

**JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC.**

Financial Statements

Years Ended December 31, 2025, 2024, and 2023

With

Independent Auditor's Report



**JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC.**

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## Independent Auditor's Report

To the Board of Directors and Stockholder  
Just Between Friends Franchise System, Inc.  
Reading, Pennsylvania

### **Opinion**

We have audited the accompanying financial statements of Just Between Friends Franchise System, Inc. (an Oklahoma Corporation), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of income and retained earnings, and cash flows for the years ended December 31, 2025, 2024, and 2023, and the disclosures (collectively, the “financial statements”).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Just Between Friends Franchise System, Inc. as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years ended December 31, 2025, 2024, and 2023 in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Just Between Friends Franchise System, 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 Just Between Friends Franchise System, 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 of events, considered in the aggregate, that raise substantial doubt about Just Between Friends Franchise System, 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.

### **Effect of Adopting New Accounting Standard**

As discussed in Note 1, Just Between Friends Franchise System, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update ("ASU") 2016-13, *Financial Instruments – Credit Losses* (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326) for the year ended December 31, 2023. Our opinion is not modified with respect to this matter.

MCO, PLLC

Tulsa, Oklahoma  
April 10, 2026

**JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC.**  
**BALANCE SHEETS**  
**DECEMBER 31, 2025 AND 2024**

<b>ASSETS</b>		
	2025	2024
<b>Current assets</b>		
Cash and cash equivalents	\$ 793,433	\$ 699,701
Accounts receivable	93,957	64,390
Prepaid expenses	123,655	57,563
Contractor consulting benefit - current	-	50,000
Note receivable	5,586	11,000
Total current assets	1,016,631	882,654
<b>Noncurrent assets</b>		
Note receivable - related party	600,000	600,000
Office equipment, net	12,987	16,775
Website development costs and franchise software, net	321,007	268,517
Total noncurrent assets	933,994	885,292
<b>Total assets</b>	<b>\$ 1,950,625</b>	<b>\$ 1,767,946</b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 90,493	\$ 101,020
Deferred revenues	217,657	208,530
Accrued expenses	10,159	34,724
Contractor consulting liability - current	-	50,000
Current maturities of long-term debt	85,031	80,231
Other liabilities	20	22,685
Total current liabilities	403,360	497,190
<b>Long-term debt</b>		
Note payable, less current maturities	289,251	373,871
Total long-term debt	289,251	373,871
<b>Total liabilities</b>	<b>692,611</b>	<b>871,061</b>
<b>Stockholder's equity</b>		
Common stock, par value \$.001 per share; authorized, 1,000,000 shares; issued and outstanding, 100,000 shares.	100	100
Retained earnings	1,257,914	896,785
Total stockholder's equity	1,258,014	896,885
<b>Total liabilities and stockholder's equity</b>	<b>\$ 1,950,625</b>	<b>\$ 2,265,136</b>

See independent auditor's report and notes to the financial statements.

**JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC.**  
**STATEMENTS OF INCOME AND RETAINED EARNINGS**  
**YEARS ENDED DECEMBER 31, 2025, 2024, AND 2023**

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Revenues			
Franchise sales	\$ 241,808	\$ 175,314	\$ 254,085
Franchise royalties	1,741,636	1,595,591	1,461,333
Website and technology fees	344,611	336,167	461,316
Marketing fees	345,170	335,905	318,266
Other franchise fees	29,365	29,861	34,000
Conference registration fees	51,593	32,979	54,039
Jump start training	22,325	20,714	35,000
Bulk buying program	15,657	-	24,048
Other	16,728	15,729	70,539
Total revenues	<u>2,808,893</u>	<u>2,542,260</u>	<u>2,712,626</u>
Costs and expenses			
Advertising	125,203	81,532	104,334
Depreciation	3,788	2,011	1,191
Amortization	66,310	46,119	36,053
Website and technology fees	336,392	278,244	278,004
General and administrative	1,876,071	1,870,203	1,653,648
Total costs and expenses	<u>2,407,764</u>	<u>2,278,109</u>	<u>2,073,230</u>
Net income (loss)	401,129	264,151	639,396
Retained earnings, beginning of year	896,785	780,234	141,272
Distributions	<u>(40,000)</u>	<u>(147,600)</u>	<u>(434)</u>
Retained earnings, end of year	<u>\$ 1,257,914</u>	<u>\$ 896,785</u>	<u>\$ 780,234</u>

See independent auditor's report and notes to the financial statements.

**JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2025, 2024, AND 2023**

	2025	2024	2023
Cash flows from operating activities			
Net income	\$ 401,129	\$ 264,151	\$ 639,396
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	70,098	48,130	37,244
Amortization of contractor consulting agreement	50,000	50,000	75,000
Change in assets and liabilities:			
Accounts receivable	(29,567)	(24,045)	(17,502)
Prepaid expenses	(66,092)	2,325	(14,756)
Accounts payable	(10,527)	46,534	(45,108)
Deferred revenues	9,127	(12,210)	(50,779)
Accrued expenses	(24,565)	11,363	(16,528)
Contractor consulting liability	(50,000)	(50,000)	(75,000)
Other liabilities	(22,665)	18,971	3,714
Net cash provided by (used in) operating activities	<u>326,938</u>	<u>355,219</u>	<u>535,681</u>
Cash flows from investing activities			
Payments for equipment purchases	-	(15,960)	-
Payments for website and software	(118,800)	(183,548)	(67,000)
Net cash provided by (used in) investing activities	<u>(118,800)</u>	<u>(199,508)</u>	<u>(67,000)</u>
Cash flows from financing activities			
Note receivable	5,414	(11,000)	-
Payments on notes payable	(79,820)	(74,715)	(71,183)
Stockholder's distributions	(40,000)	(147,600)	(434)
Net cash provided by (used in) financing activities	<u>(114,406)</u>	<u>(233,315)</u>	<u>(71,617)</u>
Net change in cash	93,732	(77,604)	397,064
Cash and cash equivalents, beginning of year	<u>699,701</u>	<u>777,305</u>	<u>380,241</u>
Cash and cash equivalents, end of year	<u>\$ 793,433</u>	<u>\$ 699,701</u>	<u>\$ 777,305</u>
Supplemental disclosure of cash flow information:			
Cash paid for interest	<u>\$ 25,487</u>	<u>\$ 30,217</u>	<u>\$ 33,748</u>

See independent auditor's report and notes to the financial statements.

**JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC.**  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025, 2024, AND 2023

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**NOTE 1 – PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES**

***Nature of Operations and Risk***

Just Between Friends Franchise System, Inc. (the “Company”) is an Oklahoma corporation established August 26, 2003. It is engaged in the franchising of a business concept for the selling of children’s clothing, toys, and other items on a consignment basis in various states. During 2022 and a portion of 2023, the franchise fee per area was \$17,900. Effective April 15, 2023, the franchise fee per area increased to \$24,900. The franchise operations sell various items to individuals located in the franchise area, who take possession of the products at the time of purchase. The sales occur at periodic events throughout the year. The Company receives a royalty from its franchisees of 3%, based on volume, which is payable within fifteen days of the end of the sale. One hundred forty-six franchises were in operation at the close of 2025.

***Basis of Accounting***

The Company prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (“GAAP”), utilizing the accrual basis of accounting. Consequently, revenues are recognized when earned rather than received, and expenses are recognized when the obligation is incurred rather than when cash is disbursed.

***Cash and Cash Equivalents***

For purposes of reporting cash flows, the Company considers all highly liquid and unrestricted demand accounts with an initial maturity of three months or less to be cash and cash equivalents, which consists of the checking and money market accounts.

