

FRANCHISE DISCLOSURE DOCUMENT

DivaDance Company
a Texas Corporation
3823 Airport Blvd, Ste D
Austin, TX 78722
(254) 307-2781
www.divadancecompany.com



The franchise offered is for the operation of a DivaDance outlet, referred to as DivaDance. The franchise will conduct dance classes for adults of all ages, but primarily for women 20-45 years of age. DivaDance offers a series of hip-hop dance classes that provide a fun, full-body cardio workout for dancers with all levels of experience.

The total investment necessary to begin operation of a DivaDance Franchise is between \$54,400 and \$75,100. This includes \$43,100 to \$50,100 that must be paid to the franchisor. Should you opt into leasing a brick and mortar (dedicated studio), the total investment range increases to \$85,900 to \$142,100, including the amount mentioned previously which must be paid to the franchisor.

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 DivaDance Headquarters at (254) 307-2781 or HQ@divadancecompany.com.

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 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.

DATE OF ISSUANCE: April 29, 2024

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Attachment C.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only DivaDance business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a DivaDance franchisee?	Item 20 or Attachment C lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits and Attachments 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 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 Attachment 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 mediation, arbitration and/or litigation only in Texas. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Texas than in your own state.
2. **Initial Investment.** The franchisee will be required to make an estimated initial investment ranging from \$54,400 to \$75,100. This amount exceeds the franchisor's stockholders' equity as of December 31, 2023, which is (\$433,204).
3. **Mandatory Minimum Payments.** You are required to pay a royalty fee beginning the month after you begin sales. Royalty fees are based on the preceding month's net revenue according to the normal monthly royalty schedule.

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.

Table of Contents

Item 1	The Franchisor and any Parents, Predecessors and Affiliates	7
Item 2	Business Experience	8
Item 3	Litigation	9
Item 4	Bankruptcy	9
Item 5	Initial Fees	9
Item 6	Other Fees	10
Item 7	Estimated Initial Investment	15
Item 8	Restrictions on Sources of Products and Services	18
Item 9	Franchisee's Obligations	20
Item 10	Financing	21
Item 11	Franchisor's Assistance, Advertising, Computer Systems, and Training	21
Item 12	Territory	27
Item 13	Trademarks	28
Item 14	Patents, Copyrights and Proprietary Information	29
Item 15	Obligation to Participate in the Actual Operation of the Franchise Business	29
Item 16	Restrictions on What the Franchisee May Sell	30
Item 17	Renewal, Termination, Transfer and Dispute Resolution	31
Item 18	Public Figures	34
Item 19	Financial Performance Representations	34
Item 20	Outlets and Franchisee Information	36
Item 21	Financial Statements	39
Item 22	Contracts	39
Item 23	Receipts	39

Exhibits

A	Financial Statement as of 12/31/2023, 2022 and 2021	40
B	Franchise Agreement Together with Exhibits:	58
	B-1 Business Start-up Package	79
	B-2 Sample Promissory Note	80
	B-3 Sample Transfer Agreement	83
	B-4 Confidentiality Agreement	85
	B-5 Sample Standard Lease Rider	91
	B-6 State of New York Addendum to the Franchise Agreement	94
C	Operations Manual Table of Contents	95
D	State Administrators	96
E	Agents for Service of Process	97
F	Current and Former Franchisees	98
G	New York State Addendum to the UFDD	104

Item 1: The Franchisor and any Parents, Predecessors and Affiliates

To simplify the language of this disclosure document, “DivaDance” means DivaDance Company, the “Franchisor”, “Company” “HQ” and may also be referred to as “we”, “us” or “our”. “You” means the person who buys the Franchise. If You are a corporation or partnership, “You” includes the owners of the Franchise.

Parents, Predecessors, and Affiliates

DivaDance was incorporated in the State of Texas on November 4, 2015. We began operations in New York (January 1, 2016) and Texas (March 1, 2016) with company-owned outlets. We have not previously operated. Our principal business office is located at 3823 Airport Blvd, Ste D, Austin TX 78722. Its fiscal year ends December 31st. The Company has no predecessors. The Company does not have any affiliates. The Company does not have a parent company; however, Jami Stigliano Andosca formed DivaCollective, LLC in New York City during 2003 and operated it part time for eleven years as a sole proprietor. The operation of that company is very similar to DivaDance. DivaCollective, LLC ceased operations on December 31, 2015. Our website is www.divadancecompany.com.

The DivaDance agent for service of process is disclosed in Exhibit E.

We do not do business under any other name. DivaDance began offering franchises during 2017. DivaDance does not offer any other type of franchise in any other line of business.

We currently operate the following company owned outlets:

DivaDance New York City, New York (January 1, 2016)
230 Lexington Ave
New York, NY 10003

DivaDance Austin, Texas (March 1, 2016)
3823 Airport Blvd, Ste D
Austin, TX 78722

DivaDance Washington, D.C. (June 1, 2022)
1323 Connecticut Ave NW
Washington, DC 20036

DivaDance Katy, Texas (June 2023)
18045 West Little York Road, Ste 11
Katy, TX 77449

None of the company owned outlets/affiliates offer franchises.

The Business We Offer:

The mission of DivaDance is to change lives by inspiring confidence and building community. We do this through original dance choreography classes for adults, set to popular music. DivaDance is a fun, full-body cardio class where clients learn movement inspired by hip hop, jazz, and other styles of dance. Classes are typically offered at fitness and dance studios and other event spaces. We also offer private dance party packages and multi-week performance programs that allow our clients to perform in a video shoot, recital or other public performance.

There are not any regulations specific to the industry in which the franchise business operates. However, there are city and state regulations that you need to check which may apply, such as food and beverage regulations, dependent upon your location that would apply to your dance parties and/or special events. The classes are held in studios that are rented by the hour.

Seasonality: Our business is not seasonal. We offer classes and are available for private parties year-round.

Market and Competition: There are several dance training schools which may serve clients with products and services like those offered by you. Competition ranges from large and sophisticated companies to small individual dance studios that offer dance classes for women. Some of these competitors are franchised while others are independent businesses. Most of them operate out of a studio, which is either rented or built to suit the owner. Our competitors focus on technique and dance performance, while DivaDance focuses on improving an individual's self-esteem, building self-confidence, and inspiring them to be their personal best and celebrate life through dance which tends to make the dance experience fun.

Item 2: Business Experience

Jami Stigliano Andosca, Founder and Chief Executive Officer (CEO): Jami founded and created DivaDance in 2015. She was elected President of DivaDance during November 2015; she continues to serve in that capacity as of the issuance date of this Franchise Disclosure Document. Jami owned and operated Iconic Artist Management LLC, 130 E. 63rd Street New York, NY 10065 from September 2013 – January 2022.

Sarah Henn, Chief Operations Officer (COO) & Chief of Staff (COS): Sarah was appointed COO of DivaDance during January 2016 and COS during February 2024. She continues to serve in both capacities as of the issuance date of this Franchise Disclosure Document. She was elected as Assistant Secretary to the DivaDance Company Board of Directors during July 2019. Sarah worked as the Commerce UX Insights Lead for Nike in Portland, OR until March 2019 when she joined DivaDance full time.

Joe Andosca, Chief Innovation Officer (CINO): Joe was elected Vice President & Secretary of DivaDance during November 2015 and continues to serve in that capacity as of the issuance date of this Franchise Disclosure Document. He worked as a Brand Content Consultant and freelance writer until January 2019 when he joined DivaDance Company full time.

Marisa Lacey, Chief Community Officer (CCO): Marisa was appointed CCO of DivaDance during June 2019 and continues to serve in that capacity as of the issuance date of this Franchise Disclosure Document. Marisa previously worked with DivaDance from June 2018 – January 2019 as National Director of Client Experience and as a consultant through Interlaced Experiences from February 2019 to May 2019.

Item 3: Litigation

No litigation is required to be disclosed in this item.

Item 4: Bankruptcy

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

Item 5: Initial Fees

Initial Franchise Fee (“Fee”): You must pay the Franchisor an initial franchise fee of \$36,000 when you sign the Franchise Agreement, which shall be deemed fully earned and nonrefundable in consideration for the assistance and services provided by the Franchisor prior to the start of the business, and for its cost or deferred opportunity to grant such a franchise to any other party. The fee is the same for all Franchisees under this offer.

We offer qualifying staff members of franchisees the chance to earn credit toward the purchase of a franchise through three programs:

- Leadership Grant – awarded to staff serving in a leadership role.
- Tenure Grant – accrued by staff members after 5 years of service.
- Mentorship Program Grant – awarded to staff selected to participate in our Founders’ Mentorship program.

In addition, attendees of our BossBabe Boot Camp event may be offered a franchise fee credit equivalent to all or part of their Boot Camp registration fee.

Awarding of these grants or credits is not a franchise offering and prospects must qualify before being awarded a franchise.

Pre-Launch Sales & Marketing Support for up to 8 weeks is included in the franchise fee. HQ trained contractors are available to help with pre-launch sales and marketing.

Prior to launch two DivaDance representatives, an Executive, Manager, lead certified trainer, etc. will travel to your territory to assist with preview event, sales, etc. You are responsible for reimbursement of the DivaDance representatives’ expenses incurred including air fare, ground transportation, hotel, food, and beverage to travel to your location to assist with pre-opening, preview, and launch events. We estimate these expenses to be approximately \$500 to \$2,000 depending on your location.

Launch Advertising & Marketing: We require you to spend at least \$5000 to \$10,000 on advertising and marketing for lead generation and awareness in your market prior to launch until you have reached the minimum pre-sales lead volume as outlined in the Operations Manual.

DivaDance requires that all instructors be certified by our HQ Training staff prior to being scheduled to teach paying clients. A complete description of this certification program is included in the Operations Manual. Franchisees will be charged a one-time fee per instructor certification, which is currently \$300.

Item 6: Other Fees

OTHER FEES

Type of Fee	Amounts	Due Date	Remarks
Royalties (1)	10% of net monthly revenue (minimum is currently \$450 per month)	15 th Day of each month, on net revenues received during the previous month	Payable to the franchisor via ACH withdrawal based on the royalty report submitted each month.
Technology Operations Fee (2)	Currently ranges from \$250-\$350 per month -	Beginning the month following execution of your franchise agreement and on the 20 th day of each month thereafter.	See details in Operations manual. Including but not limited to: Email and Voice Accounts, SEO, Communication Tools, Website Hosting, Hiring Platform, Project Management Tool. Payable to Franchisor monthly via ACH withdrawal.
Sales & Marketing Platforms (3)	Currently ranges from \$450-\$650 per month	Initial billing when site is created then Auto-billed monthly on the 8 th day of each month thereafter.	Payable to Franchisor monthly via ACH withdrawal.
Paid Advertising (4)	Currently ranges from \$500-\$1,000 per month	As per individual billings	Payable to Franchisor or third- party vendor.
Bookkeeping Software Subscription (5)	Currently ranges from \$30-100/month	Monthly as incurred	Payable to third-party vendor
Instructor Certification (6)	Currently \$300 per Instructor	\$100 (non-refundable deposit) at the time of registration for certification; \$200 balance due at the conclusion of the certification program	Payable to the franchisor.
Marketing & Operations Support Services (Optional) (7)	Currently ranges from \$50 - \$1500	As per individual billings	Payable to Franchisor or contracted third party vendors.
Content Library & Content Creation Support (8)	Currently ranges from \$199 - \$500 Annually	When pre-sales begin and annually thereafter.	See details in Operations Manual. Payable to Franchisor via ACH withdrawal.
Annual Conference Registration/Travel (9)	Currently ranges from \$1500-\$2500	As Incurred	Registration fees payable to Franchisor. You are responsible for your own travel expenses paid to third party vendors such as airlines, ground transportation, hotels, food and beverage.

Type of Fee	Amounts	Due Date	Remarks
Development & Retreat Registration/Travel (10)	Currently ranges from \$149-\$1,200	As incurred	Registration fees payable to Franchisor. You are responsible for your own travel expenses paid to third party vendors such as airlines, ground transportation, hotels, food, and beverage.
Additional Face to Face Training (Optional) (11)	Currently ranges from \$100 to \$1,000	At the time training begins	Additional face-to-face training at your request (Optional) after the initial training, via zoom online meeting or in-person at your location). Fee is paid to Franchisor via ACH withdrawal.
Music License/Subscription Fees (12)	Currently ranges from \$600-\$1,100 Annually	As per individual billings	See details in Operations Manual. Fees paid directly to third party vendors.
Transfer (13)	\$10,000	Prior to the time of transfer	Payable to the franchisor when you sell your franchise.
Resale Fee (Optional) (13)	Currently ranges from \$250 to \$750	Upon full execution of sale/transfer agreements.	Payable to the franchisor when all sale/transfer documents are fully executed.
DivaDance HQ Broker Fee (Optional) (13)	Currently 5% of the sale price of your franchise.	Upon full execution of sale/transfer agreements	Payable to the Designated DivaDance HQ Broker when all sale/transfer documents are fully executed.
Rebranding (Optional) (14)	Currently \$1,500	Upon receipt of invoice	Payable to Franchisor via ACH upon completion of work/receipt of invoice.
Non-compliance charge (15)	Currently Up to \$500 per violation	Due immediately upon notice of violation from Franchisor.	As detailed in the Operations Manual, Payable to Franchisor via ACH.
Other Penalty/Late Fees (16)	Currently Ranges from \$25 per day to \$25-\$100 per occurrence.	As incurred	As detailed in the Operations Manual. Payable to Franchisor via ACH.
City and State Licenses (17)	Currently Approximately \$300 Annually	Prior to Opening	See details in Operations Manual (opening costs) -paid to third party vendors.
Renewal (18)	\$5,000	5 years from the 1st day of the month following execution of the Agreement	Renewable for consecutive five-year terms if there has been no violation of the current Franchise Agreement and all other renewal requirements are met. Renewal fee is paid to the franchisor.

NOTE: All fees are uniformly imposed. All fees that are payable to DivaDance are non- refundable.

(1) **Royalties:** Your royalty fee is based on your net monthly revenues from all sources (enrollment fees, class fees, product sales, etc.) The term “net monthly revenue” or “net sales” as used in this agreement shall be equal to the amount received or receivable from all sales of every kind and nature from the Franchise. “Net sales” or “net monthly revenue” shall not include any amounts of sales tax. Royalty payments begin the month after the business begins sales. The royalty is ten percent (10%) of the previous month’s net revenue or the then-current minimum, current \$450 per month, whichever is greater.

(2) **Technology Operations Fee:** Includes but not limited to Email and Voice Accounts, SEO Communications Tools, Website Hosting, Hiring Platform, and Project Management Tool. Franchisee is required to pay the then-current technology fee which now ranges from \$250 - \$350 per month. You will be billed for this fee beginning the month following execution of your franchise agreement and on the 20th day of each month thereafter.

(3) **Sales & Marketing Platforms:** A suite of online and mobile app-based tools is required for all Franchisees to operate their business. Collectively these platforms provide the ability to:

- Schedule, manage, and promote services.
- Enroll, manage, and collect payments from clients.
- Build and manage marketing campaigns.
- Access business KPI and financial reports

These platforms are selected by the Franchisor and are subject to change. The then-current monthly fee for the Sales & Marketing platforms is paid directly to the Franchisor as a pass-through for negotiated brand-wide pricing. See Operations Manual for additional current details.

(4) **Paid Advertising:** We require that you spend a minimum of \$500 per month after your business is launched. Note, there is a 10% admin fee, i.e., \$500 for monthly ads, \$450 spent on ads and \$50 is an admin fee paid to Franchisor or third-party vendor.

(5) **Bookkeeping Software:** DivaDance requires that you purchase a QuickBooks Online subscription to maintain accurate accounting records and financial reports, which are submitted monthly following the launch of the franchise. The monthly subscription fee currently ranges from \$30-\$100 per month.

(6) **Instructor Certification:** DivaDance requires that all instructors be certified by our HQ Staff prior to being scheduled to teach paying clients. A complete description of this certification program is included in the Operations Manual. Franchisees will be charged a one-time certification fee per instructor which is currently \$300. This will be billed \$100 at the time of registration for the certification program and \$200 at the conclusion. Should the instructor not complete the certification program, the \$100 deposit is non-refundable. Franchisees are required to complete the instructor certification program, at no additional cost, even if they are not teaching classes, to be able to provide effective management and coaching for their instructors. If they choose to teach at any time, Franchisees must complete all assignments, including video submissions, required by the current certification program prior to teaching a class with paid clients.

(7) **Marketing & Operations Support Services (optional):** Additional support is available, upon request, for marketing and/or operational assistance such as virtual assistance, lead booking, outbound phone calls, marketing asset development, SEO blog articles, etc. Details are outlined in the Franchise Operations Manual, cost ranges from \$50-\$1500, depending on the additional support requested.

(8) **Content Library & Content Creation Support:** The current annual fee ranges from \$199 - \$500 and gives you access to visual content we create for marketing your business including videos, photos, promotional graphics, signage, etc. A robust template library is provided. customized content can be created for an additional fee (See Operations Manual). You will be billed for this fee when pre-sales begin and annually thereafter. In addition to the annual fee, you will be responsible for the cost of future custom marketing content as requested.

(9) Annual Conference Registration/Travel: This is an estimate of your cost to attend the annual brand-wide DivaDance conference for Franchisees, Staff, and Clients hosted at various locations. The registration fee currently ranges from \$849 - \$1,250 and can be paid in one lump sum or in monthly installments. Travel and lodging are not included and are the responsibility of the Franchisee.

(10) Development & Retreat Registration/Travel: This is an estimate of your cost to attend online or in-person development events for DivaDance Staff, and/or Franchisees hosted online or at various regional locations throughout the year. Travel/meals/lodging are the responsibility of the Franchisee.

(11) Additional Face to Face training (Optional): Should you require that a member of the DivaDance HQ staff provide face to face training with your staff via Zoom meeting or in-person at your location, to be determined and scheduled at HQ's discretion, the following fees apply:

- Face to face via online meeting: currently \$100 per hour
- In-person in your market: currently \$300 per day + travel expenses

HQ may hold occasional in-person training, either regionally or in Austin, TX. These may have separate registration fees associated with them. Travel/lodging/meals are the responsibility of the Franchisee.

(12) Music License/Subscription Fees: We require that you are licensed with ASCAP (American Society of Composers, Authors and Publishers). Since music is a vital part of dance classes, it is important that you be protected from any claim of copyright infringement. An ASCAP license authorizes performances of many millions of copyrighted musical works, enrolled and currently ranges from \$125-\$275 per year. You provide ASCAP enrollment numbers annually for each location; the fee is paid directly to ASCAP upon receipt of their invoice. In addition to ASCAP, we require that you be licensed with BMI. They are like ASCAP but cover other song titles that might be used. The cost currently ranges from \$350-675 per year. We also require that you subscribe to Spotify Premium; that fee is currently \$10.99 monthly. These total fees currently range from \$600-\$1,100 annually. The cost is dependent on average weekly enrollments and fees ranges are subject to change.

(13) Transfer: Prior to the transfer of a franchise, you as the transferor or the transferee must pay a \$10,000 transfer fee to DivaDance. There is no fee if you transfer to a family member or to a corporation of which you control.

Resale Fee (Optional): In an effort to assist any DivaDance franchisee with a potential interest in selling one or more of their existing DivaDance franchises, franchisor has developed a guide for resale which is outlined in the Operations Manual. Any franchisee who wishes to sell their franchise to any prospect generated by DivaDance will be required to pay the company a Prospect Finder Fee which is currently \$500. If you opt for DivaDance HQ's legal assistant to create your sale agreement paperwork, the current fee is \$250.

DivaDance HQ Broker Fee (Optional): In the event you elect to sell your DivaDance Franchise(s), Franchise Development Executives of DivaDance ("DivaDance HQ Brokers") are willing to manage your sale for you including finding a buyer, talking to prospects, negotiation, and guiding you through the process. Designated DivaDance HQ Brokers currently charge a 5% commission on the sale price of your franchise. Note that commission payments to your broker are separate from your Transfer Fee, Legal Fee (if you choose to use DivaDance HQ for your paperwork and the Prospect Finder Fee, if applicable).

(14) Rebranding (Optional-after initial launch) – If you opt to change your territory’s operating name and branding including but not limited to new logos, updated graphic templates, website and system-wide update, etc., we will charge a \$1,500 rebranding fee to make these changes. This fee is payable to DivaDance via ACH upon completion of work.

(15) Non-compliance Charge: As detailed in the Operations Manual, we may charge you up to \$500 for each violation of any term or condition of the Franchise Agreement including but not limited to unauthorized classes held outside your protected territory, classes taught by instructors who do not meet our qualifications, unapproved marketing or advertising and unauthorized apparel. All items/apparel with the DivaDance name, logos or designs are required to be approved by DivaDance HQ prior to use of the brand name/design via an online submission and approval process.

(16) Penalty/Late Payment Fees: As detailed in the Operations Manual, Franchisor will charge penalty fees for violations including but not limited to late royalty report submissions, late fee payments, returned ACH payments due to insufficient funds, and late cancellation/no show of a pre-scheduled training or planning meeting with HQ representatives. Any Monthly Royalty Fee or any other fee or payment owing to DivaDance that is more than ten (10) days late shall incur the current late fee of Fifty Dollars (\$50.00), or the maximum allowed by law, whichever is less. Late Royalty Report Fee: Royalty Reports are due no later than the 8th of each month for the preceding month’s activity reflecting net sales for the month. We will give you a 48- hour grace period, but if we receive the report after the 10th, the current \$25 per day late reporting fee will be assessed via ACH debit. This is in addition to royalties due.

(17) City and State Licenses: Requirements for licenses and fees vary by city and state.

(18) Renewal: Franchisee may, at its option, renew the rights under this Agreement for additional consecutive terms of five (5) years each, subject to any or all the following conditions which must, in Franchisor’s discretion, be met prior to and at the time of renewal:

- Franchisee shall give Franchisor written notice of Franchisee's election to renew the Franchise no more than one hundred eighty (180) days and at least ninety (90) days prior to the expiration of the Term.
- Franchisee shall have satisfied all monetary obligations owed by Franchisee to Franchisor under this Agreement.
- Franchisee shall comply with Franchisor’s then-current qualification and training requirements.
- Franchisee shall pass a background and credit report screening in the same manner as required of new franchisees.
- Franchisee shall pay to the Franchisor, at the time of renewal of the Franchise, a \$5,000 renewal fee and reimburse Franchisor for the actual cost of the background and credit report screening.
- Franchisee shall agree to sign the then-current Franchise Agreement including then-current terms and requirements.

