pay Franchisor a nonrefundable marketing fee of Five Thousand Dollars (\$5,000) (the "Initial Marketing Fee"). The Initial Marketing Fee contributes to Franchisor's costs associated with direct marketing for coaches for Area Representative's AR Business. This fee is due, and fully earned by Franchisor, when Area Representative signs this Agreement and is not refundable under any circumstances.

5.8 Late Fees and Interest on Delinquent Payments

If Area Representative is late in any payment under this Agreement, Area Representative 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 Area Representative 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 Area Representative's bank account automatically for late fees and interest. Area Representative acknowledges that this Section 5.8 is not Franchisor's agreement to accept any payments after they are due or Franchisor's commitment to extend credit to, or otherwise finance Area Representative's operation of, the AR Business.

5.9 Application of Funds

If Area Representative is delinquent in the payment of any obligation to Franchisor or any of its affiliates under this Agreement, or under any other agreement with Franchisor or any of its

affiliates, then Franchisor or the affiliate may apply any payment from Area Representative to the oldest obligation due, whether under this Agreement or otherwise, whether or not there is any contrary designation by Area Representative.

5.10 Area Representative May Not Withhold

Area Representative agrees not to withhold payment of any amounts due to Franchisor or its affiliates on the grounds of any alleged failure of Franchisor to provide Area Representative with any particular service, either initial or continuing, or the non-performance or breach of any of Franchisor's (or its affiliates') obligations under this Agreement or any related agreement.

ARTICLE 6 COMPENSATION TO AREA REPRESENTATIVE

6.1 License Fees

Franchisor shall pay Area Representative a license fee (the "**License Fee**") equal ~~to sixty-six point six~~fifty percent (~~66.6~~50%) of the total amount of each Franchise Fee that is actually paid to Franchisor by a Franchisee pursuant to the terms of a Franchise Agreement for the operation of FocalPoint Franchised Business located within the Franchised Territory within thirty (30) calendar days after the date Franchisor receives and accepts the Franchise Fee. However, (i) Area Representative shall not receive any License Fees with respect to Franchise Fees paid by Franchisees who have entered into Franchise Agreements for FocalPoint Franchised Businesses located within the Franchised Territory prior to the Effective Date, and (ii) Franchisor will reduce the License Fees paid to Area Representative to cover the costs for third party franchise broker services, discounts, referral fees, internal or external sales representative services, and for any other costs Franchisor incurs to sell FocalPoint Franchised Businesses within the Franchised Territory.

6.2 Continuing Fees

Franchisor shall pay Area Representative, on a monthly basis during the ~~Initial~~ Term, on the tenth (10th) day of each month (or on the following Business Day if the tenth (10th) day of the month is not a Business Day), a portion of the franchise royalty fees (but not any other fees) actually received by Franchisor from Franchisees operating a FocalPoint Franchised Business within the Franchised Territory during the preceding calendar month ("**Continuing Fees**") calculated as follows:

- (a) ~~sixty-six point six~~fifty percent (~~66.6~~50%) for Franchisees that enter into a Franchise Agreement for a FocalPoint Franchised Business located within the Franchised Territory after the Effective Date; or
- (b) ~~thirty-three point three~~twenty-five percent (~~33.3~~25%) for any Franchisees that entered into a Franchise Agreement for a FocalPoint Franchised Business located within the Franchised Territory prior to the Effective Date, but Franchisor requires Area Representative to provide services to such Franchisees after the Effective Date pursuant to Section 8.5 below.

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Area Representative shall not receive any Continuing Fees with respect to franchise royalty fees paid by Franchisees that have entered into Franchise Agreements for FocalPoint Franchised Businesses located within the Franchised Territory prior to the Effective Date unless Franchisor requires Area Representative to provide services to Franchisees pursuant to Section 8.5 below. In addition, Franchisor reserves the right to reduce the Continuing Fees paid to Area Representative to cover the costs for third party franchise broker services, discounts, referral fees, internal or external sales representative services, and for any other costs Franchisor incurs to sell FocalPoint Franchised Businesses within the Franchised Territory.

6.3 Payment Conditions

Notwithstanding anything contained in this Agreement to the contrary, Franchisor shall have no obligation to pay Area Representative any amounts pursuant to this Article 6 (and none of such amounts shall accrue):

- (a) With respect to any period during which Area Representative or its affiliate is in breach of, or default under, its obligations under this Agreement or any Franchise Agreement;
- (b) With respect to any month where, with respect to any one or more FocalPoint Franchised Businesses, Area Representative failed to conduct monthly evaluations, or deliver to Franchisor any monthly reports, that Area Representative is required to conduct or provide as set forth in this Agreement or in the Manual;
- (c) Unless and until Area Representative is licensed or registered, or maintains a permit, as necessary, in connection with Area Representative's activities under this Agreement; or
- (d) With respect to any prospective franchisee within the Franchised Territory that are solicited by a third party broker or sales representative engaged by Franchisor.

6.4 License Fees and Continuing Fees After Termination

All payments under this Article 6 shall immediately and permanently cease after expiration or termination of this Agreement, although Area Representative shall receive all amounts that have accrued to Area Representative as of the effective date of expiration or termination.

6.5 Refunds or Other Payments

If Franchisor is required (whether by contract or by a court or arbitrator decision or order), or agrees to in its sole judgment, refund all or a part of a Franchisee's Franchise Fees or franchise royalty fees, Area Representative must promptly pay Franchisor the License Fee or Continuing Fees previously paid to Area Representative. If Franchisor or any of its affiliates, in its sole judgment, agrees to pay a Franchisee in the Franchised Territory any amount, or if a court

or arbitrator determines that Franchisor or any of its affiliates must pay such Franchisee any amount, or if Franchisor or any of its affiliates otherwise suffers a loss or damages in connection with a Franchisee in the Franchised Territory, Area Representative shall promptly pay to Franchisor ~~sixty-six point six~~fifty percent (~~66.6~~50%) of the amount of that payment, loss or damages. Area Representative shall make such payment within fifteen (15) days after Franchisor's written request therefor or invoice thereof. The provisions of Section 18.2 (relating to indemnification) shall supersede the terms of this Section.

6.6 Application of Payments

Franchisor's payments to Area Representative shall be based on amounts actually collected from Franchisees, not on payments accrued, due or owing. Franchisor may apply in its sole judgment any payments received from a Franchisee for any past due indebtedness of that Franchisee for franchise royalty fees, advertising contributions, purchases from Franchisor or its affiliates, interest, or any other indebtedness of that Franchisee to Franchisor or its affiliates. To the extent that such payments are applied to a Franchisee's overdue Franchise Fees or franchise royalty fees, Area Representative shall be entitled to Area Representative's pro rata share of any such payments, less its pro rata share of collection.

6.7 Offset

Notwithstanding anything contained in this Agreement to the contrary, Franchisor may offset any funds owed by Area Representative or its affiliates to Franchisor or its affiliates pursuant to this Agreement, or any other agreement between Franchisor or its affiliates and Area Representative or its affiliates, against any funds owed to Area Representative by Franchisor pursuant to this Article 6 or otherwise under this Agreement.

6.8 Withholding

Notwithstanding anything contained in this Agreement to the contrary, if Franchisor's receipt (or the payer's payment to Franchisor) of any Franchise Fees, franchise royalty fees or other amounts are subject to withholding or other taxes or payments, the amount to which Area Representative is entitled pursuant to this Article 6 shall be reduced by an amount proportionate to the amount that withholding or other tax bears to the payment to which Franchisor is entitled. In addition, all amounts payable to Area Representative under this Agreement shall be subject to all withholding or other taxes or payments applicable to the payment of those amounts. All amounts payable to Franchisor under this Agreement are net of taxes or similar payments (other than income taxes) payable by, or on behalf of, Franchisor in connection with such payments. All amounts payable to Area Representative under this Agreement shall be calculated after taking into account amounts, if any, payable as taxes or similar payments (other than income taxes) payable by, or on behalf of, Franchisor in connection with such payments.

ARTICLE 7
FRANCHISOR'S OBLIGATIONS

7.1 Initial Training

- (a) Before Area Representative opens its Office or upon such later date as determined by Franchisor, Franchisor, either directly or through its designee, will provide Area Representative with an initial training program (the "**AR Training Program**") which Area Representative (if an individual) or its AR Business Manager (if an Entity) will be required to attend and complete, either in-person or online, in Franchisor's sole discretion. The AR Training Program will be provided to Area Representative at a time to be determined by Franchisor. Franchisor will determine and notify Area Representative of the dates, location and duration of the AR Training Program. Area Representative must notify Franchisor, in writing, at least ten (10) days prior to the commencement of the AR Training Program of the name of the individual selected to attend the AR Training Program.
- (b) Area Representative must pay the AR Training Fee and all expenses incurred by Area Representative and its personnel in connection with training, including, but not limited to, transportation costs, and other expenses incurred by Area Representative and its personnel in traveling to and from the AR Training Program, except, if initial training is in-person, Franchisor will pay all supplied food and reasonable lodging expenses of Area Representative or its AR Business Manager only while participating in the AR Training Program.
- (c) If Franchisor reasonably concludes that Area Representative or any of its attendees has failed to attend or successfully complete Franchisor's AR Training Program, then that person may re-enroll in Franchisor's next scheduled AR Training Program at no additional charge. Franchisor will have the right to terminate this Agreement if, following Area Representative's AR Training Program (including re-enrollment training as provided for in the preceding sentence), Franchisor determines that Area Representative has failed to complete the AR Training Program to Franchisor's satisfaction. This failure will constitute a material and incurable breach of this Agreement that will entitle Franchisor to terminate this Agreement immediately upon notice to Area Representative, with no opportunity to cure. If Franchisor terminates this Agreement for this reason, Franchisor will return the entire Area Representative Fee, less Twenty-Five Thousand Dollars (\$25,000), which will be deemed earned by Franchisor, if Area Representative signs Franchisor's then-current form of release.
- (d) Area Representative or its AR Business Manager must attend the Franchisee Training Program at the time scheduled, and at the location designated, by Franchisor. Area Representative must pay the Unit Franchise Training Fee and all expenses incurred by Area Representative or its personnel in connection with training, including, but not limited to, transportation costs, and other expenses

incurred by Area Representative or the AR Business Manager in traveling to and from the Franchisee Training Program, except Franchisor will pay all supplied food and reasonable lodging expenses of Area Representative or its AR Business Manager while participating in the Franchisee Training Program.

7.2 Consultation Services

- (a) If Area Representative so requests, and subject to the availability of Franchisor's personnel, Franchisor will provide input regarding the AR Business from time to time, as Franchisor deems necessary in its sole judgment, in the form of advice, studies, data or written materials and answer the questions of Area Representative at no charge in order to assist Area Representative with the development and operation of the AR Business.
- (b) During the first ninety (90) days after the date the AR Training Program ends, Area Representative shall telephone Franchisor weekly at a time mutually agreed upon by the parties to discuss the AR Business and any reports required by Article 14 of this Agreement.

7.3 Provision of Manual; Area Representative's Compliance with Manual

- (a) Franchisor will provide Area Representative with access to one (1) copy of the Manual. The Manual contains mandatory and suggested specifications, standards, operating procedures, and rules ("**System Standards**") that Franchisor periodically prescribes for operating a FocalPoint AR Business and information on Area Representative's other obligations under this Agreement. Franchisor may modify the Manual periodically to reflect changes in System Standards.
- (b) Area Representative agrees to keep its copy of the Manual current and in a secure location at the Office. If there is a dispute over its contents, Franchisor's master copy of the Manual controls. Area Representative agrees that the Manual's contents are confidential and that Area Representative will not disclose the Manual to any person other than AR Business employees who need to know its contents. Area Representative may not at any time copy, duplicate, record, or otherwise reproduce any part of the Manual. ~~If Area Representative's copy of the Manual is lost, destroyed, or significantly damaged, Area Representative agrees to obtain a replacement copy at Franchisor's then applicable charge.~~
- (c) At Franchisor's option, Franchisor may post some or all of the Manual on a restricted Website or extranet to which Area Representative 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, Area Representative agrees to monitor and access the Website or extranet for any updates to the Manual or System Standards. Any passwords or other digit identifications necessary to access the Manual on a Website or extranet will be deemed to be part of the Confidential Information.

7.4 Ongoing Training; Franchisor Conferences and Meetings

Franchisor may require Area Representative, its AR Business Manager and/or other previously trained and experienced employees to attend and complete to Franchisor's satisfaction various training courses that Franchisor periodically chooses to provide either online or in-person at the times and locations that Franchisor designates. Area Representative 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 from time to time.

Franchisor may conduct annual conferences, including international conferences, at a location chosen by Franchisor, and may, from time to time, conduct other conferences, seminars or training sessions (each, a "**Meeting**"). Franchisor will determine the duration, curriculum and location of its Meetings. Area Representative or its AR Business Manager must, at its sole expense, annually attend one (1) international conference offered by Franchisor if Franchisor elects to conduct an international Meeting. Area Representative or its AR Business Manager must also attend each annual conference and any other Meeting for which Franchisor requires attendance and pay the Conference Registration Fee required for each annual conference or other Meeting. Area Representative will be responsible for all expenses incurred by it and its attendees in connection with any Meetings, including, but not limited to, transportation costs, meals, lodging and other living expenses.

ARTICLE 8

AREA REPRESENTATIVE'S OBLIGATIONS AND COVENANTS

8.1 Sales and Opening Goals

As an essential condition to maintaining the Franchise and the rights granted hereunder, during the ~~Initial~~ Term of this Agreement, Area Representative must meet and maintain the sales and opening goals (the "**Sales and Opening Goals**") set forth in **Exhibit C** to this Agreement. If, for any reason, Area Representative fails to meet the Sales and Opening Goals, Franchisor may, in its sole judgment:

- (a) Terminate this Agreement;
- (b) Terminate the territorial rights provided in Article 3, and Franchisor will be entitled to grant area representative rights to any person within the Franchised Territory;
- (c) Terminate Area Representative's rights under this Agreement with regard to further development, but require Area Representative to continue to service then-existing Franchisees; or
- (d) Require Area Representative to pay to Franchisor a weekly fee equal to thirty-three percent (33%) of the difference between: (a) the franchise royalty fees that Franchisor would have been entitled to receive from Franchisees during the

applicable time period if Area Representative had met the Sales and Opening Goals, and (b) the franchise royalty fees that Franchisor actually receives from Franchisees during the applicable time period ("**Deficiency Payment**"). The purpose of the Deficiency Payment is to compensate Franchisor for lost revenues resulting from Area Representative's failure to fulfill its obligations under the Sales and Opening Goals, but is not an estimate of Franchisor's expected damages in the event that Franchisor elects to terminate this Agreement as set forth in this Section 8.1.

The decision to exercise any of the rights specified in this Section 8.1 will be in Franchisor's sole judgment.

8.2 Compliance with System Standards; Modifications to the Franchise System, System Standards and Franchised Methods

- (a) Area Representative acknowledges and agrees that operating and maintaining the AR Business according to System Standards is essential to preserve the goodwill of the Marks and all FocalPoint AR Businesses. Therefore, Area Representative agrees at all times to operate and maintain the AR Business according to all of Franchisor's System Standards, as Franchisor periodically modifies and supplements them, even if Area Representative believes that a System Standard, as originally issued or subsequently modified, is not in the Franchise System's or the AR Business' best interests. Although Franchisor retains the right to establish and periodically modify System Standards that Area Representative has agreed to maintain, Area Representative retains the responsibility for the day-to-day management and operation of the AR Business and implementing and maintaining System Standards at the AR Business.

As examples, and without limitation, System Standards may regulate any one or more of the following:

- (1) procedures, methods, and techniques for services performed by Area Representative under this Agreement;
- (2) sales, marketing, advertising, and promotional programs and materials and media, including social media Websites, used in these programs ("**social media**" includes personal blogs, common social networks like Facebook and Myspace, 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);
- (3) use and display of the Marks at the Office and on vehicles, forms, paper and plastic products, and other supplies;
- (4) staffing levels for the AR Business; identifying the AR Business' personnel; and employee qualifications, training, dress, and appearance (although Area Representative has sole responsibility and authority concerning employee selection and

promotion, hours worked, rates of pay and other benefits, work assigned, and working conditions);

(5) participation in market research and testing and product and service development programs as well as participation in, and dues assessed for, advisory councils;

(6) 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 AR Business;

(7) use of social media in connection with the AR Business' operation or otherwise referencing the System; and

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

Area Representative agrees that the System Standards Franchisor prescribes in the Manual, or otherwise communicates to Area Representative 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.

(b) Area Representative understands and agrees that the Franchise System, System Standards and Franchised Methods must not remain static if they are to meet unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends and other marketplace variables and if they are to best serve the interests of the Franchise System. Accordingly, Area Representative expressly understands and agrees that Franchisor may from time to time change the components of the Franchise System, System Standards and/or Franchised Methods and the requirements applicable thereto, including, but not limited to, altering the Proprietary Products, programs, services, methods, standards, forms, policies and procedures of the Franchise System, System Standards and/or Franchised Methods; abandoning the Franchise System, System Standards and/or Franchised Methods altogether in favor of another system in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those Proprietary Products, programs and services which the AR Business is authorized and required to offer; modifying or substituting entirely the building, premises, equipment, signage, trade dress, decor, color schemes and uniform specifications which Area Representative is required to observe under this Agreement; and, changing, improving, modifying or substituting the Marks.

- (c) Area Representative expressly agrees to comply (and/or, if applicable, to cause the Franchisees to comply) with any such modifications, additions, deletions, substitutions and alterations to the Franchise System, System Standards and/or Franchised Methods.
- (d) Area Representative agrees to accept, use and effectuate, and to use best efforts to cause the Franchisees to accept, use and effectuate, any such modifications to, or substitutions of, the Franchise System and/or Franchised Methods as if they were part of the Franchise System and/or Franchised Methods at the time of execution of this Agreement.
- (e) Except as provided herein, Franchisor will not be liable to Area Representative for any expenses, losses or damages sustained by Area Representative as a result of any of the modifications contemplated by this Section 8.2. Area Representative covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party complaining of any such modifications or seeking expenses, losses or damages caused by such modifications.

