

FRANCHISE DISCLOSURE DOCUMENT

ELITE TUTORING PLACE, INC.

An Illinois Corporation

111 E. Ogden Avenue

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Naperville, IL 60563

(630) 305-0630

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The franchise offered is for the establishment and operation an ELITE TUTORING PLACE® tutoring center that uses Common Core methods, and provides tutoring and learning skills for children and young adults to improve academic understanding and prepare for standardized tests.

The total estimated investment necessary to begin operations of an ELITE TUTORING PLACE® Business is \$46,850 to \$92,730. This includes \$32,500 that must be paid to the franchisor or its affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this 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 Ali A. Pabarja, at 111 E. Ogden Avenue, Suite 111 Naperville, IL 60563, or at (630) 305-0630.

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

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

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

Date of Issuance: May 31, 2023

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.
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 D 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 ELITE TUTORING PLACE® 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 an ELITE TUTORING PLACE® franchisee?	Item 20 lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

agency information in Exhibit A.

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

Special Risk(s) 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 arbitration and litigation only in Illinois. Out-of-state arbitration and litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate and/or litigate with the franchisor in Illinois than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum royalty or advertising payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.

Certain states may require other risks to be highlighted. If so, check the "State Specific Addenda" pages for your state.

FOR THE STATE OF MICHIGAN

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

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

- (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
- (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).
- (i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

If our most recent financial statements are unaudited and show a net worth of less than \$100,000.00, you may request that we arrange for the escrow of initial investment and other funds you paid until our obligations, if any, to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At our option, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENFORCEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection
Franchise Section
525 West Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, MI 48933
(517) 335-7567

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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this Franchise Disclosure Document (Disclosure Document), “we” means ELITE TUTORING PLACE, INC., the Franchisor. “You” means the person who buys the franchise. We are an Illinois corporation incorporated on January 6, 2015. The principal business address is 111 E. Ogden Avenue, Suite 111, Naperville, IL 60563. We do business as ELITE TUTORING PLACE®. We have no parents or predecessors. We have one affiliate, ELITE TUTORING PLACE OF NAPERVILLE, INC. (“Affiliate”). Our Affiliate was incorporated on August 29, 2014, in Illinois. Our Affiliate operates one ELITE TUTORING PLACE® location in Naperville, Illinois, at the same address of our principal business.

Our agent for service of process is disclosed in Exhibit A.

We franchise the right for you to own and to operate an ELITE TUTORING PLACE Business (the “Elite Business”) which, using the Common Core methods, offers tutoring and provides learning skills for children and young adults to improve academic understanding and prepare for standardized tests. Neither you, nor those operating your Elite Business are required to be accredited or to hold any certifications.

The Elite Business must be located in commercially leased space, accessible to the public and us. Since your Elite Business will be open to the public, it is expected that you will have to comply with the American with Disabilities Act. You must also comply with any local, state or federal laws, ordinances, or statutes that relate to the operation of a business in which children will spend time. You must also comply with all applicable smoking ordinances. No alcohol is permitted on the premises at any time. We know of no laws or regulations specific to this industry. The Elite Business is not a day care center. It does not provide or sell food. You will not be required to obtain a food license. All operations must be conducted from the one location the Franchise Agreement grants you the right to open and operate. The Franchise Agreement is attached to this Disclosure Document as Exhibit B.

Neither we, nor our affiliate has prior business experience offering or selling franchises for this or any other business. Our principal has approximately thirteen years of business experience in the field of offering services to tutor children and preparing students and young adults for standardized tests. Our Affiliate has about 9 years of experience, in the field of offering services to tutor children and prepare students and young adults for standardized tests. The Elite Business

method involves entering into contracts for a specific number of hours to either receive tutoring in a specific subject or subjects, or to prepare for one or more standardized tests. Until the pandemic, as described below in this Item 1, we did not permit our franchisees to enter into a business contract online. We also did not permit our franchisees to do any business online. This franchise contemplates one on one tutoring, in the Elite Business location between trained teachers, those proficient in a specific subject or learning technique and the student. We will sell franchises, but will otherwise not engage in the business we offer through this Disclosure Document or any other business activities.

