

## FRANCHISE DISCLOSURE DOCUMENT

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Club SciKidz LLC (“Club SciKidz”) offers franchises for the operation of educational and technology enrichment programs for children, utilizing interactive presentations of structured science-themed activities in a fun, nurturing environment.

The total investment necessary to begin operation of a Club SciKidz Franchise ranges from \$74,400 to \$88,500. This includes \$45,000 that must be paid to the franchisor or affiliate. The total investment necessary to begin operation under an Area Development Agreement (including the first territory and the development fee for two to four additional territories for a total of three to five territories) ranges from \$124,400 to \$188,500. This includes \$95,000 to \$145,000 that must be paid to the franchisor or 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 Robert or Marilyn Sue Hagan at 848 Waterford Estates Manor, Canton, GA 30115 or 678-294-9504.

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

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this Disclosure Document is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW. Washington, D.C. 20580. You can also visit the FTC’s home page at [www.ftc.gov](http://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.

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## 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
<b>How much can I earn?</b>	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 G.
<b>How much will I need to invest?</b>	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.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit E includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Club SciKidz business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a Club SciKidz franchisee?</b>	Item 20 or Exhibit G lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## **What You Need To Know About Franchising *Generally***

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

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

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

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

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

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

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

### **Some States Require Registration**

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

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by litigation only in Georgia. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to litigate with the franchisor in Georgia than in your own state.
2. **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.
3. **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.

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## EXHIBITS

- A. State Agencies – Agents for Service of Process
- B. Franchise Agreement
- C. Payment and Performance Guarantee
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- E. Financial Statements
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**Item 1**  
**FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND**  
**AFFILIATES**

**General.** To simplify the language in this Disclosure Document, “Club SciKidz” or “we” means Club SciKidz LLC, the franchisor. “You” or “Franchisee” means the person or entity who buys the franchise, including all equity owners of a corporation, general partnership, limited partnership, limited liability, or any other type of entity (an “Entity”).

Club SciKidz LLC (f/k/a Club Scientific LLC) is a Georgia limited liability company that was organized on June 11, 2007. Club SciKidz’s principal business address is 848 Waterford Estates Manor, Canton, GA 30115.

We conduct business under our entity name and the mark CLUB SCIKIDZ.

Our agent for service of process is Robert Hagan at 848 Waterford Estates MNR, Canton, GA, 30115. To the extent that we have designated agents for service of process in other states; they are listed in Exhibit A.

**Predecessors and Affiliates.** The Club SciKidz franchise system operates under the mark CLUB SCIKIDZ and other trade names, trademarks, and service marks that we now or in the future may designate in writing for use in connection with the System (“Club SciKidz Proprietary Marks”).

We have no predecessors. We have no affiliates that offer franchises in any line of business or that provide products or services to our franchisees.

We offered franchises under the CLUB SCIENTIFIC mark from September 2007 until we sold the CLUB SCIENTIFIC brand in July 2013. We began offering Club SciKidz franchises in 2016.

We do not operate a business of the type being franchised. However, our affiliate, Summer Science Day Camps, Inc., operates one Club SciKidz business.

Except for selling and supporting Club SciKidz franchisees, we do not engage in any other business activities.

**The Business and Franchises Offered.** Club SciKidz offers franchises (individually, a “Franchise” and collectively, “Franchises”) under which you can establish and operate one or more Club SciKidz programs within an area (“Designated Territory”) specified on Exhibit A to the Franchise Agreement between Club SciKidz and you (“Franchise Agreement”). In addition, if you sign an Area Development Agreement (“Area Development Agreement”), Club SciKidz offers the right to purchase multiple territories (“Protected Areas”). Upon establishing each additional Protected Area under the development schedule in your Area Development Agreement, we require you to sign a then-current Franchise Agreement, which may differ from the current Franchise Agreement included with this Franchise Disclosure Document. Other than offering franchises and performing as the franchisor of the Club SciKidz franchise system, Club SciKidz does not engage in any other business activities.

Club SciKidz’s current form of Franchise Agreement is attached to this Disclosure Document as Exhibit B, and Club SciKidz’s current form of Area Development Agreement is attached to this Disclosure Document as Exhibit D.

Club SciKidz is an educational and technology enrichment program for children ages 4 to 15 that utilizes interactive presentations of structured science-themed activities in a fun, nurturing environment. It appeals to children who have a genuine interest in how things work; what things are made of and how science works in the real world. The concept is delivered in four formats:

- Weeklong camp sessions during the summer: classes run for six hours per day, five days each week. Each week's program is themed and includes hands-on projects – as many as 20 within a session. Camp sessions will normally operate on a Monday-Friday schedule (“Summer Camp Program”).
- In-school field trips: these programs encompass 90-minute workshops that are standards-based for grades PK-8. Students complete a number of activities in the workshop, have a project to take home, and can then take all of their materials and finished projects home (“In-School Field Trip Program”).
- After school program: there are six different themed programs, with each session during the school year lasting five to 14 weeks, with one class per week, given on a scheduled school day (“After School Program”).
- Birthday parties and other booked events: these are available throughout the year, each with a special theme that combines science and fun (“Special Event Program”).

The Summer Camp Program, In-School Field Trip, the After-School Program and the Special Event Program are sometimes referred to individually as a “Program” and collectively as “Programs.”

All Club SciKidz curricula are developed according to the National Science Standards. Teachers and/or camp counselors help the students and provide a high ratio of trained staff to children for individual help and attention. Each curriculum is designed to promote an interest in science through experiments and projects that are hands-on and fun to conduct. Classes incorporate the development of skills such as observing, classifying, comparing, measuring, critical thinking, predicting, hypothesizing and sequencing.

Standards have been formulated to guide the execution of the Programs, from the qualification of camp personnel to the formulation of detailed curricula and lesson plans. Teachers and counselors are trained by you to administer or supervise sessions that utilize the proprietary lesson plans that include multiple activities.

Club SciKidz franchises (sometimes referred to as “Club SciKidz Businesses”) will typically be managed from a home office, although franchisees may establish other offices. The business model utilizes classrooms within a variety of venues, such as public and private schools, religious institutions, colleges and universities, and community centers (“Program Facilities”). Except for Special Event Programs, Programs may not be located or conducted in private residences.

Club SciKidz offers franchises for single and multiple territories. Designated Territories are based on contiguous counties and/or contiguous zip codes with total populations of 450,000 to 1,000,000 people based on factors such as on demographics, number of elementary schools, and geographic size. Zip codes will not be split.

We may offer a referral fee to existing franchisees and other parties that refer a prospective franchisee to us, if the prospect signs a Club SciKidz franchise agreement.

Club SciKidz franchises operate under a prescribed system (“System”) characterized by distinctive design elements, including signage, specifications and appearance; the Club SciKidz Operations Manual (“Operations Manual”); current and future Club SciKidz service marks and trademarks (“Marks”); uniform operating methods, procedures and techniques; and other confidential procedures, methods and techniques for record keeping and reporting, personnel management and training, marketing, sales promotion and advertising (collectively “Club SciKidz Methods”).

**Market and Competition.** The market for supplemental education programs for children is growing and is competitive. Your Franchise will compete with many other educational programs, sports programs and other after school and summer activities. Some of your competitors will be independently owned; others may be parts of company-owned chains; and others may be franchised. Some may have more name recognition than a Club SciKidz Franchise, and they may be part of better-capitalized organizations. The success of your Franchise will depend in large measure on the demographics of the residents of your Designated Territory, local labor conditions and wage rates, the local costs of advertising, the availability of suitable facilities in convenient locations and at affordable rents, and your management, marketing and selling skills and work ethic.

**Regulatory Matters.** Many states have regulations and requirements regarding child supervision. In addition, local zoning codes may restrict the places in which programs like those offered by Club SciKidz may be conducted. Franchisees should check the escrow requirements, if any, in their state and plan their additional fund requirements accordingly. Club SciKidz Franchises will be subject to laws of general application, such as business permits, employment law matters, the Americans with Disabilities Act and zoning requirements. You must provide and keep in effect all required business and other permits. Club SciKidz recommends that you consult with an attorney or other appropriate advisor regarding laws or regulations specific to the state and local community in which your Franchise will be located.

## **Item 2 BUSINESS EXPERIENCE**

**Robert T. Hagan: Chief Executive Officer, President and Director.** Mr. Hagan is currently the Chief Executive Officer, President and a Director of Club SciKidz, and has served in these capacities since its organization on June 11, 2007. From 2004 through September 2021, and from September 2022 until the present, he has served as President and Chief Executive Officer of Summer Science Camps.

**Marilynn Sue Hagan: Chief Operating Officer, Vice President and Director.** Ms. Hagan is currently the Chief Operating Officer, Vice President and a Director of Club SciKidz and has served in these capacities since its organization on June 11, 2007. From 2004 through September 2021, and from September 2022 until the present, she has served as Vice President of Summer Science Camps.

**David Deutsch: Franchise Development Manager.** Mr. Deutsch is our Franchise Development Manager in Blue Ridge, Georgia, and has been since September 2020. Since July 2009, he has also been the Owner and C.E.O. of Franchise Development Partners (where he works with various franchisors) in Blue Ridge, Georgia. Between March 2014 and December 2020, he was a co-owner of Presents of Mine in Blue Ridge, Georgia.

## **Item 3 LITIGATION**

Club SciKidz, LLC v. Thuylinh Nguyen (Docket No. 19CVE1268, Superior Court of Cherokee County, Georgia). We filed this action on July 1, 2019, to enforce a non-compete agreement against a former franchisee. We and Thuylinh Nguyen had been parties a franchise agreement, which was mutually



ended by a Termination and Release Agreement on November 9, 2018. After discovering that Nguyen was operating a competing business, we filed this action asserting breach of contract and seeking damages and specific enforcement. Nguyen asserted a counterclaim of breach of contract, alleging that we had made disparaging comments in violation of Termination and Release Agreement. The parties settled the matter on July 1, 2019, with payment of monetary compensation by Nguyen to us, and a release by us of Nguyen's non-compete obligation.

Other than these actions, no litigation is required to be disclosed in this item.

#### **Item 4 BANKRUPTCY**

No bankruptcy is required to be disclosed in this item.

#### **Item 5 INITIAL FEES**

##### **Initial Franchise Fee**

The initial franchise fee ("Franchise Fee") for a Franchise is \$45,000. The Franchise Fee is uniform. You pay the Franchise Fee when you sign your Franchise Agreement. The Franchise Fee is not refundable.

##### **Development Fee**

If you sign an Area Development Agreement for three to five territories, you will pay Club SciKidz an initial franchise fee of \$45,000 for the first territory and \$25,000 for each additional territory. You will pay these fees upon signing the Area Development Agreement. These fees are not refundable. Before you develop each additional franchise, you will be required to sign an additional Franchise Agreement for each franchise.

#### **Item 6 OTHER FEES**

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Royalty Fees <sup>(2)</sup>	6.5% of Franchisee's Gross Revenues for the preceding month.	Currently paid from registration fees and other amounts received by a third-party reservation vendor when such fees and other amounts are received.	

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Brand Fund Contribution <sup>(2)(3)</sup>	1% of Gross Revenues.	Currently paid from registration fees and other amounts received by a third-party reservation vendor when such fees and other amounts are received.	Fees will be paid into a collective marketing or advertising fund established by Club SciKidz.
Local Advertising Expenditures <sup>(2)(3)</sup>	\$10,000 to \$15,000 (as determined by us) in connection with your business opening and during your first year; thereafter, at least \$10,000 per year.	Throughout each year in accordance with annual local advertising and marketing plans.	To be used by you in your trade area for local advertising and promotional programs approved by Club SciKidz and based upon a local marketing plan developed by you and Club SciKidz.
Optional Employee Training (Club SciKidz Academy)	\$10 per employee per year	When enrolled	We have an optional, virtual training program for employees. We currently charge \$10 per year per employee. You are not required to enroll employees in this training.
Software Maintenance Fee <sup>(4)</sup>	None currently. However, Club SciKidz has reserved the right to charge a monthly fee equal to \$120 per month. If a fee is charged, a software maintenance fee will not be charged for the first 24 months following the commencement of business.	On the fifth day of each month.	Club SciKidz has the right to increase the monthly Software Maintenance Fee periodically, but not more frequently than once every calendar year if Club SciKidz's software maintenance costs increase.
Helpdesk Fee <sup>(4)</sup>	None currently. However, Club SciKidz has reserved the right to charge a monthly fee equal to \$120 per month. If a fee is charged, a Helpdesk Fee will not be charged for the first 24 months following the commencement of business.	On the fifth day of each month.	Club SciKidz has the right to increase the monthly Helpdesk Fee periodically, but not more frequently than once every calendar year if Club SciKidz's helpdesk costs increase.

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Additional Consulting Services <sup>(5)</sup>	\$250 per day, or portion thereof, per person providing assistance, plus costs and expenses.	As determined by Club SciKidz.	Payable only if additional consulting services are requested by you and provided by Club SciKidz.
Convention Fee	If we hold annual franchise convention, you must pay the then-current fee	Before attending franchise convention.	Currently \$500, but we may increase the fee up to \$750 at any time during the Term.
Inspection	Costs and expenses.	Upon demand.	Payable only if inspection is necessitated by your repeated or continuing failure to comply with any provision of the Franchise Agreement.
Testing of Samples from Proposed Supplier	Costs and expenses.	Upon demand.	Payable if you wish to purchase certain non-proprietary supplies, inventory or equipment from any supplier that has not been approved by Club SciKidz.
Audit	Costs and expenses.	Within 15 days of demand.	Payable if audit or review shows an understatement of Gross Revenues for the audited or reviewed period of 2% or more.
Transfer Fee	\$20,000 plus any broker fees incurred by Club SciKidz.	At or before transfer.	Transfer fees are reduced to \$3,000 plus our legal fees for a transfer to an entity controlled by you or another Club SciKidz franchisee.
ACTIVE Network Registration Fee	1% of all sales made through the ACTIVE Network software system	Retained by vendor from registration fees	ACTIVE Network (the vendor of the registration software you will use) retains this fee
Product Cost Fees	The costs for making the projects with each program.	When purchased	<p>Fees are paid directly to suppliers.</p> <p>Currently, the average cost is approximately \$4.50 per camper per project. The campers typically do about 20 projects in a week. The average cost per camper per week is approximately \$90.</p>

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Late Fee	18% per annum or maximum interest rate allowed by law (whichever is less) from due date to date of payment.	When amount owed becomes past due.	Required whenever a payment to Club SciKidz is made after its due date.
Liquidated Damages	Two years of Royalty Fees	Upon demand	Payable if Club SciKidz terminates your Franchise Agreement due to your default, or if you terminate the Franchise Agreement in violation of its provisions
Indemnification	Amount of Club SciKidz liabilities, fines, losses, damages, costs, and expenses (including reasonable attorneys' fees).	Upon demand.	Payable if Club SciKidz incurs losses due to your breach of the Franchise Agreement or any other action or inaction by you or any other person relating to your Franchise.
Reimbursement Fee	Costs and expenses Club SciKidz incurs in performing obligations you fail to perform, plus interest at the rate of 18% per annum or the maximum rate allowed by law (whichever is less).	Upon demand.	Payable if Club SciKidz performs your obligations.

NOTES:

1. The table above describes fees and payments that are payable to Club SciKidz or its affiliates, or imposed by Club SciKidz on behalf of a third party, relating to the operation of your Franchise.
2. "Gross Revenues" means the total of all monies derived by you from sale of products and performance of services, and from all other business whatsoever conducted in connection with the franchise or using our trademarks, whether evidenced by cash, credit, check, gift certificate, gift cards, or other property or services. Gross Revenues do not include (i) promotional allowances or rebates paid to you in connection with your purchase of products or supplies, or (ii) sales, use, merchants', or other taxes measured based on the gross revenues of the business imposed by governmental authorities directly on sales or use and collected from customers.
3. The amount of the Brand Fund Contribution and local advertising expenditures may be increased from time to time by majority vote of the franchisees.
4. Club SciKidz reserves the right to outsource helpdesk and software maintenance services to independent third parties. In such event, you will be obligated to pay the fees established by such third parties for the applicable services.

5. If we offer additional training programs that are not mandatory, we may charge a reasonable fee. (We do not charge you for initial training or any mandatory additional training).

All the fees described above, except for amounts spent on local advertising, product cost fees, and outsourced helpdesk and software maintenance services, are payable to Club SciKidz or its designees and are non-refundable. We do not represent that all fees are uniform for all franchisees; we reserve the right to change, waive, or eliminate fees for any one or more franchisees as we deem appropriate. There are currently no marketing cooperatives, purchasing cooperatives, or other cooperatives that impose fees on you.

## Item 7 ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When due	To whom payment is made
Initial Franchise Fee	\$45,000 - \$45,000	Lump sum.	At signing of Franchise Agreement.	Club SciKidz
Initial Program Inventory and Equipment <sup>(1)</sup>	\$10,000 - \$15,000	Lump sum.	Before opening.	Suppliers
Initial Club SciKidz Marketing Materials and Market Introduction Program <sup>(2)</sup>	\$10,000 - \$15,000	Lump sum.	Before opening and during first year	Suppliers
Office Computer and Software	\$1,500 - \$2,000	Lump sum.	Before opening.	Supplier
Initial Office Inventory supplies <sup>(3)</sup>	\$1,000 - \$1,500	Lump sum.	Before opening.	Suppliers
Insurance (one year)	\$3,000 - \$4,000	As arranged.	Before opening.	Insurance company or broker
Professional Services	\$500 - \$1,000	As incurred.	Before/after opening.	Attorneys, accountants
Miscellaneous Opening Costs	\$1,500 - \$2,500	As incurred.	Before opening.	Various
Additional funds—3 months <sup>(4)</sup>	\$1,900 - \$2,500	As incurred.	Before/after opening.	Various
Total	\$74,400 - \$88,500			

### YOUR ESTIMATED INITIAL INVESTMENT – AREA DEVELOPMENT AGREEMENT

Type of Expenditure	Amount	Method of Payment	When due	To whom payment is made
First franchise	\$74,400 - \$88,500	See above	See above	See above
Development fees for 2 to 4 additional territories <sup>(5)</sup>	\$50,000 - \$100,000	Lump sum.	At signing of Area Development Agreement	Us
Total	\$124,400 - \$188,500			

None of the expenditures in this table will be refundable. Neither we nor any affiliate finances any part of your initial investment.

Notes:

1. The cost of the initial science inventory and equipment is based on the number and variety of initial Programs you choose to offer in your first year of operating. The number and variety of Programs and the types of inventory equipment will vary by time of year and other factors. Most Programs involve kits that you purchase from our specified vendor. If you choose to offer a Summer Camp that will require a computer or tablet for each camper, we expect you would lease devices at \$79 for laptops and \$85 for tablets per month. You would also need certain software for these Programs.
2. These figures include the costs of implementing pre-opening and post-opening marketing and advertising programs. Club SciKidz will provide franchisees with a template Market Introduction Plan, including suggested uses of approved advertising and promotion materials. Each Franchisee must submit any requested changes to the plan or materials to Club SciKidz for approval prior to the implementation of the program. The minimum financial requirement for the Market Introduction Program has been set at \$10,000 to \$15,000; however, your actual costs may run higher based on the time of year you open and the length of the program necessary to build your sales to sustainable levels.
3. We expect that you will operate from a home office. Total costs will depend on what equipment and supplies you already have. Having a brick-and-mortar facility is not part of our business model. As you expand you may want to procure a small warehouse to hold your growing inventory.
4. This is an estimate of the amount of additional operating capital that you may need during the first three months after opening your business, in excess of income generated by the business. These estimates also include such items as payroll taxes (including payroll to cover the pre-opening training period for your staff), Royalty Fees, Brand Fund Contributions, professional fees, additional advertising, insurance, bank charges, supplies and equipment, staff recruiting expenses, state tax and license fees, deposits and prepaid expenses, and other miscellaneous items. The estimate does not include any salary or compensation for you. In formulating the amount required for additional funds, we relied on the following factors, basis, and experience: the development of Club SciKidz businesses by our franchisees and our general knowledge of the industry.
5. If you sign an Area Development Agreement, you will pay Club SciKidz a franchise fee of \$25,000 for each additional franchise to be opened. You will pay these fees upon signing the Area Development Agreement.

**Item 8**  
**RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

We have the right to require that you purchase or lease goods, services, supplies, fixtures, equipment, inventory, computer hardware or software, real estate or comparable items related to establish or operating the Franchise from Club SciKidz, its designees, or suppliers approved by Club SciKidz, or under Club SciKidz's specifications.

Club SciKidz has issued specifications for various goods that are used in connection with a Franchise. These include inventory (such as robots, craft supplies, video game creation software, and science toys and games), and equipment (such as storage bins, shelving, tablets, and computers). Neither Club SciKidz nor any of our affiliates is a supplier of any of these goods. You must purchase your educational kits and programs from the vendor we specify.

You must purchase or lease the computer hardware, software and accessories that meet our specifications.

Club SciKidz specifications and quality standards are explained in the Operations Manual or will otherwise be communicated to you in writing. Club SciKidz may, at any time, in its discretion, change, delete or add to any of its specifications or quality standards. These changes, deletions or additions may affect your obligations and may require additional expenditures. Any changes, deletions, or additions, however, will generally be uniform for all franchisees.

If you propose to purchase any supplies, inventory or equipment from any supplier not designated or approved in advance by Club SciKidz, you must submit a request for approval to Club SciKidz. You or the proposed supplier must submit to Club SciKidz samples of the products to be furnished by such supplier for testing and such other information as Club SciKidz may reasonably require. We do not charge a fee for approval of an alternative supplier, but we reserve the right to charge you for our actual expenses associated with testing the proposed samples or inspecting the supplier's facilities and equipment. Club SciKidz will notify you of its approval or disapproval within 30 days. You may not make purchases from any unapproved supplier until written approval is granted. Club SciKidz reserves the right to single source any products or equipment that Club SciKidz considers proprietary. Club SciKidz will upon request make its criteria for approving suppliers available to franchisees but may impose non-disclosure obligations in connection with providing those criteria. Club SciKidz reserves the right to revoke any supplier approval by giving notice to you in writing.

No Club SciKidz officer owns any interest in any supplier with whom you are required to do business.

Club SciKidz and its affiliates have the right to receive revenues, rebates and other payments from the purchases you make from Club SciKidz or its affiliates or from other approved suppliers. Neither we nor any affiliate currently receives any rebates, revenue, or other material consideration based on the required purchases or leases by franchisees. During the fiscal year ended December 21, 2024, neither we nor any affiliate received any such rebates, revenue, or other material consideration.

Club SciKidz estimates that purchases from Club SciKidz, its affiliates or approved suppliers, or in accordance with Club SciKidz specifications, will represent more than 90% of your total cost to establish and more than 90% of your total direct, non-labor costs to operate your Franchise. There are no purchasing or distribution cooperatives associated with the Club SciKidz System. Club SciKidz may, but is not obligated to, negotiate purchase arrangements with suppliers for the benefit of franchisees. As of the issuance date of this Disclosure Document, it has not negotiated any such arrangements.

Club SciKidz does not provide any material benefits to franchisees (for example, renewal or granting additional franchises) based upon franchisee purchases of particular products and/or services or use of particular sources.

## Item 9 FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section In Agreement (All references are to the Franchise Agreement unless otherwise indicated)	Disclosure Document Item
a.	Site selection and acquisition/lease	Sections 6.2 and 7.1	Item 11
b.	Pre-opening purchases/leases	Sections 7.1, 7.2, and 7.6	Items 6, 7, 8 and 11
c.	Site development and other pre-opening requirements	Sections 6.2, 6.3, 6.4, 6.5, 6.7, 6.8, 7.1, 7.2, 7.3, 7.6, 7.7, 7.14 and 7.19	Items 7, 8 and 11
d.	Initial and ongoing training	Sections 6.3, 6.4, and 7.3	Items 6, 7 and 11
e.	Opening	Section 7.2 and Exhibit A; Exhibit A to Area Development Agreement	Items 6 and 11
f.	Fees	Sections 2, 3, 6.3, 6.4, 6.5, 6.6, 6.7, 7.18, 7.19, 7.21, 7.23 and 10.9; Section 2 of the Area Development Agreement	Items 5, 6, 7 and 11
g.	Compliance with standards and policies/Operations Manual	Sections 6.1 and 7.1 – 7.20	Items 7, 8, 11, 13, 14, 15 and 16
h.	Trademarks and proprietary information	Sections 4.3, 7.8, 7.19, 9.3 and 9.4	Items 13, 14 and 17
i.	Restrictions on products/services offered	Section 7.13	Items 8 and 16
j.	Warranty and customer service requirements	Sections 7.4 and 7.13	Items 8 and 16
k.	Territorial development and sales quotas	Sections 1, 6.10, 7.4, and 8.1; Sections 3 and 4 and Exhibit A of the Area Development Agreement	Items 1, 5 and 12
l.	Ongoing product/service purchases	Section 7.13	Items 8 and 16
m.	Maintenance, appearance, and remodeling requirements	Sections 6.1, 6.2, 7.1, 7.2, 7.6, 7.8, 7.12 and 7.13	Items 7, 8 and 11



	Obligation	Section In Agreement (All references are to the Franchise Agreement unless otherwise indicated)	Disclosure Document Item
n.	Insurance	Section 7.7	Items 7 and 8
o.	Advertising	Sections 3.3, 6.7 and 7.19	Items 6, 7, 8 and 11
p.	Indemnification	Section 7.21	Item 6
q.	Owner's participation/ management/staffing	Sections 6.3, 6.4 and 7.5	Items 11 and 15
r.	Records and reports	Sections 7.15 and 7.16	Item 6
s.	Inspections and audits	Section 7.18	Items 6 and 11
t.	Transfer	Section 7.23; Section 7 of the Area Development Agreement	Items 6 and 17
u.	Renewal	Section 2.2; Section 5 of the Area Development Agreement	Item 17
v.	Post-termination obligations	Sections 7.21, 7.22(b) and 9; Section 8 of the Area Development Agreement	Item 17
w.	Non-competition covenants	Section 7.22; Section 8 of the Area Development Agreement	Item 17
x.	Dispute resolution	Section 10.17; Section 9.15 of the Area Development Agreement	Item 17

## Item 10 FINANCING

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

## Item 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

**Pre-Opening Assistance:** Prior to, or in connection with, the commencement of operation of your Franchise:

1. **Site Selection Assistance.** Club SciKidz will assist you in selecting Program Facilities by furnishing to you site selection guidelines and criteria for the facilities in which programs will be conducted. Club SciKidz will not choose the site but may give you support and guidance and such site selection

counseling and assistance that you may reasonably request. Generally, Program Facilities will be located in public and private schools, colleges and universities, religious institutions, and community centers within your Designated Territory. You must notify Club SciKidz of each proposed Program Facility and, absent extraordinary circumstances (such as unsafe physical facilities or dangerous surroundings), Club SciKidz will approve your Program Facility if located in a public or private school, college or university, religious institution, or community center. Club SciKidz will not be the lessor of any Program Facilities, and it is not expected that Club SciKidz will provide on-site evaluation of Program Facilities. Club SciKidz will not be involved in any site negotiations but will make available a form of User Agreement to use as a model to secure Program Facilities. Club SciKidz will have the right, within 14 days of its receipt of a request, to approve or disapprove a proposed Program Facility, and will notify you in writing if a site is or is not approved. It is not anticipated that there will be any construction, remodeling or decorating of any Program Facility, or any other physical change to the Program Facility that would be necessary to conform the premises to local ordinances and building codes or to obtain any required permit. (Section 6.2 and Section 6.8 of Franchise Agreement). If you and we cannot agree on any proposed Program Facilities and you fail to open the franchised business within the time periods specified in Section 7.2 of the Franchise Agreement, we can terminate the Franchise Agreement. (Section 7.3 of Franchise Agreement)

2. **Training.** Club SciKidz will provide the pre-opening training program described below. (Section 6.3 of Franchise Agreement)

3. **Equipment, Inventory, and Supplies.** Club SciKidz will provide you with specifications for equipment, inventory, and supplies that will be necessary for you to establish your Programs and estimates of initial levels of inventory and supplies. Club SciKidz will not be responsible for delivering or installing any such items. Club SciKidz will also provide you with lists of approved suppliers (Section 6.5 of Franchise Agreement).

4. **Operations Manual.** Club SciKidz will loan to Franchisee, upon payment in full of the Franchisee Fee, one copy of its Confidential Operations Manual, which may be provided in hard copy or electronic form, as Club SciKidz may elect. (Section 6.1 of Franchise Agreement).

**Length of Time to Open.** Club SciKidz estimates that the typical length of time between signing a Franchise Agreement and opening your business (i.e., when training is complete) is approximately 90 days. Factors affecting this length of time include, among others: ability to select a site and negotiate a satisfactory User Agreement; hiring of the requisite employees, and their and Franchisee's and Operating Principal's completion of required training; local ordinances or community requirements; delivery of equipment and inventory; issuance of all necessary licenses, permits and approvals; and procuring required insurance.

**Ongoing Assistance.** During the operation of your Franchise:

1. **Programs and Curricula.** Club SciKidz will determine the Summer Science Camp Programs, In School Field Trip Programs, After School Programs, and other products and service offerings for Club SciKidz. Club SciKidz will determine curricula and lesson plans for use in connection with the Programs. (Section 6.5 of the Franchise Agreement).