8.3 Authorized Products and Services

- (a) In connection with the operation of the AR Business, Area Representative shall offer and sell only the services and products and such materials, forms, items and supplies from time to time authorized or approved by Franchisor as meeting the specifications and standards of the Franchise System. Area Representative is prohibited from offering, promoting or selling any services or products not expressly authorized by Franchisor in writing. If Area Representative wishes to offer, conduct or utilize any services, products, materials, forms, items or supplies in connection with or through the AR Business which are not previously approved by Franchisor as meeting its specifications, Area Representative shall first notify Franchisor in writing requesting approval, which approval shall be at Franchisor's sole judgment.
- (b) Area Representative shall purchase or obtain all products and supplies and services used in the operation of the AR Business only from suppliers designated or approved from time to time by Franchisor, which may include Franchisor or its affiliates. Franchisor may at any time, in its sole judgment, revoke its approval of any approved supplier by notifying Area Representative in writing of its revocation of approval. Area Representative will discontinue using items from any disapproved supplier upon receiving notice from Franchisor.

8.4 Promotional Obligations of Area Representative

- (a) Recruitment of Franchisees. Area Representative must advertise for, recruit and screen prospective Franchisees within the Franchised Territory.

- (b) Applicants. Area Representative must review and screen all prospective Franchisees and their applications to confirm that they are persons of good character, who have adequate financial resources and who meet Franchisor's then-current criteria for Franchisees. Area Representative shall promptly submit the application of each prospective Franchisee who it has approved (an "**Applicant**") to Franchisor, together with all information with respect to Applicant then customarily required by Franchisor concerning Applicants, and such other material information that Area Representative possesses regarding Applicant.
- (c) Approval of Applicants. Franchisor will use its best efforts to approve or disapprove Applicants within thirty (30) days after the later of (i) Franchisor's receipt of Applicant's complete application and other requested information materials and (ii) Franchisor's personal interview of Applicant, if Franchisor so requests. If Franchisor, in its sole judgment, determines that Applicant possesses sufficient financial and managerial capability and satisfies Franchisor's other criteria for Applicants at that time, Franchisor will offer Applicant a license for the operation of a FocalPoint Franchised Business. The grant of the license will be evidenced by the signing by Franchisor and Applicant of Franchisor's then-current form of Franchise Agreement and will be subject to all of its terms. Notwithstanding anything contained in this Agreement to the contrary, Franchisor is not obligated to consider any Applicant during any period during which Area Representative is not in compliance with this Agreement or any other agreement between Area Representative and Franchisor or its affiliates.
- (d) Standards. Area Representative shall at all times give prompt, courteous and efficient service to prospective Franchisees and Franchisees. Area Representative shall, in all dealings with prospective Franchisees and Franchisees, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Area Representative shall refrain from any business or advertising practice that may be injurious to Franchisor, the goodwill associated with the Marks or the Franchise System. In addition, Area Representative must not in any manner disparage Franchisor, its employees and representatives, its products, the Marks or the Franchise System.
- (e) Nondiscrimination. Area Representative must not, in bad faith or for any other reason other than an objective, reasonable, and good-faith basis, prefer any Franchisee or prospective Franchisee over any other.
- (f) Marketing Plan. Within ninety (90) days of the Effective Date and on an annual basis thereafter, Area Representative will submit to Franchisor for its approval a written plan covering Area Representative's proposed marketing and promotional programs for Focal Point Franchised Businesses in Area Representative's Franchised Territory (the "**AR Marketing Plan**"). The AR Marketing Plan shall include Area Representative's sources of funds and operating budget for its

proposed marketing and promotional programs. Area Representative shall modify the AR Marketing Plan according to Franchisor's comments and use commercially reasonable efforts to implement the modified AR Marketing Plan in accordance with this Agreement. Area Representative shall not implement the AR Marketing Plan developed by it in the Franchised Territory without first having obtained the written approval of Franchisor, as set forth in this Section. Following Franchisor's approval of the AR Marketing Plan, Area Representative must spend a minimum of \$6,000 annually towards approved marketing and promotional programs outlined in the AR Marketing Plan. Failure to spend the required minimum amount set forth herein will be considered a default of this Agreement, following which Franchisor will have any and all rights and remedies available to it under this Agreement.

8.5 Services Provided to Franchisees

Franchisor may require Area Representative to provide services to Franchisees operating a FocalPoint Franchised Business within the Franchised Territory on Franchisor's behalf. Such services may include, at Franchisor's option, any or all of the services that Franchisor is obligated to provide Franchisees under Franchise Agreements. Area Representative agrees to provide all such services to Franchisees in compliance with the terms of the Franchise Agreements and this Agreement.

8.6 Compliance with Laws and with Franchisor's Standards for the Sale of Franchises

- (a) Area Representative acknowledges that Franchisor has advised it that many jurisdictions have enacted laws concerning the sale, renewal and termination of franchises and the continuing relationship between parties to a franchise. Area Representative agrees to comply with all federal, state, and other laws pertaining to the operation of the AR Business and to franchising in general, including, but not limited to, laws regarding the offer or sale of a franchise, disclosure, reporting and registration.

Neither Area Representative nor any of its employees or representatives shall solicit prospective Franchisees until Franchisor has prepared and, if applicable, registered its current franchise disclosure document in applicable jurisdictions and has provided Area Representative with the requisite documents or at any time when Franchisor notifies Area Representative that its registration is not then in effect or its documents are not then in compliance with applicable law. If Area Representative's activities pursuant to this Agreement require the preparation, amendment, registration, or filing of information or any disclosure or other documents, all requisite disclosure documents, ancillary documents, and registration applications shall be prepared and filed by Franchisor or its designee, and registration secured, before Area Representative may solicit prospective Franchisees. In particular, Area Representative shall:

- (i) Prepare and forward to Franchisor verified financial statements of Area Representative in such form and for such periods as shall be designated by Franchisor, including audited financial statements, if necessary and appropriate to comply with applicable legal disclosure, filing, or other legal requirements;
- (ii) Promptly provide all information reasonably required by Franchisor to prepare all requisite documents and ancillary documents for the offering of franchises throughout the Franchised Territory; and
- (iii) Execute all documents required by Franchisor for the purposes of registering Area Representative and Franchisor to offer franchises throughout the Franchised Territory.

Area Representative agrees to review all information pertaining to Area Representative prepared to comply with legal requirements for selling franchises in the Franchised Territory and verify its accuracy. Area Representative acknowledges that Franchisor and its affiliates and designees shall not be liable to Area Representative for any errors, omissions, or delays which occur in the preparation of such materials.

- (b) Registrations. If Franchisor determines that Area Representative's operations under this Agreement require the preparation, amendment, registration or filing of any information or documents with any regulatory authority, the information and documents will be prepared, amended, registered or filed by Franchisor or its designee. The costs and expenses of that preparation, amendment, registration or filing (including legal costs), and any additional costs and expenses incurred by Franchisor in connection with the Franchised Territory, shall be borne by Area Representative and the other area representatives within the state where the Franchised Territory is located, on a proportionate basis determined by Franchisor. At Franchisor's request, Area Representative shall promptly pay Franchisor (or its designee) the proportionate amount of those costs and expenses.
- (c) Privacy. Area Representative expressly permits Franchisor to include in any franchise disclosure documents (whether required by law or made available on a voluntary basis) and other documents required by law personal information related to Area Representative, including Area Representative's name, any address, telephone number and facsimile number, all for the purpose of soliciting prospective franchisees or any other reasonable business purposes.
- (d) Solicitation Requirements and Restrictions. In connection with the offering and sale of licenses under this Agreement, Area Representative shall:
 - (i) Provide prospective Franchisees Franchisor's then-current franchise disclosure document(s) in accordance with applicable laws and regulations (and, if Franchisor so elects, all voluntary codes of conduct);

- (ii) Print or duplicate Franchisor's then-current franchise disclosure document(s) only in compliance with the standards and requirements of Franchisor as set forth in the Manual;
 - (iii) Provide only information that is contained in or consistent with Franchisor's then-current franchise disclosure document(s);
 - (iv) Not provide any oral or written representations, warranties, claims or other information with respect to the historical or anticipated revenues, expenses or profits of FocalPoint Franchised Businesses, unless Franchisor so requires or permits in writing; and
 - (v) Not make any oral or written representations, warranties, amendments or agreements to or with any prospective Franchisee other than those contained in Franchisor's then-current franchise disclosure document(s), unless Franchisor so requires or permits in writing.
- (e) Area Representative agrees to operate the AR Business in strict compliance with all applicable laws, rules, and regulations of all Government Entities; comply with all applicable wage, hour and other laws and regulations of federal, state and local governments; prepare and file all necessary tax returns; pay all taxes imposed on Area Representative related to the AR Business; obtain and keep in good standing all necessary licenses, permits and other required forms of governmental approval required of Area Representative to fulfill its obligations under this Agreement and any related agreement; pay or cause to be paid prior to delinquency all taxes, fines, fees and/or assessments arising out of or in connection with the operation of the AR Business.

8.7 Franchisee Compliance with Laws

Area Representative will use its best efforts to ensure that the Franchisees within the Franchised Territory are operating their FocalPoint Franchised Businesses and licensed businesses in compliance with all applicable laws, rules and regulations of any Government Entity and comply with all applicable wage, hour and other laws and regulations of any Government Entity. Area Representative will report to Franchisor any legal non-compliance by a Franchisee.

8.8 Compliance with Manual

- (a) Area Representative shall comply with the Manual (which includes supplements to the Manual) and all System Standards as an essential aspect of its obligations under this Agreement and failure to comply with a reasonable requirement of the Manual or System Standards shall be considered a breach of this Agreement. A master copy of the Manual maintained by Franchisor at its principal office shall be controlling in the event of a dispute relative to the content of any Manual.

- (b) The Manual is the sole property of Franchisor and will be used by Area Representative only during the ~~Initial~~ Term and any Successor Term of this Agreement. Area Representative shall return the Manual to Franchisor on the expiration, termination or assignment of this Agreement. Area Representative shall not duplicate the Manual or disclose its contents to persons other than the Franchisees in the Franchised Territory, or representatives who have signed a confidentiality agreement, in a form acceptable to Franchisor, and only to the extent that disclosure of said information is required under this Agreement or the Manual for the operation of the AR Business.
- (c) Area Representative, upon receiving any updated information regarding the Manual from Franchisor, shall immediately update its copy of the Manual as instructed by Franchisor and, within the time period designated by Franchisor in its instructions (or if no such time period is designated, within thirty (30) days) shall conform its operations with the updated provisions. Area Representative shall also be responsible for instructing each of the Franchisees in the Franchised Territory to follow the same updating and operational procedures for the Franchisee Manual as described in this Section 8.8.
- (d) Franchisor shall ensure each Franchisee in the Franchised Territory receives a copy of Franchisor's manual for Franchisees (the "**Franchisee Manual**"). Area Representative shall retrieve the Franchisee Manual upon termination, assignment or expiration of any Franchise Agreement and must promptly return the Franchisee Manual to Franchisor.

8.9 Compliance with Agreements; Communications and Evaluations

Area Representative shall promptly notify each Franchisee, in writing, of any failure by that Franchisee to comply with the System Standards and specifications in the Franchisee Manual, and shall send a copy of that notice to Franchisor. Area Representative acknowledges, however, that Area Representative's evaluations, notices and reports are advisory only, and that Franchisor shall have:

- (a) The right to evaluate and ascertain Franchisee compliance;
- (b) The sole right to send default notices to Franchisees;
- (c) The sole right to terminate a Franchise Agreement; and
- (d) The sole right to take any legal action with respect to any breach of, or default under, a Franchise Agreement.

If Area Representative believes that any Franchisee has breached, or is in default under its Franchise Agreement, Area Representative shall promptly provide written notice to Franchisor of all facts relating to that breach or default. Franchisor may, in its sole judgment, take such action as it deems appropriate after receiving such notice from Area Representative.

8.10 Franchisee Payments

Area Representative shall, if requested by Franchisor, assist in the enforcement of Franchisor's rights under Franchisees' Franchise Agreements, including the collection of delinquent payments from Franchisees. Area Representative shall pay to Franchisor, or at Franchisor's election, reimburse Franchisor for, ~~sixty-six point six~~fifty percent (~~66.6~~50%) of all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the collection of delinquent payments (including franchise royalty fees) from Franchisees to Franchisor. Area Representative shall make such payment within fifteen (15) days after Franchisor's written request therefor or invoice thereof.

8.11 Monthly Reports

Area Representative shall submit a monthly report to Franchisor on Area Representative's activities (including Area Representative's objectives, progress against objectives, sales, activity in the market and competition) in the form and containing the information required by Franchisor, as specified from time to time in writing, within fifteen (15) days after the end of each month. If Area Representative fails to submit any reports as required by this Section, Franchisor may charge Area Representative 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 Area Representative.

8.12 Participation in Operation of Business; AR Business Manager

- (a) Area Representative agrees to personally and directly supervise the operation of the AR Business licensed hereunder, unless otherwise permitted in writing by Franchisor. Area Representative agrees to devote the amount of its time, attention and best efforts to the performance of its duties under this Agreement that is necessary for the proper and effective operation of the AR Business.
- (b) If Area Representative is an individual, Area Representative shall either serve as or designate a business manager (the "**AR Business Manager**"). If Area Representative is an Entity, then Area Representative shall designate an AR Business Manager. Area Representative shall inform Franchisor in writing as to the identity of its AR Business Manager and any successor AR Business Managers. Each AR Business Manager must receive Franchisor's prior written approval. Area Representative's AR Business Manager will have day-to-day management responsibility for the AR Business, exercise on-premises supervision and personally participate in the direct operation of the AR Business. The AR Business Manager must devote all of his or her business time to the management of the AR Business. The definition, duties, required hours and responsibilities of each AR Business Manager may be set forth in the Manual. Each AR Business Manager must complete, at Area Representative's expense, the AR Training Program in accordance with Section 7.1 above.

- (c) Upon the death, disability or termination of employment of Area Representative's designated AR Business Manager, Area Representative agrees immediately to notify Franchisor and designate a successor or acting AR Business Manager within one hundred and eighty (180) days following the death, disability or termination of the predecessor AR Business Manager.

8.13 Payment of Taxes and Other Obligations

Area Representative shall promptly pay when due all Taxes and other obligations incurred during the operation of the AR Business. Area Representative agrees to pay to Franchisor (or its affiliates) immediately upon demand by Franchisor, the amount of any other tax or levy whatsoever – however denominated (but not including any income taxes imposed on Franchisor or its affiliates) – imposed on, required to be collected, or paid by Franchisor on account of services or goods Franchisor has furnished to Area Representative through sale, lease or otherwise, or on account of collection by Franchisor of the Area Representative Fee, Technology Fees, Training Fees, Advertising Fund Fees, Conference Registration Fees, or any other fees called for by this Agreement.

8.14 Office; AR Business Opening; Computer System

- (a) Area Representative shall obtain within sixty (60) days of the Effective Date, and thereafter maintain and operate the AR Business from, office facilities in the Franchised Territory (the "**Office**"). The Office shall be located in Area Representative's residence or in a commercial office space approved by Franchisor prior to the opening of the Office (or relocation of 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 Area Representative and have the right to cure such defaults within a reasonable time and that the lease may be assigned at any time by Area Representative to Franchisor. If Franchisor disapproves a site for the Office, Area Representative must select another site for Franchisor's approval.
- (b) Area Representative is responsible for developing the Office. Franchisor reserves the right to give Area Representative mandatory and suggested specifications and layouts for a FocalPoint AR 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 Area Representative'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.

- (c) Area Representative agrees to do the following, at Area Representative's own expense, to develop the Office:
- (i) secure all financing required to develop and operate the Office;
 - (ii) obtain all required building, utility, sign, business, and other permits and licenses;
 - (iii) decorate the Office according to approved plans and specifications;
 - (iv) obtain all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating, and installation services;
 - (v) 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
 - (vi) purchase an opening inventory of authorized and approved Proprietary Products, other products, materials, and supplies to operate the AR Business.
- (d) Area Representative must notify Franchisor in writing at least fourteen (14) days prior to the day on which Franchisee proposes to begin operating the AR Business. Area Representative agrees not to begin operating the AR Business until:
- (i) Franchisor notifies Area Representative in writing that the AR 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 AR 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);
 - (ii) Area Representative (if an individual) or the AR Business Manager (if an Entity) satisfactorily completes training;
 - (iii) Area Representative pays the Area Representative Fee and other amounts then due to Franchisor; and
 - (iv) Area Representative gives Franchisor certificates or other evidence Franchisor requires for all required insurance policies.

- (e) Franchisor may inspect the premises while Area Representative develops the Office. Subject to Area Representative's compliance with these conditions, Franchisee agrees to open the AR Business for business within sixty (60) days after the Effective Date.
- (f) Area Representative shall obtain, maintain, upgrade and update all hardware, software and other communications systems (collectively, the "**Computer System**"), at its own expense, in accordance with the written instructions of Franchisor from time to time. Franchisor reserves the right to require Area Representative to execute software licensing contracts in order to be permitted to use the software that Franchisor requires Area Representative to use. Franchisor's modification of specifications for the Computer System, and/or other technological developments or events, might require Area Representative 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, Area Representative 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 Area Representative for any Computer System costs. Within sixty (60) days after Area Representative receives notice from Franchisor, Area Representative agrees to obtain the Computer System components that Franchisor designates and to ensure that Area Representative's Computer System, as modified, is functioning properly.
- (g) Area Representative agrees that Franchisor or Franchisor's affiliates may condition any license of proprietary software to Area Representative, or Area Representative's use of technology that Franchisor or Franchisor's affiliates develop or maintain, on Area Representative's signing a software license agreement or similar document that Franchisor or Franchisor's affiliates prescribe to regulate Area Representative's use of, and Franchisor's and Area Representative's respective rights and responsibilities with respect to, the software or technology. Franchisor, Franchisor's affiliates and designated suppliers may charge Area Representative a monthly or other fee for any software or technology that Franchisor, Franchisor's affiliates or designated suppliers license to Area Representative and for other maintenance and support services that Franchisor, Franchisor's affiliates or designated suppliers provide during this Agreement's term. Area Representative agrees to provide all assistance that Franchisor requires to bring the Computer System on-line with Franchisor's headquarters computer at the earliest possible time and to maintain this connection as Franchisor requires. Area Representative agrees that Franchisor may retrieve from the Computer System all information that Franchisor deems necessary, desirable or appropriate.
- (h) The Office shall have a dedicated telephone line which shall be answered in the name of "FOCALPOINT INTERNATIONAL."