REMAINDER OF PAGE LEFT BLANK INTENTIONALLY

Item 7: Estimated Initial Investment

TABLE 1 -YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to Be Made
Initial Franchise Fee (1)	\$36,000	Lump Sum or Finance. See Item 10.	At signing of Franchise Agreement	Franchisor
Launch Advertising & Marketing (2)	\$5,000 - \$10,000	As Incurred	Prior to Launch	Payable to Franchisor via ACH debit
Travel Expenses for Initial Training (3)	\$800 -\$1,200	As Incurred	During Training	Independent Vendors
Travel Reimbursement for Training Field Trip (4)	\$500-\$2,000	Lump Sum	Upon receipt of invoice	Payable to Franchisor via ACH debit
Insurance	\$700 -\$1,300	As Incurred	As Incurred	Insurance Provider
Business Formation Expenses (5)	\$300-\$500	As Incurred	As Incurred	Independent Vendors
Equipment & Systems (6)	\$1,500 -\$2,000	As Incurred	As Incurred	Independent Vendors
Rent (7)	\$2,000 - \$5,000	As Incurred	As Incurred	Independent Vendors
Launch Instructor Certification (8)	\$600-\$900	As Incurred	\$100 (non-refundable deposit) at the time of registration for certification; \$200 balance due at the conclusion of the certification program.	Payable to Franchisor via ACH debit
Initial Promotional Apparel Inventory (9)	\$1000-\$1200	As Incurred	As Incurred	Payable to Franchisor via Apparel Website
Additional Funds (10) (to cover working capital needs for a start- up period of 3-6 months)	\$6,000 –\$15,000	As Incurred	As Incurred	Independent Vendors
TOTALS (11)	\$54,400 -\$75,100			

NOTES: All fees are uniformly imposed.

1. This fee is uniform and non-refundable.
2. Launch Advertising & Marketing: We require you to spend at least \$5,000 up to \$10,000 on advertising and marketing for lead generation and awareness in your market prior to launch until you have reached pre-sales lead volume as outlined in the Operations Manual.
3. This is an estimate of your Travel Expense for the Initial Training Sessions. You are responsible for your own travel expenses paid to third party vendors such as airlines, ground transportation, hotels, food and beverage.
4. This is an estimate of our travel expense to come to your territory to assist with, preview events, sales, etc. You are responsible for reimbursing us for these expenses.
5. Business Formation Expenses: may include fees to form your business entity, i.e. corporation, LLC, acquire your DBA, etc., which are relative to the start-up of your business.
6. Equipment & Systems: computer and printer, studio equipment including sound system (portable wireless speaker or boom box recommended), spotlights, one to two tablets, and a mobile party supply kit (if applicable). You may use your own computer, printer, and tablet if you have them. This will save you approximately \$1500.
7. Rent: You rent space to conduct dance classes at dance studios, community centers, etc. The average rent currently ranges from \$25 to \$75 per class. This is based on our experience from operating company owned DivaDance outlets for the last seven years.
8. Launch Instructor Certification: DivaDance requires that all instructors be certified by our HQ Staff prior to being scheduled to teach paying clients. A complete description of this certification program is included in the Operations Manual. Franchisees will be charged a one-time certification fee per instructor which is currently \$300. This will be billed \$100 at the time of registration for the certification program and \$200 at the conclusion. Should the instructor not complete the certification program, the \$100 deposit is non-refundable.

Franchisees are required to complete the instructor certification program, at no additional cost, even if they are not teaching classes, to be able to provide effective management and coaching for their instructors. If they choose to teach at any time, Franchisees must complete all assignments, including video submissions, required by the current certification program prior to teaching a class with paid clients.
9. DivaDance requires you to purchase promotional apparel (tank tops) for launch sales in addition to branded tops (tanks and/or t-shirts) for staff. These must be purchased from the official DivaDance online store, and the average cost will range from \$1,000-\$1,200.
10. Additional Funds: We recommend that you begin with an initial working capital of approximately \$6,000 to \$15,000 to provide for operating cash and miscellaneous costs during the first three to six months after starting your new business. This may include staff compensation, studio and party supplies, and other working capital needs. We are basing this estimate on our last five years of experience operating company owned DivaDance outlets in New York City and Austin, Texas. Your actual costs will depend upon many factors such as your management skills, experience and business acumen, the local market for our product, etc.
11. This total is an estimate based on our experience of operating company-owned outlets for the last five years.

Brick and Mortar (Dedicated Studio) Concept (Optional): In the event you opt to lease a dedicated studio space the following table outlines the estimated additional costs for the Brick and Mortar (Dedicated Studio) Concept. Please refer to the Operations Manual for specific details.

TABLE 2 – BRICK AND MORTAR (DEDICATED STUDIO) CONCEPT COSTS (OPTIONAL)

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to Be Made
Estimated Initial Investment Less Rent line item	\$52,400 to \$70,100	See Table 1	See Table 1	See Table 1
Deposit and Initial Rent (1)	\$3,000-\$10,000	As Incurred	As Incurred	Independent Vendor
Flooring/Installation (1)	\$6,000-\$15,000	As Incurred	As Incurred	Independent Vendors
Mirrors/Installation (1)	\$2,500-\$4,000	As Incurred	As Incurred	Independent Vendors
Sound, Lights Fans (1)	\$800-\$2,500	As Incurred	As Incurred	Independent Vendors
Signage (1)	\$800-\$5,000	As Incurred	As Incurred	Independent Vendors
Branding/Décor/Furniture (1)	\$1,200-\$2,500	As Incurred	As Incurred	Independent Vendors
Paint and Space Prep (1)	\$1,200-\$3,000	As Incurred	As Incurred	Independent Vendors
Security System (1)	\$250-\$1,000	As Incurred	As Incurred	Independent Vendors
Studio Props (1)	\$750-\$1,000	As Incurred	As Incurred	Independent Vendors
Real Estate Attorney Fees (Lease negotiation + Rider inclusion (2)	\$2,000-\$3,000	As Incurred	As Incurred	Independent Vendors
Other Expenses (1)	\$15,000-\$25,000	As Incurred	As Incurred	Independent Vendors
Brick & Mortar (Dedicated Studio) Concept SUB-TOTAL	\$33,500-\$72,000			
BRICK & MORTAR (DEDICATED STUDIO) CONCEPT TOTAL Including Estimated Initial Investment	\$85,900-\$142,100			

Notes:

1. All brick and mortar vendors, branding, and décor are subject to approval by DivaDance HQ and must follow branding guidelines outlined in the Operations Manual.

2. Franchisor does not assist in finding a dedicated studio space for Franchisees who elect the Brick and Mortar (Dedicated Studio) option. However, we must approve the studio space prior to you executing a lease agreement for a space to conduct DivaDance classes. You must provide DivaDance HQ with a draft/copy of the lease agreement for our review and a video recording walk-through of the entire space, from exterior/parking lot through all interior spaces. In addition, Franchisee is required to execute a Standard Lease Rider, which establishes Franchisor as a third-party beneficiary of the lease agreement. A sample of the Standard Lease Rider is attached as Exhibit B-5.

Item 8: Restrictions on Sources of Products and Services

You are obligated to purchase from the company, its designee, or from suppliers approved by the franchisor or under the company's specifications. You are not required to enter any leases. If you opt to lease a dedicated studio, all brick and mortar vendors, branding, and décor are subject to approval by DivaDance HQ and must follow branding guidelines in the Operations Manual.

You are required to purchase branded apparel, including branded shirts for staff to wear, and supplies, including custom studio fragrance and branded party cups, as well as promotional items, including branded tank tops and buttons to operate your business. You will purchase these branded materials directly from us, and you must use our website to make said purchases. You may not use an individual website to directly sell any DivaDance products or related products to other third parties.

DivaDance is the sole provider of all branded material. You must receive prior written permission if you want to purchase DivaDance branded materials from any other supplier. There are currently no criteria describing how the franchisor grants or revokes approval of alternative suppliers.

We do not have any affiliates that are approved suppliers of products or services for our franchisees. We do not have any suppliers that make payments to us regarding franchise purchases. There are no suppliers in which an officer of the franchisor owns an interest other than the Company itself. There are no purchasing or distribution cooperatives.

You are required to comply with all the Franchisor's standards and specifications relating to the products and services used or sold at the franchise. These standards are listed in our Operations Manual.

We do derive revenue or other material consideration from any required purchases by franchisees. It is estimated that 80% of the franchisee's purchased products are required to be purchased from us. There are no leases. During 2023, this amounted to \$86,951 which is approximately 4.5% of our revenue for the year ending December 31, 2023. Our total revenue for the year ending December 31, 2023, was \$1,944,967.

We do not negotiate purchase arrangements for the benefit of franchisees.

The Franchisor does not provide any material benefits to a franchisee based on the franchisee's purchases of particular products or services or use of designated or approved suppliers or leases from other suppliers by franchisees.

We do not require purchases of any kind from our Franchisees, nor do we require or have any leases with our Franchisees.

You are required to carry the following insurance which can be purchased from a carrier of your choice:

General Liability	Limit
	s:
Each Occurrence	\$ 1,000,000
Damage to Rental Premises (Each occurrence)	\$ 10,000
Medical Expense (any one person)	\$ 5,000
Personal Injury	\$ 10,000
General Aggregate	\$ 2,000,000
Product Liability	\$ 10,000

You are required to submit a Certificate of Insurance to us, naming DivaDance Company as a co-beneficiary, and to inform us of any changes.

REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY

Item 9: Franchisee's Obligations**FRANCHISEE'S OBLIGATIONS**

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

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/ lease	VI, VII	7, 8, 11
b. Pre-Opening purchases/ leases	VI, VII	7, 8, 11
c. Site Development and other pre-opening requirements	VI, VII	7, 8, 11
d. Initial and ongoing training	VII	11
e. Opening	VII	11
f. Fees	III, V, VI, XIV	5,6,7
g. Compliance with standards and policies/ operating manual	VI	11, 15
h. Trademarks and proprietary information	X, XI	13,14
i. Restrictions on products/ services offered	VI	8,16
j. Warranty and customer service requirements	Not Applicable	Not Applicable
k. Territorial development and sales quotas	IV	12
l. Ongoing product/service purchases	VI	16
m. Maintenance, appearance, and remodeling requirements	VI, VII	7, 8, 11
n. Insurance	VI	7
o. Advertising	III, XIII	11
p. Indemnification	None	None
q. Owner's participation / management/ staffing	VI, VIII	15
r. Records/reports	V	6
s. Inspections and audits	None	17
t. Transfer	XIV	6,7,17
u. Renewal	II	6,17
v. Post-termination obligations	XIV, XV	17
w. Non-competition covenants	VIII	17
x. Dispute resolution	XVI	17
y. Other: Royalties	V	6
z. Other: Training	VII	11

Item 10: Financing

SUMMARY OF FINANCING OFFERED

Item Financed	Source of Financing	Down Payment	Amount Financed	Term	Interest Rate	Monthly Payment	Prepay Penalty	Security Required	Liability Upon Default	Loss of Legal Right on Default
Initial Fee	Franchisor	\$20,000	\$16,000	24 mos.	8.5%	\$727.29	None	None	Loss of Franchise	Franchise Agreement Terminated

Note:

Financing is available for the franchisee prospect by DivaDance, dependent upon the availability of funds for such financing, as well as the credit rating of the prospective Franchisee. DivaDance will finance up to \$16,000 with an interest rate of 8.5% APR, with monthly payments up to 24 months. To obtain financing, the prospective Franchisee must complete a financial qualification form provided by DivaDance and, if approved, execute a promissory note in favor of DivaDance. A sample of the Promissory Note is attached as Exhibit B-2.

If you decide to finance your franchise, your interest costs over the 24-month period of the note would be approximately \$1,454.98. The monthly payments would be approximately \$727.29 for 24 months. The note may be prepaid without penalty at any time. If you fail to make payments on the note on time, DivaDance can call the note and demand immediate payment of the full outstanding balance and obtain attorney's fees if a collection action is necessary. You waive your rights to protest under the note.

Except as outlined above, there are no other terms or any other financing arrangements offered directly by DivaDance. We have no past or present practice of selling, assigning or discounting to any other third-party notes, contracts, or other obligations of the Franchise; however, the Company may do so in the future.

DivaDance sells all franchises on a cash basis, except as indicated above.

Item 11: Franchisor's Assistance, Advertising, Computer Systems, and Training

Except as listed below, DivaDance is not required to provide you with any assistance.

Pre-Opening Assistance

Before you begin your business, DivaDance will:

- (1) Designate your territory (Franchise Agreement Section IV, Addendum to the Agreement).
- (2) Build and activate Landing Page required to access the Company's website and SEO program including one blog article.
- (3) Deliver an Operations Manual to you (Franchise Agreement Section VII), and other items listed in Exhibit B-1 to the Franchise Agreement. The Operations Manual is approximately 70 pages; the Table of Contents is included as Exhibit C in this disclosure document.

(4) Share best practices for operating your business and classes. There are no site, location, or premises requirements. Most franchisees set up a space in their homes to act as an office for their business (approximately 100 square feet). The dance classes are conducted in various studios which are rented by the hour. No zoning regulations apply.

(5) Provide initial training during the first 30-60 days which consists of virtual training through online modules, as well as in-person training in Austin, Texas, or a mutually agreed upon location. (See Section VII of the Franchise Agreement). The Franchisee is required to attend and complete the training program to the Franchisor's satisfaction.

(6) Provide pre-launch Sales & Marketing Support by HQ trained contractors for up to 8 weeks of virtual assistance to help with pre-launch sales and marketing.

(7) If Franchisee opts to pursue the Brick and Mortar (Dedicated Studio) Concept, Franchisor will review the video tour of the space provided by Franchisee, the draft of lease agreements, and, upon approval of the space, sign the Standard Lease Rider for the dedicated studio space for Franchisee to conduct DivaDance classes. (See Section VI and Exhibit B5 of the Franchise Agreement).

There are no other pre-opening conditions.

The typical length of time between the signing of the Franchise Agreement, or the first payment of consideration for the franchise and the opening of the franchisee's business is approximately 60-90 days. The franchisee should be able to complete all initial training, establish contracts with organizations to facilitate classes and begin registering participants within this time frame.

Post-Opening Assistance

After you begin your business, DivaDance will provide assistance in the following manner:

Prior to launch, two DivaDance representatives, an Executive, Manager, lead certified trainer, etc. will travel to your territory to assist with preview events, sales, etc. You are responsible for reimbursement of the DivaDance representatives' expenses incurred including air fare, ground transportation, hotel, food, and beverage to travel to your location'. We estimate these expenses to be approximately \$500 to \$2,000 depending on your location.

(1) Send you updated information on training, products, services, motivational articles, announcements, and meetings via mail, email, or conference call.

(2) Hold quarterly video-conference meetings for all Franchise Owners and managers. Also, a system to answer questions and provide current information will be provided by Slack and Asana.

(3) Conduct instructor certification as required. See Section VII of the Franchise Agreement for Franchisor's Obligations.

DivaDance is not obligated to provide any services in the following areas: Hiring of staff; administrative, bookkeeping, accounting, and inventory control procedures.

Advertising

We require you to spend at least \$5,000 up to \$10,000 on advertising and marketing for lead generation and awareness in your market prior to launch until you have reached pre-sales lead volume as outlined in the Operations Manual.

Once you have launched your business, DivaDance requires that you spend a minimum of \$500 per month in paid advertising to continue lead generation and promoting your business. Note, there is a 10% admin fee, i.e., \$500 for monthly ads, \$450 spent on ads and \$50 is an admin fee paid to Franchisor or third-party vendor.

You may use your own advertising material; however, all advertising must be approved by DivaDance.

There is no advertising council composed of franchisees that advises DivaDance on advertising policies.

There is no local or regional advertising cooperative that the franchisee must participate in. There is no advertising fund that the franchisee must participate in.

Website and Internet Presence

We may establish electronic Local Listings and Citations for your business on your behalf, and provide access to make adjustments, as necessary, to customize elements of those web listings. Unless we approve otherwise in writing, you may not establish a separate Website and will only have one website, as we designate and approve, within our website. The term “Website” includes: Internet and World Wide Web home pages, as well as other electronic sites (such as social networking sites like Facebook, TikTok, Twitter, LinkedIn, Pinterest, Yelp, blogs and other applications). You must comply with our requirements regarding selling, advertising, discussing, or disseminating any information, or otherwise have a presence on a Website, regarding the Business. If we approve a separate Website for you (which we are not obligated to do), we will provide you with guidelines for establishing and maintaining such Websites and each of the following provisions will apply: (i) you may neither establish nor use any Website without our prior written approval; (ii) before establishing any Website, you must submit to us, for our prior written approval, a sample of the proposed Website, including its domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including meta-tags), in the form and manner we may require and all such work (except for social networking sites) must be performed by us, our affiliates or approved suppliers (as described in Item 8); (iii) you must not use or modify a Website (except for social networking sites) without our prior written approval; (iv) you must comply with the standards and specifications for Websites that we may periodically prescribe in the Operations Manual or otherwise in writing; (v) if we require, you must establish hyperlinks to our website and other Websites; and (vi) you must not engage in any link building activities unless approved by us.

You may not create, distribute, or operate any smartphone, tablet, computer or other app using any of the Marks or related in any way to the System.

You must participate in any System-wide computer network, intranet system or extranet system that we implement and may be required by us to use such a network to, among other things: (i) submit reports to us; (ii) view and print updates to or portions of the Operations Manual; (iii) download approved local advertising materials; (iv) communicate with us and other System franchisees; and (v) complete franchisee education programs. You agree to use the facilities of any such computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that we include in the Operations Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements.

Computer Requirements

Required Components

You must purchase and use all Technology Systems (as defined in Note 7 in Item 6) that we designate from time to time. One component of our Technology Systems is your “computer system,” which consists of the following items: computer; iPads; credit card processing equipment; printer; scanner; wireless router; networking equipment; sound system; microphone system; and the various business management software covered by the technology fee. We may change the components of the Technology Systems from time to time, including your computer system. Additionally, we recommend that you use an accounting software (QuickBooks) to assist in the management of the Business, which must allow you to prepare and submit financial statements consistent with our required financial statements (as outlined in the Operations Manual). Lastly, you must obtain music subscriptions service (including licensing) to stream music in the Facility. The costs for the accounting software and music subscriptions services are not included in the Technology Fee.

Email Addresses

As part of the Technology Fee, we will provide you with the email addresses for use with your Business. You must exclusively use the email address or addresses that we provide for all communications with us, members, suppliers, and other persons relating to your Business. You may not use any email address that we provide to you for any purpose unrelated to your Business. We will own the email addresses and the account but will allow you to use them during the term of your franchise.

How Computer System Is Used

Your computer system will be used for a variety of purposes. The Sale and Marketing Platforms and Technology Fees paid to us (as defined in Notes 7 and 8 in Item 6) cover the licensing fees associated with the suite of software and subscription services you must license through us (we license these items from third parties and sublicense them to you).

Operating Manual

DivaDance will provide an Operations Manual which will be available for you to review while you are at the orientation session prior to your decision to become a franchisee; however, much of the training is hands on training. The Operations Manual is approximately 70 pages; the Table of Contents is included as Exhibit C in this disclosure document.

REMAINDER OF PAGE LEFT BLANK INTENTIONALLY

The training program of the franchisor as of the franchisor's last fiscal year end or a more recent date includes:

TRAINING PROGRAM

Subject	Hours of Live Training	Hours of Self-Paced Training	Location
Class Experience Immersion*	10		DivaDance Location Near You or at Corporate HQ in Austin, TX
Mindset Training Cohort	10	3	Virtual
Sales, Marketing, and Operations Training	10	15	Virtual
Parties & Programs Business Training		5	Virtual
Instructor Certification Program**		10	Virtual
Financial & Accounting Training	3	2	Virtual
Confidence Camp (Train the Trainer-Sales & Operations)	30		Corporate HQ in Austin, TX

DivaDance initial training is held within 30-60 days of the time you sign your Franchise Agreement unless we mutually agree to conduct the training at a later scheduled time. The training is held as needed at a location designated by us. The fee for the initial training is included in the franchise fee. You must pay the travel expenses including air fare, ground transportation, hotel, food and beverage for you and your staff during initial training. Training is conducted by a combination of HQ Executives, Staff and Franchise Success team members.

Class Experience Immersion*: In addition, you are required to complete in-studio training equivalent to 10 classes, which may include a combination of taking classes, staff-shadowing, hands-on sales and or operations. This may vary depending on incoming prior DivaDance experience and could take place during initial training at HQ and/or at a location within reasonable commuting distance for the Franchisee.

Mindset Training Cohort: In a virtual group with other new franchise owners, you will receive practical leadership and entrepreneur mindset training in a classroom setting.

Sales, Marketing, and Operations Training: Begins with an orientation to DivaDance including our history, mission, and goals. Items included in the business start-up package are introduced including review of the DivaDance Operations Manual. You will be trained in ways to use these items in your business.

Operations' training focuses on familiarizing you with the operations of running your business, including identifying studio partners, obtaining insurance, determining pricing, and hiring best practices. You will also learn how to use the sales & marketing platforms-required to manage your business and communicate with clients and staff.

Sales & Marketing training provides you with ways to introduce DivaDance in your territory and introduces the DivaDance sales presentation. DivaDance will work with you to develop a marketing plan strategy for your area. This begins with initial training and continues during the field training to your territory after you start your business.

Parties & Programs Business Training: Through online self-paced modules you will learn about the full lifecycle of the DivaDance party business. Training will focus on generating leads, negotiating, operations, and client experience.

Programs Business Training - in a virtual group with other franchise owners, you will receive training on planning, marketing, and launching your first performance program.

Instructor Certification Program: DivaDance requires that all instructors be certified by our headquarters ("HQ") staff prior to being scheduled to teach paying clients. A complete description of this certification process is included in Section 3 of the Operations Manual. The fee for this certification is outlined in Item 6.