We have been offering franchises since 2015. The market for this type of service is very well developed. The recipient of the service includes children and young adults. The contracting party is expected to be the children's or young adult's parents or guardians. There will be competition from many well-established franchised tutoring centers, as well as individuals that offer their services as teachers and tutors to the public, through websites, advertisements, list serves, and school networks. This is not generally a seasonal business, however students may tend to consider enrolling at various specified times of the year to either prepare for a standardized test, or to receive help with school work for a period of time. Notwithstanding, you may find yourself entering into contracts throughout the year, except for the summer. In early 2020, the industry in which tutoring centers is a part was impacted by COVID 19 when it became a pandemic, emergency governmental orders were issued to shelter in place, and schools were closed, or moved to online learning. In person tutoring came to an abrupt halt and remained that way for the remainder of 2020, and part of 2021. Additionally, more people who were homebound held themselves out as tutors in educational subjects, thereby decreasing the revenues of businesses like ours. This double impact caused us to rethink our business model. As with many other businesses we were forced to work with our students on-line. This is slowly changing, as more students are returning to the location where the service is offered.

We do not offer, nor do we anticipate that we, or our Affiliate will offer franchises in any other lines of business.

ITEM 2

BUSINESS EXPERIENCE

President, Director: Ali A. Pabarja

Mr. Pabarja has been president and sole director since our inception in January 2015, and has been the president and sole director of our Affiliate since its inception in August 2014. From September 2009 until September 2014, Mr. Pabarja was the president of Tutoring Center of Naperville, Inc.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

The Initial Franchisee Fee is \$25,000, payable in one lump sum when you sign the Franchise Agreement. Additionally, there is a training fee, payable within 10 business days of when you begin training in the amount of \$7,500. If you die, or you become disabled to the extent that you cannot pursue the operation of an Elite Business under the Franchise Agreement, we will refund the franchise fee paid to us if death or disability occurs before we have expended time and money to train you. If we trained you, we will return \$22,500. We will also refund \$22,500 of the Initial Franchise Fee if you do not satisfactorily complete your training. We will retain the separate training fee. If you presented us with one or more sites that we were unable to approve in the time permitted under this Agreement, and none others, we will refund \$22,500, unless you have been trained; in which case we will refund \$20,000. There are no refunds under other circumstances. There are no other fees that you must pay to us, or our Affiliate for goods and/or services before your business opens. We reserve the right to vary the amount and time for payment of the initial franchise and training fee, but only to accommodate qualified prospects who are unable to make the lump sum payment. If this becomes necessary, we will make individual assessments based on many factors and will defer any payment until you officially open your Elite Business. The franchise fee will then be payable to us in monthly installments beginning in one month after you open, in increments of \$1,000 per month, for a total of 27.5 months. No funds will be exchanged with us before you have been trained and have opened for

business. After ten Elite Businesses have been sold, we reserve the right to vary the franchise fee amount and payment, but have not determined what procedure we will follow.

**ITEM 6
OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Royalty	\$300 per month for first 12 months; \$600 for each month beginning in the thirteenth month for the remainder of the term.	5 th of the month	The payment is a flat fee payable monthly, and not based on achieving any sales volume.
Transfer Fee	\$7,500 (if the person or business to whom you are selling requires training); otherwise \$4,000	When franchise sold	Must be paid before we recognize transferee franchisee.
Audit	Cost of Audit	15 days after billing	Audit costs must be paid to us if you understate your gross sales by 5% or more.
Renewal Fee	\$4,000 for the renewal fee. If refresher training is required, we have the right to charge up to an additional \$2,500	Before renewal of the Franchise Agreement	This fee or these fees must be paid before you are given approval to continue with the franchise
Additional Training	Up to \$2,500 if more than one training period is required before you open. If you request additional training or in our reasonable discretion,	Within 15 days of being billed	This would take place at your Elite Business location.

	and based on our assessment of your Elite Business, we determine more training is necessary, we will charge \$300 per day for each visit plus our travel and lodging expenses.		
Interest	Lesser of 1.5% per month or highest rate of interest allowable by law.	15 days after billing	Payable on all overdue amounts.
Costs and Attorney's Fees	Will vary under circumstances.	As incurred	Payable upon your failure to comply with the Franchise Agreement.
Indemnification	Will vary under circumstances.	As incurred	You have to reimburse us if we are sued or held liable for claims arising from your Elite Business or the business you conduct under the Franchise Agreement
Relocation Fee	The amount by which our legal fees exceed \$1,000	15 days after billing	If you relocate and our legal fees to approve the relocation exceed \$1,000, we will charge you for the amount by which those fees exceed \$1,000. At this time, that amount cannot be determined.