8.15 Support

Area Representative shall provide each of the Franchisees in the Franchised Territory with all of the required support set forth in **Exhibit F** attached to this Agreement. Area Representative must hire a practice mentor from Franchisor's database of designated senior coaches to provide support to Franchisees in the Franchised Territory. Area Representative must hire at least one (1) practice mentor per Franchisee in the Franchised Territory and pay the then-current rate for each of the practice mentors.

8.16 Guaranty

If (a) Area Representative is an Entity, then all of its Owners listed on **Exhibit B** will execute a Guaranty and Assumption of Obligations, substantially in the form attached as **Exhibit E** to this Agreement, or, (b) this Agreement is assigned to another Entity, then such assignment will be effective and contingent upon the execution of Franchisor's then current form of Guaranty and Assumption of Obligations by all of the Owners of Area Representative. Each Owner shall also sign the Acknowledgements and Representations form attached in the form of **Exhibit G**. Each person who executes the Guaranty and Assumption of Obligations is referred to as a "Guarantor".

8.17 Corporate and Partnership Requirements; Records

If Area Representative is a corporation, limited partnership, partnership or proprietorship Area Representative must comply with the following requirements:

Area Representative shall furnish Franchisor with its articles of incorporation; bylaws; other governing documents; list of officers, directors and shareholders (including number and percentage of shares held); and any other documents Franchisor may reasonably request, and any amendments to them.

8.18 Testimonials and Endorsements

Area Representative agrees to cooperate with Franchisor in procuring testimonials or endorsements from Area Representative's clients or Franchisees within the Franchised Territory. Area Representative agrees that Franchisor will be free to make whatever use of testimonials and endorsements that Franchisor determines, and that Franchisor will owe Area Representative absolutely no direct or indirect compensation or other duty as a consequence.

8.19 No Conflicting Agreements

Throughout the ~~Initial~~ Term and any Successor Term of this Agreement, Area Representative may not be party to any contract, agreement, mortgage, by-law provision, lease or restriction of any type or nature which may conflict with, or be breached by, the execution, delivery, and/or performance of this Agreement.

8.20 Exclusive Relationship

Area Representative acknowledges that Franchisor has granted Area Representative the Franchise in consideration of and reliance upon Area Representative's agreement to deal exclusively with Franchisor. Area Representative and the Restricted Persons therefore agree that, during the ~~Initial~~ Term and any Successor Term of this Agreement, and unless Franchisor provides prior written consent in its sole discretion, neither Area Representative, any Restricted Person, any Guarantor, nor any officer, director, or employee of Area Representative, or any of the Restricted Persons will:

- 1) 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); or
- 2) perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business, wherever located or operating; or
- 3) divert or attempt to divert any actual or potential business or client of the AR Business or any FocalPoint AR Business or FocalPoint Franchised Business to a Competitive Business; or
- 4) directly or indirectly loan any money or other thing of value to, or guarantee any other person's loan to, any Competitive Business or any owner, director, officer, manager, employee or agent of any Competitive Business, wherever located or operating; or
- 5) engage in any other activity which might injure the goodwill of the Marks or the Franchise System; or
- 6) market or grant sublicenses for FocalPoint Franchised Businesses to third parties within the territory of any existing FocalPoint AR Business as of the Effective Date.

Area Representative agrees to have all of the following persons sign, and Area Representative 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 D**) from all of the following persons: (i) the AR Business Manager and any supervisory or other employees who have received or will receive training from Franchisor, prior to their employment; (ii) if Area Representative is an Entity, all Area Representative's Owners, officers, directors, shareholders, partners, and members, and those of any Entity directly or indirectly controlling Area Representative, 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 8.20 and

Section 19.1 below. Area Representative agrees to provide Franchisor copies of all executed Nondisclosure and Non-Competition Agreements no later than ten (10) days following their execution. Franchisor will be a third party beneficiary of the Nondisclosure and Non-Competition Agreement with independent enforcement rights.

8.21 EFT Addendum

Upon execution of this Agreement and at any time thereafter at Franchisor's request, Area Representative shall execute **Exhibit H** and such other documents or forms as Franchisor deems necessary for Franchisor to process any electronic funds transfer ("EFT") from Area Representative's designated bank account for any payments due to Franchisor hereunder. Should any EFT not be honored by Area Representative's bank for any reason, Area Representative shall be responsible for that payment plus a service charge applied by Franchisor and the bank, if any. Upon written notice to Area Representative, Area Representative may be required to pay any amounts due directly to Franchisor in lieu of EFT at Franchisor's sole discretion.

ARTICLE 9 **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 AR Businesses and 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 located both within and outside of the Franchised Territory;

- (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 FocalPoint Franchised Businesses, including client names, addresses, phone numbers and other information supplied by any client (such as credit card information or personal information), and any other information contained at any time and from time to time in the Computer System;
- (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.

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

- 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 the ~~Initial~~ Term of this Agreement and then thereafter for as long as the item is not generally known in the business training and consulting industry;
- c) will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form; and
- d) will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restricting its disclosure to AR Business personnel and other need-to-know personnel. Franchisor has the right to regulate the form of agreements that Area Representative 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 Area Representative can demonstrate lawfully came to Area Representative's attention before Franchisor provided it to Area Representative directly or indirectly; which, at the time Franchisor disclosed it to Area Representative, 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 Area Representative, 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 the AR Business, whether or not protectable intellectual property and whether created by or for Area Representative or Area Representative'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 Area Representative assigns ownership of that item, and all related rights to that item, to Franchisor and agrees to take whatever action (including signing assignment or other documents) 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 Area Representative's Owners, employees and contractors to do the same). Area Representative may not use any such idea, concept, technique or material in connection with the AR Business without Franchisor's prior approval.

ARTICLE 10

REPRESENTATIONS AND ACKNOWLEDGMENTS

10.1 Area Representative's Representations and Acknowledgments

Area Representative represents and warrants that the following are true and correct as of the date hereof and will remain true and correct throughout the ~~Initial~~ Term of this Agreement:

- (a) Area Representative understands and acknowledges that Franchisor has made no promise or guarantee, express or implied, that Area Representative will be able to comply with any applicable laws and regulations concerning the sale of licenses in the Franchised Territory throughout the ~~Initial~~ Term, but Area Representative agrees to use its best efforts to comply with the same.
- (b) Franchisor (and no employee, agent or salesperson of Franchisor) has made no representations or statements of actual, average, projected or forecasted sales, profits or earnings to Area Representative with respect to the AR Business, or any other FocalPoint AR Business, on which Area Representative has in any way relied upon as a reason for entering into this Agreement.
- (c) No representation or statement has been made by Franchisor (or any employee, agent or salesperson of Franchisor) and relied on by Area Representative regarding the anticipated income, earnings and growth of Franchisor or the Franchise System, or the viability of the business opportunity being offered under this Agreement.

- (d) Before executing this Agreement, Area Representative has had the opportunity to contact any and all existing FocalPoint AR Business franchise owners.
- (e) Area Representative has received from Franchisor a copy of Franchisor's franchise disclosure document, together with a copy of all proposed agreements relating to the sale of the Franchise, at least fourteen (14) calendar days before the execution of this Agreement or at least fourteen (14) calendar days before the payment by Area Representative to Franchisor of any consideration in connection with the sale or proposed sale of the Franchise granted by this Agreement.
- (f) No representation or statement has been made by Franchisor (or any employee, agent or salesperson of Franchisor) and relied on by Area Representative regarding Area Representative's ability to procure any required license or permit that may be necessary to the operation of the AR Business.
- (g) Area Representative acknowledges that it has read this Agreement and understands and accepts the terms contained in this Agreement as being reasonably necessary to maintain Franchisor's high standards of quality and service and the uniformity of those standards and thereby to protect and preserve the goodwill of the Marks and the integrity of the Franchised Methods and the Franchise System. Area Representative has had the opportunity to independently investigate, analyze and construe both the business opportunity being offered under this Agreement, and the terms and provisions of this Agreement, using the services of legal counsel, accountants or other advisers (if Area Representative so elects) of its own choosing. Area Representative has been advised to consult with its own advisers with respect to the legal, financial and other aspects of this Agreement, the AR Business, and the prospects for that business. Area Representative has either consulted with these advisers or has deliberately declined to do so.
- (h) Area Representative acknowledges that, like any other business, the nature of the business venture contemplated by this Agreement may evolve and change over time, that the investment involves business risks and that the success of the venture is largely dependent on Area Representative's business abilities and efforts.
- (i) The covenants not to compete set forth in this Agreement are fair and reasonable, and will not impose any undue hardship on Area Representative, since Area Representative has other skills, experience and education which afford Area Representative the opportunity to derive income from other endeavors.
- (j) Area Representative affirms that all information set forth in all applications, financial statements and submissions to Franchisor is true, complete and accurate in all respects, and Area Representative expressly acknowledges that Franchisor is relying on the truthfulness, completeness and accuracy of this information.

- (k) Area Representative represents that it is familiar with and has the necessary managerial and financial ability to operate, develop and maintain the AR Business and that it has sufficient staff and offices to meet and maintain the Sales and Opening Goals and to attempt to sell, train and support prospective and future Franchisees in accordance with the Manual and System Standards.

10.2 Variance of System Standards

Area Representative acknowledges that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor reserves the right to vary System Standards for any area representative based on the peculiarities of the particular Franchised Territory or circumstance, density of population, business potential, population of trade area, existing business practices or any other condition which Franchisor considers important to the successful operation of the particular area representative business. Area Representative will have no right to require Franchisor to disclose any variation to Area Representative or to grant it the same or a similar variation under this Agreement.

10.3 Corporation, Limited Liability Company, or Partnership

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

- (a) Area Representative will have the authority to execute, deliver, and perform Area Representative'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 Area Representative's incorporation or formation;
- (b) Area Representative'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 Area Representative, and all certificates and other documents representing ownership interests in Area Representative will bear a legend referring to this Agreement's restrictions;
- (c) **Exhibit B** to this Agreement completely and accurately describes all of Area Representative's Owners and their interests in Area Representative as of the Agreement Date. Subject to Franchisor's rights and Area Representative's obligations under Article 14, Area Representative and Area Representative's Owners agree to sign and deliver to Franchisor revised **Exhibits B** to reflect any permitted changes in the information that **Exhibit B** now contains; and
- (d) The AR Business and other FocalPoint Franchised Businesses, if applicable, will be the only businesses Area Representative operates (although for the avoidance of doubt Area Representative'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 Area Representative).

ARTICLE 11

ADVERTISING

11.1 Advertising Fund

Recognizing the value of advertising and marketing to the goodwill and public image of FocalPoint AR Businesses, Franchisor has established an advertising and development fund (the "**Advertising Fund**") for the regional, multi-regional, national and global advertising, marketing, and public relations programs and materials Franchisor deems appropriate. Area Representative agrees to contribute to the Advertising Fund the amounts Franchisor requires as set forth in Section 5.5 above.

Franchisor has the right to collect for deposit into the Advertising Fund any advertising, marketing, or similar allowances paid to Franchisor by suppliers who deal with FocalPoint AR 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 Franchisor's affiliates deem appropriate, as provided in Section 8.3 above.)

Franchisor may designate a separate entity as Franchisor deems appropriate in its sole discretion to operate and administer the Advertising Fund. Any such entity will have all of the rights and duties as specified in this Section. Franchisor will direct all programs that the Advertising Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The Advertising Fund may pay for preparing and producing video, audio, and written materials and electronic media to be used anywhere in the world; developing, implementing, and maintaining an electronic commerce Website and/or related strategies; administering regional, multi-regional, national and global 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 anywhere in the world; and supporting public relations, market research, and other advertising, promotion, and marketing activities.

11.2 Advertising Fund Administration

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

The Advertising Fund will not be Franchisor's asset. Although the Advertising Fund is not a trust, Franchisor will hold all Advertising Fund Fees for the benefit of the contributors and use contributions only for the purposes described in this Section 11.2. Franchisor does not owe any fiduciary obligation to Franchisee for administering the Advertising Fund or any other reason. The Advertising Fund may spend in any fiscal year more or less than the total Advertising Fund Fees in that year, borrow from Franchisor or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. Franchisor will use all interest earned on Advertising Fund Fees to pay costs before using the Advertising Fund's other assets.

Franchisor will prepare an annual unaudited statement of Advertising Fund collections and expenses and give Area Representative the statement upon written request. Franchisor reserves the right, in Franchisor's sole determination, to have the Advertising Fund audited annually, at the Advertising Fund's expense, by an independent certified public accountant. Franchisor may incorporate the Advertising 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 Section 11.2.

Franchisor intends the Advertising Fund to maximize recognition of the Marks, FocalPoint AR Businesses and FocalPoint Franchised Businesses in general. Although Franchisor will try to use the Advertising Fund to develop advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all FocalPoint AR Businesses, Franchisor need not ensure that Advertising Fund expenditures in or affecting any geographic area are proportionate or equivalent to Advertising Fund Fees by FocalPoint AR Businesses operating in that geographic area or that any FocalPoint AR Business benefits directly or in proportion to its Advertising Fund Fees 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 Advertising Fund Fees at the Advertising Fund's expense. Franchisor also may forgive, waive, settle, and compromise all claims by or against the Advertising Fund. Except as expressly provided in this Section 11.2, Franchisor assumes no direct or indirect liability or obligation to Area Representative for collecting amounts due to, maintaining, directing, or administering the Advertising Fund.

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

11.3 AR Marketing Fund

Franchisor will inform Area Representative, on a quarterly basis, of the amount of all advertising fund fees received from Franchisees in the Franchised Territory, less Conference Call Expenses, Franchisor's administration expenses in connection with activities under Sections 11.2 and 11.4, and National Approved Expenses. Franchisor will reimburse Area Representative on a ~~quarterly~~annual basis for Area Representative's local or regional marketing expenditures approved by Franchisor in advance in an amount equal to up to fifty percent (50%) of all such advertising fund fees received from Franchisees in the Franchised Territory reported by Franchisor (the "**AR Marketing Fund**") after Franchisor deducts its administration fees, conference call expenses and expenses mutually approved by Area Representative and Franchisor. In order to be eligible for the AR Marketing Fund the marketing expenditures incurred by Area Representative must be directly related to the Franchise System and conducted within the Franchised Territory. If Area Representative does not spend the entire AR Marketing Fund in any given ~~quarter~~calendar year, the difference between the amount Area Representative spent and the amount equal to 50% of the marketing and administration fees received from FocalPoint Franchised Businesses in Area Representative's Franchised Territory will be reallocated contributed from the AR Marketing Fund to the marketing fund for FocalPoint Franchised Businesses, which Franchisor will use in our sole discretion. Area Representative shall deliver to Franchisor on the first (1st) day of each calendar quarter a report in a form prescribed by Franchisor that sets forth each expenditure by Area Representative from the AR Marketing Fund during the immediately prior calendar quarter, and Franchisor will reimburse Area Representative for amounts approved by Franchisor and spent by Area Representative in compliance with the Manual, the Guidelines, and as otherwise provided in this Article 11.

11.4 Area Representative Marketing Activities

- (a) Area Representative shall only make advertising expenditures from the AR Marketing Fund in accordance with the written guidelines (the "**Guidelines**") as set forth in the Manual. Area Representative agrees that prior to displaying any promotional or marketing material (the "**Advertising Material**") that is not provided by Franchisor, Area Representative will submit such Advertising Material to Franchisor for Franchisor's review and written approval at least fourteen (14) calendar days before the first time such material is broadcast or published. Following receipt of the Advertising Material, Franchisor may, in its sole judgment, notify Area Representative that it rejects or requires modification to all or any portion of the Advertising Material. If Franchisor does not notify Area Representative of its approval of the Advertising Material within fourteen (14) calendar days of its receipt by Franchisor, the Advertising Material will be deemed approved.
- (b) Area Representative shall not promote the AR Business on any Websites without Franchisee's prior written consent. Notwithstanding any provision of this Agreement to the contrary, immediately upon receipt by Area Representative of a written notice from Franchisor requiring Area Representative to cease promoting

the AR Business, the Marks and the Franchise System on any Website or social media page, Area Representative must comply with Franchisor's directions in the notice.

- (c) All advertising and promotion by Area Representative must be completely factual and must conform to the highest standards of ethical advertising. The AR 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. Area Representative 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. Area Representative 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 Area Representative's operation or financial condition or that of the AR Business and of any notice of violation of any law, ordinance, or regulation relating to the AR Business.

11.5 Signage

If Area Representative desires to install a sign at the Office, it shall maintain the same in a prominent location in accordance with Franchisor's Guidelines and specifications as set forth in the Manual or otherwise, unless prohibited from doing so by applicable laws and regulations.

ARTICLE 12 **MARKS AND INTELLECTUAL PROPERTY**

12.1 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 AR Business' development and operation. Area Representative's right to use the Marks is derived only from this Agreement and limited to Area Representative's operation of the AR Business according to this Agreement and all System Standards Franchisor prescribes during the ~~Initial~~ Term. Area Representative's unauthorized use of the Marks is a breach of this Agreement and infringes Franchisor's and FocalPoint International's rights in the Marks. Area Representative acknowledges and agrees that Area Representative'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 Area Representative (other than the right to operate the AR Business under this Agreement). All provisions of this Agreement relating to the Marks apply to any additional proprietary trade and service marks Franchisor authorizes Area Representative to use. Area Representative may not at any time during or after the ~~Initial~~ Term or any Successor Term contest or assist any other person in contesting the validity, or Franchisor's and FocalPoint International's ownership, of the Marks.