2. **Brand Fund and Marketing and Advertising Assistance.** Club SciKidz may periodically formulate, develop, produce, and conduct, at its sole discretion, advertising, promotional and marketing programs in such form and media as it determines to be most effective. Such programs may include, but not by way of limitation, flyers, direct mail and broadcast materials, public relations and community involvement programs and materials, and survey of customers or the public generally (Section 6.7(a) of

Franchise Agreement). Club Science has also established a Brand Fund. See “Brand Fund” below (Section 6.7(b) of Franchise Agreement).

3. Consulting. Club SciKidz will provide additional consulting services as you may request, subject to the availability of personnel, provided that you pay the costs and expenses we incur in providing such services and the fee we specify; the fee is currently \$250 per person, per day (Section 6.6 of Franchise Agreement).

4. Additional Training. Club SciKidz will train any new Operating Principals that require initial training, at our next scheduled training program in which space is available, provided that you pay the salaries and travel, lodging and meal expenses for such new Operating Principals (Section 6.4 of Franchise Agreement). Club SciKidz may periodically conduct additional training programs for you, your Operating Principal or additional trainees (Section 6.4 of Franchise Agreement). There will be no charge for mandatory training programs. You will be responsible for any salaries and travel, lodging and food expenses incurred by any of these trainees.

5. Products and Services Approval. Subject to certain limitations (see Item 8), Club SciKidz will test any of the products or services of any suppliers you propose to use to determine whether the supplier and its products or services meet Club SciKidz’s standards and specifications and will otherwise evaluate and approve suppliers (Section 7.14 of Franchise Agreement).

6. Research and Development of Improvements. Club SciKidz may, in its discretion, periodically conduct research and development, as deemed necessary, for improvements to the Club SciKidz System (Section 6.9(c) of the Franchise Agreement).

### Advertising.

General. Except as otherwise provided in this Disclosure Document, Club SciKidz has no obligation to provide any advertising or marketing services to franchisees.

All advertising, including any internet or web site advertising, using any of the Marks must be approved in writing by Club SciKidz prior to use. All advertising must be conducted in a manner, and must conform to standards and requirements, specified by Club SciKidz. However, advertising may be conducted in any form or media, as long as Club SciKidz approves the advertising. (Sections 6.8 and 7.19 of Franchise Agreement). Advertising by Club SciKidz may be national, regional, or local, as Club SciKidz may determine. Club SciKidz is not obligated to spend any of the Brand Fund on marketing or advertising within your Designated Territory.

Local Advertising Requirements. Beginning one year after the date of your franchise agreement, you must spend annually on local advertising and promotion, in accordance with advertising and marketing plans approved periodically by Club SciKidz, an amount equal to at least \$10,000 per year. You must submit a proposed advertising and promotional plan annually for approval by Club SciKidz. Upon Club SciKidz’s request, you must furnish to us proof of all local advertising and promotional programs and the costs of such programs. If you fail to make these expenditures or your expenditures are not reasonably satisfactory to Club SciKidz, Club SciKidz may make these expenditures on your behalf, and you will be required to reimburse Club SciKidz for such expenditures, or you must, if Club SciKidz requests pay such funds into the Brand Fund. Expenditures for local advertising and marketing are in addition to any Brand Fund Contributions paid by you. Club SciKidz may increase the percentage or amount of Gross Revenues that you are required to spend on local advertising and promotion, on either a temporary or permanent basis, if the increase is approved by the affirmative vote of at least a majority of Club SciKidz’s franchisees (Section 7.19 of Franchise Agreement).

**Brand Fund.** Club SciKidz has created a segregated or independent collective marketing or advertising fund (a “Brand Fund”). You and all other franchisees must contribute to our Brand Fund. Your contribution is 1% of Gross Revenues per month; however, we reserve the right to waive contributions from other franchisees or have them contribute on a different basis.

We do not use any percentage of the Brand Fund principally to solicit new franchise sales.

Outlets that we or our affiliates own will contribute to the Brand Fund on the same basis as franchisees. We administer the Brand Fund. The Brand Fund will not be audited. Financial statements will be prepared annually and will be provided, upon written request, to any franchisee. (Section 6.8 of the Franchise Agreement).

In 2024, we used the Brand Fund primarily for graphic design and media placement. We spent approximately 75% on production matters, 20% on media placement, and 5% on administrative and other miscellaneous matters. Any sums in the Brand Fund at the end of any year shall be applied toward the following years’ expenditures.

**Market Introduction Program.** You will be required to spend between \$10,000 and \$15,000 for initial marketing prior to your first Program and during your first year after the date of your franchise agreement. Club SciKidz shall determine the total minimum amount to be spent (up to \$15,000). Club SciKidz will develop the program with you, and we must approve the program. (Section 7.19(a) of Franchise Agreement).

**Advertising Councils; Advertising Co-ops.** Club SciKidz does not currently have an advertising council composed of franchisees that advises it on advertising policies. Club SciKidz has the right to require franchisees to form local or regional advertising cooperatives, but no cooperatives have been formed as of the date of this Disclosure Document, and Club SciKidz has no plans to form any such cooperatives in the immediate future (Section 7.19(c) of Franchise Agreement).

**Computer Systems and Office Equipment.** You must purchase or lease, and thereafter maintain, the computer hardware, software, and peripherals Club SciKidz specifies (Section 7.14 of Franchise Agreement.) This equipment will be used for, among other functions, recording enrollments and registration and other recordkeeping functions. At such time as we request, you must provide all necessary assistance to connect your computer system with our computer system. We have the right at any time to retrieve the data and information from your computer system that we, in our sole and absolute discretion, deem necessary or desirable. There is no contractual limitation on our right to retrieve or use information from your computer system.

**Software.** You will use ACTIVE Network software for customer registration. ACTIVE Network charges fees based on transactions. We collect payments from customers made through ACTIVE Network and remit the balance to you after subtracting the royalty fee and other amounts you owe to us. You must also use the Club SciKidz mobile app from ACTIVE Network. The mobile app allows parents to sign up for classes, and for users to send messages and pictures.

We are not obligated to provide any ongoing maintenance, repairs, upgrades, or updates. We do not require you enter any such contract with a third party, other than your subscription to ACTIVE Network.

We recommend you use QuickBooks for financial management.

You must upgrade or update any system when we determine. There is no contractual limit on the frequency or cost of this obligation. We estimate that the annual cost of any optional or required

maintenance, updating, upgrading, or support contracts will be \$600 to \$1,200 (not counting ACTIVE Network fees, which are based on transactions).

Hardware. You will need an office computer. We do not require any particular type of computer.

Cost. We estimate that your office computer plus typical office software will cost between \$1,500 and \$2,000 to purchase.

Operations Manual. The Table of Contents of the Club SciKidz Operations Manual is attached as Exhibit F to this Disclosure Document. The Table of Contents includes the number of pages devoted to each subject. There are 319 pages in the Operations Manual as of the date of this Disclosure Statement.

Training. Below is a description of Club SciKidz’ training program as of the date of this Disclosure Document:

### TRAINING PROGRAM

Subject	Hours Of Classroom Training	Hours Of On-The-Job Training	Location
Introduction and Orientation	1	—	Virtual with Video Support
Student Profile School and Camp Locations Inventory Set Up Website and Registration Platforms	6	—	Virtual with Video Support
Employee Hiring Practices and Requirements Getting Organized After School Enrichment Programs Birthday Parties and Other Special Events	7	—	Virtual with Video Support
Staff Training Risk Management Marketing Franchisee Requirements/Duties	8	—	Virtual with Video Support
Summer Camp/After School Program Training	8	—	Virtual with Video Support
Total Training Hours	30	—	

The instructional materials used in the pre-opening training program are the Club SciKidz Operations Manuals and other classroom training manuals produced by Club SciKidz. Bob Hagan and Sue Hagan will be the instructors. Bob Hagan and Sue Hagan each have over 20 years of experience leading and teaching After School Programs and Summer School Programs.

Before your Franchise opens, you or your designated operating principal that supervises your Franchise (the “Operating Principal”) must successfully complete the training program described above. We will determine, in our discretion, what constitutes successful completion of the training program. We will conduct training virtually. Because training is virtual, you will not incur travel costs. Hours of

instruction may not be consecutive. The courses are conducted as often as necessary, in Club SciKidz's discretion.

If we introduce a new program, we will usually have virtual training program for you and your staff, at no charge. Otherwise, we do not currently require additional training programs or refresher courses, but we have the right to do so. We may charge a reasonable fee for non-mandatory additional training.

## **Item 12 TERRITORY**

Your Franchise Agreement will grant you a Designated Territory that you and we mutually agree upon before signing, comprised of whole, contiguous counties and/or zip codes. The Designated Territory will have a population of 450,000 to 1,000,000 people. If you sign an Area Development Agreement, you may also purchase the rights to operate Franchises in additional Designated Territories.

You will manage your business from an office (which may be within your residence), and you will offer Programs at classrooms within a variety of venues, such as public and private schools, religious institutions, colleges and universities, and community centers ("Program Facilities"). You may locate Program Facilities anywhere within the Designated Territory, subject to Club SciKidz's approval. No Programs except Special Event Programs may be offered at private residences. Club SciKidz has the right to approve each Program Facility.

As shown in the following chart, you must operate Summer Camp Programs at minimum number of Program Facilities, and you must operate a minimum number of In-School Field Trips:

Year of Operation	Minimum Number of Program Facilities for Summer Camp Programs	Minimum Number of In-School Field Trip Programs
1	2	6
2	3	8
3	4	10
4	5	12
5 (and each year thereafter)	6	14

For clarification, if you offer multiple Summer Programs at single Program Facility, that will count as one Program Facility for purposes of the chart above.

You do not receive any options, rights of first refusal, or similar rights to acquire additional franchises.

Your Designated Territory is an exclusive territory. In your Designated Territory, we will not, nor will we license any to, operate elementary school level science programs or elementary school level after school science programs within the Designated Territory, under the Club SciKidz brand or similar trademarks.

If you do not meet the minimum program targets, we may alter your territory, eliminate your exclusivity in the territory, and/or declare you in default of the franchise agreement. Continuation of your territorial exclusivity does not depend on any other contingency and there are no other circumstances that permit us to modify your territorial rights.


The foregoing does not limit us from (i) operating, or licensing others to operate, Club SciKidz businesses located outside of the Designated Territory or using Program Facilities outside of the Designated Territory, (ii) advertising the Club SciKidz system generally within the Designated Territory; or (iii) offering products or services via mail order or via the Internet or other electronic means to people who may be located in the Designated Territory. We do not pay any compensation to you for soliciting or accepting orders from inside your territory.

You cannot market or operate programs outside of your Designated Territory.

Neither we nor any of our affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark selling goods or services similar to those you will offer.

### **Item 13 TRADEMARKS**

The following are the principal trademarks that we license to you. They are registered on the Principal Register of the United States Patent and Trademark Office.

MARK	REGISTRATION NUMBER	REGISTRATION DATE
CLUB SCIKIDZ	5108005	12/27/16
	5108004	12/27/16

The trademark TECH SCIENTIFIC will also be co-branded along with Club SciKidz in many of our marketing materials. This trademark is registered on the Supplemental Register of the United States Patent and Trademark Office.

MARK	REGISTRATION NUMBER	REGISTRATION DATE
TECH SCIENTIFIC	5066180	10/18/16

All required affidavits have been filed. Club SciKidz does not know of any superior prior rights or of any infringing uses that could materially affect your use of the Marks.

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court. There are no pending infringement, opposition, or cancellation proceedings.

There are no currently effective agreements that significantly limit our rights to use or license the use of trademarks listed above in a manner material to the franchise.

You must immediately notify Club SciKidz of any infringement of or challenge to your use of any of the Marks. Club SciKidz will have the right to take any action that it deems appropriate, but the Franchise Agreement does not require Club SciKidz to take any action to protect your right to use any of the Marks. Club SciKidz will have the right to control any administrative proceeding or litigation related to the Marks. The Franchise Agreement does not require Club SciKidz or any of its affiliates to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving any of the Marks, including without limitation any claim of infringement or unfair competition, or if the proceeding is resolved unfavorably to you.

If Club SciKidz decides that you should modify or discontinue using any of the Marks, or use one or more additional or substitute service marks or trademarks, you must comply with Club SciKidz's directions, and neither Club SciKidz nor any of its affiliates will have any obligation to reimburse you for the cost of complying with Club SciKidz's directions.

#### **Item 14**

### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

Club SciKidz owns no rights to, or licenses in, any patent that is material to the franchise system. We do not have any pending patent applications.

Except as provided below, Club SciKidz owns no rights in, or licenses to, any copyrights. Club SciKidz has not registered any copyrights with the United States Copyright Office. However, Club SciKidz claims copyrights with respect to its curricula, lesson plans, advertising materials and Operations Manual, as well as other materials Club SciKidz may periodically develop. There are no determinations of the Copyright Office or any court regarding any of Club SciKidz's copyrights. There are no agreements limiting the use of any copyrights by Club SciKidz.

Any copyrights used by you in the Franchise belong solely to Club SciKidz or its affiliates. You agree to notify Club SciKidz in writing of any suspected infringement of Club SciKidz's or its affiliates' copyrights. Club SciKidz and its affiliates have exclusive rights to bring an action for infringement and retain any amounts recovered with respect to such action, and to control any infringement proceeding whether brought by or against Club SciKidz or you. Club SciKidz has no obligation to defend or otherwise protect you against any claims involving any copyright, including without limitation any copyright infringement claim, or to indemnify you for any losses you may incur as a result of Club SciKidz's copyrights infringing the rights of any other copyright owner. If so requested by Club SciKidz, you will discontinue the use of the subject matter covered by any copyright used in connection with the Franchise.

During the term of your Franchise Agreement, Club SciKidz or its affiliates may disclose in confidence to you, either orally or in writing, certain trade secrets, know-how and other confidential information (collectively, "Proprietary Information") relating to the management, operation or promotion of your Franchise. You may not, nor may you permit any person or Entity to, use or disclose any Proprietary Information (including any portion of the Operations Manual) to any other person, except to the extent necessary for your employees to perform their functions in the operation of your Franchise. You must take reasonable precautions necessary to protect Proprietary Information from unauthorized use or disclosure, including conducting orientation and training programs for your employees to inform them of your obligation to protect Proprietary Information and their related responsibilities and obligations. If Club SciKidz or its affiliates so request, you must obtain from your officers, directors, equity owners and managers and assistant managers confidentiality agreements in a form satisfactory to Club SciKidz or its



affiliates. You will be responsible for any unauthorized disclosure of Proprietary Information by any person to whom you have disclosed Proprietary Information.

**Item 15**  
**OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION**  
**OF THE FRANCHISE BUSINESS**

You must designate an “Operating Principal” who will have the power to act on your behalf on all matters concerning your Franchise and who will directly supervise the operation of your Franchise at the home office and at the various Program Facilities. Your designated Operating Principal (including any replacement for your initial Operating Principal) must be approved by Club SciKidz, and except as provided below, must devote his full time and best efforts to supervising the operation of your Franchise. Operating Principal must successfully complete Club SciKidz’s training program. Franchisee, if an individual, may be the Operating Principal. Club SciKidz strongly recommends that Franchisee (if an individual) personally participate in the operation of the Franchise. An Operating Principal is not required to have any equity or other ownership interest in the business.

Each individual with direct or indirect ownership interest in the franchise Entity must sign the Payment and Performance Guarantee (the “Guarantee”) attached to the Franchise Agreement, assuming and agreeing to discharge all obligations of the franchisee under the Franchise Agreement and agreeing to comply with the proprietary information (Section 7.20), indemnification (Section 7.21), covenant not to compete (Section 7.22), and assignment (Section 7.23) provisions of the Franchise Agreement. If you are a party to an Area Development Agreement, each individual with a direct or indirect ownership interest in the franchise Entity must sign the Guarantee of Collection attached to the Area Development Agreement.

**Item 16**  
**RESTRICTIONS ON WHAT FRANCHISEE MAY SELL**

Club SciKidz requires you to offer and sell only products and services that Club SciKidz has approved. Services include the various curricula that Club SciKidz will make available, as well as the methods of delivery of such services (as, for example, Summer Camp Programs, After School Programs, and Special Event Programs). You must discontinue selling any products or services that Club SciKidz at any time advises you are disapproved. Club SciKidz has the right to make changes at any time to the products and services you must sell, and there are no limits on Club SciKidz’s right to do so. Club SciKidz may permit franchisees not to sell certain products or services or may permit certain franchisees to offer products or services not generally available to franchisees, in order to meet certain local market needs.

You may only sell products to consumers for consumer purposes (and not for resale). You may not sell any products at wholesale. You must also offer approved products and services in the manner required by Club SciKidz. You may not offer products or services in connection with the Marks on any website on the Internet/World Wide Web or any other electronic communication network unless we have consented to it in writing.

While you may accept students who reside outside of your Designated Territory, you may not solicit students who reside outside of your Designated Territory unless they attend school within the Designated Territory. Advertising and marketing of your Program Facilities and Programs must be accomplished through media focusing primarily on students and families residing in your Designated Territory.

**Item 17**  
**RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

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

	Provision	Section in Franchise Agreement	Summary
a.	Length of the franchise term	Section 2.1	Ten years from the Effective Date of your Franchise Agreement
b.	Renewal or extension of the term	Section 2.2	If you meet the conditions, you may enter into up to two successor agreements, each successor term being five years
c.	Requirements for franchisee to renew or extend	Section 2.2	You have substantially complied with the Franchise Agreement during the term; no Event of Default (as defined in the Franchise Agreement) or event which, with the giving of notice or passage of time or both, would become an Event of Default, exists; you have fully updated your operations to include all inventory items, methods and procedures to meet Club SciKidz's standards and procedures; you have met all of the then-current training requirements; you have notified Club SciKidz of your intent to renew at least nine months in advance but no more than 12 months in advance; you have satisfied all monetary obligations owed by you to Club SciKidz or its affiliates and to your suppliers; you have signed a general release in favor of Club SciKidz and its affiliates; and you have signed the then-current form of franchise agreement and related documents, which may contain materially different terms and conditions than those contained in your original Franchise Agreement (including personal guaranty).
d.	Termination by franchisee	Section 8.3	If Club SciKidz fails to perform a material duty or obligation under the Franchise Agreement and does not cure such failure within 60 days from the date of notice, or, if not curable within such period, commence cure of such failure within such 60-day period and thereafter continue its cure efforts until such failure is cured
e.	Termination by Club SciKidz without cause	Not applicable	None

	Provision	Section in Franchise Agreement	Summary
f.	Termination by Club SciKidz with cause	Section 8.1	Club SciKidz can terminate only if you default (see (g) and (h) below)
g.	“Cause” defined – curable defaults	Section 8.1	You have 5 days to cure the non-payment of any amounts owed to Club SciKidz or its affiliates or your failure to make sufficient funds available to Club SciKidz as provided in Section 3.5 of the Franchise Agreement; 10 days to cure the non-payment of any amount owed to any other creditor; 24 hours to cure non-compliance with any law, regulation or ordinance which results in a threat to the public’s health or safety; 30 days to cure a failure to comply with any other provision of the Franchise Agreement not described above or in (h) below
h.	“Cause” defined – non-curable defaults	Section 8.1	Submission in any 36-month period of three or more financial statements or other information which understate by more than 2% your Gross Revenues or submission of financial statements or other information that understates your Gross Revenues by 5% or more; a material misrepresentation in your Franchise application; a material default by you under any other agreement with Club SciKidz or its affiliates (other than an Area Development Agreement), including any other Franchise Agreement; bankruptcy or other insolvency event of franchisee; failure to submit a site and to open the Franchise within the required time period; suspending operations of the Franchise for more than three consecutive business days without Club SciKidz’s consent; failure to offer the minimum number of required Programs; violation of business practices and values; charge or conviction of franchisee or any owner of franchisee of a felony or crime involving moral turpitude or consumer fraud or any other crime or offense which impairs the goodwill associated with the Marks or improperly use any of the Marks or otherwise impair the goodwill associated with the Marks; you or your owners violate the transfer and assignment provisions or acquire an interest in a competitive business; you commit three breaches of any provisions (which need not be the same provisions)

	Provision	Section in Franchise Agreement	Summary
			under the Franchise Agreement within a 24-month period
i.	Franchisee's obligations on termination/non-renewal	Section 9	Return confidential materials; cancel assumed name registration; transfer telephone number; pay all amounts due to Club SciKidz or its affiliates; complete de-identification (including modifications to your Franchise); cease use of the Marks; immediately make your Program Facilities accessible to Club SciKidz; refrain from disclosing Club SciKidz Proprietary Information (also see (o) and (r) below)
j.	Assignment of contract by Club SciKidz	Section 6.11	No restriction on Club SciKidz's right to assign
k.	"Transfer" by franchisee – definition	Section 7.23	Includes transfer of the Franchise Agreement, any interest in the Franchise Agreement, the Franchise or substantially all of the assets of the Franchise, or, if Franchisee is an Entity, any interest in the Entity
l.	Club SciKidz's approval of transfer by franchisee	Section 7.23	Club SciKidz has the right to approve all transfers
m.	Conditions for Club SciKidz approval of transfer	Section 7.23	The purchase price and the terms of the transfer do not negatively impact the viability of your Franchise; all of your monetary obligations are satisfied; you are not in default; you sign a general release; you agree to noncompetition provisions; new franchisee agrees to discharge all of your obligations; new franchisee qualifies, meets training requirements and signs then-current franchise agreement; you remain liable for obligations incurred or arising prior to the transfer; you have paid transfer fee
n.	Club SciKidz's right of first refusal to acquire franchisee's business	Section 7.23(e)	Club SciKidz can match any offer for your Franchise, the Franchise's assets or any ownership interest, except for certain transfers to spouses or children, or to Equity Owners
o.	Club SciKidz's option to purchase Franchisee's business	Section 9.5	For 30 days after the Franchise Agreement terminates or expires, Club SciKidz can purchase any or all of the inventory, supplies, equipment and fixtures of your Franchise for the fair market value of the assets, less any amounts then owing to Club SciKidz. Club SciKidz also has the right to assume your rights under any User Agreement

	Provision	Section in Franchise Agreement	Summary
p.	Death or disability of franchisee	Section 7.23	Executor or representative must transfer your interest to a third party approved by Club SciKidz within 180 days
q.	Non-competition covenants during the term of the Franchise	Section 7.22(a)	No involvement in any business that engages in offering or operating educational science programs
r.	Non-competition covenants after the Franchise is terminated or expires	Section 7.22(b)	No involvement in any business that engages in offering or operating educational science programs within 10 miles of any point within your Designated Territory
s.	Modification of the agreement	Section 10.5	Except for modifications to the Operations Manual, no modifications unless agreed to in writing by both parties
t.	Integration/merger clause	Sections 10.2	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable. Notwithstanding the foregoing, nothing in the franchise agreement or any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.
u.	Dispute resolution by arbitration or mediation	None	Not applicable
v.	Choice of forum	Section 10.18	Subject to applicable state law, claims may be brought only in certain state or federal courts located in the state where Club SciKidz's principal place of business is located at the time of suit (presently, Canton, Georgia)
w.	Choice of law	Section 10.18	Subject to applicable state law, Georgia law applies

### THE DEVELOPMENT AGREEMENT RELATIONSHIP

The table below lists certain important provisions of the Area Development Agreement. You should read these provisions in the agreements attached to this disclosure document.

	Provision	Section in Area Development Agreement	Summary
a.	Length of the franchise term	Section 5	The term expires upon the date the last Franchise to be opened in accordance with the development schedule attached to the Area Development Agreement as Exhibit A (the "Development Schedule") is scheduled to open

	Provision	Section in Area Development Agreement	Summary
b.	Renewal or extension of the term	Not applicable	Not applicable
c.	Requirements for franchisee to renew or extend	Not applicable	Not applicable
d.	Termination by franchisee	Not applicable	Not applicable
e.	Termination by Club SciKidz without cause	Not applicable	Not applicable
f.	Termination by Club SciKidz with cause	Section 6.1	Club SciKidz can terminate only if you default (see (g) and (h) below)
g.	“Cause” defined – curable defaults	None	Not applicable
h.	“Cause” defined – non-curable defaults	Section 6	You fail to open and operate Franchises in accordance with the Development Schedule, or you fail to timely sign a Franchise Agreement or fail to pay any initial Franchise Fee owed thereunder for any such Franchise; or an Event of Default occurs under any Franchise Agreement and such Event of Default results in a termination of such Franchise Agreement; or you breach or otherwise fail to comply fully with any provision contained in Section 8 of the Area Development Agreement (non-competition provision).
i.	Franchisee’s obligations on termination/non-renewal	Section 6.2	You will forfeit your right to develop additional Franchises
j.	Assignment of contract by Club SciKidz	Section 7.1	No restriction on Club SciKidz’s right to assign
k.	“Transfer” by franchisee – definition	Section 7.2	Includes transfer of the Area Development Agreement, any interest in the Area Development Agreement, or, if franchisee is an Entity, any interest in the Entity
l.	Club SciKidz’s approval of transfer by franchisee	Section 7.2	Club SciKidz has the right to approve or not approve all transfers in its sole discretion
m.	Conditions for Club SciKidz approval of transfer	Section 7.2	Club SciKidz has the right to approve or not approve any transfer in its sole discretion
n.	Club SciKidz’s right of first refusal to acquire franchisee’s business	Section 7.2(b)	Club SciKidz has the first right of refusal on all transfers

	Provision	Section in Area Development Agreement	Summary
o.	Club SciKidz's option to purchase franchisee's business	Not applicable	Not applicable
p.	Death or disability of franchisee	Not applicable	Club SciKidz has the right to approve or disapprove any transfer in its sole discretion
q.	Non-competition covenants during the term of the Franchise	Section 8.1	No involvement in any business that engages in offering or operating educational science programs
r.	Non-competition covenants after the Franchise is terminated or expires	Section 7.22(b)	No involvement in any business that engages in offering or operating of educational science programs within a five mile radius of the Protected Area for a two-year period
s.	Modification of the agreement	Section 9.5	No modifications unless agreed to in writing by both parties
t.	Integration/merger clause	Section 9.2	Only the terms of the Area Development Agreement and any Franchise Agreements are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable. Notwithstanding the foregoing, nothing in the Area Development Agreement and any Franchise Agreement or any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.
u.	Dispute resolution by arbitration or mediation	None	Not applicable
v.	Choice of forum	Section 9.15	Subject to applicable state law, claims may be brought only in certain state or federal courts located in the state where Club SciKidz's principal place of business is located at the time of suit (presently, Canton, Georgia)
w.	Choice of law	Section 9.15	Subject to applicable state law, Georgia law applies

## Item 18 PUBLIC FIGURES

Club SciKidz does not use any public figure to promote its Franchises.

## 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.

### **2024 Sales**

Franchises Over 3 Summers (Note 1)	
# of Outlets	3
Average Sales	\$1,037,352
# (%) Above Average	(33%)
Highest Sales	\$1,682,153
Lowest Sales	\$833,695
Median Sales	\$596,208
Franchises 2 – 3 Summers (Note 3)	
# of Outlets	3
Sales	\$288,943_
Company (Note 4)	
# of Outlets	1
Actual Sales	\$1,001,374

**Notes:**

1. The foregoing table is a historic financial performance representation. It is not a projection of future performance. For the franchise sales, we rely on reports from the third-party registration service.
2. "Franchises Over 3 Summers" shows 2024 sales for all franchised outlets that were in operation during 2024 and had been operating for at least four summers (i.e., open for summers of 2021, 2022, 2023 and 2024).
3. "Franchises 2-3 Summers" shows 2024 sales for all franchised outlets that were in operation during 2024 and had been operating for two or three summers.
4. "Company" shows 2024 sales for the outlet owned by our affiliate that is operated in the Atlanta, Georgia market.
5. "Sales" means the total revenue derived from the sale of goods or services less sales tax, discounts, allowances, and returns.
6. The outlets described above operate territories with varying populations.

**Some outlets have sold these amounts. Your individual results may differ. There is no assurance that you'll sell as much.**



Written substantiation of the information contained in this Item 19 will be made available to prospective franchisees upon reasonable request.

Other than the preceding financial performance representation, Club SciKidz LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with 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 Robert Hagan, 848 Waterford Estates Manor, Canton, GA 30115, 678-294-9504, the Federal Trade Commission, and the appropriate state regulatory agencies.

**Item 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

**Table 1**  
**Systemwide Outlet Summary**  
**For Years 2022 to 2024**

<b>Column 1 Outlet Type</b>	<b>Column 2 Year</b>	<b>Column 3 Outlets at the Start of the Year</b>	<b>Column 4 Outlets at the End of the Year</b>	<b>Column 5 Net Change</b>
Franchised*	2022	6	7	+1
	2023	7	15	+8
	2024	15	17	+2
Company-Owned**	2022	0	1	+1
	2023	1	1	0
	2024	1	1	0
Total Outlets	2022	6	8	+2
	2023	8	16	+8
	2024	16	18	+2

\* For purposes of this Item 20, a franchise is considered “open” if they have completed training and are marketing programs to the public, even if they have not yet operated a program.