We impose and you must pay to us all of the above non-refundable fees. These fees are uniformly imposed.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount*	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee (1)	\$25,000	Lump Sum when Franchise Agreement signed	With execution of the Franchise Agreement	Us
Elite Business Rent (First three months that does not include the Security Deposit) (2)	\$0-\$6,000	As agreed, in addition to deposit of one or two months rent and paid by check each month	Deposits are due before taking possession and rent will generally be payable monthly	Lessor
Rental Security Deposit, Utility Deposits and Business Licenses (3)	\$1,000 - \$5,000	As agreed with Lessor, utility companies and as charged for by municipality	When lease is executed	Lessor
Elite Business Build-Out (4)	\$0-\$25,000	As Agreed	Periodically	Vendors
Training Fees and Other Related Expenses (5)	\$8,000-\$9000	Lump sum check Employee Payroll Check Cash, Credit card	As Incurred	Us Third Parties
Insurance (6)	\$350-\$980	As Agreed	Annually	Third Parties
Business advisors such as lawyers and accountants (7)	\$0-\$1,000	As Agreed	As services are rendered	Third party service providers
Electronic Equipment (8)	\$1,250-\$1,750	Check, credit	As purchased	Third party vendors
Furniture and	\$2,500-\$4,000	Check, credit	As purchased	Third party

Fixtures (9)				vendors
Signage (10)	\$750-\$3,000	As agreed with the sign company and installer	When purchased or when installation complete	Sign company and installer, if different
Materials and Supplies (11)	\$1,000-\$1,500	Cash, check or credit	As purchased	Third party vendors
Grand Opening	\$3,000	Check, Credit	As Incurred	Third Parties
Additional Funds - 3 months (12)	\$4,000-\$7,500	Various	As Incurred	Third Parties
Total	\$46,850-\$92,730			

*These amounts, other than security deposits and the special circumstances for the franchise fee refunds, are generally not refundable.

Explanatory Notes

(1) The initial franchise fee is \$25,000. (See Note 5 below for additional amount due for training). Neither we, nor does our affiliate finance part or all of the initial investment. In certain circumstances, we will defer it, and permit you to make monthly payments. There is no interest payable on these payments.

(2) Elite Business rental amounts will vary throughout the United States, and further vary from an urban location to more suburban location. The figure given for the low range -0- is based on a rental concession of a minimum of three months rent. If rent concessions are not available, with premises of approximately 1200 square feet, and a triple net lease (base rent plus real estate taxes, insurance and common area maintenance) for \$20.00-\$25.00 a square foot, the monthly rent would range from \$2,000 per month to \$2,500 per month. These estimated amounts will be influenced by where geographically the lease is obtained and the prevailing or market rates for space at that time. These estimates will also be influenced in 2023 and began to be impacted in 2021 and 2022 due to the impact the pandemic has had on the commercial property market.

(3) The initial rental security deposit will depend on your financial strength, the term of the lease and the rent itself. The initial security deposit of \$1,000 to \$5,000 is calculated for one month of rent at the lower per square foot figure and rent for 2 months based on the higher

dollar amount per square foot. You will also need to be prepared to pay a deposit for utilities such as heat and electric, water, telephone and/or Internet, and obtain business licenses that are required by local regulations and are estimated at \$500 to \$1,000, but could be higher depending on location.