12.2 Limitations on Area Representative's Use of Marks

Area Representative agrees to use the Marks within the Territory as the AR Business' sole identification, except that Area Representative agrees to identify itself as its independent owner in the manner Franchisor prescribes. Area Representative 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 Area Representative), (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.

Area Representative may not use any Mark in advertising the Assignment, sale, or other disposition of the AR Business or an Ownership Interest in Area Representative without Franchisor's prior written consent, which Franchisor will not unreasonably withhold. Area Representative agrees to display the Marks prominently as Franchisor prescribes at the Office and on vehicles, forms, advertising, supplies, and other materials Franchisor designates. .

12.3 Notification Of Infringements And Claims

Area Representative agrees to notify Franchisor immediately of any apparent infringement or challenge to Area Representative'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 Area Representative'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 proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark. Area Representative 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 Patent and Trademark Office or other proceeding or otherwise to protect and maintain Franchisor's interests in the Marks.

12.4 Discontinuance Of Use Of Marks

If it becomes advisable at any time for Franchisor and/or Area Representative to modify or discontinue using any Mark and/or to use one or more additional or substitute trade or service marks, Area Representative agrees to comply with Franchisor's directions within a reasonable time after receiving notice. Franchisor need not reimburse Area Representative for Area Representative's direct expenses of changing the AR 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 Area Representative's expenses of promoting a modified or substitute trademark or service mark.

Franchisor's rights in this Section 12.4 apply to any and all of the Marks (and any portion of any Mark) that Franchisor authorizes Area Representative to use in this Agreement. Franchisor may exercise these rights at any time and for any reason, business or otherwise, that Franchisor thinks best. Area Representative acknowledges both Franchisor's right to take this action and Area Representative's obligation to comply with Franchisor's directions.

12.5 Area Representative's Name

Area Representative acknowledges that Franchisor has a prior and superior claim to the Marks. Area Representative's rights granted pursuant to this Agreement shall not include the right to use any of the Marks as a part of its legal name. Area Representative may use the Marks in its trade name by using the words "doing business as" or "d/b/a" immediately before the use of the Marks. Area Representative may also use the Marks in its social media identity on social media sites like Facebook, Twitter, and LinkedIn, but only in accordance with Franchisor's social media policy and as otherwise directed by Franchisor in writing. When this Agreement expires or is terminated, Area Representative shall execute any assignment or other document Franchisor requires to discontinue or to transfer to Franchisor any rights Area Representative may possess in a trade name or social media identity utilizing any of the Marks. Notwithstanding the foregoing, Area Representative may not use the Marks for a domain name or URL without the express written consent of Franchisor.

ARTICLE 13 REPORTS AND RECORDS

13.1 Reports

Area Representative shall complete and submit a monthly marketing report, coaching status report, and sales revenue report (collectively, the "**Performance Reports**") to Franchisor in a form required by Franchisor. The Performance Reports must be delivered to Franchisor by email on or before the seventh (7th) day of the succeeding month, or by such other method or at such other frequency as Franchisor in its sole judgment requires. Area Representative also agrees to complete and submit to Franchisor any weekly, monthly, semi-annual or other periodic reports (whether electronic or otherwise) regarding the activity of the AR Business in the form and with the frequency required by Franchisor.

13.2 Annual Reports

Area Representative shall, within one hundred twenty (120) days after the end of its fiscal year, provide to Franchisor annual financial statements certified to be true and correct by Area Representative in the manner prescribed by Franchisor upon Franchisor's request. Franchisor reserves the right to require the annual financial statements to be audited by an independent certified public accountant. Area Representative authorizes Franchisor to incorporate in its franchise disclosure document(s) and/or promotional literature information derived from the financial statements.

13.3 Maintenance of Records

Area Representative shall maintain all books and records for the AR Business in accordance with United States generally accepted accounting principles, consistently applied, and preserve these records for at least six (6) years after the fiscal year to which they relate or for such longer period as may be required by a Government Entity.

13.4 Failure to Submit Reports

If Area Representative fails to submit any reports as required under this Agreement, Franchisor may charge Area Representative 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 Area Representative.

ARTICLE 14 **ASSIGNMENT OF RIGHTS**

14.1 Assignment By Franchisor

Area Representative acknowledges that Franchisor maintains a staff to manage and operate the Franchise System and that staff members can change as employees come and go. Area Representative represents that Area Representative 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 and any other agreement to a third party without restriction. 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.

14.2 Assignment by Area Representative – General

- (a) With respect to Area Representative's obligations under this Agreement, this Agreement is personal, since Franchisor has entered into this Agreement in reliance on and in consideration of Area Representative's singular personal skill and qualifications (or, if Area Representative is an Entity the personal skill and qualifications of Area Representative's owners), and the trust and confidentiality that Franchisor places in Area Representative (or the owners of Area Representative, if Area Representative is an Entity). Therefore, except as provided below, neither Area Representative's interest in this Agreement, its rights or privileges under this Agreement, the AR Business, nor any interest in the AR Business or in Area Representative (if Area Representative is an Entity), may be assigned, sold, transferred, shared, redeemed, sublicensed or divided, voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, in any manner, without first obtaining Franchisor's written consent in accordance with this Article 14 or without first complying with Franchisor's right of first refusal pursuant to Section 14.6 below.

- (b) Any actual or attempted assignment, transfer or sale of this Agreement, the AR Business, Area Representative (if Area Representative is an Entity) or of any interest in any of these, in violation of the terms of this Article 14 will be null and void.
- (c) Notwithstanding anything to the contrary contained in this Agreement, "Assignment" will not include the assignment in the aggregate of less than twenty-five percent (25%) of an Ownership Interest in Area Representative, if Area Representative is an Entity (or a lesser percentage sufficient to control Area Representative or the AR Business, as the term "control" is most broadly defined by any United States securities and/or corporate law), to any person who is not (a) already an Owner of Area Representative; (b) a trust controlled by an Owner whose trustee is an Owner; or (c) a corporation, limited liability company, partnership, limited liability partnership or proprietorship controlled and composed solely of Owners. Area Representative agrees to immediately report to Franchisor all transfers of any Ownership Interest in Area Representative, even if less than twenty-five percent (25%), in accordance with the procedures set forth in the Manual or otherwise.

14.3 Assignment by Area Representative - To a Corporation Formed by Area Representative or to an Existing Corporate Affiliate of Area Representative

If Area Representative desires to transfer any interest in this Agreement to a corporation formed by Area Representative solely for the convenience of ownership or to an existing corporate affiliate of Area Representative, Area Representative shall obtain Franchisor's prior written consent. Franchisor will not unreasonably withhold consent if all applicable conditions set forth in Articles 8, 10 and 20 are met, and Area Representative is the sole owner of all the stock of the corporation and is its principal officer (or Area Representative is the sole owner of seventy-five percent (75%) or more of all stock of the corporation, with the remaining stockholders being Area Representative's spouse and/or adult children). Any Assignment pursuant to this Section 14.3 will not be subject to Franchisor's rights of first refusal, and will not require payment of a transfer fee.

14.4 Assignment by Area Representative - Sale to Third Party

- (a) Area Representative may not sell or assign the Franchise conveyed by this Agreement, the AR Business, or any interest in any of these, without Franchisor's prior written consent. If Franchisor does not elect to exercise its right of first refusal (as provided in Section 14.6 below), then Franchisor will not unreasonably withhold consent to the assignment and sale. Area Representative agrees that it will not be unreasonable for Franchisor to impose, among other requirements, the following conditions to consenting to the assignment and sale:
 - (i) That Area Representative has complied with the right of first refusal provisions of Section 14.6 of this Agreement.

- (ii) That the proposed assignee applies to Franchisor for acceptance as a FocalPoint AR Business franchise owner, and furnishes to Franchisor the information and references that Franchisor requests to determine the proposed assignee's skills, qualifications, financial condition, background and history, reputation, economic resources and ability to assume Area Representative's duties and obligations under this Agreement and any related agreement.
- (iii) That the proposed assignee meets Franchisor's then-current requirements for a new FocalPoint AR Business, as determined in Franchisor's reasonable business judgment. Area Representative shall bear the cost of any such investigations conducted by Franchisor (including, without limitation, Franchisor's travel, lodging, meal and personnel expenses related to Franchisor's investigatory trips to the Franchised Territory or any travel necessary for Franchisor to meet and screen the proposed assignee).
- (iv) That the proposed assignee (if the proposed assignee is an individual) or its proposed AR Business Manager (if the proposed assignee is an Entity) have attended and successfully completed the AR Training Program and Franchisee Training Program before the assignment, and any other training that Franchisor reasonably requires, at the assignee's expense (which will include Franchisor's then-current Unit Franchisee Training Fee and Franchisor's then-current AR Training Fee). The proposed assignee will be responsible for all expenses incurred in connection with training, including, but not limited to, transportation costs, meals, lodging and other expenses incurred by the proposed assignee or its attendee(s) in traveling to or from the AR Training Program. Franchisor will pay all food and lodging expenses of the proposed assignee or its AR Business Manager while he or she is participating in the AR Training Program.
- (v) That as of the date of the assignment, Area Representative has cured any existing defaults under any provisions of this Agreement and any other agreement or arrangement with Franchisor or its affiliates, and has fully satisfied all of its accrued monetary and other obligations to Franchisor and its affiliates under this Agreement and any other agreement or arrangement with Franchisor or its affiliates.
- (vi) That if the Agreement is being assigned, or the AR Business is being sold, the assignee executes a separate area representative agreement in the form and on the terms and conditions Franchisor then offers to prospective area representatives who are similarly situated (except that the Franchised Territory will remain the same, the assignee will not be obligated to pay another Area Representative Fee and the Continuing Fees will be those specified in this Agreement through the scheduled date of expiration of the

Initial Term of this Agreement). The term of the new area representative agreement will expire on the date of expiration of this Agreement. The execution of the new area representative agreement will terminate this Agreement, except for the guarantees of Area Representative and the provisions of this Agreement that, by their nature, survive termination or expiration of this Agreement.

- (vii) If the proposed assignee is purchasing part or all of an Ownership Interest in Area Representative, then the proposed assignee must execute Franchisor's then current form of Guaranty and Assumption of Obligations.
- (viii) That the assignor (and all shareholders of a corporate assignor, and all partners of a partnership assignor, all proprietors of a proprietorship assignor and all shareholders of the general partner of a limited partnership assignor) executes Franchisor's then-current form of general release of any and all claims, demands and causes of action which Area Representative and its partners, proprietors, directors, officers, shareholders, executors, administrators and assigns (as the case may be) may or might have against Franchisor and its affiliates, and their respective officers, directors, shareholders, agents, attorneys, contractors and employees in their corporate and individual capacities.
- (ix) That the assignor pays Franchisor a transfer fee equal to fifteen percent (15%) of the total amount payable to Area Representative by the assignee to purchase the AR Business, or Fifty Thousand Dollars (\$50,000), whichever amount is less.
- (x) That if the assignee is a corporation, partnership, limited partnership or proprietorship, all of the applicable requirements set forth under this Article 14 are complied with, including the procurement of signatures on Franchisor's then-current form of Guaranty and Assumption of Obligations.
- (xi) That the assignor furnishes to Franchisor a copy of the proposed contract of assignment (and any related agreements) and, promptly following execution, a copy of the executed contract of assignment (and any related agreements).
- (xii) That the assignee, at its expense, upgrades the Office to conform to the then current System Standards, and completes this upgrading within the time reasonably specified by Franchisor.
- (xiii) That Area Representative remains liable for all the obligations to Franchisor arising out of or related to this Agreement before the effective date of the transfer or assignment, and executes all instruments reasonably requested by Franchisor to evidence this liability.

- (xiv) That the assignor complies with the terms of the post-term covenant not to compete in Article 20, beginning on the effective date of the assignment.
- (b) Area Representative agrees to defend at its own cost and to indemnify and hold harmless Franchisor, its parent (if any), and the corporate subsidiaries, affiliates, successors, assigns and designees of either entity, and the respective directors, officers, employees, agents, attorneys, shareholders, designees and representatives of each, from and against any and all losses, costs, expenses (including attorneys' and experts' fees and disbursements), court costs, travel and lodging costs, personnel costs, claims, demands, damages, liabilities, however caused (whether or not the losses, costs, expenses, court costs, travel and lodging costs, personnel costs, claims, demands, damages or liabilities are reduced to judgment), resulting directly or indirectly from or pertaining to any statements, representations or warranties that may be given by Area Representative to any proposed assignee of the Franchise, or any claim that Area Representative or the assignor engaged in fraud, deceit, violation of franchise laws or other illegality in connection with the negotiations leading to the consummation of the assignment. The indemnification obligations set forth in this subsection (b) will survive the expiration or sooner termination of this Agreement.

14.5 Assignment By Area Representative – Transfer Upon Death or Disability

- (a) Upon the death or disability (meaning a mental or physical disability, impairment or condition which prevents or will prevent a person from performing the obligations set forth in this Agreement for at least ninety (90) consecutive days) of Area Representative (if an individual) or of the last surviving principal, partner or shareholder of Area Representative (if an Entity), Area Representative's rights will pass to Area Representative's estate, heirs, legatees, guardians or representatives, as appropriate (collectively, the "**Estate**"). The Estate may continue the operation of the AR Business if: (i) the Estate provides a competent and qualified individual acceptable to Franchisor to serve as the AR Business Manager and operate the AR Business on a full-time basis; (ii) this individual attends and successfully completes Franchisor's next offered AR Training Program at the Estate's expense; and, (iii) this individual assumes full-time operation of the AR Business as AR Business Manager within three hundred and sixty-five (365) days of the date Area Representative dies or becomes disabled. In the alternative, the Estate may (i) transfer Area Representative's interest in this Agreement to a third party, or (ii) terminate this Agreement by providing written notice to Franchisor. If the Estate elects to transfer Area Representative's interest in this Agreement, then that transfer must be completed within a reasonable time, not to exceed three hundred and sixty-five (365) days of the date Area Representative dies or becomes disabled, and is subject to all of the terms and conditions in this Article 14.

- (b) If the Estate does not comply with the requirements of Section 14.5(a) or the Estate does not sell the AR Business within three hundred and sixty-five (365) days in accordance with the provisions of Section 14.5, this will be in material breach of this Agreement which, unless cured by the Estate as provided in Article 17, will result in this Agreement being terminated immediately.
- (c) From the date of death or disability until a fully trained and qualified AR Business Manager assumes full-time operational control of the AR Business, Franchisor may (but will not be obligated to) assume full control of and operate the AR Business, but will have no obligation to do so. If Franchisor does so, then during this period, Franchisor will deduct its expenses for travel, lodging, meals, and all other expenses and fees from the Gross Revenues and pay itself a management fee equal to two times the salary paid to the individual(s) assigned by Franchisor to operate the AR Business. This management fee will be in addition to the other fees due to Franchisor as provided in this Agreement. Any remaining funds will then be remitted to the Estate. The Estate must pay any deficiency in sums due to Franchisor under this Agreement to Franchisor within ten (10) days of Franchisor's notifying the Estate of the deficiency. Franchisor will not be responsible for any operational losses of the AR Business, nor will it be obligated to continue operation of the AR Business.

14.6 Right of First Refusal

The right of Area Representative to assign, transfer, redeem or sell any interest in this Agreement or the AR Business, voluntarily or by operation of law (as provided above), will be subject to Franchisor's right of first refusal. Franchisor shall exercise its right of first refusal in the following manner:

- (a) At least sixty (60) days prior to the proposed effective date of the transfer, Area Representative shall deliver to Franchisor a true and complete copy of the proposed assignee's offer (the "**Notice**") and furnish to Franchisor any additional information concerning the proposed transaction and the proposed assignee that Franchisor reasonably requests.
- (b) Within sixty (60) days after Franchisor's receipt of the Notice (or, if Franchisor requests additional information, within sixty (60) days after receipt of the additional information), Franchisor may either consent or withhold its consent to the assignment or redemption, in accordance with this Article 14, or at its option, accept the assignment to itself or to its nominee, on the terms and conditions relating only to the amount of the sales price and the time and manner of payment specified in the Notice. If Franchisor exercises its right of first refusal as provided in this Article 14, Franchisor will not be bound by any provisions in the offer except those that relate to the amount of the sales price and the time and manner of payment. However, Franchisor will be entitled to all of the customary representations and warranties given by the seller of assets of a business, including (without limitation) representations and warranties as to ownership,

condition of and title to assets, liens and encumbrances on the assets, validity of contracts and agreements, and Area Representative's contingent and other liabilities affecting the assets.

- (c) If a partial transfer is proposed through the assignment or redemption of more than twenty-five percent (25%) of the Ownership Interest in Area Representative to other than the original Owners of Area Representative (measured against the ownership of the Area Representative Entity as originally constituted on the date of execution of this Agreement), then Franchisor will have the option to purchase not only the Ownership Interest being transferred but also the remaining Ownership Interest, so that Franchisor's resulting ownership will be one hundred percent (100%) of Area Representative. The price of these remaining Ownership Interest will be proportionate to the price of the Ownership Interest initially being offered.
- (d) Franchisor's credit will be deemed equal to the credit of any proposed purchaser. Franchisor may substitute cash for any other form of payment proposed in the offer.
- (e) If Franchisor exercises its right of first refusal, Franchisor will be given at least sixty (60) days after notifying Area Representative of its election to exercise its right of first refusal to prepare for closing. Area Representative agrees to take all action necessary to assign its lease agreement with the lessor of the Office to Franchisor.
- (f) If Franchisor elects not to exercise its right of first refusal and consents to the proposed assignment or redemption, then Area Representative will, subject to Area Representative's satisfying the requirements of this Article 14, be free to assign this Agreement or the AR Business to its proposed assignee on the terms and conditions specified in the Notice. If, however, the terms are changed, the changed terms will be deemed a new offer, and Franchisor will have a right of first refusal with respect to this new offer.
- (g) Franchisor's election not to exercise its right of first refusal with regard to any offer will not affect its right of first refusal with regard to any later or modified offer. If Franchisor does not exercise its right of first refusal, this will not constitute approval of the proposed transferee, assignee, redemption or the transaction itself. Area Representative and any proposed assignee must comply with all the criteria and procedures for assignment of this Agreement and/or the AR Business specified in this Article 14.