**Table 2**  
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
**For Years 2022 to 2024**

<b>Column 1 State</b>	<b>Column 2 Year</b>	<b>Column 3 Number of Transfers</b>
N/A	2022	0
	2023	0
	2024	0

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Total	2022	0
	2023	0
	2024	0

**Table 3**  
**Status of Franchised Outlets**  
**For Years 2022 to 2024**

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Termi- Nations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at End of the Year
California	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
	2024	2	1	0	0	0	0	3
Connecticut	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Florida	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Georgia	2022	1	0	0	0	1	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Kansas	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Maryland	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
New Jersey	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
North Carolina	2022	1	0	0	0	0	0	1

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Termi- Nations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at End of the Year
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
Ohio	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Texas	2022	2	2	0	0	0	1	3
	2023	3	1	0	0	0	0	4
	2024	4	0	1	0	0	0	3
Virginia	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
Wisconsin	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Totals	2022	6	3	0	0	1	1	7
	2023	7	8	0	0	0	0	16
	2024	15	3	1	0	0	0	17

**Table 4**  
**Status of Company-Owned Outlets**  
**For Years 2022 to 2024**

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
Georgia	2022	0	0	1	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Totals	2022	0	0	1	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1

**Table 5**  
**Projected Openings as Of December 31, 2024**

<b>Column 1</b> <b>State</b>	<b>Column 2</b> <b>Franchise Agreements</b> <b>Signed but Outlet Not</b> <b>Opened</b>	<b>Column 3</b> <b>Projected New</b> <b>Franchised Outlets in the</b> <b>Next Fiscal Year</b>	<b>Column 4</b> <b>Projected New Company-</b> <b>Owned Outlets in the</b> <b>Next Fiscal Year</b>
Illinois	0	1	0
Indiana	0	1	0
Michigan	0	1	0
New York	0	1	0
Washington	0	1	0
Totals	0	5	0

**Current and Former Franchisees.** Listed on Exhibit G, are (i) the names of all current franchisees and the address and telephone number of each of their outlets, and (ii) the names, city and state, and the current business telephone number, or, if unknown, the last known home telephone number of every franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under any Franchise Agreement or Area Development Agreement during the most recently completed fiscal year or who has not communicated with Club SciKidz within 10 weeks of this Disclosure Document's issuance date.

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

**Confidentiality Agreements.** During the last three years, in some instances, current and former franchisees have signed provisions restricting their ability to speak openly about their experience with Club SciKidz. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

**Trademark-Specific Franchisee Organizations.** As of the date of this Disclosure Document, there are no trademark-specific franchisee organizations associated with Club SciKidz's franchise system.

## **Item 21** **FINANCIAL STATEMENTS**

Exhibit E contains our audited financial statements for the fiscal years ended December 31, 2024, December 31, 2023, and December 31, 2022. Our fiscal year end is December 31.

## **Item 22** **CONTRACTS**

The following agreements are attached as exhibits to this Disclosure Document:

Franchise Agreement  
Payment and Performance Guarantee  
Area Development Agreement

Exhibit B  
Exhibit C  
Exhibit D

**Item 23**  
**RECEIPTS**

Attached, as the last two pages of this Disclosure Statement are copies of the Receipt, which you will be required to sign. One signed copy of the Receipt must be returned to Club SciKidz, as provided on the Receipt.

# EXHIBIT A

## STATE AGENCIES - AGENTS FOR SERVICE OF PROCESS

We may register this Disclosure Document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 866-275-2677 www.dfpi.ca.gov Ask.DFPI@difpi.ca.gov	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, HI 96810 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	

<b>State</b>	<b>State Administrator</b>	<b>Agent for Service of Process (if different from State Administrator)</b>
Minnesota	Minnesota Department of Commerce Securities-Franchise Registration 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Commissioner of Commerce Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500
New York	New York State Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, NY 10005 212-416-8222	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue Building 68-2 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563	
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760
Wisconsin	Division of Securities Department of Financial Institutions 4822 Madison Yards Way Madison, WI 53705 (608) 266-0448	Division of Securities Department of Financial Institutions 4822 Madison Yards Way Madison, WI 53705 (608) 261-7577

**EXHIBIT B**  
**FRANCHISE AGREEMENT**



**FRANCHISE AGREEMENT**

**Between**

**CLUB SCIKIDZ, LLC**

**And**

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**CLUB SCIKIDZ**  
**FRANCHISE AGREEMENT**

**THIS AGREEMENT** is made and entered into as of the date set forth on **Exhibit A** attached hereto (the “Effective Date”) (Exhibit A and all other exhibits hereto are incorporated herein by this reference) between CLUB SCIKIDZ, LLC, a limited liability company organized under the laws of Georgia with its principal place of business at the address set forth on Exhibit A (“Franchisor”), and the person or Entity identified on Exhibit A as the franchisee (“Franchisee”).

**W I T N E S S E T H:**

**WHEREAS**, Franchisor, through its efforts and those of its affiliates, has accumulated knowledge and experience in the operation of educational and technology enrichment programs for children that utilize interactive presentations of structured science-themed activities on the basis of which it has developed and will develop methods, operations, business formats, designs, formulas, software, computer programs, operating policies and procedures (“Franchisor’s Methods”) for the operation of businesses that specialize in the provision of summer science camp programs (“Summer Science Camp Programs”), in-school field trip programs (“In School Field Trip Programs”), after school programs (“After School Programs,” together with Summer Science Camp Programs and In School Field Trip Programs being sometimes referred to as “Programs”) and birthday parties and other group events under the trademark “Club SciKidz” and other trademarks, service marks, associated designs, artwork and logos set forth on **Exhibit B** hereto (all such marks, and all other marks, trade names, logos, art work and designs, whether now existing or hereafter incorporated into Franchisor’s Methods, being collectively referred to herein as “Franchisor’s Marks”); and

**WHEREAS**, Franchisee desires to open and operate a Club SciKidz business using Franchisor’s Marks and Franchisor’s Methods (a “Club SciKidz Business” or “Franchise”), and Franchisor desires to grant to Franchisee a license to open and operate a Club SciKidz Business;

**NOW, THEREFORE**, for and in consideration of the foregoing premises and the covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Franchisor and Franchisee hereby agree as follows:

**1 License.**

**1.1 Grant of License.**

Upon the terms and conditions of this Agreement, Franchisor grants to Franchisee a non-exclusive license (the “License”) to operate a Franchise using Franchisor’s Marks and Franchisor’s Methods, which shall be devoted exclusively to the Club SciKidz Business operated under Franchisor’s Marks. Franchisee shall operate the Club SciKidz Business only within the territory described on **Exhibit A** (the “Designated Territory”).

**1.2 Acceptance of License.**

Franchisee hereby accepts the License and agrees to operate the Franchise according to the provisions of this Agreement and for the entire term hereof.

## **2 Term and Successor Term.**

### **2.1 Initial Term.**

The term (the “Term”) of the License begins on the Effective Date and ends at midnight on the tenth anniversary of the date hereof (the “Expiration Date”), unless terminated earlier as provided herein.

### **2.2 Successor Term.**

(a) Franchisee may, at Franchisee’s option, obtain up to two additional five-year successor terms (each, a “Successor Term”), so long as Franchisee satisfies the following conditions:

- (i) Franchisee notifies Franchisor in writing of Franchisee’s desire to obtain a successor license at least nine, but no more than 12, months before the Expiration Date;
- (ii) Franchisee executes Franchisor’s then-current form of franchise agreement, modified to reflect the appropriate Successor Term availability; the successor franchise agreement may contain terms that are substantially different from the terms of this Agreement, except that the Designated Territory will remain unchanged;
- (iii) Franchisee and its Equity Owners (as herein defined) execute a general release, in a form prescribed by Franchisor, in favor of Franchisor, its affiliates and the officers, directors, managers, equity holders, agents and employees of Franchisor and its affiliates, in their representative and individual capacities, releasing them from all claims, including without limitation claims arising under federal, state and local laws, rules and regulations;
- (iv) Franchisee has fully updated its operations to include all inventory items, methods and procedures to meet the then-current standards and procedures as of the Expiration Date;
- (v) Franchisee has met all of Franchisor’s then-current training requirements as of the Expiration Date;
- (vi) No Event of Default (as herein defined), or event which with the giving of notice or passage of time or both would constitute an Event of Default, exists as of the Expiration Date;
- (vii) Franchisee has substantially complied with this Agreement during the Term; and
- (viii) Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor and its affiliates and to Franchisee’s suppliers.

(c) Franchisor shall have no obligation to grant any Successor Term or successor license for any period extending beyond the 20<sup>th</sup> anniversary of the Effective Date.

(d) Notwithstanding the foregoing provisions of this **Section 2.2**, Franchisor reserves the rights to refuse to grant any successor License if, when Franchisee would otherwise be entitled to obtain a Successor Term for the License, Franchisor has discontinued offering Franchises in the Designated Territory.

### **3 Fees.**

#### **3.1 Franchise Fee.**

Concurrently with Franchisee's execution and delivery of this Agreement, Franchisee has paid to Franchisor the franchise fee set forth on **Exhibit A** (the "Franchise Fee") for the License. Upon execution and delivery of this Agreement by Franchisee, such fee shall be deemed fully earned and nonrefundable by Franchisor.

#### **3.2 Royalty Fee.**

Franchisee shall pay to Franchisor an amount (the "Royalty Fee") equal to 6.5% of Franchisee's Gross Revenues for the preceding month. Royalty Fees shall be due and payable as provided in **Section 3.4(a)** below. The Royalty Fees are payable in exchange for Franchisee's right to use Franchisor's Marks and not for any services or products to be provided to Franchisee by Franchisor.

"Gross Revenues" means the total of all monies and receipts derived by Franchisee from sale of products and performance of services, and from all other business whatsoever conducted in connection with the Franchise or using Franchisor's Marks, whether evidenced by cash, credit, check, gift certificate, gift cards, or other property or services. Gross Revenues do not include (i) promotional allowances or rebates paid to Franchisee in connection with Franchisee's purchase of products or supplies, or (ii) sales, use, merchants' or other taxes measured on the basis of the gross revenues of the Franchise imposed by governmental authorities directly on sales or use and collected from customers.

#### **3.3 Brand Fund Contribution.**

(a) Franchisee shall pay to Franchisor 1% of Gross Revenues for the preceding month (the "Brand Fund Contribution") as a contribution to Franchisor's brand fund (the "Brand Fund"), as more particularly described below. Brand Fund Contributions shall be due and payable as provided in **Section 3.4(a)** below.

(b) Franchisor may increase the Brand Fund Contribution amount or rate, on either a temporary or permanent basis, if such increase is approved by the affirmative vote of at least a majority of Franchisor's franchisees.

#### **3.4 Payments of Fees.**

(a) If required by Franchisor, Franchisee shall engage a vendor designated by Franchisor to handle reservations for Programs (the "Reservation Vendor"). Franchisee shall execute such documents as the Reservation Vendor may require in order for the Reservation Vendor to serve in such capacity and to perform its obligations as described herein. Franchisor shall not be liable to Franchisee for any acts by the Reservation Vendor or any breach of its agreements with Franchisee. Franchisor reserves the right to appoint alternative or additional reservation vendors at any time. In connection the Reservation Vendor's services:

- (i) Franchisee will cause customers to make all payments for Programs through the Reservation Vendor.
- (ii) Franchisee shall be responsible for all the Reservation Vendor's fees for processing reservations and other services (including merchant processing fees). Franchisee

acknowledges that as of the date of this Agreement, the Reservation Vendor charges a fee equal to 1% of all Gross Revenues for reservations made through the online reservation system.

(iii) Franchisee hereby authorizes the Reservation Vendor to pay to Franchisor any Monthly Fees (as herein defined) or other amounts owed by Franchisee to Franchisor from amounts received by the Reservation Vendor, and to hold in escrow any sums which Franchisee must pay into escrow in accordance with applicable law or pursuant to Franchisor's requirements; the remainder of the sums received by the Reservation Vendor may be paid to Franchisee.

(iv) Franchisee hereby further authorizes the Reservation Vendor to forward to Franchisor all payments received from Franchisee's customers (after deducting the Reservation Vendor's fees) to Franchisor, who shall deduct all amounts owed by Franchisee to Franchisor under this Agreement and who shall then forward the remaining balance to Franchisee within a reasonable period of time.

(b) If, at Franchisor's election, Franchisor elects not to appoint a Reservation Vendor as provided in **Section 3.4(a)**, then Franchisee shall pay all Royalty Fees and Brand Fund Contributions (together, the "Monthly Fees") to Franchisor as follows:

(i) Not later than the fifth day of each month (the "Monthly Fees Payment Date"), Franchisee shall compute Franchisee's Gross Revenues for the preceding month.

(ii) Before 11:00 a.m., Eastern Time on the Monthly Fees Payment Date, Franchisee shall notify Franchisor of the amount of Gross Revenues computed by Franchisee and the Monthly Fees owed to Franchisor by Franchisee for the preceding month.

(iii) After 2:00 p.m., Eastern Time on the Monthly Fees Payment Date, Franchisor may withdraw, from a bank account maintained by Franchisee which permits direct withdrawals by Franchisor, the Monthly Fees due from Franchisee based on the Gross Revenues computed by Franchisee for the preceding month. If such Gross Revenues and Monthly Fees are not computed by Franchisee, Franchisor will estimate the amount of such Monthly Fees due and may make a corresponding withdrawal from Franchisee's bank account. Franchisee shall maintain sufficient funds in such account to permit Franchisor to withdraw the Monthly Fees due from time to time. Franchisor's estimation of any Monthly Fees due from Franchisee shall not release Franchisee from its obligation to pay the amount of Monthly Fees due hereunder, as provided herein. If Franchisor has overestimated the amount of Monthly Fees due from Franchisee, then Franchisee shall receive a credit for the overestimated amount against future Monthly Fees when such amount has been determined.

(iv) If the Monthly Fee Payment Date of any month is not a business day, then the determinations and payments described above shall be made on the next business day.

(c) Nothing herein contained shall prevent Franchisor from demanding that payments of Monthly Fees be mailed or otherwise delivered to Franchisor at or at times different from those specified above. Franchisor shall have the right to apply any sums it receives from Franchisee

toward satisfaction of any Monthly Fees or any other amounts owed to Franchisor, notwithstanding that Franchisee may have designated what obligations such payment should be applied to.

(d) Franchisee shall pay to Franchisor on any delinquent Monthly Fees or other amounts due and payable under this Agreement or otherwise interest at the rate of 18% per annum or at the maximum rate of interest allowed by law, whichever is less, calculated from the date when any fees or other amounts should have been paid to the date of actual payment.

(e) All Monthly Fees shall be nonrefundable.

### 3.5 Convention Fee.

If required by Franchisor, Franchisee shall pay to Franchisor a reasonable fee, as determined by Franchisor, to attend the CLUB SCIKIDZ franchisee convention each year during the Term. Such Fee is currently \$500, but Franchisor reserves the right to increase such fee up to \$750 at any time during the Term.

### 3.6 Software and Helpdesk Fees.

Currently, Franchisor does not charge Franchisee any fee for software maintenance (“Software Fee”) or for helpdesk services (“Helpdesk Fee”). However, if Franchisor makes available to Franchisee software maintenance and/or help desk services, Franchisee shall pay to Franchisor a Software Fee equal to \$120 per month and/or a help desk fee equal to \$120 per month, upon Franchisor’s giving of written notice of the commencement of such service or services or, if later, the commencement of assessment of such fees (if such services have previously been provided without charge at Franchisor’s election). Franchisor shall have the right to periodically increase either fee, but not more frequently than once every calendar year, if Franchisor’s costs in providing software maintenance or helpdesk services increase, including any increase in costs due to an expansion of such services. It is anticipated that Franchisor shall be entitled to earn a reasonable profit on Software Fees or Helpdesk Fees. If Franchisor shall elect to outsource either of such services to an outside vendor, then Franchisee shall execute such agreements as such vendor may reasonably require and shall comply with the provisions of such agreements.

### 3.7 Gross-Up Resulting From Receipt Tax.

If Franchisor is charged any receipt or gross revenue tax by any governmental authority in connection with Franchisee’s payments to Franchisor pursuant to this Agreement, Franchisee shall pay to Franchisor an additional fee equal to the amount of such tax.

## **4 Trademarks.**

Franchisor has registered or made application in respect of, or intends to register or make application in respect of, each of Franchisor’s Marks listed on **Exhibit B** attached hereto. If Franchisor determines that any of Franchisor’s Marks conflicts with any other marks, or that the use of any such marks, in Franchisor’s opinion, is not in the best interest of Franchisor’s Franchise System (“Franchisor’s Franchise System”), Franchisor may, at its election, and without incurring any liability to Franchisee, substitute other marks therefor. Franchisee consents to any such substitution by Franchisor.

## **5 Representations of and Acknowledgments by Franchisee.**

Franchisee represents warrants and acknowledges as follows:

### 5.1 Truth of Information.

The information (including without limitation all personal and financial information) furnished and to be furnished to Franchisor by Franchisee or the owners (“Equity Owners”) of the equity securities of Franchisee (“Equity Securities”) is, as of the Effective Date or such other date such information is furnished to Franchisor, as the case may be, true and correct in all material respects and includes all material facts necessary to make such information not misleading in light of the circumstances when made.

### 5.2 Receipt of Agreement and Disclosure Statement.

Franchisee has received a copy of the form of this Agreement and a disclosure document required by applicable state and/or federal laws (the “Disclosure Document”) regarding the terms of this Agreement, among other things, by the earlier of at least 14 calendar days before its execution by Franchisee or the execution of any related agreements, or the payment of any consideration to Franchisor, and Franchisee has reviewed this Agreement and the Disclosure Document, and has had ample opportunity to consult with, and ask questions of, Franchisor’s representatives regarding the content of this Agreement and the Disclosure Document. Franchisee has also been afforded ample time to consult with Franchisee’s own legal and other advisors about the potential risks and benefits of entering into this Agreement and has been advised to do so by Franchisor.

### 5.3 Profitability.

EXCEPT AS MAY BE STATED IN THE DISCLOSURE DOCUMENT, NEITHER FRANCHISOR, NOR ANY OF ITS AFFILIATES, NOR ANY OFFICER, AGENT OR REPRESENTATIVE OF FRANCHISOR OR ANY OF FRANCHISOR’S AFFILIATES HAS MADE ANY REPRESENTATION TO FRANCHISEE AS TO THE HISTORICAL REVENUES, EARNINGS OR PROFITABILITY OF ANY CLUB SCIKIDZ FRANCHISE OR COMPANY-OWNED PROGRAM FACILITY OR THE ANTICIPATED REVENUES, EARNINGS OR PROFITABILITY OF THE BUSINESS SUBJECT TO THE LICENSE HEREIN GRANTED BY OR ANY OTHER BUSINESS OPERATED BY FRANCHISOR OR BY ANY LICENSEE, FRANCHISEE OR AFFILIATE OF FRANCHISOR. IN ENTERING INTO THIS AGREEMENT, THE ONLY INFORMATION PROVIDED BY OR ON BEHALF OF FRANCHISOR ON WHICH FRANCHISEE IS RELYING IS CONTAINED HEREIN OR IN THE DISCLOSURE DOCUMENT.

### 5.4 System Changes.

Franchisor may from time to time, but is not obligated to, add to, reduce, modify or amend the scope or type of products or services Franchisee shall be required or entitled to offer under Franchisor’s Marks, and Franchisee shall be bound to comply with any such changes.

## **6 Covenants and Agreements of Franchisor.**

Franchisor covenants and agrees as follows:

### 6.1 Operations Manual.

Franchisor shall furnish to Franchisee one copy of Franchisor’s Operations Manual (as defined in **Section 7.12**). Franchisor may amend the Operations Manual from time to time, in its discretion, by delivering amendments to Franchisee. Amendments shall be effective upon receipt by



Franchisee, and may be given by Franchisor electronically or other reasonable form determined by Franchisor (and need not qualify as “notice” under **Section 10.3**). The Operations Manual shall remain the property of Franchisor and shall be returned to Franchisor by Franchisee immediately after expiration or termination of this Agreement. At Franchisor’s option, the Operations Manual may be provided in electronic form.

## 6.2 Site Selection.

(a) Franchise may operate the Franchise from an office located in Franchisee’s residence (subject to applicable law), or at such other location as Franchisee may select.

(b) Franchisor shall furnish to Franchisee site selection guidelines and criteria for the facilities in which Programs will be conducted (“Program Facilities”), and such site selection counseling and assistance that Franchisee may reasonably request in connection with selecting Program Facilities.

(c) It is anticipated that Program Facilities shall include public and private schools, other educational institutions such as colleges and universities, churches and other religious affiliated institutions, and community centers. Franchisee shall not conduct Programs may at residential facilities, except for appropriate special programs approved by Franchisor such as birthday parties. Franchisee shall obtain Franchisor’s approval of potential Program Facility prior to entering into an agreement for use of such facility. Franchisor will have the right, within 14 days of its receipt of a request, to approve or disapprove a proposed Program Facility, and will notify Franchisee if a facility is or is not approved. IT IS THE RESPONSIBILITY OF FRANCHISEE TO SELECT SUITABLE PROGRAM FACILITIES. FRANCHISEE HEREBY ACKNOWLEDGES AND AGREES THAT FRANCHISOR’S APPROVAL OF A PROPOSED SITE SHALL NOT CONSTITUTE A WARRANTY OR REPRESENTATION OF ANY KIND AS TO THE POTENTIAL SUCCESS OR PROFITABILITY OF THE SITE FOR PROGRAMS.

(d) Franchisor has the right (but not the obligation) to visit Program Facilities in person at any reasonable time.

## 6.3 Initial Training.

Franchisor shall train Franchisee (if an individual) or Franchisee’s designated Operating Principal, as may be required by **Section 7.5**, in Franchisor’s Methods and other policies and procedures. Training shall be provided, at Franchisor’s option (i) virtually, (ii) at Franchisor’s headquarters in the greater Atlanta, Georgia area, and/or (iii) at such other location as Franchisor may designate. The cost of providing such training shall be borne by Franchisor. Franchisee shall pay the cost of Franchisee or Operating Principal’s salary, insurance, travel to the training site, and lodging and meal costs incurred during such training. The initial training program shall last approximately 30 hours, or such other period of time as Franchisor prescribes. If Franchisee desires to have additional Equity Owners or employees (“Additional Trainees”) attend the initial training, or if Franchisee desires to replace Equity Owners or employees who have previously undergone the initial training, or if Franchisee designates a new Operating Principal pursuant to **Section 7.5**, Franchisor shall provide such service free of charge, subject to availability of space in otherwise scheduled training programs.

## 6.4 Additional Training.

Franchisor may periodically conduct advanced training programs for Franchisee, Franchisee's Operating Principal or Additional Trainees, at Franchisor's headquarters in the metropolitan Atlanta, Georgia area or at such other location as Franchisor may designate. If Franchisor makes an advanced training program mandatory for Franchisee, Franchisee's Operating Principal, Additional Trainees, and/or Franchisee's employees, Franchisor shall not charge a fee. Franchisee shall be responsible for salary, insurance, travel, meals and lodging expenses for Franchisee, Franchisee's Operating Principal and Additional Trainees whether or not the training is mandatory. Franchisor may also periodically provide train-the-trainer programs designed to teach Franchisee's employees how to train Franchisee's other employees.

#### 6.5 Programs.

Franchisor shall determine the Summer Science Camp Programs, In School Field Trip Programs, After School Programs, and other products and service offerings for Club SciKidz. Franchisor shall determine curricula and lesson plans for use in connection with the Programs. Franchisor will provide the specifications for equipment, inventory, and supplies that will be necessary for Franchisee to establish Programs, and estimates of initial levels of inventory and supplies. Franchisor shall provide Franchisee with lists of approved suppliers, to the extent applicable.

#### 6.6 Additional Consulting Services.

Franchisor may implement a policy under which Franchisor shall provide to Franchisee, upon request and subject to the availability of Franchisor's personnel, additional consulting services with respect to the operation of the Franchise, and Franchisor shall be entitled to be reimbursed by Franchisee for the sum of (i) any travel, lodging and meal costs incurred by Franchisor for its employees or agents rendering such consulting services, plus (ii) \$250 for each such employee or agent for each day or portion thereof consulting services are rendered. Franchisor may increase the amount charged for such requested consulting services upon 30 days prior written notice, but such fees may not be increased more than once during any calendar year. Such additional consulting services shall be rendered at a mutually convenient time.

#### 6.7 Marketing, Promotional and Advertising Programs.

(a) Franchisor may periodically formulate, develop, produce, and conduct, at its sole discretion, advertising, a promotional and marketing program in such form and media as it determines to be most effective. Such programs may include, but not by way of limitation, flyers, direct mail and broadcast materials, public relations and community involvement programs and materials, and surveys of customers or the public generally. Franchisor shall have the right to charge Franchisee for any advertising, promotional or marketing materials provided to Franchisee, but the proceeds from any such sales shall be paid into the Brand Fund.

(b) Franchisor may establish a Brand Fund into which all Brand Fund Contributions received from franchisees shall be paid. Franchisor shall be entitled to reimbursement from the Brand Fund for all costs and expenses incurred in connection with the Brand Fund, including without limitation (i) providing any of the materials or programs described in **Section 6.7(a)**, (ii) any fees and retainers for outside professionals such as creative and production boutiques, advertising and public relations agencies and media buying services, and (iii) internal administrative costs and expenses in managing the Brand Fund and marketing, promotional and advertising programs.

(c) Franchisor shall use the Brand Fund only for marketing, advertising, and public relations materials, programs and campaigns (including at local, regional, national, and/or international level) for Club SciKidz, and related overhead. The foregoing includes such activities and expenses as Franchisor determines in good faith, and may include, without limitation: development and placement of advertising and promotions; sponsorships; contests and sweepstakes; development of Marks and/or branding; development and maintenance of brand websites; social media; internet activities; e-commerce programs; search engine optimization; market research; public relations, media or agency costs; trade shows and other events; and printing and mailing.

(d) Franchisee agrees that expenditures from the Brand Fund need not be proportionate to contributions made by Franchisee or provide any direct or indirect benefit to Franchisee. The Brand Fund will be spent at Franchisor's sole discretion, and Franchisor has no fiduciary duty with regard to the Brand Fund. Franchisor is not obligated to (i) have all other Club SciKidz businesses (whether owned by other franchisees or by Franchisor or its affiliates) contribute to the Brand Fund, or (ii) have other Club SciKidz businesses that do contribute to the Brand Fund contribute the same amount or at the same rate as Franchisee. Franchisor may accumulate funds in the Brand Fund and carry the balance over to subsequent years. If the Brand Fund operates at a deficit or requires additional funds at any time, Franchisor may loan such funds to the Brand Fund on reasonable terms.

(e) Franchisor shall have no obligation to have the Brand Fund audited, but Franchisor shall, upon written request from Franchisee provide unaudited financial statements to Franchisee annually not later than 120 days after the end of the Brand Fund's or Franchisor's (as applicable) last fiscal year. Funds contributed to the Brand Fund shall not be used to sell Franchises, but Franchisor shall be allowed to include on its web site and in other materials distributed to the general public announcements about the availability of Franchises and procedures for obtaining further information about Club SciKidz Franchises, and to solicit prospective franchisees in such materials. Franchisor reserves the right to periodically terminate the Brand Fund or reinstate the Brand Fund. If the Brand Fund is terminated, any amounts remaining in the Brand Fund's accounts shall either be spent on providing additional services as permitted hereby, or, at Franchisor's election, distributed among all existing franchisees in good standing and to Company-operated units according to an equitable formula determined by Franchisor in good faith.

#### 6.8 Templates.

Franchisor shall periodically provide to Franchisee templates of forms of User Agreements (as hereinafter described) and confidentiality agreements; information regarding industry trends; and such other information as Franchisor, in its sole discretion, deems useful in the establishment and operation of the Franchise, Programs and Program Facilities. Any forms of agreements furnished by Franchisor shall be suggestions, and Franchisee is advised to consult with Franchisee's legal counsel as to the sufficiency of such forms for use in the area where Franchisee's Franchise will be conducted. Franchisor shall have the right to approve any forms used by Franchisee that are materially different than those furnished to Franchisee as templates.

#### 6.9 Territorial Exclusivity.

Franchisor shall not operate, or license others to operate, a Club SciKidz business (or other business operating elementary school level science programs or elementary school level after

school science programs under trademarks similar to Club SciKidz) that is located in the Designated Territory or that uses Program Facilities in the Designated Territory. The foregoing does not limit Franchisor from (i) operating, or licensing others to operate, Club SciKidz businesses located outside of the Designated Territory or using Program Facilities outside of the Designated Territory, (ii) advertising Franchisor's Franchise System generally within the Designated Territory; or (iii) offering products or services via mail order or via the Internet or other electronic means to persons who may be located in the Designated Territory.

## **7 Covenants and Agreements of Franchisee.**

Franchisee covenants and agrees as follows:

### 7.1 Franchise Premises.

Franchisee shall utilize facilities reasonably suited for the conduct of the Franchise. Such facilities shall include an office (which may be within Franchisee's residence), and Program Facilities. Before entering into any lease, sublease or user agreement (collectively referred to herein as "User Agreements"), or any purchase agreement for Program Facilities, Franchisee shall submit to Franchisor any information Franchisor requires about the Program Facilities or the condition of any improvements thereon. Franchisee shall not enter into any User Agreement for any Program Facilities until Franchisor has expressly approved the location and the User Agreement, as applicable, in writing. In no event is Franchisor obligated to execute Franchisee's User Agreement or guarantee Franchisee's obligations with respect to a Program Facility. Franchisee shall not use a Program Facility for any purpose other than the operation of the Franchise, nor shall Franchisee lease, as lessor, or sublease, or assign the lease or its rights under any User Agreement for, any Program Facility or any portion thereof, without the prior written consent of Franchisor.

