

FRANCHISE DISCLOSURE DOCUMENT



CKMN Franchising, LLC
a New York limited liability company
5 White Briar, Pittsford, NY 14534
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CKMN Franchising, LLC offers individual unit franchises for the development and operation of a Creative Kids Movement Network (“CKMN”) business (“Business”) offering dance, yoga, and fitness-based movement classes offered at daycares, nursery schools, and other locations for kids primarily between the ages of two and ten years old, and services and products related to those class offerings.

The total investment necessary to begin operation of a CKMN franchise ranges from \$35,315 to \$47,350. This includes \$29,900 to \$34,900 that must be paid to us or our affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Alex DeBiase at 585-746-6636 or email adebiase@ckmovementnetwork.com.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “[A Consumer’s Guide to Buying a Franchise](#),” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: April 7, 2026

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 F.
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 A 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 CKMN 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 CKMN franchisee?	Item 20 or Exhibit F 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 C.

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in New York. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in New York than in your own state.
2. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
4. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
5. **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.

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.

**NOTICE REQUIRED
BY
STATE OF MICHIGAN**

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

THIS MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

(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.

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 this notice should be directed to the Department of Attorney General, State of Michigan, 670 Law Building, Lansing, Michigan 48913, telephone (517) 373-7117.

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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this disclosure document, “we” means CKMN Franchising, LLC, the franchisor. “You” means the person who buys the franchise. If a corporation, partnership or limited liability company buys a franchise, “you” also may refer to the shareholders of the corporation, partners of the partnership or members of the limited liability company.

The Franchisor

We are a New York limited liability company formed on June 20, 2025. Our principal place of business is at 5 White Briar, Pittsford, NY 14534, and our telephone number is 585-746-6636. Our agents for service of process are disclosed in Exhibit C.

We grant franchises for the operation of CKMN businesses under the name “Creative Kids Movement Network” offering dance, yoga, and fitness-based movement classes offered at daycares, nursery schools, elementary schools, and other locations for kids primarily between the ages of two and ten years old, and services and products related to those class offerings. We began offering franchises for CKMN businesses in July 2025. We have not directly operated the type of business you will operate. We have never offered franchises in any other line of business.

Parents, Predecessors and Affiliates

Our parent company is CKMN Enterprises, LLC (f/k/a Creative Kids Dance & Yoga LLC) (our “Parent”), a New York limited liability company who principal place of business is at 5 White Briar, Pittsford, New York 14534. Our President and Founder, Kate Brongo-DeBiase, developed Creative Kids Dance in 1998, which offered certain dance programs onsite at daycares and preschools. Ms. Brongo-DeBiase then founded our Parent in December 2016, and began offering expanding programming, including additional dance, yoga, and other movement-based programming to daycares, preschools, and elementary schools. Our Parent has never offered franchises in any line of business and does not provide products or services to our franchisees. From March 2025 to July 2025, our Parent established CKMN businesses in various markets throughout the United States through a slightly different business model, but it still offered the same Services and Products that franchisees will offer and sell under this disclosure document. In July 2025, we began offering independent contractors of an existing corporate outlet under that different model the ability to convert the corporate outlet into a franchised business, which included different fee structures. We currently do not have any corporate outlets under the different business model.

Except as noted above, we have no other affiliates, predecessors or parents that are required to be disclosed in this Item 1.

Franchise Offered

You will sign a “Franchise Agreement”, attached as Exhibit B hereto, to receive the right to own and operate a CKMN business in a designated territory, offering tap, jazz, and ballet dance classes, yoga classes, fitness-based movement classes, and other related services (“Services”) and retail products, accessories, and other products that we periodically may modify or otherwise approve for sale from the Business (“Products”), and using our formats, designs, methods, specifications, standards, operating and marketing procedures and the Marks (as defined in Item 13), including the Mark “Creative Kids Movement Network” (collectively, the “System”).

Market and Competition

CKMN businesses provide dance, yoga, and fitness-based movement classes offered at daycares, nursery schools, elementary schools, and other locations for kids primarily between the ages of 2 and 10 years old, and services and products related to those class offerings. The CKMN customer base consists of early childhood, pre-school, and elementary school kids who participate in movement-based classes that are offered at schools and other locations. The types of classes and locations at which those classes are offered may differ by season; nonetheless, you are required to offer and sell classes throughout the year.

The market is well-established. You may have to compete with other businesses and organizations, including franchised operations, national chains and independently owned companies offering services similar to those offered by CKMN businesses, as well as schools or daycares that offer during or after-school programs.

Laws and Regulations

You must comply with federal, state, and local requirements regarding children's programs. You should investigate whether applicable local laws will make employees of your CKMN Business mandated reporters or will impose any specific background checking or training obligations which may exceed our minimum requirements, or any local restrictions on facilities that teach children, such as any required licenses, permits or other conditions for your operation.

We will require you, and each of your owners, partners, employees, and independent contractors to undergo and pass, to our satisfaction, a complete criminal background check. You may not hire or engage any employees or independent contractors that have not yet passed the background check to our satisfaction.

ITEM 2

BUSINESS EXPERIENCE

Kate Brongo-DeBiase, President and Founder

Ms. Brongo-DeBiase has been our President since our formation in June 2025. Ms. Brongo-DeBiase has also been the Owner of our Parent in Pittsford, New York since December 2016.

Alex DeBiase, Vice President of Business Development

Mr. DeBiase has been our Vice President of Business Development since our formation in June 2025. Mr. DeBiase has also been an Officer of our Parent in Pittsford, New York since January 2025. Prior to that, Mr. DeBiase was an Area Sales Manager at Sonendo, Inc. located in Laguna Hills, California from August 2021 through January 2025. Prior to that, Mr. DeBiase was a Business Development Manager for Neuronetics, Inc. in Rochester, New York from March 2021 to August 2021. Prior to that, Mr. DeBiase was a CAD/CAM Specialist for Patterson Dental in Rochester, New York from March 2015 to March 2021.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

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

ITEM 5

INITIAL FEES

Initial Franchise Fee

The initial franchise fee for a single CKMN franchised business ranges from \$29,900 to \$34,900. (“Initial Franchise Fee”). If you elect to pay the Initial Franchise Fee to us in one lump-sum payment when you sign the Franchise Agreement, then you will pay an Initial Franchise Fee of \$29,900. We also offer the option of paying the Initial Franchise Fee in installments pursuant to a promissory note attached as Exhibit A to the Franchise Agreement. If you elect to make installment payments, you will pay a total Initial Franchise Fee of \$34,900 in the following manner: \$16,900 will be paid to us on the date you sign the Franchise Agreement and you will then pay us the remaining amount in 12 monthly installment payments of \$1,500 beginning 4 months after you sign the Franchise Agreement.

If we determine that you are in good standing under your current Franchise Agreement, you otherwise meet our criteria to purchase an additional CKMN franchised business, you request the right to operate an additional CKMN franchised business, and we grant your request, then you will pay an Initial Franchise Fee of \$19,500 at the time of signing the Franchise Agreement.

From time to time, we may offer limited special incentive programs as part of our franchise development activities, some of which may offer discounted Initial Franchise Fees.

The Initial Franchise Fee is fully earned by us upon receipt and is not refundable under any circumstances. We collected Initial Franchise Fees ranging from \$15,850 to \$25,850 in 2025.

As a part of the Initial Franchise Fee, you will receive an initial marketing package consisting of certain printed literature and search engine optimization and/or social media marketing campaign over a period of three months in connection with the opening of your Business at no additional cost. We will conduct the search engine optimization and/or social media marketing campaign in the manner and method that we determine in our sole discretion.

ITEM 6

OTHER FEES

Type of Fee	Amount (See Note 1)	Due Date	Remarks
Royalty Fee	<u>Effective Date through Month 6:</u> \$0 per month <u>Initial Royalty Period</u> (Months 7 to 18): \$500 per month <u>Continuing Royalty Period</u> (Months 19 and each subsequent month): \$750 per month	Payable on the 1 st day of each calendar month	The Royalty Fee is due and payable on or before the 1st day of each calendar month, or as otherwise described in the Operations Manual. We reserve the right to modify the manner or frequency in which we collect the Royalty Fee upon notice to you. (See Note 2)
Brand Fund Fee	<u>Effective Date through Month 12:</u> \$0 <u>Months 13 to 24:</u> \$1,650 annually <u>Months 25 to 36:</u> \$2,000 annually <u>Month 37 to Month 48 and each subsequent 12-month period under the initial term of this Agreement:</u> \$2,500 annually	The first day of each of the respective periods	To be deposited in the Brand Fund.
Technology Fee	Our then-current fee, currently \$0 per month	Payable on the first day of each calendar month	(See Note 3)
Opening Local Marketing Requirement	Varies, plus our actual costs and expenses incurred	When incurred	(See Note 4)
Annual Convention	Currently, \$0	When incurred	If we impose an Annual Convention Fee, the fee will be no greater than \$1,000 per attendee.
Supplemental or Refresher Training	Currently, \$1,000 per day	When incurred	(See Note 5)
Operating or On-Site Assistance Fee	Currently, \$1,000 per day, plus our costs and expenses	When incurred	(See Note 6)
Approved Supplier/Product Testing Fee	Currently, \$500, plus our costs and expenses	Payable when you request our approval of a proposed supplier or product	(See Note 7)
Transfer Fee	20% of our then-current initial franchise fee	Before completion of transfer	You pay this fee upon the transfer of the Business, substantially all or all of the assets of the Business, the Franchise Agreement, or any interest in you.
Renewal Fee	\$5,000 if your term is 5 years; \$2,500 if your term is 10 years	At least 30 days before the term of the Franchise Agreement expires	
Costs and Attorneys' Fees	Our actual costs and expenses incurred	When incurred	We may recover costs and reasonable attorneys' fees if you lose in a dispute with us.

Type of Fee	Amount (See Note 1)	Due Date	Remarks
Interest Expenses	Lesser of 18% per year or the maximum rate permitted by law	When due	Payable if you do not timely pay Royalty Fees, Brand Fund Fees, Technology Fees or other amounts owed to us or our affiliates
Late Fee	Up to \$25 per day	When due	(See Note 8)
Insurance Administration and Reimbursement Fee	5% of the insurance premium plus the cost of insurance	When incurred	If you fail to obtain and maintain required insurance, we may immediately obtain insurance for you.
Management Services	Currently, up to \$1,000 per day	When incurred	(See Note 9)
Designated Software	Then-current fee, currently \$0	When incurred	This fee is not currently assessed. If we elect to charge a fee, we then may increase the fee annually; but any increase will not exceed the increase in costs and expenses we incur to provide the Designated Software.
Audit	Cost of audit	15 days after receipt of report	Payable only if audit shows an understatement of at least 2% of Gross Revenue for any month (See Note 10)
Income and Sales Taxes	We may collect from you the cost of all taxes arising from our licensing of intellectual property to you in the state where your Business is located, as well as any assessment on fees and any other income we receive from you.	When applicable, payable 15 days after invoiced by us	Only imposed if state collects these taxes or assessments

Notes:

- (1) Except where otherwise noted, all fees are payable to us, are non-refundable, and are uniformly imposed.
- (2) To allow you to ramp up the operations of your Business, you will not be required to pay a Royalty Fee for the period beginning on the date of the Franchise Agreement and ending 6 months after the date of the Franchise Agreement (the “Ramp-up Period”). You must begin paying the Royalty Fee once the Initial Royalty Period commences and the 1st day of each calendar month after in the amount set forth in the table. For purposes of clarity, the “Initial Royalty Period” will consist of the 6-month period beginning the day after the end of Ramp-up Period and continuing for 12 months after (i.e. months 7 to 18). The “Continuing Royalty Period” will begin the day after the end of the Initial Royalty Period (i.e. month 19) and will continue for the remainder of the initial term of the Franchise Agreement.
- (3) We do not currently charge a Technology Fee. However, we reserve the right to require you to pay us a Technology Fee. If we require you to pay us a Technology Fee, the initial amount of the fee will be no greater than \$250 per month and will be due and payable at the same time and in the same manner as the Royalty Fee. We reserve the right to modify the manner or frequency in which we collect the Technology Fee upon notice to you. Should we require you to pay us a Technology Fee, we also reserve the right to increase the fee through the term of the Franchise Agreement; however, we will not increase the fee more than 10% per year. You must also pay any fees related to software that you are required to use throughout the term of this agreement whether those fees are payable to us or to a third-party vendor. Any software-related fees would be included within the Technology Fee.

- (4) For the first six months following the date of the Franchise Agreement, or until you reach \$4,000 per month in Gross Revenue, whichever comes first (the “Initial Marketing Period”), you must complete the following local marketing activities: (i) conduct at least 25 in-person visits per week to daycares, nursery schools, elementary schools, and other locations for kids primarily between the ages of two and ten years old that are located within your Designated Territory (the “Prospective Class Locations”); (ii) send at least 25 emails to Prospective Class Locations per week; and (iii) make at least 25 phone calls to Prospective Class Locations per week (together, the “Opening Local Marketing Requirement”). During the Initial Marketing Period, at the time and in the format that we specify in the Operations Manual, you must send to us a weekly summary of your efforts to complete the Opening Local Marketing Requirement. If you fail to timely deliver the summary report to us or if you fail to meet the Opening Local Marketing Requirement at any point during the Initial Marketing Period, then we reserve the right, in our sole discretion, to conduct additional local marketing on your behalf and charge you a fee and any costs we incur for the additional marketing efforts. Any fee imposed by us will not exceed \$500 per day.
- (5) We may require that you and/or your Operating Principal (as defined in Item 15) attend all supplemental and refresher training programs that we designate. We may charge you our then-current fee for these supplemental and refresher training programs. We may increase this fee upon notice to you, which will not increase by more than 10% annually. You must also pay any related travel, room and board expenses.
- (6) We may provide you with additional operating assistance for a fee. You may request such assistance or we may require such assistance. Upon your reasonable request, we may elect to provide on-site assistance and we may charge you our then-current per diem fee. We may increase this fee upon notice to you, which will not increase annually by more than the CPI Adjustment (as defined in Note 11 below). You must reimburse us for all travel, lodging and living expenses incurred by our representatives to provide such on-site assistance.
- (7) We may require you to pay our then-current fee and require you to reimburse us our costs and expenses that we incur to review a proposed product or supplier. We may increase this fee upon notice to you, which will not increase annually by more than the CPI Adjustment.
- (8) In addition to interest charges on late fee payments, you must pay to us a service charge per day for each delinquent payment that you owe to us. A payment is delinquent if: (1) we do not receive the payment on or before the date due; or (2) there are insufficient funds in your bank account to collect the payment by a transfer of funds on or after the date due.
- (9) If at any time you or the Operating Principal are not managing the Business, we immediately may appoint a manager to manage the Business for you and require you to pay us this fee and to reimburse us for our out-of-pocket costs and expenses. We may increase our then-current fee upon notice to you, which will not increase annually by more than the CPI Adjustment.
- (10) “Gross Revenue” means the aggregate amount of all sales of goods and services, whether for cash, by check, credit card or otherwise, made or provided at or in connection with the Business. “Gross Revenue” does not include any (1) federal, state, municipal or other sales, value added or retailer’s excise taxes that you pay or accrue, and (2) adjustments for net returns on salable goods and discounts allowed to customers on sales. For the purposes of calculating Gross Revenue, a sale is made at the earlier of delivery of the product or service, or receipt of payment. Gross Revenue will not be adjusted for uncollected accounts. We reserve the right to modify our policies and practices regarding revenue recognition, revenue reporting, and the inclusion or exclusion of certain revenue from “Gross Revenue” as circumstances, business practices, and technology change.

- (11) “CPI Adjustment” means an amount equal to the increase in the Consumer Price Index (1982-84 = 100; all items; CPI-U; all urban consumers) published by the United States Department of Labor, Bureau of Labor Statistics (or if the index is no longer published, the successor index that we may reasonably specify in the Operations Manual or otherwise in writing), with any such adjustment to be calculated by multiplying the fixed dollar amount by a fraction, the numerator of which is the CPI for the year and month of the adjustment, and the denominator of which is the CPI as of January 1 of the year in which the Franchise Agreement is signed.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure (See Note 1)	Estimated Low Amount	Estimated High Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee (See Note 2)	\$29,900	\$34,900	Lump Sum; Installment	See Note 2	Us
Initial Inventory (See Note 3)	\$500	\$1,000	As incurred	Before opening and as ordered	Various Suppliers
Management System (See Note 4)	\$225	\$300	Lump sum/ Subscription	Before opening	Various suppliers
Initial Training Expenses (See Note 5)	\$1,000	\$1,500	As incurred	Before opening	Us and Various third parties
Licenses, Permits and Professional Fees (See Note 6)	\$100	\$2,000	As incurred	Before opening	Local government agencies; various third parties
Insurance (See Note 7)	\$90	\$150	As incurred	Before opening	Various third parties
Additional Funds - 3 months (See Note 8)	\$3,500	\$7,500	As incurred	As incurred	Employees, suppliers
TOTAL (See Note 9)	\$35,315	\$47,350			

Notes:

- (1) This Table reflects the estimated initial investment for a first-time CKMN franchisee to operate a single Business operated under a Franchise Agreement. We offer direct financing for your initial investment in the form of installment payments, as detailed in Item 5 and Item 10. Except where otherwise noted, all fees that you pay to us are non-refundable. Third-party lessors, contractors and suppliers will decide if payments to them are refundable.
- (2) Initial Franchise Fee. You will pay us the Initial Franchise Fee. If you elect to pay the Initial Franchise Fee to us in one lump-sum payment when you sign the Franchise Agreement, then you will pay an Initial Franchise Fee of \$29,900. We also offer the option of paying the Initial Franchise Fee in installments pursuant to a promissory note attached as Exhibit A to the Franchise Agreement. If you elect to make installment payments, you will pay a total Initial Franchise Fee of \$34,900 in the following manner: \$16,900 will be paid to us on the date you sign the Franchise Agreement and you will then pay us the remaining amount in 12 monthly installment payments of \$1,500 beginning 4 months after you sign the Franchise Agreement.

- (3) Initial Inventory. The estimated amounts in the above chart reflect the purchase of class supplies, branded apparel, and printed literature from third party vendors. The above amounts are estimates for the purchase of inventory before you commence operations.
- (4) Computer; Management System. We require you to purchase the Management System described further in Item 11, which includes certain computer software, and costs to subscribe to the Designated Software (as defined in Item 11), along with other business, accounting, payroll, and communication software. The amount listed here is for the initial three months. We assume that you already own a laptop computer and color printer and that you will use them for the Business, and therefore we have not included those estimated costs in the above chart.
- (5) Training Expenses. The above estimated training expenses reflects estimated salaries, benefits, lodging, meals and travel expenses for 1-2 people to attend our initial training program.
- (6) Licenses, Permits and Professional Fees. This amount includes expenses related to legal and financial advisor fees, and local license and permit fees. The low end of this estimate assumes that you may already possess any required licenses or permits and do not require assistance from legal and financial advisors.
- (7) Insurance. This amount estimates the expenses you will incur for insurance premiums during the first three months of Business operations.
- (8) Additional Funds. You will need additional capital to support on-going expenses. The range in the above chart includes estimates for gas, class supplies, office supplies, and other miscellaneous expenses. This estimate does not include any wages or compensation that you may pay yourself. These figures are estimates for the first three months of operations, and we cannot guarantee you will not have additional expenses starting the business.
- (9) Total. This total is an estimate of your pre-opening initial investment and the expenses you will incur during the first 3 months of Business operations. This total is based on our Parent's experience in operating a CKMN business in Rochester, NY.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To ensure a uniform image and uniform quality of Products and Services throughout the System, you must maintain and comply with our quality standards.

Designated Products and Services

You must purchase for use or sale from your Business those products used in or sold from your Business and other services or products we designate from us, our designees or from other suppliers we approve. We or our designees may be the designated or sole source of supply for certain services and products. Currently, we have designated suppliers as approved suppliers for various marketing materials and branded uniforms. Neither us or our Parent or affiliates are required or sole suppliers for any product or service, but we reserve the right to be in the future.

Office

You must have a quiet and organized office where you operate the Business. We expect you to operate the Business from a home office; however, you may not, without our prior written approval, offer or sell any services or products out of or from your office premises that we have not authorized or permit any customers of the Business to visit your office premises. We do not anticipate that you will choose to purchase or lease real estate for the operation of your Business, but if you do, then you must locate a site for your Business that we consent to.

Equipment, Signs

In operating your Business, you may purchase only the types of equipment, products, supplies, and marketing materials/signage that we require and have approved as meeting our then-current specifications and standards for quality, design, appearance, function and performance, as set forth in our Operations Manual or otherwise in writing. We or our affiliate may be an approved supplier of one or more of these items. We may require you to purchase certain equipment, products, supplies and marketing materials/signage from us or our affiliate.

Computer Hardware and Software

We currently require you to purchase the Management System we designate (including the Designated Software) from our designated third-party supplier or other approved suppliers (if any). See Item 11 for further information.

Insurance

You must purchase and maintain in force, at your expense, insurance at a minimum in the types of coverage and amounts we specify in the Operations Manual or otherwise in writing. Currently, you must obtain and maintain the following minimum insurance coverage policies:

Type of Coverage	Limits/Specifications
Commercial General Liability	\$1,000,000 per occurrence with a combined with a general aggregate of \$2,000,000, including personal injury with a limit of at least \$1,000,000, and professional liability.
Accident Insurance	\$500,000 aggregate limit
Umbrella/Excess Liability	Not less than \$2,000,000 that goes over general liability, auto liability, and worker's compensation
Automobile Liability	Covering any owned, hired, or non-owned automobiles in the amount no less than \$1,000,000 combined single limit
Business Interruption Insurance	Covering actual sustained loss you sustain for 12 months or not less than 50% of annual Gross Revenue.
Workers' Compensation	Statutory requirements
Any other insurance coverages or amounts as required by law	Statutory requirements

All insurance policies will: (1) be issued by an insurance carrier(s) acceptable to us and having an A.M. Best rating of A or higher; (2) name us and our affiliates, and their respective officers, directors and employees, as additional insured parties on a primary and non-contributory basis; (3) contain a waiver of the insurance company's right of subrogation against us; (4) contain the above-mentioned insurance coverage for each Business that you operate; and (5) provide that we will receive 30 days' prior written

notice of a material change in or termination, expiration or cancellation of any policy (or such shorter period as the insurance carrier may require and as we may approve). We periodically may, with prior written notice to you, increase the minimum liability protection requirements, and require different or additional kinds of insurance to reflect inflation or changes in standards of liability. If at any time you fail to maintain in effect any insurance coverage we require, or to provide satisfactory evidence of such coverage, we, at our option, may obtain insurance coverage for you. You agree to promptly sign any applications or other forms or instruments required to obtain any insurance and pay to us, on demand, all premiums and other costs we incur, together with an administrative fee equal to 5% of the insurance premium. You will provide us with copies of the certificate of insurance, insurance policy endorsements and other evidence of compliance with these requirements as we periodically require at least 2 weeks before you begin operating the Business and at such other times as we may require.

Advertising and Promotional Approval

We may develop, and make available to you, local media planning assistance. If we do so, you must use our recommended media plan in promoting the Business or otherwise develop, and obtain our advance written approval for, an alternative media/promotion plan. In addition, you will use only our approved advertising and promotional materials in promoting the Business. See Item 11 for further information regarding advertising programs.

Supplier and Product Approval

We will provide you with lists of approved manufacturers, suppliers and distributors (“Approved Suppliers List”) and approved products and services, other inventory items, equipment, signs, supplies and other items or services necessary to operate your Business (“Approved Supplies List”). The Approved Suppliers List may specify the specific manufacturer of a specific product, in which case you can purchase those products only from a source identified on the Approved Suppliers List. We, an affiliate of ours or a third-party vendor or supplier periodically may be the only approved supplier or lessor for certain products. The lists specify the suppliers and the products and services that we have approved for use in the System. We may revise these lists and provide you with a copy of approved lists as we deem advisable. If you propose to use any product, material, sign or other item that we have not approved, or purchase any items from any supplier that we have not approved, you must first notify us in writing and must provide us with sufficient information, specifications, samples photographs, drawings or other information to permit us to determine whether the product, service, material, fixture, equipment, sign or other item (or brand of such item) complies with our specifications, or the supplier meets our approved supplier criteria. We will notify you of our decision within 60 days of our receipt of all required documents and information requested. We reserve the right to charge you our then-current evaluation fee (currently, \$500) and require you to reimburse us for our costs and expenses that we incur to review a proposed brand or supplier. We may re-inspect the facilities and products of any supplier or approved item and revoke our approval of any item or supplier failing to continue to meet any of our criteria. We will send written notice of any revocation of an approved supplier or supply. As part of the approval process, we may require that a proposed supplier sign a supplier agreement covering such items as insurance, product quality, trademark use, and indemnification. We do not provide material benefits to you based on your use of designated or approved sources of supply.