***Accounts Receivable***

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Accounts receivable are short-term, non-interest bearing, and uncollateralized. Management considers the probability of collection of accounts receivable based on experience, taking into account specific circumstances of franchisees as well as general economic factors, when determining whether an allowance for doubtful accounts is necessary. Management believes that accounts receivable at December 31, 2025, 2024, and 2023 are collectible and that an allowance for doubtful accounts is not considered necessary.

***Office Equipment***

Purchased office equipment is carried at cost, net of accumulated depreciation. The Company capitalizes all furniture, fixtures, and equipment acquisitions in excess of \$2,500 with a useful life greater than one year. Depreciation is provided over the estimated useful lives of the assets. All useful lives for office equipment were five years at December 31, 2025, 2024, and 2023.

The Company records impairments to its office equipment when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated lives. Impairments are recorded to reduce the carrying value of the assets to their estimated fair values determined by the Company based on facts and circumstances in existence at the time of the determination, estimates of probable future economic conditions and other information. No impairments were recorded in 2025, 2024, or 2023.

(Continued)

**NOTE 1 – PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Website Development Costs and Franchise Software***

Website and franchise software development costs are recorded at cost. Costs are amortized and recorded using the straight-line method with an estimated useful life of five years. The Company capitalizes all website development costs and franchise software in excess of \$500 with a useful life greater than one year.

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In addition, if the Company intends to dispose of certain long-lived assets, they are reported at the lower of carrying amount or fair market value, less costs to sell. No impairments were recorded in 2025, 2024 or 2023.

***Deferred Revenues***

Deferred revenue represents payments received prior to the reporting period to which they relate. Deferred revenues consist of deferred franchise sales revenue, franchise renewal revenue, and franchise convention registration fees collected from franchisees for a franchise convention held in the subsequent year. Deferred franchise sales and renewals are recognized over time for the length of the performance obligation, usually five years.

***Revenue Recognition***

The Company considers an executed franchise disclosure document to be a contract with a customer. Revenues consist of franchise fees, including renewal and transfer fees, technology fees and royalties.

Revenues derived from the sale of a franchise are recognized over the term of the franchise agreement, which is generally five years. The Company has multiple performance obligations to fulfill, the most substantial is to provide training to new franchisees prior to their first sale. The Company has determined approximately 70% of all performance obligations are fulfilled within the first year. The remaining 30% of the franchise fee is recognized on a straight-line basis in years two through five.

Royalty revenues are based on a percentage of sales and recognized at the time the underlying sales occur.

The Company allows franchisees to renew their agreement after the initial five-year period is completed. Franchisee's must be in good standing, fully complied with the provisions of the initial Franchise Agreement and are not in default of any provision of the Franchise Agreement. The renewal fee is recognized on a straight-line basis over the renewal period of five years, or 20% per year.

The Company allows franchisees to transfer the remaining life of their Franchise Agreement and the assets or any interest in the franchise or business. It has been determined that 100% of the transfer fee will be recognized at the time of transfer for the training and related benefits provided to the new owner.

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**NOTE 1 – PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Revenue Recognition (Continued)***

The Company recognizes revenue upon the transfer of promised benefit to its customers in an amount that reflects the consideration to which the Company expects to be entitled by applying the following five-step process:

- 1) Identify the contract(s) with a customer
- 2) Identify the performance obligations
- 3) Determine the transaction price
- 4) Allocate the transaction price
- 5) Recognize revenue when the performance obligations are met

Factors that could impact the nature, amount, timing, and uncertainty of revenue and cash flows as follows: (1) vulnerability to the cyclical nature of the franchising industry; (2) demand for the Company's services is dependent upon the demand of children's clothing, toys and other items; (3) the timing of franchise sales are outside of the Company's control.

***Income Taxes***

The Company, with consent of its stockholder, has elected under the Internal Revenue Code to be taxed as an S corporation. In lieu of corporate income taxes, the stockholder is taxed on the Company's taxable income. Therefore, no provision or liability for federal or state income taxes has been included in the financial statements.

Management has determined that the Company does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures.

Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Company's tax returns will not be challenged by the taxing authorities and that the Company or its stockholder will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, the Company's tax returns remain open for three years for federal and state income tax examination.