**Franchisees are required to complete the instructor certification program, at no additional cost, even if they are not teaching classes, to be able to provide effective management and coaching for their instructors. If they choose to teach at any time, Franchisees must complete all assignments, including video submissions, required by the current certification program prior to teaching a class with paid clients.

Confidence Camp (Train the Trainer-Sales & Operations): 4-day onsite training hosted in Austin, TX that includes hands-on operations training, staff coaching experience, sales and marketing training, and content creation. This also includes "Train the Trainer" content to prepare you to lead and manage your team.

Financial and Accounting Training: Includes the creation of a QuickBooks online account and set up of the standardized DivaDance chart of accounts by an Accountant provided by DivaDance. We will also provide training on how to create required reports including a Profit & Loss (P & L) report and Balance Sheet. These reports provide important data about the financial health of your business.

The initial training program is mandatory and must be completed to the satisfaction of DivaDance HQ.

Pre-Launch Sales & Marketing Support for up to 8 weeks is included in the franchise fee. HQ trained contractors are available to help with pre-launch sales and marketing.

Virtual Assistance (Optional): Certified virtual assistants are available for hire to help with operations, marketing, client support and/or the party business on a monthly basis. The cost ranges from \$75 to \$575 per month dependent on the scope of support provided, plus sales bonuses for lead booking or party support (ranging from \$10-10% per sale), paid directly to the contractor.

Additional Face to Face training (Optional): Should you require that a member of the DivaDance HQ staff provide face to face training with your staff, we provide additional training via Zoom meeting or in-person at your location, to be determined and scheduled at HQ's discretion. The following fees apply:

Face to face via online meeting: currently \$100 per hour

In-person in your market: currently \$300 per day + travel expenses

HQ may hold occasional in-person training, either regionally or in Austin, TX. These may have separate registration fees associated with them. Travel/lodging/meals are the responsibility of the Franchisee.

DivaDance provides access to a custom, curated online learning management portal called SlayGround. This portal gives access to online materials including courses/modules and knowledge checks. To complete, the Franchisee will need to perform in-person knowledge checks and hands-on training with each of their staff members. Franchisees and their staff will have ongoing access to these modules as well as occasional live coaching group sessions, scheduled at HQ's discretion. These sessions are available to franchisees, managers, instructors and any other of the Franchisee's staff.

Item 12: Territory

You will not receive exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You will receive protected territory which is determined by a population factor of between 100,000 to 150,000 people. We use current demographics from Gbbis Geographic Solutions to determine the population in each territory. There are no specific locations or outlets involved. We will not operate or grant franchises for a similar or competitive business within your territory. We do not have any prescribed conditions by which we would approve or disapprove the relocation of a franchisee's business. Exceptions can be made based on the population of the territory and/or the experience factor of the franchisee.

The territorial rights granted to you under the Franchise Agreement are not dependent on the achievement of a certain sales volume, market penetration or other contingency factors.

We also may not establish a company owned DivaDance center within your territory. This excludes any company owned DivaDance center that may already exist in your area prior to you becoming a Franchisee.

The continuation of the Protected Area provided in the Franchise Agreement is dependent upon meeting the following Minimum Performance Criteria:

- Must achieve and maintain at least \$4,000 per month in Gross Sales by 2nd full month of operations.
- Must achieve at least \$60,000 in Gross Sales by your 12th month of operations.
- Must achieve at least \$120,000 in Gross Sales by your 24th month of operations.
- Must achieve at least \$170,000 in Gross Sales by your 36th month of operations, and for every full calendar year thereafter.

Meeting the Minimum Performance Standards does not guarantee that you are sufficiently penetrating the market in the Protected Area or that your DivaDance franchised business will be successful. If you do not meet these Minimum Performance Criteria, then you will be deemed to be in default of the Franchise Agreement, and we will create a custom Performance Improvement Program tailored to your business' needs providing the opportunity to cure within thirty (30) to ninety (90) days. The length and details of said Performance Improvement Plan will be made at the discretion of the Franchisor and will be specific to your franchised business. If you fail to cure to our satisfaction or otherwise achieve the Minimum Performance Criteria within ninety (90) days of the program implementation, we will have the right to reduce the size of your Protected Area, begin offering and selling products and services in the Protected Area, permit others to offer and sell products and services in the Protected Area, or terminate this Agreement, at our discretion.

There are no options, rights of first refusal or similar rights to acquire additional franchises.

We have not used or reserved the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within the franchisee's territory using the franchisor's principal trademarks. We have not used or reserved the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales within the franchisee's territory of products or services under trademarks different from the ones the franchisee will use under the franchise agreement.

Franchisee may not solicit any business from consumers outside of his/her territory. Franchisee may not use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside of his/her territory.

Item 13: Trademarks

The Company grants you the right to use certain trademarks, trade names, service marks, symbols, emblems, logos and indicia of origin designated by the Company. These Marks may be used only in the manner the Company authorizes and only for the operation of your business at the location specified in the Franchise Agreement.

You may not use the Marks as a part of your corporate or other legal name. You must execute any documents we require to protect the Marks or to maintain their continued validity and enforceability.

There are no agreements currently in effect that significantly limit our rights to use or license the use of the principal trademarks that are material to the franchise.

We own the following trademark that is registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”):

Mark	Registration Number	Registration Date
DivaDance	4,951,376	May 3, 2016
DIVADANCE △△ [®]	5,490,004	June 12, 2018

All affidavits for the registered trademarks have been filed.

There are no currently effective determinations of the U.S. Patent and Trademark Office, the trademark trial and appeal board, the trademark administrator of any state or any court, no pending infringement, opposition or cancellation proceedings and no pending litigation involving any of the Marks that may significantly affect the ownership or use any Mark listed above.

We do not know of any litigation or action that could significantly affect the ownership or use of any of our trademarks.

We know of no superior prior rights or infringing uses of any Mark that could materially affect your use of the Marks in this or any other state.

You must immediately notify the Company of any apparent infringement of the Marks or challenge to your use of any of the Marks or claim by any person of any rights in any of the Marks. We can act and have the right to exclusively control any litigation or Patent and Trademark Office or other administrative or agency proceeding caused by any infringement, challenge, claim or otherwise relating to any of the Marks.

We will indemnify you against and reimburse you for all damages for which you are held liable for your use of any of the Marks, provided that your conduct in the proceeding and use of the Marks is in full compliance with the terms of the Franchise Agreement.

Franchisor reserves the right to substitute different Marks for use in identifying the System and the business if Franchisor's current Marks no longer can be used, or if Franchisor, in its sole discretion, determines that substitution of different Marks will be beneficial to the System. In such event, Franchisor may require Franchisee, at Franchisee's expense, to discontinue or modify Franchisee's use of any of the Marks or to use one or more additional or substitute Marks.

Except as provided above, the Company is not obligated by the Franchise Agreement to protect any rights granted to you to use the Marks or to protect you against claims of infringement or unfair competition with respect to them. Although the Company is not contractually obligated to protect the Marks or your right to use them, as a matter of corporate policy, we intend to defend the Marks vigorously.

The license to use the Marks granted in the Franchise Agreement is nonexclusive to you. We have and retain certain rights in the Marks including the following:

1. To grant rights to other franchises for the use of the Marks in addition to those rights already granted to existing franchisees.
2. To develop and establish other systems using the Marks or other names or marks, and to grant licenses or franchises in those systems without providing any rights to you.

Item 14: Patents, Copyrights and Proprietary Information

No patents are material to the franchise. We do not have any pending patent applications that are material to the franchise.

We and/or our affiliates have copyrighted or may copyright advertising materials and design specifications, our Manual and other written materials and items. We consider this information to be proprietary trade secrets, protectable under common law and applicable state laws. We also claim common law copyrights to the operational and training materials, the Operations Manual, and other proprietary materials specifically created by us in connection with the system, including proprietary advertisements, all materials presented to prospective customers of our brand, all product related marketing research, certain information on web and printed materials and forms used in connection with the operation of a franchised business. The Manual and other proprietary materials have not been registered with any copyright office.

There currently are no effective adverse determinations of the United States Copyright Office (Library of Congress) or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use confidential information or copyrighted materials. We know of no infringing uses of our copyrights which could materially affect your using the copyrighted materials in any state. You must immediately inform us if you learn of any unauthorized use, infringement or challenge to the copyrighted materials, proprietary or confidential information, including but not limited to our Manual. We will take any and all action(s) (or refrain from same) that we determine, in our sole discretion, to be appropriate. We may control any action we choose to bring. We have no obligation to participate in or indemnify you for any infringement claims in regard to our copyrights. You must modify or discontinue use of the subject matter covered by any copyright if directed by us at your own expense.

Item 15: Obligation to Participate in the Operation of the Franchise Business

The Franchisee is required to:

Always designate and retain an individual to serve as the "Operating Principal" under the Franchise Agreement. The Franchisee may serve in that position. The on-premises supervisor (Operating Principal or designee) is not required to possess any specified equity interest in the franchised business.

The Operating Principal may, at his/her option, and subject to the Company's approval, designate an individual to perform the duties and obligations of the Operating Principal described in the Franchise Agreement. The Operating Principal (or his/her designee, if applicable) must devote substantial full time and best efforts to the supervision and performance of the Franchise under the Franchise Agreement. The Operating Principal is not required to have equity interest in the Franchise.

The person designated must meet the standards set forth for this position, as provided in the Manuals or other written instructions. The Operating Principal (or his/her designee) must satisfy the training requirements stated in the Franchise Agreement.

The person designated must comply with all the Company's standards and specifications relating to the products used or sold at the Business.

The person designated must sell or offer products and services in the manner and style required by the Franchisor. The Franchisee is required to not deviate from the standards and specifications without first obtaining written consent from the Franchisor. The Franchisor shall have the right to change products and services offered by the Franchisee at any time, and there are no limits on our right to make those changes.

If an Operating Principal is designated, they must maintain the Company's trade secrets and covenants not to compete.

The Franchisee shall comply with all requirements of federal, state and local laws, rules, regulations, and orders.

There are no obligations of the franchisee or any other parties (i.e., partners, shareholders, etc.) regarding personal guaranty arising from written agreements. However, you (the Franchisee) will be required to enter into a mutual confidentiality agreement and a non-competition agreement, sample included as Exhibit C and is incorporated by reference.

Item 16: Restrictions on What the Franchisee May Sell

A Franchisee can sell any or all of the services and products offered by the Franchisor. The Franchisor has the right to add new services and products and to delete present services and products at its discretion. You agree to sell or offer products and services in the manner and style required by us; you agree not to deviate from the standards and specifications without first obtaining written consent from DivaDance. We shall have the right to change products and services offered by a Franchisee at any time, and there are no limits on our right to make changes. At least thirty (30) days' notice of any such changes will be given to the Franchisee. The Franchisee is required to use DivaDance products and materials, exclusively, for sale to its clients (unless other material is approved in writing by DivaDance).

The Franchisee is not restricted regarding which customers they may market and sell.

Regarding servicing clients, the Franchisee is required:

To register all clients using their sales & marketing platforms. At all times, Franchisor will maintain access to each Franchisee's sales & marketing platforms. Franchisees are required to share the names, email addresses, etc. of any non-local party participants with Franchisor on their monthly royalty report. DivaDance commits to keeping this information confidential and is required to not compete directly with the Franchisee's clients.

All clients registered by the Franchisee will become the exclusive property of DivaDance if the Franchise Agreement is terminated. If the Franchisee transfers his/her Franchise, with approval by DivaDance, all clients registered to the Franchisee shall be transferred to the new Franchisee.

To supply client feedback in the form recommended by DivaDance monthly.

Item 17: Renewal, Termination, Transfer and Dispute Resolution**THE FRANCHISE RELATIONSHIP**

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

Provision	Section In franchise or other Agreement	Summary
a. Length of the franchise term	II.A.	Term is for five (5) years
b. Renewal or extension of the term	II.B.	If you are in good standing and pass a background check and credit check at the time of renewal, franchise may be renewed for consecutive five (5) year periods by signing a then-current form of the Franchise Agreement and paying a renewal fee of \$5,000, plus the actual costs of the background and credit check. Unless the Franchise Agreement has been terminated due to violations (see Section 9), renewal is subject to any or all conditions outlined.
c. Requirements for franchisee to renew or extend	II.B.	You may renew the Franchise Agreement if you: have fully complied with the provisions of the Franchise Agreement and your obligations to Franchisor during the initial franchise term are not in default of any provision of the Franchise Agreement or any other agreement with Franchisor; have given timely written notice of your intent to renew; pass a background check and credit check; sign a then-current Franchise Agreement, which may have materially different terms and conditions than your original Franchise Agreement; update all information with Franchisor (including social media accounts and access if applicable); comply with then-current training requirements; and pay the renewal fee and background and credit report fee.
d. Termination by franchisee	XV	Franchisee shall have the right to terminate this Agreement for any material breach made by the Franchisor, and such material breach is not corrected within ninety (90) days of receiving written notice from the Franchisee.
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	XV	DivaDance can terminate if you default or for good cause.
g. "Cause" defined – curable defaults	XV	You have 90 days to: discontinue violation(s) of the contract; cure nonpayment of accounts, use brand approved content, make minimum ad budget payments. You have 90 days to cure any defaults not otherwise specified.

Provision	Section In franchise or other Agreement	Summary
h. "Cause" defined – non-curable defaults	XV	Company shall have the right to terminate this Agreement for any of the following violations of the Agreement: (i) Any adjudication of bankruptcy, appointment of a receiver, assignment for the benefit of creditors, or levy of execution directly involving Franchisee. (ii) Conviction for or violation of any state, federal or other governmental law, statute, rule or regulation which materially affects Franchisee's ability to do business. The provision in the Franchise Agreement which provides for termination upon bankruptcy may not be enforceable under Federal Bankruptcy law (11 U.S.C. Section 101 et.seq.)
i. Franchisee's obligations on termination/non- renewal	XV	You lose the right to market DivaDance' services and products. You must de-identify, cease holding yourself out as a DivaDance franchisee, cease using all confidential franchise information and any client information. You must adhere to post-termination non-competition and confidentiality obligations, etc. Should you terminate your Franchise, all your clients will be assigned and transferred to DivaDance; however, if you transfer your Franchise, the Client List will be assigned and transferred to the new owner.
j. Assignment of contract by franchisor	XIV	No restrictions on DivaDance' right to assign; 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.
k. "Transfer" by franchisee-defined	XIV	Transfer of territory, assets or more than a 25% change in ownership
l. Franchisor approval of transfer by Franchisee	XIV	Transfer must be approved by DivaDance whether owned by an individual or a corporation; but DivaDance cannot unreasonably withhold consent.
m. Conditions for Franchisor approval of transfer	XIV	Transferee must be of good character and sign the then-current Franchise Agreement. Transferor must pay the transfer fee to Franchisor. Transferor must not be in default and pay any outstanding accounts due to DivaDance.
n. Franchisor's right of first refusal to acquire Franchisee's business	None	Not Applicable
o. Franchisor's option to purchase Franchisee's business	None	Not Applicable
p. Death or disability of franchisee	XIV	No restriction on disability or death. Your estate or representative may transfer the franchise per approval of the new Franchisee by DivaDance.

q. Non-competition covenants during the term of the franchise	VIII	No involvement in a competing/similar business anywhere in the state where your DivaDance protected territory is located or within a 25-mile radius of any DivaDance location, whether franchised, operated by Company or an affiliate of Company.
r. Non-competition covenants after the franchise is terminated or expires	VIII	For a period of two (2) years after the termination of this Agreement, for any reason, Franchisee will not do any of the following acts within the Assigned Area, within 25 miles of the Assigned Area, or within 25 miles of any DivaDance business, whether franchised or operated by Company or an affiliate of Company: (i) Sell or offer for sale any form of services similar to DIVADANCE; nor shall Franchisee aid or assist others in doing so. (ii) Induce or attempt to induce any of Company's Franchisees, staff, sales representatives or sales directors to terminate their association with Company for any reason whatsoever.
s. Modification of the Agreement	XVI	Only the terms of the franchise agreement are binding. If any part of the non-competition covenant is found to be void in a court of law, the covenant will be deemed modified so as to be enforceable. Any modifications must be made in writing and signed by you and DivaDance.
t. Integration / merger clause	XVI	Only the terms of the Franchise Agreement are binding. Notwithstanding the foregoing, nothing in any franchise agreement is intended to disclaim the express representations made in this Franchise Disclosure Document. Any other promises may not be enforceable.
u. Dispute resolution by arbitration or mediation	None	Informal mediation with HQ/corporate. If unable to resolve, a 3 rd party mediator can be enlisted.
v. Choice of Forum	XVI	Texas Law (subject to applicable state law).
w. Choice of Law	XVI	Texas Law (subject to applicable state law).

[Remainder of Page Left Blank Intentionally]

Item 18: Public Figures

DivaDance does not use any public figures to promote, endorse, or recommend its franchise.

Item 19: Financial Performance Representations

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing 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.

As of January 1, 2023, we had twenty (20) DivaDance Businesses operated by franchisees ("Franchised Locations") and four (4) DivaDance Businesses operated by our affiliates ("Company-Owned Locations") for the entire 2023 calendar year. One (1) franchised location was sold back to us in May 2023, and this location is identified as a Company-Owned Location below. One (1) Company-Owned Location was sold in June 2023, and this location is identified as a Franchised Location below. Two (2) Franchised Locations were transferred to existing Franchisees who absorbed the territory into their existing Franchised Locations. Additionally, one (1) Franchised Location terminated during November 2023, and six (6) Franchised Locations did not operate for the entire 2023 calendar year. These nine (9) Franchised Locations have been excluded from the representations below, leaving a total of twenty (20) franchised locations, and four (4) company-owned locations that are disclosed herein (the "Disclosed Locations"). This Item 19 provides a historical financial performance representation for the Disclosed Locations for the period from January 1, 2023, to December 31, 2023.

We have divided the Disclosed Locations into three (3) categories: Full-Time, Part-Time, and Very-Part-Time. During the 2023 calendar year, Full-Time ("FT") outlets operated 30+ hours per week; Part-Time ("PT") outlets operated between 15-29 hours per week; and Very-Part-Time ("VPT") outlets operated less than 15 hours per week. In addition, there are three (3) types of studio locations, defined as follows:

- Dedicated Studio Only: Franchise operates ONLY out of a leased brick and mortar studio.
- Partner Studios Only: Franchise operates ONLY out of third-party studios on an hourly rental basis.
- Dedicated + Partner Studios: Franchise operates out of a dedicated, leased brick and mortar studio AND hourly rentals with third-party studios.

[Remainder of Page Left Blank Intentionally]

Unit	2023 Gross Revenue	Time Spent on Business (self-reported)	Unit Type	Open Since	Studio Type
Unit 1	\$332,688.17	FT	Company-Owned	Feb-2016	Dedicated + Partner Studios
Unit 2	\$245,904.40	FT	Franchised	Apr-2019	Dedicated + Partner Studios
Unit 3	\$236,633.32	FT	Franchised	Jan-2022	Partner Studios Only
Unit 4	\$225,173.28	PT	Company-Owned	Apr-2017	Partner Studios Only
Unit 5	\$189,975.28	PT	Company-Owned	Jan-2016	Partner Studios Only
Unit 6	\$182,597.53	FT	Franchised	Jun-2019	Partner Studios Only
Unit 7	\$178,462.24	PT	Franchised	May-2018	Dedicated Studio Only
Unit 8	\$171,980.81	PT	Franchised	Jul-2021	Dedicated + Partner Studios
Unit 9	\$127,427.11	PT	Franchised	Jan-2023	Partner Studios Only
Unit 10	\$126,317.25	PT	Franchised	Jul-2019	Partner Studios Only
Unit 11	\$125,282.79	FT	Franchised	Dec-2022	Partner Studios Only
Unit 12	\$119,073.65	PT	Franchised	Jan-2022	Partner Studios Only
Unit 13	\$103,975.11	PT	Franchised	May-2022	Partner Studios Only
Unit 14	\$76,982.58	VPT	Franchised	Jun-2020	Partner Studios Only
Unit 15	\$74,206.77	PT	Franchised	Feb-2019	Partner Studios Only
Unit 16	\$72,888.34	FT	Franchised	Oct-2022	Dedicated + Partner Studios
Unit 17	\$72,170.79	PT	Company-Owned	Dec-2021	Dedicated Studio Only
Unit 18	\$68,548.96	PT	Franchised	Jan-2020	Partner Studios Only
Unit 19	\$63,864.38	PT	Franchised	Apr-2022	Dedicated Studio Only
Unit 20	\$60,314.86	VPT	Franchised	Oct-2019	Partner Studios Only
Unit 21	\$50,037.07	VPT	Franchised	Oct-2019	Partner Studios Only
Unit 22	\$33,723.80	VPT	Franchised	Jun-2021	Partner Studios Only
Unit 23	\$25,330.97	VPT	Franchised	Aug-2022	Partner Studios Only
Unit 24	\$17,789.15	VPT	Franchised	Sep-2019	Partner Studios Only

Notes:

1. “2023 Gross Revenue” means the revenues received from the sale of all goods, products and services sold at, from, or through the DivaDance business and all other income, revenue and consideration of every kind and nature related to the DivaDance business, whether for cash or credit, and regardless of collection in the case of credit, and all proceeds from any business interruption insurance, but not including: (a) any sales taxes or other taxes collected from customers and then paid directly to the appropriate taxing authority; and (b) any bona fide refunds made to customers.
2. The financial performance representations in the table above do not reflect certain operating and non-operating costs and expenses that must be deducted from the Total Revenue 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 franchised business. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Some outlets have earned this amount. Your individual results may differ. There is no assurance that you’ll earn as much.

Other than the preceding financial performance representations, we do not make any representations about a Franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our staff or representatives to make such representations either verbally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the Franchisor’s management by contacting Jami Stigliano Andosca at 3823 Airport Blvd, Ste D, Austin, TX 78722, (254) 307-2781, the Federal Trade Commission and the appropriate state regulatory agencies.