We apply certain general criteria in approving a proposed supplier, including the supplier’s quality and pricing of products, ability to provide products/services that meet our specifications, responsiveness, quickness to market with new items, financial stability, credit program for franchisees, freight/shipping costs, and the ability to provide support to the System (merchandising, field assistance, education and training respecting sales and use of products and services). We may, but are not required to, provide you with these criteria.

We will notify you in writing if we elect to revoke our approval of a supplier. If we revoke our approval of a supplier, you must immediately stop offering, selling or using those products or other items or services in your Business.

We reserve the right to receive revenue from any of the purchases (items or services) that our franchisees are required to make in connection with the Business. In our past fiscal year ending December 31, 2025, we did not receive any revenue in connection with franchisees' required purchases or leases.

One or more of our officers have an interest in us and our affiliates. No officer owns a material interest in any other supplier.

Miscellaneous

We may negotiate prices for numerous products for the benefit of the System, but not for any individual franchisee. There is no purchasing or distribution cooperative in the System. We may, however, attempt to receive volume discounts for the System.

We (directly or through an affiliate) may derive revenue directly or in the form of rebates or other payments from suppliers, based directly or indirectly on sales of products, advertising materials and other items to franchisees, and from other service providers. These payments may range from less than 1% up to 10% or more of the total purchase price of those items. We currently do not collect any rebates, but we reserve the right to do so in the future.

We estimate that your purchases from approved suppliers or according to our specifications will represent approximately 1% to 10% of your total purchases in the establishment of the Business, and 5% to 15% of your total purchases in the continuing operation of the Business.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 2, 6(A)	Items 7, 8, 11, and 12
b. Pre-opening purchases/leases	Section 6(D)	Items 7, 8 and 11
c. Site development and other pre-opening requirements	Sections 6 and 7(A)	Item 5, 7, and 11
d. Initial and ongoing training	Sections 7(B)	Items 5, 7 and 11
e. Opening	Sections 6(D), 7(C)	Items 5 and 11
f. Fees	Sections 3(B), 4, 5, 6(B), 7(D), 9(D), 9(J); 9(K); 11(C) and 14(B)	Items 5, 6 and 7
g. Compliance with standards and policies/ Operations Manual	Sections 3(B), 5(D)-(F), 6(B)-(C), 7(D)-(E), 9, 14(B), and 15(B)-(C)	Items 11 and 16
h. Trademarks and proprietary information	Sections 8, 9(K), 12, 13(C)-(D), 17(A)	Items 13 and 14
i. Restriction on products/services offered	Sections 2, 9(B), 9(D), and 9(G)	Items 8 and 16
j. Warranty and customer service requirements	Sections 9(F) and (H)	Items 11 and 16

Obligation	Section in Agreement	Disclosure Document Item
k. Territorial development and sales quotas	Sections 2(B) and 2(D)	Items 11 and 12
l. Ongoing product/service purchases	Sections 6(B), 9(D), 9(H) and 9(J)	Items 8 and 11
m. Maintenance, appearance and remodeling requirements	Sections 3(B) and 9(A), (B)	Items 6 and 11
n. Insurance	Section 9(J)	Items 6, 7 and 8
o. Advertising	Sections 5, 9(G)	Items 6, 7 and 11
p. Indemnification	Section 18	None
q. Owner's participation/management/ staffing	Sections 9(C) and (I)	Items 11 and 15
r. Records and reports	Section 10	Item 6
s. Inspections and audits	Section 11	Item 6
t. Transfer	Section 14	Items 6 and 17
u. Renewal	Section 3	Items 6 and 17
v. Post-termination obligations	Sections 13(B), 13(D) and 17	Item 17
w. Non-competition covenants	Section 13	Item 17
x. Dispute resolution	Sections 19 and 20	Item 17

ITEM 10

FINANCING

As detailed in Item 5, and if you meet our credit standards, you may opt to finance the Initial Franchise Fee. If you opt the installment payment option, you will pay us an initial down payment of \$16,900 when you sign the Franchise Agreement. The remaining amount must be paid in monthly installment payments in the following manner:

Date	Monthly Payment Amount
Months 1-3	\$0
Months 4-15	\$1,500 per month

If you choose to finance the Initial Franchise Fee, you must execute a Promissory Note, using the form attached to the Franchise Agreement as Schedule 1. The only security we require is a personal guarantee of the Promissory Note by you and your spouse, or by all the direct and indirect shareholders or owners if you are an entity. You may prepay the principal balance in whole or in part at any time without penalty or premium. If you do not pay on time, we may also call the loan and demand immediate payment of the full outstanding balance and obtain court costs and attorneys' fees if a collection action is necessary. We also have the right to terminate your franchise if you do not make your payments on time and do not cure your default within 10 days. The Promissory Note requires that you waive your right to notice of a collection action and your right to assert defenses to collection against us. It is not our current practice to sell these notes to third parties, although we are not restricted from doing so in the future.

Except as described above for the Initial Franchise Fee, neither we nor any affiliate of ours offers direct or indirect financing to you. We do not guarantee your note, lease or other obligations. We do not currently place financing with anyone and do not receive payment for placement of financing.

ITEM 11

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

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

Pre-Opening Assistance. Before you open your Business, we will:

- (1) Designate your Designated Territory (as defined in Item 12). (Franchise Agreement – Section 2(A) and Exhibit A).
- (2) Provide the initial training program described below to you and your Operating Principal, (if they are different people). (Franchise Agreement – Section 7(B)).
- (3) Provide you with access to the confidential Operations Manual. You must keep the Operations Manual confidential and discontinue using it when the Franchise Agreement terminates. (Franchise Agreement – Section 7(E)).
- (4) Make available to you the Management System that we have selected for the System as described further below. (Franchise Agreement – Section 6(B)).
- (5) Provide you with lists of approved suppliers and approved products or services necessary to operate your Business. (Franchise Agreement – Section 9(D)).
- (6) Provide you with an initial marketing package consisting of 200 program brochures for sales calls; 100 enrollment flyers (the variety of which will be subject to your needs); 400 demo flyers (the variety of which will be subject to your needs); 2 direct mail drops (promotional postcards); and, for a period of 3 months, search engine optimization services and/or a social media marketing campaign as we determine in our sole discretion. (Franchise Agreement – Sections 5(C); 7(C))

Ongoing Assistance. During the operation of your Business, we will:

- (1) Provide you general operational support, which may be in the form of periodic group calls, or in another manner that we determine, for a period of 6 months following the opening of the Business. (Franchise Agreement – Section 7(C))
- (2) Provide advisory services relating to Business operations, including Products and Services offered for sale, selecting, purchasing and marketing other approved materials and items, marketing assistance (including online and social media marketing) and sales promotion programs, and general administrative and operating procedures. (Franchise Agreement – Section 7(D)).
- (3) Periodically provide you with updated and revised materials for the Operations Manual. (Franchise Agreement – Section 7(E)).
- (4) Operate the Brand Fund, when established. (Franchise Agreement – Section 5(B)).
- (5) Provide access to software to use as a part of the Management System. (Franchise Agreement – Section 4(F)).
- (6) Sell, or designate an approved supplier who will sell, certain products, inventory, and other supplies to you. (Franchise Agreement – Section 7(D))

- (7) Once every 12-month period commencing as of Month 13 of operations, provide you with an ongoing marketing package (the “Ongoing Marketing Package”). As of the issuance date of this disclosure document, the Ongoing Marketing Package consists of the following: 200 program brochures for sales calls; 100 enrollment flyers (the variety of which will be subject to your needs); 400 demo flyers (the variety of which will be subject to your needs); 2 direct mail drops (promotional postcards), and certain branded web-site set up and maintenance and social media support, which maintenance and support will be given in our sole discretion (collectively, the Ongoing Marketing Package”). We reserve the right to change, substitute, or terminate any of the quantities, content, or components of the Ongoing Marketing Package at any time in our sole discretion. (Franchise Agreement – Sections 5(C); 7(C))

We are not required, either before or after you commence operations, to provide you any assistance with conforming your Business to any ordinances or codes, or hiring any employees. We may, but are not required to, establish minimum and/or maximum prices for certain products and services (subject to applicable law). Except for sending the initial marketing package to you, we do not install or deliver any equipment, signs, fixtures, opening inventory, and supplies to you.

Office

You must have a quiet and organized office. That office may be, and we expect it to be, a home office and you may store any necessary Products, equipment, supplies, inventory, and other items that are necessary for the operation of the Business at your home office. Customers will not be permitted to visit your Business Office. If you wish to purchase or lease real estate for the operation of your Business, then you must locate a site for your Business that we consent to.

Development Time

The typical length of time between our acceptance of the Franchise Agreement and the opening of your Business is expected to vary from 4 weeks to 2 months. Prior to opening the Business, you must complete the Online Training Program described below to our satisfaction. We expect that the Online Training Program will take approximately 3 weeks to complete. Therefore, the 4-week opening length assumes you promptly complete the Online Training Program. The 2-month opening length assumes that you do not immediately complete the Online Training Program. You must complete development and open your Business within 2 months following the date of the Franchise Agreement. If you fail to do so, we may terminate the Franchise Agreement.

Advertising and Marketing

Opening Local Marketing Requirement

During the Initial Marketing Period, you must complete the following local marketing activities: (i) conduct at least 25 in-person visits per week to Prospective Class Locations; (ii) send at least 25 emails to Prospective Class Locations per week; and (iii) make at least 25 phone calls to Prospective Class Locations per week. During the Initial Marketing Period, at the time and in the format that we specify in the Operations Manual, you must send to us a weekly summary of your efforts to complete the Opening Local Marketing Requirement. If you fail to timely deliver the summary report to us or if you fail to meet the Opening Local Marketing Requirement at any point during the Initial Marketing Period, then we reserve the right, in our sole discretion, to conduct additional local marketing on your behalf and charge you a fee and any costs we incur for the additional marketing efforts.

Brand Fund

We will establish and operate a system marketing and promotional fund (the “Brand Fund”) to promote CKMN businesses in the System and conduct other promotional and marketing activities. You must pay to us an annual Brand Fund Fee in the amount set forth below. As noted in Item 6, the “Ramp-up Period” is defined as the period beginning on the date you sign the Franchise Agreement and ending 12 months after the date you sign the Franchise Agreement.

Period	Brand Fund Fee
Ramp-up Period	\$0
Month 13 to Month 24	\$1,650 annually
Month 25 to Month 36	\$2,000 annually
Month 37 to Month 48 and each subsequent 12-month period under the initial term of this Agreement	\$2,500 annually

We will deposit the Brand Fund Fee in the Brand Fund that we manage through a separate account. Disbursements from the Brand Fund will be made solely to pay expenses we incur in connection with the general promotion of the Marks and the System in the manner we determine in our sole discretion, including, without limitation, the cost of formulating, developing and implementing advertising, marketing, promotional and public relations campaigns; the cost of market research and analytics; website and related technology maintenance and development; and the costs of administering the Brand Fund, including the cost of employing advertising, public relations and other third-party agencies to assist us or in connection with carrying out any functions of the Brand Fund, and providing promotional brochures and other print or electronic advertising materials to CKMN businesses and to regional and local advertising cooperatives, as well as accounting expenses and the actual costs of salaries and fringe benefits paid to our employees engaged in administration of the Brand Fund. We will determine in our sole discretion the methods of advertising, media employed and scope, contents, terms and conditions of advertising, marketing, promotional and public relations campaigns and programs, and their geographic, market, and media placement and allocation.

We are not required to spend any particular amount on marketing, advertising or production in the area in which your Business is located. Brand Fund Fees not spent in any fiscal year will be carried over for future use. We may make loans to the Brand Fund bearing reasonable interest to cover any deficit of the Brand Fund and cause the Brand Fund to invest in a surplus for future use by the Brand Fund. We may use up to 10% of the Brand Fund to conduct advertising that is principally directed at the sale of franchises. At your written request, we will provide you with an annual unaudited statement of the receipts and disbursements of the Brand Fund for the most recently completed calendar year.

CKMN businesses that we operate may, but are not required to, contribute to the Brand Fund. During our fiscal year ended December 31, 2025, we did not collect or spend any Brand Fund contributions.

Local Advertising

Except for the Brand Fund Fee, you are not required to spend any amounts on marketing or local advertising. If you elect to conduct any other advertising or marketing for the Business, then all advertisements and marketing materials and activities must comply with our then-current standards and specifications. In addition, you will use only our approved advertising and promotional materials in promoting the Business. If you desire to use any advertising or promotional materials in promoting the Business which we previously have not approved, you must submit all materials to us for our approval before using any such materials, which approval will not be unreasonably withheld. If we do not approve those advertising or promotional materials within 10 days after you submit those materials to us, then those materials are deemed to be rejected and you may not use those materials. We may develop, and make available to you, local media

planning assistance. If we do so, you must use our recommended media plan in promoting the Business or otherwise develop, and obtain our advance written approval to, an alternative media/promotion plan.

Regional Cooperatives; Advertising Council

You are not required to participate in a local or regional advertising council. We have not currently established an advertising council composed of franchisees.

Website and Internet Use

We retain the sole right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue the use of, a website using the Marks. You have the right to access and participate in our website. We will create and maintain interior pages on our website(s) that contain information about your Business and other CKMN businesses. Except as we may authorize in writing, you will not: (1) link or frame our website; (2) conduct any business or offer to sell or advertise any Products or Services or similar products or services on the Internet (or any other existing or future form of electronic communication) including e-mail marketing or other digital marketing, except through our designated website and approved social media accounts; (3) create or register any Internet domain name in any connection with the Business; (4) use any e-mail address which we have not authorized for use in operating the Business; and (5) conduct any activity on social media or related social networking website other than as we have expressly authorized in writing. You will not register, as Internet domain names, any of the Marks that we now or hereafter may own or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar.

We will establish your approved social media account(s) for your Business using your CKMN email address, but it will be your responsibility to maintain them. Your operation and maintenance of your social media accounts(s) must comply with our then-current standards and specifications, as set forth in our Operations Manual or otherwise in writing, which may include making us an administrator of the accounts.

Management System

You will use in the Business the management and reporting system, including all existing or future communication or data storage systems, components thereof and associated services, which we may develop or select for the System (collectively, the “Management System”). The Management System may include one or more proprietary or other software programs developed or customized for us (the “Designated Software”). You must use the Designated Software from us, our affiliate, or our designated supplier. The Designated Software may include one or more proprietary or other software programs developed or customized for us, which we may require you to use. You must pay the then-current fee associated with any of the Designated Software. We may require you to enter into our or our designee’s standard form of software license agreement in connection with your use of any Designated Software.

As of the issuance date of this disclosure document, the required Management System includes: a laptop computer, color printer, our proprietary software and/or certain software programs provided by third parties such as HubSpot for the customer relationship management software, Studio Pro for enrollment software (currently \$45 per month), QuickBooks Online (currently \$30 per month). We anticipate that you will use a personal laptop and printer for the Business and will not need to purchase them. We estimate that the initial cost for the Management System will range from \$75 to \$100.

We reserve the right to require you to pay us our then-current Technology Fee, should we choose to establish such a fee. If we require you to pay us a Technology Fee, the initial amount of the fee will be no greater than \$250 per month. We may increase the then-current Technology Fee up to 10% each year.

You must have Internet access with a form of high-speed connection as we require. You will use an e-mail address we designate for communication with us. We have the right to designate a single source from which you must purchase the Management System, any software or hardware components thereof or associated service, and we or our affiliates may be that single source. You will be required to use and, at our discretion, pay for all future updates, supplements and modifications to the Management System, including any additions or modifications to any Designated Software. We also may independently access financial information and customer data produced by or otherwise located on your Management System (collectively the “Customer Data”). We will periodically establish policies respecting the Customer Data. You must comply with all laws and regulations relating to privacy and data protection, and must comply with any privacy policies or data protection and breach response policies we periodically may establish. You cannot use the Customer Data for any purpose other than the operation of the Business consistent with our standards of use. There are no contractual limitations on our right to access the information and data.

You may be required to obtain ongoing maintenance and repairs respecting the Management System, as well as upgrades or updates respecting the Designated Software. We estimate the cost of optional or required maintenance, updates and upgrades will be \$0 to \$1,000 per year. There are no contractual limitations on the frequency and cost of additional maintenance or repair. You must incorporate these upgrades and updates to the Management System. We, our affiliates, and third-party suppliers are not currently required to provide any ongoing maintenance, repairs, upgrades or updates to you.

Training

We will provide you and the Operating Principal (if they are different people or if you are an entity) an initial training program on the operation of a CKMN business, with a portion of the training taking place virtually on our online learning management platform (the “Online Training Program”) and a portion of the training taking place in-person at a location and time we designate (the “In-person Training Program,” together with the Online Training Program, the “Initial Training Program”). You (and the Operating Principal if they are different people or if you are an entity) must attend and successfully complete our Initial Training Program.

You must successfully complete the Online Training Program to our satisfaction prior to commencing operations of the Business, and you must successfully complete the In-person Training Program to our satisfaction no later than 6 months following the effective date of the Franchise Agreement. The In-person Training Program may be completed after you open and commence operations of the Business. The Initial Training Program may include online tutorials, classroom instruction and on-site training relating to Business operations, customer service, marketing and sales programs, and any other topics that we determine in our sole discretion. To complete the training to our satisfaction, you must promptly complete the various instructional modules and show your proficiency in each of the subjects. If, during the Initial Training Program, we determine that you (or the Operating Principal) are not qualified to manage the Business, we will notify you and you must select and enroll a substitute Operating Principal in the initial training program.

The initial training program consists of the following:

TRAINING PROGRAM

Online Training Program

Subject	Online Training Hours	In-person Training Hours	Location
CKMN Playbook Documents	20	0	Virtually
Training Videos and Tutorials	20	0	Virtually
Sales and Marketing	20	0	Virtually
Lesson Plans	10	0	Virtually
Weekly Coaching Calls	5	0	Virtually
TOTAL	75	0	

In-person Training Program

Subject	Online Training Hours	In-person Training Hours	Location
Sales Training	0	8	Pittsford, NY or another location we designate
Business Operations	0	4	Pittsford, NY or another location we designate
Live Class Training	0	4	Pittsford, NY or another location we designate
Class Format & Lesson Plan Review	0	6	Pittsford, NY or another location we designate
Team Building	0	4	Pittsford, NY or another location we designate
TOTAL	0	26	

The instructional materials for all training programs may include the Operations Manual, videos, handouts and visual aids, and will include lecture, classroom discussion, and/or hands-on demonstration.

Ms. Brongo-DeBiase oversees the initial training program. Ms. Brongo-DeBiase has served as our President since our inception and has over 25 years of experience in the field. Other trainers include: Mr. DeBiase (25 years of business and sales management experience).

You and your Operating Principal (if applicable) will not pay to attend the Initial Training Program; however, you are solely responsible for the compensation, travel, lodging and living expenses you and your employees (including your Operating Principal) incur in attending the Initial Training Program. All new Owners and Operating Principals must complete our designated Initial Training Program. We may charge you a reasonable fee for those new or additional individuals who attend the Initial Training Program.

On-Site Assistance

Upon your reasonable request, we may elect to provide ongoing on-site assistance and we may charge you a reasonable per diem fee (currently, \$1,000 per day) in connection with such on-site assistance. You must reimburse us for all travel, lodging and living expenses incurred by our representatives to provide such on-site assistance.

Supplemental and Refresher Training

We may require you and/or the Operating Principal to attend all supplemental and refresher training programs that we designate during the term of this Agreement, and we may charge you a reasonable fee for these supplemental and refresher training programs. The fee for these training programs is currently \$1,000

per day. We may increase this fee upon notice to you, which will not increase annually by more than the CPI Adjustment. You are solely responsible for the compensation, travel, lodging and living expenses you and your employees incur in attending any supplemental or refresher training programs. You also are solely responsible for paying your employees and providing all necessary insurance, including worker's compensation insurance, for you and your employees, while you and your employees attend training.

Annual Conventions and Meetings

We periodically may hold or sponsor franchise conventions and meetings relating to new Services or Products, new operational procedures or programs, training, business management, sales and sales promotion, or similar topics. These franchise conventions and meetings may be optional or mandatory, as we designate. You and your Operating Principal (as applicable) must attend, at your expense, all mandatory franchise conventions and meetings we may hold. If you or your Operating Principal (as applicable) cannot attend a convention or meeting, you/he/she/they must notify us before the convention or meeting and must have a substitute person acceptable to us attend the event. We reserve the right to charge you a fee for any annual franchise convention or meeting that we sponsor or designate, regardless of your attendance.

You are solely responsible for the compensation, travel, lodging and living expenses you and your employees incur in attending the initial training program, supplemental or refresher training programs, and any franchise conventions or meetings.

Operations Manual

During the term of the Franchise Agreement, we will allow you to access our electronic Operations Manual (the "Operations Manual"). The Operations Manual currently contains 396 pages plus exhibits. The current table of contents of the Operations Manual as of the issuance date of this disclosure document is attached as Exhibit H to this disclosure document.

ITEM 12

TERRITORY

You will receive a "Designated Territory," which will be generally defined by one or more 5-digit ZIP codes. All areas in the territory will be contiguous. In determining your Designated Territory, we will take into account the population and demographics of the Designated Territory, as well as the number of daycares, nursery schools, and elementary schools. We may use demographic data provided by the U.S. Census Bureau or any other resources we determine in our sole discretion. During the term of the Franchise Agreement, except as otherwise described in this Item 12, if you are complying with the provisions of the Franchise Agreement, then we will not establish any other franchised or company-owned CKMN businesses in the Designated Territory. The location of the Business and the Designated Territory will be identified in Exhibit A to the Franchise Agreement.

Except as otherwise described below, you may operate your Business only in the Designated Territory and you must concentrate your advertising and marketing efforts inside your Designated Territory. Notwithstanding the foregoing, if neither we nor another franchisee operates a CKMN business in an area adjacent to your Designated Territory, then upon your receipt of our prior written consent, you may advertise, market and/or service customers located outside of your Designated Territory. In such instances, we reserve the right to require you in the future to immediately cease all direct advertising and marketing efforts to those customers located outside your Designated Territory and to immediately cease offering, selling, and conducting Services and Products outside of your Designated Territory, for any reason in our sole discretion.

This Agreement does not include the right to sell any Services or Products identified by the Marks through any other channels of distribution, including the Internet (or any other existing or future form of electronic commerce). You will not have the right to subfranchise or sublicense any of your rights under this Agreement. You will not use the Business for any purposes other than the operation of a CKMN business.

Among other rights, we (for ourselves and our affiliates) reserve the right, without compensation to you:

1. To directly operate, or to grant other persons the right to operate, CKMN businesses at locations outside the Designated Territory;
2. To promote, sell and distribute anywhere the Services and the Products authorized for sale at CKMN businesses under trademarks and service marks other than the Marks through similar or dissimilar channels of distribution within and outside of the Designated Territory;
3. To promote, offer, sell, distribute and license the Services and the Products authorized for sale at CKMN businesses as well as ancillary services and products under the Marks through dissimilar channels of distribution (*i.e.*, other than the operation of CKMN businesses), including over the Internet, through direct mail and wholesale activities, and pursuant to conditions we deem appropriate within and outside the Designated Territory;
4. To acquire businesses that are the same as or similar to the Business or other CKMN businesses and to operate, or grant others the right to operate, such businesses regardless of whether such businesses are located within or outside the Designated Territory, and to be acquired by any third party which operates, or grants others the right to operate, businesses that are the same as or similar to the Business or other CKMN businesses regardless of whether such businesses are located within or outside the Designated Territory; and
5. To advertise, market, and promote the System and CKMN businesses generally, including on the Internet (or any other existing or future form of one or more electronic commerce) and to customers who have attended sessions at your Business and any other CKMN business, and to create, operate, maintain and modify, or discontinue the use of websites using the Marks.

The rights we have granted to you under this Agreement are dependent on you achieving the following minimum performance requirements (the “Minimum Performance Requirement”) during the respective periods (each a “Period”) described below:

Period	Minimum Performance Requirement
First 6 months commencing as of the Effective Date of the Franchise Agreement	Aggregate Gross Revenue of \$4,000
Beginning the 7 th month after the effective date of the Franchise Agreement and each month thereafter	Gross Revenue of \$2,500 per Month

If you fail to meet the Minimum Performance Requirement during a Period, then you will be in breach of the Franchise Agreement. You must cure your breach within 3 months of our written notice to you of such breach (the “Cure Period”). If you fail to satisfy any of the Minimum Performance Requirements, and fail to cure such failure, we may, but are not required to, take any one or more of the following actions: (1) reduce the size of your Designated Territory, which may also include a corresponding reduction in the Minimum Performance Requirement in our discretion; or (2) terminate this Agreement. You acknowledge and agree that the Minimum Performance Requirement does not constitute a financial

performance representation, and that we do not warrant or guaranty that you will achieve the Minimum Performance Requirement in any given year.