14.7 No Encumbrance

Area Representative will have no right to pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement or the AR Business in any manner without Franchisor's prior written permission, which Franchisor may withhold for any reason.

ARTICLE 15
OBTAINING A SUCCESSOR AGREEMENT

15.1 Right To Successor Terms

Area Representative will have the right to enter into successor area representative agreements for two (2) Successor Terms if at the time of the expiration of the ~~Initial~~ Term or first Successor Term Franchisor is franchising in the state where the AR Business is located. The first Successor Term will begin on the date of the expiration of the ~~Initial~~ Term. Area Representative's right to enter into a Successor Agreement will be conditioned on fulfillment of all of the following conditions described below. The qualifications and conditions for the second Successor Term will be described in the form of area representative agreement signed upon the expiration of this Agreement.

When this Agreement expires:

- (a) Not less than one hundred and eighty (180) days, but not more than two hundred and forty (240) days, before the expiration of the ~~Initial~~ Term or any Successor Term of this Agreement, Area Representative must request from Franchisor by written notice a copy of its then-current applicable franchise disclosure document, including its then-current area representative agreement.
- (b) Within thirty (30) days after receipt of Area Representative's request, Franchisor agrees to deliver to Area Representative a copy of its current franchise disclosure document, and, promptly upon receipt of the disclosure document, Area Representative must acknowledge receipt by executing the receipt form in the franchise disclosure document and promptly returning it to Franchisor.
- (c) No sooner than fourteen (14) calendar days but no later than twenty-one (21) calendar days after Area Representative receives Franchisor's franchise disclosure document, Area Representative must, by written notice, notify Franchisor whether or not it elects to execute the Successor Agreement.
- (d) Promptly upon receipt of Area Representative's notice of its election to execute the Successor Agreement, Franchisor must deliver to Area Representative copies of the Successor Agreement ready for execution. Promptly upon receipt of the Successor Agreement, Area Representative must execute the copies of the Successor Agreement and return them to Franchisor, accompanied by a check made payable to Franchisor for the Successor Franchise Fee.
- (e) If Area Representative does not perform any of the acts or deliver any of the notices required by this Article 16 in a timely fashion, this will be deemed Area Representative's election not to exercise its right to enter into a Successor Agreement, and this right will automatically lapse and expire without further notice or action by Franchisor. If this occurs, this Agreement will terminate at the end of the ~~Initial~~ Term, subject to the post-termination and post-expiration provisions of this Agreement that by their nature survive.

Area Representative's right to obtain a Successor Term is subject to: (i) Area Representative's exercising its renewal right as described above and (ii) Area Representative's compliance with the conditions and procedures for a Successor Term set forth in this Article 16. The first Successor Term will begin on the date of the expiration of the ~~Initial~~ Term. If (but only if) Franchisor (or any successor of Franchisor) is not franchising in the state where the AR Business is located, then upon expiration of this Agreement (but not upon termination for cause), neither Franchisor nor any successor to Franchisor will enforce the post-term covenant not to compete set forth in Section 19.1 of this Agreement.

15.2 Further Conditions to Obtaining a Successor Agreement

If Area Representative wishes to exercise its right to enter into a successor area representative agreement, it will do so by executing Franchisor's then-current form of renewal area representative agreement being offered generally by Franchisor in the United States (the "**Successor Agreement**"). The Successor Agreement will take the form of Franchisor's then-current area representative agreement, modified as provided below. The Successor Agreement will supersede this Agreement in all respects. The terms of the Successor Agreement may differ from the terms of this Agreement, except that: (i) the boundaries of the Franchised Territory under this Agreement will remain the same, and (ii) the fees that must be paid by Area Representative in the Successor Agreement will not be greater than the then-current fees generally required by Franchisor for new area representatives or renewing area representatives. Area Representative must exercise its right under this Agreement under the following conditions:

- (a) At the time of Area Representative's exercise of the right to enter into a Successor Agreement and the commencement of the Successor Term, Area Representative must have fully performed, be in compliance with and not be in default of its obligations under this Agreement and all System Standards, or any other agreements then in effect between Area Representative and Franchisor or its affiliates.
- (b) Before the commencement of the Successor Term, Area Representative must have refurbished, redesigned and remodeled its Office as Franchisor may reasonably require to conform with Franchisor's then-current specifications for FocalPoint AR Business offices and System Standards, as set forth in the Manual.
- (c) Area Representative must have executed Franchisor's then-current form of general release of all claims against Franchisor, its affiliates, and their officers, directors, shareholders, agents, attorneys, contractors and employees, in their corporate and individual capacities, arising out of or related to this Agreement. The general release will not purport to release Franchisor from any future claims arising out of or related to any Successor Agreement entered into between Area Representative and Franchisor.
- (d) Area Representative must pay to Franchisor the sum of ~~Twenty-Five~~Fifty Thousand Dollars (~~\$25,000~~50,000) (the "**Successor Franchise Fee**") plus applicable taxes.

15.3 Notice of Expiration

If applicable law requires Franchisor to give notice of expiration to Area Representative at a specified time before the expiration of the ~~Initial~~ Term or any Successor Term of this Agreement, and Franchisor has not done so, then the ~~Initial~~ Term of this Agreement will be extended on a month-to-month basis until Franchisor has given Area Representative the required notice of expiration.

ARTICLE 16

DEFAULT AND TERMINATION

16.1 Termination by Franchisor – Automatic Termination Without Notice

Area Representative will be in default of this Agreement, and all rights granted in this Agreement will immediately and automatically terminate and revert to Franchisor without notice to Area Representative, if: (i) Area Representative, the AR Business or the business to which the Franchise relates is adjudicated as bankrupt or insolvent; (ii) all or a substantial part of the assets of the AR Business are assigned to or for the benefit of any creditor; (iii) a petition in bankruptcy is filed by or against Area Representative or the AR Business and is not immediately contested and/or dismissed within sixty (60) days from filing; (iv) a bill in equity or other proceeding for the appointment of a receiver or other custodian of Area Representative, the AR Business or assets of either is filed and consented to by Area Representative; (v) a receiver or other custodian (permanent or temporary) of all or part of Area Representative's assets or property is appointed by any court of competent jurisdiction; (vi) proceedings for a composition with creditors under any state or federal law are instituted by or against Area Representative or the AR Business; (vii) Area Representative is dissolved, if Area Representative is an Entity; (viii) execution is levied against Area Representative, the AR Business or its property; or, (ix) the real or personal property of the AR Business is sold after levy thereon by any governmental body or agency, sheriff, marshal or constable.

16.2 Termination by Franchisor Upon Notice – No Opportunity to Cure

Area Representative will have materially breached this Agreement and Franchisor may, at its option, terminate this Agreement and all rights granted under this Agreement, without affording Area Representative any opportunity to cure the breach, effective immediately upon Area Representative's receipt of notice (which, whether sent by certified mail, registered mail, overnight courier or personal physical delivery, will be deemed to have been received by Area Representative upon delivery or first attempted delivery of the notice to Area Representative) upon the occurrence of any of the following events:

- (a) Area Representative at any time ceases to operate the AR Business or abandons the relationship with Franchisor hereunder.
- (b) Area Representative does not begin operating the AR Business within sixty (60) days after the Effective Date.

- (c) Area Representative or Area Representative's Owners make any material misrepresentation or omission in acquiring the Franchise or operating the AR Business.
- (d) Area Representative (or, if Area Representative is an Entity, any of its Owners) is convicted by a trial court of, or plead or have pleaded no contest to, a felony, fraud, crime involving moral turpitude, or any other crime or offense which Franchisor reasonably believes adversely affects the reputation of Franchisor, Area Representative, FocalPoint AR Businesses, FocalPoint Franchised Businesses, the Franchise System, or the goodwill associated with the Marks.
- (e) Area Representative or any of its Owners makes or attempts to make an Assignment in violation of the terms of this Agreement.
- (f) Area Representative does not comply with the covenant not to compete during the **Initial** Term of this Agreement; violates the restrictions pertaining to the use of Confidential Information contained in this Agreement, or does not obtain the execution of the Nondisclosure and Non-Competition Agreements required in Section 8.20 of this Agreement.
- (g) Area Representative conceals revenues; knowingly maintains false books or records; falsifies information or otherwise defrauds or makes false representations to Franchisor; or, knowingly submits any substantially false report to Franchisor.
- (h) Area Representative or any of its employees, Owners or affiliates, directly or indirectly, applies for a trademark registration of any Mark anywhere in the world, makes any unauthorized use of the Marks, or makes an unauthorized use or disclosure of the Confidential Information, or Area Representative or any Restricted Person violates the restrictions in Article 8.
- (i) If Area Representative has received two (2) or more previous notices of default from Franchisor within a twelve (12) month period, regardless of whether Area Representative cured the previous defaults.
- (j) Area Representative makes a willful misrepresentation or does not make a material disclosure required by any Government Entity regarding any matter involving or affecting the operations of the AR Business.
- (k) Area Representative interferes or attempts to interfere with Franchisor's contractual relations with other FocalPoint AR Businesses, FocalPoint Franchised Businesses, clients, employees, advertising agencies or any third parties.
- (l) Area Representative or any of its Owners engages in any dishonest or unethical conduct which, in Franchisor's opinion, may adversely affect the reputation of Franchisor, Area Representative, FocalPoint AR Businesses, FocalPoint Franchised Businesses, the Franchise System or the goodwill associated with the Marks.

- (m) Area Representative, 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 AR Business' reputation or the goodwill associated with the Marks;
- (n) Area Representative violates any federal, state or local law or regulation applicable to the operation of the AR Business and does not begin to correct the violation immediately, and correct the violation completely within thirty (30) days, after Area Representative has received notice from any Government Entity of the violation.
- (o) Area Representative for any reason fails to pay any amounts owed to Franchisor or its affiliates when due and does not correct the failure within ten (10) days after Franchisor's delivery of written notice of the failure.
- (p) Any other agreement between Franchisor (or its affiliate) and Area Representative (or its affiliate), including any other area representative agreement or Franchise Agreement, is terminated before its term expires for any reason whatsoever.
- (q) Area Representative fails to comply with any other provision of this Agreement or any System Standard and does not correct such failure within thirty (30) days after written notice of such failure to comply is delivered to Area Representative.
- (r) Area Representative fails to submit reports or other data, information or supporting records when due and does not correct the failure within ten (10) days after Franchisor's delivery of written notice of the failure.
- (s) Area Representative offers or sells as part of the AR Business any unapproved program, service or product, or does not use and disseminate (as applicable) all materials, notices and procedures specified by Franchisor.
- (t) Area Representative uses or duplicates any aspect of Franchisor's Franchise System, Services, programs or Proprietary Products in an unauthorized fashion.
- (u) Area Representative breaches the provisions of Article 11 relating to advertising and does not cure this breach within three (3) days following written notice of the breach by Franchisor.
- (v) Area Representative or any of its Representatives contact Brian Tracy or Campbell Fraser, or any employee, agent or affiliate thereof, without written permission from Franchisor.

- (w) Area Representative fails to meet the Sales and Opening Goals set forth in Section 8.1 and **Exhibit C** of this Agreement.
- (x) Area Representative or any of its Owners fail to comply with Section 23.8 of this Agreement, or Area Representative's or any of its Owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities.
- (y) An individual identified in Section 8.16 either refuses to or fails to execute and return the Guaranty to Franchisor and Area Representative does not correct the failure within thirty (30) days after Franchisor's delivery of written notice of the failure.
- (z) Area Representative fails to indemnify Franchisor as required by Article 19 of this Agreement Area Representative does not correct the failure within thirty (30) days after Franchisor's delivery of written notice of the failure.

16.3 Cross Default

Any default or breach by Area Representative of any other agreement between Franchisor or its affiliates and Area Representative will be deemed a default under this Agreement, and any default or breach of this Agreement by Area Representative will be deemed a default or breach under any and all other agreements between Franchisor (or any of its affiliates) and Area Representative. If the nature of the default under any other agreement would have permitted Franchisor to terminate this Agreement if the default had occurred under this Agreement, then Franchisor (or its affiliate) will have the right to terminate all the other agreements between Franchisor (or any of its affiliates) and Area Representative in the same manner provided for in this Agreement for termination of this Agreement.

16.4 Alternative Remedies Upon Area Representative'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 in Section 16.2 during the ~~Initial~~ Term, Franchisor may instead elect, at Franchisor's sole option and upon delivering providing Area Representative written notice, to take any or all of the following actions without terminating this Agreement:

- (1) temporarily or permanently reduce the size of the Franchised Territory; or
- (2) assume, or appoint a third party to assume, management of the AR business.

However, such termination shall be without prejudice to Franchisor's right to terminate this Agreement at any time thereafter for the same default or any other defaults under this Agreement.

16.5 Notice Required By Law

If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement or the parties to this Agreement limits Franchisor's rights of termination under this Agreement or requires longer notice or cure periods than those set forth above, then this Agreement will be deemed modified to conform to the minimum notice, cure periods or restrictions upon termination required by the laws and regulations. Franchisor will not, however, be precluded from contesting the validity, enforceability or application of the laws or regulations in any action, proceeding, hearing or dispute relating to this Agreement or the termination of this Agreement.

ARTICLE 17 FURTHER OBLIGATIONS AND RIGHTS OF THE PARTIES ON TERMINATION OR EXPIRATION

17.1 Further Obligations and Rights on Termination or Expiration

- (a) If this Agreement expires or terminates for any reason or is assigned by Area Representative, Area Representative will cease to be an authorized area representative of Franchisor, and Area Representative will lose all rights to the use of the Marks, the Franchise System, all Confidential Information and know-how owned by Franchisor and any goodwill (including "local" goodwill) engendered by the use of the Marks and/or attributed to Area Representative's conduct of the AR Business.
- (b) If this Agreement is terminated before the Term expires pursuant to Sections 16.1, 16.2 or 16.3 above, then Area Representative acknowledges and confirms that Franchisor will suffer and incur substantial damages because this Agreement did not continue for the Term's full length. Accordingly, Area Representative agrees to pay Franchisor for all damages, costs, expenses, attorneys' and experts' fees directly or indirectly related thereto, including, without limitation, lost Royalties, lost profits, loss of goodwill and damage to the Marks and reputation, lost opportunities, travel and personnel costs, expenses that Franchisor may incur in developing or finding another franchise owner to develop a new FocalPoint AR Business in the Franchised Territory, and any other lost payments or benefits Franchisor would have received for the balance of the Term after the effective date of termination (collectively, "Brand Damages"). Area Representative further acknowledges and agrees that its obligation to pay Brand Damages resulting from early termination shall be in addition to (not in lieu of) Area Representative's post-termination obligations to pay other amounts due as of the date of termination (as contemplated under the preceding Subsection (a) above) and to otherwise comply with the entirety of Section 17 hereof, and that the Brand Damages shall not be deemed a penalty for early termination but instead reasonable compensation to Franchisor for Area Representative's failure to perform under this Agreement during the remainder of the Term.

(c) ~~(b)~~ Upon expiration or earlier termination of this Agreement for whatever reason, or upon assignment of this Agreement, Area Representative agrees to:

- (i) Immediately pay all sums due and owing to Franchisor or its affiliates.
- (ii) Discontinue the use of the Marks, and not operate or do business under any name or in any manner that might tend to give the general public the impression that it is operating a FocalPoint AR Business, or any similar business. Area Representative may not use, in any manner or for any purpose, directly or indirectly, any of Franchisor's Confidential Information, trade secrets, procedures, forms, techniques, know-how or materials acquired by Area Representative by virtue of the relationship established by this Agreement, including (without limitation): Proprietary Products, Services, and programs; specifications or descriptions of the Proprietary Products and services; lists of prospective, current and former Franchisees, employees and independent contractors; the Manual and any supplements to the Manual; forms, advertising matter, marks, devices, signs, insignia, slogans and designs used in connection with the AR Business; telephone numbers listed in any telephone directory under any of the Marks licensed under this Agreement or any similar designation or directory listings relating to the AR Business; and, the systems, procedures, techniques, criteria, concepts, designs, advertising and promotion techniques, specifications, and all other components, specifications and standards, which comprise (or in the future may comprise) a part of the Franchise System.
- (iii) Take all necessary action to cancel any assumed name or equivalent registration that contains any of the Marks, or any variant, within fifteen (15) days following termination or expiration of this Agreement. If Area Representative fails or refuses to do so, Franchisor may, in Area Representative's name, on Area Representative's behalf and expense, execute all documents necessary to cause discontinuance of Area Representative's use of the name "FocalPoint International, Inc.," "FocalPoint Business Coaching" or any related name or Mark used under this Agreement. Area Representative irrevocably appoints Franchisor as Area Representative's attorney-in-fact to do so. Area Representative shall not identify itself to third parties as a former Area Representative of Franchisor.
- (iv) Upon any termination of this Agreement by Franchisor for cause, Franchisor will have the right immediately to enter and take possession of the Office to maintain continuous operation of the previous AR Business, provide for orderly change of management and disposition of personal property, and otherwise protect Franchisor's interests. If Area Representative disputes the validity of Franchisor's termination of the

Franchise, Franchisor will nevertheless have the option (which Area Representative irrevocably grants) to operate the business pending the final, unappealed determination of the dispute by a court of competent jurisdiction. If a court of competent jurisdiction makes a final, unappealed determination that the termination was not valid, Franchisor agrees to make a full and complete accounting for the period during which it operated the previous AR Business.