(4) The figure given for the low range -0- is based on the landlord building out your space, which is called a build to suit. If you are responsible for building out the space, the expenditure is based on receiving the Elite Business premises in a vanilla shell, or in a condition that is ready to be improved. This amount does not contemplate major construction, but does factor in minor plumbing for a small bathroom, painting, doors, placing electrical outlets, lighting fixtures and roughing out a small office. This expenditure will vary due to the condition the premises are in when leased; the amount of work the landlord is willing to do to attract you as a tenant; the amount of work you intend to do and the cost of materials used. If you lease space that was already built out for a similar purpose, your expenditure may be minimal, limited to changing the floor surface, if necessary, some fixtures and wall paint color to match our look, design and replicate our trade dress.

(5) There is a training fee of \$7,500 in addition to the Initial Franchise Fee that must be paid at least 10 business days before you begin training. There are no other training fees provided you and a manager level representative of your choosing attend and successfully complete training. Our representative(s) will come to your location to complete the Elite Business set up, approve it, and give you permission to open. You may also incur between \$500 and \$4,000 worth of expenses during training for the payment of wages to one or more employees who are present for the training period, and for transportation, lodging and food and other incidental costs while you or they are at training. If we have to repeat the training due to your inability to complete it, we reserve the right to charge an additional \$2,500.

(6) Insurance expenses will vary based on amount and type of coverage and your geographic location. Insurance requirements are set forth in Section 11 of the Franchise Agreement. Insurance is generally paid one year in advance.

(7) Your initial investment should include a budget for business advisors, such as lawyers, accountants or other trusted individuals with whom you may consult or from whom you may decide to seek advice before executing the Franchise Agreement. The cost for reviewing the Disclosure Document, which includes the Franchise Agreement, the cost for reviewing and negotiating a lease for space for your Elite Business, the cost for forming a business entity under

which you will operate, and the set up cost to establish your business have all been factored into this estimate. The amounts estimated are also going to be affected by where you live and the rates for professional services, including whether you will be charged a flat fee or an hourly rate.

(8) You will also incur expenses for electronics, including two flat screen televisions, 55” and 60” in size, a shredder, telecommunications, scanner/copier, and office printer. An iMac computer and a laptop computer, are also further discussed in Item 11, under the subheading “Computer”. Your copier and printer may be purchased as a single unit.

(9) Furniture and Fixtures, that include but are not limited to a (Hercules Legacy series and Pimlico 702-66FP-FS-DMI reception desk) and cabinets (Tenneco BD-18-72), and student chairs (Virgo 9000 18”), bookshelves, tables, office desk chair, white boards, storage carts, a 6 foot office tree and clock.

(10) Signage, both interior, but mainly exterior is required for the Elite Business. The cost will be dictated by the number and quality of signs you purchase and install. The signs must meet our specifications.

(11) Materials include all student, office, and testing materials, including but not limited to pencils, pens, paper, rulers, tape, flashcards, toys and supplies include all cleaning and restroom supplies and a vacuum.

(12) The funds needed for the first three months in operation are an estimate of the expenses you will incur for operating expenses and incidentals (miscellaneous opening costs, installation of a landline for telephone service). It is anticipated, but only on the basis of an estimate, that you will need the amount of the funds, or more set forth above. We have relied on our principal’s 6 years of knowledge and experience in both the same and similar businesses to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. Since we do not offer financing directly or indirectly for any part of the initial or continuing investment, nor will we co-sign or in any other way guarantee a loan for you, if you require financing, the availability and terms of financing will depend on factors such as the availability of financing generally, the credit market, your creditworthiness, your collateral or other collateral you may pledge, and lending policies of financial institutions when you apply for credit.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Neither we, nor our Affiliate is an approved supplier for anything. The equipment you are required to purchase under specification are two Smart TVs and computers, whose specifications are stated in Items 7 and 11 of this Disclosure Document. You are also required to purchase furniture and signage under specifications we issue to you. Together, we estimate these amounts will be between 50% and 65% of the initial investment you will make to begin your Elite Business. There are no approved suppliers, therefore, the amount of your expenses to continue your business purchasing from approved suppliers is 0%. You will not purchase anything from us or our Affiliate to continue your Elite Business. Once you have purchased the two smart TVs, and computers listed in Item 11 below, and furniture and signage, the items for which there are specifications, there will be no other payments made to approved suppliers, to us, our Affiliate or for products or services that have specifications. We will issue you equipment, furniture and signage specifications in our Operations Manual.