Except as described in this Item 12, there are no other circumstances that would permit us to modify your territorial rights during the term of the franchise agreement.

We do not grant to you any options, rights of first refusal or similar rights to acquire additional franchises within a particular territory. You will not relocate the Business from the Designated Territory without our prior written consent, which we may withhold or condition in our reasonable discretion.

Except as disclosed, neither we nor any affiliate operates, franchises, or has any current plans to operate or franchise any business selling the Products and Services authorized for sale at a CKMN business under any other trademark or service mark.

ITEM 13

TRADEMARKS

We grant you the right under the Franchise Agreement to operate your Business under the name “Creative Kids Movement Network,” and other trademarks or service marks (the “Marks”).

The following schedule lists only the principal Marks that you are licensed to use. Our Parent owns the following trademarks that are registered with the U.S. Patent and Trademark Office (the “USPTO”) on its Principal Register:

Principal Trademarks	Registration No.	Registration Date
	8173810	March 17, 2026

Our right to use and license others to use the Marks is exercised under a trademark license agreement (the “TM Agreement”) with our Parent dated July 7, 2025. Under the TM Agreement, we are granted the right to use and to permit others to use the Marks. The TM Agreement has a 20-year term, which will renew automatically unless one of the parties elects not to renew the TM Agreement. If we were ever to lose our right to the Proprietary Marks, our Parent is required under the TM Agreement to allow our franchisees to maintain their rights to use the Proprietary Marks in accordance with their franchise agreements. Other than the TM Agreement, there are no agreements in effect which significantly limit our rights to use or license the Proprietary Marks in any state in a manner material to the Franchised Business.

We have the right to periodically change the list of Marks. Your use of the Marks and any goodwill is to our exclusive benefit, and you retain no rights in the Marks. You also retain no rights in the Marks when the Franchise Agreement expires or terminates. You may not use any Mark or portion of any Mark as part of any corporate or trade name, or any modified form or in the sale of any unauthorized product or service, or in any unauthorized manner. You may not use any Mark or portion of any Mark on any website without our prior written approval.

There are currently no effective material determinations by the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation, involving the principal Marks that are relevant to your use in any state. There are currently no agreements in effect

that significantly limit our rights to use or license the use of any principal Marks in any manner material to the franchise.

You must notify us immediately in writing of any apparent infringement of or challenge to your use of any Mark, or any claim by any person of any rights in any Mark or any similar trade name or trademark of which you become aware. You must not communicate with any person other than us, our affiliates and our respective legal counsel regarding any infringement, challenge or claim. We or our affiliates may take any action we deem appropriate and have the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge or claim relating to any Mark. You will sign all documents, provide assistance and take all action as we may reasonably request to protect and maintain our interests in any litigation or other proceeding or to otherwise protect and maintain our interests in the Marks.

You will have no obligation to and will not, without our prior written consent, defend or enforce any of the Marks in any court or other proceedings for or against imitation, infringement, any claim of prior use, or for any other allegation. You will, however, immediately notify us of any claims or complaints made against you respecting the Marks and will, at your expense, cooperate in all respects with us in any court or other proceedings involving the Marks. Subject to your indemnification obligations, we will pay the cost and expense of all litigation we incur, including attorneys' fees, specifically relating to the Marks. We and our affiliates and our respective legal counsel will have the right to control and conduct any litigation relating to the Marks.

You cannot make any changes or substitutions to the Marks unless we so direct in writing. We reserve the right, in our discretion, to modify or discontinue the use of any Mark, or to use one or more additional or substitute trademarks or service marks. In such event, you will, at your expense, comply with such modification or substitution within a reasonable time after we notify you. If in our or our affiliate's reasonable determination, the use of Marks in connection with the System will infringe or potentially infringe upon the rights of any third party, then upon notice from us, you will terminate or modify, within a reasonable period of time, such use in the manner prescribed by us. If we change the Marks as a result of such determination, we will reimburse you for any out-of-pocket expenses that you reasonably incur to implement such modifications or substitutions. However, we are not obligated to reimburse you for any loss of goodwill or revenue associated with any modified or discontinued Mark, nor are we responsible for reimbursing you for any other costs or damages.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or copyrights currently registered that are material to the franchise. There are also no pending patent applications that are material to the franchise.

We do claim copyright ownership and protection for the Operations Manual as well as our advertising copy and design, written training materials and for certain other written materials we provide to assist you in operating your Business. In addition, we treat certain portions of our training curriculum as trade secrets.

We own certain proprietary or confidential information relating to the operation of CKMN businesses, including trade secrets, methods, techniques, formats, marketing and promotional techniques and procedures, specifications, information, and information in the Operations Manual ("Confidential Information"). The Confidential Information is proprietary and is our trade secret and is disclosed to you solely on the condition that you: (1) will not use the Confidential Information in any other business or

capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of the Franchise Agreement; (3) will not make unauthorized copies of any Confidential Information; (4) will adopt and implement all reasonable procedures we direct to prevent unauthorized use or disclosure of the Confidential Information; and (5) will sign a Confidentiality Agreement and will require the Operating Principal and other managers, employees and agents with access to Confidential Information to sign such an agreement in a form we approve. When your Franchise Agreement expires or terminates, you must return to us all Confidential Information and all other copyright material. You must notify us immediately if you learn of an unauthorized use of the Confidential Information. We are not obligated to take any action and we will have the sole right to decide the appropriate response to any unauthorized use of the Confidential Information. You must comply with all changes to the Operations Manual at your cost. During the term of your Franchise Agreement, we will control the use of customer data stored on your Management System. You will only use the Customer Data as a processor as necessary to operate your Business for the term of the Franchise Agreement. As the customer data is Confidential Information, you must cease to use it when your Franchise Agreement expires or terminates. We will periodically establish policies respecting the customer data.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Franchise Agreement

If you are operating the Business as an entity, or if you will not individually be operating the Business, then you must designate an individual we approve and who successfully completes our required training to be the operating principal (the “Operating Principal”). The Operating Principal must have at least a 51% ownership interest in you. You or the Operating Principal (as applicable) are responsible for day-to-day Business operations, including the training and supervision of their employees. You or the Operating Principal (as applicable) assumes your/their responsibilities on a full-time basis and may not engage in any other business or other activity that requires any significant management responsibility or time commitments, or that otherwise may conflict with their obligations. In addition, at all times, the Business must be under the direct, on-site supervision of you or Operating Principal approved by us (as applicable). As applicable, you, the Operating Principal and all managers must agree to maintain the confidentiality of the Confidential Information described in Item 14 and must sign the Confidentiality and Non-Compete Agreement attached to the Franchise Agreement.

Each individual who directly or indirectly owns any legal ownership interest a franchisee entity is considered an “Owner” and must sign the Guaranty and Assumption of Obligations attached to the Franchise Agreement. We may also require the spouse of any Owner to sign the Guaranty and Assumption of Obligations. These people agree to discharge all obligations of the franchisee entity to us under the Franchise Agreement and are bound by all of its provisions, including maintaining the confidentiality of Confidential Information described in Item 14 and complying with the non-compete covenants described in Item 17.

If at any time you or an Operating Principal that we have previously approved does not manage the Business, we immediately may appoint a manager to manage the Business for you and charge you a reasonable fee for these management services.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell in your Business all, and only, those Products and Services that we have approved. You may only sell these Products and Services to the locations and types of customers that we describe in the Franchise Agreement and/or Operations Manual. We may add new Products or Services that you must offer at or use in your Business. Our right to modify the Products and Services to be offered at a Business is not limited.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement or Other Agreement	Summary
a. Length of the franchise term	Section 3; Exhibit A	5 years or 10 years.
b. Renewal or extension of the term	Section 3	If you are in good standing, you can renew the Franchise Agreement for up to 2 additional 5-year terms.
c. Requirements for you to renew or extend	Section 3	Provide advance notice, comply with current franchise agreement, sign new agreement (which may contain materially different terms and conditions than your original Franchise Agreement), upgrade and modernize the Business, pay renewal fee, and sign a general release of claims.
d. Termination by you	Section 16	If you comply with the Franchise Agreement and we fail to cure a material provision within 120 days after written notice.
e. Termination by us without cause	Not Applicable	
f. Termination by us with cause	Section 15	We may terminate the Franchise Agreement only if you default.
g. "Cause" defined – curable defaults	Sections 2(D) and 15(B)	Failure to meet the minimum performance requirement; failure to conform to the material requirements of the System or the material standards of uniformity and quality for the Services and Products as described in the Operations Manual or as we have established under the System; failure to timely pay any obligations or liabilities due and owing to us or our affiliates; violation of any material provision or obligation of the Franchise Agreement; violation of any federal, state or local government law or regulation, and other breaches. The cure period is generally 30 days, you will have 3 months to cure a failure to meet a minimum performance requirement, you have only 10 days to cure a failure to pay amounts due, and you have 15 days after notification of non-compliance by federal, state or local government authorities, 15 days to cure after you purchase any items from an unapproved supplier, and 5 days to cure if you lose or fail to obtain insurance.

Provision	Section in Franchise Agreement or Other Agreement	Summary
h. “Cause” defined – non-curable defaults	Sections 15(A) and (B)	Bankruptcy; IP violations; unauthorized transfer; failure to complete initial training; material misrepresentation or omission on franchise application; abandonment; being involved in an act that impairs the Marks; violating restrictive covenants; unauthorized offer or sale of products; insufficient funds on multiple occasions; a threat or danger to the public results from the Business, if you breach the Agreement three or more times in any 12-month period; failing to conduct a background check; having insufficient funds; and other violations.
i. Your obligations on termination/nonrenewal	Section 17 and 13	Cease operation of the Business and use of Marks, pay all amounts due us, stop using and return Operations Manual and within 30 days of the expiration or termination of your agreement, return to us, at your sole cost and expense, all Products, equipment, supplies, and inventory that are either proprietary or bear our Marks; assign to us the Business telephone number and telephone listing or (at our option) disconnect the telephone number, remove all signs and other materials containing any Marks, cancel all fictitious or assumed name filings, close all social media accounts, cease using Confidential Information, and agree not to divert Business customers to any competing business for 2 years (also see paragraphs o and r below).
j. Assignment of contract by us	Section 14(A)	Assignee must fulfill our obligations under the Franchise Agreement.
k. “Transfer” by you-defined	Section 14(B)	Includes transfer of Business or its assets, or your interest in the Franchise Agreement or any ownership change.
l. Our approval of transfer by franchisee	Sections 14(B) and (C)	We have the right to approve all transfers, but will not unreasonably withhold approval.
m. Conditions for our approval of transfer	Section 14(B)	New franchisee qualifies and completes training, all amounts owed to us or our affiliates are paid, and you are in good standing, new franchisee assumes existing Franchise Agreement or (at our option) signs then-current agreement, we approve transfer agreement, transfer fee paid, and you sign non-compete agreement and general release.
n. Our right of first refusal to acquire your business	Section 14(E)	We can match any offer for your Business.
o. Our option to purchase your business	Section 17(C)	When the Franchise Agreement expires or terminates, we may purchase assets at fair market value, less the value of any goodwill associated with our Marks and other intangible assets.
p. Your death or disability	Section 14(C)	Franchise must be assigned by estate to an approved buyer within reasonable time not exceeding 12 months.
q. Non-competition covenants during the term of the franchise	Section 13(C) and (E)	No involvement in any business that offers or sells dance, yoga, or fitness-based movement related programs, classes or events for children between the ages of 2 years old to 10 years old, or that offers or sells any services or products that are the same as, or substantially similar to, any of the Services and Products offered by the Business.
r. Non-competition covenants after the franchise is terminated or expires	Sections 13(D) and (E) and 17(A)	No involvement in any business that offers or sells dance, yoga, or fitness-based movement related programs, classes or events for children between the ages of 2 years old to 10 years old, or that offers or sells any services or products that are the same as, or substantially similar to, any of the Services and Products offered by the Business in the former Designated Territory of the Business, or within a 20-mile radius of the former Designated Territory of the Business, any location that you offered or sold Services or Products outside of the former Designated Territory, or any other then-existing CKMN business, for a period of 2 years following the termination or expiration of the Franchise Agreement.
s. Modification of the agreement	Section 20(F)	No modifications generally, except in writing. We may modify Operations Manual, Marks, System and goods/services to be offered to your Business.

Provision	Section in Franchise Agreement or Other Agreement	Summary
t. Integration/merger clause	Section 20(N)	Only the terms of the Franchise Agreement (including exhibits) are binding (subject to federal and state law). Any other promises may not be enforceable. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u. Dispute resolution by arbitration or mediation	Section 19	Except for actions we bring for monies owed, injunctive or extraordinary relief, or actions involving real estate, all disputes first will be resolved by arbitration in the county where our then-current headquarters are located (subject to applicable law).
v. Choice of forum	Section 20(D)	Litigation (to the extent permitted) must be in state or federal court in the in the county where our then-current headquarters are located at the time the suit is commenced (subject to applicable law). We also have the right to file suit where the Business is located (subject to applicable law)
w. Choice of law	Section 20(E)	Laws of the state where Business is located applies (subject to applicable law).

ITEM 18

PUBLIC FIGURES

We do not use any public figure to promote our franchise.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; 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 provide prospective franchisees with the following information regarding the Gross Revenue of our Parent's corporate outlet (the "Corporate Business"). As described in Item 6, "Gross Revenue" means the aggregate amount of all sales of goods and services, whether for cash, by check, credit card or otherwise, made or provided at or in connection with a business. "Gross Revenue" does not include any (1) federal, state, municipal or other sales, value added or retailer's excise taxes that you pay or accrue, and (2) adjustments for net returns on salable goods and discounts allowed to customers on sales. For the purposes of calculating Gross Revenue, a sale is made at the earlier of delivery of the product or service, or receipt of payment.

The information below is based on historical data for the Corporate Business for the fiscal years ending 2022 through 2025. The Corporate Business offers substantially the same Products and Services to the public as Franchisees will offer. Historically, the Corporate Business has offered and sold classes directly to parents, rather than selling group classes through daycares, nursery schools, and elementary schools. Franchisees sell the Services and Products directly to parents as well as group classes to daycares, nursery schools, and elementary schools. As of December 31, 2025, we had 6 franchised business that were

open and operating. We omitted the Gross Revenues of the 6 franchisees from this Item 19 because those franchisees opened in 2025 were in operation for less than 12 months as of December 31, 2025.

Corporate Business Gross Revenues	
Year	Gross Revenues
2022	\$101,967
2023	\$129,382
2024	\$141,340
2025	\$155,941

Some businesses have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.

We have not audited the figures provided in this Item 19. You should conduct an independent investigation of the costs and expenses you will incur in operating your Business.

Written substantiation of the information set out in this Item 19 will be provided to prospective franchisees on reasonable request.

Other than the preceding financial performance representation, 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 Alex DeBiase at 5 White Briar, Pittsford, NY 14534 and 585-746-6636, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

TABLE NUMBER 1
Systemwide Outlet Summary
For Years 2023-2025

Business Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2023	0	0	0
	2024	0	0	0
	2025	0	6	6
Company-Owned	2023	1	1	0
	2024	1	1	0
	2025	1	1	1
Total	2023	1	1	0
	2024	1	1	0
	2025	1	7	6

TABLE NUMBER 2
Transfers of Outlets From Franchisee to New Owners (Other than the Franchisor)
For Years 2023-2025

State	Year	Number of Transfers
TOTAL	2023	0
	2024	0
	2025	0

TABLE NUMBER 3
Status of Franchised Outlets
For Years 2023-2025

State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations / Other Reasons	Outlets at the End of the Year
Colorado	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Florida	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Massachusetts	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Michigan	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	2	0	0	0	0	2
Pennsylvania	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
TOTAL	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	6	0	0	0	0	6

TABLE NUMBER 4
Status of Company-Owned Outlets*
For Years 2023-2025

State	Year	Outlets at the Start of the Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at the End of the Year
New York	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1
TOTAL	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1

**Reflects outlets operated by our parent*

TABLE NUMBER 5
Projected Openings
As of December 31, 2025

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Colorado	0	2	0
Florida	0	2	0
Maryland	0	1	0
Massachusetts	0	2	0
Michigan	0	1	0
New Jersey	0	1	0
New York	0	2	0
Pennsylvania	0	2	0
Texas	0	3	0
Virginia	0	1	0
TOTAL	0	17	0

Attached as Exhibit F is a list of all CKMN franchisees as of December 31, 2025. We have not had a franchisee who has had a CKMN franchise terminated, canceled, or not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement nor transferred a CKMN franchise. In addition, no franchisee has failed to communicate with us within the 10-week period before the issuance date of the disclosure document. If you buy a CKMN franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

We have not had any franchisees sign confidentiality clauses with us during the last three fiscal years.

There are no trademark-specific franchisee organizations associated with the franchise system that are required to be disclosed in this Disclosure Document.

ITEM 21

FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit A is our audited financial statements for the fiscal year ended December 31, 2025, and our audited opening day balance sheet dated June 30, 2025. Because we began franchising in 2025 and have not been in business for three or more years, we cannot include all the financial statements required by the FTC Franchise Rules. Our fiscal year end is December 31.

ITEM 22

CONTRACTS

The Franchise Agreement (including the Personal Guaranty) is attached as Exhibit B. The State Addenda are attached as Exhibit D. The General Release Form is attached as Exhibit E. The Disclosure Acknowledgment Agreement is attached as Exhibit G.

ITEM 23

RECEIPTS

Two copies of an acknowledgment of your receipt of this disclosure document are included at the end of this disclosure document (Exhibit K). You should keep one copy as your file copy and return the second copy to us.

EXHIBIT A
FINANCIAL STATEMENTS

CKMN FRANCHISING, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2025

CONWAY, DEUTH & SCHMIESING, PLLP
CPAS & ADVISORS
WILLMAR, MINNESOTA

CKMN FRANCHISING, LLC

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
CKMN Franchising, LLC
Rochester, New York

Opinion

We have audited the financial statements of CKMN Franchising, LLC (a New York State Limited Liability Company), which comprise the balance sheet as of December 31, 2025, and the related statements of income, changes in shareholders' equity, and cash flows for the period from the date of business inception (June 20, 2025) to December 31, 2025, 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 CKMN Franchising, LLC as of December 31, 2025, and the results of its operations and its cash flows for the period of inception on June 20, 2025 through December 31, 2025, 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 (GAAS). 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 CKMN Franchising, LLC, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 CKMN Franchising, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Willmar Office

331 Third St SW, Ste 2
PO Box 570
Willmar, MN 56201
(320) 235-3311
(888) 388-1040

Benson Office

1209 Pacific Ave, Ste 3
Benson, MN 56215
(320) 843-2302

Morris Office

401 Atlantic Ave
Morris, MN 56267
(320) 589-2602

www.cdscpa.com

Litchfield Office

820 Sibley Ave N
Litchfield, MN 55355
(320) 693-7975

Sartell Office

Ste 110
2351 Connecticut Ave
Sartell, MN 56377
(320) 252-7565
(800) 862-1337

Auditor's Responsibility 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 GAAS 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 CKMN Franchising, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CKMN Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Conway, Deuth & Schmiesing, PLLP

CONWAY, DEUTH & SCHMIESING, PLLP
CPAS & ADVISORS
WILLMAR, MINNESOTA

March 30, 2026

CKMN FRANCHISING, LLC

BALANCE SHEET
DECEMBER 31, 2025

ASSETS

Current Assets

Cash	\$	30,048
Notes Receivable from Franchisees, Current Portion, Net of Allowance of \$0		62,300
Prepaid Expenses		<u>4,612</u>
Total Current Assets		96,960

Notes Receivable from Franchisees, Net of Current Portion Shown Above 2,150

Total Assets \$ 99,110

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities

Accounts Payable	\$	8,168
Accrued Payroll		2,596
Deferred Revenue - Initial Franchise Fees, Current Portion		<u>13,135</u>
Total Current Liabilities		23,899

Deferred Revenue - Initial Franchise Fees, Net of Current Portion Shown Above 93,664

Shareholders' Equity

Shareholders Contributions		139,601
Retained Earnings/(Deficit)		<u>(158,054)</u>
Total Shareholders' Equity		<u>(18,453)</u>

Total Liabilities and Shareholders' Equity \$ 99,110

See Accompanying Notes and Independent Accountant's Review Report

CKMN FRANCHISING, LLC

STATEMENT OF INCOME
FROM INCEPTION ON JUNE 20, 2025 TO DECEMBER 31, 2025

REVENUES

Initial Franchise Fee Income - Pre-Opening Services	\$ 30,000
Initial Franchise Fee Income - Licensing Services	3,701
Other	2,721
Total Income	<u>36,422</u>

OPERATING EXPENSES

Advertising	25,172
Bank Fees	1,446
Business Meals	1,159
Business Travel	367
Contract Labor	9,700
General and Administrative	3,120
Insurance	71
Office Supplies	6,556
Payroll and Payroll Taxes	97,965
Professional Fees	48,084
Supplies	91
Team Appreciation	46
Training	136
Uniforms	555
Utilities	8
Total Operating Expenses	<u>194,476</u>
Net Income (Loss)	<u>\$ (158,054)</u>

See Accompanying Notes and Independent Accountant's Review Report

CKMN FRANCHISING, LLC

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FROM INCEPTION ON JUNE 20, 2025 TO DECEMBER 31, 2025

Shareholders' Equity - Balance at Inception	\$
Shareholders' Contributions	139,601
Net Income (Loss)	<u>(158,054)</u>
Shareholders' Equity - Balance at End of Period	<u><u>\$ (18,453)</u></u>

See Accompanying Notes and Independent Accountant's Review Report

STATEMENT OF CASH FLOWS
FROM INCEPTION ON JUNE 20, 2025 TO DECEMBER 31, 2025

Net Income (Loss)	\$ (158,054)
Adjustments To Reconcile Net Income (Loss) to Net Cash	
(Increase) Decrease in Assets	
Notes Receivable from Franchisees, Current Portion, Net of Allowance of \$0	(64,450)
Prepaid Expenses	(4,612)
Increase (Decrease) in Liabilities	
Accounts Payable	8,168
Accrued Payroll	2,596
Deferred Revenue	106,799
Total Adjustments	<u>48,501</u>
Net Cash Provided (Used) by Operating Activities	<u>48,501</u>

Shareholder Contributions - Net	139,601
Net Cash Provided (Used) by Financing Activities	139,601
Net Increase (Decrease) in Cash	30,048

\$ 30,048

Cash Paid During the Year For:

\$ _____

\$ _____

CKMN FRANCHISING, LLC

NOTES TO THE FINANCIAL STATEMENTS
FROM INCEPTION ON JUNE 20, 2025 TO DECEMBER 31, 2025

NOTE 1. NATURE OF BUSINESS

CKMN Franchising, LLC (the Company) was formed on June 20, 2025 as a New York Limited Liability Company. The purpose of CKMN Franchising LLC is to develop, offer, and support franchise opportunities for a mobile enrichment business specializing in dance, yoga, and fitness-based movement programs. These programs are designed to be delivered on-site at early childhood education centers, including daycares, preschools and elementary schools. The company aims to expand access to high-quality, age-appropriate physical education experiences for young children while providing entrepreneurs with a proven, mission-driven business model. CKMN Franchising LLC is committed to maintaining brand standards, providing ongoing support to franchisees, and promoting the health and development of children through movement.

The Company enters into franchise agreements that grant franchisees the right to operate programs under the Company's trademarks and system within specified territories for an initial term of five to ten years.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

A summary of the Company's significant accounting policies consistently applied in the preparation of the accompanying financial statements is as follows:

A. BASIS OF ACCOUNTING

The Company's financial statements are prepared on the accrual basis of accounting. The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

B. CASH AND CASH EQUIVALENTS

For purposes of recording cash flows, cash includes amounts on hand and amounts on deposit at financial institutions. The Company defines cash equivalents with a maturity of three months or less.

C. NOTES RECEIVABLE FROM FRANCHISEES

Notes receivable consist primarily of amounts due from franchisees under franchise agreements related to initial franchise fees and other charges. These notes bear interest at rate of 0% and have original maturities of up to fifteen months. Notes receivable are stated at unpaid principal balances, net of an allowance for credit losses, and are classified as current or noncurrent in the accompanying balance sheet based on their contractual maturity dates.

D. ALLOWANCE FOR EXPECTED CREDIT LOSSES

The Company considers an allowance for credit losses on notes receivable from franchisees in accordance with ASC 326-20, Financial Instruments – Credit Losses. The allowance for credit losses is a valuation account that reflects management's estimate of expected credit losses over the contractual term of the notes. Changes in the allowance are recognized as credit loss expense. Notes receivable are written off against the allowance when, in the judgment of management, they are deemed uncollectible.

The Company estimates expected credit losses on a collective basis for pools of financial assets that share similar risk characteristics, using historical loss experience adjusted for current conditions and reasonable and supportable forecasts. When a financial asset no longer shares similar risk characteristics with its pool, it is evaluated individually. In developing its estimate, management considers factors such as franchisee type, payment history, aging status, and economic conditions.