Item 20: Outlets and Franchisee Information

Table No. 1
Systemwide Outlet Summary
For years 2021 to 2023

Outlet Type	Year	Outlets at the Start of Year	Outlets at the End of the Year	Net Change
Franchises	2021	17	18	+1
	2022	18	25	+7
	2023	25	30	+5
Company-Owned	2021	2	3	+1
	2022	3	4	+1
	2023	4	4	0
Total Outlets	2021	19	21	+2
	2022	21	29	+8
	2023	29	34	+5

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) For years-2021 to 2023

State	Year	Number of Transfers
AR	2021	0
	2022	1
	2023	0
FL	2021	1
	2022	0
	2023	0
IL	2021	0
	2022	0
	2023	1
GA	2021	0
	2022	0
	2023	1
TX	2021	0
	2022	0
	2023	2
Total	2021	1
	2022	1
	2023	4

Table No. 3
Status of Franchised
Outlets For years
2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Termina- Tions	Non- Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
AR	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
AZ	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
	2023	2	2	0	0	0	0	4
DC	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	1	0	0
	2023	0	0	0	0	0	0	0
FL	2021	3	1	0	0	0	0	4
	2022	4	0	0	0	0	1	3
	2023	3	0	0	0	0	0	3
GA	2021	1	0	0	0	1	0	0
	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
IL	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
LA	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	1	0	0	0	0
NJ	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
NC	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
PA	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
TX	2021	8	3	0	0	0	1	10
	2022	10	5	0	0	0	0	15
	2023	15	2	0	0	1	0	16
VA	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Totals	2021	17	4	0	0	1	2	18
	2022	18	9	0	0	1	1	25
	2023	25	7	1	0	1	0	30

Table No. 4
Status of Company-Owned
Outlets For Years 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired	Outlets Closed	Outlets sold to Franchisee	Outlets at End of the Year
DC	2021	0	0	0	0	0	0
	2022	0	0	1	0	0	1
	2023	1	0	0	0	0	1
GA	2021	0	0	1	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	1	0
NY	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
TX	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	1	0	0	2
Totals	2021	2	0	1	0	0	3
	2022	3	0	1	0	0	4
	2023	4	0	1	0	1	4

Table No. 5
Projected Openings as Of December 31, 2023

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company Owned Outlets in the Next Fiscal Year
Arizona	1	2	0
Michigan	0	1	0
New York	1	1	0
Nevada	1	1	0
Ohio	1	1	0
Texas	3	3	0
Totals	7	9	0

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

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

Please see Exhibit F for Complete Listing of Operational Franchises, Company Owned Units, Franchisees Who Left the System, Company-Owned Units who left the system, Franchises Sold but Not Open and Transfers of Outlets from Franchisees to New Owners.

There are no franchisees who have not communicated with the Franchisor within ten weeks of the disclosure document issuance date.

There is no trademark-specific franchise organization associated with the franchise system.

Item 21: Financial Statements.

Exhibit A contains our audited financial statements for the fiscal years ending December 31, 2023, December 31, 2022, and December 31, 2021. Our fiscal year end is December 31.

Item 22: Contracts

Attached as Exhibits to this disclosure document are the following contracts:

Exhibit B - Franchise Agreement - sample of the Franchise Agreement which will be used in this state including:

Exhibit B-1 – Business Start-up Package

Exhibit B-2 - Sample Promissory Note

Exhibit B-3 – Sample Transfer Agreement

Exhibit B-4 – Confidentiality Agreement

Exhibit B-5 – Sample Standard Lease Rider

Item 23: Receipts

Detachable documents acknowledging your receipt of this disclosure document are attached as the last two pages of this disclosure document.

EXHIBIT A

DivaDance Company

FINANCIAL STATEMENTS

**FISCAL YEAR ENDED
DECEMBER 31, 2023, 2022 and 2021
WITH INDEPENDENT AUDITOR'S REPORT**

DIVADANCE COMPANY

FINANCIAL REPORT
AS OF DECEMBER 31, 2023



DIVADANCE COMPANY

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	3
Balance Sheets	5
Statements of Operations	6
Statements of Changes in Shareholders' (Deficit)	7
Statements of Cash Flows	8
Notes to Financial Statements	9



Independent Auditor's Report

To the Shareholders
DivaDance Company
Austin, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of DivaDance Company which comprise the balance sheets as of December 31, 2023, and 2022 and the related statements of operations, changes in shareholders' (deficit) and cash flows for the years ended December 31, 2023, 2022, and 2021 and the related notes to the financial statements.

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of DivaDance Company as of December 31, 2023, and 2022 and the results of its operations and its 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 DivaDance Company 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 DivaDance Company'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 DivaDance Company'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 DivaDance Company'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.

Reese CPA LLC

Ft. Collins, Colorado
April 29, 2024

**DIVADANCE COMPANY
BALANCE SHEETS**

	AS OF DECEMBER 31,	
	2023	2022
ASSETS:		
CURRENT ASSETS		
Cash	\$ 34,998	\$ 71,132
Franchisee receivable, net	51,056	7,380
Notes receivable, current	69,627	23,901
Contract acquisition costs, current	5,180	5,010
Due from shareholder	-	5,805
Inventory	28,479	17,210
TOTAL CURRENT ASSETS	189,340	130,438
NON-CURRENT ASSETS		
Notes receivable, long term, net	46,546	14,998
Property and equipment, net	58,187	39,487
Contract acquisition costs, non-current	29,519	32,019
Franchise rights	35,000	-
Intangible assets, net	16,794	19,863
Right to Use Asset - Office Space	67,273	135,965
Other assets	11,280	8,380
TOTAL ASSETS	\$ 453,939	\$ 381,150
LIABILITIES AN SHAREHOLDERS' (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable	\$ 104,662	\$ 20,072
Due to shareholders'	61,032	-
Lease liability, current	67,273	68,692
Non-refundable deferred franchise fees, current	45,218	30,450
Notes payable, current	20,941	20,611
TOTAL CURRENT LIABILITIES	299,126	139,825
LONG-TERM LIABILITIES		
Non-refundable deferred franchise fees, long-term	315,163	211,880
Notes payable, long term	272,854	222,245
Lease liability, long-term	-	67,273
TOTAL LIABILITIES	887,143	641,223
SHAREHOLDERS' (DEFICIT)		
Common stock \$1 par value, 100,000 shares authorized, 10,000 shares issued and outstanding	10,000	10,000
Additional paid-in capital	182	182
Retained (deficit)	(443,386)	(270,255)
TOTAL SHAREHOLDERS' (DEFICIT)	(433,204)	(260,073)
TOTAL LIABILITIES AND SHAREHOLDERS' (DEFICIT)	\$ 453,939	\$ 381,150

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

DIVADANCE COMPANY
STATEMENTS OF OPERATIONS

	FOR THE YEARS ENDED DECEMBER 31,		
	2023	2022	2021
REVENUES			
Dance studio revenues	\$ 879,934	\$ 691,730	\$ 421,433
Advertising revenues	395,554	120,777	27,330
Franchise fees	240,549	156,183	155,706
Royalty fees	230,747	141,284	69,159
Ancillary franchise revenues	198,183	133,977	71,037
TOTAL REVENUES	1,944,967	1,243,951	744,665
OPERATING EXPENSES			
Payroll and related costs	925,400	683,428	453,948
Advertising expenses	502,857	254,487	142,268
General and administrative	408,901	225,013	123,156
Franchise expense	242,012	171,022	91,322
Professional fees	116,756	35,814	48,455
Depreciation and amortization	28,140	23,666	21,243
TOTAL OPERATING EXPENSES	2,224,066	1,393,430	880,392
OPERATING (LOSS)	(279,099)	(149,479)	(135,727)
OTHER INCOME (EXPENSE)			
Other income	121,902	51,412	27,745
Interest income	2,758	3,916	4,827
Interest expense	(18,692)	(11,739)	(12,472)
TOTAL OTHER INCOME (EXPENSE)	105,968	43,589	20,100
NET (LOSS)	\$ (173,131)	\$ (105,890)	\$ (115,627)

The accompanying notes are an integral part of these financial statements

DIVADANCE COMPANY
STATEMENTS OF CHANGES IN SHAREHOLDERS' (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings (Deficit)</u>	<u>Total Stockholders' Equity (Deficit)</u>
BALANCE, DECEMBER 31, 2020	\$ 10,000	\$ 182	\$ (36,632)	\$ (26,450)
Distributions to shareholders'	-	-	(16,000)	(16,000)
Net (loss)	<u>-</u>	<u>-</u>	<u>(115,627)</u>	<u>(115,627)</u>
BALANCE, DECEMBER 31, 2021	10,000	182	(168,259)	(158,077)
Contributions from shareholders'	-	-	3,894	3,894
Net (loss)	<u>-</u>	<u>-</u>	<u>(105,890)</u>	<u>(105,890)</u>
BALANCE, DECEMBER 31, 2022	10,000	182	(270,255)	(260,073)
Net (loss)	<u>-</u>	<u>-</u>	<u>(173,131)</u>	<u>(173,131)</u>
BALANCE, DECEMBER 31, 2023	<u><u>\$ 10,000</u></u>	<u><u>\$ 182</u></u>	<u><u>\$ (443,386)</u></u>	<u><u>\$ (433,204)</u></u>

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

DIVADANCE COMPANY
STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED DECEMBER 31,		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ (173,131)	\$ (105,890)	\$ (115,627)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	28,140	23,666	21,243
Recognition of non-refundable deferred franchise fees	(57,624)	(54,183)	(52,768)
Recognition of contract acquisition costs	8,530	8,718	7,788
Forgiveness of PPP borrowing	-	(53,622)	-
Change in assets and liabilities			
Franchisee receivables	(43,676)	(3,001)	(3,235)
Inventory	(11,269)	-	-
Contract acquisition costs	(6,200)	(11,350)	(18,750)
Notes receivable	(77,274)	55,139	(20,638)
Other assets	(2,900)	-	5,546
Accounts payable	84,590	5,960	(5,819)
Non-refundable deferred franchise fees	175,675	115,500	96,500
Net cash provided by operating activities	(75,139)	(19,063)	(85,760)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment	(40,856)	(768)	-
Purchase of franchise rights	(35,000)	-	-
Purchases of intangible assets	(2,915)	-	-
Net cash (used) in investing activities	(78,771)	(768)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments on notes payable	(49,061)	(22,299)	(63,437)
Proceeds from notes payable	100,000	-	263,422
Advances from shareholders'	66,837	(16,405)	10,000
Distributions to Shareholders'		3,894	(16,000)
Net cash (used) in financing activities	117,776	(34,810)	193,985
NET INCREASE (DECREASE) IN CASH	(36,134)	(54,641)	108,225
CASH, beginning of year	71,132	125,773	17,548
CASH, end of year	<u>\$ 34,998</u>	<u>\$ 71,132</u>	<u>\$ 125,773</u>
SUPPLEMENTAL CASH FLOW INFORMATION			
Cash paid for interest	\$ 18,692	\$ 11,739	\$ 7,134
SUPPLEMENTAL SCHEDULE OF NON-CASH FLOW INFORMATION			
Recognition of right to use asset and lease liability- office space lease	\$ -	\$ 135,965	\$ -
Decrease in right to use asset and lease liability - office space lease	\$ (68,692)	\$ -	\$ -

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

DIVADANCE COMPANY NOTES TO FINANCIAL STATEMENTS

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

DivaDance Company ("Company") was incorporated in the State of Texas on November 4, 2015.

The Company franchises the right to sell and market classes for women with the objective of creating an experience for them to build self-confidence, inspires them to be their personal best and celebrate life through dance.

A summary of significant accounting policies follows:

Basis of Presentation

The accompanying financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The financial statements include the financial position and the results of operations of the Company's franchise business and the Company's four dance studio locations.

Use of Estimates

Preparation of the Company's financial statements 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.

Franchisee Receivables

The Company's franchisee receivables primarily result from initial franchise fees, royalty fees, brand development contributions and training fees charged to franchisees. 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. The Company reports these receivables at net realizable value.

Management determines the allowance for doubtful accounts based on historical losses, current expectations, and economic conditions. On a continuing basis, management analyzes delinquent accounts receivable and, once these accounts receivable are determined to be uncollectible, they are written off through a charge against an existing allowance account. The allowance account is reviewed regularly and adjusted against earnings as appropriate. The Company determined that an allowance on outstanding franchisee receivables of \$0 and \$0 was necessary as of December 31, 2023, and 2022. There was no Franchisee bad debt expense for the years ended December 31, 2023, 2022, and 2021. There were no Franchisee amounts written off for the years ended December 31, 2022, and 2021.

Notes Receivable

When a franchise is sold the Company accepts payment for a portion of the initial franchise fee in the form of a promissory note from the franchisee. The Company's credit policy for these notes receivable is same the Company's policy for Franchisee receivables. As of December 31, 2023, and 2022 the allowance for uncollectible notes receivable was \$0 and \$0. Notes receivable charged to bad debt expense for the years ended December 31, 2023, 2022, and 2021 were \$12,619, \$7,880, and \$0.

DIVADANCE COMPANY
NOTES TO FINANCIAL STATEMENTS

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

Inventory

The Company maintains an inventory of branded clothing and other promotional items. The inventory is valued at the lower of cost or market using the first-in, first-out method. Management has determined that all inventory is marketable and has not reserved an amount for obsolete inventory as of December 31, 2023, and 2022.

Contract Acquisition Costs

Contract acquisition costs consist of commissions paid on the sale of a franchise by the Company. They are capitalized as an incremental cost of the franchise agreement and are recognized as an expense over the life of the franchise agreement under the guidance of ASC 340-40, "Other Assets and Deferred Costs - Contracts with Customers".

Property and 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 two to five years).

Property and equipment consist of the following as of December 31:

	2023	2022
Equipment and furniture	\$ 31,931	\$ 2,843
Leasehold Improvements	106,714	94,946
	<hr/> 138,645	<hr/> 97,789
Less accumulated depreciation	(80,458)	(58,302)
	<hr/> \$ 58,187	<hr/> \$ 39,487

Depreciation expense was \$22,156, \$19,494, and \$19,404 for the years ended December 31, 2023, 2022, and 2021.

Routine expenditures for repairs and maintenance are expensed as incurred and are charged to operations and major improvements are capitalized. Upon retirement, sale, or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and a gain or loss is included in operating expenses.

Franchise Rights

The Company has repurchased franchise rights from former franchisees. Franchise rights were \$35,000 and \$0 as of December 31, 2023, and 2022.

DIVADANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

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

Intangible Assets

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives (such as intellectual property) no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite 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. The Company has established intangible assets for the cost of internally developed video media and website development. These costs are amortized using the straight-line method over a period of five years. Intangible assets with finite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable.

Intangible assets consist of the following as of December 31:

	2023	2022
Video media	\$ 29,009	\$ 29,009
Website	12,368	9,453
	<u>41,377</u>	<u>38,462</u>
Less accumulated depreciation	(24,583)	(18,599)
	<u>\$ 16,794</u>	<u>\$ 19,863</u>

Amortization expense was \$5,984, \$4,172, and \$1,686 for the years ended December 31, 2023, 2022, and 2021. Amortization is expected to be \$4,000 over the next four years.

Income Taxes

The shareholders of the Company have elected to be treated as a Sub Chapter S corporation for income tax purposes. Accordingly, taxable income and losses of the Company are reported on the income tax returns of the Company's shareholders and no provision for federal or state income taxes has been recorded in the accompanying financial statements.

The Company follows accounting requirements associated with uncertainty in income taxes under the provisions of Financial Accounting Standards Board ("FASB") ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than 50% likely of being realized upon settlement.

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements for the years ended December 31, 2023, 2022, and 2021.

Other Assets

Other assets consist primarily of security deposits.

DIVADANCE COMPANY NOTES TO FINANCIAL STATEMENTS

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

Franchisee Revenue Recognition and Non-refundable Deferred Franchise Fee Revenue

The Company recognizes revenue under the guidance of ASC 606 “Contracts with Customers”. The Company’s franchising revenue consists primarily of initial franchise fees, royalties, ancillary fees for marketing, technology and training services and sales of branded apparel and promotional items.

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 deferred revenue and recognized as revenue over the term of the contract, which is currently 5 years.

When a franchisee purchases a franchise, the Company grants the franchisee the right to operate in a designated territory using the proprietary methods, techniques, trade dress, trademarks, and logos (“the license”). The license is symbolic intellectual property. Revenues related to the territory and license are continuing royalties and are 10% of net monthly revenue. The royalties are billed monthly and are recognized as revenue when earned. 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.

Ancillary Franchise Fees

Fees for marketing, technology and training services are recognized as revenue when control of the related good or service has been transferred to control of the franchisee or customer. Marketing fees and technology fees are billed monthly as the marketing or technology is delivered or available. Training is billed at the conclusion of the training.

Dance Studio Revenue

Dance studio revenue includes in person and cloud-based class and workshop revenue, instructor training and reservation fees for dance parties. Revenues from these services are recognized upon receipt of payment from the customer at the time the service is delivered or at the point the purchase of the cloud-based video content is completed.

Branded apparel and Promotional Items

Branded apparel and promotion items are recognized as revenue upon the payment for and delivery of the product to the customer.

Advertising Expenses

The Company expenses advertising costs as incurred. Advertising costs expensed were \$502,857, \$254,487, and \$142,628 for the years ended December 31, 2023, 2022, and 2021.

DIVADANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

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

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, franchise receivables and notes receivable. The Company places its temporary cash investments with financial institutions. At times throughout the year the Company may, in the ordinary course of business, maintain cash balances in excess of federally insured limits. Management does not believe the Company is exposed to any unusual risks on such deposits. The Company grants credit to franchisees. The Company's ability to collect the amounts due from franchisees is affected by fluctuations in the economy and the operations of the franchisees.

Recently issued accounting pronouncements

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

NOTE 2 – CONTRACTS WITH CUSTOMERS

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
Contract Acquisition Costs:		
Balance Beginning of year	\$ 37,029	\$ 34,397
Deferral of franchise acquisition costs	6,200	11,350
Recognition of franchise acquisition costs	(8,530)	(8,718)
Balance at End of Year	<u>\$ 34,699</u>	<u>\$ 37,029</u>
Deferred Non-refundable Franchise Fees:		
Balance Beginning of year	\$ 242,330	\$ 181,013
Deferral of non-refundable franchise fees	175,675	115,500
Recognition of non-refundable franchise fees	(57,624)	(54,183)
Balance at End of Year	<u>\$ 360,381</u>	<u>\$ 242,330</u>

DIVADANCE COMPANY
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – CONTRACTS WITH CUSTOMERS (CONTINUED)

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees is as follows:

	Year Ended December 31, 2023		
	Franchising	Dance Studio	Total
Performance obligations satisfied at a point in time	\$ 1,007,409	\$ 879,934	\$ 1,887,343
Performance obligations satisfied through the passage of time	57,624	-	57,624
Total revenues	<u>\$ 1,065,033</u>	<u>\$ 879,934</u>	<u>\$ 1,944,967</u>

	Year Ended December 31, 2022		
	Franchising	Dance Studio	Total
Performance obligations satisfied at a point in time	\$ 498,038	\$ 691,730	\$ 1,189,768
Performance obligations satisfied through the passage of time	54,183	-	54,183
Total revenues	<u>\$ 552,221</u>	<u>\$ 691,730</u>	<u>\$ 1,243,951</u>

	Year Ended December 31, 2021		
	Franchising	Dance Studio	Total
Performance obligations satisfied at a point in time	\$ 270,464	\$ 421,433	\$ 691,897
Performance obligations satisfied through the passage of time	52,768	-	52,768
Total revenues	<u>\$ 323,232</u>	<u>\$ 421,433</u>	<u>\$ 744,665</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	\$ 5,180	\$ 45,218
2025	5,180	45,218
2026	4,888	44,200
2027	4,680	43,417
2028	4,284	41,862
Thereafter	10,487	140,466
	<u>\$ 34,699</u>	<u>\$ 360,381</u>

DIVADANCE COMPANY
NOTES TO FINANCIAL STATEMENTS

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 \$199,900, payable in 360 monthly installments of \$1,000 including interest at the rate of 3.75% Final payment due on September 14, 2051. Collateralized by assets of the Company.	\$ 196,308	\$ 199,900
Note payable, bank. Face amount of \$100,000, payable in monthly installments of \$2,160 including interest at the rate of 10.55% Final payment due on October 11, 2028. Collateralized by assets of the Company.	97,487	-
Note payable, equipment finance company. Face amount of \$80,413, payable in 64 monthly installments of \$1,531 including interest at the rate of 7.56% Final payment due on December 15, 2025. Collateralized by assets of the Company.	-	42,956
	<u>293,795</u>	<u>242,856</u>
Less current maturities	<u>(20,941)</u>	<u>(20,611)</u>
	<u>\$ 272,854</u>	<u>\$ 222,245</u>

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

Year ending December 31:

2024	\$ 20,941
2025	22,997
2026	25,218
2027	27,673
2028	26,082
Thereafter	170,884
	<u>\$ 293,795</u>

Interest expense on the long-term debt were \$18,078, \$11,738, and \$12,472 for the years ended December 31, 2023, 2022, and 2021.

DIVADANCE COMPANY NOTES TO FINANCIAL STATEMENTS

NOTE 4 – RELATED PARTY TRANSACTIONS

As of December 31, 2023, the shareholders of the Company had made advances to the Company of \$61,032. As of December 31, 2022, the shareholders of the Company had received advances from the Company of \$5,805 to the Company. The amounts are due on demand, bear no interest and are not collateralized.

NOTE 5 – COVID-19 RELIEF

During 2023, the Company received \$30,521 of Employee Retention Credits for COVID-19 relief. The amount is reported as other income in the statement of operations for the year ended December 31, 2023.

During 2022, the Company received forgiveness of the \$53,622 borrowed in 2021 from the Small Business Administration (“SBA”) under the Paycheck Protection Program for COVID-19 relief. The amount is reported as other income in the statement of operations for the year ended December 31, 2022.

During 2020 the Company borrowed \$18,265 from SBA under the Paycheck Protection Program for COVID-19 relief. The Company receive notice of forgiveness in 2021 and the amount of the forgiveness is reported in other income in the statement of operations for the year ended December 31, 2021.