We do not negotiate for price arrangements. You can purchase from whomever you choose at the best price you can find. Since there are no approved suppliers, there can be no interests owned by any of our officers in an approved supplier. Our president owns 100% of our Affiliate, however, you have no obligation to purchase anything from our Affiliate, nor does it sell or provide anything to you.

There are no purchasing or distribution cooperatives. We have not received any rebates for any purchases, nor do we contemplate receiving rebates. Neither we, nor our Affiliate will receive revenues from any purchases you make.

We do not provide material benefits to you because you purchased a particular product or service, or used a particular supplier. The Franchise Agreement and the Operations Manual obligates you to purchase certain types of equipment, but neither requires that you use a certain supplier.

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise, and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.

Obligation	Section in Franchise Agreement	Item in Disclosure Document
a. Site Selection and acquisition/lease	Sections 1,7,9,16	Item 11, 12
b. Pre-opening purchase/leases	Sections 3,5,6,7	Item 8
c. Site development and other pre-opening requirements	Sections 4,5,6,8,11	Item 12
d. Initial and ongoing training	Sections 2,5,7,8	Item 5 and 11
e. Opening	Sections 1,6,8	Item 11
f. Fees	Sections 1,2,3,5,6,8,15,20	Item 5 and 6
g. Compliance with standards and policies/ operating manual	Sections 2,3,5,6,8,9,10,11,15,16,17,18	Item 7,11 and 15
h. Trademarks and proprietary information	Sections 1,6,8,9,10,15,17	Item 11,13 and 17
i. Restrictions on products/services offered	Sections 1,7,8,9,15	Item 11 and 16
j. Warranty and customer service requirements	Section 8,15	None
k. Territorial development and sales quotas	Section 4	Item 12
l. Ongoing product/service purchases	None	Item 8
m. Maintenance, appearance, and remodeling requirements	Section 8	None
n. Insurance	Sections 8 and 11	Item 7
o. Advertising	Sections 4,6,7,9,15	Item 6 and 11

p. Indemnification	Section 18	None
q. Owner's participation/management, staffing	Sections 8,16	Item 15
r. Records and reports	Sections 12,14	Item 17
s. Inspections and audits	Section 12	Item 6
t. Transfer	Section 16	Item 6 and 17
u. Renewal	Section 2	Item 17
v. Post-termination obligations	Section 13,15	Item 17
w. Non-competition covenants	Sections 13,15	Item 15 and 17
x. Dispute resolution	Sections 19, 20	Item 17

ITEM 10 FINANCING

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

ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

Before you open your business, we will:

1. Work with you to identify the general area where you will open your Elite Business and once located, define your exclusive territory. (Franchise Agreement, Sections 1 and 6, Ex. B). We do not participate in your selection for an Elite Business location, but we must approve it. (Franchise Agreement, Sections 1 and 6). After you locate your site and have submitted the information about the site to us, we will approve or disapprove it within ten business days. We do not assist you in negotiating a lease or purchasing a site. We do not own premises that we lease to you. You will be the tenant. We will not co-sign or guarantee your lease under any circumstances. The location for your Elite Business will be based on a number of factors including but not limited to populations, socio-economic level of the community or

neighborhood, household count, neighborhood characteristics, passing traffic, exposure and accessibility.

You are required to open within the shorter of six months from the date you sign the Franchise Agreement, or three months from the date we approve your Elite Business location. The factors that affect this timing are the ability to obtain a lease, complete training, and general delays in obtaining permits, or placing signage, and completing the mobile video conference inspection we will conduct. If you have diligently searched for a site, and have not found a suitable location; we have not approved of one or more sites you presented, or you are in the process of negotiating your lease for an approved site, we will not unreasonably withhold consent to extend the time for opening. No extension will be granted past 12 months, at which time you will forfeit that portion of your Franchise Fee as stated in Section 3 of the Franchise Agreement.

2. Grant you the right to open an Elite Business using the registered marks and logo. (Franchise Agreement, Sections 1, 6 and 8).