NOTES TO THE FINANCIAL STATEMENTS
FROM INCEPTION ON JUNE 20, 2025 TO DECEMBER 31, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. DEFERRED REVENUE - INITIAL FRANCHISE FEES

Amounts billed or received in advance of the satisfaction of the related performance obligations are recorded as deferred revenue (liability). Deferred revenue primarily consists of initial franchise fees received prior to the opening of the related franchised outlet and unrecognized portions of initial fees allocated to the license. These balances are classified as current or noncurrent based on the expected timing of recognition in income.

F. REVENUE RECOGNITION - INITIAL FRANCHISE FEES

The Company recognizes revenue in accordance with FASB ASC 606, Revenue from Contracts with Customers, and the franchisor-specific guidance in FASB ASC 952-606, Franchisors – Revenue from Contracts with Customers.

Under its franchise agreements, the Company receives a nonrefundable initial franchise fee from each franchisee. The Company identifies its performance obligations in the franchise arrangement, which generally include (a) specified pre-opening services such as site selection assistance and initial training and (b) a license of the Company's brand and system.

As a nonpublic entity, the Company has elected the practical expedient in ASC 952-606 to account for certain specified pre-opening services as distinct from the franchise license when identifying performance obligations and applies this expedient consistently to contracts with similar characteristics and in similar circumstances.

The transaction price, consisting of the initial franchise fee, is allocated to the identified performance obligations based on their relative standalone selling prices. The portion of the initial franchise fee allocated to pre-opening services is recognized as revenue as those services are performed, which typically occurs prior to the opening of the related franchised outlet.

The portion allocated to the franchise license is recognized as revenue over the initial term of the franchise agreement, which generally ranges from five to ten years, as the Company provides access to its brand and system over time.

During the inception period, the Company's revenue consists solely of initial franchise fees; no royalty revenue has been earned. Revenue is presented net of any sales and similar taxes collected on behalf of third parties.

G. FRANCHISE AGREEMENTS - COMMITMENTS AND OBLIGATIONS

Under its franchise agreements, the Company is obligated to provide various services, including ongoing operational support, brand and system maintenance, and periodic training. For agreements that have not yet been substantially performed, the Company discloses the nature of the remaining services and related commitments.

CKMN FRANCHISING, LLC

NOTES TO THE FINANCIAL STATEMENTS
FROM INCEPTION ON JUNE 20, 2025 TO DECEMBER 31, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

H. INCOME TAXES

The Company is an LLC taxed as a Partnership, for federal and state income taxes. Accordingly, the Company's taxable income or loss will pass directly to the shareholder, thereby eliminating the related income tax consequences at the corporate level.

The Company evaluates all significant tax positions as required by accounting principles generally accepted in the United States of America. As of December 30, 2025, the Company does not believe that it has taken any positions which would adversely affect its tax status.

I. USE OF ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ordinarily requires the use of management's estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

J. ADVERTISING

The Company accounts for advertising costs in accordance with FASB ASC 720-35. Advertising costs, including national and regional advertising programs and other promotional activities, are expensed as incurred. Total advertising expense was \$25,172 for the year ended December 31, 2025.

K. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 30, 2026, the date the financial statements were available to be issued.

NOTE 3. UNCERTAIN TAX POSITIONS

Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Company has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Company believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Company's financial condition, results of operations or cash flows. Accordingly, the Company has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions.

The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

CKMN FRANCHISING, LLC

NOTES TO THE FINANCIAL STATEMENTS
FROM INCEPTION ON JUNE 20, 2025 TO DECEMBER 31, 2025

NOTE 4. NOTES RECEIVABLE AND CREDIT LOSSES

The Company's primary financial assets, subject to CECL model, are notes receivable from franchisees related to initial franchise fees that are measured at amortized cost. Receivables are generally considered past due when payments are not received in accordance with contractual terms. Policies related to nonaccrual, past-due status and write-offs are consistent with those described in the Significant Accounting Policies note.

Based on management's assessment of the credit history with franchisees having outstanding balances and current relationships with them, it concluded that realization of expected losses on balances outstanding at year-end will be immaterial. Therefore, the allowance for expected credit losses is estimated at \$0 for the year end December 31, 2025.

We believe that the allowance is adequate as it relates to notes receivable; however, because the allowance for losses is based on estimates, there can be no assurance that the ultimate charge-off amount will not exceed such estimates or that the credit loss assumptions will not increase or decrease.

NOTE 5. REMAINING PERFORMANCE OBLIGATIONS

As of December 31, 2025, the aggregate amount of the transaction price allocated to the Company's remaining performance obligations that are unsatisfied (or partially unsatisfied) was \$106,799. The Company expects to recognize this amount as revenue over the remaining terms of its franchise agreements (which generally extend up to ten years) as follows:

Year Ending December 31,	
2026	\$ 13,135
2027	13,135
2028	13,135
2029	13,135
2030	11,745
Thereafter	<u>42,514</u>
	<u>\$ 106,799</u>

NOTE 6. RELATED PARTY TRANSACTIONS

CKMN Franchising, LLC, is owned by two individuals who are married to each other (the Owners). Under the guidance in ASC 850, Related Party Disclosures, the Owners are considered principal owners and members of management, and their immediate family relationship is a related party relationship.

The Owners also control various other businesses (collectively, the Affiliated Entities). The Company routinely enters into transactions with the Affiliated Entities in the normal course of business. These entities are related parties under ASC 850, Related Party Disclosures.

During the year ended December 31, 2025, the Company engaged in shared services with Affiliated Entities, primarily for payroll processing, information technology, and administrative support. The Company recognized expenses of \$0 related to these services for the year ended.

Management believes that the terms of these related party transactions are generally consistent with those that would be available from unrelated parties; however, because such transactions are between entities under common control, they may not be indicative of the terms that would have been obtained in arm's-length transactions with an unrelated third party.

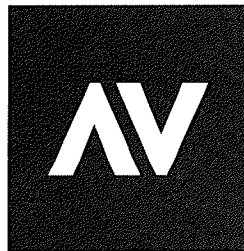
**CKMN FRANCHISING, LLC
ROCHESTER, NEW YORK**

**Financial Statements
Together with
Independent Auditors' Report
Period ended June 30, 2025**

CKMN FRANCHISING, LLC
AUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2025

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**Amidon
& Villeneuve**
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Shareholders
CKMN Franchising, LLC
Rochester, New York

Report on the Financial Statements

We have audited the accompanying financial statements of CKMN Franchising, LLC (a New York State Limited Liability Company) which comprise the balance sheet as of the period ended June 30, 2025, and the related statements of operations, retained earnings, and statement of cash flows for the period then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair representation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair representation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CKMN Franchising, LLC as of the period ended June 30, 2025, and the results of its operations and its cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script, reading "Amidon & Villeneuve CPA's P.C.", written in dark ink.

Amidon & Villeneuve, CPA's P.C.

Rochester, New York
July 7, 2025

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CKMN Franchising, LLC as of the period ended June 30, 2025, and the results of its operations and its cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script, reading "Amidon & Villeneuve CPA's P.C.", written in dark ink.

Amidon & Villeneuve, CPA's P.C.

Rochester, New York
July 7, 2025

CKMN FRANCHISING, LLC
BALANCE SHEETS
AS OF JUNE 30, 2025

See Independent Auditors' Report and notes to Financial Statements

	<u>June 30, 2025</u>
ASSETS	
CURRENT ASSETS	
Cash	\$ 25,000
Accounts receivable	<u>-</u>
Total Current Assets	25,000
PROPERTY & EQUIPMENT	
Leasehold Improvements	-
Furniture and equipment	-
Less: Accumulated depreciation	<u>-</u>
Total Property & Equipment, Net	-
 TOTAL ASSETS	 <u><u>\$ 25,000</u></u>
 LIABILITIES & MEMBERS' EQUITY	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	<u>\$ -</u>
Total Current Liabilities	-
SHAREHOLDERS' EQUITY	
Shareholders Contributions	25,360
Retained Earnings/(Deficit)	<u>(360)</u>
Total Shareholder's Equity	<u>25,000</u>
 TOTAL LIABILITIES & SHAREHOLDER'S EQUITY	 <u><u>\$ 25,000</u></u>

CKMN FRANCHISING, LLC
STATEMENTS OF OPERATIONS
FOR THE PERIOD ENDED JUNE 30, 2025

See Independent Auditors' Report and notes to Financial Statements

	<u>June 30, 2025</u>
REVENUES	
Total Income	-
GENERAL AND SELLING EXPENSES	
Filing Fees	<u>360</u>
Total Expenses	<u>360</u>
NET (Loss)	<u><u>\$ (360)</u></u>

CKMN FRANCHISING, LLC
STATEMENTS OF RETAINED (DEFICIT)
FOR THE PERIOD ENDED JUNE 30, 2025

See Independent Auditors' Report and notes to Financial Statements

	<u>June 30, 2025</u>
Retained Earnings - Beginning of Period	\$0
Net Income	(360)
Shareholder Contributions	<u>25,360</u>
Retained Earnings/(Deficit) - End of Period	<u><u>\$25,000</u></u>

CKMN FRANCHISING, LLC
STATEMENTS OF CHANGES IN CASH FLOWS
FOR THE PERIOD ENDED JUNE 30, 2025

See Independent Auditors' Report and notes to Financial Statements

	<u>June 30, 2025</u>
OPERATING ACTIVITIES	
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
Net Income	\$ (360)
Net Cash Provided by Operating Activities	<u>(360)</u>
INVESTING ACTIVITIES	
Increase in asset purchase	<u>-</u>
Net Cash (Used) by Investing Activities	-
FINANCING ACTIVITIES	
Shareholder contributions - net	25,360
Shareholder distributions - net	<u>0</u>
Net Cash (Used) by Financing Activities	25,360
CHANGE IN CASH	25,000
Cash - Beginning of period	<u>-</u>
Cash - End of period	<u><u>\$ 25,000</u></u>

Supplemental Disclosure of Cash Flow Information

Cash paid during the year for:

Income Taxes	<u><u>\$ -</u></u>
Interest	<u><u>\$ -</u></u>

CKMN Franchising, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2025

See Independent Auditors' Report and notes to Financial Statements

NOTE 1: NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

CKMN Franchising, LLC (the Company) was formed on June 20, 2025 as a New York Limited Liability Company. The purpose of Creative Kids Movement Network Franchising LLC is to develop, offer, and support franchise opportunities for a mobile enrichment business specializing in dance, yoga, and fitness-based movement programs. These programs are designed to be delivered on-site at early childhood education centers, including daycares, preschools and elementary schools. The company aims to expand access to high-quality, age-appropriate physical education experiences for young children while providing entrepreneurs with a proven, mission-driven business model. CKMN Franchising LLC is committed to maintaining brand standards, providing ongoing support to franchisees, and promoting the health and development of children through movement.

Method of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, which recognizes income when earned and expenses when incurred.

Revenue Recognition

The Company recognizes initial franchise revenue from an individual franchise sale when it has substantially performed or satisfied all material services or conditions related to the sale. Substantial performance occurs when the Company has no remaining obligation to refund any cash received and has performed substantially all of the initial services required by the franchise agreement.

Cash

The Company maintains cash balances in a financial institution located in Rochester, New York. This account is insured by the Federal Deposit Insurance Corporation in the amount \$250,000. Bank balances may periodically exceed insurance limits. Management does not believe it is exposed to any significant credit risk with respect to cash.

Accounts Receivable

Accounts receivable are obligations due from franchisees under term limits of the franchise agreements. Management reviews accounts receivable on a periodic basis to determine if any receivables will potentially be uncollectible. After all attempts to collect a receivable have failed, the receivable is written off as bad debts expense. There are no accounts receivable as of June 30, 2025.

Property and Equipment

Property and equipment are recorded at cost, including the cost of additions and significant improvements that materially extend assets' lives. When retired or otherwise disposed of, the related costs of accumulated depreciation are cleared from the respective accounts and the net difference, less any amount realized from the disposition, would be reflected in income. There is no property or equipment as of June 30, 2025.

CKMN Franchising, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2025

See Independent Auditors' Report and notes to Financial Statements

NOTE 1: NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Depreciation

Depreciation is provided for using primarily accelerated methods over the assets' useful lives, which is five years. The differences between accelerated methods of depreciation and those methods in accordance with generally accepted accounting principles are immaterial to these financial statements. There is no Depreciation expense as of June 30, 2025.

Advertising

The Company expenses advertising costs as they are incurred and obligated, which approximated \$0 as of June 30, 2025, respectively.

Income Taxes

The Company is an LLC taxed as a Partnership, for federal and state income taxes. Accordingly, the Company's taxable income or loss will pass directly to the shareholder, thereby eliminating the related income tax consequences at the corporate level.

The Company evaluates all significant tax positions as required by accounting principles generally accepted in the United States of America. As of June 30, 2025, the Company does not believe that it has taken any positions which would adversely affect its tax status. The Partnership is on a calendar year end.

Intangible Assets

Intangible assets consist of trademark application costs incurred to develop the Company's website. These costs are amortized on a straight-line basis over their estimated useful lives which range from five to fifteen years. There are no Intangible assets as of June 30, 2025.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. There are no estimates as of June 30, 2025.

Fair Value of Financial Instruments

The Company's financial instruments are cash, accounts receivable and accounts payable. The recorded values of these instruments approximate fair values based on their short-term nature.

Financial instruments are exposed to various, such as credit risk. Due to the risks associated with financial instruments, it is at least reasonably possible that changes in risks could affect the Company's financial statements. There are no accounts receivable or payables as of June 30, 2025.

EXHIBIT B
FRANCHISE AGREEMENT



CREATIVE KIDS MOVEMENT NETWORK™ FRANCHISE AGREEMENT

YOU (FRANCHISEE)

DATE OF AGREEMENT

CKMN Franchising, LLC
2026 Franchise Agreement

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B – EFT AUTHORIZATION

C – GUARANTY AND ASSUMPTION OF OBLIGATIONS

D – CONFIDENTIALITY AND NON-COMPETE AGREEMENT

CREATIVE KIDS MOVEMENT NETWORK FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("Agreement") is made and entered into this _____ day of _____, 20_____, between CKMN Franchising, LLC, a New York limited liability company with a principal place of business at 5 White Briar, Pittsford, NY 14534 ("we" or "us"), and _____, a _____ with a principal place of business at _____ ("you").

INTRODUCTION

A. We have developed and own a "System" (as defined in Section 1(O) below) relating to the development and operation of Creative Kids Movement Network™ ("CKMN") businesses providing dance, yoga, and fitness-based movement classes offered at daycares, nursery schools, elementary schools, and other locations for kids primarily between the ages of two (2) and ten (10) years old, and services and products related to those class offerings.

B. Our affiliate CKMN Enterprises, LLC ("Enterprises") is the owner of the CREATIVE KIDS MOVEMENT NETWORK™ trademark, and certain other trademarks and service marks associated with or related to the System (the "Marks"), and Enterprises has granted us the right to use and sublicense other to use those Marks.

C. We grant qualified persons the right to develop, own and operate a CKMN business in a specific territory.

D. You desire to obtain the right to develop and operate a CKMN business using the System in a specific territory.

AGREEMENTS

In consideration of the mutual covenants and agreements stated below, the parties agree as follows:

1. DEFINITIONS

A. "Business" means the CKMN business developed and operated under this Agreement which offers the Services and Products.

B. "Confidential Information" means the methods, techniques, formats, marketing and promotional techniques and procedures, specifications, information, Operations Manual (as defined in Section 7(E)), systems, and knowledge of and experience in the operation and franchising of CKMN businesses that we communicate to you or that you otherwise acquire in operating the Business (as defined in Section 1) under the System. Confidential Information does not include information, processes or techniques that are generally known to the public, other than through disclosure (whether deliberate or inadvertent) by you.

C. "CPI Adjustment" means an amount equal to the increase in the Consumer Price Index (1982-84 = 100; all items; CPI-U; all urban consumers) published by the United States Department of Labor, Bureau of Labor Statistics (or if the index is no longer published, the successor index that we may reasonably specify in the Operations Manual or otherwise in writing), with any such adjustment to be calculated by multiplying the fixed dollar amount by a fraction, the numerator of which is the CPI for the year and month of the adjustment, and the denominator of which is the CPI as of January 1 of the year in which this Agreement is signed.

D. “Gross Revenue” means the aggregate amount of all sales of goods and services, whether for cash, by check, credit card or otherwise, made or provided at or in connection with the Business. “Gross Revenue” does not include any (1) federal, state, municipal or other sales, value added or retailer’s excise taxes that you pay or accrue, and (2) adjustments for net returns on salable goods and discounts allowed to customers on sales. For the purposes of this Agreement, the sale is made at the earlier of delivery of the product or service, or receipt of payment. Gross Revenue will not be adjusted for uncollected accounts. We reserve the right to modify our policies and practices regarding revenue recognition, revenue reporting, and the inclusion or exclusion of certain revenue from “Gross Revenue” as circumstances, business practices, and technology change.

E. “Marks” means the “CREATIVE KIDS MOVEMENT NETWORK” trademark and service mark, the related design logo, and other trademarks, service marks, domain names, logos, slogans, and commercial symbols that we have designated, or may in the future designate, for use in the System.

F. “Operating Principal” means the designated individual responsible for the day-to-day operation of the Business, including the training and supervision of their instructors and employees. The Operating Principal has to have at least a 51% ownership interest in you. We must approve the Operating Principal and the Operating Principal must successfully complete our initial training program and all mandatory follow-up training programs.

G. “Owner” means any person or entity who directly or indirectly owns any legal ownership interest in you. If any corporation, limited liability company, or other entity other than a partnership is an Owner, a “Owner” also will mean each shareholder, member, or owner of such corporation, limited liability company, or other entity. If a partnership is an Owner, an “Owner” also will mean each general partner of such partnership and, if such general partner is an entity, each owner in such general partner.

H. “Products” means retail products, accessories, and other products that we periodically may modify or otherwise approve for sale from the Business.

I. “Designated Territory” means the geographic area, identified in Exhibit A, that we determine.

J. “Services” means the tap, jazz, and ballet dance classes, yoga classes, fitness-based movement classes, and other related services authorized for CKMN businesses, as we periodically may modify or otherwise approve for sale from the Business.

K. “System” means the CKMN system which includes the sale of Services and Products under the Marks at CKMN businesses, using certain distinctive types of décor, products, equipment (including the Management System (as defined in Section 6(B) below)), supplies, Confidential Information, business techniques, methods and procedures, and sales promotion programs, as we periodically may modify and further improve.

2. GRANT OF FRANCHISE

A. Grant of Franchise and Designated Territory. Subject to the provisions contained in this Agreement, we grant you a franchise (the “Franchise”) to own and operate a CKMN business (the “Business”) in a Designated Territory we approve and to use the Marks and other aspects of the System in operating the Business. Your Designated Territory is identified in Exhibit A.

B. Nature of Your Designated Territory. During the term of this Agreement, if you are in compliance with the terms of this Agreement, except as otherwise provided in this Agreement, we will not

directly operate or franchise other persons to operate any other CKMN business within the Designated Territory. Except as otherwise described in this Section 2, you may operate your Business only in the Designated Territory. The license granted to you under this Agreement is personal in nature, may not be used in any area other than within the Designated Territory, and does not include the right to sell any Services or Products identified by the Marks at any location other than in the Designated Territory. Except as expressly stated in this Agreement, you must concentrate your advertising and marketing efforts inside your Designated Territory. Notwithstanding the foregoing, if neither we nor another franchisee operates a CKMN business in an area adjacent to your Designated Territory, then upon your receipt of our prior written consent, you may advertise, market and/or service customers located outside of your Designated Territory. In such instances, we reserve the right to require you in the future to immediately cease all direct advertising and marketing efforts to those customers located outside your Designated Territory and to immediately cease offering, selling, and conducting Services and Products outside of your Designated Territory, for any reason in our sole discretion. This Agreement does not include the right to sell any Services or Products identified by the Marks through any other channels of distribution, including the Internet (or any other existing or future form of electronic commerce). You will not have the right to subfranchise or sublicense any of your rights under this Agreement. You will not use the Business for any purposes other than the operation of a CKMN business.

C. Rights Reserved to us. We (for us and our affiliates) retain the right:

1. To directly operate, or to grant other persons the right to operate, CKMN businesses at locations outside the Designated Territory;
2. To promote, sell and distribute anywhere the Services and the Products authorized for sale at CKMN businesses under trademarks and service marks other than the Marks through similar or dissimilar channels of distribution within and outside of the Designated Territory;
3. To promote, offer, sell, distribute and license the Services and the Products authorized for sale at CKMN businesses as well as ancillary services and products under the Marks through dissimilar channels of distribution (*i.e.*, other than the operation of standard CKMN businesses), including over the Internet, through direct mail and wholesale activities, and pursuant to conditions we deem appropriate within and outside the Designated Territory;
4. To acquire businesses that are the same as or similar to the Business or other CKMN businesses and operate, or grant others the right to operate, such businesses regardless of whether such businesses are located within or outside the Designated Territory, and to be acquired by any third party which operates, or grants others the right to operate, businesses that are the same as or similar to the Business or other CKMN businesses regardless of whether such businesses are located within or outside the Designated Territory;
5. To advertise, market, and promote the System and CKMN businesses generally, including on the Internet (or any other existing or future form of one or more electronic commerce) and to customers who have attended sessions at your Business and any other CKMN business, and to create, operate, maintain and modify, or discontinue the use of websites using the Marks; and
6. All other rights not granted to you under this Agreement.

D. Minimum Performance Requirement.

i. The rights we have granted to you under this Agreement are dependent on you achieving the following minimum performance requirements (the “Minimum Performance Requirement”) during the respective periods (each a “Period”) described below:

Period	Minimum Performance Requirement
First six (6) months commencing as of the Effective Date	Aggregate Gross Revenue of \$4,000
Beginning the seventh (7 th) month after the Effective Date and each month thereafter	Gross Revenue of \$2,500 per Month

You acknowledge and agree that the Minimum Performance Requirements do not constitute financial performance representations, and that we do not warrant or guaranty that you will achieve the Minimum Performance Requirements in any given year.

ii. If you fail to meet the Minimum Performance Requirement during a Period, then you will be in breach of this Agreement. You must cure your breach within three (3) months of our written notice to you of such breach (the “**Cure Period**”). For purposes of curing the breach, you must achieve the applicable Minimum Performance Requirement before the final date of the Cure Period. Your failure to comply with the Minimum Performance Requirement is a breach of this Section 2(D) and is considered an event of default under this Agreement. If you fail to satisfy any of the Minimum Performance Requirements, and fail to cure such breach within the Cure Period, we may, but are not required to, take any one or more of the following actions: (1) reduce the size of your Designated Territory, which may also include a corresponding reduction in the Minimum Performance Requirement in Franchisor’s discretion or (2) terminate this Agreement.

3. TERM OF FRANCHISE; RENEWAL RIGHTS

A. Term. The term of this Agreement will be for the number of years set forth in Exhibit A commencing on the date of this Agreement (the “Effective Date”).

B. Renewal Terms. You will have the right to enter into successor agreements for the Franchise for two (2) additional renewal terms of five (5) years, provided you satisfy the following conditions respecting each renewal term:

1. You have given us written notice at least one hundred eighty (180) days but no more than three hundred and sixty (360) days before the end of the term of this Agreement of your intention to enter into a successor agreement;

2. Throughout the term of this Agreement you have complied with all of the provisions of this Agreement and all other agreements between you and us or any of our respective affiliates, including the payment of all monetary obligations you owe to us or our affiliates, and have complied with our material operating and quality standards and procedures, and you are not in default of this Agreement at the time of renewal;

3. You have paid to us a renewal fee (the “Renewal Fee”) of (i) \$5,000, if your current term is five (5) years; or (ii) \$2,500, if your current term is ten (10) years;

4. You sign our then-current standard Franchise Agreement which may differ materially from the provisions of this Agreement; provided that you will be required to pay the

Renewal Fee in lieu of the Initial Franchise Fee stated in the then-current Franchise Agreement; and

5. You and each Owner sign a general release, in a form acceptable to us, of all claims against us and our affiliates, officers, directors, employees, and agents.

4. FRANCHISE AND OTHER FEES

A. Initial Franchise Fee. You will pay us an initial franchise fee set forth in Exhibit A (the “Initial Franchise Fee”). The Initial Franchise Fee is payable in the manner set forth in Exhibit A, is fully earned by us upon receipt, and is not refundable.