### 7.2 Commencement of Operations.

Franchisee must meet the deadlines described on Exhibit A.

### 7.3 Training.

Prior to opening the Franchise, Franchisee, Franchisee's Operating Principal, and Franchisee's Additional Trainees, if any, shall satisfactorily complete the applicable training programs described in **Section 6.3**. Franchisee or Franchisee's Operating Principal, and other employees, as applicable, shall satisfactorily complete such other training programs, as Franchisor requires from time to time after Franchisee begins operations.

### 7.4 Minimum Offerings.

Franchisee must operate, at a minimum, (i) Summer Camp Programs at the number of separate Program Facilities per year shown the following chart, and (ii) the number of In-School Field Trip Programs per year as shown in the following chart:

Year of Operation	Minimum Number of Program Facilities for Summer Camp Programs	Minimum Number of In-School Field Trip Programs
1	2	6

2	3	8
3	4	10
4	5	12
5 (and each year thereafter)	6	14

For clarification, if Franchisee offers multiple Summer Programs at single Program Facility, that would count as one Program Facility for the chart above.

If Franchisee fails to meet the minimums described above, Franchisor may exercise any one or more of the following remedies: (i) change the Designated Territory, (i) eliminate Franchisee's exclusive rights in the Territory described in **Section 6.9**, or (iii) declare Franchisee in default of this Agreement and exercise all remedies available to Franchisor for Franchisee's default, including termination without the opportunity to cure.

#### 7.5 Franchisee's Participation; Operating Principal; Certification.

Franchisee shall designate an "Operating Principal" who shall have the power to act on behalf of Franchisee on all matters concerning the Franchise and who shall directly supervise the operation of the Franchise. Franchisee's designation of an initial Operating Principal, or any replacement therefore, shall be subject to the approval of Franchisor, which Franchisor may withhold in its sole discretion. The Operating Principal shall devote his or her full time and best efforts to supervising the operation of the Franchise. The Operating Principal shall (i) prior to assuming his or her position, attend and complete to Franchisor's reasonable satisfaction the initial training program described in **Section 6.3**, and (ii) attend and satisfactorily completing such other training programs as Franchisor requires from time to time after Franchisee begins operations. Franchisee, if an individual, may be the Operating Principal. If Franchisee, Operating Principal or any employee of Franchisee required to be certified shall at any time become de-certified, such person shall not be permitted to teach at any Program or, in the case of Operating Principal, manage the Franchise, unless and until such person becomes re-certified. Franchisee shall have at each Program Facility whenever there will be children on the premises, one employee who has CPR certification.

#### 7.6 Program Facilities.

All Program Facilities used by Franchisee must (i) meet any requirements determined by Franchisor, (ii) be in a safe, clean, attractive condition and in good repair, (iii) comply with all applicable laws and regulations, (iv) and otherwise be suitable for Programs.

#### 7.7 Insurance.

Franchisee shall procure, before commencing the Franchise, and maintain in full force and effect during the entire Term, an insurance policy or policies protecting Franchisee and Franchisor, and their officers, directors, managers, employees and agents, against any loss, liability, personal injury, death, property damage or expense whatsoever arising out of or occurring upon or in connection with the condition, operation, use or occupancy of the Franchise and the Program Facilities, as well as insurance to protect against such risks as Franchisor may reasonably require, all as set forth in the Operations Manual. Franchisee shall procure workers' compensation

coverage for each employee no later than the first date of such employee's employment. Franchisor shall be named as an additional insured under each policy, except under worker's compensation policies. If requested by Franchisor, Franchisee shall use the insurance agent or broker designated by Franchisor, and each policy shall be written by such insurance company as Franchisor shall designate, or if none is designated, by a responsible insurance company which is qualified to sell such insurance in the state in which the Franchise is located and has the financial and quality ratings set forth in the Operations Manual. Such insurance coverage shall be in accordance with the standards and specifications, and in the amounts, with maximum retentions, and covering such matters, as may be specified by Franchisor from time to time in the Operations Manual. Franchisee's obligations to obtain and maintain the foregoing policy or policies in the amounts specified should not be limited or affected in any way by any insurance that Franchisor elects to maintain. Franchisee's insurance policies shall provide primary coverage, with any applicable policy of Franchisor providing secondary coverage. The fact that Franchisee maintains the insurance policies and coverage required under this Agreement shall not relieve Franchisee from liability under the indemnification provisions of **Section 7.21**. Within thirty days before commencing any Program, Franchisee shall submit to Franchisor for acceptance, certificates of insurance showing evidence that Franchisee has obtained all of the insurance coverage required hereunder (including, where applicable, evidence that Franchisor is named as an additional insured), together with proof of the payment of each premium associated therewith. Notwithstanding the foregoing, Franchisee shall submit to Franchisor for approval certificates of insurance showing compliance with the workers' compensation requirements required by law or in the Operations Manual prior to the training of any Franchisee employee at the Program Facilities operated by Franchisor or another franchisee where training has been designated. Upon request by Franchisor, Franchisee shall provide copies of all policies and policy amendments to Franchisor. Evidence of insurance shall include a statement by the insurer that the policy or policies will not be canceled or materially altered without at least 30 days prior written notice to Franchisor. If Franchisee fails to procure or maintain the insurance coverage required hereunder, then Franchisor shall have the right and authority (but not the obligation) to immediately procure such insurance coverage and to charge the cost thereof to Franchisee, which amounts shall be due and payable immediately upon demand. Franchisee acknowledges that the types and amounts of coverage specified in the Operations Manual are minimum requirements, and that Franchisee is free to obtain additional coverage. Franchisor recommends that Franchisee consult with Franchisee's own risk management advisor about additional coverage.

#### 7.8 Intellectual Property.

(a) Marks.

- (i) Franchisee acknowledges that Franchisor is the owner of Franchisor's Marks, that Franchisee has no interest in Franchisor's Marks beyond the nonexclusive License granted herein, and that Franchisor has the exclusive right and interest in and to Franchisor's Marks and the goodwill associated with and symbolized by them.
- (ii) Franchisee shall use Franchisor's Marks only in compliance with this License and any other written rules periodically prescribed by Franchisor. Franchisee shall not use any of Franchisor's Marks as part of any corporate or other entity name, including trade, fictitious and assumed names, or with any prefix, suffix or other modifying words, terms,

designs or symbols (other than logos licensed to Franchisee hereunder), or use any of Franchisor's Marks in connection with the sale of any unauthorized product or service or in any manner not explicitly authorized in writing by Franchisor. No materials on which any of Franchisor's Marks appear, including without limitation any promotional, sales or advertising materials (including any Internet advertising maintained in accordance with **Section 7.8(d)**), shall be used by Franchisee without Franchisor's prior written approval, which may be withheld in Franchisor's sole discretion. Franchisee shall immediately notify Franchisor of any infringement of or challenge to Franchisee's use of any of Franchisor's Marks, and Franchisor shall have the sole right (but not the obligation) to take any action, or no action, as either of them deems appropriate. If Franchisor decides at any time, in its sole discretion, that Franchisee should modify or discontinue using any of Franchisor's Marks or use one or more additional or substitute service marks or trademarks, Franchisee shall do so, and Franchisor shall have no obligation to reimburse Franchisee for any costs incurred by Franchisee in complying with this obligation. Franchisee shall not contest, directly or indirectly, Franchisor's ownership, title, right or interest in or to, or Franchisor's right to use, or the validity of, Franchisor's Marks, or any trade secrets, methods or procedures that are part of Franchisor's Franchise System, or contest Franchisor's sole right to register, use or license others to use Franchisor's Marks, trade secrets, methods or procedures or any other mark or name which incorporates the words "Club SciKidz" or any similar word or words or any of Franchisor's Methods.

(iii) Franchisee shall use Franchisor's Marks only for the operation of the Franchise hereunder and only at the Program Facilities or in advertising for the Franchise conducted at or from such Program Facilities or at Special Event Programs. Franchisee shall, at Franchisee's expense, purchase and post in a prominent place at each Program Facility, readily visible to the public, a notice provided by Franchisor which indicates that Franchisee is a franchised operator under Franchisor's Franchise System and that Franchisor's Marks are used by Franchisee under license. Franchisee shall comply with Franchisor's instructions in filing and maintaining trade name or fictitious name registrations, and shall execute all documents required by Franchisor to obtain protection for Franchisor's Marks or to maintain their continued validity and enforceability.

(iv) Franchisee shall, at Franchisee's expense, display Franchisor's Marks and phone number on all of Franchisee's promotional, sales and advertising materials, including without limitation all printed advertising of every kind and nature, business stationery and cards.

(v) Franchisee shall refrain from issuing, directly or indirectly, through any communication whatsoever, information about Franchisor, Franchisor's affiliates, Franchisor's Franchise System or Franchisor's Marks, which may disparage or adversely affect the reputation and image of Franchisor, Franchisor's affiliates, Franchisor's Franchise System or Franchisor's Marks. All provisions of this Agreement applicable to Franchisor's Marks shall apply to any other trade names, trademarks, service marks or other commercial symbols licensed to Franchisee by Franchisor. Upon the expiration or any earlier termination of this Agreement for any reason, all rights of Franchisee to use Franchisor's Marks shall automatically revert to Franchisor without cost and without the

execution or delivery of any document. Upon Franchisor's request, Franchisee shall execute all documents required by Franchisor to confirm such reversion.

This **Section 7.8(a)** shall survive the expiration or any earlier termination of this Agreement.

(b) Copyrights. As between Franchisor and Franchisee, any and all present or future copyrights used in connection with the Franchise belong solely and exclusively to Franchisor. Franchisor shall have, and Franchisee hereby irrevocably assigns and quitclaims to Franchisor, the exclusive right, in Franchisor's sole discretion, to bring an action for infringement of copyrights in any copyrightable property of Franchisor. Franchisor shall have the sole and exclusive right to prosecute, settle or compromise any and all actions for infringement of any and all copyrights, and Franchisor shall be entitled to retain any and all proceeds, damages and other sums, including attorneys' fees, recovered by or owed to Franchisor or its affiliates by reason of or in connection with any such infringement or action for infringement. Franchisee shall promptly notify Franchisor in writing of any suspected infringement of Franchisor's copyrights and shall cooperate with Franchisor and its affiliates in the prosecution of any infringement claim. Registration and other protection of copyrights, if any, shall be in the sole and absolute discretion of Franchisor.

Franchisee shall execute and deliver to Franchisor, its successors and assigns, any assignments, documents and instruments as Franchisor may reasonably request from time to time for the purposes of establishing, registering, evidencing, enforcing or defending Franchisor's complete, exclusive, perpetual and worldwide ownership of all rights, titles and interests in Franchisor's copyrights, or Franchisee's rights as a licensee thereof. Franchisee hereby constitutes and appoints Franchisor as Franchisee's agent and attorney-in-fact, with full power of substitution, to execute and deliver any assignment, document or instrument that Franchisee fails or refuses to execute and deliver, this power and agency being coupled with an interest and being irrevocable. If Franchisor decides at any time, in its sole discretion, that Franchisee should modify or discontinue using any of Franchisor's copyrights, Franchisee shall do so, and Franchisor shall have no obligation to reimburse Franchisee for any costs incurred by Franchisee in complying with this obligation. Franchisee shall not contest, directly or indirectly, Franchisor's ownership, title, right or interest in or to Franchisor's copyrights, or contest Franchisor's sole right to register, use or license others to use Franchisor's or any affiliate's copyrights.

This **Section 7.8(b)** shall survive the expiration or any earlier termination of this Agreement.

(c) Patents. Franchisor hereby licenses to Franchisee any and all patents, if any, which may become incorporated into Franchisor's Methods for use in connection with the operation of the Franchise. Franchisee acknowledges that all such patents shall be and remain the property of Franchisor or its affiliates, and Franchisee shall have no rights therein other than pursuant to the license granted hereunder.

(d) Internet Use. Except as explicitly requested and approved by Franchisor in accordance with **Section 7.8(a)** above and this **Section 7.8(d)**, Franchisor retains the sole right to advertise on the Internet and create a web site with respect to Franchisor's Franchise System. Franchisee shall participate in any web site that Franchisor establishes for use by Franchisor's Franchise System, in accordance with the procedures, rules and regulations set forth in the Operations Manual, or as Franchisor may otherwise promulgate in writing. If Franchisor consents to the creation of a separate web site or similar communication means by Franchisee, Franchisee shall, if so required



by Franchisor, use the services of the web site design company designated by Franchisor, and the web site shall contain such design elements and links to Franchisor's web site or other web sites as Franchisor directs. Franchisee acknowledges that Franchisor is the owner of all rights, title and interest in and to any and all domain names containing the words "Club SciKidz" or any variation or abbreviation thereof or any other of Franchisor's Marks as Franchisor shall designate.

(e) Improvements to Franchisor's Franchise System. Franchisee shall notify Franchisor of any improvements or alterations, which could benefit Franchisor's Franchise System. Any and all improvements to Franchisor's Franchise System developed by Franchisee or any of Franchisee's employees shall automatically become the property of Franchisor, without payment of any compensation to Franchisee or Franchisee's employees. To the extent such improvements may be protected by way of trademark, copyright, patent or trade secret laws or otherwise, Franchisee or Franchisee's employee, as the case may be, shall execute such documentation as Franchisor may reasonably require to evidence ownership of such improvements by, and to transfer ownership thereof to, Franchisor.

(f) Software License. Simultaneously with the execution of this Agreement, Franchisor grants to Franchisee a nonexclusive license to use, during the Term, in object form only, Franchisor's proprietary software, if any, and such other software as Franchisor from time to time may make available to Franchisee to support the operation of the Franchise (collectively, the "Software"). Franchisor also grants to Franchisee a nonexclusive license to use, during the term of this Agreement, the specifications and documentation relating to the Software (together with the Software, the "Licensed Materials"). Franchisee may use the Licensed Materials solely to operate and use the Franchise-related computers and to operate the Franchise pursuant to the terms of this Agreement. Franchisee shall not make copies of the Licensed Materials except as expressly permitted by Franchisor. Franchisee shall not modify the Software or reverse engineer or decompile the Software or otherwise attempt to discover the source code of the Software. Franchisee shall not assign, transfer or sublicense the Licensed Materials without the prior written consent of Franchisor. Franchisee's license to use the Licensed Materials shall terminate immediately upon expiration or any earlier termination of this Agreement. Franchisee acknowledges and agrees that the Licensed Materials comprise trade secrets of Franchisor and that, as such, the Licensed Materials are subject to the use and disclosure restrictions set forth in this Agreement, and to the requirement that all materials containing trade secrets or confidential information be returned immediately to Franchisor upon expiration or any earlier termination hereof.

(g) FRANCHISOR LICENSES THE LICENSED MATERIALS TO FRANCHISEE ON AN "AS IS" BASIS. FRANCHISOR MAKES NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, REGARDING THE LICENSED MATERIALS OR AS TO THEIR USE AND OPERATION. FRANCHISOR DOES NOT WARRANT THAT USE OF THE LICENSED MATERIALS WILL BE UNINTERRUPTED OR ERROR FREE OR THAT THE SOFTWARE WILL OPERATE WITH THE COMBINATION OF HARDWARE AND OTHER SOFTWARE REQUIRED BY FRANCHISOR. In no event shall Franchisor be liable for special, incidental or consequential damages arising from the use or sale of the Licensed Materials, whether under theory of contract, tort (including negligence), product liability or otherwise.

### 7.9 Compliance with Laws.

Franchisee shall operate the Franchise in compliance with all applicable federal, state and local laws, regulations and ordinances. Franchisee shall obtain and thereafter maintain in good standing any and all licenses, permits and consents necessary for Franchisee to lawfully operate the Franchise. Without limiting the foregoing, Franchisee shall not (a) hire any employee in violation of federal or state labor or immigration laws, or in violation of any state labor laws, and (b) Franchisee represents that the sale of the Franchise to, and the operation of the Franchise by, Franchisee does not violate the USA Patriot Act of 2001, and Franchisee shall not permit the Franchise to be operated in violation of such Act. Franchisee acknowledges that Franchisee is responsible for keeping apprised of the requirements of all laws applicable to the operation of the Franchise.

### 7.10 Notice of Proceedings.

Franchisee shall notify Franchisor in writing within five days of the commencement of any action, suit or proceeding, or of the issuance of any inquiry, subpoena, order, writ, injunction, award or decree of any court, agency or other governmental instrumentality in connection with the operation or financial condition of the Franchise, including without limitation any criminal action or proceeding brought by Franchisee against any employee, customer or other person, but excluding civil proceedings against customers to collect monies owed.

### 7.11 Taxes.

Franchisee shall pay when due all taxes, assessments and governmental charges upon or against Franchisee or Franchisee's real or personal properties, income and revenues; provided that no such tax, assessment or governmental charge need be paid so long as the validity, applicability or amount thereof is being contested in good faith by appropriate proceedings and appropriate reserves are maintained therefore.

### 7.12 Compliance With Operations Manual.

Franchisee shall comply with and abide by each rule, procedure, standard, specification and requirement contained in Franchisor's Operations Manual, as it may be amended, modified or supplemented from time to time (as so amended, modified or supplemented, the "Operations Manual") and such other written or electronically transmitted rules, procedures, standards, specifications and requirements that may be issued by Franchisor from time to time. Franchisee acknowledges that Franchisor may amend, modify or supplement the Operations Manual at any time, so long as such amendments, modifications or supplements will, in the good faith opinion of Franchisor, benefit Franchisor and Franchisor's existing and future franchisees or shall otherwise improve Franchisor's Franchise System. Franchisee agrees to keep Franchisee's copy of the Operations Manual up-to-date, and if there is any dispute as to the current contents of the Operations Manual, the terms of Franchisor's master copy maintained at its headquarters shall control. Franchisee acknowledges that the Operations Manual is and shall remain the sole and exclusive property of Franchisor. Franchisee shall treat the Operations Manual, and the information contained therein, as confidential, and shall maintain the confidentiality of such information. Franchisee shall not, without Franchisor's prior written consent, copy, duplicate, record, use or otherwise reproduce in any way the Operations Manual, in whole or in part, or otherwise make its contents available to any unauthorized person.

### 7.13 Operation and Management of Franchise.

(a) Franchisee shall offer the Programs designated by Franchisor, and no other programs. Franchisee shall implement the Programs according to the curricula, procedures, and standards determined by Franchisor.

(b) Franchisee shall offer to the public all specified products and services described in the Operations Manual, except to the extent that Franchisor may in writing consent to the elimination of one or more products or services. Without the prior written approval of Franchisor, no products or services other than those specified in writing by Franchisor shall be offered by the Franchise. Franchisee may not make sales of products or offer Programs outside of the Designated Territory. Franchisee may not offer products or services in connection with Franchisor's Marks on any web site on the Internet, or by any other electronic communication network unless consented to in writing by Franchisor.

(c) If Franchisee shall in any way fail to maintain the standards of quality or service established by Franchisor, Franchisor, in addition to all other rights and remedies herein provided, shall have the right to assign to the Franchise such person or persons as it deems necessary for the training of Franchisee's employees and insuring that such standards of quality and services are maintained. In such instances Franchisee shall pay to Franchisor its actual costs and expenses for each such person so assigned to the Franchise, including without limitation travel and living expenses, within ten days of invoice.

(d) If Franchisee desires to offer any product or service not designated or approved by Franchisor, Franchisee shall submit to Franchisor a written request for approval, which approval may be withheld arbitrarily.

(e) Upon request by Franchisor, Franchisee shall test at its Program Facilities new curricula or offer for sale new products. Franchisee shall not be entitled to charge any fee or other sums for participating in any test programs.

(f) Franchisee will keep and maintain the Franchise and the Program Facilities in a clean and orderly manner consistent with the operation of a quality business and in accordance with the directives of Franchisor deemed by it to be necessary to protect the standards of quality and uniformity established by Franchisor for Franchisor's Franchise System.

(g) In the event of a dispute between Franchisee and a customer of the Franchise that cannot be resolved promptly by such parties, Franchisor shall have the right to bind Franchisee in settling the dispute on reasonable terms.

### 7.14 Supplies, Inventory and Equipment.

(a) Franchisee agrees to purchase and use only supplies, inventory, and equipment (including without limitation computer hardware and software) that comply with Franchisor's specifications for its Franchises as from time to time set forth in the Operations Manual. Franchisee further agrees to purchase such items only from suppliers approved or designated by Franchisor, unless Franchisor otherwise agrees in writing. Franchisee understands and agrees that benefits inuring to Franchisor's Franchise System are enhanced by the use of common sources of supply of such items and, therefore, acknowledges and agrees that there may be only one source for certain items which are required or necessary for Franchisee's operations (which source may be Franchisor or an

affiliate of Franchisor). Franchisor and its affiliates shall be entitled to a reasonable profit on any sales they make to Franchisee.

(b) If Franchisee desires to purchase any supplies, inventory, or equipment, including items bearing any of Franchisor's Marks, from any supplier that has not been approved by Franchisor and listed in the Operations Manual, Franchisee shall submit, or cause such supplier to submit, to Franchisor samples of the products to be furnished by such supplier and such other information as Franchisor may reasonably require. Franchisor reserves the right to charge Franchisee for the actual, out-of-pocket costs and expenses incurred by Franchisor for testing samples. Franchisor shall notify Franchisee in writing within 30 days after Franchisor receives all information requested by Franchisor, as to whether Franchisor approves or disapproves of purchases from such supplier. Franchisor's failure to respond within the 30-day period shall be deemed a disapproval of such request. Franchisor shall have no obligation to approve purchases from any supplier whose products do not meet Franchisor's then-current specifications, and Franchisee may not make purchases from any such supplier without Franchisor's prior written approval. Franchisor shall have no obligation to approve any additional source for any item Franchisor deems proprietary or if, in Franchisor's opinion, the appointment of an additional supplier will adversely affect the purchasing power of Franchisor's Franchise System. If so requested by Franchisor, Franchisee shall join and make purchases of equipment, goods and services from a purchasing cooperative designated by Franchisor, as set forth in the Operations Manual. Franchisor reserves the right to disapprove any previously approved supplier upon giving Franchisee reasonable notice of such disapproval.

(c) Franchisee shall not resell any items purchased through buying programs established by Franchisor other than to customers of Franchisee in the ordinary course of operating Program Facilities. Franchisor shall be entitled to retain for itself any rebates payable by suppliers on account of purchases made from such supplier. Franchisor, at its option, may pay to the Brand Fund any such rebates, in whole or in part, or pay Franchisee's proportionate part thereof to Franchisee.

#### 7.15 Bookkeeping and Records.

Franchisee shall maintain the financial and accounting records for the Franchise in accordance with generally accepted accounting principles. Franchisee shall keep all records for the Franchise for at least five years in hard copy or in a format from which hard copies can be readily generated. Franchisee shall hire a certified public accountant to advise Franchisee with respect to its financial and accounting records. At Franchisor's option, Franchisor may require Franchisee to use a certified public accountant designated or approved by Franchisor.

#### 7.16 Financial Information and Other Reports.

(a) Financial Reports. Franchisee shall submit to Franchisor in the form prescribed by Franchisor:

- (i) within 15 calendar days after the end of each calendar quarter, unaudited financial statements, consistent with Franchisor's required financial statement format as prescribed in the Operations Manual, for Franchisee's Franchise, certified to be true and correct by Franchisee, including a balance sheet as of the end of such period and a profit and loss statement for the year to date; and

- (ii) within 30 calendar days after the end of each fiscal year of Franchisee, financial statements, consistent with Franchisor's required financial statement format as prescribed in the Operations Manual, for the Franchise, including a balance sheet as of the end of such fiscal year and a profit and loss statement for such fiscal year, each certified to be true and correct by Franchisee.
- (b) Tax Returns. and within ten days after the filing thereof, Franchisee's income tax returns and other tax returns as they relate to Franchisee's Franchise and as Franchisor may prescribe from time to time in the Operations Manual.
- (c) Other Information. Franchisee shall submit to Franchisor such other financial statements, budgets, forecasts, reports, records, copies of contracts, documents related to litigation, copies of governmental permits, and other documents and information related to the Franchise as specified in the Operations Manual or that Franchisor may reasonably request. Franchisor acknowledges that all personnel records of the Franchise belong to Franchisee and that this Agreement does not grant Franchisor the right to access personnel records of Franchisee's employees.
- (d) Financial Performance; Franchise Disclosures. Franchisor may periodically require information about Franchisee's financial condition, earnings, sales, profits, costs, expenses and performance to provide a basis for providing prospective franchisees of Franchisor with information concerning the financial performance of Club SciKidz businesses or to comply with applicable laws and regulations governing the sale of franchises. Franchisee shall provide such information promptly when so requested by Franchisor, and Franchisee shall certify that such information is true and complete in all material respects.

#### 7.17 Employees.

Franchisee is solely responsible for all hiring decisions and all terms and conditions of employment of all of its personnel, including recruiting, hiring, training, scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and Franchisor are not joint employers, and no employee of Franchisee will be an agent or employee of Franchisor. Within seven days of Franchisor's request, Franchisee and each of its employees shall sign an acknowledgment form stating that Franchisee alone (and not Franchisor) is the employee's sole employer. Franchisee shall use its legal name on all documents with its employees and independent contractors, including, but not limited to, employment applications, pay checks, and employment and independent contractor agreements, and Franchisee shall not use the Marks on any of these documents.

#### 7.18 Inspection.

- (a) From time to time during Franchisee's business hours, Franchisor, through its employees and any agents designated by Franchisor, may, without prior notice in the case of Program Facilities and upon three business days' notice in the case of Franchisee's office, enter and inspect Program Facilities and the office used by Franchisee in connection with the Franchise and examine the records, invoices, payroll records, check stubs, sales tax records and returns, and other supporting records and documents of the Franchise, Franchisee's income tax records and any other information, records or properties relating to the ownership, management or operation of the Franchise. Franchisor shall also have the right to videotape, photograph or otherwise record the operation of the Franchise or Program Facilities as part of any such inspection. Franchisee shall

cooperate with Franchisor in any such inspection and shall make Franchisee's personnel available to Franchisor as may be necessary to carry out such inspection. Any such inspection shall be made at Franchisor's expense, provided that if such inspection is necessitated by Franchisee's repeated or continuing failure to comply with any provision of this Agreement, Franchisor may charge Franchisee for the costs of making such inspection, including without limitation the cost of travel, meals and lodging for, and compensation of, Franchisor's employees and agents. With respect to any examination of Franchisee's records, Franchisor reserves the right to require Franchisee to send them to Franchisor's principal place of business, or such other place as Franchisor may designate, by overnight courier service, at Franchisee's expense.

(b) Without limiting the foregoing, Franchisor may audit or cause to be audited any statement Franchisee is required to submit pursuant to **Section 7.16**, and Franchisor may review, or cause to be reviewed, the records maintained by any bank or other financial institution used by Franchisee in connection with the Franchise. Upon Franchisor's request, such audit may be conducted at a place designated by Franchisor, which may be Franchisor's headquarters, and Franchisee shall, at its expense, deliver its books, records and accounts to such location. If any such audit or review discloses an understatement of the Gross Revenues for any period or periods, Franchisee shall pay to Franchisor, within 15 days after demand for payment is made, all additional Monthly Fees and other amounts required to be paid based upon the results of such audit or review. In addition, if such understatement for any period or periods is 2% or more of the Gross Revenues for such period or periods, Franchisee shall reimburse Franchisor for the cost of such audit or review, including without limitation the charges of any independent accountant and the cost of travel, meals and lodging for, and compensation of, such accountant and employees or other agents of Franchisor. Franchisee shall pay to Franchisor on any delinquent Monthly Fees or other amounts owed interest at the rate of 18% per annum or at the maximum rate allowed by law, whichever is less, calculated from the date when the Monthly Fees or other amounts owed should have been paid to the date of actual payment. Franchisee shall fully cooperate in any inspection or audit. This **Section 7.18** shall survive the expiration or any earlier

#### 7.19 Advertising.

(a) Franchisee shall participate in such advertising and promotional programs as shall from time to time be specified by Franchisor. Franchisee shall spend not less than \$10,000, and, at Franchisor's request, up to \$15,000, in implementing a market introduction program (the "Market Introduction Program") developed by Franchisee and approved by Franchisor. The Marketing Introduction Program shall be submitted to Franchisor and subject to Franchisor's approval and shall be implemented prior to the opening of Franchisee's first Program and during the first year from the date of this Agreement.

(b) Each subsequent year from the date of this Agreement, Franchisee shall spend on local advertising and promotion, in accordance with advertising and marketing plans approved from time to time by Franchisor, an amount equal to at least \$10,000 per year. Franchisee shall submit a proposed advertising and promotional plan annually for approval by Franchisor. Upon request by Franchisor, Franchisee shall furnish to Franchisor proof of all local advertising and promotional programs and the costs thereof. If Franchisee fails to make these expenditures or Franchisee's expenditures are not reasonably satisfactory to Franchisor, Franchisor may make these expenditures on Franchisee's behalf, and Franchisee shall reimburse Franchisor, or Franchisee

shall, at Franchisor's request, pay such funds into the Brand Fund. Expenditures for local advertising and marketing are in addition to any Brand Fund Contributions paid by Franchisee. Franchisor may increase the percentage of Gross Revenues that Franchisee is required to spend on local advertising and promotion, on either a temporary or permanent basis, if such increase is approved by the affirmative vote of at least a majority of Franchisor's franchisees.