3. Provide you with specifications to build out your Elite Business, and conduct a mobile video conference inspection with you before you open. (Franchise Agreement, Sections 6 and 7). We do not provide assistance with conforming the premises to local ordinances and building codes, or obtaining permits. We do not provide assistance with construction or remodeling, but we will approve your decorating of the premises, or request changes to conform with the Elite Business before you open.

4. Approve your lease. (Franchise Agreement, Section 6).

5. Train you and your employee(s) and come to your Elite Business before you open. (Franchise Agreement, Sections 4 and 6). We train your employees, except for the one you bring to initial training. You will be responsible for all training costs for you and your employee(s), including travel, salary, lodging and food. There is a training fee of \$7,500 in addition to the franchise fee, as disclosed and discussed above in Item 5. If you are unable to successfully complete training, then you will be charged an additional \$2,500 fee for repeating the training class.

6. Give you a list of equipment, proper signage, fixtures, opening inventory and supplies, however, you may purchase these items from whomever you choose.

Training will be in the following areas and take approximately the amount of time estimated in the chart below:

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Business Overview Mission History Business Philosophy and Corporate Culture	9	2	Our Offices in Naperville, Illinois
Relationship with the Franchisor The Franchise Agreement The Operations Manual Responsibilities of a franchisee Visits from the Corporate Office	9	2	Our Offices in Naperville, Illinois
Pre-Opening Pre Opening Timeline & Checklist Site Selection Setting Up the Center Equipment and Supplies Licenses and Permits Required Services Insurance & Banking Opening Marketing	10	2	Our offices in Naperville, Illinois
Human Resources Recruiting Job Descriptions Interviewing & Hiring Your Staff Employee Paperwork Training Employees	9	2	Our offices in Naperville, Illinois

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Managing Employees Performance Evaluations & Progressive Discipline Termination			
Sales Competitive Advantages Q&A About Elite Tutoring Place	9	2	Our offices in Naperville, Illinois
Office Procedures Customer Service Procedures Contracts with Customer and Paperwork Communicating with the Customer and interaction with students Billing Procedures Bill Payment Procedures Franchise Reporting Procedures Operational & Financial Reporting	9	3	Our offices in Naperville, Illinois
Marketing Marketing Plan and Calendar Marketing Basics Traditional Marketing Media Digital Marketing Media (Internet, social media, email, etc.) Public Relations Required Marketing Expenses and Franchisor Approval	9	3	Our offices in Naperville, Illinois
TOTAL	64	16	

Training will be conducted by Ali Pabarja, our president who has more than 13 years of experience in the industry and has worked in all aspects of the day-to-day operations of establishing and conducting the Elite Tutoring Place operation. Mr. Pabarja may also be assisted by current employees, who have limited experience with us. At this time we cannot determine how often we

will offer the training classes. It will be based on the number of franchises sold. Each franchisee will receive personal training in sufficient time to meet all of the opening requirements, whether through individual instruction or in a group setting.

The training will include both classroom and hands-on learning with reference to the Confidential Operations Manual. The training will be conducted at our headquarters, or another location we designate. You, and at least one other employee must attend and you must complete training to our satisfaction, the earlier of six months after signing the Franchise Agreement, or ten days before you open. We can also conduct training through Zoom, by phone or in email. If the training needs to be repeated, we will charge \$2,500 per person. We do not require you to take additional training or refresher courses.

7. Loan you a copy of our Operations Manual (the “Manual”), which contains mandatory and suggested specifications, standards and procedures. This Manual is confidential and remains our property. We will modify this Manual, but the modification will not alter your status or negatively affect your rights under the Franchise Agreement. (Franchise Agreement, Sections 6 and 10).

The Manual currently consists of approximately 55 pages. We reserve the right to provide the Manual to you electronically through email. The Table of Contents is attached as Exhibit C.

During the operation of the franchised business, we will:

1. Update the Operations Manual, and furnish updates to you. (Franchise Agreement, Sections 6 and 10)
2. Provide guidance by telephone or written communication. (Franchise Agreement, Section 6)
3. Agree to protect your right to use the Marks in all respects as your use relates directly to the Franchise Agreement. (Franchise Agreement, Section 9)

We do not hire or fire your employees. We do not set prices for the products you will offer. We do require you to purchase signage for the outside of the premises of your location and for the interior. Signage must conform to the specifications we supply to you.