B. Royalty Fee. You will pay us a monthly royalty fee equal to the amount as follows (“Royalty Fee”):

Period	Royalty Fee
Ramp-up Period (Effective Date through Month 6)	\$0 per month
Initial Royalty Period (Month 7 to Month 18)	\$500 per month
Continuing Royalty Period (Month 19 and each month thereafter)	\$750 per month

The Royalty Fee is due and payable on or before the 1st day of each calendar month, or as otherwise described in the Operations Manual. We reserve the right to modify the manner or frequency in which we collect the Royalty Fee upon notice to you. To allow you to ramp up the operations of your Business, you will not be required to pay a Royalty Fee for the period beginning on the Effective Date and ending six (6) months after the Effective Date (the “Ramp-up Period”). You must begin paying the Royalty Fee once the Initial Royalty Period commences and the 1st day of each calendar month thereafter in the amount set forth above. For purposes of clarity, the “Initial Royalty Period” will consist of the twelve (12) month period beginning the day after the end of Ramp-up Period and continuing for twelve (12) months thereafter. The “Continuing Royalty Period” will begin the day after the end of the Initial Royalty Period and will continue for the remainder of the initial term of this Agreement.

C. Brand Fund Fee. As further described in Section 5(A) below, throughout the term of this Agreement you are required to pay us Brand Fund Fees. We will deposit the Brand Fund Fee into the Brand Fund described in Section 5(B) below. We reserve the right to modify the manner or frequency in which we collect the Brand Fund Fee upon notice to you.

D. Technology Fee. We reserve the right to require you to pay us a technology fee (the “Technology Fee”), which will be related to the operation of the Management System, including one or more proprietary software programs, our website, and for any other purpose we determine in our discretion. If we require you to pay us a Technology Fee, the initial amount of the fee will be no greater than \$250 per month and will be due and payable in the same time and manner as the Royalty Fee, but we reserve the right to modify the manner or frequency in which we collect the Technology Fee upon notice to you. Should we require you to pay us a Technology Fee, we also reserve the right to increase the fee through the term of this Agreement; however, we will not increase the fee more than 10% per year. You must also pay any fees related to software that you are required to use throughout the term of this agreement whether those fees are payable to us or to a third-party vendor.

E. Electronic Transfer of Funds. We will require you to sign electronic transfer of funds (“EFT”) authorization attached to this Agreement as Exhibit B and other documents as we periodically designate to authorize your bank to transfer, either electronically or through some other method of payment we designate, directly to our account and to charge your account for all minimum Royalty Fees, Brand Fund Fees, and other amounts you owe us. Your authorization will permit us to designate the amount to be transferred from your account. You must maintain a balance in your accounts sufficient to allow us to collect the amounts owed to us when due. You will be responsible for any penalties, fines or similar expenses associated with the transfer of funds described herein. Further, in addition to interest charges on late fee payments, you must pay to us a service charge of up to \$25 per day for each delinquent payment that you owe to us under this Agreement. A payment is delinquent for any of the following reasons: (1) we do not receive the payment on or before the date due; or (2) there are insufficient funds in your bank account to collect the payment by a transfer of funds on or after the date due.

F. Interest on Late Payments. All Royalty Fees, Brand Fund Fees, and other amounts which you owe to us or our affiliates will bear interest after the due date at the lesser of: (1) eighteen percent (18%) per year; or (2) the maximum contract rate of interest permitted by law in the state in which the Business is located.

G. Application of Payments. We have discretion to apply amounts due to us or any of our affiliates any payments received from you or any amount we owe you.

H. Withholding Payments Unlawful. You agree that you will not withhold payment of any Royalty Fees, Brand Fund Fees, or any other amount due us, and that the alleged non-performance or breach of any of our obligations under the Franchise Agreement or any related agreement does not establish a right at law or in equity to withhold payments due us for Royalty Fees, Brand Fund Fees or any other amounts due.

L. Tax Indemnification. You will indemnify us and reimburse us for all income, capital, gross receipts, sales, and other taxes that the state in which the Business is located imposes as a result of your operation of the Business or the license of any of our intangible property in the jurisdiction in which the Business is located. If more than one CKMN business is located in such jurisdiction, they will share the liability equally, except in the case of sales taxes and gross receipts taxes, which will be divided in proportion to taxable sales to you. If applicable, this payment is in addition to the Royalty Fee payments described above.

5. ADVERTISING

A. Opening Local Marketing Requirement. For the first six (6) months following the Effective Date, or until you reach \$4,000 per month in Gross Revenue, whichever comes first (the “Initial Marketing Period”), you must complete the following local marketing activities: (i) conduct at least twenty five (25) in-person visits per week to daycares, nursery schools, elementary schools, and other locations for kids primarily between the ages of two (2) and ten (10) years old that are located within your Designated Territory (the “Prospective Class Locations”); (ii) send at least twenty five (25) emails per week to Prospective Class Locations; and (iii) make at least twenty five (25) phone calls per week to Prospective Class Locations (together, the “Opening Local Marketing Requirement”). During the Initial Marketing Period, at the time and in the format that we specify in the Operations Manual, you must send to us a weekly summary of your efforts to complete the Opening Local Marketing Requirement. If you fail to timely deliver the summary report to us or if you fail to meet the Opening Local Marketing Requirement at any point during the Initial Marketing Period, then we reserve the right, in our sole discretion, to conduct additional local marketing on your behalf and charge you a fee and any costs we incur for the additional marketing efforts. Any fee imposed by us will not exceed \$600 per day.

B. Marketing and Promotional Fund. You are required to pay to us for deposit in a marketing and promotional fund (the “Brand Fund” or “Fund”) an annual Brand Fund Fee (the “Brand Fund Fee”) in the amount set forth below.

Period	Brand Fund Fee
Ramp-up Period	\$0
Month 13 to Month 24	\$1,650 annually
Month 25 to Month 36	\$2,000 annually
Month 37 to Month 48 and each subsequent 12-month period under the initial term of this Agreement	\$2,500 annually

The Brand Fund Fees will be due on the first day of period described above.

C. Brand Fund Usage.

1. We will place all Brand Fund Fees we receive in the Brand Fund and will manage such Fund. We may, but are not required to, contribute to the Brand Fund for each CKMN business that we operate in an amount that we determine in our discretion. Disbursements from the Brand Fund will be made solely to pay expenses we incur in connection with the general promotion of the Marks and the System in the manner we determine in our sole discretion, including, without limitation, the cost of formulating, developing and implementing advertising, marketing, promotional and public relations campaigns; the cost of market research and analytics; website and related technology maintenance and development; and the costs of administering the Brand Fund, including the cost of employing advertising, public relations and other third-party agencies to assist us or in connection with carrying out any functions of the Brand Fund, and providing promotional brochures and other print or electronic advertising materials to CKMN businesses and to regional and local advertising cooperatives, as well as accounting expenses and the actual costs of salaries and fringe benefits paid to our employees engaged in administration of the Brand Fund. The Brand Fund is not a trust or escrow account, and we have no fiduciary obligations regarding the Brand Fund. We cannot ensure, and do not represent, that you will benefit directly or on a pro rata basis from the future placement of any such advertising in your local market. We may spend in any fiscal year an amount greater or less than the aggregate contributions of CKMN businesses to the Brand Fund in that year. We may have the Brand Fund borrow from us or other lenders to cover any Brand Fund deficits. We may have the Brand Fund invest any surplus for the Brand Fund’s future use. We may, through the Brand Fund, furnish you with approved local marketing plans and materials on the same terms and conditions as plans and materials we furnish to other CKMN businesses. We will determine in our sole discretion the methods of advertising, media employed and scope, contents, terms and conditions of advertising, marketing, promotional and public relations campaigns and programs, and their geographic, market, and media placement and allocation. Upon written request, we will provide you an annual unaudited statement of the receipts and disbursements of the Brand Fund for the most recent calendar year.

2. As part of your contribution to the Brand Fund, we will provide you an annual ongoing marketing package (the “Ongoing Marketing Package”), with the first package delivery occurring 13 months after the Effective Date and continuing once every 12-month period thereafter for the remainder of the term. As of the Effective Date, the Ongoing Marketing Package consists of the following: 200 program brochures for sales calls; 100 enrollment flyers (the variety of which will be subject to your needs); 400 demo flyers (the variety of which will be subject to your needs); 2 direct mail drops (promotional postcards), and certain branded web-site maintenance and social media support, which support will be given in our sole discretion. We reserve the right to change,

substitute, or eliminate any of the quantities, content, or components of the Ongoing Marketing Package at any time in our sole discretion.

D. Local Marketing and Business Promotion. Except for the Brand Fund Fee, you are not required to spend any amounts on marketing or local advertising. If you elect to conduct any other advertising or marketing for the Business, then all advertisements and marketing materials must comply with our then-current standards and specifications, and you may only use approved advertising and promotional materials in promoting the Business.

E. Approved Advertising, Media Plans and Business Promotion Materials. We may develop, and make available to you, local media planning assistance. If we do so, you must use our recommended media plan in promoting the Business or otherwise develop, and obtain our advance written approval to, an alternative media/promotion plan. In addition, you will use only our approved advertising and promotional materials in promoting the Business. If you desire to use any advertising or promotional materials in promoting the Business which we previously have not approved, you must submit all materials to us for our approval before using any such materials, which approval will not be unreasonably withheld. If we do not approve in writing those advertising or promotional materials within ten (10) days after you submit those materials to us, then those materials are deemed to be rejected and you may not use those materials.

F. Participation in Certain Programs and Promotions. You must use your best efforts to promote and advertise your Business and must participate in all advertising and promotional programs we establish in the manner we direct. You must, at your expense, participate in, and honor all provisions of any gift card and/or loyalty program that we have established or may establish and as we may modify, as further described in the Operations Manual. You also must honor all coupons, discounts and gift certificates as we may reasonably specify in the Operations Manual or otherwise in writing.

6. DEVELOPMENT AND OPENING OF THE BUSINESS

A. Office Premises. You must have a quiet and organized office where you operate the Business. The office may be, and we expect it to be, a home office, and you may store any necessary Products, equipment, supplies, inventory, and other items that are necessary for the operation of the Business at your home office. If you wish to purchase or lease real estate for the operation of your Business, then you must locate a site for your Business that we consent to.

B. Management System. You will use in the Business the management and reporting system, including all existing or future communication or data storage systems, components thereof and associated services, which we have developed or selected for the System (collectively, the “Management System”). The Management System may include one or more proprietary or other software programs developed or customized for us (the “Designated Software”). You must use the Designated Software from us, our affiliate, or our designated supplier. The Designated Software may include one or more proprietary or other software programs developed or customized for us, which we may require you to use. You must pay the then-current fee associated with any of the Designated Software. We may require you to enter into our or our designee’s standard form software license agreement in connection with your use of any Designated Software. We reserve the right to assign our rights, title and interest in any Designated Software to a third party we designate or to replace the Designated Software. In such event, you may be required to enter into a separate computer software license agreement specified by the third-party supplier of the Designated Software and pay any separate fees imposed under that agreement. You must participate in our designated Payment Card Industry (“PCI”) compliance program if we establish such a program. If we do not designate a separate PCI compliance program, you must take all necessary steps to comply with all applicable PCI data security standards. You must have Internet access with a form of high-speed connection as we require. You will use an e-mail address we designate for communication with us. The computer hardware component of the

Management System must comply with specifications we develop. We reserve the right to require the Management System to be configured as a package unit. We have the right to designate a single source from which you must purchase the Management System, any software or hardware components thereof or associated service, and we or our affiliates may be that single source. You will be required to use and, at our discretion, pay for all future updates, supplements and modifications to the Management System.

C. Customer Data. We may access financial information and customer data produced by or otherwise located on your Management Software (collectively the “Customer Data”). You acknowledge and agree that we control the use of Customer Data related to the Business. You will only use the Customer Data as a processor as necessary to operate your Business for the term of this Agreement unless you otherwise obtain our prior written approval. You have no right to sell, transfer, sublicense or otherwise share Customer Data to or with any third party unless you obtain our prior written approval, or the third party is a service provider bound to substantially similar obligations as this Section and you remain liable for their use. You will comply with all directives and terms in the Operations Manual respecting your use of the Customer Data. We may access Customer Data on the Management Software and you will allow us to audit your records to confirm compliance with these provisions. You must provide us usernames and passwords to access the Management Software. You are solely responsible for protecting Customer Data from cyber-attacks or unauthorized access, and you waive any claim you may have against us as the direct or indirect result of such attacks or unauthorized access. You must comply with all applicable federal, state, provincial and local laws and regulations concerning the storage, handling, use and protection of Customer Data. In addition, you must comply with any data protection and breach response policies we periodically may establish and must not use or disclose Customer Data in a manner that would cause us to be in violation of our published privacy policy. You must notify us immediately of any actual or suspected data breach or cyber-attack at or in connection with the Business or Customer Data. We will periodically update the Operations Manual to the extent necessary to carry out the full intention of this section should any federal, state or other applicable privacy or related laws restrict or otherwise impose obligations respecting our rights to access Customer Data on the Management Software. Separately, each party is an independent data controller of, or, if applicable, a business in relation to, the personal data or information relating to the other party’s employees, contractors and/or executives it collects and processes and each party will comply with all applicable laws and regulations in relation to the same. The parties will enter into a separate data sharing agreement or processing agreement to the extent and as required by applicable law.

D. Business Opening. You must comply with any Business opening requirements we periodically describe in the Operations Manual. You will not open the Business for business without our prior written approval. Prior to opening your Business, you must complete to our satisfaction the Online Training Program described in Section 7(B). We anticipate that the Online Training Program will take approximately three (3) weeks to complete; after which, you may commence operations of the Business. For purposes of this Agreement, commencing operations means the date in which you begin marketing your CKMN Business. You must commence operations of the Business within two (2) months following the Effective Date.

E. Relocation of Business. You will not relocate the territory, your office, or establish additional CKMN business without our prior written consent, which we may withhold in our sole discretion.

7. TRAINING AND OPERATING ASSISTANCE

A. Development of Business. We will provide you with reasonable consulting services in connection with the selection and evaluation of the proposed territory and development of the Business. You acknowledge that our assistance in territory location and consent to the territory does not represent a representation or guaranty by us that the territory will contribute to your Business being a success.

B. Training. We will provide you and the Operating Principal (if they are different people or if you are an entity) an initial training program on the operation of a CKMN business, with a portion of the training taking place virtually on our online learning management platform (the “Online Training Program”) and a portion of the training taking place in-person at a location and time we designate (the “In-person Training Program,” and together with the Online Training Program, the “Initial Training Program”). The Operating Principal must be approved by us, which we will not unreasonably withhold. You (and the Operating Principal if they are different people or if you are an entity) must attend and successfully complete our Initial Training Program.

You must successfully complete the Online Training Program to our satisfaction before you open and commence operation of the Business, and you must successfully complete the In-person Training Program no later than six (6) months following the Effective Date. The In-person Training Program may be completed after you open and commence operations of the Business. The Initial Training Program may include online tutorials, classroom instruction and on-site training relating to Business operations, customer service, marketing and sales programs, and any other topics that we determine in our sole discretion. If, during the Initial Training Program, we determine that you (or the Operating Principal) are not qualified to manage the Business, we will notify you and you must select and enroll a substitute Operating Principal in the initial training program. In addition, all new Owners and Operating Principals must complete our designated Initial Training Program. We may charge you a reasonable fee for those new or additional individuals who attend the Initial Training Program. We may require you and/or the Operating Principal to attend all supplemental and refresher training programs that we designate during the term of this Agreement, and we may charge you a reasonable fee for these supplemental and refresher training programs. The fee for these training programs is currently \$1,000 per day. We may increase our then-current fee upon notice to you, which will not increase by more than 10% annually. You are solely responsible for the compensation, travel, lodging and living expenses you and your employees incur in attending the Initial Training Program, as well as any supplemental or refresher training programs. You also are solely responsible for paying your employees and providing all necessary insurance, including worker’s compensation insurance, for you and your employees, while you and your employees attend training.

C. Opening Assistance. In connection with your payment of the Initial Franchise Fee, we will provide you an initial marketing package (the “Initial Marketing Package”) in connection with the opening of your Business. The Initial Marketing Package will consist of the following: 200 program brochures for sales calls; 100 enrollment flyers (the variety of which will be subject to your needs); 400 demo flyers (the variety of which will be subject to your needs); 2 direct mail drops (promotional postcards); and, over a period of three (3) months, certain branded web-site set up and maintenance and social media support, which maintenance and support will be given in our sole discretion. Our representatives will also provide general operational support, which may be in the form of periodic group calls or any other manner or method that we determine in our sole discretion, for a period of six (6) months following the opening of the Business.

D. Operating Assistance. We will advise you on operational issues and provide assistance in operating the Business as we deem appropriate. Operating assistance may include assistance and advice regarding the following:

1. additional Services and Products authorized for sale at CKMN businesses;
2. selecting, purchasing and marketing products, inventory, and other approved supplies and suppliers;

3. marketing assistance (including online and social media marketing) and sales promotion programs;
4. establishing administrative, bookkeeping, accounting, inventory control, sales and general operating procedures for the proper operation of a CKMN business;
5. the provision of an Ongoing Marketing Package, as described in Section 5(C); and
6. an overall evaluation of the performance of the Business and conformity within the System.

Upon your reasonable request, we may elect to provide ongoing on-site assistance and we may charge you a reasonable per diem fee (currently, \$1,000 per day) in connection with such on-site assistance. You must reimburse us for all travel, lodging and living expenses incurred by our representatives to provide such on-site assistance. We may increase our then-current fee upon notice to you, which will not increase annually by more than the CPI Adjustment.

We will provide such guidance, in our discretion, through our Operations Manual, bulletins or other written materials, telephone conversations and/or meetings at our office or at a location in your Designated Territory in conjunction with an inspection of the Business. We may, in our discretion, also provide a written evaluation of the Business regarding your overall performance and conformity with the System. We will provide additional assistance in a manner we determine in our sole discretion for a fee (currently, \$1,000 per day). We may increase our then-current fee upon notice to you, which will not increase annually by more than the CPI Adjustment.

E. Operations Manual. We will provide on loan to you, during the term of this Agreement, electronic (Internet) access to an Operations Manual, which may include other handbooks, manuals, videos, and written materials (collectively, the “Operations Manual”) for CKMN franchised businesses. The Operations Manual will contain mandatory and suggested specifications, standards and operating procedures that we develop for CKMN businesses and information relating to your other obligations. Any required specifications, standards and operating procedures exist to protect our interests in the System and the Marks and to create a uniform customer experience, and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you. We may add to, and otherwise modify, the Operations Manual to reflect changes in authorized Services and Products, and specifications, standards and operating procedures of a CKMN business. The master copy of the Operations Manual that we maintain at our principal office or on our website, and make available to you electronically, will control if there is a dispute involving the contents of the Operations Manual.

F. Conventions and Meetings. We periodically may hold or sponsor franchise conventions and meetings at a location we designate relating to new Services or Products, new operational procedures or programs, training, business management, sales and sales promotion, or other topics that we determine in our discretion. These franchise conventions and meetings may be optional or mandatory, as we designate. You and your Operating Principal (as applicable) must attend, at your expense, all mandatory franchise conventions and meetings we may hold. If you or your Operating Principal (as applicable) cannot attend a convention or meeting, you must so notify us before the convention or meeting and must have a substitute person acceptable to us attend the event. We reserve the right to charge you a fee (up to \$1,000 per attendee) for any annual franchise convention or meeting that we sponsor or designate, regardless of your attendance.

8. MARKS

A. Ownership and Goodwill of Marks. You acknowledge that you have no interest in or to the Marks and that your right to use the Marks is derived solely from this Agreement and is limited to the conduct of business in compliance with this Agreement and all applicable specifications, standards and operating procedures that we require during the term of the Franchise. You agree that the use of the Marks and any goodwill established exclusively benefits us and our affiliate, and that you receive no interest in any goodwill related to your use of the Marks or the System. You must not, at any time during the term of this Agreement or after your termination or expiration, contest or assist any other person in contesting the validity or ownership of any of the Marks.

B. Limitations on Your Use of Marks. You agree to use the Marks as the sole identification of the Business, but you must identify yourself as the independent owner in the manner we direct. You must not use any Mark as part of any corporate or trade name or in any modified form, nor may you use any Mark in selling any unauthorized product or service or in any other manner we do not expressly authorize in writing. You agree to display the Marks prominently and in the manner we direct on all signs and forms. Subject to our rights described in this Agreement, you agree to obtain fictitious or assumed name registrations as may be required under applicable law.

C. Restrictions on Internet and Website Use. Except as otherwise described in this Agreement, we retain the sole right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue the use of, a website using the Marks. You have the right to access and participate in our website as further described in Section 9(L) below. We will create and maintain a subpage on our website(s) that contains information about your Business. Except as we may authorize in writing, you will not: (1) link or frame our website; (2) conduct any business or offer to sell or advertise any Products or Services or similar products or services on the Internet (or any other existing or future form of electronic communication) including e-mail marketing or other digital marketing, except through our designated website and approved social media accounts; (3) create or register any Internet domain name in any connection with the Business; (4) use any e-mail address which we have not authorized for use in operating the Business; and (5) conduct any activity on “social media” or related social networking website other than as we have expressly authorized in writing. You will not register, as Internet domain names, any of the Marks that we now or hereafter may own or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar.

D. Notification of Infringements and Claims. You must notify us immediately in writing of any apparent infringement of or challenge to your use of any Mark, or any claim by any person of any rights in any Mark or any similar trade name, trademark or service mark of which you become aware. You must not communicate with any person other than us and our counsel regarding any infringement, challenge or claim. We may take any action we deem appropriate and have the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge or claim relating to any Mark. You will sign all documents, provide assistance and take all action as we may reasonably request to protect and maintain our interests in any litigation or other proceeding or to otherwise protect and maintain our interests in the Marks.

E. Litigation. You will have no obligation to and will not, without our prior written consent, defend or enforce any of the Marks in any court or other proceedings for or against imitation, infringement, any claim of prior use, or for any other allegation. You will, however, immediately notify us of any claims or complaints made against you respecting the Marks and will, at your expense, cooperate in all respects with us in any court or other proceedings involving the Marks. Subject to our right of indemnification (as described in Section 18(B) below), we will pay the cost and expense of all litigation we incur, including

attorneys' fees, specifically relating to the Marks. We and our legal counsel will have the right to control and conduct any litigation relating to the Marks.

F. Changes. You cannot make any changes or substitutions to the Marks unless we so direct in writing. We reserve the right, in our discretion, to modify or discontinue use of any Mark, or to use one or more additional or substitute trademarks or service marks. In such event, you will, at your expense, comply with such modification or substitution within a reasonable time after notice by us. If in our or our affiliate's reasonable determination, the use of Marks in connection with the System will infringe or potentially infringe upon the rights of any third party, then upon notice from us, you will terminate or modify, within a reasonable period of time, such use in the manner prescribed by us. If we change the Marks as a result of such determination, then we will reimburse you for any out-of-pocket expenses that you reasonably incur to implement such modifications or substitutions. Moreover, we are not obligated to reimburse you for any loss of goodwill or revenue associated with any modified or discontinued Mark, nor are we responsible for reimbursing you for any other costs or damages.

9. BUSINESS IMAGE AND OPERATING STANDARDS

A. Condition and Appearance of Business/Remodeling of Business. You agree to maintain the condition and appearance of the Business, equipment, supplies, and signs, and otherwise comply with our then-current standards and specifications for each of those respective items. You will replace non-compliant, worn out, or obsolete equipment, supplies, signs, and other items. If at any time in our reasonable judgment, the general state of repair, or appearance of the Business, equipment, supplies, signs or other items do not meet our then-current standards, we will so notify you, specifying the action you must take to correct the deficiency. If you fail, within ten (10) days after receipt of notice, to commence action and continue in good faith and with due diligence, to undertake and complete any required maintenance, refurbishing, or upgrading, we may (in addition to our rights under Section 15 below) correct the deficiencies on your behalf, and at your expense.

B. Restriction on Use of Office Premises. You agree that you will not, without our prior written approval, offer or sell any services or products out of or from your office premises that we have not authorized or permit any customers of the Business to visit your office premises. The Business or any proprietary CKMN equipment, inventory, items or supplies may not be used for any purpose other than the operation of a CKMN business in compliance with this Agreement.

C. Your Hiring and Training of Employees. You will hire all employees of the Business, and be exclusively responsible for the terms of their employment, scheduling, benefits, disciplining, compensation, and all other personnel decisions. You will implement a training program for Business employees in compliance with our requirements. You will maintain at all times a staff of trained employees sufficient to operate the Business in compliance with our standards. You acknowledge and agree that any training we provide for your employees is geared to impart to those employees, with your ultimate authority, the various procedures, protocols, systems and operations of a CKMN business and in no fashion reflects any employment relationship between us and such employees. You must ensure that all Business employees comply with all licenses and certifications respecting the Business as we may require or as federal, state and/or local authorities may require. At all times, the Business must be operated under your or the Operating Principal's (as applicable) direct supervision. If it is ever asserted that we are the employer, joint employer or co-employer of any of your employees in any private or government investigation, action, proceeding, arbitration or other setting, you irrevocably agree to assist us in defending said allegation, appearing at any venue requested by us to testify on our behalf; participating in depositions or other appearances; or preparing affidavits rejecting any assertion that we are the employer, joint employer or co-employer of any of your employees. Further, it is the intention of the parties to this Agreement that we shall not be deemed a joint employer with you for any reason.