- (v) In the event of termination for any default by Area Representative or of termination by Area Representative through failure to make payment following notice to cure, pay to Franchisor all losses and expenses it incurs as a result of the default or termination, including all damages, costs, and expenses, and reasonable attorneys' and experts' fees directly or indirectly related thereto, such as (without limitation) lost profits, lost opportunities, damage to the Marks and reputation, travel and personnel costs and the cost of securing a new Area Representative for the Franchised Territory. This obligation will give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of assets, property, furnishings, equipment, signs, fixtures and inventory owned by Area Representative or the AR Business at the time of termination and against any money of Area Representative in the possession of Franchisor.
- (vi) Immediately deliver to Franchisor all training or other manuals furnished to Area Representative (including the Manual and supplements to the 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 or insignias or designs, advertising contracts, forms and other materials or property of Franchisor, and any copies of them in Area Representative's possession which relate to the operation of the AR Business. Area Representative may retain no copy or record of any of these items, except for Area Representative's copy of this Agreement, any correspondence between the parties and any other documents that Area Representative reasonably needs for compliance with any provision of law.
- (vii) Immediately execute all agreements necessary to effectuate the termination in a prompt and timely manner.
- (viii) Strictly comply with the post-termination/post-expiration covenants not to compete set forth in Article 20 of this Agreement.
- (ix) Assign all accounts receivable to Franchisor for collection. Area Representative appoints Franchisor as attorney-in-fact to engage in collection activities following the termination or expiration of this Agreement. Franchisor will employ reasonable efforts to collect the

accounts receivable, including, where appropriate in Franchisor's judgment, the commencement of appropriate arbitration or litigation proceedings. Franchisor will have no duty or obligation to collect these accounts receivable. If Franchisor is successful in collecting all or a part of the accounts receivable, Franchisor agrees to remit to Area Representative the sums collected after deducting all money owed to Franchisor or to its affiliates; the pro rata cost of serving the clients with respect to whom the receivable is collected; and, Franchisor's cost of collection.

- (x) Immediately refrain from engaging in any contacts with Franchisees, prospective Franchisees and former Franchisees and any of their clients.
- (xi) Immediately surrender to Franchisor all computer software, data storage disks or tapes and other electronic media used in the operation of the AR Business, printouts, and other information pertaining to computer operations, codes, procedures and programming. Area Representative agrees not to destroy, damage, hide or take any steps to prevent Franchisor from obtaining any information that Area Representative had stored in the Computer System. Area Representative agrees not to retain any printouts, disks or tapes containing any of the programs or data stored in the Computer System.
- (xii) Perform all reasonable redecoration and remodeling of the Office as Franchisor considers necessary in its reasonable judgment to distinguish the Office from a FocalPoint AR Business office or facility.
- (xiii) Transfer all funds as may be available in the AR Marketing Fund to Franchisor.

17.2 No Prejudice

The expiration or termination of this Agreement will be without prejudice to Franchisor's rights against Area Representative, and will not relieve Area Representative of any of its obligations to Franchisor at the time of expiration or termination, or terminate Area Representative's obligations that by their nature survive the expiration or termination of this Agreement.

17.3 Agent

If Area Representative has not performed any act which is required upon termination or expiration of this Agreement then Area Representative hereby irrevocably appoints Franchisor as its true and lawful agent to complete the same in Area Representative's name, place and stead and on Area Representative's behalf, and to take any action necessary to fulfill all Area Representative's obligations to Franchisor upon termination or expiration of this Agreement, this appointment being coupled with sufficient authority to enable Franchisor to protect the Franchise System, the Marks and the Franchised Methods.

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FocalPoint Coaching, Inc.

FocalPoint Area Representative Agreement – ~~03/2023~~03/2024

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17.4 Continuing Obligations

All of Franchisor's and Area Representative's (and Area Representative's Owners') obligations which expressly or by their nature survive the termination of this Agreement or the expiration of the ~~Initial~~ Term or any Successor Term shall continue in full force and effect subsequent to and notwithstanding such expiration or termination until they are satisfied in full or by their nature expire.

17.5 No Compensation

Except as set forth in Article 21, upon the expiration or termination of the ~~Initial~~ Term or any Successor Term of this Agreement (other than pursuant to Section 16.1), Area Representative hereby waives and disclaims, and agrees that it shall not be entitled to receive, any compensation or payment from Franchisor, whether for actual, consequential, indirect, special or incidental damages, costs or expenses, whether foreseeable or unforeseeable (including labor claims or loss of profits, investments or goodwill). Area Representative acknowledges that any enhancement of goodwill or client base of Franchisor will be mainly attributable to the Marks, the Confidential Information and the Franchise System, as well as the continuing support of Franchisor, and that Area Representative has no right to compensation for any contribution it may have rendered to such enhancement of goodwill or client base.

ARTICLE 18 **RELATIONSHIP OF THE PARTIES/INDEMNIFICATION**

18.1 Independent Contractor

- (a) Area Representative understands and agrees that Area Representative is and will be an independent contractor of Franchisor under this Agreement. Nothing in this Area Representative Agreement may be construed to create a partnership, joint venture, agency, employment or fiduciary relationship of any kind.
- (b) None of Area Representative's employees or other personnel will be considered to be Franchisor's employees or personnel. Neither Area Representative nor any of Area Representative's employees or personnel whose compensation Area Representative 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 Area Representative's employees or personnel. Area Representative expressly agrees, and will never contend otherwise, that Franchisor's authority under this Agreement to certify certain of Area Representative's employees or personnel for qualification to perform certain functions for the AR Business does not directly or indirectly vest in Franchisor the power to hire, fire or control any such employee. Area Representative acknowledges and agrees, and will never contend otherwise, that Area

Representative alone will exercise day-to-day control over all operations, activities and elements of the AR Business and that under no circumstance shall Franchisor do so or be deemed to do so. Area Representative 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 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 AR Business, which Area Representative alone controls, but only constitute standards Area Representative must adhere to when exercising Area Representative's control of the day-to-day operations of the AR Business.

- (c) Area Representative may not, without Franchisor's prior written approval, have any power to obligate Franchisor for any expenses, liabilities or other obligations, other than as specifically provided for in this Agreement. Except as otherwise expressly authorized by this Agreement, neither party will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between Franchisor and Area Representative is other than that of Franchisor and Franchisee. Franchisor does not assume any liability, and will not be deemed liable, for any agreements, representations, or warranties made by Area Representative that are not expressly authorized under this Agreement. Franchisor will not be obligated for any damages to any person or property that directly or indirectly arise from or relate to the operation of the AR Business, the business Area Representative conducts under this Agreement, or the acts, errors or omissions of Area Representative's employees.
- (d) Area Representative agrees to identify itself conspicuously in all dealings with clients, suppliers, public officials, AR Business personnel, and others as the AR 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 from time to time.

18.2 Indemnification

- (a) Area Representative must indemnify, defend and hold Franchisor, Franchisor's affiliates, and Franchisor's and Franchisor's affiliates' respective shareholders, members, directors, officers, employees, affiliates, agents, successors and assignees and other franchisees of Franchisor (collectively, "**Indemnified Parties**") harmless against and reimburse one or more of the Indemnified Parties for all claims, losses, liabilities, obligations, damages, and taxes arising out of the operation of the AR Business' operation, employment matters in connection with the AR Business, the business Area Representative conducts under this Agreement, or Area Representative'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. Area Representative 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 Area Representative'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. Area Representative 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 Area Representative 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 Area Representative'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 Area Representative under this subparagraph. Area Representative 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 Area Representative under this subparagraph. Area Representative's or any of the other Indemnified Parties' undertaking of defense and/or settlement will in no way diminish Area Representative's obligation to indemnify Franchisor and the other Indemnified Parties and to hold Franchisor and any of the Indemnified Parties harmless.

- (b) Notwithstanding the foregoing, (i) Franchisor shall have the right to employ its own counsel in any case to defend a claim, or to compromise or settle such claim insofar as such compromise or settlement does not involve monetary damage or payment of money; (ii) Franchisor shall not have any obligation to give any notice of a claim by a third party unless such claim is in writing; and (iii) the rights of Franchisor to be indemnified herein shall not be deemed forfeited by its failure to give notice unless Area Representative is prejudiced by such failure.
- (c) After receipt of the aforesaid notice of a claim, if Area Representative fails to assume the defense of Franchisor against such claim, Franchisor shall have the right to undertake the defense and to compromise or settle such claim on behalf of and for the account and risk of Area Representative, and at Area Representative's expense, payable to Franchisor on written demand.

ARTICLE 19

RESTRICTIVE COVENANTS

19.1 Non-Competition

Upon (i) Franchisor's or Area Representative's termination of this Agreement according to its terms and conditions; (ii) Area Representative's termination of this Agreement without cause, or (iii) expiration of this Agreement (if Franchisor offers, but Area Representative elects not to enter into, a Successor Agreement, or if Franchisor does not offer Area Representative a Successor Agreement due to Area Representative's failure to satisfy the conditions to enter into a Successor Agreement set forth in Article 16), Area Representative, the Restricted Persons, any Guarantor, and any officer, director, or employee of Area Representative or any of the Restricted Persons shall not, for two (2) years beginning on the effective date of termination or expiration of this Agreement (or upon a transfer as provided in Article 15 above), either directly or indirectly, on Area Representative's, a Restricted Person's or an Owner's behalf, or on behalf of any person, firm, or Entity, have any direct or indirect interest (whether through affiliates, Immediate Family members or otherwise) as an owner (whether of record, beneficially, or otherwise), investor, partner, director, officer, member, employee, consultant, representative, or agent in, or provide services for, any Competitive Business located or operating:

- (i) at the premises where the Office is located;
- (ii) within the Franchised Territory;
- (iii) within the Franchised Territory of any other FocalPoint AR 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 Section 19.1 begin to comply with this Section 19.1.

19.2 Covenant Not to Solicit

Upon the termination or expiration of this Agreement, Area Representative and its 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 Article 15 above), neither Area Representative nor any of its Owners, Guarantors, Restricted Persons, officers, directors or employees will, directly or indirectly (whether through affiliates, Immediate Family members or otherwise), solicit, or attempt to solicit, any client of Franchisor or of any of Franchisor's affiliates, FocalPoint Franchised Business franchise owners or FocalPoint AR Business franchise owners to discontinue the client relationship with Franchisor or with any of Franchisor's affiliates, FocalPoint Franchised Business franchise owners or FocalPoint AR Business franchise owners. In addition, the use of Franchisor's client lists, employee files or other such Confidential Information for the purpose of soliciting is prohibited.

19.3 Tolling of Covenants

The restrictions under Sections 19.1 and 19.2 above also apply after Assignments, as provided in Article 15 above. If any person restricted by Sections 19.1 and 19.2 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 Sections 19.1 and 19.2 and will resume when that person begins or resumes compliance. Area Representative and its Owners expressly acknowledge that Area Representative and its 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 Article 19 will not deprive Area Representative or its Owners of its or their personal goodwill or ability to earn a living.

ARTICLE 20 **INSURANCE**

20.1 Required Insurance Coverage

- (a) Franchisor imposes and prescribes minimum standards and limits for certain types of required insurance coverage in its Manual or by other written notice to Area Representative. Area Representative agrees that Franchisor may modify the required minimum limits of insurance coverage from time to time (including reasonable excess liability insurance and employment practices liability insurance) by written notice to Area Representative, through supplements to the Manual or otherwise. Upon delivery or attempted delivery of this written notice, Area Representative agrees to immediately purchase insurance conforming to the newly established standards and limits prescribed by Franchisor.
- (b) Within thirty (30) days following Franchisor's execution of this Agreement, Area Representative agrees to purchase at its own expense, and maintain in effect at all times during the ~~Initial~~ Term of this Agreement, insurance coverage in forms and through insurance companies satisfactory to Franchisor.

- (c) The insurance coverage acquired and maintained by Area Representative at its own expense, as set forth above shall:
 - (i) Name Franchisor and the other Indemnified Parties identified in Section 18.2 as Additional Insureds for claims arising from the AR Business' operation and provide that the coverage afforded applies separately to each insured against whom claim is brought as though a separate policy had been issued to each insured (except for the insurance coverages provided in this Article 20).
 - (ii) Extend to and provide indemnity for all obligations assumed by Area Representative under this Agreement and all other items for which Area Representative is required to indemnify Franchisor under this Agreement.
 - (iii) Be primary to and without right of contribution from any other insurance purchased by the Indemnified Parties.
 - (iv) Provide, by endorsement, that Franchisor is entitled to receive at least thirty (30) days prior written notice of any intent to reduce policy limits, restrict coverage, cancel or otherwise alter or amend the policy.
- (d) Area Representative agrees not to reduce the policy limits, restrict coverage, cancel or otherwise alter or amend the policies without Franchisor's written consent.
- (e) If there is a claim by any one or more of the Indemnified Parties against Area Representative, Area Representative shall, upon Franchisor's request, assign to Franchisor all rights which Area Representative then has or thereafter may have with respect to the claim against the insurer(s) providing the coverages described in this Section 20.1.

20.2 No Undertaking or Representation

Nothing contained in this Agreement may be considered an undertaking or representation by Franchisor that the insurance that Area Representative is required to obtain or that Franchisor obtains for Area Representative will insure Area Representative against any or all insurable risks of loss that may arise out of or in connection with the operation of the AR Business.

20.3 Certificates of Insurance

Area Representative agrees to promptly provide Franchisor with Certificates of Insurance or other evidence of Area Representative maintaining the required coverage upon request. Area Representative agrees to deliver a complete copy of Area Representative's policies of insurance to Franchisor within thirty (30) days following delivery of the certificates of insurance. Area Representative agrees to renew all insurance policies and documents, and on renewal, to furnish a renewal Certificate of Insurance to Franchisor before the expiration date of the policy in

question. Franchisor may at any time require Area Representative to forward to Franchisor full copies of all insurance policies.

20.4 Notice of Claims and Demands

Area Representative agrees to notify Franchisor of all claims or demands against Area Representative, the AR Business, and/or Franchisor within three (3) days of Area Representative's receiving notice of any claim or demand. Area Representative further agrees to respond to all claims within the time required by law, rule or regulation. In addition, Area Representative agrees to cooperate with Franchisor (or its designee) in every way possible to defend Franchisor and Area Representative against all claims made by employees, clients or third parties. Area Representative agrees, when necessary, to make appearances at administrative or other hearings to present or reinforce these defenses.

ARTICLE 21 **DISPUTE RESOLUTION**

21.1 Arbitration

Franchisor and Area Representative agree that all controversies, disputes, or claims between Franchisor and Franchisor's affiliates, and Franchisor's and Franchisor's affiliates' respective shareholders, officers, directors, agents, and/or employees, and Area Representative (and/or its Owners, Guarantors, affiliates, and/or employees) arising out of or related to:

- (1) this Agreement or any other agreement between Area Representative and Franchisor;
- (2) Franchisor's relationship with Area Representative;
- (3) the scope and validity of this Agreement or any other agreement between Area Representative and Franchisor or any provision of such agreements (including the validity and scope of the arbitration obligations under this Section 21.1, 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 Section 21.1 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.*). 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 Section 21.5 below, award any punitive or exemplary damages against either party (Franchisor and Area Representative hereby waiving to the fullest extent permitted by law, except as expressly provided in Section 21.5 below, any right to or claim for any punitive or exemplary damages against the other).

Except as expressly limited by Section 21.7 below, Franchisor and Area Representative 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 Area Representative 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 Area Representative or Franchisor. Franchisor reserves the right, but has no obligation, to advance Area Representative'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 Section 21.2.

Franchisor and Area Representative 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, officers, directors, agents, and/or employees, and Area Representative (and/or its 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 Section 21.1 or Section 23.3, 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 Section 21.1, 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 Article 21 (excluding this Section 21.1).

Except as expressly provided otherwise in the remainder of this Section 21, despite Franchisor's and Area Representative's agreement to arbitrate, Franchisor and Area

Representative 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 Area Representative must contemporaneously submit the dispute for arbitration on the merits as provided in this Section 21.1.

The provisions of this Section 21.1 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.

21.2 Attorneys' Fees

If Franchisor incurs costs and expenses due to Area Representative'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, Area Representative 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.

21.3 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 AREA REPRESENTATIVE 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 AREA REPRESENTATIVE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION 21.3.

21.4 Consent to Jurisdiction

SUBJECT TO SECTION 21.1 ABOVE AND THE PROVISIONS BELOW, AREA REPRESENTATIVE AND ITS OWNERS AGREE THAT ALL ACTIONS ARISING UNDER THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN AREA REPRESENTATIVE AND FRANCHISOR MUST BE COMMENCED IN THE STATE OR FEDERAL COURT OF GENERAL JURISDICTION LOCATED CLOSEST TO FRANCHISOR'S THEN CURRENT PRINCIPAL BUSINESS ADDRESS, AND AREA REPRESENTATIVE (AND EACH OWNER) IRREVOCABLY SUBMITS TO THE JURISDICTION OF THOSE COURTS AND WAIVES ANY OBJECTION AREA REPRESENTATIVE (OR THE OWNER) MIGHT HAVE TO EITHER THE JURISDICTION OF OR VENUE IN THOSE

COURTS. NONETHELESS, AREA REPRESENTATIVE AND ITS OWNERS AGREE THAT FRANCHISOR MAY ENFORCE THIS AGREEMENT AND ANY ARBITRATION ORDERS AND AWARDS IN THE COURTS OF THE STATE OR STATES IN WHICH AREA REPRESENTATIVE IS DOMICILED OR THE AR BUSINESS IS LOCATED.

21.5 Waiver of Punitive Damages and Jury Trial

EXCEPT FOR AREA REPRESENTATIVE'S OBLIGATION TO INDEMNIFY FRANCHISOR FOR THIRD PARTY CLAIMS UNDER SECTION 18.2, AND EXCEPT FOR PUNITIVE DAMAGES AVAILABLE TO EITHER PARTY UNDER FEDERAL LAW, FRANCHISOR AND AREA REPRESENTATIVE (AND ITS 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 AREA REPRESENTATIVE, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

21.6 Waiver of Right to a Jury

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

21.7 Limitation of Claims

EXCEPT FOR CLAIMS ARISING FROM AREA REPRESENTATIVE'S NON PAYMENT OR UNDERPAYMENT OF AMOUNTS AREA REPRESENTATIVE OWES FRANCHISOR, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR FRANCHISOR'S RELATIONSHIP WITH AREA REPRESENTATIVE 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.