***Advertising***

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2025, 2024, and 2023 was \$125,203, \$81,532, and \$104,334, respectively.

***Reclassification of Prior Year Presentation***

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

(Continued)

**NOTE 1 – PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Accounting Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Management periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based upon such periodic evaluation. It is reasonably possible that changes may occur in the near term that would affect management's estimates with respect to fair value measurements, deferred revenue, allowance for doubtful accounts, depreciation, amortization, and accrued expenses. Revisions in estimated profits are made in the year in which circumstances requiring the revision become known.

*Leases*

Operating leases are to be included in the operating lease right-of-use ("ROU") assets, other current liabilities, and operating lease liabilities in the Company's balance sheets. Finance leases are to be included in property and equipment, other current liabilities, and other long-term liabilities in the balance sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term, and lease liabilities represent the Company's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Company uses the implicit rate when it is readily determinable. Since most leases do not provide an implicit rate, to determine the present value of lease payments, management uses the Company's incremental borrowing rate (historical prime rate, 6.75%, 7.50%, and 8.50% as of December 31, 2025, 2024, and 2023, respectively) based on the information available at lease commencement. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise the option. The Company had no material lease agreements qualifying as ROU assets and liabilities as of December 31, 2025, 2024, and 2023.

*Change in Accounting Principle*

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments – Credit Losses* (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326). The current methodology requires a delay in recognizing credit losses until it is probable a loss has been incurred. Both, entities that extend credit and users of their financial statements, expressed concern that current GAAP restricted the ability to record credit losses that are expected, but do not yet meet the "probable" threshold. The main objective of this Update is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in this Update replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The Company adopted ASU 2016-13 as of January 1, 2023 under the modified retrospective approach. The adoption of ASU 2016-13 did not materially impact the financial statements.

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**JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC.**  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025, 2024, AND 2023

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**NOTE 1 – PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Subsequent Events***

The Company has evaluated subsequent events through April 10, 2026, the date the financial statements were available to be issued.

**NOTE 2 – NOTE RECEIVABLE – RELATED PARTIES**

At December 31, 2025, the Company holds a note receivable due from the owner in relation to the note payable and stock purchase agreement as described in Notes 10 and 11. The note receivable bears no interest and has no maturity date.

**NOTE 3 – NOTE RECEIVABLE**

The Company has one note receivable from a customer bearing interest at ten percent per annum, compounded monthly, and is due in the subsequent period. There was one note receivable from customers in the amount of \$5,586 and \$11,000, as of December 31, 2025 and 2024, respectively. No notes receivable were due from franchisees as of December 31, 2023.

**NOTE 4 – BANK LINE OF CREDIT**

The Company entered into an agreement for a line of credit with a local bank in the amount of \$250,000 in January 2023, which is due on demand. It requires interest at the Wall Street Journal Prime rate (6.75% at December 31, 2025) plus one percent (adjustable). It is collateralized by all present and future business assets. An unaffiliated corporation is also a guarantor on the loan. The Company had no borrowings on the line of credit at December 31, 2025, 2024, and 2023.

**NOTE 5 – RETIREMENT PLAN**

The Company sponsors a Simple IRA Plan for all employees who have completed one year of service. Employees may contribute a percentage of their compensation to the Plan, limited to a maximum amount allowed by Internal Revenue Service regulations. The Company may on a discretionary basis make non-elective contributions to the Plan on behalf of eligible employees. The Company's contributions to the plan for the years ended December 31, 2025, 2024, and 2023 were \$11,310, \$8,447, and \$8,732, respectively.

**NOTE 6 – OFFICE EQUIPMENT**

At December 31, office equipment consists of:

	<u>2025</u>	<u>2024</u>
Office furniture and equipment	\$ 44,702	\$ 44,702
Less accumulated depreciation	<u>(31,715)</u>	<u>(27,927)</u>
Total	<u>\$ 12,987</u>	<u>\$ 16,775</u>

(Continued)

**JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2025, 2024, AND 2023**

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**NOTE 6 – OFFICE EQUIPMENT (CONTINUED)**

Depreciation charged to expense was \$3,788, \$2,011 and \$1,191 for the years ended 2025, 2024 and 2023, respectively.