During 2021 the Company received a \$10,000 grant under the Economic Injury Disaster Loan Program of the Small Business Administration for COVID-19 relief. The amount is report in other income in the statement of operations for the year ended December 31, 2021

NOTE 6 – RIGHT TO USE ASSET AND LEASE LIABILITY

On January 1, 2022, under the guidance of ASC 842 "Leases", the Company recorded a right to use asset and lease liability for the lease of office space. As of January 1, 2022, the remaining initial lease term was 34 months, through October 2024. Lease payments over the remaining term are between \$5,799 and \$6,394. The right to use asset and lease were recorded as an operating lease. The right to use asset and lease liability were valued at \$198,056 using the monthly lease payments over the remaining term of the lease using a 4.75% discount rate based on the prime interest borrowing rate at January 1, 2022. Total lease expense recorded for the years ended December 31, 2023, and 2022, was \$73,678, and \$70,168 and consisted of right to use asset amortization of \$68,692, and \$62,091 and amounts representing interest of \$4,986, and \$8,077, respectfully.

Future minimum payments of the lease, including the interest component is as follows:

Year ending December 31:

2024	\$ 63,940
------	-----------

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Contingencies

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.

DIVADANCE COMPANY
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through April 29, 2024, the date on which the financial statements were available to be issued.

EXHIBIT B

DIVADANCE FRANCHISE AGREEMENT

ATTACHMENTS:

- Exhibit B-1 – Business Start-up Package
- Exhibit B-2 – Sample Promissory Note
- Exhibit B-3 – Sample Transfer Agreement
- Exhibit B-4 – Confidentiality Agreement
- Exhibit B-5 – Sample Standard Lease Rider
- Exhibit B-6 – New York State Addendum

FRANCHISE AGREEMENT INDEX

SECTION

1. RECITALS OF FACT
2. DEFINITIONS
3. I. GRANT
4. II. TERM AND RENEWAL
5. III. FEES
6. IV. TERRITORY
7. V. ROYALTIES
8. VI. FRANCHISEE'S OBLIGATIONS
9. VII. FRANCHISOR'S OBLIGATIONS
10. VIII. CONFIDENTIALITY AND NONCOMPETITION
11. IX. FRANCHISEE ACTIVITY AND COMPANY POLICY CONCERNING
INCOME PROJECTIONS AND EARNINGS CLAIMS
12. X. RELATIONSHIP OF PARTIES
13. XI. MARKS
14. XII. DEBTS, TAXES, AND GOVERNMENT REGULATIONS
15. XIII. ADVERTISING
16. XIV. TRANSFER OF FRANCHISE
17. XV. DEFAULT AND TERMINATION
18. XVI. MISCELLANEOUS

FRANCHISE AGREEMENT

THIS AGREEMENT is made by and between DIVADANCE COMPANY, a Texas Corporation, (hereafter "Company" "Franchisor" or "HQ") and

(Name)

(Address)

(City, State Zip)

(Hereafter "Franchisee"):

RECITALS OF FACT

Company has acquired unique experience and special skills, technique and knowledge in the field of teaching dance for women ages 20 to 45 with the objective of creating an experience for them to build self-confidence and to create a love of dancing. Additionally, Company, at great expense, has developed a distribution network for its services by entering into Franchise Agreements. By reason of its maintenance of the high standards of its services and related products, Company has established a reputation of excellence and substantial public acceptance for its services and has created good-will for its program and related products under the Proprietary Marks (as hereinafter defined) of Company.

Franchisee desires to acquire a franchise to market the Company's services within the geographic boundaries of the Continental United States of America as an independent Franchisee, making use of certain of the Proprietary Marks of Company as specified in this Agreement.

Company desires to establish Franchisee as a seller of Company's services within the geographic boundaries of the Continental United States of America.

In consideration of the forgoing and of the mutual covenants, terms and conditions contained in this Agreement, Company and Franchisee agree as follows:

1. DEFINITIONS

(a) "Proprietary Marks" shall mean the name "DIVADANCE", which is a registered trademark of Company, as well as all other trademarks, trade names, services marks, logos or other commercial symbols of Company.

(b) "Company's Services" shall include those items listed from time to time in Company's most current confidential price list, as well as any items hereafter designated by Company to be sold through its Franchisees.

I. GRANT

A. Franchisor hereby grants to Franchisee, upon the terms and conditions in this Agreement, the right and license, and Franchisee hereby accepts the right and obligation to operate under the Marks and the System in accordance with this Agreement. Franchisee has represented to Franchisor that they have entered this Agreement with the intention to comply fully with the obligations to operate there under and acknowledge that Franchisor has granted such rights in reliance on the business skill, financial capacity, personal character of, and expectations of performance thereunder by Franchisee.

II. TERM AND RENEWAL

A. Unless sooner terminated as provided for otherwise in this Agreement, the term of this Agreement shall continue from the date the agreement is executed by DIVADANCE until the later of (i) five (5) years from Opening Date or (ii) at the end of any renewal period that is not exercised.

B. Franchisee may, at its option, renew the rights under this Agreement for additional consecutive terms of five (5) years each, subject to any or all the following conditions which must, in Franchisor's discretion, be met prior to and at the time of renewal:

(1) Franchisee shall give Franchisor written notice of Franchisee's election to renew the Franchise no more than one hundred eighty (180) days and at least ninety (90) days prior to the expiration of the Term.

(2) Franchisee shall have satisfied all monetary obligations owed by Franchisee to Franchisor under this Agreement.

(3) Franchisee shall comply with Franchisor's then-current qualification and training requirements.

(4) Franchisee shall pass a background and credit report screening in the same manner as required of new franchisees.

(5) Franchisee shall pay to the Franchisor, at the time of renewal of the Franchise, a \$5,000 renewal fee and reimburse Franchisor for the actual cost of the background and credit report screening.

(6) Franchisee shall agree to sign the then-current Franchise Agreement including then-current terms and requirements.

C. Both prior to entering into this Agreement and throughout the term (including any renewal term of this Agreement), Franchisee and any and all related parties with ownership rights must not have been convicted of any felony or allegation of fraud or misrepresentation and must not have been enjoined from engaging in any form of business and must not be the subject of any pending litigation. You will be required to pass a background investigation and credit check to be eligible to enter into and renew this Agreement.

III. FEES

A. Franchisee shall pay to Franchisor an initial fee \$36,000, which shall be paid upon the execution of this Agreement. The amount of the initial fee when and as paid shall be deemed fully earned and nonrefundable in consideration of the assistance and services provided by the Franchisor prior to the start of the business, and for its lost or deferred opportunity to grant such franchise to any other party.

B. The initial training fee is included in the franchise fee.

Initial training will take place in Austin, Texas or a location mutually agreed upon. You are responsible for all travel expenses including air fare, ground transportation, hotel, food, beverage, etc. for you and any other members of your staff who attend the initial training.

Pre-Launch Sales & Marketing Support for up to 8 weeks is included in the franchise fee. HQ trained contractors are available to help with pre-launch sales and marketing.

Prior to launch two DivaDance representatives, an Executive, Manager, lead certified trainer, etc. will travel to your territory to assist with preview events, sales, etc. You are responsible for reimbursement of the DivaDance representatives' expenses incurred including air fare, ground transportation, hotel, food, and beverage to travel to your location.

C. DivaDance requires that all instructors be certified by our HQ Training staff prior to being scheduled to teach paying clients. A complete description of this certification program is included in the Operations Manual. Franchisees will be charged a one-time fee per instructor certification. The current deposit will be billed at the time of registration for the certification program and the balance of the then-current fee is due at the conclusion. Should the instructor not complete the certification program, the deposit is non-refundable. Franchisees are required to complete the instructor certification program, at no additional cost, even if they are not teaching classes, to be able to provide effective management and coaching for their instructors. If they choose to teach at any time, Franchisees must complete all assignments, including video submissions, required by the current certification program prior to teaching a class with paid clients.

D. Royalties: Your royalty fee is based on your net monthly revenues from all sources (enrollment fees, class fees, product sales, etc.) Royalty payments begin the month after the business begins sales. The royalty is ten percent (10%) of the previous month's net revenue or the then-current minimum, currently \$450 per month, whichever is greater. (See details in Section V of this agreement).

E. Launch Advertising & Marketing: We require you to spend at least \$5,000 up to \$10,000 on advertising and marketing for lead generation and awareness in your market prior to launch until you reach pre-sales lead volume as outlined in the Operations Manual. All marketing materials must be approved by Company in writing. Failure to obtain approval prior to using marketing materials will result in the then-current fee for the first violation and the then-current higher fee for each subsequent violation. Continuous failure to obtain approval on marketing materials will result in termination of this Agreement.

F. Technology Operations Fee: Includes but not limited to Email and Voice Accounts, SEO, Communication Tools, Website Hosting, Hiring Platform, Project Management Tool. You are required to pay the then-current technology fee, which is subject to change at our discretion. You will be billed for this fee beginning the month your landing page and email are activated and on the 20th of each month thereafter.

G. Sales & Marketing Platforms: are a suite of online and mobile app-based tools that are required for all Franchisees to operate their business. Collectively these platforms provide the ability to:

- Schedule, manage, and promote services.
- Enroll manage and collect payments from clients.
- Build and manage marketing campaigns.
- Access business KPI and financial reports

These platforms are selected by the Franchisor and are subject to change. The then-current monthly fee for the Sales & Marketing platforms is paid directly to the Franchisor as a pass-through for negotiated brand-wide pricing. See Operations Manual for additional current details.

H. Paid Advertising: We currently require that you spend a minimum of \$500 per month after your business is launched. Note, there is a 10% admin fee, i.e., \$500 for monthly ads, \$450 spent on ads and \$50 is an admin fee paid to Franchisor or third-party vendors. The minimum amount required to spend on paid advertising is subject to change.

I. Bookkeeping Software Subscription: DivaDance requires that you purchase a QuickBooks online subscription to maintain accurate accounting records and financial reports, which are submitted to us monthly following the launch of the franchise.

J. Marketing & Operations Support Services (optional): Additional support is available, upon request, for marketing and/or operational assistance such as virtual assistance, lead booking, outbound phone calls, marketing asset development, SEO blog articles, etc. Details are outlined in the Franchise Operations Manual, cost depends on the additional support requested.

K. Content Library & Content Creation Support Graphic: The current annual fee gives you access to visual content we create for marketing your business including videos, photos, promotional graphics, signage, etc. A robust template library is provided. Customized content can be created for an additional fee (See Operations Manual). You will be billed for this fee when pre-sales begin and annually thereafter. In addition to the annual fee, you will be responsible for the cost of future custom marketing content as requested.

L. Annual Conference Registration/Travel: We require that you attend the annual brand wide DivaDance conference for Franchisees, Staff and Clients hosted at various locations. The registration fee can be paid in one lump sum or in monthly installments. Travel and lodging are not included and are the responsibility of the Franchisee.

M. Development & Retreat Registration/Travel: Throughout the year additional development and retreat events, hosted online or in-person at various regional locations are available for DivaDance Staff and/or Franchisees; registration fees vary according to the type of event and location. Travel/meals/lodging are not included and are the responsibility of the Franchisee.

N. Additional Face to Face training (Optional): Should you require that a member of the DivaDance HQ staff provide face to face training with your staff via Zoom meeting or in-person at your location, to be determined and scheduled at HQ's discretion, the then-current fees will apply. Face to face via online meetings will be charged at the then-current hourly rate. In-person in your market training will be charged the then-current flat rate per day fee plus travel expenses. Late cancel/no show of a pre-scheduled training or planning meeting with HQ representatives will be assessed (via ACH debit) the then-current late cancellation/no show fees. Fees will be assessed for late cancellation within 2 hours of a mutually agreed upon meeting/training time for in-person, online/zoom, and conference calls and if Franchisee no-shows without any prior notice.

DivaDance provides access to a custom, curated online learning management portal called SlayGround. This portal gives access to online materials including courses/modules and knowledge checks. To complete certification, the Franchisee will need to perform in-person knowledge checks and hands-on training with each of their staff members. Franchisees and their staff will have ongoing access to these modules as well as occasional live coaching group sessions, scheduled at HQ's discretion.

O. Music License/Subscription Fees: We require that you are licensed with ASCAP (American Society of Composers, Authors and Publishers). Since music is a vital part of dance classes, it is important that you be protected from any claim of copyright infringement. An ASCAP license authorizes performances of many millions of copyrighted musical works, enrolled. You provide ASCAP enrollment numbers annually for each location; the fee is paid directly to ASCAP upon receipt of their invoice. In addition to ASCAP, we require that you be licensed with BMI. They are like ASCAP but cover other song titles that might be used. We also require that you subscribe to Spotify Premium; The total cost of these Music License/Subscription fees is dependent on average weekly enrollments.

P. Transfer: Prior to the transfer of a franchise, or change in ownership of 25% or more, you as the transferor or the transferee must pay the then-current transfer fee to DivaDance.

Resale Fee (Optional): In an effort to assist any DivaDance franchisee with a potential interest in selling one or more of their existing DivaDance franchises, franchisor has developed a guide for resale which is outlined in the Operations Manual. Any franchisee who wishes to sell their franchise to any prospect generated by DivaDance will be required to pay the company a Prospect Finder Fee which is currently \$500. If you opt for DivaDance HQ's legal assistant to create your sale agreement paperwork, the current fee is \$250.

DivaDance HQ Broker Fee (Optional): In the event you elect to sell your DivaDance Franchise(s), Franchise Development Executives of DivaDance ("DivaDance HQ Brokers") are willing to manage your sale for you including finding a buyer, talking to prospects, negotiation, and guiding you through the process. Designated DivaDance HQ Brokers currently charge a 5% commission on the sale price of your franchise. Note that commission payments to your broker are separate from your Transfer Fee, Legal Fee (if you choose to use DivaDance HQ for your paperwork and the Prospect Finder Fee, if applicable).

Q. Rebranding (Optional-after initial launch) – If you opt to change your territory's operating name and branding including but not limited to new logos, updated graphic templates, website, and system-wide update, etc., we will charge the then-current rebranding fee to make these changes. This fee is payable to DivaDance via ACH upon completion of work.

R. Non-compliance Charge: As detailed in the Operations Manual, we may charge you the then-current charge for each violation of any term or condition of the Franchise Agreement including but not limited to unauthorized classes held outside your protected territory, classes taught by instructors who do not meet our qualifications, unapproved marketing or advertising, and unauthorized apparel. All items/apparel with the DivaDance name, logos, or designs are required to be approved by DivaDance HQ prior to use of the brand name/design via an online submission and approval process.

S. Penalty/Late Payment Fees: As detailed in the Operations Manual, Franchisor will charge penalty fees for violations including but not limited to late royalty report submissions, late fee payments, returned ACH payments due to insufficient funds, and late cancellation/no show of a pre-scheduled training or planning meeting with HQ representatives. Any Monthly Royalty Fee or any other fee or payment owing to DivaDance that is more than ten (10) days late shall incur the then-current late fee. Late Royalty Report Fee: Royalty Reports are due no later than the 8th of each month for the preceding month's activity reflecting net sales for the month. We will give you a 48- hour grace period, but if we receive the report after the 10th, a late reporting fee will be assessed, per day via ACH debit. This is in addition to royalties due.

T. City and State Licenses: Requirements for licenses and fees vary by city and state. You shall comply with federal, state, and local laws, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the business.

U. Renewal: Franchisee may, at its option, renew the rights under this Agreement for additional consecutive terms of five (5) years each, subject to any or all the conditions outlined in Section II of the Agreement, which must, in Franchisor's discretion, be met prior to and at the time of renewal. The current renewal fee is paid to the Franchisor.

IV. TERRITORY

Franchise Agreement. The Franchise Agreement grants you the right to operate a DivaDance Franchise within the Protected Area that is described in the Addendum to your Franchise Agreement.

During the term of the Franchise Agreement, if you are in compliance with the Franchise Agreement, we will not establish more than an agreed upon number of other Franchises in your Protected Area. The number will be described and set forth in the Addendum to the Franchise Agreement. This may change, by mutual consent, depending upon the density of the population surrounding the immediate site of a particular DivaDance location.

Minimum Performance Criteria. The continuation of the Protected Area provided in this Agreement is dependent upon meeting the following Minimum Performance Criteria:

- Must achieve and maintain at least four thousand dollars (\$4,000) per month in Gross Sales by the end of the second (2nd) full month of operations.
- Must achieve at least sixty thousand dollars (\$60,000) in Gross Sales by your twelfth (12th) month of operations.
- Must achieve at least one hundred and twenty thousand dollars (\$120,000) in Gross Sales by your twenty-fourth (24th) month of operations, and
- Must achieve at least one hundred seventy thousand dollars (\$170,000) in Gross Sales by your thirty-sixth (36th) month of operations, and for every full calendar year thereafter.

Meeting the Minimum Performance Standards does not guarantee that you are sufficiently penetrating the market in the Protected Area or that your DivaDance franchised business will be successful. If you do not meet these Minimum Performance Criteria, then you will be deemed to be in default of the Franchise Agreement, and we will create a custom Performance Improvement Program tailored to your business' needs providing the opportunity to cure within thirty (30) to ninety (90) days. The length and details of said Performance Improvement Plan will be made at the discretion of the Franchisor and will be specific to your franchised business. If you fail to cure to our satisfaction or otherwise achieve the Minimum Performance Criteria within ninety (90) days of the program implementation, we will have the right to reduce the size of your Protected Area, begin offering and selling products and services in the Protected Area, permit others to offer and sell products and services in the Protected Area, or terminate this Agreement, at our discretion.

Other than stated above, there is no minimum market penetration or other contingency that you must meet to retain the rights to your Protected Area, but you must comply with this Agreement, the System, and all of our requirements.

V. ROYALTIES

Monthly Royalty Fee. Franchisee agrees to pay DivaDance a "Monthly Royalty Fee" for the use of the DivaDance System and the DivaDance Marks, payable on or before the 15th day of each month throughout the Term of this Agreement. The Monthly Royalty Fee shall commence the month after the franchise begins sales. The royalty fee is ten percent (10%) of the previous month's net revenue or the then-current minimum, currently \$450 per month, whichever is greater.

The royalty fee is based on the Franchisee's net sales figure during the entire term of this agreement. The minimum monthly royalty fee due is currently \$450. Franchisee shall pay such royalty fees monthly by the fifteenth (15th) day of each month via ACH withdrawal, based on the sales made during the preceding month. A statement of the relevant net sales in a royalty report, in the form prescribed by the Company is to be sent electronically by email or otherwise to arrive no later than the 8th of the month for the preceding month's activity reflecting net sales for the month and shall include whatever other information and documents that Franchisor may reasonably from time to time require.

We will give you a 48-hour grace period, but if we receive the report after the 10th, the current \$25 (per day) late reporting fee will be assessed via ACH debit. This in addition to royalties due. Payment will be made payable to Franchisor via ACH withdrawal on the 15th day of the month.

(1) The term "net sales" as used in this agreement shall be equal to the amount actually received or receivable from all sales of every kind and nature from the Franchise. "Net sales" shall not include any amounts of sales tax.

(2) Franchisee agrees to keep full and complete records of its business operations, particularly sales. Every month Franchisee shall report the previous month's net sales to Franchisor. Franchisee agrees that Franchisor may release Franchisee's sales results from its business to prospective Franchisees, however, the name and identity of the Franchisee will not be given without express approval of the Franchisee.

Such periodic statements shall be submitted to the attention of Franchisor's franchise department no later than the 8th business day of the next month. At the end of each year, Franchisee shall submit to Franchisor at

Franchisor's request, an audited annual certified report of net sales and royalties or a notarized copy of your tax return. Franchisee shall allow representatives of Franchisor to inspect Franchisee's books and records at all reasonable times to verify net sales that Franchisee reports as well. If an inspection reveals that net sales, as herein defined, reported by Franchisee to Franchisor are less than actual net sales, Franchisee shall immediately pay to Franchisor all royalty fees based on the correct net sales. All inspections shall be at the expense of Franchisor; provided, however, if the inspection results in a discovery of a discrepancy in the net sales reported by Franchisee of 5% or more, then Franchisee shall pay or reimburse Franchisor for any and all reasonable expenses incurred by Franchisor in connection with the inspection including, but not limited to, legal and accounting fees, as well as interest on the amounts owed at the highest legal rates allowed from the date payment was due.

A. Late Payments and Remedies. Any Monthly Royalty Fee or any other fee or payment owing to DivaDance that is more than ten (10) days late shall incur the current late fee of Fifty Dollars (\$50.00), or the maximum allowed by law, whichever is less. There shall be a \$35.00 charge for each payment by check or electronic transfer that is returned for lack of sufficient funds. In addition, any amount owed to DivaDance that is outstanding more than thirty (30) days shall incur interest at 18% APR. Nothing in this Agreement shall be construed to mean that Franchisee is to pay, or has contracted to pay, any sum in excess of that which may lawfully be charged or contracted for under any applicable law. The intention of the parties is to conform strictly to applicable usury laws, and it is agreed that if an excess is inadvertently collected it shall be applied

to reduce the amount owed. No claim by Franchisee that DivaDance is in default under any provision hereof shall be a defense to a claim by DivaDance for Monthly Services Fees or other amounts owing hereunder. Franchisee agrees that it will not, on the grounds of the alleged non-performance by DivaDance of any of its obligations hereunder, withhold payment of any amounts due to DivaDance.

B. Payment. Monthly royalty fees will be payable to Franchisor via ACH withdrawal based on the royalty report submitted each month. There shall be a \$35.00 charge for each ACH withdrawal that is returned for insufficient funds. You are required to execute our standard ACH Authorization form.

VI. FRANCHISEE'S OBLIGATIONS:

A. Franchisee agrees to:

(1) All owners who have a twenty-five percent (25%) or greater interest in the Franchise or who will be involved in the operational decisions regarding the Franchise will have authorized the Company to conduct a background screening and credit check.

(2) Designate and always retain an individual to serve as the "Operating Principal" under the Franchise Agreement. The Franchisee may serve in that position. The Operating Principal may, at his/her option, and subject to the Company's approval, designate an individual to perform the duties and obligations of the Operating Principal described in the Agreements. The Operating Principal (or his/her designee, if applicable) must devote substantial full time and best efforts to the supervision and performance of the Franchise under the Agreements.