21.8 Limited Liability for Franchisor's Related Parties

Area Representative agrees 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 Area Representative and Franchisor, or (iii) any claim against Franchisor based on any alleged unlawful act or omission of Franchisor.

21.9 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, Area Representative 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 Area Representative's interests; (ii) any judgment Franchisor exercises will be based on Franchisor's assessment of its own interests and balancing those interests against the interests of Franchisor's area representatives generally, and specifically without considering Area Representative's individual interests or the individual interests of any other particular area representative; (iii) Franchisor will have no liability to Area Representative 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.

21.10 Injunctive Relief

In the event of a breach or a threatened breach of this Agreement, Franchisor may seek temporary, preliminary, permanent or any other form of mandatory or prohibitory injunctive relief or any other extraordinary remedy against threatened or actual breach thereof. Franchisor and Area Representative agree that Franchisor may have such injunctive relief without posting any bond, but upon due notice, in addition to any other equitable relief available to it.

21.11 Multiple Forms of Agreement

Area Representative acknowledges and agrees that there may be more than one form of area representative agreement in effect between Franchisor and Franchisor's area representatives; those other agreements may contain provisions that may be materially different from the provisions contained in this Agreement; and Area Representative is not entitled to rely on any provision of any other agreement with other area representatives whether to establish course of dealing, waiver, or estoppel, or for any other purpose.

ARTICLE 22 **AUDIT AND INSPECTION**

22.1 Accounting and Audit

Area Representative must prepare on a current basis, complete and accurate records concerning all financial, marketing and other operating aspects of the Office and the AR Business conducted under this Agreement. Area Representative shall maintain an accounting system reflecting all operational aspects of the Office and the AR Business, including uniform reports as may be required by Franchisor, prepared in accordance with generally accepted accounting principles. Area Representative's records shall include tax returns, and complete

annual financial statements. Area Representative shall also submit to Franchisor current financial statements and such other reports as Franchisor may reasonably request to evaluate or compile research data on any operational aspect of the Office and the AR Business. All financial data with respect to the AR Business shall be for Franchisor's own use, shall be kept confidential and shall not be made available to other area representatives or Franchisees, prospective Franchisees, or other third parties except to the extent Franchisor needs such information to make a "financial performance representation" under any franchise disclosure laws. Area Representative shall maintain the records required under this Section 22.1 for a period of three (3) years after the expiration of the ~~Initial~~ Term. Franchisor shall have no right to inspect, audit or copy the records of any business activity unrelated to the Office.

22.2 Inspection by Franchisor

During the ~~Initial~~ Term and for three (3) years after the expiration of the ~~Initial~~ Term or any Successor Term, Franchisor shall have the right to request, receive, inspect or audit any of the records referred to in Section 22.1. This Section 22.2 shall survive termination or expiration of this Agreement.

22.3 Inspection Rights

To ensure conformity with the standards and specifications of Franchisor, Franchisor, or its representatives, reserves the right to inspect all aspects of the operation of the Office and the FocalPoint Franchised Businesses in the Franchised Territory, during normal business hours. Area Representative shall have the right to be present during any inspection of the Office conducted by Franchisor or Franchisor's representatives and Franchisor shall give Area Representative or a Franchisee, as the case may be, reasonable prior notice of such inspection. If Franchisor inspects Area Representative's Office, Franchisor will not interfere unreasonably with the AR Business' operation, and if Area Representative's Office is located in a residence, Franchisor will only conduct an inspection if Area Representative hosts clients or prospective Franchisees at the Office. "

ARTICLE 23

MISCELLANEOUS PROVISIONS

23.1 Binding Effect

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

23.2 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 Area

Representative's entire agreement, and supersedes all prior and contemporaneous oral or written agreements and understandings between Franchisor and Area Representative relating to the subject matter of this Agreement. There are no other oral or written understandings or agreements between Franchisor and Area Representative, or oral or written representations by Franchisor, relating to the subject matter of this Agreement, the franchise relationship, or the AR 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 Area Representative to waive reliance on any representation made by Franchisor in Franchisor's most recent franchise disclosure document (including exhibits and amendments) delivered to Area Representative or Area Representative'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 Sections 18.2 and 21.1, nothing in this Agreement is intended or deemed to confer any rights or remedies upon any person or 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 Area Representative's actions or requests, Franchisor has the absolute right to refuse any request Area Representative makes or to withhold Franchisor's approval of any of Area Representative'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 Area Representative's obligations to Franchisor under this Agreement, include any of Franchisor's affiliates with whom Area Representative deals. The term "**affiliate**" means any person or Entity directly or indirectly owned or controlled by, under common control with, or owning or controlling Area Representative 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."

The term "**Area Representative**" is applicable to one or more persons or business entities, as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two or more persons are at any time Area Representative or its Owners hereunder, whether or not as partners or joint venturers, their obligations and liabilities to Franchisor shall be joint and several.

"**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.

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FocalPoint Coaching, Inc.

FocalPoint Area Representative Agreement – ~~03/2023~~03/2024

ACTIVE 685038706693309663v31

The term "**AR Business**" includes all of the assets of the FocalPoint AR Business Area Representative operates under this Agreement, including its revenue.

The term "**employee**" includes all of the AR Business' personnel, including all managers, administrators and other personnel that perform services for the AR Business, whether such person is classified as an employee of Area Representative or an independent contractor.

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

23.3 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, Area Representative 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 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. Area Representative 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.

23.4 Notices and Payments

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

- 1) at the time delivered by hand;
- 2) at the time delivered via computer transmission and, in the case of the Royalty, Advertising Fund Fees, and other amounts due, at the time Franchisor actually receives payment via EFT;

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3) one (1) business day after transmission by facsimile or other electronic system if the sender has confirmation of successful transmission;

4) one (1) business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery; or

5) 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 Area Representative notice of the new address. Any notice that Franchisor sends to Area Representative may be sent only to the one (1) person identified below, even if Area Representative has multiple owners, at the email or postal address specified below:

Attn: _____
Tel: _____
Fax: _____
Email: _____

Area Representative 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.

23.5 Relationship With the Public

Area Representative shall use all reasonable steps to ensure that the best possible relationship is maintained with the public with a view to enhancing the reputation of Franchisor, the Franchise System and the Marks and Area Representative shall not take any action or commit any omission which would improperly adversely affect the reputation of Franchisor, the Franchise System or the Marks or be intentionally misleading.

23.6 Waiver of Obligations

Franchisor and Area Representative 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 Area Representative 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.

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Franchisor and Area Representative 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 Area Representative'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 AR Businesses; the existence of franchise agreements for other FocalPoint AR Businesses which contain provisions different from those contained in this Agreement; or Franchisor's acceptance of any payments due from Area Representative 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.

23.7 Excuse of Performance

It is hereby understood and agreed that, where Franchisor retains the discretion to approve or disapprove a request by Area Representative, unless such right of approval is expressly indicated to be in Franchisor's sole judgment, Franchisor will respond in a commercially reasonable and timely manner, and will communicate with Area Representative in good faith in responding.

Neither Franchisor nor Area Representative will be liable for loss or damage or be in breach of this Agreement if Franchisor's or Area Representative's failure to perform Franchisor's or Area Representative'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 Advertising Fund Fees due afterward.

23.8 Compliance with Anti-Terrorism and Other Laws

Area Representative and its 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. Area Representative 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. Area Representative 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 AR Business, or the Marks. Any failure to comply with this Section by Area Representative or its Owners, or any blocking of Area Representative's or its 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 16.2(w) above..

23.9 Electronic Mail

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

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

The consent given in this Section 23.9 shall not apply to the provision of notices by either party under this Agreement pursuant to Section 23.4 using e-mail unless the parties otherwise agree in a written document manually signed by both parties.

23.10 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.

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[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the day and year first above written.

FOCALPOINT COACHING, INC., a
Nevada corporation

By: _____
Stephen Thompson, President

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

AREA REPRESENTATIVE OWNER

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

[Print Name of Area Representative Entity]

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

Title of Signator:

DATED: _____

**(IF YOU ARE TAKING THE
FRANCHISE INDIVIDUALLY AND
NOT AS A LEGAL ENTITY):**

[signature of individual area representative]

Print Name: _____

DATED: _____

[signature of individual area representative]

Print Name: _____

DATED: _____

EXHIBIT A
FRANCHISED TERRITORY

EXHIBIT B

LISTING OF OWNERSHIP INTERESTS

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

Area Representative and its Owners

1. **Form of Owner.** (Choose (a) or (b))

(a) **Individual Proprietorship.** List individual(s):

(b) **Corporation, Limited Liability Company, or Partnership.** (CIRCLE ONE) Area Representative was incorporated or formed on _____, under the laws of the State of _____. Area Representative has not conducted business under any name other than Area Representative's corporate, limited liability company, or partnership name and _____. The following is a list of Area Representative'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 Area Representative's Owners (as defined in the Area Representative Agreement), or an owner of one of Area Representative's 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 Area Representative.

- (a) Name: _____
- (b) Postal Address: _____

- (c) E-mail Address: _____

[Signatures on following page.]

FOCALPOINT COACHING, INC., a
Nevada corporation

By: _____
Stephen Thompson, President

DATED: _____

AREA REPRESENTATIVE OWNER

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

[Print Name of Area Representative Entity]

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

Title of Signator: _____

DATED: _____

**(IF YOU ARE TAKING THE
FRANCHISE INDIVIDUALLY AND
NOT AS A LEGAL ENTITY):**

[signature of individual area representative]

Print Name: _____

DATED: _____

[signature of individual area representative]

Print Name: _____

DATED: _____

EXHIBIT C
SALES AND OPENING GOALS

During each Contract Year of this Agreement, Area Representative must have at least three Franchisees sign a Franchise Agreement and open a FocalPoint Franchised Business in the Franchised Territory during the Contract Year (the "**Minimum Goal**"). If Area Representative does not meet the Minimum Goal each year, Franchisor will give Area Representative written notice and an opportunity to cure within sixty (60) days of the date of Franchisor's written notice. If Area Representative does not cure its failure to meet the Minimum Goal within such sixty (60) day cure period, Franchisor may terminate the Area Representative Agreement immediately on notice to Area Representative, without offering Area Representative any additional opportunity for cure. Franchisor may also exercise any of the rights specified in Section 8.1 of the Agreement during the period that Area Representative is in default of its Minimum Goal obligation.

EXHIBIT D
CONFIDENTIALITY/NON-COMPETITION AGREEMENT

NAME:

AREA REPRESENTATIVE:

HOME ADDRESS:

HOME TELEPHONE:

CLASSIFICATION:

(Owner, Shareholder, Officer, Director, Employee

_____ ("**Area Representative**") is an Area Representative of FocalPoint Coaching, Inc. ("**Franchisor**") pursuant to an Area Representative Agreement entered into by Area Representative and Franchisor dated _____. The franchised business Company authorizes Area Representative to operate under the Area Representative Agreement is known as the "AR Business," which AR Business is one among all businesses that Company owns, operates, or franchises under the "FocalPoint" name. I agree that, unless otherwise specified, all terms in this Agreement have those meanings ascribed to them in the Area Representative Agreement.

I agree that during the term of my employment by, ownership participation in, association with or service to Area Representative, 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 AR Businesses and FocalPoint Franchised Businesses, including but not limited to the following concerning FocalPoint AR Businesses and FocalPoint Franchised Businesses: (1) site selection criteria; (2) training and operations materials and manuals; (3) sales, marketing and advertising programs and techniques; (4) marketing, promotional and advertising research and programs for FocalPoint Franchised Businesses; (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 Area Representative owns, including supplier pricing and related terms; (7) computer systems and software programs 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; (8) knowledge of the operating results and financial performance of FocalPoint Franchised Businesses located both within and outside of the Franchised Territory; (9) graphic designs and related intellectual property; (10) client solicitation, communication and retention programs, along with data and information used or generated in connection with those programs; (11) all data and other information generated by, or used in, the operation of FocalPoint Franchised Businesses; and (12) any and all other information Company provides to me, Area Representative, Area Representative'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

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proprietary or confidential, regardless of whether such information is specifically designated as proprietary or confidential (collectively, all information referenced above, including examples (1) through (12), 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.

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 Area Representative 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, unless Franchisor provides prior written consent in its sole discretion, 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 AR Businesses and FocalPoint Franchised Businesses generally. I agree that 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 the Proprietary Products; or (ii) grants franchises or licenses to others to operate the type of business specified in the preceding subparagraph (i) (other than a FocalPoint AR Business or FocalPoint Franchised Business operated under a franchise agreement with Company). Despite the foregoing definition of a Competitive Business, nothing under this Agreement or the Area Representative 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 Area Representative 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 Area Representative, 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 AR Businesses or 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 Franchised Territory; (c) within the territory of any FocalPoint AR Business in operation or in the process of opening on the effective date of termination or expiration of my employment/service/association/ ownership participation; or (d) 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 Area Representative's interests under the Area Representative 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 Franchise System, 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 AR 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 Area Representative, the AR Business, or FocalPoint AR Businesses generally. If I fail or refuse to

abide by any of my foregoing obligations or promises made under this Agreement, and Company or Area Representative 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 Area Representative 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 Area Representative, for which no adequate remedy at law will be available. Accordingly, I hereby consent to the entry of an injunction procured by Company or Area Representative (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 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 Area Representative 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 Area Representative 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 AR 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 Area Representative 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 Area Representative or Company may enforce this Agreement and any awards in the courts of the state or states in which I am domiciled or the AR Business is located.

I IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY ME, AREA REPRESENTATIVE 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).

Remainder of page intentionally left blank

Signatures on following page

IN WITNESS WHEREOF, Area Representative 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 AREA INDIVIDUAL:
REPRESENTATIVE:**

_____,
a/an _____

(Print Name)

By: _____
(Name of Area Representative's
Officer)

(Signature)

Signed: _____
(Signature of Area Representative's
Officer)

(Date)

(Date)

**WITNESS TO INDIVIDUAL'S
SIGNATURE:**

(Print Witness Name)

(Signature of Witness)

(Date)

EXHIBIT E

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 Area Representative 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 _____ ("Area Representative") 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 Area Representative and among other guarantors; (2) he or she will render any payment or performance required under the Agreement upon demand if Area Representative fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Area Representative 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 Area Representative 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 Area Representative or its owners, and for so long as we have any cause of action against Area Representative or its owners; and (5) this Guaranty will continue in full force and effect for (and

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as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or Area Representative, 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 Area Representative arising as a result of the undersigned's execution of and performance under this Guaranty; and (ii) acceptance and 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 Area Representative**

_____ %
_____ %
_____ %
_____ %
_____ %

EXHIBIT F
SUPPORT OBLIGATIONS OF AREA REPRESENTATIVE

Area Representative shall be required to provide the following support services to all Franchisees in the Franchised Territory:

1. Area Representative shall organize and conduct an annual conference at a location within the Franchised Territory;
2. Area Representative shall collect and review each Franchisee's monthly key results area indicators and provide a copy of such indicators to Franchisor on the fifth (5th) day of each month;
3. Area Representative shall contact each Franchisee every month for the purpose of determining the status of each FocalPoint Franchised Business;
4. Area Representative shall assist each Franchisee with the selection of an Associate;~~and~~
5. Area Representative shall assist Franchisees with the development of their FocalPoint Franchised Businesses; and
6. Area Representative shall hire and assign a practice mentor to provide support to each Franchisee within the Franchised Territory.

EXHIBIT G
ACKNOWLEDGEMENTS AND REPRESENTATIONS

As you know, FocalPoint Coaching, Inc. and you are preparing to enter into an Area Representative 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 Area Representative Agreement? Check one: ☐ Yes ☐ No
2. Do you understand all of the information contained in the Area Representative Agreement and each exhibit and schedule attached to it? Check one: ☐ Yes ☐ No

If your answer is "No," what parts of the Area Representative 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 area representative 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 area representative 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 an area representative 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 area representative business (either specifically or generally), and that, as an area representative, 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 Area Representative 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 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 Questionnaire does

Do not ~~waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder~~ sign this questionnaire 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 H

AUTHORIZATION TO INITIATE DEBIT ENTRIES FOR FRANCHISE FEES

_____, the undersigned area representative, hereby authorizes FocalPoint Coaching, Inc., a Nevada corporation, to initiate debit entries to its checking account indicated below at the depository identified below, hereinafter referred to as "**Depository**", to debit to such account the amount of such entry reflecting service fees and other amounts that become payable by the undersigned to FocalPoint Coaching, Inc.:

Depository Name: _____

Depository Branch: _____

Depository Address: _____

City _____ State _____ Zip _____

Routing Number: _____

Account Name: _____

Account Number: _____

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned agrees that this authorization is to remain in full force and effect until FocalPoint Coaching, Inc. has received advance written notification of its termination from the undersigned in such manner as to afford FocalPoint Coaching, Inc. and Depository reasonable time and opportunity to act upon such notification.

IN WITNESS WHEREOF, this authorization has been executed on _____
_____, 20__ at _____

AREA REPRESENTATIVE:

By: _____

Title: _____

Phone No.: _____

[ATTACH VOIDED CHECK HERE]

EXHIBIT C
FINANCIAL STATEMENTS

FOCALPOINT COACHING, INC.

FINANCIAL REPORTS

DECEMBER 31, 2023 and 2022

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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, 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.