(c) All advertising by Franchisee using any of Franchisor's Marks, in whole or in part, shall be subject to Franchisor's advance written approval, and shall be submitted for approval by Franchisor in accordance with procedures established by Franchisor periodically and as are set forth in the Operations Manual or in other written directives. Materials not supplied by Franchisor and not approved by Franchisor within ten days after receipt by Franchisor shall be deemed disapproved. Franchisor reserves the right to revoke any prior approval of advertising or promotional materials, upon giving reasonable notice to Franchisee of such disapproval. Franchisor currently has established no advertising co-operatives. If Franchisor shall require franchisees within a region (as determined by Franchisor) to join an advertising cooperative, Franchisee shall join such group and participate actively in such cooperative and abide by its articles of organizational and by-laws; provided, however, that in no event shall Franchisee, without Franchisee's approval, be required to spend more than 1% on local advertising by the cooperative. Any sums spent on cooperative advertising shall be credited against Franchisee's obligations to spend money on local advertising, as provided in **Section 7.19(b)** above.

#### 7.20 Proprietary Information.

(a) Franchisee acknowledges that prior to or during the Term, Franchisor may disclose in confidence to Franchisee, either orally or in writing, certain trade secrets, know-how and other confidential information (collectively, "Proprietary Information") relating to the construction, management, operation or promotion of the Franchise. Franchisee shall not, nor shall Franchisee permit any person to, use or disclose any Proprietary Information (including without limitation all or any portion of the Operations Manual) to any other person, except that Franchisee may use and disclose Proprietary Information to the extent necessary for Franchisee's employees to perform their functions in the operation of the Franchise. Proprietary Information does not include and the provisions of this **Section 7.20** shall not apply to (i) information that becomes generally known to the public through no fault of Franchisee, (ii) information disclosed to Franchisee by a third party having legitimate and unrestricted possession of such information, (iii) information that Franchisee can demonstrate by clear and convincing evidence was within Franchisee's legitimate and unrestricted possession when Franchisor and Franchisee or its owners commenced discussions concerning the sale of a Franchise to Franchisee or its owners, or (iv) information that is not protectable as a trade secret five years after the expiration or any earlier termination of this Agreement. Franchisee shall take reasonable precautions to protect the Proprietary Information from unauthorized use or disclosure, including without limitation conducting orientation and training programs for Franchisee's employees to inform such employees of Franchisee's obligation to protect such Proprietary Information from unauthorized use or disclosure, and such employees' responsibilities and obligations therefor. At Franchisor's request, Franchisee shall obtain from Franchisee's employees non-disclosure agreements, in form and substance satisfactory to Franchisor, naming Franchisor as a third-party beneficiary with the independent right to enforce the covenants therein. Franchisee shall be liable for any unauthorized disclosure by any person to whom Franchisee has disclosed Proprietary Information.

(b) Franchisee expressly acknowledges that all customer lists relating to the Franchise shall be the property of Franchisor. Franchisee shall in no event provide access to any customer list to any third party without Franchisor's private written consent and without complying with Franchisor's privacy and applicable laws and regulations governing the privacy of information furnished by customers. This **Section 7.20** shall survive the expiration or any earlier termination of this Agreement.

#### 7.21 Indemnification.

Franchisee shall indemnify and hold harmless Franchisor and its affiliates and their officers, directors, managers, employees, agents and representatives from any and all claims, demands, suits, proceedings, fines, losses, damages, costs and expenses (including reasonable attorneys' fees) suffered or incurred, directly or indirectly, by any one or more of them (collectively, "Damages") as a result of (i) any breach or other failure by Franchisee to perform Franchisee's obligations hereunder, or (ii) any other action or inaction by Franchisee or any other person resulting from or in connection with the establishment, management, or operation of the Franchise; provided, however, that Franchisee shall not be liable for Damages resulting from Franchisor's or its affiliates' gross negligence or willful misconduct. Franchisor shall have the option, in its sole discretion, to defend any action seeking Damages as a result of any action or inaction by Franchisee or any other person resulting from or in connection with the operation of the Franchise or to allow Franchisee to defend such action with counsel satisfactory to Franchisor. This **Section 7.21** shall survive the expiration or any earlier termination of this Agreement.

#### 7.22 Franchisee's Covenant Not to Compete.

(a) During the Term, except as otherwise approved in writing by Franchisor, Franchisee and, if this Agreement is entered into by an Entity, each Equity Owner shall not, directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any person or entity:

(i) divert or attempt to divert any business or customer of the Franchise to any competitor, by direct or indirect inducement or otherwise, or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Franchisor's Marks or Franchisor's Franchise System;

(ii) solicit for employment any person who is at that time or was at any time within the immediate past 12 months employed by Franchisor or its affiliates; or

(iii) own, manage, engage in, have any ownership interest in, participate in or act as an agent for any business that is engaged in providing educational science programs.

(b) Except as otherwise approved in writing in advance by Franchisor, Franchisee and each Equity Owner shall not, for a continuous uninterrupted period beginning on the expiration or any earlier termination of this Agreement, regardless of the cause for termination, and continuing for two years thereafter, directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any person or Entity: own, manage, engage in, have any ownership interest in, participate in or act as an agent for any business that is engaged in providing educational science programs and is located within a 10-mile radius of any point within the Designated Territory described herein; or directly or indirectly solicit for employment any person who is at that time or was at any time within the immediate past 12 months employed by Franchisor, or its affiliates.



Franchisee acknowledges and agrees that the time, territory and scope of the covenants provided in this **Section 7.22** are reasonable and necessary for the protection of Franchisor's legitimate business interests that Franchisee has received sufficient and valid consideration in exchange for those covenants; and that enforcement of the same would not impose undue hardship.

(c) Franchisee acknowledges that the existence of any claim it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants contained in this **Section 7.22**. Franchisee acknowledges that any breach or threatened breach of this **Section 7.22** will cause Franchisor irreparable injury for which no adequate remedy at law is available, and Franchisee consents to the issuance of an injunction prohibiting any conduct violating the terms of this **Section 7.22**. This remedy is not exclusive, and Franchisor may also avail itself of any other legal or equitable rights and remedies it has under this Agreement or otherwise.

(d) At Franchisor's request, Franchisee shall require and obtain execution of agreements containing non-competition covenants in the form prescribed in the Operations Manual or otherwise (including covenants applicable upon the termination of a person's relationship with Franchisee) from the following persons: (i) all Operating Principals of the Franchise; and (ii) if this Agreement is executed by, or assigned to an Entity (as hereinafter defined), as provided in **Section 7.23(d)**, all officers, directors, managers, partners and holders of 10% or more of the equity securities of any class of equity security of such Entity, and of any Entity directly or indirectly controlling such Entity. Each agreement required by this **Section 7.22(d)** shall identify Franchisor as a third-party beneficiary with the independent right to enforce the covenants therein.

(e) To the extent that this **Section 7.22** is judicially determined to be unenforceable by virtue of its scope or in terms of area or length of time, but may be made enforceable by reductions of any or all thereof, the same shall be enforced to the fullest extent permissible. Ownership of less than 5% of the outstanding voting stock of any class of stock of a publicly traded corporation will not, by itself, violate this **Section 7.22**.

(f) This **Section 7.22** shall survive the expiration or any earlier termination of this Agreement.

#### 7.23 Assignment.

(a) This Agreement and the License are personal to Franchisee and the Equity Owners as of the date hereof, and Franchisor has granted the License in reliance on the business skill, financial capacity and personal character of Franchisee and its Equity Owners. Accordingly, except as otherwise expressly provided herein, neither Franchisee nor any successor to any part of Franchisee's interest in this Agreement or the License nor any Equity Owner shall sell, assign, transfer, convey, pledge, mortgage or otherwise encumber any interest in this Agreement, the License, the Franchise or substantially all the assets of the Franchise or any Equity Securities without Franchisor's prior written consent. Any purported assignment or transfer, without the prior written consent of Franchisor, shall be null and void and shall constitute an Event of Default (as herein defined). For purposes of this **Section 7.23**, (i) the sale or issuance of Equity Securities which results in a change of control of Franchisee constitutes a transfer and (ii) the sale of a controlling interest, or a sale of Equity Securities by any Equity Owner that would result in the change of control in Franchisee or the Franchise, constitutes a transfer.

(b) Franchisor has sole and absolute discretion to grant or not to grant a consent to a transfer of any interest in this Agreement, the License, the Franchise, substantially all the assets of the Franchise or Franchisee (if an Entity), or any Equity Securities. Franchisor may require any or all of the following as conditions of its approval:

- (i) that all of Franchisee's accrued monetary obligations to Franchisor and to all vendors and other creditors of Franchisee be satisfied;
- (ii) that no Event of Default has occurred within 12 months prior to the request to transfer, and remain uncured at the time of the request;
- (iii) that Franchisee and the transferee demonstrate to Franchisor's reasonable satisfaction that any debt incurred by the transferee in connection with the transfer shall not make the Franchise financially non-viable;
- (iv) that Franchisee and its Equity Owners execute a general release, in a form prescribed by Franchisor, in favor of Franchisor, its affiliates and the officers, directors, managers, equity holders, agents and employees of Franchisor and its affiliates, in their representative and individual capacities, releasing them from all claims, including without limitation claims arising under federal, state and local laws, rules and regulations;
- (v) that Franchisee and its Equity Owners (as Franchisor requests) agree in writing to be bound by the provisions of **Sections 7.8, 7.20, 7.21 and 7.22(b)** as if the transferor was the Franchisee and this Agreement had expired or terminated as of the effective date of the transfer;
- (vi) that the transferee and its equity owners (as Franchisor may request) enter into written assignments and guarantees, in forms satisfactory to Franchisor, assuming and agreeing to discharge and guarantee all of Franchisee's obligations hereunder;
- (vii) that the transferee (or, if the transferee is not an individual, all owners of any beneficial interest in transferee) demonstrate to Franchisor's satisfaction that he or she meets Franchisor's educational, financial, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate the Franchise; has adequate financial resources and capital to manage the Franchise; and is not engaged in, and has no affiliation with, any person or Entity engaged in, a competing business;
- (viii) that the transferee (and, if the transferee is not an individual, such owners of a beneficial interest in the transferee as Franchisor may request) execute, for a five year new term and with such renewal term as is provided by this Agreement, Franchisor's then-current franchise agreement for new franchisees and such other agreements as Franchisor may require, which agreements shall supersede this Agreement in all respects and the terms of which may differ from the terms of this Agreement; provided, however, that the transferee shall not be required to pay any initial Franchise Fee, but shall be required to pay Franchisor's then-current training fee;
- (ix) that Franchisee and all Equity Owners agree to remain liable for all of the obligations to Franchisor in connection with the Franchise arising prior to the effective date of the transfer, and execute any and all instruments reasonably requested by Franchisor to

evidence such liability; that, at the transferee's expense, the transferee, or, if requested by Franchisee and consented to by Franchisor, the transferee's Operating Principal, complete any training program then in effect for Franchisor's franchisees upon such terms and conditions as Franchisor may reasonably require; and

(x) that except in the case of (A) an Entity formed by Franchisee in which Franchisee owns more than 50% of each class of the outstanding voting equities or (B) a person or Entity which is a franchisee of Franchisor, Franchisee pay to Franchisor, upon approval of the transfer, a transfer fee equal to \$20,000 plus any broker fees incurred by Franchisor. The transfer fee for any of the transactions described in clause (A) or (B) hereof shall be \$3,000 plus legal costs and expenses Franchisor incurs in connection with such transfer.

(c) Franchisee shall grant no security interest in this Agreement, the License, the Franchise or in any of the assets of the Franchise, and no Equity Owner may grant a security interest in any of his or her Equity Securities, in either case without the prior written consent of Franchisor. Franchisor may require that any party receiving a security interest in this Agreement, the License, the Franchise, any of the assets of the Franchise or any Equity Securities execute an inter-creditors agreement with Franchisor, in form and substance reasonably satisfactory to Franchisor.

(d) If Franchisee proposes to assign this Agreement and the License to an Entity, Franchisor's consent to such transfer shall be, in addition to the requirements set forth in **Sections 7.23(b)(i), (ii), (iv) and (v)** of this Agreement, conditioned on Franchisee owning, and agreeing that Franchisee will continue to own during the Term and each Successor Term, more than 50% of each class of the outstanding voting equities of the Entity.

(e) If Franchisee desires to accept a bona fide offer from a third party to purchase Franchisee's interest in this Agreement, the License, the Franchise or substantially all the assets of the Franchise, or if Equity Owners desire to accept an offer from a third party to purchase all or a portion of the Equity Securities and such sale(s) would result in the transfer of control of Franchisee (as determined by Franchisor), or if Franchisee or such Equity Owners desire to sell such interests and have found a willing buyer therefor, Franchisee or such Equity Owners shall notify Franchisor in writing of such offer and shall offer to sell the same interests to Franchisor upon the same terms and conditions, and shall provide such information and documentation relating to such offer as Franchisor requires. Franchisor shall have the option, exercisable within 15 days after the receipt of such offer and other information and documentation, to send written notice to Franchisee or such Equity Owners that Franchisor intends to purchase the offered interests on the same terms and conditions offered by or to the third party, or the cash equivalent thereof, at Franchisor's option. If Franchisor elects to purchase such interests, closing shall occur within 90 days after the end of such 15-day period. If Franchisor does not elect to purchase such interest within such 15-day period, Franchisee or such Equity Owners may sell or transfer their offered interests to a third party; provided that such sale or transfer is made within 90 days after the end of such 15-day period, that such sale or transfer is made at a price and on terms no more favorable than those offered to Franchisor, that all applicable requirements of this **Section 7.23** are met, and that the purchaser agrees that after such sale or transfer, the Franchise shall continue to be operated under Franchisor's Marks and using Franchisor's Methods.

The right of first refusal set forth in this **Section 7.23(e)** shall not be applicable to assignments, transfers or sales of Franchisee's interest in this Agreement, the License, the Franchise, or

substantially all of the assets of the Franchise, or sales of Equity Securities of any Franchisee, made to a spouse or child of Franchisee or any Equity Owner of Franchisee, but the requirements of **Section 7.23(b)**, to the extent applicable, must be complied with.

The right of first refusal set forth in this **Section 7.23(e)** shall be assignable by Franchisor.

(f) Upon the death or mental incompetency of Franchisee or an Equity Owner having a controlling interest in Franchisee (if an Entity), Franchisee's executor, administrator or personal representative, as the case may be, shall transfer Franchisee's or such Equity Owner's interest within 180 days after such death or mental incompetency to a third party approved by Franchisor. Such transfers, including without limitation transfers by devise or inheritance, shall be subject to the same conditions as any inter vivos transfer. Notwithstanding the foregoing, a transfer pursuant to this **Section 7.23(f)** shall not require the payment of the fee specified in **Section 7.23(b)(x)**. If the interest is not disposed of within the period specified in this **Section 7.23(f)**, Franchisor may terminate this Agreement immediately. During the 180-day period described in this section, a person certified by Franchisor as being capable of so doing must operate the Franchise.

(g) Franchisor's consent to a transfer of any interest in this Agreement, the License, the Franchise, substantially all the assets of the Franchise, or any Equity Securities shall not constitute a waiver of any claims it may have against the transferring party.

#### 7.24 Owners of Equity.

If Franchisee is an Entity, the Equity Owners of Franchisee, shall execute the "Payment and Performance Guarantee" attached hereto as **Exhibit C** and shall be bound by the provisions contained in this Agreement, including without limitation the restrictions set forth in **Section 7.22**. Further, a violation of any of the provisions of this Agreement, including the covenants contained in **Section 7.22**, by any Equity Owner shall also constitute a violation by Franchisee of Franchisee's obligations under this Agreement. The Equity Owners represent that they are the sole owners of Franchisee's equity.

#### 7.25 Communication.

Franchisee shall respond promptly to requests for communication from Franchisor, and in any event within two business days. Franchisee and each Equity Owner shall comply with any rules adopted by Franchisor from time to time establishing procedures and requirements for communications between Franchisee and Franchisor's personnel.

#### 7.26 Business Practices and Values.

Franchisee and each Equity Owner shall comply with and uphold any code of ethics or statement of values adopted by Franchisor. Franchisee and each Equity Owner shall be honest and fair in all interactions with customers, employees, vendors, governmental authorities, and other third parties. Neither Franchisee nor any Equity Owner shall engage in or permit any employee to engage in any (i) violence or a threat of violence against any person or group of persons, (ii) sexual harassment of any person, (iii) discrimination against any person or group of persons on account of sex, race, color, religion, ancestry, national origin, sexual orientation, or disability, or any legally protected class in the jurisdiction where the Business is located, or (iv) any act which injures or is likely to injure the goodwill associated with the Marks, in Franchisor's reasonable opinion.

## **8 Termination.**

### **8.1 Events of Default by Franchisee.**

Any one or more of the following constitutes an “Event of Default” hereunder:

- (i) Franchisee fails to pay when due any Monthly Fee or any other fee, expense, charge or other amount due and owing to Franchisor or any of its affiliates (including without limitation any sums advanced by Franchisor pursuant to **Section 7.7** or **Section 10.9** or fails to make sufficient funds available to Franchisor as provided in **Section 3.4**, in either case, after five days written notice thereof;
- (ii) Franchisee fails to pay when due any fee, expense, charge or other amount due and owing to any lender to Franchisee or any vendor recommended or required by Franchisor or any other creditor of Franchisee after ten days written notice thereof from Franchisor;
- (iii) Franchisee submits to Franchisor in any 36-month period three or more financial statements or other information or supporting records which understate by more than 2% Franchisee’s Gross Revenues, or if the Franchisee submits financial statements or other information or supporting records which understate by 5% or more Franchisee’s Gross Revenues for the applicable period;
- (iv) any of the representations of Franchisee or any Equity Owner herein or in any other instrument, document or certificate furnished pursuant to this Agreement or in connection therewith is untrue in any material respect or omits any material fact necessary to make such representation not misleading in light of the circumstances in which such representation was made;
- (v) Franchisee fails to open the Franchise and commence operations within the time periods specified in **Section 7.2**;
- (vi) Franchisee fails to open or voluntarily suspends or ceases operation of the Franchise without the prior written consent of Franchisor for more than three consecutive business days (for purposes of this section, business days are considered Monday through Saturday);
- (vii) Franchisee fails to offer the minimum number of Programs described in **Section 7.4**,
- (viii) Franchisee files a petition for relief from Franchisee’s debts, liabilities or obligations, or for appointment of a receiver for Franchisee or for all or a substantial portion of Franchisee’s assets, or makes a general assignment for the benefit of Franchisee’s creditors; or a petition is filed against Franchisee or a receiver is appointed for Franchisee or for all or a substantial portion of Franchisee’s assets, or a judgment is entered against Franchisee, and such petition, appointment or judgment is not stayed or vacated or otherwise discharged within 60 days or becomes unappealable or is acquiesced in or consented to by Franchisee;
- (ix) Franchisee sells or otherwise disposes of all or any significant portion of the assets of the Franchise other than in the ordinary course of business;
- (x) Franchisee becomes bankrupt, insolvent or otherwise unable to pay Franchisee’s obligations as they become due;

- (xi) Franchisee or any Equity Owner (if Franchisee is not an individual), without Franchisor's prior written approval, has assigned, conveyed, transferred, sublicensed or encumbered all or any portion of Franchisee's rights, benefits, responsibilities, obligations or duties in, to or under this Agreement or the License or in any Equity Securities, except in accordance with the provisions of this Agreement;
- (xii) Franchisee or any Equity Owner of Franchisee (if Franchisee is not an individual) violates **Section 7.26** or is convicted of or charged with a felony, a crime involving moral turpitude or consumer fraud, a crime or offense (including, without limitation, a felony or misdemeanor involving a minor) that Franchisor believes is likely to have an adverse effect on Franchisor's Franchise System, Franchisor's Marks, the goodwill associated therewith, or Franchisor's interests therein;
- (xiii) Franchisee uses any of Franchisor's Marks or any other identifying characteristic of Franchisor other than in compliance with **Section 7.8**, or Franchisee otherwise impairs the goodwill associated with Franchisor's Franchise System;
- (xiv) Franchisee or any Equity Owner (if Franchisee is not an individual) acquires any interest in a business in violation of **Section 7.22(a)(iii)**;
- (xv) Franchisee breaches or fails to comply with any law, regulation or ordinance which results in a threat to the public's health or safety and fails to cure the non-compliance within 24 hours following receipt of notice thereof from Franchisor or applicable public officials, whichever occurs first;
- (xvi) an Event of Default occurs under any other franchise agreement between Franchisor or any of its affiliates, on the one hand, and Franchisee or any of its affiliates, on the other hand;
- (xvii) Franchisee breaches or fails to comply with any other covenant, agreement, standard, procedure, practice or rule of Franchisor, whether contained herein, in the Operations Manual or elsewhere, and fails to cure such breach or failure within 30 days after written notice thereof; or
- (xviii) Franchisee commits three breaches of any of the provisions of this Agreement within any 24-month period (which breaches need not be of the same provision).

## 8.2 Franchisor's Remedies.

If any Event of Default occurs, Franchisor may, at its election and without notice or demand of any kind, declare this Agreement, the License, the Franchise and any and all other rights granted hereunder to be immediately terminated and, except as otherwise provided herein, of no further force or effect. No such termination shall relieve Franchisee of any of Franchisee's obligations, debts or liabilities hereunder, including without limitation any debts, obligations or liabilities that have accrued prior to such termination. The right of termination granted herein is in addition to, and not in lieu of, any and all other rights and remedies available to Franchisor at law, in equity or otherwise, all of which are cumulative. Franchisor has no obligation at any time to perform or to comply with any of its obligations to Franchisee, whether pursuant to this Agreement or otherwise, unless (i) Franchisee has fully complied with and performed all of Franchisee's obligations under

this Agreement, and (ii) no Event of Default, or event which with the giving of notice or passage of time or both would become an Event of Default, exists hereunder.

### 8.3 Franchisor's Right to Cure.

If Franchisee desires to terminate this Agreement due to Franchisor's failure to perform any material duty or obligation imposed upon Franchisor by this Agreement, Franchisee shall first notify Franchisor in writing of such nonperformance. Franchisor shall have 60 days from the date it receives such notice to cure such nonperformance, or, if such nonperformance cannot reasonably be cured within 60 days, to commence curing and to diligently prosecute such curing until completion. If Franchisor cures its nonperformance within such 60-day period or, in the case of nonperformance that cannot reasonably be cured within 60 days, commences curing within such 60-day period and prosecutes such curing diligently until completion, Franchisee shall not terminate or attempt to terminate this Agreement.

### 8.4 Applicable State Law Controlling.

If the termination, successor agreement rights or other provisions set forth herein are inconsistent with any applicable state statute in effect as of the Effective Date, governing the relationship of franchisors and franchisees, the provisions of such statute shall apply hereto, but only to the extent of such inconsistency.

## **9 Covenants of Franchisee Regarding Activities Upon Expiration or Termination of Agreement.**

Franchisee covenants and agrees that upon expiration or termination of this Agreement:

### 9.1 Payment of Costs and Amounts Due.

Franchisee shall pay upon demand all sums owing to Franchisor and its affiliates. If this Agreement is terminated due to an Event of Default, Franchisee shall promptly pay all damages, costs and expenses, including reasonable attorneys' fees incurred by Franchisor as a result of Franchisee's default, which obligations shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, fixtures, equipment and inventory owned by Franchisee and against Franchisee's interests in any of the User Agreements at the time of the occurrence of the Event of Default. Franchisee shall also pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor after the expiration or any earlier termination of this Agreement in obtaining injunctive or other relief for the enforcement of any provision of this **Section 9**.

### 9.2 Liquidated Damages.

If Franchisor terminates this Agreement pursuant to **Section 8** prior to the expiration of the Term or if Franchisee terminates this Agreement in violation of the provisions hereof, the amount of actual damages suffered by Franchisor will be difficult to determine; therefore, in addition to the rights granted in **Section 9.1** above, Franchisor will be entitled to liquidated damages equal to the average monthly Royalty Fee owed by Franchisee for the past 12 months multiplied by 24.

### 9.3 Return of Proprietary Information.

Franchisee shall immediately return to Franchisor all copies of the Operations Manual and all other Proprietary Information (and all copies thereof), including without limitation customer lists,

training materials, records, files, instructions, forms, directives, signs, and other items bearing Franchisor's Marks, and all equipment owned or leased to Franchisor by third parties.

#### 9.4 Cease Identification with Franchisor.

Franchisee shall immediately take all action required (a) to cancel all assumed name or equivalent registrations relating to the use of Franchisor's Marks by Franchisee, (b) to notify the telephone company, the postal service, internet accounts, and all listing agencies of the expiration or any earlier termination of Franchisee's right to use all telephone numbers, post office boxes, internet accounts (including social media and digital marketing accounts), and all classified and other directory listings of the Franchise, and (c) to authorize the telephone company, the postal service, internet account providers and all listing agencies to transfer to Franchisor or its designee all such numbers, post office boxes, internet accounts, and classified or directory listings after the date of expiration or any earlier termination of this Agreement. Franchisee acknowledges that as between Franchisor and Franchisee, Franchisor has the sole rights to and interest in all telephone numbers, post office boxes, internet accounts, and directory listings associated with any of Franchisor's Marks. Franchisee hereby authorizes Franchisor, and appoints Franchisor or its designee as Franchisee's attorney-in-fact, to direct the telephone company, the postal service, internet account provider, and all listing agencies to transfer such numbers, boxes and listings to Franchisor or its designee, if Franchisee fails to do so (and to execute on Franchisee's behalf any documents necessary to do so), such power and agency being coupled with an interest and being irrevocable. The telephone company, the postal service, each internet account provider, and each listing agency may accept such direction by Franchisor pursuant to this Agreement as conclusive evidence of Franchisor's exclusive rights in such telephone numbers, post office boxes, internet accounts, and directory listings and its authority to direct their transfer.

#### 9.5 Franchisor's Option to Purchase Certain Goods.

Within seven days from the date of expiration or any earlier termination of this Agreement, Franchisee and Franchisor shall arrange for a written list to be made, at Franchisee's expense, of all inventories, supplies, equipment and fixtures of Franchisee related to the operation of the Franchise. Franchisor shall have the right, but not the obligation, to purchase such items, in whole or in part, at Franchisee's cost, with 30 days after such list has been completed and delivered to Franchisor. Franchisee shall also assign to Franchisor, at Franchisor's option, any interest Franchisee has in any one or more User Agreements for the Program Facilities. If Franchisor assumes Franchisee's interest under any User Agreement, Franchisee shall nevertheless be responsible and shall pay rent and all other charges due under such User Agreement for all periods until the time of such assumption, and if Franchisor pays any such amount on behalf of Franchisee, Franchisee shall reimburse Franchisor for such amount upon demand.

#### 9.7 Injunctive and Other Relief.

Franchisee acknowledges that Franchisee's failure to abide by the provisions of this **Section 9** will result in irreparable harm to Franchisor, and that Franchisor's remedy at law for damages will be inadequate. Accordingly, Franchisee agrees that upon any breach by Franchisee of the provisions of this **Section 9**, Franchisor is entitled to injunctive relief (including the remedy of specific performance) in addition to any other remedies available at law or in equity.

#### 9.8 Survival of Covenants.



The covenants and agreements contained in this **Section 9** shall survive the expiration or any earlier termination of this Agreement.

## **10 Miscellaneous.**

### 10.1 Survival of Representations.

All statements herein or in any certificate, agreement, instrument or other document delivered by or on behalf of any party pursuant hereto or in connection with the transactions contemplated hereby constitute representations, warranties, stipulations, covenants and agreements made by such party and shall survive the execution of this Agreement and the consummation of the transactions contemplated hereby.

### 10.2 Entire Agreement.

This Agreement supersedes all prior discussions, understandings and agreements between the parties with respect to the matters contained herein and contains the sole and entire agreement between the parties hereto with respect to the transactions contemplated hereby. If Franchisor and Franchisee have entered into a Development Agreement for Club SciKidz Franchises (a “Development Agreement”), then to the extent that the provisions of the Development Agreement are inconsistent with the terms of this Franchise Agreement, the provisions of the Development Agreement shall control. Nothing in this Franchise Agreement or in any related agreement is intended to disclaim the representations made in the franchise document.

### 10.3 Notices.

All notices, requests, demands, tenders and other communications required or permitted hereunder shall be in writing and shall be duly given if delivered, mailed (certified or registered mail, postage prepaid) or sent by overnight courier service to the other party at its address as set forth on **Exhibit A**. Any party may change its mailing address by giving notice to the other party in the manner provided herein. Any notice sent according to this **Section 10.3** shall be deemed received by the party to which it was sent upon: (x) actual delivery if hand-delivered, (y) on the third day after sending if sent by mail, and (z) on the next business day after sending if sent by overnight courier.

### 10.4 Waiver.

Any term or condition of this Agreement may be waived at any time by the party hereto which is entitled to the benefit thereof, but such waiver is effective only if evidenced by a written document signed by such party. A waiver on one occasion shall not be a waiver of the same or any other breach on any other occasion. No course of dealing or performance by any party, and no failure, omission, delay or forbearance by any party, in whole or in part, in exercising any right, power, benefit or remedy, shall constitute a waiver of such right, power, benefit or remedy. Franchisor shall have the right to waive or otherwise fail or elect not to enforce provisions comparable to those contained herein in other agreements between Franchisor and one or more other franchisees, and such waivers or failures to enforce shall in no way limit or prevent the exercise of any rights hereunder. Franchisor shall have no obligation to deal with similarly situated franchisees in the same manner.