(3) The person designated will meet the standards set forth for this position, as provided in the Manuals or other written instructions. The Operating Principal (or his/her designee) must satisfy the training requirements stated in the Franchise Agreement.

(4) Complete the mandatory initial training program to the satisfaction of DivaDance HQ including the requirement to complete in-studio training equivalent to 10 classes, which may consist of a combination of taking classes, staff-shadowing, hands-on sales and/or operations. This may vary depending on incoming prior DivaDance experience and could take place during initial training at HQ and/or at a location within reasonable commuting distance for the Franchisee.

(5) Open your DivaDance location within 60-90 days of signing this Agreement.

(6) Ensure that all instructors are certified by DivaDance Headquarters ("HQ") prior to being scheduled to conduct classes for paying clients as outlined in the Operations Manual. Franchisees will be charged a one-time certification fee per instructor. The then-current deposit will be billed at the time of registration for the certification program and the balance of the then-current fee is due at the conclusion. Should the instructor trainee not complete the certification program, the deposit is non-refundable. Franchisees are required to complete the instructor certification program, at no additional cost, even if they are not teaching classes, to be able to provide effective management and coaching for their instructors. If they choose to teach at any time, Franchisees must complete all assignments, including video submissions, required by the current certification program prior to teaching a class with paid clients. If Franchisee conducts classes outside of its agreed upon Territory, or if classes are conducted by instructors who have not received training by DivaDance, then you will be charged the then-current noncompliance fee per unauthorized class.

(7) To use the “DIVADANCE” name for its Franchise and for all signage, advertising, stationery, business cards, etc., in accordance with Company’s standards for such use.

(8) To register all new clients monthly (including name, address, phone numbers, etc.) with DIVADANCE. This information is to be sent on the form provided by DIVADANCE, along with the monthly royalty report. DIVADANCE commits to keeping this information confidential and agrees not to use this information to compete directly with its Franchisees. Franchisee agrees that all clients registered by Franchisee shall revert to and become the exclusive property of DIVADANCE if the Franchisee terminates their Franchise Agreement. If the Franchisee transfers his/her Franchise, with approval by DIVADANCE, all clients registered to the Franchisee shall be transferred to the new Franchisee.

(9) To supply client feedback in the form recommended by DIVADANCE monthly.

(10) Comply with all the Company’s standards and specifications relating to the services performed and the products used or sold at the Business.

(11) To maintain regular and consistent communication and planning meetings with the Franchise Success Team, as outlined in the Operations Manual.

(12) To sell or offer for sale products and services, in the manner and style required by the Franchisor. Franchisee agrees not to deviate from the standards and specifications without first obtaining written consent from the Franchisor. Franchisor shall have the right to change products and services offered by Franchisee at any time, and there are no limits on our right to make those changes.

(13) Franchisee agrees to keep true, accurate and complete records of its business in such form as DivaDance now or hereafter may require and to furnish DivaDance with a monthly and fiscal year-to-date profit and loss statement in the format prescribed by DivaDance. Franchisee shall also submit to DivaDance balance sheets semi-annually, the first of which shall be for the period ending six (6) months after Franchisee’s business opens. All profit and loss statements and balance sheets should be prepared in accordance with generally accepted accounting principles and shall be submitted to DivaDance within 25 days after the end of the period covered by the report but are not required to be audited. In addition, Franchisee shall retain, for a period of at least 24 months and, upon request by DivaDance, submit to DivaDance copies of all state sales tax returns and all supporting data and records relating to sales made at or from Franchisee’s business and such other records as DivaDance may reasonably periodically request.

(14) Franchisee also agrees to maintain their accounting records on QuickBooks, QuickBooks Pro, or on a compatible system that DivaDance approves.

(15) To submit monthly financial statements (unaudited) by the 8th of each month following the close of the preceding month beginning with the month following the opening date of the franchise. Franchisee agrees to use the format example set forth in the Operations Manual for:

1. Monthly and year-to-date Statements of Income reflecting amounts (\$) and percentages (%).
2. Balance Sheets
3. Other financial information mutually agreed upon.

B. Franchisee may decide the prices they charge to their customers; except they may not charge more or less than a 20% variance from the Company's standard pricing schedule for services and/or products. If your territory warrants a larger variance, it can be adjusted accordingly by mutual agreement between you and the Company. This is subject to applicable law.

C. Franchisee is not required to purchase any specific type of computer system or computer service. You are required to use the sales & marketing platforms, or other such system designated by the Company, which among other things, helps you manage your billings. You are required to pay the then-current monthly fee for use of these platforms to the Franchisor.

D. Franchisee covenants and agrees that it shall make reasonable efforts to operate the business to achieve optimum sales.

E. If Franchisee is a corporation or partnership, Franchisee represents, warrants, and covenants that:

(1) Franchisee is duly organized and validly existing under the state law of its formation.

(2) Franchisee is duly qualified and is authorized to do business in each jurisdiction in which its business activities or the nature of the properties owned by it require such qualification.

(3) The execution of this Agreement and the consummation of the transactions contemplated hereby are within Franchisee's corporate power, if Franchisee is a corporation, or if Franchisee is a partnership, permitted under Franchisee's written partnership agreement and have been duly authorized by Franchisee.

F. Franchisee shall comply with all requirements of federal, state and local laws, rules, regulations, and orders.

G. Franchisee shall comply with all other requirements and perform such other obligations as provided for in this Agreement.

H. Insurance. You are required to carry the following insurance:

General Liability	Limits:
Each Occurrence	\$ 1,000,000
Damage to Rental Premises (Each occurrence)	\$ 10,000
Medical Expense (any one person)	\$ 5,000
Personal Injury	\$ 10,000
General Aggregate	\$2,000,000
Product Liability	\$ 10,000

You are required to submit a Certificate of Insurance to us, naming DivaDance Company as an additional insured and to inform us of any changes. You are required to maintain levels of insurance as stated in the Manual at all times during the Term of the Franchise Agreement including all renewal terms.

I. If Franchisee opts to pursue the Brick and Mortar (Dedicated Studio) Concept:

(1) All brick and mortar vendors, branding, and décor are subject to approval by DivaDance HQ and must follow branding guidelines outlined in the Operations Manual.

(2) Franchisor does not assist in finding a dedicated studio space for Franchisees who elect the Brick and Mortar (Dedicated Studio) option. However, we must approve the studio space prior to you executing a lease agreement for a space to conduct DivaDance classes. You must provide DivaDance HQ with a draft/copy of the lease agreement for our review and a video recording walk-through of the entire space, from exterior/parking lot through all interior spaces. In addition, Franchisee is required to execute a Standard Lease Rider, which establishes Franchisor as a third-party beneficiary of the lease agreement. A sample of the Standard Lease Rider is attached as Exhibit B-5.

VII. FRANCHISOR'S OBLIGATIONS

Franchisor agrees to provide the following:

(1) One (1) set of Confidential Operations Manuals and such other manuals and written materials as Franchisor shall have developed for use in the business.

(2) Activate Landing Page required to access the Company's website and SEO program including one blog article.

(3) Advice and written materials concerning techniques of managing and operating the business from time to time developed by Franchisor.

(4) To provide initial training for Franchisee and ongoing training as deemed necessary.

(5) To conduct a training Field Trip within forty-five (45) days of the time that you start your business. Prior to launch two DivaDance representatives, an Executive, Manager, lead certified trainer, etc. will travel to your territory to assist with preview events, sales, etc.

(6) Marketing/Promotional Start-up Package including professional headshots, welcome kit of branded apparel items and promotional items including a pop-up banner, studio signs, business cards, etc.

(7) If Franchisee opts to pursue the Brick and Mortar (Dedicated Studio) Concept, Franchisor will review the video tour of the space provided by Franchisee, the draft of the lease agreement, and upon our approval of the space, sign the Standard Lease Rider for the dedicated studio space to conduct DivaDance classes.

The typical length of time between the signing of the Franchise Agreement, or the first payment of consideration for the franchise and the opening of the franchisee's business is approximately 60-90 days. The franchisee should be able to complete all initial training, establish contracts with organizations to facilitate classes and begin registering participants within this time frame.

VIII. CONFIDENTIALITY AND NONCOMPETITION COVENANTS

(a) It is understood and agreed that Company has created substantial goodwill throughout the areas in which its services are distributed and sold. It is further understood and agreed that all the services made available to Franchisee are copyrighted and that no person, firm, corporation or organization, including Franchisee, has any right whatsoever to reproduce, copy or imitate any portion or part of any of Company's services, nor any right to aid or assist others in reproducing, copying or imitating any portion or part of any of Company's services.

(b) Franchisee understands and agrees that he/she will come into possession of certain of Company's trade secrets concerning the manner in which it conducts business, including, but not necessarily limited to: all confidential lists of Company's franchisees and franchisee organizations (including names, addresses and phone numbers); all material contained in the Company's sales training and management operations manuals, customer lists, and Company materials clearly marked or labeled as trademarked or trade secrets most particularly as applicable to methods of operations, or confidential practices. These trade secrets will be kept confidential by the Franchisee. Upon termination of this Agreement, Franchisee will not use, sell, teach, train or disseminate in any manner to any other person, firm, corporation or association any trade secret pertaining to Company's business and/or the manner in which it is conducted.

(c) The agreements, covenants and conditions contained in this Section VIII are the essence of this Agreement, and Company would not appoint Franchisee in the absence of such agreements, covenants, and conditions. In consideration of the agreements, covenants and conditions of this Section VIII made by Franchisee, Company agrees to train Franchisee in the use of the methods which it has developed at much expense for operating a Franchise and entrust to Franchisee Company's trade secrets and confidential information pertaining to the business of Company. Franchisee expressly agrees that utilization of such training and such information in competition against Company during the term of this Agreement, and for a reasonable period, thereafter, would be unfair to Company and would result in irreparable damage to Company. Franchisee further covenants and agrees that during the Term of the Franchise Agreement and for a period of two (2) years after the termination of this Agreement, for any reason, Franchisee will not, do any of the following acts within the Protected Area, within 25 miles of the Protected Area, or within 25 miles of any DivaDance business, whether franchised or operated by Company or an affiliate of Company:

(i) Sell or offer for sale any form of services similar to DIVADANCE; nor shall Franchisee aid or assist others in doing so.

(ii) Induce or attempt to induce any of the Company's Franchisees, staff, sales representatives or sales directors to terminate their association with Company for any reason whatsoever.

(iii). After termination, you shall cease using all confidential franchise information and any client information.

(d) In the event that non-competition covenants contained in this Section VIII are held by any court or other constituted legal authority to be void or otherwise unenforceable in any particular area or jurisdiction, Franchisee and Company agree that this Agreement will be considered amended and modified to eliminate from the Agreement the particular areas or jurisdictions which hold the non-competition covenants of this Section VIII to be void or otherwise unenforceable. With respect to all other areas and jurisdictions covered by this Agreement, the terms and provisions of the Agreement shall remain in full force and effect as originally written.

(e) In the event that any non-competition covenant in this Section VIII is held by any court or other constituted legal authority to be effective in any particular area or jurisdiction, only if such covenant is modified to limit its duration, scope or area, Franchisee and Company agree to consider such non-competition covenant to be amended and modified with respect to that particular area or jurisdiction so as to comply with the order of any court or other constituted legal authority. As to all other areas or jurisdictions, the non- competition covenant shall remain in full force and effect as originally written.

(f) Franchisee agrees that the non-competition covenants contained in this Section VIII shall be assignable by Company to any person, firm, corporation, or organization.

(g) Franchisee agrees that damages or other legal remedies for breach of the covenants and agreements of this Section VIII would be inadequate for Company. Franchisee further acknowledges and agrees that breaches of the covenants and agreements of this Section VIII would cause serious and irreparable injury to Company. Franchisee understands that in the event of any breach of the covenants and agreements of this Paragraph by Franchisee, Company will apply to a court of competent jurisdiction for an injunction ordering Franchisee to discontinue all activities which violate the covenants and agreements of this Section VIII in addition to any other rights or remedies available to Company and Company shall not be required to post a bond in conjunction with obtaining such injunctive relief.

XI. FRANCHISEE ACTIVITY AND COMPANY POLICY CONCERNING INCOME PROJECTIONS AND EARNINGS CLAIMS

(a) It is Company's policy not to make income projections or earnings claims of any nature to prospective Franchisees. By execution of this Agreement, Franchisee acknowledges that neither income projections nor earnings claims of any nature have been made by Company.

(b) Franchisee warrants:

(i) that the Company has not made any statement or implied that all its Franchisees are uniformly successful.

(ii) that the Company has fully explained the degree of effort required to sell the Company's products and services; and

(iii) that he or she is in good health and able to devote his/her time and energy to the operation of this Franchise.

X. RELATIONSHIP OF PARTIES

(a) Franchisee is not and shall not be deemed to be the agent or legal representative of Company or any subsidiary of Company for any purpose whatsoever and shall for all purposes be deemed an independent contractor. Franchisee shall have no authority to create or assume in the name of Company, or any subsidiary of Company, any obligation of any nature whatsoever, expressed or implied. Company shall have no authority to act as agent for Franchisee for any purpose whatsoever. Franchisee shall not accept payments from any party upon any obligation due to Company or any subsidiary of Company. Company shall not attempt to influence how sales of its products are made by Franchisee, the manner in which the business of Franchisee is conducted, or similar matters, except as expressly provided in this agreement.

(b) Franchisee assumes full responsibility and liability for all sales and distributions of Company's products through Franchisee. Franchisee assumes all responsibility and liability for collection and payment of sales and/or use taxes on sales made by Franchisee and agrees to indemnify and hold Company, its officers, directors, staff, agents, and affiliates harmless from any claim or liability for such taxes. Franchisee assumes full responsibility for the placement and payment to the Company for all orders for products, sales promotion and training materials.

(c) Franchisee agrees that they are responsible for payment of any and all state and federal taxes (i.e., income tax, franchise tax, sales and use tax, etc., that are applicable to their own entity in the state in which they operate).

XI. MARKS

A. Franchisor grants Franchisee the right to use the Marks during the term of this Agreement in accordance with the System and related standards and specifications.

B. Franchisee expressly understands and acknowledges that:

(1) As between Franchisor and Franchisee, Franchisor is the owner of all right, title and interest in and to the Marks and the goodwill associated with and the symbolized by them.

(2) Franchisee shall not take any action that would prejudice or interfere with the validity of Franchisor's rights with respect to the Marks. Nothing in this Agreement shall give the Franchisee any right, title, or interest in or to any of the Marks or any of Franchisor's service marks, trademarks, trade names, logos, copyrights, or proprietary materials, except the right to use the Marks and the System in accordance with the terms and conditions of this Agreement for the operation of the business and only at or from its approved location.

(3) Franchisee understands and agrees that any and all goodwill arising from Franchisee's use of the Marks and the System shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement and the Franchise herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the Marks.

(4) Franchisor reserves the right to substitute different Marks for use in identifying the System and the business if Franchisor's current Marks no longer can be used, or if Franchisor, in its sole discretion, determines that substitution of different Marks will be beneficial to the System. In such event, Franchisor may require Franchisee, at Franchisee's expense, to discontinue or modify Franchisee's use of any of the Marks or to use one or more additional or substitute Marks.

C. With respect to Franchisee's use of the Marks pursuant to this Agreement, Franchisee further agrees that:

(1) Unless otherwise authorized or required by Franchisor, Franchisee shall identify, operate and advertise the business exclusively under the name "DIVADANCE" in accordance with the System and related standards and specifications. Franchisee shall not use the Marks as part of its corporate or legal name and shall obtain the Franchisor's approval of such corporate or legal name prior to filing it with the applicable state authority.

(2) During the term of this Agreement and any renewal hereof, Franchisee shall identify itself as the owner of the business in conjunction with any use of the Marks, including, but not limited to, uses on invoices, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the business as Franchisor may designate in writing.

D. Franchisee shall notify Franchisor immediately by telephone and thereafter in writing of any apparent infringement of or challenge to Franchisee's use of any Mark, of any claim by any person of any rights in any Mark, and Franchisee shall not communicate with any person other than Franchisor or any designated person in connection with any such infringement, challenge or claim. Franchisor shall have complete discretion to take such action as it deems appropriate in connection with the foregoing, or to delegate control to any of its affiliates of, any settlement, litigation or Patent and Trademark Office or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Mark.

Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any affiliate in any litigation or other proceeding or to otherwise protect and maintain the interests of Franchisor or any other interested party in the Marks. Franchisor will indemnify Franchisee against and reimburse Franchisee for all damages for which Franchisee is held liable in any proceeding arising out of Franchisee's use of any of the Marks (including settlement amounts), provided that the conduct of Franchisee with respect to such proceeding and use of the Marks is in full compliance with the terms of this Agreement.

XII. DEBTS, TAXES AND GOVERNMENT REGULATIONS

A. Franchisee shall promptly pay when due all taxes, levied or assessed, and all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the business under this Agreement. This does not apply to disputed taxes.

B. Franchisee shall comply with federal, state and local laws, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the business.

C. Franchisee shall notify Franchisor in writing within five (5) days of the commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of the business.

XIII. ADVERTISING

A. It is acknowledged by Franchisee that any advertising that Franchisee may use will affect the value and acceptance of the Proprietary Marks and Company's products. Accordingly, Franchisee agrees that only those Proprietary Marks reflected in Section XI of this Agreement will be used in any Franchisee advertising, and that such use will be made only in the manner specified in Section XI of this Agreement. Company assumes no responsibility for any advertisement made by Franchisee. Franchisee agrees to abide by all ordinances, laws, statutes, and government regulations applicable to Franchisee's advertising. Franchisee will indemnify and hold Company, its officers, directors, staff, agents and affiliates harmless from any and all claims or demands in any way associated with any Franchisee advertising, including all costs and expenses of defending such claims, including reasonable attorney's fees.

B. All marketing materials must be approved by Company in writing. Failure to obtain approval prior to using marketing materials will result in a \$250 fee for the first violation and a \$500 fee for each subsequent violation. These fees are subject to change during the term of this franchise agreement. Continuous failure to obtain approval on marketing materials will result in termination of this Agreement.

C. Website and Internet Presence

We may establish electronic Local Listings and Citations for your business on your behalf, and provide access to make adjustments, as necessary, to customize elements of those web listings. Unless we approve otherwise in writing, you may not establish a separate website and will only have one website, as we designate and approve, within our website. The term "Website" includes Internet and World Wide Web home pages, as well as other electronic sites (such as social networking sites like Facebook, TikTok, Twitter, LinkedIn, Pinterest, Yelp, blogs and other applications).

You must comply with our requirements regarding selling, advertising, discussing, or disseminating any information, or otherwise have a presence on a website, regarding the Business. If we approve a separate Website for you (which we are not obligated to do), we will provide you with guidelines for establishing and maintaining such Websites and each of the following provisions will apply: (i) you may neither establish nor use any Website without our prior written approval; (ii) before establishing any Website, you must submit to us, for our prior written approval, a sample of the proposed Website, including its domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including meta-tags), in the form and manner we may require and all such work (except for social networking sites) must be performed by us, our affiliates or approved suppliers (as described in Item 8); (iii) you must not use or modify a Website (except for social networking sites) without our prior written approval; (iv) you must comply with the standards and specifications for Websites that we may periodically prescribe in the Operations Manual or otherwise in writing; (v) if we require, you must establish hyperlinks to our website and other Websites; and (vi) you must not engage in any link building activities unless approved by us.

You may not create, distribute, or operate any smartphone, tablet, computer, or other app using any of the Marks or related in any way to the System.

You must participate in any System-wide computer network, intranet system or extranet system that we implement and may be required by us to use such a network to, among other things: (i) submit reports to us; (ii) view and print updates to or portions of the Operations Manual; (iii) download approved local advertising materials; (iv) communicate with us and other System franchisees; and (v) complete franchisee education programs. You agree to use the facilities of any such computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that we include in the Operations Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory, or defamatory statements.

XIV. TRANSFER OF FRANCHISE

(a) Franchisee shall have the right to sell or assign all or any portion of this Franchise with the prior written approval of Company, which will not be unreasonably withheld by Company. If Franchisee desires to sell or assign all or any portion of this Franchise, Franchisee will notify Company in writing at least thirty (30) days prior to the date of the intended sale or assignment. Franchisee agrees to comply with any and all ordinances, statutes, laws, and/or government regulations applicable to the sale, transfer or assignment of this Franchise. Any proposed transfer shall be further subject to the satisfaction of the following conditions:

(i) The Proposed New Owner must be of good moral character and reputation, and have sufficient business experience, aptitude, and financial resources to operate the DivaDance business.

(ii) The Proposed New Owner must satisfactorily pass a credit and background check.

(iii) Neither the Proposed New Owner nor its owners (if the Proposed New Owner is an Entity) nor affiliates of either shall have a direct or indirect ownership interest in or perform services for a Competitive Business.

(iv) The Proposed New Owner (and its Managing Owner and Principals if an Entity) and its other representatives determined by Company must successfully complete Company's new owner training program.

(v) The landlord must have consented to the assignment or sublease of the venue premises to the Proposed New Owner if the lease requires consent.

(vi) Prior to the time of transfer, Franchisee must pay to Company a \$10,000 transfer fee.

(vii) Transferee must execute a Franchise Agreement with the Company in the then-current standard form being used by Company prior to the time of transfer for this particular franchise.

(viii) Such transfer shall be conditioned upon Franchisee having fully paid and satisfied all financial obligations to Company.

(b) Company shall have the right to sell, transfer or assign all or any portion of its interest in this Franchise at any time.

(c) If Franchisee is a corporation or partnership, any proposed material change in the ownership of the Franchise shall be reported immediately in writing to Company, which shall have the right to approve such change in ownership before it becomes effective. If such change of ownership is more than a 25% change in ownership, the Company may charge a transfer fee of \$10,000 [see XIV(a)(ii)]. The approval by Company of such change of ownership shall not be unreasonably withheld.

(d) Upon death or incapacity of Franchisee, Franchisee's estate or representative may transfer the Franchise subject to the provisions of this Section XIV, or Franchisee's designated successor may continue to operate the Franchise subject to Company's approval pursuant to the terms of this Section XIV.