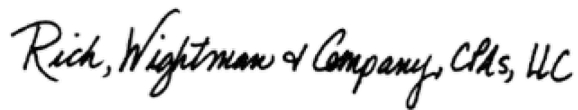
Auditor's Responsibilities for the Audit of the Financial Statements

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

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EXHIBIT E**LIST OF FRANCHISEES AS OF ~~12/31/22~~12/31/23****FOCALPOINT AR BUSINESSES**

Name	Territory	CMS E-mail	Phone(s)	Address
Dan Creed	Arizona	dcreed@focalpointcoaching.com	(602) 697- 5949	1330 E. Thistle Landing Dr., Phoenix, AZ 85048
Alan Fonner	Arkansas	afonner@focalpointcoaching.com	(817) 907-0354	20 Barrington Circle, Gordonville, TX 76245
Tonya Page	Central California	tpage@focalpointcoaching.com	(213) 999-4460	4240 Lost Hills Rd #2804, Calabasas Hills, CA 91301
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

Name	Territory	CMS E-mail	Phone(s)	Address
				83404
Duke Hamm	Indiana	dhamm@focalpointcoaching.com	(765) 465-2576	141 Fairway Dr, New Castle, IN 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	New York	srichter@focalpointcoaching.com	(410) 804-3522	324 West 88th

Name	Territory	CMS E-mail	Phone(s)	Address
				Street, Apt 2A, New York, NY 10024
Scott Hartsfield & Nick Mariniello	North Carolina	shartsfield@focalpointcoaching.com nmariniello@focalpointcoaching.com	(919) 599-1406 (732) 224-7679	7 Thompsonville Ct Durham, NC 27713 15 Storm Rd., Lincroft, NJ 07738
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	eeurich@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

Name	Territory	CMS E-mail	Phone(s)	Address
Dennis Stetzel	Texas	dstetzel@focalpointcoaching.com	(303) 250-9879	2561 Estrada Drive, League City, TX 77573
Scott Hartsfield	Virginia	shartsfield@focalpointcoaching.com	919-599-1406 (919) 599-1406	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 AR BUSINESSES

The following is a list of the names, addresses, and last known telephone numbers of all Area Representatives who had an AR Business transferred, terminated, cancelled, or not renewed or otherwise voluntarily or involuntarily ceased to do business under an agreement with us as of December 31, 2022, 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.

~~Joe Blackburn: (217) 871-1976 3652 Yellowstone Dr., Normal, IL 61761 (operated 2 businesses in Kansas and Missouri).~~

[None.](#)

EXHIBIT F

STATE ADDENDA AND 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 is added as an additional Risk Factor to the Special Risks to Consider About This Franchise page of the Disclosure Document:

Minimum Goal Requirement. The area representative agreement requires that you meet and maintain certain minimum sales and opening goals during each year of your operation of your area representative business. Your failure to meet these goals may result in payment of additional fees to the franchisor, loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

2. 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.

3. 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.

4. 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.dpfi.ca.gov.

5. 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.

6. 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.

7. 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 Area Representative Agreement contains any provision that is inconsistent with the law, and the law applies, then the law will control.

Termination Upon Bankruptcy. The Area Representative 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 Area Representative 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 Area Representative 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 Area Representative 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 Area Representative Agreement requires you to sign a general release of claims upon renewal or transfer of the Area Representative 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.

8. 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, ~~2022~~2023. 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 Area Representative Agreement until all of our pre-opening obligations have been satisfied and you commence doing business under the Area Representative 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 Area Representative Agreement until all of our pre-opening obligations have been satisfied and you commence doing business under the Area Representative 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 Area Representative 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 required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the area representative 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 Area Representative 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 Area Representative Agreement until all of our pre-opening obligations have been satisfied and you commence doing business under the Area Representative 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:

Service Charge for Insufficient Funds	\$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
---------------------------------------	------	-------------	---

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 Area Representative 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 Area Representative 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.

32. 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.

43. 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.

54. 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.

65. 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.

76. 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 Area Representative Agreement until all of our pre-opening obligations have been satisfied and you commence doing business under the Area Representative 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 Area Representative 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 Area Representative 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 Area Representative 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 Area Representative 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 Area Representative 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 Area Representative 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 Area Representative Agreement until all of our pre-opening obligations have been satisfied and you commence doing business under the Area Representative 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 area representative 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 area representative 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 Area Representative 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 Area Representative 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 Area Representative Agreement, an area representative 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 an area representative 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 an area representative 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 Area Representative 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 Area Representative 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
AREA REPRESENTATIVE AGREEMENT

**RIDER TO THE FOCALPOINT COACHING, INC. AREA REPRESENTATIVE AGREEMENT
FOR USE IN INDIANA, MICHIGAN, RHODE ISLAND, AND WISCONSIN**

This Rider (the “**Rider**”) is made and entered into between FocalPoint Coaching, Inc., a Nevada corporation with its principal office located at 2831 St. Rose Parkway, Suite 234, Henderson, Nevada 89052 (“**Franchisor**”) and _____, whose principal address is _____ (“**Area Representative**”).

1. **Background.** Franchisor and Franchisee are parties to that certain Area Representative Agreement that has been signed at the same time as the signing of this Rider (the “**Area Representative Agreement**”). This Rider is part of the Area Representative 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 Area Representative Agreement.

FOCALPOINT COACHING, INC., a AREA REPRESENTATIVE OWNER
Nevada corporation

By: _____
Stephen Thompson, President

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

DATED: _____

[Print Name of Area Representative Entity]

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

Title of Signator: _____

DATED: _____

**(IF YOU ARE TAKING THE
FRANCHISE INDIVIDUALLY AND
NOT AS A LEGAL ENTITY):**

[signature of individual area representative]

Print Name: _____

DATED: _____

[signature of individual area representative]

Print Name: _____

DATED: _____

**RIDER TO THE FOCALPOINT COACHING INC.
AREA REPRESENTATIVE 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 Area Representative Agreement that has been signed at the same time as the signing of this Rider (the “**Area Representative Agreement**”). This Rider is part of the Area Representative Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the FocalPoint area representative business that you will operate under the Area Representative Agreement was made in the State of California, and/or (b) you are a resident of California and the FocalPoint AR Business will be located in California.

2. **Initial Fees.** The following language is added to the end of Sections 5.1 and 5.3 of the Area Representative 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 on Delinquent Payments.** Section 5.8 of the Area Representative 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 5.8 of the Area Representative 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., a
Nevada corporation

By: _____
Stephen A. Thompson, President

DATED: _____

YOU

**(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.
AREA REPRESENTATIVE 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 Area Representative Agreement that has been signed at the same time as the signing of this Rider (the “**Area Representative Agreement**”). This Rider is part of the Area Representative Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Area Representative Agreement occurred in Hawaii, and/or (b) you are a resident of Hawaii.

2. **Initial Fees.** The following language is added to the end of Sections 5.1 and 5.3 of the Area Representative 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., a
Nevada corporation

By: _____
Stephen A. Thompson, President

DATED: _____

YOU

**(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.
AREA REPRESENTATIVE 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 Area Representative Agreement that has been signed at the same time as the signing of this Rider (the “**Area Representative Agreement**”). This Rider is part of the Area Representative Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the FocalPoint area representative business that you will operate under the Area Representative Agreement was made in the State of Illinois and the FocalPoint AR 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 5.1 and 5.3 of the Area Representative 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. This requirement has been imposed by the Illinois Attorney General’s Office based on Franchisor’s audited financial statements.

3. **Governing Law.** The following language is added to the end of Section 21.3 of the Area Representative 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 21.4 of the Area Representative Agreement:

However, subject to the parties’ arbitration obligations, Area Representative may bring an action 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 21.5 of the Area Representative 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 21.7 of the Area Representative Agreement:

However, nothing in this Section shall shorten any period within which Area Representative 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 23.11 of the Area Representative 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.

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SIGNATURES ON THE FOLLOWING PAGE

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the Agreement Date.

FOCALPOINT COACHING, INC., a
Nevada corporation

By: _____
Stephen A. Thompson, President

DATED: _____

YOU

**(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.
AREA REPRESENTATIVE 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 Area Representative Agreement that has been signed at the same time as the signing of this Rider (the “**Area Representative Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Representative Agreement. This Rider is being signed because (a) you are a resident of the State of Maryland, and/or (b) the FocalPoint AR Business that you will operate under the Area Representative Agreement will be located in Maryland.

2. **Initial Fees.** The following language is added to the end of Sections 5.1 and 5.3 of the Area Representative Agreement:

"Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by you shall be deferred until we complete our pre-opening obligations under the Area Representative Agreement."

3. **Releases.** The following language is added to the end of Sections 7.1(c) (entitled “Conditional Refund of Initial Fee Upon Failed Training”), 14.4(a)(viii) (entitled “Condition of Transfer”), and 15.2(c) (entitled “Condition of Renewal”) of the Area Representative 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 16.1 of the Area Representative Agreement:

Termination upon insolvency might not be enforceable under federal insolvency law (11 U.S.C. Sections 101 et seq.), but Franchisor and Area Representative 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 21.4 of the Area Representative Agreement:

However, subject to the parties’ arbitration obligations, Area Representative may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

7. **Limitation of Claims.** The following language is added to the end of Section 21.7 of the Area Representative Agreement:

However, the limitation of such claims shall not act to reduce the three (3)-year statute of limitations afforded to Area Representative for bringing a claim under the Maryland Franchise Registration and Disclosure Law.

8. **Area Representative's Representations and Acknowledgments.** Sections 10.1(b), (c), (e), (g), (h), (i), and (k) are deleted from the Area Representative Agreement.

9. **Acknowledgements.** The following language is added as a new Section 23.11 of the Area Representative Agreement:

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

10. **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.
AREA REPRESENTATIVE 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 Area Representative Agreement that has been signed at the same time as the signing of this Rider (the “**Area Representative Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Representative Agreement. This Rider is being signed because (a) the FocalPoint AR Business that you will operate under the Area Representative Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Area Representative Agreement occurred in Minnesota.

2. **Initial Fees.** The following language is added to the end of Sections 5.1 and 5.3 of the Area Representative 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 is added to the end of Sections 7.1(c), 14.4(a)(viii), and 15.2(c) of the Area Representative 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.

4. **Infringement.** The following language is added to the end of Section 12.3 of the Area Representative 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.

5. **Renewal and Termination.** The following is added to the end of Sections 15.1 and 16.1 of the Area Representative Agreement:

However, with respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain 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.

6. **Governing Law.** The following is added to the end of Section 21.3 of the Area Representative Agreement:

Nothing in this Section 21.3 shall abrogate or reduce any of Area Representative's rights under Minnesota Statutes Chapter 80C or Area Representative's right to any procedure, forum or remedies that the laws of the jurisdiction provide.

7. **Consent to Jurisdiction.** The following is added to the end of Section 21.4 of the Area Representative Agreement:

However, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit Franchisor, except in certain specified cases, from requiring litigation to be conducted outside Minnesota. Nothing in this Section 22.4 shall abrogate or reduce any of Area Representative's rights under Minnesota Statutes Chapter 80C or Area Representative's right to any procedure, forum or remedies that the laws of the jurisdiction provide.

8. **Waiver of Punitive Damages and Jury Trial.** If required by the Minnesota Franchises Law, Sections 21.5 and 21.6 of the Area Representative Agreement are deleted.

9. **Limitations of Claims.** The following is added to the end of Section 21.7 of the Area Representative 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.

10. **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.
AREA REPRESENTATIVE 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 Area Representative Agreement that has been signed concurrently with the signing of this Rider (the “**Area Representative Agreement**”). This Rider is annexed to and forms part of the Area Representative Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the FocalPoint AR Business that you will operate under the Area Representative Agreement was made in the State of New York, and/or (b) you are a resident of New York and will operate the FocalPoint AR Business in New York.

2. **Releases.** The following language is added to the end of Sections 7.1(c), 14.4(a)(viii), and 15.2(c) of the Area Representative Agreement:

, provided, however, that to the extent required by Article 33 of the General Business Law of the State of New York, all rights Area Representative enjoys and any causes of action arising in Area Representative's 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. **Assignment by Franchisor.** The following language is added to the end of Section 14.1 of the Area Representative Agreement:

However, to the extent required by applicable law, no assignment will be made except to an assignee who, in Franchisor's good faith judgment, is willing and able to assume Franchisor's obligations under this Agreement.

4. **Termination by Franchisee.** The following language is added as a new Section 16.6 of the Area Representative Agreement:

Area Representative 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 21.3 and 21.4 of the Area Representative Agreement:

However, to the extent required by Article 33 of the General Business Law of the State of New York, this Section shall not be considered a waiver of any right conferred upon Area Representative by the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder.

6. **Limitation of Claims.** The following language is added to the end of Section 21.7 of the Area Representative 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 Area Representative's 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.
AREA REPRESENTATIVE 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 Area Representative Agreement that has been signed concurrently with the signing of this Rider (the “**Area Representative Agreement**”). This Rider is annexed to and forms part of the Area Representative Agreement. This Rider is being signed because (a) you are a resident of North Dakota and the FocalPoint AR Business you operate under the Area Representative Agreement 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 5.1 and 5.3 of the Area Representative 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 Sections 7.1(c), 14.4(a)(viii), and 15.2(c) of the Area Representative 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 19.1 of the Area Representative 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 21.1 of the Area Representative 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 21.3 of the Area Representative 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 21.4 of the Area Representative Agreement:

However, that to the extent required by applicable law, subject to your arbitration obligation, you may bring an action in North Dakota.

8. **Waiver of Punitive Damages and Jury Trial.** To the extent required by the North Dakota Franchise Investment Law, Section 21.5 of the Area Representative Agreement is hereby deleted in its entirety.

8. **Limitation of Claims.** The following language is added to the end of Section 21.7 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.
AREA REPRESENTATIVE 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 Area Representative Agreement that has been signed at the same time as the signing of this Rider (the “**Area Representative Agreement**”). This Rider is part of the Area Representative Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the FocalPoint area representative business that you will operate under the Area Representative Agreement was made in the State of South Dakota, and/or (b) you are a resident of South Dakota and the FocalPoint AR Business will be located in South Dakota.

2. **Initial Fees.** The following language is added to the end of Sections 5.1 and 5.3 of the Area Representative 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., a
Nevada corporation

By: _____
Stephen A. Thompson, President

DATED: _____

YOU

**(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.
AREA REPRESENTATIVE 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 Area Representative Agreement that has been signed at the same time as the signing of this Rider (the “**Area Representative Agreement**”). This Rider is part of the Area Representative Agreement. This Rider is being signed because the FocalPoint AR Business that you will operate under the Area Representative Agreement will be located in Virginia.

2. **Initial Fees.** The following language is added to the end of Sections 5.1 and 5.3 of the Area Representative 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., a
Nevada corporation

By: _____
Stephen A. Thompson, President

DATED: _____

YOU

**(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.
AREA REPRESENTATIVE 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 Area Representative Agreement that has been signed at the same time as the signing of this Rider (the “**Area Representative Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Representative Agreement. This Rider is being signed because (a) the FocalPoint AR Business that you will operate under the Area Representative 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 Area Representative Agreement occurred in Washington.

2. **Initial Fees.** The following language is added to the end of Sections 5.1 and 5.3 of the Area Representative 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 Area Representative Agreement or disclosure document, and (b) are open for business.

3. **Area Representative's Representations and Acknowledgments.** Sections 10.1(b), (c), and (f) are deleted and replaced with the following:

- (b) Franchisor (and no employee, agent or salesperson of Franchisor) has made no representations or statements of actual, average, projected or forecasted sales, profits or earnings to Area Representative with respect to the AR Business, or any other FocalPoint AR Business.
- (c) No representation or statement has been made by Franchisor (or any employee, agent or salesperson of Franchisor) regarding the anticipated income, earnings and growth of Franchisor or the Franchise System, or the viability of the business opportunity being offered under this Agreement.
- (f) No representation or statement has been made by Franchisor (or any employee, agent or salesperson of Franchisor) regarding Area Representative's ability to procure any required license or permit that may be necessary to the operation of the AR Business.

4. **Addition of Paragraphs.** The following is added to the end of the Area Representative Agreement:

In recognition of the requirements by the Washington Franchise Investment Protection Act and the Rules and Regulations promulgated thereunder (the “Act”), the Area Representative 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 the Franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee’s earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor’s earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or

elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or 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: _____

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.

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	
Hawaii	
Illinois	March 19, 2023 <u>2024</u>
Indiana	March 19, 2023 <u>2024</u>
Maryland	
Michigan	March 19, 2023 <u>2024</u>
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	March 19, 2023 <u>2024</u>
Virginia	
Washington	
Wisconsin	March 19, 2023 <u>2024</u>

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

RECEIPT
(Your Copy)

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 ~~and Rhode Island require~~requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan 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.**

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 Thompson, President at 2831 St. Rose Parkway, Suite 234, Henderson, NV 89119, (877) 433-6225, and sthompson@focalpointcoaching.com;

☐ _;

☐ _____;

☐ _____; and/or

☐ _____.

Issuance Date: March ~~2019~~, ~~2023~~2024

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 ~~2019~~, ~~2023~~2024 that included the following Exhibits: ~~A~~ _____

- A List of State Administrators/Agents for Service of Process
- B Area Representative Agreement ~~C~~ _____
- C Financial Statements
- D Operations Manual Table of Contents ~~E~~ _____
- E List of AR Businesses
- F ~~F~~ State Addenda and Agreement Riders

Date

(Sign, Date and Keep This Copy for Your Records)

[FocalPoint Coaching, Inc.](#)
[FocalPoint – 03/2024 Area Rep FDD](#)
[ACTIVE 693309747v1](#)

RECEIPT

Prospective Franchisee

RECEIPT

Authorized Signature

RECEIPT

FocalPoint Coaching, Inc.
FocalPoint – 03/2023 Area Rep
FDD ACTIVE 686061633v1 **RECEIPT**

(Our Copy)

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 ~~and Rhode Island~~ require requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan 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.**

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 Thompson, President at 2831 St. Rose Parkway, Suite 234, Henderson, NV 89119, (877) 433-6225, and sthompson@focalpointcoaching.com;

☐;

☐ _____;

☐ _____; and/or

☐ _____.

Issuance Date: March ~~2019~~, ~~2023~~2024

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 ~~2019~~, ~~2023~~2024 that included the following Exhibits: ~~A~~ —

- A List of State Administrators/Agents for Service of Process
- B Area Representative Agreement ~~C~~ —
- C Financial Statements
- D Operations Manual Table of Contents ~~E~~
- E List of AR Businesses
- F State Addenda and Agreement Riders

Date

RECEIPT

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.

FocalPoint Coaching, Inc.
FocalPoint – 03/2023 Area Rep
FDD-ACTIVE 686061633v1