**NOTE 7 – WEBSITE DEVELOPMENT AND FRANCHISE SOFTWARE**

At December 31, website development and franchise software consists of:

	2025	2024
Website development	\$ 925,291	\$ 925,291
Franchise software	255,067	255,067
CIP	118,800	-
	1,299,158	1,180,358
Less accumulated amortization	(978,151)	(911,841)
Total	\$ 321,007	\$ 268,517

Amortization charged to expense was \$66,310, \$46,119 and \$36,053 for the years ended 2025, 2024 and 2023, respectively.

Construction in progress of \$118,000 represents costs incurred for website development and related purchases that were not yet placed into service as of December 31, 2025.

**NOTE 8 – CONCENTRATIONS OF CREDIT AND MARKET RISK**

The Company's financial instruments exposed to concentrations of credit and market risk consist primarily of cash and accounts receivable. The accounts receivable are due from franchisees, whom management believes are credit worthy.

The Company maintains cash balances at various financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. At times, the Company's deposits may exceed insured amounts. At December 31, 2025, 2024 and 2023, balances exceed FDIC coverage. Management believes that credit risk related to these deposits is minimal.

**NOTE 9 – CONTINGENCIES**

During the course of business, the Company may become involved in various legal proceedings. At December 31, 2022, the Company was involved in an intellectual property lawsuit with a former franchisee, with the Company listed as plaintiff. During the year ended December 31, 2023, the lawsuit settled in favor of the Company. In the opinion of management, any liability from other such proceedings would not have a material adverse effect on the financial statements.

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**JUST BETWEEN FRIENDS FRANCHISE SYSTEM, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2025, 2024, AND 2023**

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**NOTE 10 – LONG TERM DEBT**

Long-term debt at December 31, consists of the following:

	<u>2025</u>	<u>2024</u>
One bank loan which requires monthly payments totaling approximately \$8,744. The interest rate is 5.93%, and the loan matures in December, 2029.	\$ 374,282	\$ 454,102
Less current portion of long-term debt	<u>(85,031)</u>	<u>(80,231)</u>
Total	<u>\$ 289,251</u>	<u>\$ 373,871</u>

The loan at December 31, 2025 is collateralized by all business assets, shares of stock and a subordinate mortgage on a residential property. An unaffiliated corporation is also a guarantor on the loan.

Future maturities of long-term debt at December 31, 2025, are as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2026	\$ 85,031
2027	90,211
2028	95,706
2029	<u>103,334</u>
Total	<u>\$ 374,282</u>

**NOTE 11 – STOCK PURCHASE AND TRANSFER OF OWNERSHIP**

On July 27, 2022, a stock purchase agreement was entered into between Company ownership and a Just Between Friends Franchise System, Inc. executive and franchisee. On December 29, 2022, the stock purchase agreement was finalized, and all ownership rights transferred to the new owner. To facilitate the stock purchase, the new owner entered into a loan agreement under which the Company is listed as borrower. The new owner owes the originating balance of the loan to the Company and will pay down the balance when able.

**NOTE 12 – PHANTOM STOCK AGREEMENT**

Granted as part of the stock purchase and transfer of ownership stated in Note 10, the previous owner is entitled to seven percent of the Company's interest in the form of phantom stock. The phantom stock does not entitle the previous owner to share in dividends or stockholder distributions.

The phantom stock can be executed in two ways: upon sale or transfer of substantially all of the Company or legal and beneficial interest in the Company by the current owner, or via a call option ten years after the phantom stock was issued. If the call option is not executed and the Company maintains current ownership, the phantom stock will vest into actual stock of non-dilutable interest in the Company, granting the previous owner full rights as a shareholder.