(e) While Franchisor agrees not to unreasonably withhold its consent to a sale, assignment or transfer by Franchisee hereunder, consent to such transfer may be refused unless all debts of Franchisee to Franchisor or Franchisor's affiliates are paid in full.

(f) In an effort to assist any DivaDance franchisee with a potential interest in selling one or more of their existing DivaDance franchise(s), franchisor has developed a guide for resale which is outlined in the Operations Manual. Any franchisee who wishes to sell their franchise to any prospect generated by DivaDance will be required to pay the company the then-current Prospect Finder Fee. If you opt for DivaDance HQ's legal assistant to create your sale agreement paperwork, you will pay the then-current fee for that service.

(g) In the event you elect to sell your DivaDance Franchise(s), Franchise Development Executives of DivaDance ("DivaDance HQ Brokers") are willing to manage the sale for you including finding a buyer, talking to prospects, negotiation, and guiding you through the process. If you choose this assistance, you will pay the designated DivaDance HQ Broker the then-current commission which is a percentage of the sale price of your franchise. Note that commission payments to your broker are separate from your Transfer Fee, Legal Fee (if you choose to use DivaDance HQ for your paperwork) and the Prospect Finder Fee, if applicable.

XV. DEFAULT AND TERMINATION

(a) Franchisee shall have the right to terminate this Agreement for any material breach made by the Franchisor, and such material breach is not corrected within ninety (90) days of receiving written notice from the Franchisee. However, Franchisee acknowledges and agrees that no portion of the fee paid by Franchisee to Company at the commencement of the Franchise is refundable. Company will have no obligation to repurchase any of Franchisee's inventory or equipment in the event of termination.

(b) Company shall have the right to terminate this Agreement for violation of any of its terms by Franchisee after notifying Franchisee in writing of the violations of the terms of the Agreement if Franchisee fails to discontinue the violation within ninety (90) days of the written notice of violation to Franchisee by Company. After two such notices, in any consecutive twelve-month period within respect to the same violation of the terms of this Agreement to Franchisee by Company, Company shall have the right to terminate this Agreement immediately upon the third occurrence of any violation of the terms of this Agreement.

(c) Company shall have the right to terminate this Agreement after notifying Franchisee in writing of nonpayment of accounts owed to Company by Franchisee, if Franchisee fails to pay any outstanding accounts owed to Company within ninety (90) days of the notice of nonpayment to Franchisee by Company. After two such notices, in any consecutive twelve-month period within respect to the same of nonpayment to Franchisee by Company, Company shall have the right to terminate this Agreement immediately upon the third occurrence of any nonpayment of accounts owed to Company by Franchisee. Company shall have the right to terminate this Agreement if you fail to complete the Performance Improvement Plan as outlined in Section IV (2) of this Agreement.

(d) Company shall have the right to terminate this Agreement if you offer and/or conduct two (2) or more unauthorized classes as outlined in Section VI (5) of this Agreement.

(e) Company shall have the right to terminate this Agreement for any of the following violations of the Agreement without providing you the opportunity to cure:

(i) Any adjudication of bankruptcy, appointment of a receiver, assignment for the benefit of creditors, or levy of execution directly involving Franchisee.

(ii) Conviction for or violation of any state, federal or other governmental law, statute, rule or regulation which materially affects Franchisee's ability to do business.

(f) Company shall not be limited to termination for only those reasons specifically described in this Section XV, but termination for a reason or reasons other than those specified in this Section XV must be for good cause and shall be effective after ninety (90) days written notice to Franchisee.

(g) Termination of this Agreement shall not extinguish any rights or release any obligations of either party under the terms of this Agreement before the effective date of such termination. In the event of termination, Franchisee expressly acknowledges and agrees that the provisions of Section XV of this Agreement will remain in effect.

(h) Franchisee acknowledges and agrees that termination of this Agreement by Company or by the Franchisee will create no obligation for Company to refund all or any part of the fee paid by Franchisee to Company at the commencement of this Franchise and that Company will not be obligated to repurchase any of Company's products in the possession of Franchisee at the time of termination.

XVI. MISCELLANEOUS

(a) To ensure full compliance with the terms of this Agreement, Company or its representatives shall have the right, at any reasonable business hour, to visit Franchisee's place of business, to monitor any sales or promotional efforts by Franchisee, to inspect Franchisee's books and records pertaining to any aspect of the Franchise and to contact customers of Franchisee to ascertain information concerning Company's products and related services provided by Franchisee.

(b) As concerns Territory – see the Addendum to this Agreement.

(c) Any notices required to be given under this Agreement must be in writing. Such notices shall be deemed to have been given and received when the letter containing such notice, with postage prepaid, is deposited in the United States mail. Such notices shall be given to the parties to this Agreement at the following addresses:

To Company: DivaDance Company
3823 Airport Blvd, Ste D Austin,
TX 78722
HQ@divadancecompany.com

To Franchisee: See name and address on Page 1 of this Agreement.

(d) Party to this Agreement may, by giving five (5) days written notice to the other party, designate any other address in substitution of the foregoing addresses to which such notice shall be given.

(e) This Agreement shall be severable, and if any portion hereof shall be held invalid or unenforceable for any reason, the remainder shall not be thereby invalidated, but shall remain in full force and effect.

(f) Failure of either party at any time to require performance of the other party of any provision hereof shall not be deemed a continuing waiver of that provision or a waiver of any other provision of this Agreement.

(g) This Agreement constitutes the entire agreement and understanding between Company and Franchisee. Neither Company nor Franchisee shall be responsible or liable for any agreement made unless expressed in this Agreement, and this Agreement may not be modified or amended except in writing and signed by both Company and Franchisee.

(h) In the event of war, government restrictions, strikes, fires, failure or shortage of any materials, or any other conditions beyond the control of parties to this Agreement shall prevent any party from performing the obligations under this Agreement; such party is hereby released from such performance during the course of any such conditions.

(i) Descriptive headings used in this Agreement are for convenience only and shall not control or affect the meaning or construction of any provision of this Agreement.

(j) This Agreement shall be governed by and construed in accordance with the laws of the State of Texas and the sole and only venue for any disputes which may arise between the parties shall be in Texas.

SIGNATURES

DIVADANCE COMPANY

FRANCHISEE

Executed this:

Executed this:

____ Day of _____, 20____.

____ Day of _____, 20____.

(Printed Name)

(Printed Name)

SAMPLE

BUSINESS START-UP PACKAGE

- Welcome kit for owners including a drink holder, 2 t-shirts/tank tops, bag, stickers, pens, and other branded items.
- Start-up marketing and promotional package which includes:
 - Professional headshot photo shoot
 - 2 Pop-Up Banners
 - 100 Party Cups
 - 2 Studio Fragrances
 - 2 Laminated studio signs
 - 50 Pens
 - 100 Field Marketing Cards
 - 100 Field Marketing Business Cards
 - 50 Owner Business Cards
 - 200 Button Cards
 - 200 Buttons
- Operations manual
- Access to online training portal with learning modules and training videos
- Access to master routine database which includes hundreds of routines and class videos.

NOTE: One Business Start-Up Package is provided for each franchise. If there are two owners in partnership, or additional start up package materials are required for any reason, a fee will be charged for additional materials requested.

SAMPLE PROMISSORY NOTE

Principal \$16,000	Loan Date	Maturity Date	Loan No 01
-------------------------------	------------------	----------------------	-----------------------

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Lender: DIVADANCE Company
3823 Airport Blvd, Ste D
Austin, TX 78722

Borrower:

Principal Amount: \$16,000 Interest Rate: 8.5% Date of Note:

Promise to Pay. _____. ("Borrower") promises to pay to DivaDance Company ("Lender"), or order, in lawful money of the United States of America, the principal amount of Sixteen Thousand Dollars (\$16,000) together with interest at the rate of 8.5% per annum on the unpaid principal balance from until maturity.

Payment. Borrower will pay this loan on or before _____. Interest on this Note is computed on a 365/365 simple interest basis; that is, by applying the ratio of the annual interest rate over the number of days in a year, multiplied by the outstanding principal balance multiplied by the actual number of days the principal balance is outstanding. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing. Unless otherwise agreed or required by applicable law, payments will be applied first to increased unpaid interest, then to principal, and any remaining amount to any unpaid collection costs and late charges. Payments in the amount of \$_____ per month are due, beginning on the 15th day of the month following the loan date referenced above and on the 15th day of each month thereafter until the loan is paid in full.

Prepayment: Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by the Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, they will reduce the principal balance due and may result in Borrower making fewer payments.

Late Payments: Borrower will pay a late fee equal to \$100.00 for each payment that is not paid within ten (10) days after its due date.

Post Maturity Rate. The Post maturity Rate on this Note is 18.000% per annum. Borrower will pay interest on all sums due after final maturity whether by acceleration or otherwise, at that rate, which will continue to accrue interest at the pre-maturity rate.

Default. Borrower will be in default if any of the following happens: (a) Borrower fails to make any payment when due. (b) Borrower breaks any promise Borrower has made to Lender, or Borrower fails to comply with or to perform when due any other term, obligation, covenant, or condition contained in this Note or any agreement related to this Note, or in any other agreement or loan Borrower has with Lender. (c) any representation or statement made or furnished to

Lender by Borrower or on Borrower's behalf is false or misleading in any material respect either now or at the time made or furnished. (d) Borrower becomes insolvent, a receiver is appointed for any part of Borrower's property. Borrower makes an assignment for the benefit of creditors, or any proceeding is commenced either by Borrower or against Borrower under any bankruptcy or insolvency laws. (e) Any creditor tries to take any Borrower's property on or in which Lender has a lien or security interest. This includes the garnishment of any of Borrower's accounts with Lender. (f) Any guarantor dies or any of the other events described in this default section occurs with respect to any guarantor of this Note. (g) A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the indebtedness is impaired. (h) Lender in good faith deems itself insecure.

If any default, other than a default in payment, is curable, it may be cured (and no event of default will have occurred) if Borrower, after receiving written notice from Lender demanding cure of such default: (a) cures the default within twenty (20) days; or (b) if the cure requires more than twenty (20) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all necessary steps sufficient to produce compliance as soon as reasonably practical.

Lender's Rights. Upon default, Lender may declare the entire indebtedness, including the unpaid principal balance of this Note, all accrued unpaid interest, and all other amounts, costs and expenses for which Borrower is responsible under this Note or any other agreement with Lender pertaining to this loan, immediately due, without notice, and then Borrower will pay that amount. Lender may hire an attorney to help collect this Note if Borrower does not pay, and Borrower will pay Lender's reasonable attorney's fees. Borrower also will pay Lender all other amounts actually incurred by Lender as court costs, lawful fees for filing, recording, or releasing to any public office any instrument securing this loan. This Note has been delivered to Lender and accepted by Lender in the State of Texas. If there is a lawsuit, and if the transaction evidenced by this Note occurred in McLennan County, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of McLennan County, the State of Texas. This Note shall be governed by and construed in accordance with the laws of the State of Texas and applicable Federal laws.

General Provisions. Notice: Under no circumstances (and notwithstanding any other provisions of this Note) shall the interest charged, collected, or contracted for on this Note exceed the maximum rate permitted by law. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. The right to accelerate maturity of sums due under this Note does not include the right to accelerate the event of acceleration. All sums paid or agreed to be paid to Lender for the use, forbearance or detention of sums due hereunder shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of the loan evidenced by this Note until payment in full so that the rate or amount of interest on account of the loan evidenced hereby does not exceed the applicable usury ceiling. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, protest, notice of dishonor, notice of intent to accelerate the maturity of this Note, and notice of acceleration of the maturity of this Note. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or protect Lender's security interest in the collateral without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL PROVISIONS
OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THE NOTE AND
ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THE NOTE.

Borrower:

BY: _____

BY: _____

Individually

SAMPLE TRANSFER AGREEMENT

This Agreement is entered into by _____, located at _____, "Seller", and _____, located at _____, "Buyer".

WHEREAS _____, hereafter called Seller, is a Franchisee of DivaDance, hereinafter called DIVADANCE, by virtue of a Franchise Agreement dated _____; and

WHEREAS Seller desires to sell and transfer all his/her rights, title and interest in and to said Buyer, _____, hereinafter called Buyer. Seller and Buyer request that DIVADANCE consent to approve and allow said sale and transfer. In making this request and as a part of the inducement to DIVADANCE to approve the Franchise to be sold and transferred, both Seller and Buyer have reached their decision to sell and buy the Franchise based upon their own investigation and without having been influenced in any way by DIVADANCE or any of its officers, staff, or representatives; and

THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

NOW THEREFORE, Seller agrees that all his/her rights, privileges and entitlements under the terms of his/her Franchise Agreement, shall terminate and cease. Buyer contracts and agrees to perform all of Seller's responsibilities and obligations under the terms of said Franchise Agreement and to be bound by all the terms and conditions thereof; and

THEREFORE, both parties hereto acknowledge that DIVADANCE shall not be held accountable for or responsible for any claims as may be asserted by anyone as a result of the transfer of the Franchise; and

THEREFORE, the Seller and Buyer acknowledge and agree that the training of a Franchisee is an integral part of the Franchise. Therefore, Buyer hereby agrees to pay to DIVADANCE, at the time of the transfer of the Franchise, a fee in the amount of _____ Dollars (\$_____) to cover costs of training Buyer. The Seller is responsible for payment of this fee; however, Seller and Buyer mutually agree that the Buyer shall assume this responsibility, and therefore, Buyer shall be responsible for paying the \$_____ fee.

THEREFORE, in consideration of the promises, covenants, warranties, representations and agreements herein set forth, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and expressed, it is agreed as follows:

(1) Upon execution hereof, Buyer will pay to DIVADANCE the sum of _____ (\$_____) as a Transfer fee and will execute a Transfer Agreement that is mutually agreed upon by DIVADANCE, Name and the Transferee.

(2) Seller contracts and agrees to transfer his/her Franchise Agreement to Buyer.

(3) Seller hereby unconditionally releases, acquits, quitclaims, and forever discharges DIVADANCE and any other person, firm, business, organization, partnership, corporation or other legal entity heretofore or hereafter legally or equitably liable or responsible for the act or omissions or other conduct of DIVADANCE and their respective past, present and future directors, officers, agents, staff, subsidiaries, attorneys, heirs, administrators, executors, legal representatives, successors, assigns, sureties and insurers, ("Released Persons") from and for and on account of any and all claims arising from any event or set of facts occurring from the beginning of the world until the date hereof, including but not limited to, any Claims arising either directly or indirectly from the Franchise Agreement and any representations made by DIVADANCE or any Released Persons. Nothing contained herein shall act as a waiver or release of any claims arising under a state law governing the sale of franchises or franchise relationships if such law prohibits a waiver or release of claims under that law.

(4) Seller hereby bargains, sells and conveys all of his/her right, title and interest in and to the Franchise Agreement to Buyer.

(5) Seller expressly agrees, acknowledges, and understands that:

(a) This Agreement shall include, without limitation, a release of all liability of any nature whatsoever for any Claim caused either directly or indirectly by DIVADANCE or any Released Persons of Seller.

(b) This Agreement applies not only to Claims which have already allegedly accrued or arisen but also to any Claims or controversies of any nature whatsoever which may ever arise at any time in the future arising out of or in any way connected with, either directly or indirectly, the Franchise Agreement or any representation made by DIVADANCE or any Released Person.

(c) This is a full and complete and final release of all claims, statutory, contractual, or tortious in character or anyone acting for them.

THAT Seller and Buyer jointly notify and acknowledge to DIVADANCE that said Franchise has been transferred and conveyed by Seller and Buyer for and in consideration which is acceptable to them.

DATED AND SIGNED at _____ on the ____ day of _____, 20____

Seller –

DATED AND SIGNED at _____ on the ____ day of _____, 20____

Buyer –

In reliance upon the agreements, representations and understanding as stated above, DIVADANCE does hereby consent and approve the transfer of the Franchise.

DivaDance Company

BY: _____

CONFIDENTIALITY AGREEMENT AND ANCILLARY COVENANTS NOT TO COMPETE

This Agreement is made and entered into this , day of , 20
between DivaDance Company (DivaDance), a Texas company ("Franchisor"),
 ("Franchisee")
And Operating Principal), " including, without limitation, all Operating Principals executing
this Agreement). The addresses to the parties to this agreement are listed on page of this
Agreement.

RECITALS

WHEREAS, Franchisee has been granted the right to the use of a distinctive system
(the "System") for the development and operation of a DivaDance Franchise under the
name and mark "DivaDance Company"; and

WHEREAS, the System includes, but is not limited to, certain trade names, service
marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the
mark "DivaDance Center" and such other trade names, service marks, trademarks, logos,
insignia, slogans, emblems, designs and commercial symbols as Franchisor may develop
in the future to identify for the public the source of services and products marketed under
the System ("Marks") and certain information, knowledge, know-how, techniques and any
materials used in or related to the System which Franchisor provides to Franchisee, or
which Franchisee or its Operating Principals (as defined in the Franchise Agreement)
develop, in connection with the Franchise Agreement or the operation of the System
thereunder, including, without limitation, any products, services, systems, applications,
procedures, or methods of operations, advertising, marketing, training, management,
service or procurement and any confidential matter regarding the business of Franchisor or
any of its affiliates ("Confidential Information"); and

WHEREAS, the Marks and Confidential Information provide economic advantages
to Franchisor and are not generally known to, and are not readily ascertainable by proper
means by, Franchisor's competitors who could obtain economic value from knowledge and
use of the Confidential Information; and

WHEREAS, Franchisor has taken and intends to take all reasonable steps to
maintain the confidentiality and secrecy of the Confidential Information; and

WHEREAS, Franchisor has granted Franchisee the right to operate a DivaDance
Franchise using the System, the Marks and the Confidential Information for the period
defined in the Franchise Agreement made and entered into on , 20
 ("Franchise Agreement"), by and between Franchisor and Franchisee, and

WHEREAS, Franchisor and Franchisee have agreed in the Franchise Agreement on the importance to Franchisor and to Franchisee and other Franchised users of the System of restricting the use, access and dissemination of the Confidential Information; and

WHEREAS, it will be necessary for the Operating Principal and other staff, agents, independent contractors, officers, directors and interest holders of Franchisee, or any entity having an interest in the Franchisee to have access to and to use some or all the Confidential Information in the management and operation of Franchisee's business using the System; and

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

Confidentiality Agreement

1. Franchisor shall disclose to Franchisee some or all the Confidential Information relating to the System. All information and materials, including, without limitation, all manuals, specifications, techniques and compilations of data containing Confidential Information which Franchisor provides to Franchisee shall be deemed Confidential Information for the purposes of this Agreement.
2. Franchisee shall receive the Confidential Information in confidence and shall, always, maintain them in confidence, and use them only during his/her association with the Franchisor and then only in connection with the development and operation by of the Franchise for so long as Franchisee is Franchised by Franchisor to use the System.
3. Franchisee shall not at any time make copies of any documents or compilations containing some or all the Confidential Information without Franchisor's express written permission.
4. Franchisee shall not at any time disclose or permit the disclosure of the Confidential Information except to other staff of Franchisee and only to the limited extent necessary to train or assist other staff of Franchisee in the development or operation of the Franchise using the System.
5. Franchisee shall surrender any material containing Confidential Information to Franchisor, upon request, or upon termination of the Franchise Agreement.
6. Franchisee shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Confidential Information and the System.
7. All manuals are loaned by Franchisor to Franchisee only and remain the property of Franchisor and may not be reproduced, in whole or in part, without Franchisor's written consent. Manuals may be printed, electronic, tape, disc or another format.

8. If Franchisee develops any new concept, program, formula, improvement, invention, or work of authorship in the operation or promotion of the Franchise, alone or jointly with others ("Work Product") Franchisee shall promptly notify Franchisor and shall provide them with all necessary related information, without compensation. Franchisee acknowledges that any such Work Product will inure to the benefit of and become the property of Franchisor, and Franchisor may use or disclose such Work Product to its Franchisees and to its affiliates, successors, and assigns, as it determines to be appropriate. Franchisee shall execute in favor of Franchisor an assignment of his/her entire right, title, and interest in and to the Work Product and agrees to execute such other documents and instruments as Franchisor may request. If a copyright registration or patent is filed by or on behalf of Franchisee within one (1) year following the earlier of the termination or expiration of the Franchise Agreement or the time at which Franchisee ceases to be associated with Franchisor, describing a work which relates to the business of Franchisor, it will be conclusively presumed that such work is to be treated as a Work Product for all purposes hereunder.

Covenants Not to Compete

1. To protect the goodwill of the System and the confidentiality and value of the Confidential Information, Franchisee further agrees, and covenants as follows:

a. Not to divert, or attempt to divert, directly or indirectly, any business, business opportunity, or customer of the Franchisor to any competitor.

b. Not to employ, or seek to employ, any person who is at the time or was within the preceding twelve (12) months employed by Franchisor or any Franchisee or developer of Franchisor, or otherwise directly or indirectly induce such person to leave that person's employment except as may occur in connection with Franchisee's employment of such person if permitted under the Franchise Agreement.

c. Not to directly or indirectly, for himself or through, on behalf of, or in conjunction with any person, partnership or corporation, without the prior written consent of Franchisor, own, maintain, operate, engage in or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any business located within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Franchisor has used, sought registration of or registered the same or similar Marks or operates or Franchises others to operate a business under the same or similar Marks, which business is of a character and concept similar to the DivaDance system.

2. In further consideration for the disclosure to Franchisee of the Confidential Information and to protect the System, Franchisee agrees and covenants that for two (2) years following the earlier of the expiration, termination or transfer of all of Franchisee's interest in the Franchise Agreement or the termination of his/her association with or employment by Franchisee, will not without the prior written consent of Franchisor:

a. Divert or attempt to divert, directly or indirectly, any business, business opportunity or customer of the Franchise to any competitor.

b. Employ, or seek to employ, any person who is at the time or was within the preceding twelve (12) months employed by Franchisor or any Franchisee or developer of Franchisor, or otherwise directly or indirectly induce such persons to leave that person's employment.

c. Directly or indirectly, for himself or through, on behalf of or in conjunction with any person, partnership or corporation, own, maintain, operate, engage in or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any business at is of a character and concept similar to the business or which has similar products, services and operations, which business is, or is intended to be located within the Protected Area, as such term is defined in the Franchise Agreement or within a one-mile radius of the location of any DivaDance Franchise.