### 10.5 Amendments and Modifications.

This Agreement may be amended or modified only by a written document signed by each party hereto.

#### 10.6 Cumulative Remedies.

No remedy conferred upon Franchisor is intended to be exclusive of any other remedy, and each and every such remedy shall be in addition to, and not in limitation of or substitution for, every other remedy available at law or in equity or by statute or otherwise.

#### 10.7 Independent Contractor Relationship.

The parties hereto agree that nothing contained herein or in any instrument, agreement or other document delivered pursuant hereto or in connection herewith, nor shall any conduct of the parties, create a fiduciary relationship between them or shall operate to make either party hereto the partner, joint venture, agent or employee of the other. It is intended that Franchisee is and shall continue to be an independent contractor responsible for all of Franchisee's obligations and liabilities with respect to the establishment and operation of the Franchise. Franchisee shall have no authority, express, implied or apparent, to act on behalf of or to bind Franchisor, and Franchisee shall take no action to create any such authority or the appearance of an employer-employee relationship between the parties. In indicating Franchisee's affiliation with Franchisor, Franchisee shall at all times clearly represent that Franchisee's Franchise is independently owned and operated, consistent with applicable law. Franchisee shall post a notice of such fact in a conspicuous place in the Franchise premises and, as directed by Franchisor, in Franchisee's advertising and on Franchisee's contracts, forms, stationery and promotional materials. Franchisee shall also display at the Program Facilities literature furnished by Franchisor advertising Franchisor's franchises for sale.

#### 10.8 Cost of Enforcement.

In any action to enforce the rights of either party hereunder, the prevailing party, as determined by the arbitrators, court or other tribunal before which such action is brought, shall be entitled to recover the costs and expenses of such party, plus reasonable attorneys' fees, incurred in investigating, prosecuting or defending such action.

#### 10.9 Performance of Franchisee's Obligations by Franchisor.

Franchisor shall have the right, but not the obligation, to undertake or perform on behalf of Franchisee any obligation or duty that Franchisee is required to, but fails to, perform under this Agreement. Franchisee shall reimburse Franchisor upon demand for all costs and expenses reasonably incurred by Franchisor in performing any such obligation or duty, and Franchisee shall pay to Franchisor interest on the amount of such costs and expenses at the rate of 18% per annum or the maximum rate allowed by law, whichever is less, for the period commencing when such expenditure was made and ending on the date of payment by Franchisee to Franchisor.

#### 10.10 Singulars and Plurals; Pronouns.

Where the context so requires, the use of the singular form herein shall include the plural, and the use of the plural form the singular, and the use of any gender shall include any and all genders.

#### 10.11 Execution in Counterparts.

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

#### 10.12 Headings.

The headings in this Agreement are for convenience of reference and are not a part of this Agreement and shall not affect the meaning or construction of any of its provisions.

#### 10.13 Inconsistent Terms; Additional Terms.

To the extent that the provisions of this Agreement are in direct conflict with the provisions of any Exhibit hereto, the provisions of such Exhibit shall control. The parties acknowledge that additional terms and conditions may be made a part of this Agreement by attaching an Exhibit containing such additional terms and conditions, or by including such terms or conditions on **Exhibit A**. Such terms and conditions are hereby incorporated into this Agreement by this reference without further action by the parties.

#### 10.14 Successors and Assigns.

Except as expressly otherwise provided herein, this Agreement is binding upon and shall inure to the benefit of the parties and their respective heirs, executors, legal representatives, successors and permitted assigns.

#### 10.15 Severability.

If any provision of this Agreement or any instrument or other document delivered pursuant hereto or in connection herewith is for any reason held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or any other instrument or document, and this Agreement and such other instruments and documents shall be interpreted and construed as if such invalid, illegal or unenforceable provision had not been contained therein.

#### 10.16 Importance of Timely Performance; Force Majeure.

Time is of the essence in the performance of the parties' obligations hereunder, except that if either party is unable to perform its obligations due to fire, war, excessively inclement weather (such as a hurricane or tornado), earthquake, labor strikes or any other acts of God or nature beyond the reasonable control of such party (a "Force Majeure Event"), performance by such party under this Agreement shall be excused but only for so long as the Force Majeure Event exists.

#### 10.17 Assignment by Franchisor.

Franchisor may assign this Agreement and all of Franchisor's rights, duties and obligations hereunder to any person, group or Entity that Franchisor chooses in its sole discretion. Upon any such assignment, Franchisor shall be released from all of its duties and obligations hereunder, and Franchisee shall look solely to Franchisor's assignee for the performance of such duties and obligations.

#### 10.18 Governing Law; Choice of Forum; Waiver of Jury Trial.

This Agreement has been executed and delivered in, and shall be governed by, construed and enforced in accordance with the laws of, the State of Georgia, without regard to its conflicts of law rules. Any litigation shall be brought in the state in which Franchisor's principal place of business

is located at the time the action is brought, or in the federal district court for the district where such principal place of business is located at the time the action is brought. Franchisee and each Equity Owner hereby consents to the jurisdiction of such courts and waives any defense that such court lacks jurisdiction or venue with respect to such proceeding. THE PARTIES EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION OR CAUSE OF ACTION BASED ON, OR ARISING OUT OF, OR IN ANY WAY CONNECTED WITH THIS AGREEMENT, THE FRANCHISE OR ANY TRANSACTION CONTEMPLATED BY THIS AGREEMENT.

(Remainder of document intentionally left blank)

**IN WITNESS WHEREOF**, each of the undersigned has executed this Agreement as of the Effective Date.

**FRANCHISOR:**

**CLUB SCIKIDZ, LLC**

By: \_\_\_\_\_

Name: Robert Hagan

Title: President

Date: \_\_\_\_\_

**FRANCHISEE:**

If an individual:

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

If an Entity:

\_\_\_\_\_  
[NAME of ENTITY]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT A  
TO THE  
FRANCHISE AGREEMENT**

**Miscellaneous**

Franchisor's Address	848 Waterford Estates Manor
	Canton, GA 30115

Effective Date:	
-----------------	--

Franchise Entity Name:	
------------------------	--

Franchisee Entity State of Organization:	
------------------------------------------	--

Owners' Name(s):	

Address of Franchisee:	

Business Opening Deadlines	
Complete training:	
Begin marketing Summer Science Programs:	
Begin conducting Summer Science Programs:	
Begin marketing In-School Field Trips:	
Begin conducting In-School Field Trips:	


Franchise Fee: \$45,000 for the Designated Territory.

Designated Territory:

---

**EXHIBIT B  
TO THE FRANCHISE AGREEMENT**

**“CLUB SCIKIDZ” TRADEMARKS AND OTHER MARKS**

MARK	REGISTRATION NUMBER	REGISTRATION DATE	INTERNATIONAL CLASS OF GOODS
TECH SCIENTIFIC	5066180	10/18/16	IC 041. US 100 101 107. G & S
CLUB SCIKIDZ	5108005	12/27/16	IC 041. US 100 101 107. G & S
	5108004	12/27/16	IC 041. US 100 101 107. G & S

**EXHIBIT C**  
**CLUB SCIKIDZ, LLC**  
**PAYMENT AND PERFORMANCE GUARANTEE**

In order to induce **CLUB SCIKIDZ, LLC** (“Franchisor”) to enter into a certain Franchise Agreement (the “Franchise Agreement”) by and between Franchisor and the Franchisee named in the Franchise Agreement to which this Payment and Performance Guarantee (the “Guarantee”) is attached, the undersigned (collectively referred to as the “Guarantors” and individually referred to as a “Guarantor”) hereby covenant and agree as follows:

1. Guarantee of Payment and Performance. The Guarantors jointly and several unconditionally guarantee to Franchisor and its affiliates the payment and performance when due, whether by acceleration or otherwise, of all obligations, indebtedness and liabilities of Franchisee to Franchisor, direct or indirect, absolute or contingent, of every kind and nature, whether now existing or incurred from time to time hereafter, whether incurred pursuant to the Franchise Agreement or otherwise, together with any extension, renewal or modification thereof in whole or in part (the “Guaranteed Liabilities”), and agree that if any of the Guaranteed Liabilities are not so paid or performed by Franchisee when due, the Guarantors will immediately do so. The Guarantors further agree to pay all expenses (including reasonable attorneys’ fees) paid or incurred in endeavoring to enforce this Guarantee or the payment of any Guaranteed Liabilities.

2. Waivers by Guarantors. The Guarantors waive presentment, demand, notice of dishonor, protest and all other notices whatsoever, including without limitation notices of acceptance hereof, of the existence or creation of any Guaranteed Liabilities, of the amounts and terms thereof, of all defaults, disputes or controversies between Franchisor and Franchisee and of the settlement, compromise or adjustment thereof. This Guarantee is primary and not secondary and shall be enforceable without Franchisor having to proceed first against Franchisee or against any or all of the Guarantors or against any other security for the Guaranteed Liabilities. This Guarantee shall be effective regardless of the insolvency of Franchisee by operation of law, any reorganization, merger or consolidation of Franchisee, or any change in the ownership of Franchisee.

3. Term: No Waiver. This Guarantee shall be irrevocable, absolute and unconditional and shall remain in full force and effect as to each of the Guarantors until such time as all Guaranteed Liabilities of Franchisee to Franchisor and its affiliates have been paid and satisfied in full. No delay or failure on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by Franchisor of any right or remedy shall preclude other further exercise of such right or any other right or remedy.

4. Other Covenants. Each of the Guarantors agrees to comply with the provisions of **Sections 7.8, 7.20, 7.21, 7.22 and 7.23** of the Franchise Agreement as though he or she were the “Franchisee” or “Equity Owner” named therein and agrees that he or she shall take any and all actions as may be necessary or appropriate to cause Franchisee to comply with the Franchise Agreement and shall not take any action that would cause Franchisee to be in breach of the Franchise Agreement.



5. Governing Law; Choice of Forum. This Agreement has been executed and delivered in, and shall be governed by, construed and enforced in accordance with the laws of, the State of Georgia, without regard to its conflicts of law rules, except for the provisions of **Section 7.22** of the Franchise Agreement as they relate to the Guarantors, which shall be governed by the law of the state in which Franchisee's Franchise (as defined in the Franchise Agreement) is located. Any litigation shall be brought in the state in which Franchisor's principal place of business is located at the time the action is brought, or in the federal district court for the district where such principal place of business is located at the time the action is brought. Each Guarantor hereby consents to the jurisdiction of such courts and waives any defense that such court lacks jurisdiction or venue with respect to such proceeding.

6. Miscellaneous. This Agreement shall be binding upon the Guarantors and their respective heirs, executors, successors and assigns, and shall inure to the benefit of Franchisor and its successors and assigns.

IN WITNESS WHEREOF, the undersigned Guarantors have caused this Guarantee to be duly executed as of the day of the Franchise Agreement.

\_\_\_\_\_  
Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT D**  
**CLUB SCIKIDZ, LLC**  
**AREA DEVELOPMENT AGREEMENT**  
**(FRANCHISEE)**

**THIS AGREEMENT** is made and entered into as of this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between **CLUB SCIKIDZ, LLC**, a Georgia limited liability company (“Franchisor”), and \_\_\_\_\_ (“Franchisee”).

**WHEREAS**, Franchisor and Franchisee have entered into a certain Franchise Agreement of even date herewith (the “Initial Franchise Agreement”);

**WHEREAS**, Franchisor desires to grant to Franchisee the right to establish and operate a specified number of CLUB SCIKIDZ franchises (“Franchises”) within a specified geographical area; and

**WHEREAS**, Franchisee desires to establish and operate additional Franchises upon the terms and conditions contained in Franchisor’s then-current standard franchise agreement in effect at the time such additional Franchises are ready to commence business (a “Franchise Agreement”);

**NOW, THEREFORE**, for and in consideration of the foregoing premises and the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

**1. Grant of Protected Area.**

Subject to the terms and conditions herein contained, Franchisor hereby grants to Franchisee the non-exclusive right to establish and operate Franchises in the area (the “Protected Area”) designated on **Exhibit A** attached hereto (**Exhibit A** and all other exhibits hereto being hereby incorporated herein by reference).

**2. Franchise Fees.**

Contemporaneously with the execution and delivery of this Agreement, Franchisee shall pay to Franchisor the sum of \$45,000 for the initial Franchise Fee (as defined in the Initial Franchise Agreement) for Franchisee’s first CLUB SCIKIDZ Franchise, plus [\$\_\_\_\_\_] for the initial Franchise Fees for [\_\_\_\_\_] additional CLUB SCIKIDZ Franchises, as set forth on **Exhibit A** attached hereto. All Franchise Fees paid by Franchisee to Franchisor pursuant to this Section 2 shall not be refundable, notwithstanding anything contained herein or in any Franchise Agreement to the contrary.

**3. Development Schedule.**

Franchisee shall open Franchises in accordance with the Development Schedule set forth on **Exhibit A** (the “Development Schedule”). Prior to the execution of any letter of intent or User Agreement by which Franchisee would commit to occupy or acquire a location for the first Program Facility for each Franchise to be established hereunder, Franchisee shall execute and deliver to Franchisor a copy of Franchisor’s then-current standard Franchise Agreement for such

Franchise. A Franchise shall be deemed open for purposes of this Section 3 when the first Program Facility within the Designated Territory for such Franchise delivers its first program to customers.

#### **4. Territorial Protection.**

Except as provided in this Section 4, prior to the expiration or any earlier termination of this Agreement, so long as Franchisee shall open and operate Franchises in accordance with the Development Schedule and provided that the number of Franchises open and operating within the Protected Area is not less than the minimum number to be developed within the Protected Area at any given time, then Franchisor shall not operate, or permit any other person to operate, a Franchise under Franchisor's Marks (as defined in the Initial Franchise Agreement) within the Protected Area. Franchisee acknowledges that Franchisor has reserved certain rights with respect to the operation of certain kinds of educational science programs, as provided in the Franchise Agreement.

#### **5. Term.**

This Agreement expires at midnight on the date set forth opposite the last Franchise to be opened pursuant to the Development Schedule, unless earlier terminated as hereinafter provided.

#### **6. Termination.**

**6.1 Event of Default.** Any one or more of the following constitutes an Event of Default hereunder:

- (a) Franchisee fails to open and operate Franchises in accordance with the Development Schedule, including without limitation the failure to timely execute a Franchise Agreement or pay any initial franchise fee owed thereunder for any such Franchise;
- (b) An Event of Default occurs under any Franchise Agreement, and such Event of Default results in a termination of such Franchise Agreement; or
- (c) Franchisee breaches or otherwise fails to comply fully with any provision contained in Section 9 of this Agreement.

**6.2 Franchisor's Remedies.** If any Event of Default occurs under Section 6.1, Franchisor may declare this Agreement and any and all other rights granted to Franchisee hereunder to be immediately terminated and of no further force or effect, as follows:

- (a) Upon termination due solely to Franchisee's failure to open and operate Franchises in accordance with the Development Schedule, Franchisor's sole remedy hereunder resulting from such failure shall be retention of the amounts paid by Franchisee to Franchisor upon execution of this Agreement. Failure of Franchisee to open and thereafter operate Franchises in accordance with the Development Schedule shall not, in itself, constitute cause for Franchisor to terminate any previously executed Franchise Agreement.
- (b) Upon termination of this Agreement for any other reason whatsoever, Franchisee will not be relieved of any of its obligations, debts or liabilities hereunder, including without limitation any debts, obligations or liabilities that have accrued prior to such termination. The right of termination granted by this Section 6.2(b) is in addition to, and not in lieu of, any and all other rights and remedies available to Franchisor at law, in equity

or otherwise, including without limitation the right to an injunction as set forth in Section 8.5, all of which are cumulative.

## **7. Assignment.**

**7.1 By Franchisor.** This Agreement is fully assignable by Franchisor and shall inure to the benefit of any assignee or other legal successor to the interest of Franchisor.

### **7.2 By Franchisee.**

(a) This Agreement and the rights granted to Franchisee hereunder are personal to Franchisee and neither this Agreement, nor any of the rights granted to Franchisee hereunder, nor any controlling equity interest in Franchisee may be voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, assigned or otherwise transferred or encumbered by Franchisee or any of its equity owners without the prior written consent of Franchisor, which Franchisor may refuse to grant in its sole and absolute discretion. Without limiting the foregoing, Franchisor shall have no obligation to approve any assignment unless Franchisee has assigned all of its rights in all Franchise Agreements relating to CLUB SCIKIDZ Franchises within the Protected Area to the proposed assignee in accordance with the provisions of the applicable Franchise Agreements.

(b) If Franchisee desires to accept a bona fide offer from a third party to purchase Franchisee's interest in this Agreement, or if any owner or owners of equity interests of Franchisee desire to accept an offer from a third party to purchase all or a portion of such equity interests and such sale(s) would result in the transfer of control of Franchisee (as determined by Franchisor), or if Franchisee or such owners desire to sell such interests and have found a willing buyer therefor, Franchisee or such equity owners shall notify Franchisor in writing of such offer and shall offer to sell the same interests to Franchisor upon the same terms and conditions, and shall provide such information and documentation relating to such offer as Franchisor requires. Franchisor shall have the option, exercisable within 30 days after the receipt of such offer and other information and documentation, to send written notice to Franchisee or such owners that Franchisor intends to purchase the offered interests on the same terms and conditions offered by or to the third party, or the cash equivalent thereof, at Franchisor's option. If Franchisor elects to purchase such interests, closing shall occur within 90 days after the end of such thirty-day period. If Franchisor does not elect to purchase such interest within such thirty-day period, Franchisee or such owners may sell or transfer their offered interests to a third party; provided that such sale or transfer is made within 90 days after the end of such thirty-day period, and that such sale or transfer is made at a price and on terms no more favorable than those offered to Franchisor, and that all applicable requirements of this Section 7.2 are met.

(c) The right of first refusal set forth in Section 7.2(b) shall not be applicable to assignments, transfers or sales of Franchisee's interest in this Agreement or any equity interest in Franchisee, made to an Entity formed by any or all of the equity owners of Franchisee in which any equity owner owns, or if more than one equity owner aggregately own, more than 50% of each class of outstanding voting equities, or to a spouse or child of Franchisee, or any equity owner of Franchisee, but the other applicable requirements of each Franchise Agreement (excluding the right of first refusal granted therein) must be complied with.

## **8. Franchisee's Covenant Not to Compete.**

**8.1 In-Term Covenants.** During the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee and, if this Agreement is entered into by a corporation, partnership, limited partnership or limited liability company or any other entity (an "Entity"), Equity Owners shall not, directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any person or entity:

- (i) divert or attempt to divert any business or customer of any CLUB SCIKIDZ business within the Protected Area to any competitor, by direct or indirect inducement or otherwise, or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Franchisor's Marks and Franchisor's franchise system;
- (ii) directly or indirectly solicit for employment any person who is at that time or was at any time within the immediate past 12 months employed by Franchisor, or its affiliates, or by any other franchisee of Franchisor; or
- (iii) own, manage, engage in, have any ownership interest in, participate in or act as an agent for any business that is engaged in offering educational science programs.

**8.2 Post-Term Covenants.** Except as otherwise approved in writing in advance by Franchisor, Franchisee and, if this Agreement is entered into by an Entity, each Equity Owner shall not, for a continuous uninterrupted period beginning on the expiration or termination of this Agreement, regardless of the cause for termination, and continuing for two years thereafter, either directly or indirectly engage in or have any interest in any business that is engaged in providing educational science programs and is located within a five-mile radius of any point within the Protected Area; nor shall Franchisee or Equity Owners directly or indirectly during such two-year period, solicit for employment any person who is at that time or was at any time within the immediate past 12 months employed by Franchisor or its affiliates or by any other franchisee of Franchisor.

**8.3 Reasonableness of Covenants.** Franchisee acknowledges and agrees that the time, territory and scope of the covenants provided in this Section 8 are reasonable and necessary for the protection of Franchisor's legitimate business interests; that Franchisee has received sufficient and valid consideration in exchange for those covenants; and that enforcement of the same would not impose undue hardship.

**8.4 No Defenses.** Franchisee acknowledges that the existence of any claim it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants contained in this Section 8.

**8.5 Irreparable Injury.** Franchisee acknowledges that any breach or threatened breach of this Section 8 will cause Franchisor irreparable injury for which no adequate remedy at law is available, and Franchisee consents to the issuance of an injunction prohibiting any conduct violating the terms of this Section 8. This remedy is not exclusive, and Franchisor may also avail itself of any other legal or equitable rights and remedies it has under this Agreement or otherwise.

**8.6 Modification of Covenants.** To the extent that this Section 8 is judicially determined to be unenforceable by virtue of its scope or in terms of area or length of time, but may

be made enforceable by reductions of any or all thereof, the same shall be enforced to the fullest extent permissible.

**8.7 Stock Ownership Exemption.** Ownership of less than five percent of the outstanding voting stock of any class of stock of a publicly traded corporation will not, by itself, violate this Section 8.

**8.8 Survival.** This Section 8 shall survive the expiration or termination of this Agreement.

## **9. Miscellaneous.**

**9.1 Survival of Representations.** All statements herein or in any certificate, agreement, instrument or other document delivered by or on behalf of any party pursuant hereto or in connection with the transactions contemplated hereby constitute representations, warranties, stipulations, covenants and agreements made by such party and shall survive the execution of this Agreement and the consummation of the transactions contemplated hereby.

**9.2 Entire Agreement.** This Agreement supersedes all prior discussions, understandings and agreements between the parties with respect to the matters contained herein, and contains the sole and entire agreement between the parties hereto with respect to the transactions contemplated hereby. Notwithstanding the foregoing, nothing in the franchise agreement or any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.

**9.3 Notices.** All notices, requests, demands, tenders and other communications required or permitted hereunder shall be in writing and shall be duly given (i) if delivered, mailed (certified or registered mail, postage prepaid) or sent by overnight courier service to the other party at its address set forth below its signature, or (ii) if transmitted by facsimile to the facsimile number of the other party set forth below its signature with written confirmation being mailed to the other parties on the same day. Any party may change its mailing address or facsimile number by giving notice to the other party in the manner provided herein.

**9.4 Waiver.** Any term or condition of this Agreement may be waived at any time by the party hereto which is entitled to the benefit thereof, but such waiver is effective only if evidenced by a written document signed by such party. A waiver on one occasion shall not be a waiver of the same or any other breach on any other occasion. No course of dealing or performance by any party, and no failure, omission, delay or forbearance by any party, in whole or in part, in exercising any right, power, benefit or remedy, shall constitute a waiver of such right, power, benefit or remedy. Franchisor shall have the right to waive or otherwise fail or elect not to enforce provisions comparable to those contained herein in other agreements between Franchisor and one or more other franchisees, and such waivers or failures to enforce shall in no way limit or prevent the exercise of any rights hereunder. Franchisor shall have no obligation to deal with similarly situated franchisees in the same manner.

**9.5 Amendments and Modifications.** This Agreement may be amended or modified only by a written document signed by each party hereto.

**9.6 Cumulative Remedies.** No remedy conferred upon Franchisor is intended to be exclusive of any other remedy, and each and every such remedy shall be in addition to, and not in

limitation of or substitution for, every other remedy available at law or in equity or by statute or otherwise.

**9.7 Independent Contractor Relationship.** The parties hereto agree that nothing contained herein or in any instrument, agreement or other document delivered pursuant hereto or in connection herewith shall create a fiduciary relationship between them or shall operate to make either party hereto the partner, joint venturer, agent or employee of the other. It is intended that Franchisee is and shall continue to be an independent contractor responsible for all of Franchisee's obligations and liabilities with respect to the establishment and operation of the CLUB SCIKIDZ Franchise. Franchisee shall have no authority, express, implied or apparent, to act on behalf of or to bind Franchisor, and Franchisee shall take no action to create any such authority or the appearance of an employer-employee relationship between the parties. In indicating Franchisee's affiliation with Franchisor, Franchisee shall at all times clearly represent that Franchisee's CLUB SCIKIDZ businesses are independently owned and operated, consistent with applicable law. Franchisee shall post a notice of such fact in a conspicuous place in the premises and, as directed by Franchisor, in Franchisee's advertising and on Franchisee's contracts, forms, stationery and promotional materials.

**9.8 Cost of Enforcement.** In any action to enforce the rights of either party hereunder, the prevailing party, as determined by the arbitrators, court or other tribunal before which such action is brought, shall be entitled to recover the costs and expenses of such party, plus reasonable attorneys' fees, incurred in investigating, prosecuting or defending such action.

**9.9 Singulars and Plurals; Pronouns.** Where the context so requires, the use of the singular form herein shall include the plural, and the use of the plural form the singular, and the use of any gender shall include any and all genders.

**9.10 Execution in Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

**9.11 Headings.** The headings in this Agreement are for convenience of reference and are not a part of this Agreement and shall not affect the meaning or construction of any of its provisions.

**9.12 Inconsistent Terms.** To the extent that the provisions of this Agreement are in direct conflict with the provisions of any Exhibit hereto, the provisions of such Exhibit shall control.

**9.13 Successors and Assigns.** Except as expressly otherwise provided herein, this Agreement is binding upon and shall inure to the benefit of the parties and their respective heirs, executors, legal representatives, successors and permitted assigns.

**9.14 Severability.** If any provision of this Agreement or any instrument or other document delivered pursuant hereto or in connection herewith is for any reason held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or any other instrument or document, and this Agreement and such other instruments and documents shall be interpreted and construed as if such invalid, illegal or unenforceable provision had not been contained therein.

**9.15 Governing Law and Choice of Forum.** This Agreement has been executed and delivered in, and shall be governed by, construed and enforced in accordance with the laws of, the State of Georgia, without regard to its conflicts of law rules, except for the provisions of Section 8, which shall be governed by the laws of the state in which Franchisee's principal place of business is located. Any litigation shall be brought by Franchisor or any of its affiliates or Franchisee or any of its affiliates in a court for the county or parish of the state in which Franchisor's principal place of business is located at the time the action is brought or in the federal district court for the district where such principal place of business is located in that state at the time the action is brought. Franchisee and Franchisor hereby consent to the jurisdiction of such courts and waive any defense that such courts lack venue with respect to such proceeding.

**9.16 Meaning of Capitalized Terms.** Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the initial Franchise Agreement by and between Franchisor and Franchisee.

**9.17 Guarantee.** Contemporaneously with the execution and delivery of this Agreement, Franchisee (if an individual) or each owner of Franchisee (if an entity) shall execute the Guarantee of Collection in the form attached as **Exhibit B** hereto in favor of Franchisor.

(Remainder of page intentionally left blank)



**IN WITNESS WHEREOF**, each of the undersigned has executed this Agreement under seal as of the date first above written.

**FRANCHISOR:**

**CLUB SCIKIDZ, LLC**

By: \_\_\_\_\_

Name: Robert Hagan

Title: President

Date of Acceptance: \_\_\_\_\_

**FRANCHISEE:**

If an individual:

\_\_\_\_\_(SEAL)

[NAME]

If an Entity:

\_\_\_\_\_(SEAL)

[NAME of ENTITY]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT A  
TO  
AREA DEVELOPMENT AGREEMENT**

1. Protected Area: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

2. Development Schedule:

Franchise	Last Day to Sign Franchise Agreement	Last Day for Opening	Initial Franchise Fee
1			\$45,000
2	_____, 20__	_____, 20__	\$25,000
3	_____, 20__	_____, 20__	\$25,000
4	_____, 20__	_____, 20__	\$25,000
5	_____, 20__	_____, 20__	\$25,000
6	_____, 20__	_____, 20__	\$25,000
7	_____, 20__	_____, 20__	\$25,000
8	_____, 20__	_____, 20__	\$25,000

**EXHIBIT B**  
**TO**  
**AREA DEVELOPMENT AGREEMENT**  
**CLUB SCIKIDZ, LLC**  
**GUARANTEE OF COLLECTION**  
(Area Development Agreement)

In order to induce **CLUB SCIKIDZ, LLC** (“Franchisor”) to enter into a certain Area Development Agreement (the “Area Development Agreement”) by and between Franchisor and the Franchisee named in the Area Development Agreement to which this limited Guarantee of Collection (the “Limited Guarantee”) is attached, the undersigned (collectively referred to as the “Guarantors” and individually referred to as a “Guarantor”) hereby covenant and agree as follows:

1. Guarantee of Collection. Subject to the terms and conditions of this Limited Guarantee, and in particular (though not limited to) the limits of liability enumerated in Section 4, the Guarantors jointly and several guarantee to Franchisor and its affiliates the collection of all obligations, indebtedness and liabilities of Franchisee to Franchisor, direct or indirect, absolute or contingent, of every kind and nature, whether now existing or incurred from time to time hereafter, whether incurred pursuant to the Area Development Agreement, together with any extension, renewal or modification thereof in whole or in part (the “Guaranteed Liabilities”), and agree that if any of the Guaranteed Liabilities are not so paid or performed by Franchisee when due, the Guarantors will do so; provided that prior to instituting any proceedings against any of the Guarantors to collect the Guaranteed Liabilities, Franchisor must have first filed a proceeding against Franchisee and pursued such proceeding for at least 180 days without resolution. The foregoing condition shall not be applicable if Franchisee has filed any proceeding under the United States Bankruptcy Code or under any other law adversely affecting the rights of a creditor to pursue its obligations against a debtor, or a person other than Franchisor or an affiliate of Franchisor has filed any petition to such effect against Franchisee. The Guarantors further agree to pay all expenses (including reasonable attorneys’ fees) paid or incurred in endeavoring to enforce this Limited Guarantee or payment of any Guaranteed Liabilities, such expenses not to exceed 10% of the Guaranteed Liabilities.