Marketing Fund

There is and will be no marketing fund. You can use your own advertising materials but we must first approve them. We will give you a response within ten business days of receiving your proposed advertising material. (Franchise Agreement, Section 6).

There are no advertising councils or advertising cooperatives.

We are not required to spend any specific sum of money to advertise in your area or exclusive territory.

Computer

We require that you purchase for the Elite Business one new iMac computer and one new MacBook Pro laptop, both of which must have Microsoft Office software installed. The estimated cost for these types of computers will each range between \$1,000 and \$3,000 each. We also require two smart televisions without specification for brand, however, our affiliate currently uses and we suggest LG. The screens must be 55" and 60" respectively. Both must have smart technology (internet and dual screen capabilities). The estimated cost for these televisions is between \$600 and \$1,500 each.

We also require one high output office printer and one multifunction scanner/copier, whose estimated cost is between \$400 and \$900. You must also purchase Microsoft Office Suite which ranges from \$89-\$150, if not already installed in your new computer.

We will not have independent access to your computer, but, must have the ability to inspect your computer at your Elite Business to view financial information. The computer should be used in the most efficient way to operate your business, based on your computer skills and business ability. There is no obligation to update or upgrade your computer or any other systems, but it is strongly recommended that your computer equipment is adaptable to change, which occurs frequently. We also strongly suggest general maintenance. We have no obligation nor does our Affiliate, or any third party to provide ongoing maintenance, repairs, upgrades, or updates.

ITEM 12

TERRITORY

This franchise is location specific. You will operate from the one approved location, however, you will receive an exclusive territory that encompasses that location. The boundaries for your exclusive territory will be stated on Exhibit B to the Franchise Agreement. The boundaries will be defined along the lines of recognized zip codes, all of which will be contiguous to one another or connected by a group of zip codes, and together will make up one area, without skips or gaps in a selected geographic area that comprise a specific population and/or household base. We will not be responsible for residential population shifts, and may be unable to compensate you by adding zip codes if your exclusive territory experiences a loss of population, or a change of population make up.

You may relocate your leased premises as long as you remain in your exclusive territory. Our approval of your relocation will be limited to verifying that the relocated leased premises complies with the minimum size requirements and that the location does not encroach on the exclusive territory of another franchisee, and approval of your new lease. (Franchise Agreement, Section 1). We will charge you for our legal expenses to approve your relocation if they exceed \$1,000.

There are no quotas or minimums to maintain the exclusive territory.

Neither we, nor our Affiliate will compete in your exclusive territory.

We will link your location to our website, and include information about your location, hours, telephone numbers and contact person. You are not permitted to have your own website, but can otherwise use social media. Our preferred business model is in person one on one tutoring. During the COVID-19 pandemic, our business model adapted to online tutoring, since in person was not possible. We expect that going forward, we will have a hybrid business model, enabling our franchisees to offer in person, and online tutoring..

You are not permitted to market outside your exclusive territory, but can enter into a contract for services with anyone that walks into your Elite Business location, calls and makes an appointment or is referred to you.

There are no rights to additional franchise locations in your exclusive territory. All additional franchise locations will be granted on an individual basis, after assessment of the site proposed, whether inside or outside your exclusive territory. There are no rights to first refusal, or similar rights to acquire other franchises.

We have no ability to modify your exclusive territory. We have no rights to use any channels of distribution to compete with you, nor will we have any independent business dealings within your exclusive territory. Neither we, nor our Affiliate now have or have in the past operated franchises, or have plans to operate or franchise a business under a different trademark for a business that offers services similar to those offered here.

ITEM 13 TRADEMARKS

We grant you the right to operate a franchise under the trade name and service mark ELITE TUTORING PLACE®, which was registered on the Principal register of the United States Patent and Trademark Office, Registration No. 4682895, on February 3, 2015; and ELITE TUTORING PLACE and design, which was registered on the Principal register of the United States Patent and Trademark Office, Registration No. 4733271 on May 5, 2015.