D. Authorized Services, Products, and Equipment. You agree to offer and sell from the Business all and only the Services and Products which we have approved as being suitable for sale and meeting the standards of quality and uniformity for the System. In addition, you agree to use in the operation of the Business only such products, supplies and equipment which we have approved as being suitable for use and meeting the standards of quality and uniformity for the System and are purchased from suppliers we have approved (which may include us and/or our affiliates). We periodically may modify the lists of approved products, supplies, equipment, brands and suppliers. If you propose to offer for sale or use in operating the Business any products or supplies which we have not approved, you must first notify us in writing and provide sufficient information, specifications and samples concerning the brand and/or supplier to permit us to determine whether the brand complies with our specifications and standards and/or the supplier meets our approved supplier criteria. We will notify you within sixty (60) days of our receipt of all required documents whether the proposed brand and/or supplier is approved. We may develop procedures for the submission of a request for approved brands or suppliers and obligations that approved suppliers must assume (which may be incorporated in a written agreement to be signed by the approved supplier). We reserve the right to charge you our then-current evaluation fee (currently \$500) and require you to reimburse us our reasonable costs and expenses that we incur to review a proposed brand or supplier. We may increase our then-current fee upon notice to you, which will not increase annually by more than the CPI Adjustment. We may impose limits on the number of suppliers and/or brands for any products, supplies or equipment sold or used in the Business or otherwise related to the Franchise, and we may require that you use only one supplier for any products, supplies or equipment. You agree that certain products, materials, and other items and supplies may only be available from one source, and we or our affiliates may be that source. WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, RESPECTING PRODUCTS, EQUIPMENT, SOFTWARE, SUPPLIES, FIXTURES, FURNISHINGS OR OTHER ITEMS THAT ARE MANUFACTURED OR DISTRIBUTED BY THIRD PARTIES AND THAT WE APPROVE FOR USE IN THE SYSTEM.

E. Safety Standards. You must comply with all applicable governmental safety standards in operating and maintaining your Business. You also must comply with any higher standards that we prescribe.

F. Standards of Service. You must at all times give prompt, courteous and efficient service to your customers equally. You must, in all dealings with your customers and suppliers and the public, adhere to the highest standards of honesty, integrity and fair dealing.

G. Specifications, Standards and Procedures. You acknowledge that each and every detail of the appearance and operation of the Business is important to us and other CKMN businesses. You agree to maintain the highest standards of quality and service in the Business and agree to comply with all mandatory specifications, standards and operating procedures (whether contained in the Operations Manual or any other written or oral communication to you) relating to the appearance or operation of a CKMN business, including:

1. type and quality of Services and Products and Product procurement;
 2. methods and procedures relating to marketing and customer service;
 3. the safety, maintenance, cleanliness, function and appearance of the Business, and any equipment, costumes, décor and signs used in association with the Business;
 4. qualifications, dress, general appearance and demeanor of Business employees.
- Each of your employees will wear only those uniforms which we have approved in writing;

5. conducting criminal background checks on all employees and independent contractors of your Business;
6. the style, make and/or type of equipment (including computer equipment) used in operating the Business;
7. Use of signs, posters, displays, standard formats and similar items; and
8. Business advertising and promotion.

H. Compliance with Laws and Good Business Practices. You must secure and maintain in force all required licenses, permits and certificates relating to the operation of the Business, and must operate the Business in full compliance with all applicable laws, ordinances and regulations, including all labor and employment laws. You must notify us in writing within five (5) days of the commencement of any action, suit, proceeding or investigation, and of the issuance of any order, injunction, or award of decree, by any court, agency, or other governmental instrumentality that may adversely affect the operation or financial condition of you or the Business. You will not conduct any business or advertising practice which injures our business, the System or the goodwill associated with the Marks and other CKMN businesses.

I. Management of the Business/Conflicting Interests. The Business must at all times be under the direct supervision of you or an Operating Principal (if you are not personally operating the business or if you are an entity). The person who is responsible for the day-to-day supervision of the Business (i.e., the Operating Principal) must at all times faithfully, honestly and diligently perform their obligations and continuously use best efforts to promote and enhance the business of the Business. The person who is responsible for the day-to-day supervision of the Business must assume their responsibilities on a full-time basis and must not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility, time commitments, or otherwise may conflict with your obligations. If at any time you or the Operating Principal (as applicable) is not managing the Business, we immediately may appoint a manager to maintain Business operations on your behalf. Our appointment of a manager of the Business does not relieve you of your obligations or constitute a waiver of our right to terminate the Franchise under Section 15 below. We are not liable for any debts, losses, costs or expenses you incur in operating the Business or to any of your creditors for any products, materials, supplies or services purchased by the Business while it is managed by our appointed manager. We may charge a reasonable fee (up to \$1,000 per day) for management services and cease to provide management services at any time.

J. Insurance. You agree to purchase and maintain in force, at your expense, insurance at a minimum in the types of coverage and amounts we specify in the Operations Manual or otherwise in writing. All insurance policies will: (1) be issued by an insurance carrier(s) acceptable to us and that have an A.M. Best rating of A or higher; (2) will name us and our affiliates, and their respective officers, directors and employees, as an additional insured on a primary and non-contributory basis; (3) contain a waiver of the insurance company's right of subrogation against us; (4) contain the insurance coverage that we specify in the Operations Manual for each CKMN business that you operate; and (5) provide that we will receive thirty (30) days' prior written notice of a material change in or termination, expiration or cancellation of any policy (or such shorter period as the insurance carrier may require and approved by us). We periodically may, with prior written notice to you, increase the minimum liability protection requirements, and require different or additional kinds of insurance to reflect inflation or changes in standards of liability. If at any time you fail to maintain in effect any insurance coverage we require, or to furnish satisfactory evidence thereof, we, at our option, may obtain insurance coverage for you. You agree to promptly sign any applications or other forms or instruments required to obtain any insurance and pay to us, on demand, any costs and premiums we incur, together with an administrative fee equal to five percent (5%) of the insurance

premium. You will provide us with copies of the certificate of insurance, insurance policy endorsements and other evidence of compliance with these requirements as we periodically require at least two (2) weeks before you commence operation of the Business and at such other times as we may require. In addition, you will provide to us a copy of the evidence of the renewal or extension of each insurance policy in a form we require. Your obligation to obtain and maintain these insurance policies in the amounts specified will not be limited in any way by reason of any insurance that we may maintain, nor does your procurement of required insurance relieve you of liability under the indemnity obligations described in Section 18. Your insurance procurement obligations under this Section are separate and independent of your indemnity obligations. We do not represent or warrant that any insurance that you are required to purchase will provide you with adequate coverage. The insurance requirements specified in this Agreement are for our protection. You should consult with your own insurance agents, attorneys and other insurance advisors to determine the level of insurance protection you need and desire, in addition to the coverage and limits we require.

K. Participation in Internet Website.

1. You will participate in a CKMN website listed on the Internet or other online communications and participate in any intranet system we control. We will, at our discretion, determine the content and use of a CKMN website and intranet system and will establish rules under which you may or will participate. We will retain all rights relating to the CKMN website and intranet system and may alter or terminate the website or intranet system at any time without notice to you. Your general conduct on the Internet and the CKMN intranet system, and specifically your use of the Marks or any advertising on the Internet (including the domain name and any other Marks we may develop as a result of participation in the Internet), will be subject to the provisions of this Agreement. You acknowledge that certain information obtained through your online participation in the website or intranet system is considered Confidential Information, including access codes and identification codes. Your right to participate in the CKMN website or intranet system or otherwise use the Marks or the System on the Internet will terminate when this Agreement expires or terminates.

2. We will establish your approved social media account(s) for your Business using your CKMN email address. Your operation and maintenance of your social media accounts(s) must comply with our then-current standards and specifications as set forth in our Operations Manual or otherwise in writing, which may include making us an administrator of the accounts. At our sole discretion, we reserve the right to remove any social media posts that do not constitute approved marketing or otherwise comply with our Operations Manual. You are prohibited from creating any additional social media accounts in connection with your Business. All content that you post on social media will constitute Improvements (as defined in Section 12(B) of the Franchise Agreement).

L. Criminal Background Checks. We will require you, your Operating Principal (if you are not personally operating the Business or are an entity), and each of your Owners, partners, employees, and independent contractors to undergo and pass, to our satisfaction, a complete criminal background check. You may not hire or engage any employees or independent contractors that have not yet passed the background check to our satisfaction.

10. RECORDS AND REPORTS

A. Accounting and Records. During the term of this Agreement, you will, at your expense, establish and maintain at a business location within the Designated Territory and retain for a minimum of five (5) years from the date of their preparation, an accounting and record keeping system we designate that

will generate complete and accurate books, records, and accounts relating to the Business (the “Records”). The accounting and record keeping system will include accounting and reporting software that we periodically direct. The Records must be prepared in the form and manner we direct in the Operations Manual or otherwise in writing, and must include the following: (1) monthly bank statements and daily deposit slips; (2) all tax returns relating to the Business and each of its Owners; (3) suppliers’ invoices (paid and unpaid); (4) monthly balance sheets and profit and loss statements; (5) weekly inventories; and (6) such other records and information as we periodically may request. You must preserve the Records and submit reports electronically, consistent with our requirements. You will ensure that we have electronic access at all times to the Records and related reports. If at any time you fail to fully comply with your obligations under this Section 10, we may require that you engage, at your expense, a third party accounting firm or other service provider that we designate to satisfy the requirements of this Section 10.

B. Reports and Tax Returns. You will deliver or allow us access to the following, at our request: (1) profit and loss statements for the Business at such intervals as we periodically may require; (2) an annual profit and loss statement and source and use of funds statement for the Business for the year and a balance sheet for the Business as of the end of the year, reviewed by an independent certified public accountant; and (3) all tax returns relating to the Business and each of its Owners. You also will provide to us copies of all Records and other information and supporting documents as we designate. All financial statements, reports and information must be on forms we approve and that you have signed and verified.

11. INSPECTION AND AUDITS

A. Our Right to Inspect the Business. To determine whether you are complying with this Agreement, we may, at any time during business hours and without prior notice to you, observe the provision of the Services and Products, which we may do in person or electronically (such as through videoconferencing), and test, sample, inspect and evaluate your supplies, equipment and Products. You will fully cooperate with our representatives making any inspection and will permit our representatives to take photographs or videotapes of the Business and to interview employees and customers of the Business.

B. Our Right to Examine Books and Records. We may, at all reasonable times and without prior notice to you, examine, audit, or request copies of the Records, including the books, records and state and/or federal income tax records and returns of any Owner. You must maintain all Records and supporting documents at all times at your office and you must notify us of this address and any changes to this address. You will make financial and other information available at a location we reasonably request, and will allow us (and our agents) full and free access to any such information. You otherwise will fully cooperate with our representative and independent accountants hired to conduct any examination or audit.

C. Result of Audit; Unreported Gross Revenue. If any examination or audit discloses an understatement of Gross Revenue, then you must reimburse us for the cost of the audit or examination, including the charges of any independent accountants and the travel expenses, room and board and compensation of our employees, if: (1) an examination or audit is necessary because you failed to timely provide required information; or (2) any examination or audit results in a determination that Gross Revenue for any Period (as defined in Section 2(D) above) is understated by greater than 2%. The foregoing remedies are in addition to all of our other remedies and rights under applicable law.

12. CONFIDENTIAL INFORMATION/IMPROVEMENTS

A. Confidential Information. You acknowledge and agree that you do not acquire any interest in the Confidential Information, other than the right to use it in developing and operating the Business pursuant to this Agreement, and that the use or duplication of the Confidential Information in any other business constitutes an unfair method of competition. You acknowledge and agree that the Confidential

Information is proprietary and is our trade secret and is disclosed to you solely on the condition that you: (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (3) will not make unauthorized copies of any Confidential Information disclosed in written form; (4) will adopt and implement all reasonable procedures we direct to prevent unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure to Business employees; and (5) will sign a Confidentiality Agreement and will require the Operating Principal and other managers, employees and agents with access to Confidential Information to sign such an agreement in a form we approve. A copy of our current form Confidentiality and Non-Competition Agreement is attached as Exhibit D, although we have the right to periodically modify this form document. The restrictions on your disclosure and use of the Confidential Information will not apply to disclosure of Confidential Information in judicial or administrative proceedings to the extent you are legally compelled to disclose this information, if you use your best efforts to maintain the confidential treatment of the Confidential Information, and provide us the opportunity to obtain an appropriate protective order or other assurance satisfactory to us of confidential treatment for the information required to be so disclosed.

B. Improvements. You must fully and promptly disclose to us all ideas, concepts, products, process methods, techniques, improvements, additions and Customer Data relating to the development and/or operation of a CKMN business or the System, or any new trade names, service marks or other commercial symbols, or associated logos relating to the operation of the Business, or any advertising or promotion ideas related to the Business (collectively, the “Improvements”) that you, the Owners or your employees or agents conceive or develop during the term of this Agreement. You and your Owners, agents and employees acknowledge and agree that: (1) we control the use of the Customer Data, as described in Section 6(C) above, and that you only use the Customer Data as a processor as necessary to operate your Business; and (2) any other Improvement immediately becomes our property. You and your Owners, agents or employees must sign all documents necessary to evidence the assignment of each Improvement to us without any additional compensation. We may use the Improvement and disclose and/or license the Improvement for use by others. You must not introduce any Improvement or any additions or modifications of or to the System into the Business without our prior written consent.

C. Generative AI. You will not, without our prior written consent, utilize any generative artificial intelligence software, tools, or technologies, including, natural language processing, deep learning algorithms, or machine learning models (“Generative AI”) directly or indirectly in the operation of the Business, including without limitation, in advertising, promotion, or marketing of the Business or the CKMN System, communications with customers, business planning, analysis or optimization, or in any social media. You acknowledge and agree not to upload or share any Confidential Information (including any inputs of information containing trade secrets, sensitive confidential information or personal information) with any unapproved third-party platforms, including Generative AI, except as authorized by us in writing. In addition, you shall prohibit your employees from using any Confidential Information in Generative AI. In the event you utilize any Generative AI, with or without our prior approval, you shall comply with all laws applicable to such use, including without limitation, all trademark, copyright, and biometric laws, and shall not infringe upon the intellectual property of a third party, or use such intellectual property without appropriate authorization and attribution.

13. COVENANTS

A. Organization. You and each Owner covenant that:

1. You are organized and validly exist under the laws of the state where you were formed and are qualified and authorized to do business in the jurisdiction where the Designated Territory and Business is located;

2. Your articles of incorporation, bylaws, operating agreement or other organizational documents (“Authorizing Documents”) at all times will provide that your business activities will be limited exclusively to the ownership and operation of the Business, unless you otherwise obtain our written consent;

3. You have the power under the Authorizing Documents to sign this Agreement and comply with the provisions of this Agreement;

4. You must provide us copies of all Authorizing Documents and any other documents, agreements or resolutions we request in writing;

5. The names of all Owners are accurately stated on the Guaranty attached hereto as Exhibit C; and

6. You will maintain a current schedule of the Owners and their ownership interests (including the Owners’ names, address and telephone numbers) at all times and will immediately provide us with an updated ownership schedule if there is any change in ownership.

B. Non-Solicitation of Customers. You covenant that, during the term of this Agreement, and for a period of two (2) years thereafter, you will not, directly or indirectly: (1) divert or attempt to divert any business, account or customer of the Business or any other CKMN businesses or the System to any “Competing Business” (as defined below).

C. Covenant Not to Compete During Term. You (and the Operating Principal, each Owner, and the Operating Principal’s and each Owner’s spouse) will not, during the term of this Agreement, directly or as an employee, agent, consultant, partner, officer, director or shareholder of any other person, firm, entity, partnership or business: (i) divert or attempt to divert any business or customers of the Business to any Competing Business or perform any act that would damage the goodwill associated with the Marks or the System; or (ii) own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or entity engaged in any Competing Business (including any e-commerce or Internet-based business), except: (1) with our prior written consent; (2) the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent one percent (1%) or less of that class of securities; or (3) under a separate agreement between you and us.

D. Post-Term Covenant Not to Compete. You (and the Operating Principal and each other Owner) will not, for a period of two (2) year after this Agreement expires, terminates, or transfers or the date on which you cease to operate the Business, whichever is later, directly or as an employee, agent, consultant, partner, officer, director or shareholder of any other person, firm, entity, partnership or corporation: (1) divert or attempt to divert any business or customers of the Business to any Competing Business or perform any act that would damage the goodwill associated with the Marks or the System; (2) own, operate, lease, franchise, conduct, engage in, be connected with, having any interest in, or assist any person or entity engaged in any Competing Business which is located in the former designated territory of the Business; or (3) own, operate, lease, franchise, conduct, engage in, be connected with, having any interest in, or assist any person or entity engaged in any Competing Business that is located within a 20-mile radius of: (i) any part of the former designated territory of the Business; (ii) any location where you offered or sold Services or Products outside of your former designated territory; or (iii) any other then-existing CKMN business’s designated territory; provided, however, that this Section 13(D) will not apply to: (i) other CKMN businesses that you operate under separate CKMN franchise agreements; or (ii) the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent one percent (1%) or less of that class of securities.

E. Competing Business. “Competing Business” means any business that offers or sells dance, yoga, or fitness-based movement related programs, classes, or events for children between the ages of 2 years old to 10 years old, or that offers or sells any services or products that are the same as, or substantially similar to, any of the Services and Products offered by the Business.

F. Injunctive Relief. You agree that damages alone cannot adequately compensate us if there is a violation of any covenant in this Section 13 in that injunctive relief is essential for our protection. You therefore agree that we may seek injunctive relief without posting any bond or security, in addition to the remedies that may be available to us at equity or law, if you or anyone acting on your behalf violates any covenant in this Section 13. The covenants stated in this Section 13 will survive the termination or expiration of this Agreement.

14. ASSIGNMENT

A. By Us. This Agreement is fully assignable by us without your consent or having to provide notice to you, and benefits our successors and assigns. Any such assignment will require the assignee to fulfill our obligations under this Agreement. You acknowledge and agree that, following the effective date of any such assignment, you will look solely to the transferee or assignee, and not to us, for the performance of all obligations under this Agreement. Separately, we may assign or delegate to an affiliate or other third party certain of our obligations under this Agreement without assigning our interest in this Agreement. In such instance, we will remain the party ultimately responsible for the performance of such obligation(s).

B. Your Assignment or Sale of Substantially all of Your Assets. You understand that we have granted the Franchise under this Agreement in reliance upon the individual or collective character, aptitude, attitude, business ability and financial capacity of your Owners. You (and your Owners) will not transfer (whether voluntary or involuntary), assign or otherwise dispose of, in one or more transactions, your business, the Business, substantially all or all of the assets of the Business, this Agreement or any direct or indirect legal ownership interest in you unless you obtain our prior written consent. We will not unreasonably withhold our consent to an assignment of this Agreement, provided you comply with any or all of the following conditions which we may, in our discretion, deem necessary:

1. All of your accrued monetary obligations to us and our affiliates have been satisfied, and you otherwise are in good standing under this Agreement and any other agreement between you and us;

2. The transferee (or the Operating Principal, if applicable) is approved by us and demonstrates to our satisfaction that they meet our managerial, financial and business standards for new CKMN businesses, possess a good business reputation and credit rating, and have the aptitude and ability to operate the Business. You understand that we may communicate directly with the transferee during the transfer process to respond to inquiries, as well as to ensure that the transferee meets our qualifications;

3. The transferee enters into a written agreement, in form satisfactory to us, assuming and agreeing to discharge all of your obligations and covenants under this Agreement for the remainder of your term or, at our option, signs our then-current standard form of franchise agreement (which may contain materially different terms and conditions than this Agreement);

4. The transferee and the new Operating Principal successfully complete the Initial Training Program required of new CKMN businesses;

5. You pay us a transfer fee equal to 20% of our then-current initial franchise fee;

6. You (and each Owner, if applicable) sign a general release, in a form and substance satisfactory to us, of any and all claims against us and our affiliates, officers, directors, employees and agents, except to the extent limited or prohibited by applicable law;

7. We approve the material provisions of the assignment or sale of assets which assignment or sale cannot permit you to retain a security interest in this Agreement or any other intangible asset; and

8. You (and each Owner, if applicable) sign an agreement, in form satisfactory to us, in which you and each Owner covenant to observe the post-termination covenant not to compete and all other applicable post-termination obligations.

We may expand upon, and provide more details related to, the conditions for transfer and our consent as described in this Section 14(B), and may do so in the Operations Manual or otherwise in writing.

C. Death or Disability. If the Operating Principal dies or is permanently disabled, the remaining Owners must appoint (if necessary) a competent Operating Principal acceptable to us within a reasonable time, not to exceed sixty (60) days, from the date of death or permanent disability. The appointed Operating Principal must satisfactorily complete our designated training program. If an approved Operating Principal is not appointed within sixty (60) days after the Operating Principal's death or permanent disability, we may, but are not required to, immediately appoint an Operating Principal to maintain Business operations on your behalf until an approved assignee can assume the management and operation of the Business. Our appointment of an Operating Principal does not relieve you of your obligations, and we will not be liable for any debts, losses, costs or expenses you incur in operating the Business or to any creditor of yours for any products, materials, supplies or services purchased by the Business while it is managed by our appointed manager. We may charge a reasonable fee for management services (up to \$1,000 per day) and may cease to provide management services at any time.

If the Operating Principal dies or is permanently disabled, his/her executor, administrator, or other personal representative must transfer his/her interest within a reasonable time, not to exceed twelve (12) months from the date of death or permanent disability, to a person we approve. Such transfers, including transfers by devise or inheritance, will be subject to conditions contained in Section 14(B) above.

D. Public or Private Offerings. Subject to Section 14(B) above, if you (or any of your Owners) desire to raise or secure funds by the sale of securities (including common or preferred stock, bonds, debentures or general or limited partnership interests) in you or any affiliate of you, you agree to submit any written information to us before your inclusion of that information in any registration statement, prospectus or similar offering circular or memorandum and must obtain our written consent to the method of financing before any offering or sale of securities. Our written consent will not imply or represent our approval respecting the method of financing, the offering literature submitted to us or any other aspect of the offering. No information respecting us or any of our affiliates will be included in any securities disclosure document, unless we furnish the information in writing in response to your written request, which request will state the specific purpose for which the information is to be used. Should we, in our discretion, object to any reference to us or any of our affiliates in the offering literature or prospectus, the literature or prospectus will not be used unless and until our objections are withdrawn. We assume no responsibility for the offering.

The prospectus or other literature used in any offering must contain the following language in boldface type on the first textual page:

“NEITHER CKMN FRANCHISING, LLC NOR ANY OF ITS AFFILIATES: (A) IS DIRECTLY OR INDIRECTLY THE ISSUER OF THE SECURITIES OFFERED, (B) ASSUMES ANY RESPONSIBILITY RESPECTING THIS OFFERING AND/OR THE ADEQUACY OR ACCURACY OF THE INFORMATION CONTAINED HEREIN, OR (C) ENDORSES OR MAKES ANY RECOMMENDATION RESPECTING THE INVESTMENT CONTEMPLATED BY THIS OFFERING.”

E. Our Right of First Refusal. If you or your Owners at any time desire to sell or assign for consideration the Franchise, the Business, an ownership interest representing (in the aggregate) twenty-five percent (25%) or more of the ownership in you or all or substantially all of your assets, you or your Owners must obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser and must deliver a copy of the offer to us. We have the right, exercisable by written notice delivered to you or your Owners within thirty (30) days following receipt of the proposed offer, to purchase the interest in the Business or ownership interest in you for the price and on terms contained in the offer. We may substitute cash for any non-cash form of payment proposed in the offer and will have a minimum of sixty (60) days to prepare for closing. If we do not exercise our right of first refusal, you or your Owners may complete the sale to the proposed purchaser under the terms of the offer, provided you and the Owners otherwise comply with this Section 14. If the sale to the proposed purchaser is not completed within one hundred twenty (120) days after delivery of the offer to us, or if there is a material change in the terms of the sale, we again will have the right of first refusal.

F. Guaranty. All of your Owners will sign the Guaranty and Assumption Agreement in the form attached to this Agreement as Exhibit C (the “Guaranty Agreement”). We may also require the spouse of any Owner to sign the Guaranty Agreement. Any person or entity that at any time after the date of this Agreement becomes an Owner of yours under the provisions of this Section 14 or otherwise will, as a condition of becoming an Owner, sign the Guaranty Agreement.

15. OUR TERMINATION RIGHTS

A. Automatic Termination. This Agreement will automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following defaults:

1. If you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent, file or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consent to or acquiesce in the appointment of a trustee or receiver for you or the Business;

2. If proceedings are commenced to have you adjudicated bankrupt or to seek your reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within sixty (60) days, or a trustee or receiver is appointed for you or the Business without your consent, and the appointment is not vacated within sixty (60) days; or

3. If you purport to sell, transfer or otherwise dispose of you or any interest in this Agreement or the Business in violation of Section 14 hereof.