2. Waivers by Guarantors. The Guarantors waive presentment, demand, notice of dishonor, protest and all other notices whatsoever, including without limitation notices of acceptance hereof, of the existence or creation of any Guaranteed Liabilities, of the amounts and terms thereof, of all defaults, disputes or controversies between Franchisor and Franchisee and of the settlement, compromise or adjustment thereof. By acceptance of this Limited Guarantee, Franchisor agrees to use reasonable commercial efforts to make available upon reasonable request, copies of all material documentation within its control that evidences any of the Guaranteed Liabilities. Subject to the terms and conditions set forth herein, this Limited Guarantee is secondary and shall be enforceable only after Franchisor has first proceeded against Franchisee as provided in Section 1 above. Upon the accrual of Franchisor’s right to seek collection of Guaranteed Liabilities from Guarantors under this Limited Guarantee, Franchisor shall have no obligation at any time to proceed against any or all of any other Guarantors of Franchisee’s obligations or against any other security for the Guaranteed Liabilities. This Guarantee shall be effective regardless of the insolvency of Franchisee by operation of law, any reorganization, merger or consolidation of Franchisee, or any change in the ownership of Franchisee, except that

upon any change in the ownership of Franchisee or any reorganization, merger or consolidation which results in a Guarantor or Guarantors losing operational control over the Franchisee, any of which shall be deemed a transfer of the Franchise, if such transaction is approved in writing by Franchisor and made in accordance with the provisions of the Area Development Agreement, the Guarantors shall be released from any Guaranteed Liabilities arising under this Limited Guarantee after the change in the ownership.

3. Term; No Waiver. This Guarantee shall be, except as otherwise provided herein, irrevocable and shall remain in full force and effect as to each of the Guarantors until such time as all Guaranteed Liabilities of Franchisee to Franchisor and its affiliates have been paid and satisfied in full. No delay or failure on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by Franchisor of any right or remedy shall preclude other further exercise of such right or any other right or remedy.

4. Other Covenants; Limitation on Liability. Each of the Guarantors agrees to comply with the provisions of Section 8 of the Area Development Agreement as though he or she were the “Franchisee” named therein and agrees that he or she shall take any and all actions as may be necessary or appropriate to cause Franchisee to comply with the Area Development Agreement and shall not take any action that would cause Franchisee to be in breach of the Area Development Agreement. The Guarantors’ collective obligation as to any particular Guaranteed Liability for which they may become liable hereunder shall not exceed \$10,000; and in the case of an Event of Default by Franchisee under Section 6.1(a) of the Area Development Agreement Guarantors shall have no liability, as Franchisor’s remedy is limited to the retention of amounts paid by Franchisee as detailed in Section 6.2(a) of the Area Development Agreement. This Limited Guarantee is not intended to supersede any guarantee executed pursuant to any Franchise Agreement executed pursuant to the Area Development Agreement.

5. Governing Law; Choice of Forum. This Agreement has been executed and delivered in, and shall be governed by, construed and enforced in accordance with the laws of, the State of Georgia, without regard to its conflicts of law rules, except for the provisions of Section 8 of the Area Development Agreement as they relate to the Guarantors, which shall be governed by the law of the state in which Franchisee’s initial franchise is located. Any litigation shall be brought in the state in which Franchisor’s principal place of business is located at the time the action is brought, or in the federal district court for the district where such principal place of business is located in that time at the time the action is brought. Each Guarantor hereby consents to the jurisdiction of such courts and waives any defense that such court lacks jurisdiction or venue with respect to such proceeding.

6. Miscellaneous. This Agreement shall inure to the benefit of Franchisor and its successors and assigns, and shall be binding upon the Guarantors and their respective heirs, executors, successors and assigns, but heirs and successors of a Guarantor or Guarantors shall not be liable to Franchisor except as and to the extent they have expressly assumed in writing obligations under this Limited Guarantee or otherwise accepted the benefits of being an Equity Owner.

IN WITNESS WHEREOF, the undersigned Guarantors have caused this Guarantee to be duly executed as of the day and year first above written.

\_\_\_\_\_  
Print Name: \_\_\_\_\_

\_\_\_\_\_  
Print Name: \_\_\_\_\_

\_\_\_\_\_  
Print Name: \_\_\_\_\_

\_\_\_\_\_  
Print Name: \_\_\_\_\_

**EXHIBIT E  
TO THE  
FRANCHISE DISCLOSURE DOCUMENT  
Financial Statements**

# CLUB SCIKIDZ LLC

FINANCIAL REPORT

AS OF DECEMBER 31, 2023



# **CLUB SCIKIDZ LLC**

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## **Independent Auditor's Report**

To the Members  
Club SciKidz LLC  
Woodstock, Georgia

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying balance sheets of Club SciKidz LLC as of December 31, 2023, and 2022 and the related statements of operations, member's (deficit) and cash flows for the years ended December 31, 2023, 2022, and 2021 and the notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Club SciKidz LLC as of December 31, 2023, and 2022 and the results of their operations and their cash flows for the years ended December 31, 2023, 2022, and 2021 in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 Club SciKidz 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.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Club SciKidz LLC's ability to continue as a going concern for one year after the date that the financial statements are issued.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 are considered material if there

is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 Club SciKidz 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 Club SciKidz 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.

A handwritten signature in blue ink that reads "Reese CPA LLC". The signature is written in a cursive, flowing style.

Ft. Collins, Colorado  
April 24, 2024

**CLUB SCIKIDZ LLC  
BALANCE SHEETS**

	<b>AS OF DECEMBER 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>ASSETS:</b>		
<b>CURRENT ASSETS</b>		
Cash and equivalents	\$ 64,062	\$ 105,454
Accounts receivable	63,000	-
Contract acquisition cost, current	89,100	34,600
Prepaid expense	6,052	6,052
<b>TOTAL CURRENT ASSETS</b>	<b>222,214</b>	<b>146,106</b>
<b>NON-CURRENT ASSETS</b>		
Contract acquisition costs	282,932	104,667
<b>TOTAL ASSETS</b>	<b>\$ 505,146</b>	<b>\$ 250,773</b>
<b>LIABILITIES AND MEMBER'S (DEFICIT):</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 53,100	\$ -
Ad fund liability	73,227	64,039
Accrued expenses	18,692	27,889
Non-refundable deferred franchise fees, current	119,700	43,200
<b>TOTAL CURRENT LIABILITIES</b>	<b>264,719</b>	<b>135,128</b>
<b>LONG-TERM LIABILITIES</b>		
Non-refundable deferred franchise fees	385,650	132,600
Notes payable	400,500	400,500
<b>TOTAL LIABILITIES</b>	<b>1,050,869</b>	<b>668,228</b>
<b>MEMBER'S (DEFICIT)</b>		
Member's (deficit)	(219,457)	(301,053)
Due from related parties	(326,266)	(116,402)
<b>TOTAL MEMBER'S (DEFICIT)</b>	<b>(545,723)</b>	<b>(417,455)</b>
<b>TOTAL LIABILITIES AND MEMBER'S (DEFICIT)</b>	<b>\$ 505,146</b>	<b>\$ 250,773</b>

The accompanying notes are an integral part of these financial statements.

**CLUB SCIKIDZ LLC**  
**STATEMENTS OF OPERATIONS AND MEMBERS' (DEFICIT)**

	<b>FOR THE YEARS ENDED DECEMBER 31,</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>REVENUES</b>			
Franchise sales	\$ 60,450	\$ 26,700	\$ 12,825
Royalty fees	219,891	226,040	128,770
Brand fund contributions	23,160	30,381	15,949
Other sales	4,678	(2,111)	6,932
<b>TOTAL REVENUE</b>	<b>308,179</b>	<b>281,010</b>	<b>164,476</b>
<b>OPERATING EXPENSES</b>			
Payroll and related costs	-	135,000	-
Franchise related costs	93,298	60,549	36,504
Advertising expense	33,390	23,508	15,695
General and administrative	37,364	17,930	5,703
Professional fees	17,673	17,107	44,774
<b>TOTAL OPERATING EXPENSES</b>	<b>181,725</b>	<b>254,094</b>	<b>102,676</b>
<b>OPERATING INCOME (LOSS)</b>	<b>126,454</b>	<b>26,916</b>	<b>61,800</b>
<b>OTHER(EXPENSE)</b>			
Interest expense	(15,019)	(8,721)	(15,762)
<b>NET INCOME (LOSS)</b>	<b>111,435</b>	<b>18,195</b>	<b>46,038</b>
<b>MEMBERS' (DEFICIT), BEGINNING OF YEAR</b>	<b>(301,053)</b>	<b>(216,236)</b>	<b>(159,274)</b>
Member distributions	(29,839)	(103,012)	(103,000)
<b>MEMBERS' (DEFICIT), END OF YEAR</b>	<b>\$ (219,457)</b>	<b>\$ (301,053)</b>	<b>\$ (216,236)</b>

The accompanying notes are an integral part of these financial statements.

**CLUB SCIKIDZ LLC**  
**STATEMENTS OF CASH FLOWS**

	<b>FOR THE YEARS ENDED DECEMBER 31,</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income	\$ 111,435	\$ 18,195	\$ 46,038
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Recognition of contract acquisition costs	58,835	22,067	11,083
Recognition of non-refundable deferred franchise fees	(60,450)	(26,700)	(12,825)
Changes in assets and liabilities:			
Accounts receivable	(63,000)	-	-
Contract acquisition costs	(291,600)	(103,000)	(35,000)
Prepaid expense	-	(676)	-
Accounts payable	53,100	-	-
Accrued expenses	(9,197)	8,721	15,762
Ad fund liability	9,188	2,620	3,026
Non-refundable deferred franchise fees	390,000	135,000	40,500
Net cash provided by operating activities	<u>198,311</u>	<u>56,227</u>	<u>68,584</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net cash (used) in investing activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from note payable	-	-	250,600
Advances to related parties	(209,864)	(102,271)	(14,131)
Member distributions	(29,839)	(103,012)	(103,000)
Net cash (used) provided by financing activities	<u>(239,703)</u>	<u>(205,283)</u>	<u>133,469</u>
<b>NET (DECREASE) INCREASE IN CASH</b>	(41,392)	(149,056)	202,053
<b>CASH, beginning of year</b>	<u>254,510</u>	<u>254,510</u>	<u>52,457</u>
<b>CASH, end of year</b>	<u><u>\$ 213,118</u></u>	<u><u>\$ 105,454</u></u>	<u><u>\$ 254,510</u></u>
<b>SUPPLEMENTAL DISCLOSURES</b>			
Cash paid for interest	\$ 24,216	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

**CLUB SCIKIDZ LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Club SciKidz LLC f/k/a Club Scientific LLC is a Georgia limited liability company that was organized on June 11, 2007. On August 1, 2013, Club Scientific LLC changed its name to Club SciKidz LLC. On July 19, 2013, Club Scientific LLC was merged to form Science Licensing, LLC. On February 5, 2015, Club SciKidz LLC assumed all performance obligations of assigned Franchise Agreements and began operations as a separate business.

The Company grants franchises to qualified persons or business entities for the operation of educational and technology enrichment programs for children, utilizing interactive presentations of structured science-themed activities in a fun, nurturing environment.

The Company has one affiliate, Club SciKidz Labs, LLC, a Georgia limited liability company (“Club SciKids Labs”), offers “subscription boxes” that the franchise may purchase to offer to their customers.

Summary of Outlets

The following table summarizes the number of outlets open and operating as of December 31, 2022, and 2021:

	2023	2022	2021
Outlets in operation, beginning	9	7	6
Outlets opened	8	2	1
Outlets terminated or closed	-	-	-
Outlets in operation, ending	17	9	7
Franchised outlets	16	8	6
Affiliate owned outlets	1	1	1

A summary of significant accounting policies follows:

Use of Estimates

Preparation of the Company's financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2023, and 2022.

**CLUB SCIKIDZ LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Accounts Receivable*

Accounts receivable arise in the normal course of business through franchise sales and royalties earned. Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized after invoicing. Management evaluates individual customers' receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not have any allowance for doubtful accounts as of December 31, 2023, and 2022 and did not charge-off any accounts receivable during the years ended December 31, 2023, 2022, and 2021.

*Property, Plant & Equipment*

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years). The Company had no property, plant & equipment at December 31, 2023, and 2022.

*Intangible Assets*

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives (such as franchise development cost) no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with finite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable. All intellectual property has been fully amortized as of December 31, 2023, and 2022 and is not reported.

*Income Taxes*

The members of the Company have elected to be taxed as a “Sub Chapter “S” Corporation under the provisions of the Internal Revenue Code. Under those provisions, taxable income and losses of the Company are reported on the income tax returns of its members and no provisions for federal or state franchise taxes has been recorded on the accompanying balance sheet.

The Company adopted ASC 740-10-25-6 "Accounting for Uncertainty in Income Taxes", that requires the Company to disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold upon examination by taxing authorities. Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements or that would affect the Company's member. The Company's evaluation was performed for the years ended December 31, 2023, 2022, and 2021, for U.S. Federal Income Tax and the State of Georgia Income Tax.

**CLUB SCIKIDZ LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Revenue Recognition, Non-refundable Deferred Franchise fees and Contract Acquisition Costs*

The Company recognizes revenue under the guidance of ASC 606 “Contracts with Customers”. The Company’s revenue mainly consists of franchise fees and royalties.

Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee. The remainder of performance obligations represent a single performance obligation and are recognized over the term of the respective franchise agreement from the date the agreement is executed. Unearned initial fee revenues from contract acquisition and acceptance will be recorded as non-refundable deferred franchise fees and recognized as revenue over the term of the contract, which is currently 10 years. Contract acquisition costs, are sales commissions and are recognized as expense over the term of the contract.

When a franchisee purchases a franchise, the Company grants the franchisee the right to use the proprietary methods, techniques, trade dress, trademarks, and logos (“license”). The license is symbolic intellectual property. Revenues related to the license are continuing royalties are based on gross revenues and are 6.5%. These revenues will be used to continue the development of the Company’s brand, the franchise system and provide on-going support for the Company’s franchisees. The royalties are billed monthly and are recognized as revenue when earned.

*Brand Fund Contribution*

The Company collects a brand fund contribution of 1% of gross revenues of each franchise location. If the brand fund contribution exceeds brand fund expenditures the excess contributions are recorded as a brand fund liability on the Company’s attached balance sheet. The contributions are billed monthly.

*Advertising Costs*

The Company expenses advertising costs as incurred. Advertising expense the years ended December 31, 2023, 2022, and 2021 were \$0, \$0, and \$0.

*Fair Value of Financial Instruments*

The Company's financial instruments consist of cash and cash equivalents and brand liability. The carrying amounts approximate fair value due to their short maturities.

*Recently Adopted Accounting Guidance*

The Company has adopted all recently issued Accounting Standards Updates (“ASU”). Management has not yet determined the effect the adoption of the other recently issued ASUs, including those not yet effective, could have on the financial position or results of operations of the Company.



**CLUB SCIKIDZ LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – CONTRACT BALANCES**

The Company has recognized an asset for the incremental costs and recorded a liability for unearned revenue associated with franchisee acquisition and acceptance performance obligation of the Company's franchise agreement. The account balances and activity are as follows:

	December 31,	
	2023	2022
<b>Contract Acquisition Costs:</b>		
Balance beginning of year	\$ 139,267	\$ 58,334
Deferral of franchise acquisition costs	291,600	103,000
Recognition of franchise acquisition costs	(58,835)	(22,067)
Balance at end of year	<u>\$ 372,032</u>	<u>\$ 139,267</u>
<b>Deferred Non-refundable Franchise Fees:</b>		
Balance beginning of year	\$ 175,800	\$ 67,500
Deferral of non-refundable franchise fees	390,000	135,000
Recognition of non-refundable franchise fees	(60,450)	(26,700)
Balance at end of year	<u>\$ 505,350</u>	<u>\$ 175,800</u>

*Estimated Recognition of Non-refundable Deferred Franchise Fees and Franchise Acquisition Costs*

Estimated revenues and franchise acquisition costs to be recognized in future periods related to non-refundable deferred franchise fees as reported at December 31, 2023, is as follows:

	Contract Acquisition Costs	Non-refundable Franchise Fees
Year ending December 31:		
2024	\$ 89,100	\$ 119,700
2025	88,517	114,525
2026	78,017	102,375
2027	67,033	88,500
2028	26,468	42,000
Thereafter	22,897	38,250
	<u>\$ 372,032</u>	<u>\$ 505,350</u>

**CLUB SCIKIDZ LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – CONTRACT BALANCES (CONTINUED)**

*Disaggregation of Revenues*

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees for the years ended December 31, 2023, 2022, and 2021, is as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Performance obligations satisfied at a point in time	\$ 247,729	\$ 254,310	\$ 151,651
Performance obligations satisfied through the passage of time	<u>60,450</u>	<u>26,700</u>	<u>12,825</u>
Total revenues	<u>\$ 308,179</u>	<u>\$ 281,010</u>	<u>\$ 164,476</u>

**NOTE 3 – NOTES PAYABLE**

Notes payable consist of the following at December 31,

	<u>2023</u>	<u>2022</u>
Note payable with the Small Business Administration		
Face amount of \$400,500, payable in 360 monthly installments of \$2,018 including interest at the rate of 3.75% beginning in January 2023. Final payment due on May 27, 2050. Collateralized by assets of the Company.	\$ 400,500	\$ 400,500
Less current maturities	<u>-</u>	<u>-</u>
	<u>\$ 400,500</u>	<u>\$ 400,500</u>

The maturities of the long-term debt are as follows:

Year ending December 31:

2024	\$ -
2024	404
2025	9,374
2026	9,732
2027	10,063
Thereafter	<u>370,927</u>
	<u>\$ 400,500</u>

Interest expense on the long-term debt was \$15,019, \$8,721, and \$15,762, for the years ended December 31, 2023, 2022, and 2021.

**CLUB SCIKIDZ LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 – COMMITMENTS AND CONTINGENCIES**

*Litigation*

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

**NOTE 5 - SUBSEQUENT EVENTS**

*Date of Management's Evaluation*

Management has evaluated subsequent events through April 24, 2024, the date on which the financial statements were available to be issued.

**CLUB SCIKIDZ, LLC**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

# CLUB SCIKIDZ, LLC

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*December 31, 2024*

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## INDEPENDENT AUDITORS' REPORT

To the Members  
Club SciKidz, LLC  
Woodstock, Georgia

### ***Opinion***

We have audited the accompanying financial statements of Club SciKidz, LLC which comprise the balance sheet as of December 31, 2024, and the related statements of operations and changes in members' equity and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Club SciKidz, LLC as of December 31, 2024, and the results of its operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

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

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

Management is responsible for the preparation and fair presentation of 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.

### ***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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of the 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 Club SciKidz, 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 Club SciKidz, 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.

March 28, 2025  
Atlanta, Georgia

*Seay & Weissinger LLC*

# CLUB SCIKIDZ, LLC

## *Balance Sheet*

*December 31, 2024*

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### **Assets**

Current Assets:

Cash	\$ 50,734
Contract acquisition costs	<u>96,382</u>
Total current assets	147,116

Other assets:

Due from related parties	588,266
Contract acquisition costs, less current portion included above	<u>259,162</u>
Total Assets	<u><u>\$ 994,544</u></u>

### **Liabilities and Members' Equity**

Current Liabilities:

Brand fund liability	\$ 3,763
Accrued expenses	9,495
Contract liabilities	<u>122,025</u>
Total current liabilities	135,283

Note payable, less current portion included above	400,500
Contract liabilities, less current portion included above	<u>344,250</u>
Total liabilities	<u>880,033</u>

Members' equity	<u>114,511</u>
Total Liabilities and Members' Equity	<u><u>\$ 994,544</u></u>

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See notes to financial statements.



# CLUB SCIKIDZ, LLC

## *Statement of Operations and Changes in Member's Equity*

*For the Year Ended December 31, 2024*

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Revenues:	
Franchise fees	\$ 114,825
Royalties	277,397
Brand fund contributions	40,210
Other income	<u>508</u>
Total revenues	<u>432,940</u>
Operating expenses:	
Advertising and marketing	44,957
Franchise related expenses	97,487
General and administrative	29,771
Professional fees	<u>20,970</u>
Total operating expenses	<u>193,185</u>
Operating income	239,755
Other expense - interest expense	<u>(15,019)</u>
Net income	<u>224,736</u>
Members' deficit, beginning of year, as previously reported	(219,457)
Plus: Prior period adjustments (Note 1)	<u>109,232</u>
Members' deficit, beginning of year, as restated	<u>(110,225)</u>
Members' equity, end of year	<u><u>\$ 114,511</u></u>

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See notes to financial statements.

# CLUB SCIKIDZ, LLC

## *Statement of Cash Flows*

*For the Year Ended December 31, 2024*

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### **Increase (Decrease) in Cash**

#### **Cash flows from operating activities:**

**Net income** **\$ 224,736**

#### **Adjustments to reconcile net income to net cash provided by operating activities**

Recognition of contract acquisition costs 87,638  
Recognition of contract liabilities (114,825)

#### **Changes in assets and liabilities:**

Accounts receivable 63,000  
Contract acquisition costs (95,250)  
Prepaid expense 6,052  
Accrued expense (9,197)  
Brand fund liability (3,482)  
Contract liabilities 90,000

Net cash provided by operating activities 248,672

#### **Cash flows from financing activities:**

Advances to related party (262,000)

Net cash used in financing activities (262,000)

Net decrease in cash (13,328)

**Cash, beginning of year** 64,062

**Cash, end of year** \$ 50,734

#### **Supplemental Disclosure of Cash Flow Information:**

Cash paid for interest \$ 24,216

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See notes to financial statements.

# CLUB SCIKIDZ, LLC

## *Notes to Financial Statements*

***December 31, 2024***

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### Note 1 - Description of business and summary of significant accounting policies:

Club SciKidz, LLC (the Company) is a Georgia limited liability company that was organized on June 11, 2007 under the name Club Scientific, LLC. On August 7, 2013, the name was changed to Club SciKidz, LLC. The Company grants franchises to qualified persons or business entities for the operation of educational and technology enrichment programs for children, utilizing interactive presentations of structured science-themed activities in a fun, nurturing environment.

The Company has one affiliate, Club SciKidz Labs, LLC, a Georgia limited liability company, that offers "subscription boxes" that a franchise may purchase to offer to their customers.

#### Basis of presentation

The Company follows the Financial Accounting Standards Board (FASB) Codification (Codification). The Codification is the single official source of authoritative generally accepted accounting principles in the United States of America (U.S. GAAP) recognized by the FASB to be applied by non-governmental entities. All of the Codification's content carries the same level of authority.

#### Prior period adjustments

The Company has determined that the 2023 financial statements included the following errors: contract acquisition costs were overstated, accounts payable were overstated, brand fund liability was overstated, and contract liabilities were overstated. As a result, member's deficit, as previously reported as of December 31, 2023, has been restated and decreased by \$109,232; as of December 31, 2023, contract acquisition costs have been decreased by \$24,100, accounts payable have been decreased by \$53,100, brand fund liability has been decreased by \$65,982, and contract liabilities have been decreased by \$14,250.

#### Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# CLUB SCIKIDZ, LLC

## *Notes to Financial Statements - Continued*

***December 31, 2024***

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### Note 1 - Description of business and summary of significant accounting policies - continued:

#### Revenue recognition

The Company follows Accounting Standards Codification ("ASC") Topic 606, *Revenues from Contracts with Customers*. The following paragraphs discuss how revenues are earned and other required disclosures.

The Company's most significant source of revenues arises from the operation of the individual franchises. Franchise rights are granted through a location-based franchise agreement that sets out the terms of the arrangement with the franchisee. The franchise agreements require that the franchisee remit continuing fees (Royalties) to the Company as a percentage of the applicable facility's revenues in exchange for the license of the intellectual property associated with the Company's brand (the franchise right). The franchise agreements also typically require certain, less significant, upfront franchise fees such as initial fees paid upon opening of a location, fees paid to renew the term of the franchise right, and fees paid in the event the franchise agreement is transferred to another franchisee.

Royalties represent the substantial majority of the consideration received under the franchise agreements. Royalties are typically billed and paid monthly and are equal to 6.5% of revenues. Upfront franchise fees are typically billed and paid when a new franchise becomes effective or when an existing arrangement is transferred to another franchisee.

In accordance with ASC Topic 606, management has determined that the services provided in exchange for the upfront franchise fees, which primarily relate to pre-opening support, are highly interrelated with the franchise right and are not individually distinct from the ongoing services provided to the franchisees. As a result, upfront franchise fees are recognized as revenues over the term of each respective franchise agreement which is currently 10 years. Revenues for these upfront franchise fees are recognized on a straight-line basis, which is consistent with the franchisees right to use and benefit from the intellectual property.

Franchise fees received which have not been earned as revenues are classified as contract liabilities on the balance sheet. At December 31, 2024, there were \$466,275, of unearned franchise fees.

The Company incurs sales commissions related to the acquisition of a new franchise which are recorded to contract acquisition costs on the balance sheet. In accordance with ASC Topic 606, these commissions are recognized as expense over the life of the franchise agreement on a straight-line basis. The Company also incurs various costs in providing services to the franchisees including establishing the franchise agreement, monitoring acceptable franchise sites, training staff, and other services. The Company expenses these costs as incurred.

# CLUB SCIKIDZ, LLC

## *Notes to Financial Statements - Continued*

***December 31, 2024***

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### Note 1 - Description of business and summary of significant accounting policies - continued:

#### Brand fund

Franchisees are required to contribute to the Company a percentage of revenues as consideration for providing advertising and marketing programs. In accordance with the provisions of Topic 606, management has determined that they act as a principal in the transactions entered into by the brand fund based on their responsibility to define the nature of the goods or services provided and/or their responsibility to define which franchisees receive the benefit of the goods or services. Additionally, management has determined the brand fund services provided to franchisees are highly interrelated with the franchise right and therefore are not distinct.

Revenues for brand fund services are recognized when the related franchisee sales occur based on the application of the sales-based royalty exception within Topic 606. Revenues for these services are typically billed at 1% of revenues and paid on a monthly basis. These revenues are presented as Brand fund contributions and the expenses incurred to provide these services are presented in advertising and marketing expenses on the statement of operations. When revenues of the brand fund exceed the related advertising and marketing expenses, advertising and marketing costs are accrued up to the amount of revenues on an annual basis.

#### Advertising costs

The Company expenses all advertising costs as incurred. Advertising costs were \$6,970 for the year ended December 31, 2024.

#### Income taxes

The members of the Company have elected to be taxed as a Subchapter S Corporation under the provisions of the Internal Revenue Code. Accordingly, taxable income and losses of the Company are reported on the income tax return of the members and no provision for federal or state income taxes has been recorded on the accompanying financial statements. Consequently, the Company's income or loss is presented without a provision or benefit for federal and state income taxes.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authority, based on the technical merits of the position. As of December 31, 2024, there are no known items which would result in a material accrual related to where the Company has federal or state attributable tax positions. The Company is subject to tax examinations since the year ending December 31, 2021.

# CLUB SCIKIDZ, LLC

## *Notes to Financial Statements - Continued*

***December 31, 2024***

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Note 1 - Description of business and summary of significant accounting policies - continued:

Reclassifications

The balance Due from related parties on the December 31, 2023 balance sheet has been reclassified from Members' deficit to Other assets on the December 31, 2024 balance sheet. This reclassification resulted in members' deficit of the Company decreasing by \$326,266.

Subsequent events

The Company has evaluated subsequent events through March 28, 2025, which is the date these financial statements were available to be issued. All subsequent events, if any, requiring recognition as of December 31, 2024, have been incorporated into these financial statements.

Note 2 - Note payable:

The Company has a note payable dated May 24, 2020 with the Small Business Administration with total principal borrowings of \$400,500. The note is payable in monthly installments of \$2,021 including all accrued interest at the rate of 3.75% beginning in May 2022. The note allowed for a twenty-four month deferment period with interest accruing during the deferment period and will mature on May 24, 2050. The note is collateralized by all assets of the Company and the personal guarantees of the members of the Company.