Miscellaneous

1. Franchisee agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisor shall be entitled to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies which are made available to it at law or in equity, including the right to terminate the Franchise Agreement, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

2. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF TEXAS, WITHOUT REFERENCE TO TEXAS CHOICE OF LAW PRINCIPLES. FRANCHISEE HEREBY IRREVOCABLY SUBMITS HIMSELF TO THE JURISDICTION OF THE STATE COURTS OF TEXAS.

3. The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any un-appealed final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

4. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

5. All notices and demands required to be given hereunder shall be in writing and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, facsimile, telegram or telex (provided that the sender confirms the facsimile, telegram or telex by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission), to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If directed to Franchisor, the notice shall be addressed to:

DivaDance Company
3823 Airport Blvd, Ste D
Austin, TX 78722
hq@divadancecompany.com

If directed to Franchisee, the notice shall be addressed to:

Attn: _____
Email: _____

If directed to Operating Principal, the notice shall be addressed to:

Attn: _____
Email: _____

9. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successors and assigns. The respective obligations of Franchisee and Franchisee hereunder may not be assigned by Franchisee or Franchisee, without the prior written consent of Franchisor.

In Witness Whereof, the undersigned have entered into this Agreement as witnessed by their signatures below.

Franchisor:
DivaDance
Company a Texas
Corporation

BY:

Attest:

Franchisee:

Witn
ess
By: _
Title:

ATTEST:

OPERATING PRINCIPAL:

Witness

By:

Title:

DIVADANCE STANDARD LEASE RIDER

THIS RIDER is attached to and part of that certain Lease Agreement dated contemporaneously herewith between [●], a [●] ("**Landlord**") and [●], a [●] ("**Tenant**"), and concerns the premises located at [●] (the "**Premises**").

1. ***Franchisor is Third Party Beneficiary.*** Tenant is a franchisee of DivaDance Company, a Texas corporation ("**Franchisor**"). The Premises is to be the location of a DivaDance studio. The purpose of this Rider is to grant Franchisor a certain amount of control over the Premises under certain circumstances, and over Tenant's conduct of the franchise business at the Premises. Accordingly, Franchisor is a third party beneficiary of this Lease.

2. ***Notice to Franchisor.***

(a) Landlord agrees to provide Franchisor with thirty (30) days' prior written notice of any of the following:

- (i) The cancellation or termination of the Lease by either Landlord or Tenant prior to the expiration date stated in the Lease;
- (ii) Any assignment or proposed assignment of the Lease by either Landlord or Tenant;
- (iii) Any sublease or proposed sublease of the Premises by Tenant;
- (iv) Any modification of the Lease;
- (v) Tenant's exercise or intent to exercise of any option to extend or renew the Lease; and/or
- (vi) The renewal of the existing Lease by Landlord and Tenant, or the execution of a new lease.

(b) Landlord agrees to provide contemporaneous written notice to Franchisor of any notice of default given to Tenant and allow Franchisor to cure such default within sixty (60) days of receipt of such notice by Franchisor.

(c) Landlord must provide written notice to Franchisor within five (5) days after Landlord commences any legal action against Tenant, including but not limited to an action for eviction.

3. ***Tenant's Right to Assign the Lease.*** Tenant shall have the right to assign the Lease to Franchisor or to any other franchisee of Franchisor without Landlord's prior written consent.

4. **Franchisor's Right to Assume Lease.** Franchisor shall have the right to assume the Lease within thirty (30) days of receipt of a notice from Landlord of any of the following circumstances:

- (a) Tenant assigns the Lease to Franchisor under *Section 3* hereof;
- (b) The expiration or termination of Tenant's franchise;
- (c) The expiration, cancellation or termination of the Lease, or Landlord's eviction of Tenant from the Premises for any reason; and/or
- (d) Tenant's default or claimed default under the Lease.

Franchisor's right to assume the Lease is assignable to any of its other franchisees, provided any such assignee assumes all of Tenant's obligations under the Lease.

5. **Signs.** Tenant shall have the right to install at the Premises professionally prepared window banners, promotional banners and posters, window decals, and announcements, on the inside of the plate glass windows, regardless of any sign criteria previously or subsequently prescribed by Landlord.

6. **Franchisor's Marks.** Landlord acknowledges that it has no ownership rights with respect to Franchisor's trademarks and service marks (the "**Marks**"), including but not limited to the name "DivaDance". Landlord disclaims any right it may have or may otherwise acquire under the Lease or by law, to any signs, banners or other assets of Tenant or Franchisor bearing any of Franchisor's Marks.

7. **Restrictive Covenant.** If the Premises are located in a shopping center or mall, Landlord will not execute any lease for space within the shopping center or mall which permits the operation of a dance studio.

8. **Compliance with Laws.** Franchisor shall have no responsibility for the compliance with any applicable federal, state or local law concerning the Premises, including but not limited to the Americans with Disabilities Act, until such time as Franchisor receives an assignment of or assumes the Lease and takes possession of the Premises.

9. **Binding Effect.** This Rider shall be binding upon and shall inure to the benefit of the parties and their respective heirs, personal representatives, successors and assigns.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.]

LANDLORD:

[●], a [●]

By: _____

Name: _____

Title: _____

TENANT:

[●], a [●]

By: _____

Name: _____

Title: _____

FRANCHISOR:

DIVADANCE COMPANY, a Texas corporation

By: _____
Jami Stigliano Andosca, CEO and Founder

To Prospective Franchisees and New Franchisees
STATE OF NEW YORK

As a matter of corporate policy, all amendments to the Franchise Agreement required by a state or other entity are made by virtue of a Letter of Addendum which is attached to and made a part of the Franchise Agreement.

This is such a letter as relates to Franchisees who reside in the State of New York.

Registration of this franchise by New York State does not mean that New York State recommends it or has verified the information in this disclosure document. If you learn that anything in this disclosure document is untrue, contact the Federal Trade Commission and New York State Department of Law Bureau of Investor Protection and Securities, 120 Broadway, 23rd Floor, New York, NY 10271.

The franchisor may, if it chooses, negotiate with you about items covered in the prospectus. 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 prospectus.

Paragraph VIII(f), Confidentiality and Noncompetition, of the Franchise Agreement is hereby amended to provide:

However, no assignment shall be made except to an assignee who is willing and able to assume the franchisor's obligations under the agreement.

Paragraph XIV(a) (iv), Transfer of Franchise, of the Franchise Agreement is hereby amended to provide:

Provided however, that all rights enjoyed by the franchisee and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued there under shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Section 687.4 and 687.5 be satisfied.

Paragraph XV (a), Default and Termination, of the Franchise Agreement is hereby amended to provide:

Franchisee shall have the right to terminate this Agreement on any grounds available by law.

Paragraph XVI (j), Miscellaneous, of the Franchise Agreement is hereby amended to provide:

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.

In order to make this Letter of Addendum a part of the Franchise Agreement, please sign the two original copies of this letter so that each of the two contracting parties may have file copies thereof.

Successfully and Positively,

Jami Stigliano Andosca, President
DivaDance Company

Franchisee

Date

Operations Manual -Table of Contents

DivaDance 101

- History of DivaDance
- Mission & Values
- DivaDance Client Avatar
- Support & Resources
- Visits to Your Market by DivaDance HQ

Brand Guidelines

- Approvals and Use of Logo
- Class Experience Guidelines
- Instructor Development Program
- Choreography Guidelines + Resource Videos
- Studios / Locations
- Brick and Mortar Studio Guidelines
- Required Studio + Party Supplies
- Merchandise + Apparel Affiliate Commission

Sales System & Marketing

- Pre-Launch Sales & Marketing
- Classes, Parties, Programs
- Pricing Standards
- Promotional Strategies
- Social Media Marketing
- Communications and Publicity
- Signage & Print Collateral

Business Operations

- Bookkeeping
- Music Licensing
- Insurance
- Minimum Performance Requirements

List of State Administrators

Commissioner of Department of Financial
Protection and Innovation (DFPI)
Department of Financial Protection and Innovation
One Sansome Street, Suite 600
San Francisco, CA 94104
866/ASK-CORP

Corporate Securities
Department of Insurance and Finance
21 Labor and Industries Bldg.
Salem, Oregon 97310
503/378-4387

Office of the Illinois Attorney General
Franchise Bureau
500 South Second Street
Springfield, Illinois 62706
217/782-4465

Division of Securities
233 Richmond Street, Suite 232
Providence, Rhode Island 02903-4232
401/277-3048

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

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, SD 57501
605/773-3563

The Office of the Attorney General
Maryland Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202
410-576-6360

State Corporation Commission
Division of Securities and Retail Franchising
1300 E. Main Street, 9th Floor
Richmond, Virginia 23219
804/371-9051 FAX: 804/371-9911

Consumer Protection Division
Franchise Section / Attn: Marilyn McEwen
670 Law Building
Lansing, Michigan 48909
517/373-7117 FAX: 517/335-1935

Bill Beatty Administrator
Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, Washington 98507-9033
360/902-8760

Minnesota Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55102-2198
651/296-4026 FAX: 651/297-1959

Securities Division of the Department of Financial
Institutions.
P.O. Box 1768
Madison, Wisconsin 53701
608/266-3364

NYS Department of Law
Investor Protection Bureau
28 Liberty St. 21st floor
New York, NY 10005
212/416-8222

North Dakota Securities Department
State Capitol Fifth Floor
600 East Boulevard
Bismarck, North Dakota 58505-0510
701/328-2910

AGENTS FOR SERVICE OF PROCESS

California:	Commissioner of Department of Financial Protection and Innovation Department of Financial Protection and Innovation One Sansome Street, Suite 600 San Francisco, CA 94104
Connecticut:	Connecticut Banking Commissioner
Illinois:	Illinois Attorney General
Indiana:	Indiana Secretary of State
Maryland:	Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020
Michigan:	Michigan Department of Commerce, Corporations and Securities Bureau
Minnesota:	Minnesota Commissioner of Commerce
New York:	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota:	North Dakota Securities Department
Oregon:	Theodore R. Kulongoski (Director of Oregon Department of Insurance and Finance)
Rhode Island:	Director of Rhode Island Department of Business Regulation
South Dakota:	Director of South Dakota Division of Insurance
Virginia:	Clerk of the State Corporation Commission 1300 E. Main St. 1 st Floor Richmond, VA 23219
Washington:	Director of Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater WA 98501 (360) 902-8760
Wisconsin:	Securities Division of the Department of Financial Institutions. – Administrator

DivaDance Company
Active Franchises
As of December 31, 2023

<p>AR</p> <p>DivaDance Northwest Arkansas Owner: Cassandra La'Shae Coleman 3406 SE J Street Bentonville, AR 72712 (479) 363-1350 nwa@divadancecompany.com Contact: Cassandra La'Shae Coleman</p>	<p>AZ</p> <p>DivaDance Chandler, AZ Owner: Shannon Ruiz 1881 S. Alma School Rd Chandler, AZ 85286 (480) 269-0295 chandler@divadancecompany.com Contact: Shannon Ruiz</p>
<p>AZ</p> <p>DivaDance Gilbert AZ Owner: Melanie Sherrard 1501 E Baseline Rd Ste 109 Gilbert, AZ 85233 (480) 256-8094 gilbert@divadancecompany.com Contact: Melanie Sherrard</p>	<p>AZ</p> <p>DivaDance North Phoenix AZ Owner: Bilma Diaz 6201 N. 7th St Phoenix, AZ 85014 (602) 341-3305 northphoenix@divadancecompany.com Contact: Bilma Diaz</p>
<p>AZ</p> <p>DivaDance Scottsdale AZ Owner: Bilma Diaz 6730 E. McDowell Rd #137 Scottsdale, AZ 85257 (602) 562-0492 scottsdale@divadancecompany.com Contact: Bilma Diaz</p>	<p>FL</p> <p>DivaDance Florida Suncoast /Sarasota Owner: MC Disco Dreams Inc. 6561 102nd Ave N Pinellas Park, FL 33782 (941) 202-2347 floridasuncoast@divadancecompany.com Contact: Natalie Moore</p>
<p>FL</p> <p>DivaDance Florida Suncoast/ Clearwater/St. Petersburg Owner: MC Disco Dreams Inc. 6561 102nd Ave N Pinellas Park, FL 33782 (941) 202-2347 floridasuncoast@divadancecompany.com Contact: Natalie Moore</p>	<p>FL</p> <p>DivaDance-Jacksonville FL Owner: Jasmine Batista 11035 Philips Highway, Unit 5 Jacksonville, FL 32256 (904) 385-0462 jacksonville@divadancecompany.com Contact: Jasmine Batista</p>

<p>GA</p> <p>DivaDance Sandy Springs GA Owner: Sassy Squad LLC 8610 Roswell Road Ste 750 Sandy Springs, GA 30350 sandysprings@divadancecompany.com (941) 202-2347 Contact: Chantel Turk</p>	<p>GA</p> <p>DivaDance-West Atlanta, GA Owner: Sassy Squad LLC 8610 Roswell Road Ste 750 Sandy Springs, GA 30350 sandysprings@divadancecompany.com (941) 202-2347 Contact: Chantel Turk</p>
<p>IL</p> <p>DivaDance Chicago IL Owner: Animato LLC 1415 N Dayton Street 3rd Floor Chicago, IL 60642 chicago@divadancecompany.com (312) 834-3482 Contact: Lexi Longsworth</p>	<p>NJ</p> <p>DivaDance Jersey City/Hoboken NJ Owner: Emily Bujnowski 54 Coles St Jersey City NJ 07302 jchob@divadancecompany.com (551) 202-2790 Contact: Emily Bujnowski</p>
<p>NC</p> <p>DivaDance Port City NC Owner: Melissa Woodruff 2152 Wrightsville Ave Wilmington, NC 28403 portcity@divadancecompany.com (910) 604-6313 Contact: Melissa Woodruff</p>	<p>PA</p> <p>DivaDance-Reading, PA Owner: Troupe Trouvaille, LLC 74 Bent Brook Circle Reading, PA 19606 (484) 272-7499 reading@divadancecompany.com Contact: Tracy Polacheck</p>
<p>TX</p> <p>DivaDance-East Texas Owner: RL Fitness LLC 2259 Broussard St Tyler, TX 75701 (903) 200-1092 etx@divadancecompany.com Contact: Rachel Luttrell</p>	<p>TX</p> <p>DivaDance-El Paso, TX Owner: Nikki Rose, Inc. 12410 Montwood Dr. El Paso, TX 79928 (915) 224-0071 elpaso@divadancecompany.com Contact: Diane Martinez</p>

TX DivaDance-Fort Worth, TX Owner: Natalia Maravi 1706 8 th Avenue Fort Worth, TX 76110 (817) 221-8336 fortworth@divadancecompany.com Contact: Natalia Maravi	TX DivaDance-Houston, TX Owner: Mauney Distribution LLC 5406-B Inker Street Houston, TX 77007 (936) 228-9358 houston@divadancecompany.com Contact: Sherry Mauney
TX DivaDance-Irving/Grapevine, TX Owner: The Prima Donna Group LLC 5215 N O'Connor Blvd Ste 2600 Irving, TX 75051 irvinggrapevine@divadancecompany.com (214) 308-1721 Contact: KaShonna Conner	TX DivaDance Mansfield/Grand Prairie TX Owner: Logan Carr 101 N Main St Unit 201 Mansfield, TX 76063 mansfieldgp@divadancecompany.com (682) 422-9352 Contact: Logan Carr
TX DivaDance-McKinney/Allen, TX Owner: Joy Chery 1201 E Louisiana St McKinney, TX 75069 (469) 209-5010 mckinneyallen@divadancecompany.com Contact: Joy Chery	TX DivaDance-New Braunfels, TX Owner: K&D Ventures LLC 1410 I-35 Business, Ste C New Braunfels, TX 78130 (830) 201-0004 newbraunfels@divadancecompany.com Contact: Katie Laye
TX DivaDance-North Central San Antonio TX Owner: Dance Delights by Danielle Co. 1923 Lockhill Selma, Ste 101 San Antonio, TX 78213 (210) 816-1823 satx@divadancecompany.com Contact: Danielle Ledezma	TX DivaDance-North Dallas, TX Owner: Natalia Maravi 15203 Midway Rd Ste B Addison, TX 75001 (972) 360-8252 northdallas@divadancecompany.com Contact: Natalia Maravi
TX DivaDance-Plano/Rockwall Owner: Erica Figueroa 2963 W 15 th St #2973 Plano, TX 75075 (469) 207-1517 planorockwall@divadancecompany.com Contact: Erica Figueroa	TX DivaDance-San Antonio, TX Owner: Dance Delights by Danielle Co 1923 Lock hill Selma, Ste 101 San Antonio, TX 78213 (210) 816-1823 satx@divadancecompany.com Contact: Danielle Ledezma

TX DivaDance-San Marcos, TX Owner: Slay With The Layes LLC 1504 Aquarena Springs Drive Ste 203 San Marcos, TX 78666 (512) 693-8174 sanmarcostx@divadancecompany.com Contact: Katie Laye	TX DivaDance-Uptown Dallas Owner: Natalia Maravi 1350 Chemical St Dallas, TX 75207 (972) 379-8471 uptowndallas@divadancecompany.com Contact: Natalia Maravi
TX DivaDance-West San Antonio, TX Contact: MYHEACO LLC 6511 W. Loop 1604 N. Ste 114 San Antonio, TX 78254 (210) 399-3920 wsatx@divadancecompany.com Contact: Andrea Vega	TX DivaDance-Williamson County, TX Owner: Loving Dance, LLC 2606 W Pecan St BLDG 2 212 Pflugerville, TX 78660 (512) 522-9270 wilco@divadancecompany.com Contact: Angela Loving

Franchisees Who Have Left the System in the Last 12 Months
as of December 31, 2023

Sabrina Martin - DivaDance-West Atlanta, GA (Transferred to New Owner)
Atlanta, GA
sabrina.martin@atleysouthern.com

Molly Moore - DivaDance Chicago, IL (Transferred to New Owner)
Philadelphia, PA
molly.claire.moore@gmail.com

Megan Britt -DivaDance New Orleans, LA
New Orleans, LA
mgnbritt@gmail.com

Lauren Savino - DivaDance Katy/Cypress, TX (Franchisor Reacquired)
Katy, TX
Laf016@shsu.edu

Nicole Waller - DivaDance North Central San Antonio, TX (Transferred to New Owner)
Helotes, TX
FitGirlFitness2020@gmail.com/

Jessica Johnson - DivaDance Uptown Dallas (Transferred to New Owner)
Jessica Johnson
Dallas, TX
jwjhnsn123@gmail.com

Franchises Sold but not Open
As of December 31, 2023

DivaDance Frisco, TX
Owners: Natalia Maravi and Rachel Luttrell
Frisco, TX
Projected opening: February 2024

DivaDance Brooklyn/Prospect Park, NY
Owner: Megan Singer
Brooklyn, NY
Projected opening: February 2024

DivaDance West Mesa, AZ
Owner: Shivani Arora
Mesa, AZ
Projected opening: April 2024

DivaDance Arlington, TX
Owners: Nicki Joiner and Adam Joiner
Arlington, TX
Projected opening: April 2024

DivaDance Alamo City, (San Antonio) TX
Laura Rocha and Reginald Hampton
San Antonio, TX
Projected opening: May 2024

DivaDance Toledo, OH
Owner: Kimberly Schaefer
Toledo, OH
Projected opening: June 2024

DivaDance Las Vegas, NV
Owner: Anayah Dorman
Las Vegas, NV
Projected opening: September 2024

NEW YORK

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 D OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be 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 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.

4. 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.

5. 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.

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration:

California, Hawaii, Illinois, Indiana, Maryland, Michigan Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Illinois	Pending
Maryland	Pending
Michigan	February 29, 2024
New York	Pending
Virginia	December 14, 2023

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 DivaDance Company offers you a franchise, it must provide this disclosure document to you at least fourteen (14) calendar days before you sign a binding agreement with or make a payment to the franchisor or an affiliate in connection with the proposed franchise sale.

If DivaDance 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency listed on Exhibit D.

DivaDance sales agent for this offering is Jami Stigliano Andosca, 3823 Airport Blvd, Ste D, Austin, TX 78722, (254) 307-2781.

Issuance Date: April 29, 2024

I received a Franchise Disclosure Document dated April 29, 2024, that included the following Exhibits:

Exhibit A - Financial Statements
Exhibit B - Franchise Agreement together with exhibits B1 –B-6
Exhibit C— Operations Manual Table of Contents
Exhibit D - State Administrators
Exhibit E - Agents for Service of Process
Exhibit F – Current and Former Franchisees

Date: _____

Your name (Please print)

Your Signature:

You should return one copy of the signed receipt either by signing, dating and mailing it to DivaDance at 3823 Airport Blvd, Ste D, Austin, TX 78722, or by emailing a copy of the signed receipt to DivaDance Company - jami@divadancecompany.com or HQ@divadancecompany.com

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 DivaDance Company offers you a franchise, it must provide this disclosure document to you at least fourteen (14) calendar days before you sign a binding agreement with or make a payment to the franchisor or an affiliate in connection with the proposed franchise sale.

If DivaDance 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency listed on Exhibit D.

DivaDance sales agent for this offering is Jami Stigliano Andosca, 3823 Airport Blvd, Ste D, Austin, TX 78722, (254) 307-2781.

Issuance Date: April 29, 2024

I received a Franchise Disclosure Document dated April 29, 2024, that included the following Exhibits:

Exhibit A and - Financial Statements
Exhibit B - Franchise Agreement together with exhibits B1 –B-6
Exhibit C – Operations Manual Table of Contents
Exhibit D - State Administrators
Exhibit E - Agents for Service of Process
Exhibit F – Current and Former Franchisees

Date: _____

Your name (Please print)

Your Signature

You should return one copy of the signed receipt either by signing, dating and mailing it to DivaDance at 3823 Airport Blvd, Ste D, Austin, TX 78722, or by emailing a copy of the signed receipt to DivaDance Company at jami@divadancecompany.com or HQ@divadancecompany.com.