B. Termination Upon Notice. We have the right to terminate this Agreement upon notice to you without providing you an opportunity to cure for any of the following breaches or defaults:

1. If you or the Operating Principal fail to satisfactorily complete the Online Training Program or the In-person Training Program in the applicable timeframes set forth in Section 7(B)

or fail to open and commence operations of the Business at such time as provided in this Agreement;

2. If you or any of your managers, directors, officers or any Operating Principal make a material misrepresentation or omission in the application for the Business or any time thereafter, including, without limitation, understating Gross Revenue in any report you submit to us by more than 2% in a particular month;

3. If you or any of your managers, directors, officers or any Operating Principal are convicted of, or plead guilty to or no contest to a felony, a crime involving moral turpitude, or any other crime or offense that we believe will injure the System, the Marks or the goodwill associated therewith, or if we reasonably believe that you have committed such a felony, crime or offense;

4. If you fail to conduct a criminal background check to our satisfaction on any employee or independent contractor before you hire them;

5. If you voluntarily or otherwise abandon the Business without our prior written consent. The term “abandon” means your failure to operate the Business for a period of five (5) consecutive business days without our prior written consent;

6. If you are involved in any act or conduct which materially impairs or otherwise is prejudicial to the goodwill associated with the name CKMN or any of the Marks or the System, or otherwise violate any provision hereof pertaining to Marks or Confidential Information or misuse the Marks or Confidential Information;

7. If you fail to pay us, our affiliate(s), or any approved or designated supplier any amount that is due and owed to that party, and fail to cure such breach within ten (10) days of the date you receive written notice from us (or any other party that is owed money) regarding such breach;

8. If there are insufficient funds in your designated bank account to cover a check or EFT payment to us three (3) or more times within any twelve (12) month period;

9. If you (or any Owner) violate any in-term restrictive covenant set forth in Section 13 of this Agreement, or any of the other restrictive covenants set forth in this Agreement;

10. If you fail, within fifteen (15) days after notification of non-compliance by federal, state or local government authorities, to comply with any law or regulation applicable to the Business;

11. If you offer or sell any unauthorized or unapproved products or services at or from the Business;

12. If you purchase any product, equipment, or supplies from an unapproved supplier, and fail to cure the default within fifteen (15) days of receiving notice from us by purchasing the product, equipment, or supplies from an approved supplier;

13. If you fail to obtain or maintain the minimum required insurance policies as described in Section 9(J) of this Agreement and our Operations Manual, and fail to cure the default within five (5) days of receiving written notice from us; or

14. If you fail to comply with one or more material requirements of this Agreement on three (3) or more separate occasions within any twelve (12) month period, regardless of whether or not those breaches were cured; and

15. If the nature of your breach makes it not curable.

C. Termination upon Notice and 30 Days' Notice to Cure. Except for those defaults set forth in Sections 15(A) and 15(B) of this Agreement, we may terminate this Agreement upon notice to you in the event you: (i) breach or violate any other covenant, obligation, term, condition, warranty, or certification under this Agreement, including your failure to comply with any other term or condition of this Agreement, the Operations Manual, or any ancillary agreement between you and us (or our affiliate); and (ii) fail to cure such default(s) within thirty (30) days after being provided with notice thereof.

D. Management of Business While You are in Default. In addition to our termination rights described in Sections 15(A)-(C) above, while you are in default of this Agreement, we may, but are not required to, manage, or designate a third party to manage, the Business on your behalf. Our, or our designee's, management of the Business does not relieve you of your obligations and neither we nor our designee will be liable for any debts, losses, costs or expenses incurred in operating the Business or to any of your creditors for any materials supplies or services purchased by the Business while we, or our designee, manage it. We, or our designee, may charge you a fee for management services (up to \$1,000 per day) and may cease providing management services at any time. We may increase our then-current fee upon notice to you, which will not increase annually by more than the CPI Adjustment.

E. Applicable Law. If the provisions of this Section 15 are inconsistent with applicable law, the applicable law will apply.

16. YOUR TERMINATION RIGHTS

You may terminate this Agreement if we violate any material obligation of us to you and fail to cure such violation within one hundred twenty (120) days after our receipt of written notice from you; provided, however, that you are in substantial compliance with the Agreement at the time of giving such notice of termination. Your written notice will identify the violation and demand that it be cured.

17. YOUR OBLIGATIONS UPON TERMINATION OR EXPIRATION

A. Post-Term Duties. If this Agreement expires or is terminated for any reason, you will:

1. immediately cease operation of the Business and using the Marks as well as any confusingly similar trademarks or service marks;

2. within ten (10) days after termination, pay all amounts due and owing to us or our affiliates, including all Royalty Fees, Brand Fund Fees and accrued interest due under this Agreement;

3. discontinue using, and return to us by priority United States mail with a tracking number, any hard copies of, the Operations Manuals and any other manuals, advertising materials, and all other printed materials relating to the operation of the Franchise;

4. assign to us or, at our discretion, disconnect the telephone number for the Business and all social media accounts. You acknowledge that we have the sole right to and interest in all telephone numbers and directory listings associated with the Marks, and you authorize us, and

appoint us as your attorney-in-fact, to direct the telephone company and all listing agencies to transfer such numbers and listings to us;

5. remove from the Business and vehicles used in connection with the Business all signs, posters, fixtures, decals, and other materials that are distinctive of a CKMN business or bear the name “Creative Kids Movement Network” or other Marks;

6. take all necessary action to cancel all fictitious or assumed name or equivalent registrations relating to your use of any of the Marks;

7. immediately cease using Confidential Information (including all Customer Data) and return to us all documents in your possession that contain Confidential Information;

8. within thirty (30) days of the expiration or termination of your agreement, return to us, at your sole cost and expense, all Products, equipment, supplies, and inventory that are either proprietary or bear our Marks;

9. immediately refund your customers, or at our direction pay us such amounts for remittance to your customers, for any Services or Products that were pre-paid for by your customers but you have not provided the purchased Services or Products to the customer as of the expiration or termination of this Agreement;

10. comply with all other applicable provisions of this Agreement, including the non-compete provisions.

Upon termination or expiration of this Franchise Agreement for any reason, your right to use the name “Creative Kids Movement Network” and the other Marks and the System will immediately terminate and you (and the Owners) will not in any way associate yourself/themselves as being associated with us. If you fail to immediately remove all signs and other materials bearing the Marks, we may do so at your expense.

B. Our Option to Purchase Business. If this Agreement expires or is terminated for any reason (other than our fault), we have the option, upon thirty (30) days’ written notice from the date of expiration or termination, to purchase from you all the tangible and intangible assets relating to the Business (collectively, the “Purchased Assets”). The purchase price for the Business will be the fair market value of the Purchased Assets; provided that: (1) we may exclude from the Purchased Assets any products or other items that were not acquired in compliance with this Agreement; and (2) we may exclude from fair market value any provision for goodwill or similar value attributable to intangible property (such as the Marks, any Designated Software and Confidential Information). If the parties cannot agree on fair market value within a reasonable time, we will designate an independent appraiser to determine the fair market value of the Purchased Assets. The determination of such appraiser will be binding on the parties hereto, and the costs of such appraisal will be divided equally between you and us. The purchase price, as determined above, will be paid in cash at the closing of the purchase, which will occur within a reasonable time, not to exceed sixty (60) days, after the fair market value is determined. At the closing, you will deliver documents transferring good and merchantable title to the assets purchased, free and clear of all liens, encumbrances and liabilities to us or our designee and such other documents we may reasonably request to permit us to operate the Business without interruption. We may set off against and reduce the purchase price by all amounts you owe to us or any of our affiliates. If we exercise our option to purchase the Business, we may, pending the closing, appoint a manager to maintain Business operations.

C. Continuing Obligations. All obligations of us and you which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect following its expiration or termination and until they are satisfied or expire.

18. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION

A. Relationship of the Parties. We and you are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venture or employee of the other. Neither party will independently obligate the other to any third parties or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence. You must conspicuously identify yourself at the premises of the Business and in all dealings with customers, lessors, contractors, suppliers, public officials and others as the owner of the Business under a franchise agreement from us and must place other notices of independent ownership on signs, forms, stationery, advertising and other materials as we require.

B. Your Indemnification Obligations. You agree to indemnify and hold us and our subsidiaries, affiliates, stockholders, members, directors, officers, employees and agents harmless against, and to reimburse us or them for, any loss, liability or damages arising out of or relating to your ownership or operation of the Business, and all reasonable costs of defending any claim brought against us or any of them or any action in which us or any of them is named as a party (including reasonable attorneys' fees) unless the loss, liability, damage or cost is solely due to our breach of this Agreement, gross negligence or willful misconduct. You must pay all losses, liability or damages we incur pursuant to your obligations of indemnity under this Section 18(B) regardless of any settlement, actions or defense we undertake or the subsequent success or failure of any settlement, actions or defense. Further, you agree to give us immediate notice of any such action, proceeding, demand or investigation brought against you or the Business. We may, at our option, designate counsel, at your expense, to defend or settle such action, proceeding, demand or investigation brought against you or the Business. This obligation does not diminish your indemnification obligations under this Section 18(B).

C. Survival. The indemnities and assumptions of liabilities and obligations continue in full force and effect after the expiration or termination of this Agreement.

19. DISPUTE RESOLUTION

A. Arbitration. Except to the extent we elect to enforce the provisions of this Agreement by injunction as provided in Section 19(B) below, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud in the arbitrability of any matter) will be resolved by arbitration on an individual basis under the authority of the Federal Arbitration Act in the county where our then-current headquarters are located. Any arbitration proceeding may not be consolidated with any other arbitration proceeding, and you agree not to seek joinder of any claims with those with any other party. The arbitrator(s) will have a minimum of five (5) years' experience in franchising or distribution law and will have the right to award specific performance of this Agreement. The proceedings will be conducted under the Commercial Arbitration Rules of the American Arbitration Association, or the rules of such other arbitration services organization as the parties otherwise may agree upon in writing, to the extent such rules are not inconsistent with the provisions of this arbitration provision or the Federal Arbitration Act. The decision of the arbitrator(s) will be final and binding on all parties; provided, however, the arbitrator(s) may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; (2) assess punitive or exemplary damages; or (3) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance we establish. Any arbitration proceeding will be limited to controversies between

you and us and will not be expanded to include any other CKMN franchisee or include any class action claims. This Section 19 will survive termination or nonrenewal of this Agreement under any circumstances. Judgment upon the award of arbitrator(s) may be entered in any court having jurisdiction thereof. During any arbitration proceeding, we and you will fully perform our respective obligations under this Agreement. The parties agree that all arbitration proceedings, including any arbitration award or ruling, will be confidential in nature, except as otherwise required by law or court order or as necessary to confirm, vacate or enforce the award and for disclosure in confidence to the parties' respective attorneys and tax advisors.

B. Injunctive Relief. Notwithstanding Sections 19(A) above, you recognize that a single franchisee's failure to comply with the terms of its agreement could cause irreparable damage to us and/or to some or all other CKMN businesses. Therefore, if you breach or threaten to breach any of the terms of this Agreement, we will be entitled to an injunction restraining such breach and/or a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining such equitable relief, until such time as a final and binding determination is made by the arbitrators.

C. Attorneys' Fees. The nonprevailing party will pay all costs, expenses, and interest including reasonable attorneys' fees, the prevailing party incurs in any action brought to enforce any provision of this Agreement or to enjoin any violation of this Agreement.

20. ENFORCEMENT

A. Severability. All provisions of this Agreement are severable and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of or non-renewal of this Agreement than is required, or the taking of some other action not required, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by us are invalid or unenforceable, the prior notice and/or other action required by law or rule will be substituted for the comparable provisions.

B. Waiver of Obligations. Our waiver of any breach by you, or our delay or failure to enforce any provision of this Agreement, will not be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights respecting that or any other breach.

C. Rights of Parties Are Cumulative. The rights of us and you are cumulative and no exercise or enforcement by either party of any right or remedy precludes the exercise or enforcement by such party of any other right or remedy to which such party is entitled by law or equity to enforce.

D. Venue. Subject to the provisions of Sections 19(A) above, any cause of action, claim, suit or demand allegedly arising from or related to this Agreement or the relationship of the parties must be brought exclusively in any state or federal court of competent jurisdiction in the county where our then-current headquarters is located. We also have the right to file any such suit against you in the federal or state court where the Business is located. Any such action will be conducted on an individual basis, and not as part of a consolidated, common, or class action, and you and your Owners waive any and all rights to proceed on a consolidated, common, or class basis. Each of us and you irrevocably consents to the jurisdiction of such courts and waive all rights to challenge personal jurisdiction and venue.

E. Governing Law. Subject to our rights under federal trademark laws and the parties' rights under the Federal Arbitration Act, this Agreement will be governed by and construed under the laws of the state in which the Business is located, without regard to any conflict of laws principles of such state. You

waive, to the fullest extent permitted by law, the rights and protections that might be provided through any state franchise or business opportunity laws, other than those of the state in which the Business is located.

F. Binding Effect. This Agreement is binding upon the parties and their respective executors, administrators, heirs, assigns, and successors in interest, and will not be modified except by written agreement signed by both you and us. Except as provided above, this Agreement is not intended, and will not be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

G. References. If you consist of two or more individuals, such individuals will be jointly and severally liable, and references to you in this Agreement will include all such individuals.

H. Interpretation of Rights and Obligations. The following provisions will apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement and the relationship between the parties:

1. Our Rights. Whenever this Agreement provides that we have or reserve (retain) a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop and change the System in any manner that is not specifically precluded by the provisions of this Agreement.

2. Our Reasonable Business Judgment. Whenever we reserve discretion in a particular area or where we agree or are required to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise "reasonable business judgment" in making our decision or exercising our rights. A decision or action by us will be deemed to be the result of "reasonable business judgment," even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended to promote or benefit the System generally even if the decision or action also promotes a financial or other individual interest of ours. Examples of items that will promote or benefit the System include enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System. Neither you nor any third party (including a trier of fact) will substitute their judgment for our reasonable business judgment.

I. **WAIVER OF PUNITIVE DAMAGES.** YOU AND WE AND OUR AFFILIATES AGREE TO WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO OR A CLAIM FOR ANY PUNITIVE, EXEMPLARY, OR SPECIAL DAMAGES AGAINST THE OTHER AND AGREE THAT, EXCEPT AS PROVIDED HEREIN, IN THE EVENT OF ANY DISPUTE BETWEEN US, EACH WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY THEM. NOTWITHSTANDING THE FOREGOING, NOTHING IN THIS SECTION OR ANY OTHER PROVISION OF THIS AGREEMENT SHALL BE CONSTRUED TO PREVENT FRANCHISOR FROM CLAIMING AND OBTAINING EXPECTATION OR CONSEQUENTIAL DAMAGES, INCLUDING LOST FUTURE ROYALTIES FOR THE BALANCE OF THE TERM OF THIS AGREEMENT IF IT IS TERMINATED DUE TO FRANCHISEE'S DEFAULT, WHICH THE PARTIES AGREE AND ACKNOWLEDGE FRANCHISOR MAY CLAIM UNDER THIS AGREEMENT.

J. **WAIVER OF JURY TRIAL.** YOU AND WE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

K. Force Majeure. If any party fails to perform any obligation under this Agreement due to a cause beyond the control of and without the negligence of such party, such failure will not be deemed a breach of this Agreement, provided such party uses reasonable best efforts to perform such obligations as soon as possible under the circumstances. Such causes include strikes, wars, riots, civil commotion, supply chain disruption, pandemics, and acts of government, except as may be specifically provided for elsewhere in this Agreement. Notwithstanding the foregoing, in the event of an occurrence of one or many of the events described in this Section 20(K), we, in our sole discretion, may require you to continue making some or all of your payment obligations under this Agreement, including, but not limited to, the minimum Royalty Fee, which you must timely pay in full in the manner and frequency described in this Agreement.

L. Notice of Potential Profit. We advise you that we and/or our affiliates may make available to you goods, products and/or services for use in the Business on the sale of which we and/or our affiliates may make a profit. We further advise you that we and our affiliates periodically may receive consideration from suppliers and manufacturers respecting sales of goods, products or services to you or in consideration for services provided or rights license to such persons. You agree that we and our affiliates will be entitled to such profits and consideration.

M. Limitation of Actions. You further agree that no cause of action arising out of or under this Agreement may be maintained by you against us unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim against us hereunder, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off.

N. Entire Agreement. The “Introduction” section, the exhibit(s) to this Agreement, and that certain Disclosure Acknowledgment Agreement signed contemporaneously by you are a part of this Agreement, which represents the entire agreement of the parties, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement. Nothing in the Agreement is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

21. NOTICES

All written notices and reports permitted or required to be delivered by the provisions of this Agreement will be delivered by hand, sent by a recognized overnight delivery service or by registered U.S. Mail, or by other means which provides the sender with evidence of delivery, or of rejected delivery, and addressed to the party to be notified at the address stated herein or at such other address as may have been designated in writing to the other party. Any notice by a means which provides the sender with evidence of delivery, or rejected delivery, will be deemed to have been given at the date and time of receipt or rejected delivery.

22. ACKNOWLEDGEMENTS

A. Success of Business. The success of the business venture you intend to undertake under this Agreement is speculative and depends, to a large extent, upon your (or the Owner’s) ability as an independent business owner, and your active participation in the daily affairs of the Business as well as other factors. We do not make any representation or warranty, express or implied, as to the potential success of the business venture.

B. Independent Investigation. You acknowledge that you have entered into this Agreement after making an independent investigation of our operations and not upon any representation as to gross

revenues, volume, potential earnings or profits which you might be expected to realize, nor has anyone made any other representation, which is not expressly stated herein, to induce you to accept this Franchise and sign this Agreement.

C. Receipt of Documents. Except for filling in the blank provisions and changes made as a result of negotiations that you initiated, you acknowledge that you received a copy of the complete Franchise Agreement, and exhibits attached hereto, at least seven (7) calendar days before the date on which this Agreement was executed. You further acknowledge that you received the disclosure document required by the trade regulation rule of the Federal Trade Commission entitled “Franchise Disclosure Document” at least fourteen (14) calendar days prior to the date on which this Agreement was executed. You represent that you have read this Agreement in its entirety and that you have been given the opportunity to clarify any provisions that you did not understand and to consult with any attorney or other professional advisor. You further represent that you understand the provisions of this Agreement and agree to be bound.

D. Other Franchises. You acknowledge that other CKMN businesses have or will be granted franchises at different times and in different situations, and further acknowledge that the provisions of such franchises may vary substantially from those contained in this Agreement.

The parties have signed this Agreement on the date stated in the first paragraph.

WE:

YOU:

CKMN FRANCHISING, LLC

Name of corporation or limited liability company

By _____
Name: _____
Its _____

By _____
Name: _____
Its _____

**EXHIBIT A
TO FRANCHISE AGREEMENT**

DATA SHEET

1. Term. In accordance with Section 3(A) of the Agreement, the initial term of this Agreement shall be (check one box):

- ☐ Five (5) years
☐ Ten (10) years

2. Initial Franchise Fee. In accordance with Section 4(A) of the Agreement, you shall pay us an Initial Franchise Fee in the amount and in the manner described below (check one box):

- ☐ \$29,900 – Paid in full as of the Effective Date.
☐ \$34,900 – Payable in the following manner pursuant to the Promissory Note attached as Schedule 1 to this Exhibit A:

Date	Monthly Payment Amount
Effective Date	\$16,900
Months 1-3	\$0
Months 4-15*	\$1,500 per month

*See Promissory Note for due date of first payment.

3. Designated Territory. The area described below:

WE:

CKMN FRANCHISING, LLC

By _____
Name: _____
Its _____

YOU:

Name of corporation or limited liability company

By _____
Name: _____
Its _____

**SCHEDULE 1
TO DATA SHEET**

PROMISSORY NOTE

\$18,000

Date: _____

FOR VALUE RECEIVED, the undersigned maker of this Note (“**Maker**”) promises to pay to the order of CKMN Franchising, LLC (“**Holder**”) at 5 White Briar, Pittsford, NY 14534, or at such other place as the Holder may from time to time in writing designate, the principal sum of Eighteen Thousand Dollars (\$18,000) (the “**Principal Balance**”) in the currency of the United States of America together with interest from the date of this Note at the rate of zero percent (0%) per annum (the “**Stated Rate**”).

1. This Note shall be paid in twelve (12) equal installments of \$1,500 with the first installment due on _____, 20____, and subsequent installments due on the first of each month until paid in full.

2. The Maker may prepay the Principal Balance in whole or in part at any time without penalty or premium. Any prepayment shall be applied first to accrued but unpaid interest and the remainder to principal.

3. Failure of the Maker to pay any amount when due under this Note shall constitute a default. Upon the occurrence of a default, the Holder may, at its option, by notice in writing to the Maker, declare immediately due and payable the entire Principal Balance and the same shall thereupon be immediately due and payable without further notice or demand.

4. The Maker waives presentment, dishonor, protest, demand, diligence, notice of protest, notice of demand, notice of dishonor, notice of nonpayment, and any other notice of any kind otherwise required by law in connection with the delivery, acceptance, performance, default, enforcement or collection of this Note and expressly agrees that this Note, or any payment hereunder, may be extended or subordinated (by forbearance or otherwise) at any time, without in any way affecting the liability of Maker.

5. Maker agrees to pay on demand all costs of collecting or enforcing payment under this Note, including attorneys’ fees and legal expenses, whether suit be brought or not, and whether through courts of original jurisdiction, courts of appellate jurisdiction, or bankruptcy courts, or through other legal proceedings.

6. This Note may not be amended or modified, nor shall any waiver of any provision hereof be effective, except only by an instrument in writing signed by the party against whom enforcement of any amendment, modification, or waiver is sought.

7. This Note shall be governed by and construed according to the laws of the State of New York.

8. If this Note is signed by more than one person as Maker, the term “Maker” shall refer to each of them separately and to both or all of them jointly and all such persons shall be bound both severally and jointly with the other(s).

9. No delay or omission on the part of the Holder in exercising any right hereunder shall operate as a waiver of such right or of any other remedy under this Note. A waiver on any one occasion shall not be construed as a waiver of any such right or remedy on a future occasion.

10. Oral or unexecuted agreements or commitments to loan money, extend credit or to forbear from enforcing repayment of a debt including promises to extend or renew such debt are not enforceable, regardless of the legal theory upon which it is based that is in any way related to the credit agreement. To protect Maker and Holder from misunderstanding or disappointment, any agreements we reach covering such matters are contained in this writing, which is the complete and exclusive statement of the agreement between us, except as we may later agree in writing to modify it.

MAKER:

[FRANCHISEE ENTITY]

By: _____

[Name]

Title: _____

and

By: _____

_____ Individually

Date: _____

By: _____

_____ Individually

Date: _____

**EXHIBIT C
TO FRANCHISE AGREEMENT**

GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of the execution of that certain Franchise Agreement of even date (the “Agreement”) by CKMN Franchising, LLC (“we” or “us”), each of the undersigned (a “Guarantor”) personally and unconditionally guarantees to us, and our successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement that _____ (“you”) will timely pay and perform each and every undertaking, agreement and covenant stated in the Agreement; and agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement.

Each of the undersigned waives: (1) acceptance and notice of acceptance by us of the foregoing undertaking; (2) notice of demand for payment of any indebtedness; (3) protest and notice of default to any party respecting the indebtedness; (4) any right he may have to require that an action be brought against you or any other person as a condition of liability.

Each Guarantor consents and agrees that:

(1) Guarantor’s liability under this undertaking will be direct and independent of the liability of, and will be joint and several with, you and the other Guarantors of you;

(2) Guarantor will make any payment or perform any obligation required under the Franchise Agreement upon demand if you fail to do so;

(3) Guarantor’s liability hereunder will not be diminished or relieved by bankruptcy, insolvency or reorganization of you or any assignee or successor;

(4) Guarantor’s liability will not be diminished, relieved or otherwise affected by any extension of time or credit which we may grant to you, including the acceptance of any partial payment or performance, or the compromise or release of any claims;

(5) We may proceed against Guarantor and you jointly and severally, or we may, at our option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against you or any other Guarantor; and

(6) Guarantor will pay all reasonable attorneys’ fees and all costs and other expenses we incur in enforcing this Guaranty against Guarantor or any negotiations relative to the obligations hereby guaranteed.

The provisions of Sections 19 and 20 of the Agreement will apply as to any interpretation or enforcement of this Guaranty, and the provisions of Section 21 of the Agreement will apply to any notice to either party, except that notice to Guarantors will be provided at the following alternative address (if applicable): _____. If no address is provided, any notice to Guarantors will be sent to the address designated in Section 21 of the Agreement.