The following is a schedule by years of maturities of long-term debt:

<u>Year Ending December 31,</u>	
2025	\$ -
2026	9,235
2027	9,746
2028	10,118
2029	10,504
Thereafter	<u>360,897</u>
	<u>\$ 400,500</u>

# CLUB SCIKIDZ, LLC

## *Notes to Financial Statements - Continued*

***December 31, 2024***

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### Note 3 - Revenue recognition:

#### Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchises for the year ended December 31, 2024 are as follows:

Performance obligations satisfied through the passage of time	\$ 114,825
Performance obligations satisfied at a point in time	<u>317,607</u>
Total revenues	<u>\$ 432,432</u>

#### Contract Balances

The Company has recorded an asset for acquisition costs and recorded a liability for unearned franchise fees associated with a franchisee's signing of the franchise agreement and the Company's acceptance of the performance obligations under the franchise agreement. The account balances and activity are as follows for the year ended December 31, 2024:

#### **Contract acquisition costs:**

Balance, beginning of year, as restated	\$ 347,932
Deferral of franchise acquisition costs	95,250
Recognition of franchise acquisition costs	<u>(87,638)</u>
Balance, end of year	<u>\$ 355,544</u>

#### **Contract liabilities:**

Balance, beginning of year, as restated	\$ 491,100
Deferral of franchise fees	90,000
Recognition of franchise fees on contracts included in the opening balance	(113,700)
Recognition of franchise fees on contracts entered into during the year	<u>(1,125)</u>
Balance, end of year	<u>\$ 466,275</u>

# CLUB SCIKIDZ, LLC

## Notes to Financial Statements - Continued

December 31, 2024

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### Note 3 - Revenue recognition - continued:

#### Estimated Recognition of Contract Acquisition Costs and Contract Liabilities

Estimated contract acquisition costs and franchise fee revenues to be recognized in future periods related to contract liabilities as of December 31, 2024 are as follows:

<u>Year ending December 31:</u>	<u>Contract Acquisition Costs</u>	<u>Contract Liabilities</u>
2025	\$ 96,382	\$ 122,025
2026	85,882	109,875
2027	74,898	96,000
2028	42,490	49,500
2029	9,725	16,500
Thereafter	<u>46,167</u>	<u>72,375</u>
	<u>\$ 355,544</u>	<u>\$ 466,275</u>

### Note 4 - Franchises:

Changes in the number of franchise units for the year ended December 31, 2024, are as follows:

Units in operation, beginning of year	17
Units opened	3
Units terminated or closed	<u>0</u>
Units in operation, end of year	<u>20</u>
Franchised units	19
Affiliate-owned units	1



# CLUB SCIKIDZ, LLC

## *Notes to Financial Statements - Continued*

***December 31, 2024***

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Note 5 - Transactions with related parties:

At December 31, 2024, the Company has a balance due from a related party of \$1,996 related to cash advances for operating needs. The amounts are due from a related party through common ownership.

At December 31, 2024, the Company has a balance due from a related party of \$586,271 related to cash advances for operational needs. The amounts are due from a related party through common ownership.

Note 6 - Concentration of credit risk:

The Company's franchises operate primarily in the United States. This geographic concentration of customers creates a concentration of credit risk with respect to receivables. Historically, the Company has not experienced significant losses related to receivables from individual franchisees.

The Company maintains its cash in bank deposits, which at times may exceed federally-insured limits. The Company has not experienced any losses in such accounts.

**EXHIBIT F  
TO THE  
FRANCHISE DISCLOSURE DOCUMENT**

**Operations Manual  
Table of Contents for System Operations Manual**

Section	Topic	Pages
I	Introduction	5
II	Pre-Opening Requirements	22
III	Territory and Site Selection	3
IV	Characteristics of the Day Camper	3
V	Marketing and Advertising	12
VI	Online Registration	60
VII	Getting Organized	2
VIII	Program Design	24
IX	Personnel Organization	16
X	Personnel Recruitment	15
XI	Staff Orientation and Training	30
XII	Staff Orientation and Performance Appraisal	24
XIII	Risk Management	10
XIV	General Daily Business Operational Policies	32
XV	Business and Finance	18
XVI	Procedures for Handling Inventory	14
XVII	Conclusion	1
XVIII	Appendix	28
	Total Pages	319

**EXHIBIT G  
TO THE  
FRANCHISE DISCLOSURE DOCUMENT  
LIST OF CURRENT AND FORMER FRANCHISEES**

**Current Franchisees**

Names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets:

**CALIFORNIA**

Club SciKidz Orange County/South Bay  
Sumukh Ray  
3821 Gaviota Ave  
Long Beach CA 90807  
818-216-4042  
sumukh@clubscikidz.com

Club SciKidz Los Angeles  
Amit Lamba  
17239 Summer Maple Way  
Santa Clarita CA 91387  
310-467-1171  
amit@clubscikidz.com

Club SciKidz Silicon Valley  
Sourov Ghosh and Tuli De  
280 Keeler Ct.  
San Jose, CA 95139  
669-269-4642  
sourov@clubscikidz.com  
tuli@clubscikidz.com

**CONNECTICUT**

Club SciKidz Hartford  
Kavita Nigam  
19 Cold Spring Rd  
Avon CT, 06001  
860-978-3665  
kavita@clubscikidz.com

**FLORIDA**

Club SciKidz Treasure Coast  
Anthony and Lynn Mancini  
2249 Cree Rd  
Port Saint Lucie FL 34953

772-240-6678  
lynn@clubscikidz.com  
anthony@clubscikidz.com

## **KANSAS**

Club SciKidz Kansas City.  
Deepshikha Neog  
3453 W. Ter  
Leawood KS 66224  
913-475-3121  
deepshikha@clubscikidz.com

## **MARYLAND**

Club SciKidz Chesapeake  
Andrea Gibble  
7792 Cox Point Ct.  
Stoney Beach, MD. 21226  
267-250-0172  
andrea.clubscikidz@gmail.com

Matt Bogusz  
6209 Knolls Ct  
Elkridge, MD. 21075  
908-892-6123  
matt@clubscikidzmd.com

## **NEW JERSEY**

Club SciKidz North Central NJ  
Kai Huang  
9 Celtic Way  
Parsippany NJ 07054  
973-220-1346  
kai@clubscikidz.com

## **NORTH CAROLINA**

Club SciKidz Charlotte South  
Kanan Naik  
1054 Albany Park Drive  
Fort Mill, South Carolina 29715  
919-454-8661  
kanan@clubscikidz.com

Club SciKidz Charlotte North  
Jacki Fox  
330 S San Agustin Dr.  
Mooresville, NC. 28117

Club SciKidz FDD 2025 (Generic)

704-763-8813  
jacki@clubscikidz.com

## **OHIO**

Club SciKidz Columbus  
Girish Pillai and Priya Rajan  
1591 Geranium Dr.  
Lewis Center OH. 43035  
540-250-0716  
girsih@clubscikidz.com  
priya@clubscikidz.com

## **TEXAS**

Club SciKidz Austin  
Kelvin Demps  
9015 Cattle Baron Unit 201  
Austin, TX. 78747  
229-444-3231  
kelvin@clubscikidz.com

Club SciKidz Houston  
Dhana Boddepalli  
27120 Fulshear Bend Dr. Suite#900-60  
Fulshear, TX 77441  
346-667-6564  
dhana@clubscikidz.com

Club SciKidz Dallas  
Sarah McMullin  
7801 Alma Dr. Ste 105-324  
Plano, TX 75025  
214-530-5979  
sarah@clubscikidzdallas.com

## **VIRGINIA**

Club SciKidz Richmond and Club SciKidz NOVA (North Virginia)  
Abhi Rathi  
1885 Grey Oaks Park Lane.  
Glenn Allen, VA 23059  
412-708-5903  
abhi@clubscikidz.com

## **WISCONSIN**

Club SciKidz Greater Milwaukee  
Tanzania Sewell  
17145 JW Bluemound Rd

Club SciKidz FDD 2025 (Generic)

Brookfield WI 53005  
262-344-1295  
tanzania@clubscikidz.com

### **Former Franchisees**

Name, city and state, and current business telephone number, or if unknown, the last known home telephone number 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 have not communicated with us within 10 weeks of the disclosure document issuance date:

TX – Fort Worth	Aaron & Jess Alaniz	1201 Colby Court Irving, TX 75060	817-674-7443
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**EXHIBIT H  
TO THE  
FRANCHISE DISCLOSURE DOCUMENT**

**STATE SPECIFIC DISCLOSURE SUPPLEMENTS AND FRANCHISE AGREEMENT  
ADDENDA**

**STATE ADDENDA**

Following this page are Disclosure Supplements and/or Addenda to the Franchise Agreement for the following states:

1. Arkansas
2. California
3. Connecticut
4. Hawaii
5. Illinois
6. Indiana
7. Iowa
8. Louisiana
9. Maryland
10. Minnesota
11. Missouri
12. Nebraska
13. New Jersey
14. New York
15. North Carolina
16. North Dakota
17. Rhode Island
18. South Carolina
19. South Dakota
20. Virginia
21. Washington
22. Wisconsin

You must sign the signature page for this exhibit if:

- (1) you are an individual resident of any of these states; or
- (2) you are an entity formed in any of these states; or
- (3) you are an entity with your principal place of business in any of these states; or
- (4) your Territory will be in any of these states.

If none of these conditions applies, then this exhibit is not applicable to you.

## ARKANSAS

Notwithstanding anything to the contrary set forth in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Arkansas:

1. Any provision of the Agreement that would require you, at the time you enter into the Agreement, to assent to a release, assignment, novation, waiver or estoppel which would relieve any person from liability imposed by the Arkansas Franchise Practices Act is void to the extent that the provision violates applicable law.

## CALIFORNIA

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

ALL THE OWNERS OF THE FRANCHISE WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE MARITAL ASSETS OF THE SPOUSES DOMICILED IN COMMUNITY PROPERTY STATES – ARIZONA, CALIFORNIA, IDAHO, LOUISIANA, NEVADA, NEW MEXICO, TEXAS, WASHINGTON AND WISCONSIN AT RISK IF YOUR FRANCHISE FAILS.

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

- a. Neither Franchisor nor any person or franchise broker in Item 2 of this disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.
- b. California Business and Professions Code 20000 through 20043 provide rights to Franchisee concerning termination or nonrenewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.
- c. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law. (11 U.S.C.A. Sec. 101 et seq.).
- d. The franchise agreement contains a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
- e. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.



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

g. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

h. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 Through 31516). Business and Professions Code Section 20010 Voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

j. Our website has not been reviewed or approved by the California Department of Financial Protection & Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection & Innovation at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

k. 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.

l. With respect to Item 19 of this disclosure document:

**The financial performance representation figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Club SciKidz business. Franchisees or former franchisees, listed in the disclosure document, may be one source of this information.**

m. Any interest rate charged to a California franchisee shall comply with the California Constitution. The interest rate shall not exceed either (a) 10% annually or (b) 5% annually plus the prevailing interest rate charged to banks by the Federal Reserve Bank of San Francisco, whichever is higher.

n. Item 5 and Item 7 are amended to include the following:

The Department of Financial Protection and Innovation requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business. For any development agreement, the payment of the development and initial fee attributable to a specific unit is deferred until that unit is open.

**CALIFORNA RIDER TO FRANCHISE AGREEMENT [if applicable: AND AREA DEVELOPMENT AGREEMENT]**

This Rider amends the Franchise Agreement [if applicable: and Area Development Agreement] dated \_\_\_\_\_ dated \_\_\_\_\_ (the “Agreement”), between Club SciKidz LLC, a Georgia limited liability company (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Fee Deferral.** The Department of Financial Protection and Innovation requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business. For any development agreement, the payment of the development and initial fee attributable to a specific unit is deferred until that unit is open.

**3. Choice of Law.** For franchisees operating outlets located in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.

**4. Non-Compete.** The Agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

CLUB SCIKIDZ LLC

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## CONNECTICUT

Notwithstanding anything to the contrary set forth in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Connecticut:

1. The following provision will be added to the Agreement Agent for Service of Process. Our agent in Connecticut authorized to receive service of process is Connecticut Banking Commissioner, 260 Constitution Plaza, Hartford, Connecticut 06103-1800.
2. Under the Agreement, we will lend you one copy of the Manual within 15 days after we sign the Agreement. We are not required to deliver any other items, equipment, supplies or operational guidelines to you prior to your beginning operation of your Development Business.

## HAWAII

Notwithstanding anything to the contrary set forth in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Hawaii:

1. Any provision of the Agreement that requires you, at the time you enter into the Agreement, to assent to a release, assignment, novation, or waiver which would relieve any person from liability imposed by Hawaii Franchise Investment Law is deleted from the Agreement.

## ILLINOIS

Notwithstanding anything to the contrary set forth in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Illinois:

1. Illinois law governs the agreements between the parties to this franchise.
2. Section 4 of the Illinois Franchise Disclosure Act of 1987, as amended (the “Act”) provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.
3. Section 5 and Section 7 are amended to include the following:

Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations, and Franchisee has commenced doing business. The Illinois Attorney General’s Office imposed this deferral requirement due to the Franchisor’s financial condition.
4. Section 41 of the Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Act or any other law of Illinois is void.
5. Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Act.
6. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any

statement made by any franchisor, franchise seller or other person acting on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## ILLINOIS RIDER TO FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT

This Rider amends the Franchise Agreement and/or the Area Development Agreement dated \_\_\_\_\_ (the “Agreement”), between CLUB SCIKIDZ, LLC, a Georgia limited liability company (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

1. **Governing Law and Jurisdiction.** Illinois law governs the Agreement. The parties irrevocably submit to the jurisdiction and venue of the federal and state courts in Illinois, except for matters which the Agreement provides will be resolved by arbitration.
2. **Limitation of Claims.** No action can be maintained to enforce any liability created by the Illinois Act unless brought before the expiration of 3 years from the act or transaction constituting the violation upon which it is based, the expiration of 1 year after Franchisee become aware of facts or circumstances reasonably indicating that Franchisee may have a claim for relief in respect to conduct governed by the Illinois Act, or 90 days after delivery to the Franchisee of a written notice disclosing the violation, whichever shall first expire.
3. **Waivers Void.** Notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.
4. Your rights upon Termination and Non-Renewal of an agreement are set forth in section 19 and 20 of the Illinois Franchise Disclosure Act.
5. **Fee Deferral.** Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations, and Franchisee has commenced doing business. The Illinois Attorney General’s Office imposed this deferral requirement due to the Franchisor’s financial condition.
6. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

*(Signature page follows)*

FRANCHISOR:

CLUB SCIKIDZ, LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## INDIANA

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

1. The laws of the State of Indiana supersede any provisions of the Franchise Disclosure Document, the Agreement, or State of Incorporation law, if these provisions are in conflict with Indiana law.
2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as including any material breach of the Agreement, will supersede the provisions of the Agreement to the extent it may be inconsistent with this prohibition.
3. Any provision in the Agreement which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that the provision violates this law.
4. The Agreement will be modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).
5. The following provision will be added to the Agreement:

No Limitation on Litigation. Notwithstanding the foregoing provisions of any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any the contractual provision violates the Indiana Deceptive Franchise Practices Law.

## IOWA

Notwithstanding anything to the contrary set forth in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Iowa:

1. Any provision in the Agreement which would result in your waiver of any rights under Iowa Business Opportunity Promotions Law before or at the time of signing the Agreement is void to the extent that the provision violates this law.

## LOUISIANA

Notwithstanding anything to the contrary set forth in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Louisiana:

1. Any condition, stipulation or provision in the Agreement which would result in your waiver of any rights established by Louisiana law is void to the extent that the condition, stipulation or provision violates this law.

## MARYLAND

Notwithstanding anything to the contrary set forth in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Maryland:

1. Any provision in the Agreement that would require you, as part of the Agreement or as a condition of the sale, renewal or assignment of the franchise, to assent to a release which would relieve any person from liability imposed under the provisions of the Maryland Franchise Law is void to the extent that the provision violates this law.

2. Any provision in the Agreement which operates to waive your right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland is void to the extent that the provision violates this law. Claims arising under the Maryland Franchise Law may be brought in any court of competent jurisdiction in Maryland.

## MINNESOTA

Notwithstanding anything to the contrary set forth in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Minnesota:

1. Any provision in the Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that the contractual provision violates this law.

2. Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Any provision in the Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any Agreement relating to franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Agreement relating to exclusive mediation.

3. The following language will appear in the Agreement:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, this Agreement will not in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C.

4. With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Agreement.

5. We will protect your rights under this Agreement to use the Marks, or indemnify you from any loss, costs or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Agreement and the System standards.

## MISSOURI

Notwithstanding anything to the contrary set forth in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Missouri:

1. Termination provisions contained in the Agreement will afford you 90 days written notice in advance of any termination, except that 90 days' notice is not required for termination as a result of your



criminal misconduct, fraud, abandonment, bankruptcy, insolvency, or giving a "no account" or "insufficient funds" check to us.

## NEBRASKA

Notwithstanding anything to the contrary set forth in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Nebraska:

1. No release language set forth in the Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Nebraska.
2. No language set forth in the Agreement will operate to restrict the sale of any equity or debenture issue or the transfer of any securities of any franchise or in any way prevent or attempt to prevent the transfer, sale or issuance of shares of stock or debentures to employees, personnel of Franchisee, or heirs of the principal owner, so long as basic financial requirements of Franchisor are complied with and any sale, transfer or issuance does not have the effect of accomplishing a sale of the franchise.

## NEW JERSEY

Notwithstanding anything to the contrary set forth in the Agreement, the following provisions will supersede and apply to all franchises subject to the New Jersey Franchise Practices Act:

1. No release language set forth in the Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of New Jersey.
2. No language set forth in the Agreement will operate to restrict the sale of any equity or debenture issue or the transfer of any securities of a franchise or in any way prevent or attempt to prevent the transfer, sale or issuance of shares of stock or debentures to employees, personnel of the franchise, or heir of the principal owner, so long as basic financial requirements of Franchisor are complied with and any sale, transfer or issuance does not have the effect of accomplishing a sale of the franchise.
3. Any term or condition which may directly or indirectly violate the New Jersey Franchise Practices Act is deleted from the Agreement.

## NEW YORK

In the State of New York only, this Disclosure Document is amended as follows:

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

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A 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 ST. 21<sup>ST</sup> FLOOR, NEW YORK, NY 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER,**

**THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added to the page titled “Special Risks to Consider About This Franchise”:

**2. Minimum Sales Performance Levels.** 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.

**3. Financial Condition.** The franchisor’s financial condition, as reflected in its financial statements (see Item 21) calls into question the franchisor’s financial ability to provide services and support to you.

3. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor’s principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (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 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

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

5. The following is added to the end of the “Summary” sections of Item 17(c), titled “Requirements for franchisee to renew or extend,” and Item 17(m), entitled “Conditions for franchisor approval of transfer”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), titled “Assignment of contract by franchisor”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

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

## NEW YORK RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between Club SciKidz LLC, a Georgia limited liability company (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.
- 2. Waivers Not Required.** Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve Franchisor or any other person from any duty or liability imposed by New York General Business Law, Article 33 (the “New York Franchise Law”).
- 3. Waivers of New York Law Deleted.** Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by Franchisor with any provision of the New York Franchise Law, or any rule promulgated thereunder, is hereby deleted
- 4. Governing Law.** Notwithstanding any provision of the Agreement to the contrary, the New York Franchise Law shall govern any claim arising under that law.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

CLUB SCIKIDZ LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## NORTH CAROLINA

Notwithstanding anything to the contrary set forth in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of North Carolina:

1. Agent for Service of Process. Our agent in the state of North Carolina authorized to receive service of process is the North Carolina Secretary of State, 2 South Salisbury Street, Old Revenue Complex, Raleigh, North Carolina 27601.

## NORTH DAKOTA

Notwithstanding anything to the contrary set forth in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of North Dakota:

1. Covenants not to compete upon termination or expiration of the Agreement are subject to Section 9-08-06, N.D.C.C., and may be generally unenforceable in the State of North Dakota.
2. To the extent the Agreement would otherwise violate North Dakota law, these sections are amended by providing that all litigation by or between you and us, involving a Development Business operating in the State of North Dakota, will be commenced and maintained, at our election, in the state courts of North Dakota or the United States District Court for North Dakota, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements.
3. North Dakota law applies to this transaction and supersedes any conflicting provisions of the Agreement or State of Incorporation law.

## RHODE ISLAND

Notwithstanding anything to the contrary set forth in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Rhode Island:

1. To the extent the Agreement would otherwise violate Rhode Island law, these sections are amended by providing that all litigation by or between you and us, involving a Development Business operating in the State of Rhode Island, will be commenced and maintained, at our election, in the state courts of Rhode Island or the United States District Court for Rhode Island, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements.

## SOUTH CAROLINA

Notwithstanding anything to the contrary set forth in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of South Carolina:

1. Agent for Service of Process. Our agent in South Carolina authorized to receive service of process is the South Carolina Secretary of State, 1205 Pendleton Street, Suite 525, Columbia, SC 29201.

## SOUTH DAKOTA

Notwithstanding anything to the contrary set forth in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of South Dakota:

1. Covenants not to compete upon termination or expiration of the Agreement are generally unenforceable in the State of South Dakota, except in certain instances as provided by law.
2. Franchise registration, employment, covenants not to compete and other matters of local concern will be governed by the laws of the State of South Dakota. As to contractual and all other matters, the Agreement will be and remain subject to the construction, enforcement and interpretation of the laws of the State of State of Incorporation.
3. To the extent that the Agreement would otherwise violate South Dakota law, these sections are amended by providing that all litigation by or between you and us, involving a Development Business operating in the State of South Dakota, will be commenced and maintained, at our election, in the state courts of South Dakota or the United States District Court for South Dakota, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements.
4. Termination provisions covering breach of the Agreement, failure to meet performance and quality standards, and failure to make payments contained in the Agreement will afford you 30 days written notice with an opportunity to cure said default prior to termination.
5. REGISTRATION OF THIS FRANCHISE DOES NOT CONSTITUTE APPROVAL OR RECOMMENDATION OF THE FRANCHISE BY THE DIRECTOR.
6. To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Agreement or exhibits or attachments thereto, the terms of this Addendum will govern.

## VIRGINIA

In the Commonwealth of Virginia only, this Disclosure Document is amended as follows:

The following statement is added to Item 5:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

The following statements are added to Item 17.h;

Under 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 terminated stated in the franchise agreement and the development 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.

**Minimum Performance Levels.** You must maintain minimum 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.

## WASHINGTON

Notwithstanding anything to the contrary set forth in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Washington.

1. The State of Washington has a statute, RCW 19.100.180, which may supersede the Development Agreement in your relationship with Franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Development Agreement in your relationship with Franchisor including the areas of termination and renewal of your franchise.
2. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
3. A release or waiver of rights signed by a franchisee will not include rights under the Washington Franchise Investment Protection Act except when signed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as the right to a jury trial may not be enforceable.
4. Transfer fees are collectable to the extent they reflect Franchisor's reasonable estimated or actual cost in effecting a transfer.

## WISCONSIN

Notwithstanding anything to the contrary set forth in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Wisconsin:

1. The Wisconsin Fair Dealership Law, Chapter 135, Stats. supersedes any provisions of the Agreement that are inconsistent with that law.

**IN WITNESS WHEREOF**, the parties hereto have duly signed this document as of the Effective Date of the Franchise Agreement between the parties.

\_\_\_\_\_  
Franchise Applicant:

\_\_\_\_\_  
Date:

## VIRGINIA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between CLUB SCIKIDZ, LLC, a Georgia limited liability company (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Fee Deferral.** The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

Agreed to by:

FRANCHISOR:

CLUB SCIKIDZ, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



## VIRGINIA RIDER TO AREA DEVELOPMENT AGREEMENT

This Rider amends the Area Development Agreement dated \_\_\_\_\_ (the “Agreement”), between CLUB SCIKIDZ, LLC, a Georgia limited liability company (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Fee Deferral.** The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the development fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the development agreement.

Agreed to by:

FRANCHISOR:

CLUB SCIKIDZ, LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT I  
TO THE  
FRANCHISE DISCLOSURE DOCUMENT**

**Form of Nondisclosure and Noncompetition Agreement  
(Attached)**

## NONDISCLOSURE AND NONCOMPETITION AGREEMENT

This Agreement is dated [DATE]. The parties are [NAME OF FRANCHISEE] (referred to as “we”, “us”, and “our”), located at [ADDRESS], and [NAME OF EMPLOYEE OR INDEPENDENT CONTRACTOR] (referred to as “you” and “your”). You are signing this Agreement in consideration of, and as a condition to, your association with us and the compensation, dividends, or other payments and benefits you will receive from us.

### BACKGROUND

We are a franchisee of Club SciKidz LLC (“Club SciKidz”) under a Club SciKidz LLC Franchise Agreement dated [DATE] (the “Franchise Agreement”). We have a license to use the certain trademarks designated by CLUB SCIKIDZ (the “Marks”), certain policies and procedures used in CLUB SCIKIDZ businesses (the “System”), and the Confidential Information developed and owned by Club SciKidz in our Club SciKidz Program Facility (the “Program Facility”). Club SciKidz recognizes that, in order for us to effectively operate our business, our employees and independent contractors whom we retain must have access to certain confidential information and trade secrets owned by Club SciKidz. Disclosure of this confidential information and trade secrets to unauthorized persons, or its use for any purpose other than the operation of our business, would harm Club SciKidz, other franchise owners, and us. Accordingly, Club SciKidz requires us to have you to sign this Agreement.

### AGREEMENT

1. **Confidential Information.** As used in this Agreement, “Confidential Information” means all manuals, trade secrets, know-how, methods, training materials, information, management procedures, and marketing and pricing techniques relating to the Program Facility, the CLUB SCIKIDZ System, or CLUB SCIKIDZ’s business. In addition, Confidential Information includes all marketing plans, advertising plans, business plans, financial information, member information, employee information, independent contractor information and other confidential information of Club SciKidz, Club SciKidz’s affiliates, or us (collectively, the “Interested Parties”) that you obtain during your association with us.

2. **Nondisclosure.** You agree not to use or disclose, or permit anyone else to use or disclose, any Confidential Information to anyone outside of our organization (other than the Interested Parties) and not to use any Confidential Information for any purpose except to carry out your duties as our employee or as an independent contractor to us. You also agree not to claim any ownership in or rights to Confidential Information and not to challenge or contest our, Club SciKidz’s, or Club SciKidz’s affiliates’ ownership of it. These obligations apply both during and after your association with us.

3. **Return of Confidential Information.** If your association with us ends for any reason, you must return to us all records described in Paragraph 1, all other Confidential Information, and any authorized or unauthorized copies of Confidential Information that you may have in your possession or control. You may not retain any Confidential Information after your association with us ends.

4. **Noncompete During Association.** You may not, during your association with us, without our prior written consent:

- (a) Own, manage, engage in, be employed by, advise, make loans to, or have any other interest in any business that offers educational science programs at any location in the United States (a “Competitive Business”);

(b) Divert or attempt to divert any business or customer or potential business or customer of the Program Facility to any Competitive Business, by direct or indirect inducement or otherwise;

(c) Perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System;

(d) Directly or indirectly solicit for employment any person who at any time within the immediate past 12 months has been employed by (i) us, (ii) Club SciKidz, (iii) our or Club SciKidz's affiliates, or (iv) any Club SciKidz franchisees.

5. **Noncompete After Association Ends.** For two years after your association with us ends for any reason, you may not, without our prior written consent:

(a) Directly or indirectly own, manage, engage in, be employed by, advise, make loans to, or have any other interest in any Competitive Business that is (or is intended to be) located within a five-mile radius of any point within the Designated Territory described in your Franchise Agreement; or

(b) Directly or indirectly solicit for employment any person who at any time within the immediate past 12 months has been employed by (i) us, (ii) Club SciKidz, (iii) our or Club SciKidz's affiliates, or (iv) any Club SciKidz franchisees.

6. **Remedies.** If you breach or threaten to breach this Agreement, you agree that we will be entitled to injunctive relief (without posting bond) as well as a suit for damages.

7. **Severability.** If any part of this Agreement is declared invalid for any reason, the invalidity will not affect the remaining provisions of this Agreement. If a court finds any provision of this Agreement to be unreasonable or unenforceable as written, you agree that the court can modify the provision to make it enforceable and that you will abide by the provision as modified.

8. **Independent Agreement.** The Agreement is independent of any other obligations between you and us. This means that it is enforceable even if you claim that we breached any other agreement, understanding, commitment or promise.

9. **Third Party Right of Enforcement.** You are signing this Agreement not only for our benefit, but also for the benefit of Club SciKidz and Club SciKidz's affiliates. Club SciKidz, Club SciKidz's affiliates, and we have the right to enforce this Agreement directly against you.

10. **Not An Employment Agreement.** This is not an employment agreement. Nothing in this Agreement creates or should be taken as evidence of an agreement or understanding by us, express or implied, to continue your association with us for any specified period.

11. **Modifications and Waiver.** Your obligations under this Agreement cannot be waived or modified except in writing.

12. **Governing Law.** The laws of the state in which our principal office is located govern this Agreement.

13. **Attorney's Fees.** If we have to take legal action to enforce this Agreement, we will be entitled to recover from you all of our costs, including reasonable attorney's fees, to the extent that we prevail on the merits.

14. **Representation.** You certify that you have read and fully understood this Agreement, and that you entered into it willingly.

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WITNESS

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EMPLOYEE or  
INDEPENDENT CONTRACTOR

## STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	
Illinois	
New York	
Virginia	
Wisconsin	

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

## RECEIPT

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

If Club SciKidz LLC offers you a franchise, it must provide this disclosure document to you 14 days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If Club SciKidz 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 any applicable state agency (which are listed in Exhibit A).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Bob Hagan	848 Waterford Estates Manor, Canton, GA 30115	678-294-9504
Sue Hagan	848 Waterford Estates Manor, Canton, GA 30115	678-294-9504
David Deutsch	1018 Shady Falls Rd., Blue Ridge, GA 30513	770-894-3029

Issuance Date: March 28, 2025

I received a disclosure document dated March 28, 2025, that included the following Exhibits:

- A. State Agencies – Agents for Service of Process
- B. Franchise Agreement
- C. Payment and Performance Guarantee
- D. Area Development Agreement
- E. Financial Statements
- F. Operations Manual Table of Contents
- G. List of Current and Former Franchisees
- H. State Specific Disclosure Supplements and Franchise Agreement Addenda
- I. Form of Nondisclosure and Noncompetition Agreement

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

## RECEIPT

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Date

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\_\_\_\_\_  
Printed Name