[Signatures Appear on Following Page]

Each of the undersigned has signed this Guaranty as of the same day and year as the Agreement was executed.

GUARANTOR(S)

PERCENTAGE OWNERSHIP IN YOU

Signature: _____
Name: _____
Address: _____

Signature: _____
Name: _____
Address: _____

Signature: _____
Name: _____
Address: _____

**EXHIBIT D
TO FRANCHISE AGREEMENT**

CONFIDENTIALITY AND NON-COMPETE AGREEMENT

This Confidentiality and Non-Competition Agreement (“**Confidentiality Agreement**”) is entered into as of _____, 20____ and is by and between _____ (“**Franchisee**”) and _____ (“**Employee**”) residing at _____. Franchisee and the Employee may sometimes be referred to in the singular as a “Party” or jointly as the “Parties.”

RECITALS

WHEREAS, Franchisee has entered into a Franchise Agreement (the “**Franchise Agreement**”) with CKMN Franchising, LLC a New York limited liability company (“**Franchisor**”), and as such, is the beneficiary of certain confidential and proprietary procedures, methods of operation, systems, techniques, pricing, accounting systems and procedures, specifications, products manuals, Operations Manuals, business plans, customer lists and data, technical designs, or drawings that relate to Franchisee’s business, suppliers, marketing plans, and the like, developed and owned by Franchisor and made available to Franchisee (the “**Proprietary Information**”);

WHEREAS, the Franchisee has been granted the right to operate a CKMN franchised business in _____ (the “**Designated Territory**”).

WHEREAS, for the purposes of this Confidentiality Agreement, the term “Employee” shall also include the family members of Employee;

WHEREAS, Employee, in the course of his/her/their employment with Franchisee, will have access to such Proprietary Information;

WHEREAS, all capitalized terms not otherwise defined in this Confidentiality Agreement shall have the meaning set forth in the Franchise Agreement;

NOW, THEREFORE, in consideration of the employment of the Employee by Franchisee, and for other good and valuable consideration, the adequacy of which is admitted by all Parties, it is agreed as follows:

COVENANTS

1. The Recitals are incorporated herein by this reference.
2. Employee acknowledges that, during the course of his/her/their employment with Franchisee, he/she/they has obtained or may obtain knowledge of the Proprietary Information, all of which is necessary and essential to the operation of the business of Franchisee and without which said information Franchisee could not efficiently, effectively, and profitably operate its Business. Employee further acknowledges that such Proprietary Information was not known to him/her/them prior to his/her/their employment.

3. Except as may be required in the performance of duties for Franchisee, Employee will not, during the course of his/her/their employment and thereafter, directly or indirectly, use or disclose to any third party, or authorize any third party to use, any Proprietary Information relating to the business or interest of Franchisee or Franchisor.

[Note to Franchisee: Sections 4-6 of this Agreement, which includes a covenant not to compete, and a restriction on the employment of a competitor's employee is optional. CKMN Franchising, LLC does not require you to include this language, and it is noted here only for your convenience. Your decision to have your employees execute this Agreement with these Sections 4-6 included, and for you to enforce it, is your decision alone. If you elect to include these Sections 4-6, that decision does not suggest that CKMN Franchising, LLC is an employer of your employees.]

4. If Employee is a manager or is in a management position with Franchisee, Employee will not, during the course of his/her/their employment and for two (2) years thereafter, directly or indirectly, as an owner, officer, director, shareholder, partner, associate, employee, agent, representative, consultant or in some other similar capacity, without Franchisee's prior written consent, engage in a business, or plan or organize a business, or have any financial interest in any business that offers or sells dance, yoga, or fitness-based movement related programs, classes, or events for children between the ages of 2 years old to 10 years old, or that offers or sells any services or products that are the same as, or substantially similar to, any of the services and products offered by a CKMN Business (a "**Competitive Business**") located within the Designated Territory.

5. Notwithstanding the foregoing, the ownership of not more than one percent (1%) of the voting stock of a publicly-held corporation engaged in a Competitive Business shall not be considered a violation of the foregoing provision.

6. Employee, regardless of his/her/their position with Franchisee, will not, during the course of his/her/their employment and for two (2) years thereafter, directly or indirectly contact any customer of Franchisee for the purpose of soliciting from any such customer any business that is the same as, or substantially similar to, the business conducted between Franchisee and the customer.

7. At the termination of his/her/their employment, Employee agrees to deliver to Franchisee (and will not keep in his possession or deliver to anyone else) all Proprietary Information, including all Operations Manuals and other Confidential Information, records, data, designs, photographs, notes, reports, proposals, lists, correspondence, specifications, drawings, materials, equipment, other documents or property, or reproductions of any such items belonging to Franchisee, its successors or assigns, which relate in any way to the operation of Franchisee's business, and shall not keep any copies of any such documents or information.

8. Employee hereby acknowledges and agrees that any breach by him/her/them of this Confidentiality Agreement will cause irreparable damage to Franchisee, Franchisor and the Franchisor's entire Business System. Accordingly, in addition to any other relief to which Franchisee or Franchisor may be entitled, either Franchisee or Franchisor shall be entitled to temporary, preliminary, or permanent injunctive relief for any breach or threatened breach of this Agreement by Employee without proof of actual damages that have been or may be caused.

9. If any provision of this Confidentiality Agreement, including any restrictive covenant, is held to be invalid or unenforceable, in whole or in part, the remainder of this Agreement shall remain valid and enforceable to the fullest extent possible. If any court determines that any restrictive covenant contained in this Confidentiality Agreement is unenforceable because of its duration, geographic scope, or as

otherwise determined by the court, the court shall have the power to modify such covenant to the extent necessary to make it enforceable, and such covenant, as modified, shall be fully enforceable and enforced.

10. This Agreement shall bind the successors and assigns of Franchisee and the heirs, personal representative, successors, and assigns of Employee.

11. All covenants made in this Agreement by Employee shall survive the termination of this Confidentiality Agreement.

12. This Confidentiality Agreement may be amended in whole or in part only by an agreement in writing signed by the Parties.

13. This Confidentiality Agreement contains the entire understanding of the Parties in reference to the subject matter found herein. Any prior understanding or agreement, whether oral or written, shall be merged herein.

14. Any notice, request, demand, or other communication given pursuant to the terms of this Confidentiality Agreement shall be deemed given upon delivery, if hand-delivered, or three (3) days after deposit in the U.S. mail, postage prepaid, and sent Certified or Registered Mail, Return Receipt Requested, addressed to the addresses of the parties indicated below or at such other address as such Party shall have advised the other Party in writing.

15. EMPLOYEE ACKNOWLEDGES AND AGREES THAT FRANCHISOR IS AN INTENDED THIRD-PARTY BENEFICIARY OF THIS AGREEMENT WITH THE RIGHT TO ENFORCE IT, INDEPENDENTLY OR JOINTLY WITH THE FRANCHISEE. ACCORDINGLY, FRANCHISOR SHALL HAVE THE RIGHT TO ENFORCE ITS RIGHTS UNDER THIS AGREEMENT DIRECTLY AGAINST EMPLOYEE IN THE EVENT OF EMPLOYEE'S BREACH OF THIS AGREEMENT.

EMPLOYEE ACKNOWLEDGES THAT HE/SHE/THEY HAS READ THIS AGREEMENT AND UNDERSTANDS ITS CONTENTS.

EXECUTED AND AGREED AS OF THE DATE AND YEAR FIRST ABOVE WRITTEN.

FRANCHISEE

Company: _____
Signer's Name: _____
Signature: _____
Title: _____

EMPLOYEE

Signature: _____
Name: _____
Address: _____

EXHIBIT C

LIST OF STATE ADMINISTRATORS; AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
California	California Department of Financial Protection and Innovation	320 West 4 th Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
Hawaii (State Administrator)	Commissioner of Securities Dept. of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch	335 Merchant Street Room 203 Honolulu, HI 96813
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana (State Administrator)	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Indiana (Agent)	Indiana Secretary of State	302 West Washington Street, Room E018 Indianapolis, IN 46204
Maryland (State Administrator)	Office of the Attorney General Division of Securities	200 St. Paul Place Baltimore, MD 21202-2020
Maryland (Agent)	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Attorney General Corporate Oversight Division Franchise Section	G. Mennen Williams Building, 5th Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7 th Place East, Suite 280 St. Paul, MN 55101-2198
New York (State Administrator)	Office of the New York State Attorney General Investor Protection Bureau, Franchise Section	28 Liberty Street, 21st Floor New York, New York 10005 212-416-8236 Phone 212-416-6042 Fax
New York (Agent)	New York Department of State	One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 518-473-2492
North Dakota	Insurance Commissioner North Dakota Insurance & Securities Department	600 East Boulevard Avenue, Dept. 401 Bismarck, ND 58505-0510
Rhode Island	Director, Department of Business Regulation, Securities Division	1511 Pontiac Avenue John O. Pastore Complex – Building 68-2 Cranston, RI 02920
South Dakota	Department of Labor and Regulation Division of Insurance – Securities Regulation	124 S. Euclid, Suite 104 Pierre, SD 57501
Virginia (State Administrator)	Virginia State Corporation Commission Division of Securities and Retail	1300 East Main Street, 9 th Floor Richmond, VA 23219-3630
Virginia (Agent)	Clerk of the State Corporation Commission	1300 East Main Street, 1st Floor Richmond, VA 23219-3630
Washington	Department of Financial Institutions Securities Division	150 Israel Road SW Tumwater, WA 98501 360-902-8760 Department of Financial Institutions Securities Division PO Box 9033 Olympia, WA 98507
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705

EXHIBIT D
STATE ADDENDA

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

Item 5, Additional Disclosures:

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

Item 17, Additional Disclosures:

Our termination of the Franchise Agreement because of your bankruptcy may not be enforceable under applicable federal law (11 U.S.C. 101 et seq.).

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

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

The general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

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

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

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.

Nothing in the Franchise Agreement prevents the franchisee from bringing a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Nothing in the Franchise Agreement operates to reduce the 3-year statute of limitations afforded to a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Further, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

Franchisor's termination of the Franchise Agreement because of Franchisee's bankruptcy may not be enforceable under applicable federal law (11 U.S.C. 101 et seq.).

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.

Section 22 of the Franchise Agreement is deleted in its entirety.

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

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

CKMN FRANCHISING, LLC

By: _____
Name: _____
Its: _____
Date: _____

By: _____
Name: _____
Its: _____
Date: _____

NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

Cover Page, Additional Disclosure.

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT C OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

Item 3, Additional Disclosure. The following is to be added at the end of Item 3:

With the exception of what is stated above, the following applies 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.

Item 4, Additional Disclosure. Item 4 is deleted and replaced with the following:

Neither we nor any of our predecessors, affiliates, or officers, during the 10-year period immediately before the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the franchisor held this position in the company or partnership.

Item 5, Additional Disclosures.

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

Item 17, Additional Disclosures.

The following is added to the Summary sections of Item 17(c) and 17(m): 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 Section 687.4 and 687.5 be satisfied.

The Summary section of Item 17(d) is deleted and replaced with the following language: You may terminate the agreement on any grounds available by law.

The following is added to the Summary section of Item 17(j): No assignment will be made except to an assignee who in good faith and judgment of the franchisor is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

The following is added to the Summary sections of Items 17(v) and 17(w): The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

Franchise Questionnaires and Acknowledgements

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.

Receipts

Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 *et seq.*), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not be enforceable.

Any provision in the Franchise Agreement requiring franchisee to sign a general release of claims against franchisor does not release any claim franchisee may have under New York General Business Law, Article 33, Sections 680-695.

The New York Franchise Law shall govern any claim arising under that law.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

CKMN FRANCHISING, LLC

By:_____

By:_____

Name:_____

Name:_____

Its:_____

Its:_____

Date:_____

Date:_____

RHODE ISLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Rhode Island Franchise Investment Act, R.I. Gen. Law ch. 395 §§19-28.1-1 – 19-28.1-34 applies, the terms of this Addendum apply.

Item 17, Additional Disclosure. The following statement is added to Item 17:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Rhode Island Franchise Investment Act, R.I. Gen. Law ch. 395 §§19-28.1-1 – 19-28.1-34 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

CKMN FRANCHISING, LLC

By:_____

By:_____

Name:_____

Name:_____

Its:_____

Its:_____

Date:_____

Date:_____

VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

Any provision in any of the contracts that you sign with us which provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et. seq.).

“According 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.”

Exhibit G, Additional Disclosure:

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.

VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

“According 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 ground 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.”

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.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

CKMN FRANCHISING, LLC

By: _____
Name: _____
Its: _____
Date: _____

By: _____
Name: _____
Its: _____
Date: _____

EXHIBIT E
GENERAL RELEASE FORM

FORM RELEASE OF CLAIMS

**THIS IS A CURRENT RELEASE FORM THAT GENERALLY WILL
BE USED WITH OR INCORPORATED INTO A SEPARATE AGREEMENT.
THIS FORM IS SUBJECT TO CHANGE OVER TIME.**

For and in consideration of the Agreements and covenants described below, CKMN Franchising, LLC (“we” or “us”), _____ (“you”) and _____ (“Guarantors”) enter into this Release of Claims (“Agreement”).

RECITALS

A. We and you entered into a CKMN Franchise Agreement dated _____, _____ (the “Franchise Agreement”).

B. [NOTE: Describe the circumstances relating to the release.]

AGREEMENTS

1. **Consideration.** [NOTE: Describe the consideration paid.]

2-3. [NOTE: Detail other terms and conditions of the release.]

4. **Release of Claims.**

A. Definitions.

1. Franchisor Parties: We and each of our subsidiaries, corporate parents and affiliates, and their respective officers, directors, owners, stockholders, members, employees, insurers, attorneys, agents, successors, predecessors, assigns, heirs and personal representatives.

2. Franchisee Parties: You and each of the Guarantors and all persons or entities acting on their behalf or claiming under them including each of their respective past and present corporate parents, subsidiaries, affiliates, owners, heirs, executors, administrators, managers, directors, officers, employees, trustees, agents, partners, business entities, attorneys, insurers, successors and assigns.

B. The Franchisee Parties irrevocably and unconditionally waive, release and forever discharge, and covenant not to sue, the Franchisor Parties of and from any and all claims, suits, debts, liabilities, causes of action, demands, contracts, promises, obligations, losses, rights, controversies, damages, costs, expenses (including actual attorneys’ fees and costs incurred), actions and causes of action of every nature, whether known or unknown, direct or indirect, vested or contingent, at law or in equity, whether arising by statute, common law, or otherwise, including claims for negligence (collectively, “Claims”), that they may now have, or at any time heretofore had, or hereafter may have, against each or any of the Franchisor Parties arising out of or relating to any conduct, transaction, occurrence, act or omission at any time before the [Date of the Franchise Agreement] relating to the Franchise Agreement(s), the development or operation of the Business(s), the franchise relationship between the parties, the offer or sale of any franchise, or any agreement between any of the Franchisee Parties and any of the Franchisor Parties.

C. The Franchisee Parties specifically and expressly acknowledge and agree that the consideration accepted under this Agreement is accepted in full satisfaction of any and all injuries and/or damages that have previously arisen and which may hereafter arise respecting any of the claims being released.

D. The Franchisee Parties acknowledge that they have had a reasonable opportunity to consult with an attorney prior to signing this release and they have executed this release voluntarily. Also, the Franchisee Parties represent that they have not assigned or transferred to anyone any claims released by them under Section 4(B) above.

5. **General.** No amendment to this Agreement or waiver of the rights or obligations of either party shall be effective unless in writing signed by the parties. This Agreement is governed by the laws of the State of _____ without regard to conflicts of laws principles. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. This Agreement contains the entire agreement and understanding of the parties concerning the subject matter of this Agreement. [NOTE: Detail other miscellaneous provisions.]

YOU:

WE:

CKMN FRANCHISING, LLC

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

PERSONAL GUARANTORS:

EXHIBIT F

LIST OF FRANCHISEES as of December 31, 2025

Current Franchisees:

Territory	Name	Street	City	State	Zip Code	Phone Number
South Denver, Colorado	Mona Hinman Briscoe	2416 Briar Trace Dr.	Castle Pines	CO	80108	303-718-3020
Jacksonville, Florida	Nicole Zornitzer	65 Stargaze Ln.	St. Augustine	FL	32095	862-485-6916
North Boston, Massachusetts	Audrey Johnson	66 Woods Ave.	Somerville	MA	02144	724-757-6353
West Michigan, Michigan	Melissa Sayles	615 Woodlawn Ct.	Hart	MI	49420	231-852-4230
Grand Rapids, Michigan	Melissa Sayles	615 Woodlawn Ct.	Hart	MI	49420	231-852-4230
Philadelphia, Pennsylvania	Rebecca Davidson	1530 Spruce St. Apt. 722	Philadelphia	PA	19102	302-260-1167

Former Franchisees:

The following is a list of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who has not communicated with the franchisor within 10 weeks of the disclosure document issuance date:

None.

EXHIBIT G
DISCLOSURE ACKNOWLEDGMENT AGREEMENT

**DISCLOSURE
ACKNOWLEDGMENT AGREEMENT**

As you know, CKMN Franchising, LLC (“we” or “Franchisor”) and you are entering into a Franchise Agreement for the operation of a CKMN franchised business (“Business”). The purpose of this Acknowledgment Agreement is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question.

For Prospective Franchisees who may operate a business in Maryland or who reside in Maryland: Do not sign this acknowledgment agreement if you are a resident of Maryland, or the business is to be operated in Maryland.

Acknowledgments and Representations.

1. Did you receive a copy of our franchise disclosure document (“FDD”) (and all exhibits and attachments) at least 14 calendar days prior to signing the Franchise Agreement? Yes _____ No _____
2. Did you sign a receipt for the FDD indicating the date you received it? Yes _____ No _____
3. If we materially altered the provisions of the Franchise Agreement (except as a result of negotiations you initiated), did you receive a copy of the Franchise Agreement at least 7 calendar days before signing it? Yes _____ No _____
4. Have you personally reviewed our FDD, Franchise Agreement and related exhibits attached to them? Yes _____ No _____
5. Do you understand all of the information contained in the FDD, Franchise Agreement and related exhibits provided to you? Yes _____ No _____

If no, what parts of the disclosure document, Franchise Agreement and related exhibits do you not understand? (Attach additional pages, as needed.)

6. Do you understand that the Franchise Agreement contains a number of provisions that may affect your legal rights, including those with respect to the Business for any judicial proceedings, a waiver of a jury trial, a waiver of punitive or exemplary damages, limitations on when claims may be filed, and other waivers and limitations? Yes _____ No _____
7. Have you reviewed the FDD and Franchise Agreement with an attorney, accountant, or other professional advisor and discussed the benefits and risks of establishing and operating the Business with these professional advisors? Yes _____ No _____

If No, do you wish to have more time to do so? Yes _____ No _____

8. Do you understand that the success or failure of your Business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors? Yes _____ No _____

9. Has anyone speaking on the Franchisor's behalf made any statement or promise to you concerning the revenues, profits or operating costs of an CKMN business operated by the franchisor (or its affiliates) or its franchisees that is different from the information contained in the FDD?
Yes _____ No _____
10. Has anyone speaking on our behalf made any statement or promise to you about the amount of money you may earn in operating the Business that is different from the information contained in the FDD?
Yes _____ No _____
11. Has anyone speaking on our behalf made any statement or promise concerning the total amount of revenue your Business will or may generate that is different from the information contained in the FDD? Yes _____ No _____
12. Has anyone speaking on our behalf made any statement or promise regarding the costs you may incur in operating your Business that is different from the information contained in the FDD?
Yes _____ No _____
13. Has anyone speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating Business? Yes _____ No _____
14. Has anyone speaking on our behalf made any statement or promise, or made an agreement with you, concerning how much service and assistance the Franchisor will provide to you (for example, concerning advertising, marketing, training, and support) that is different from the information contained in the FDD? Yes _____ No _____
15. Have you entered into any binding agreement with us concerning the purchase of this franchise before today? Yes _____ No _____
16. Have you paid any money to us concerning the purchase of this franchise before today?
Yes _____ No _____
17. If you have answered "Yes" to any of questions 9-16, please provide a full explanation of each "yes" answer in the following blank lines. (Attach additional pages, as needed, and refer to them below.) If you have answered "no" to each of questions 9-16, then please leave the following lines blank.
- _____
- _____
- _____
- _____
- _____
- _____
- _____
18. Do you understand that the territorial rights you have been granted are subject to limitations and exceptions? Yes _____ No _____
19. Do you understand that we may eliminate your territory or terminate the Franchise Agreement if you fail to meet annual minimum performance requirements? Yes _____ No _____
20. Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise rights for the Business, meaning that any prior oral or written statements not set out in the Franchise Agreement will not be binding? Yes _____ No _____

21. Do you acknowledge and represent to Franchisor that (a) you or the entity that you form to be a franchisee will be the employer of all of your employees and will have sole discretion and authority to hire, fire, discipline, compensate and schedule working hours for, all of your employees; and (b) us and our affiliates will have no control, or right to control, any of the employment actions or decisions in your business? *We recommend that you retain employment law counsel to advise you with your employment issues and questions.* Yes _____ No _____

22. Do you understand that:

- a. this franchise business may be impacted by other risks, including those outside your or our control such as local, national or global economic, political or social disruption, such as COVID-19? Yes _____ No _____
- b. that such disruptions, and any preventative, protective, or remedial actions that federal, state, and local governments may take in response to a disruption may result in a period of business disruption, reduced customer demand, and reduced operations for your CKMN business, and may require that we take actions that might not be contemplated under the Franchise Agreement? Yes _____ No _____
- c. the extent to which any such disruption impacts the CKMN system, and your franchise business, will depend on future developments which are highly uncertain and which we cannot predict? Yes _____ No _____

If no, please comment: _____

23. I signed the Franchise Agreement and Addenda (if any) on _____, 20_____, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

Signed: _____

Signed: _____

Print Name: _____

Print Name: _____

Date: _____

Date: _____

EXHIBIT H

OPERATIONS MANUAL TABLE OF CONTENTS

Section Name	# of Pages
Welcome to CKMN!	13
Building Your Business	49
Sales & Marketing Resources	223
Management Software	43
Class Supplies & Music	4
Class Lesson Plans with Video Tutorials	64
Total Pages	396

EXHIBIT I
STATE EFFECTIVE DATES

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
Indiana	Pending
Maryland	Pending
Michigan	Pending
New York	Pending
Virginia	Pending
Wisconsin	Pending

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.

EXHIBIT J
RECEIPT PAGES

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If CKMN Franchising, LLC offers you a franchise, CKMN Franchising, LLC must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, CKMN Franchising, LLC or its affiliate in connection with the proposed franchise sale. Iowa and New York require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of any binding franchise or other agreement, or 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 payment of any consideration, whichever occurs first.

If CKMN Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and those state administrators listed on Exhibit C.

Issuance Date: April 7, 2026

The franchisor is CKMN Franchising, LLC, located at 5 White Briar, Pittsford, NY 14534. Its telephone number is 585-746-6636.

CKMN Franchising, LLC's franchise sellers involved in offering and selling the franchise are Kate Brongo-DeBiase and Alex DeBiase, located at 5 White Briar, Pittsford, NY 14534, telephone number 585-746-6636 or is listed below (with address and telephone number), or will be provided to you separately before you sign a franchise agreement:

CKMN Franchising, LLC authorizes the respective state agencies identified on Exhibit C to receive service of process for CKMN Franchising, LLC in the particular state.

I have received a disclosure document with an issuance date of April 7, 2026, that included the following Exhibits:

- | | |
|---|--|
| A. Financial Statements | F. List of Franchisees |
| B. Franchise Agreement (and Exhibits) | G. Disclosure Acknowledgment Agreement |
| C. List of State Administrators, Agents for
Service of Process | H. Operations Manual Table of Contents |
| D. State Addenda | I. State Effective Dates |
| E. General Release Form | J. Receipt Pages |

Date: _____
(Do not leave blank)

(Print Name of Prospective Franchisee (For Entity))

By: _____
Its: _____

(Print Name of Prospective Franchisee (For Individuals))

Signature _____

Copy for Franchisee

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If CKMN Franchising, LLC offers you a franchise, CKMN Franchising, LLC must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, CKMN Franchising, LLC or its affiliate in connection with the proposed franchise sale. Iowa and New York require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of any binding franchise or other agreement, or 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 payment of any consideration, whichever occurs first.

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| D. State Addenda | I. State Effective Dates |
| E. General Release Form | J. Receipt Pages |

Date: _____
(Do not leave blank)

(Print Name of Prospective Franchisee (For Entity))

By: _____
Its: _____

(Print Name of Prospective Franchisee (For Individuals))

Signature _____

Please sign and date both copies of this receipt, keep one copy (the previous page) for your records, and mail one copy (this page) to the address listed on the front page of this disclosure document or send to Alex DeBiase at adebiase@ckmovementnetwork.com

Copy for CKMN Franchising, LLC