Section 8 affidavits were filed for both registered service marks, Registration Nos. 4682895 and 4733271 before their due dates in 2021. The Section 8 affidavit was accepted on March 18, 2021 for Registration No. 4682895. The Section 8 affidavit was accepted on August 11, 2021 for Registration No. 4733271. No further filings are due at this time. You will also have the right to use any other trademark or service mark placed into use during the term of the Franchise Agreement. The above trademarks and service marks are referred to as the Marks (the “Marks”). We have the right to use and franchise the Marks, by a License Agreement between the owner of the Marks and us dated February 4, 2015. The License Agreement provides us the license for 30 years, with two 10-year extensions. The License Agreement may be terminated if we fail to remain a franchisor, fail to uphold our covenants to police the mark, fail to appropriately screen prospective franchisees, fail to instruct franchisees on the proper use of the Marks, and we do not cure the default after written notice and the cure period has expired.

You must follow our rules when you use the Marks. You cannot use a name or mark with modifying words, designs or symbols except for those which we license to you, nor can you use

any of the Marks as part of a corporate name. You may not use our Marks in connection with the sale of an unauthorized service or product or in a manner we do not authorize in writing.

There are currently no effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or court. We do not know of any superior prior rights or any infringement that could materially affect your use of the principal trademarks in any state, nor do we know of any cancellation proceedings or material litigation, involving the Marks. Other than the License Agreement described above in this Item 13, there are no agreements currently in effect which significantly limit our right to use or license the use of the Marks in any manner material to the franchise.

You must notify us immediately when you suspect or learn about an infringement of or challenge to your use of our Marks. We will take the action we deem appropriate, but are not required to take any action. If you have used the Mark as prescribed in this Agreement and the Operations Manual, we will defend you against a claim against your use of the Marks, and we will reimburse you for your liability and reasonable costs in connection with defending the Marks. To receive reimbursement you must have notified us within three business days after you learned about the infringement or challenge.

You must modify or discontinue the use of any of the Marks if we modify or discontinue its or their use. If this happens, we will reimburse you for your tangible costs of compliance (for example, changing signs). You must not directly or indirectly contest our right to the Mark(s), trade secrets or business techniques that are part of our business. You are not permitted to sublicense the use of any of the Marks for any purpose or for any reason.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents related to this franchised business. We claim a copyright in our Operations Manual, and any other proprietary information we may produce or develop. We will mark those items as follows: ©2023 ELITE TUTORING PLACE, INC., or the year they were produced. If we provide any advertising to you that we created or had created, we will also claim appropriate copyrights in that advertising. Any communications we send to you as a franchisee will be considered proprietary to our System and must be treated confidentially by you. To date, we have not submitted anything for copyright registration. If you are uncertain whether information

we have conveyed to you is proprietary, you should contact us to discuss it before disclosing it to a third party.

There are currently no effective material determinations of the U.S. Copyright Office, or of any state or court, nor do we know of any pending infringement or material litigation, involving the copyrighted material.

If our Operations Manual is challenged by anyone, we would determine at that time whether to defend it. We do not have an affirmative obligation to defend. We have the right to control any and all litigation related to our copyrights.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

If you are an individual franchisee, you must directly supervise your Elite Business, and will be the responsible party to comply with the Franchise Agreement. If you are a partnership, corporation or a limited liability company, the direct supervision of the franchised business must be done by a center manager or director who must successfully complete our training program. All business entities to whom the Franchise Agreement is assigned, and all principal owners of those business entities are responsible for complying with the Franchise Agreement and will be required to guaranty the Franchise Agreement.

Center managers or directors are required to sign a Confidentiality Agreement before beginning employment. The Confidentiality Agreement is attached as an exhibit to the Franchise Agreement.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

This is a tutoring and learning franchise. You have the right to market tutoring and teaching services and enter into contracts with customers to providing tutoring for school subjects and standardized tests only. These are the only approved services, and you are required to offer all of them. You must offer the system of tutoring that we teach you in training, and none else. You will sell no products, nor will you place any vending machines in your location, or sell or distribute food of any kind. No other services other than tutoring and teaching will or can be

offered. We do not have the right to change the types of services you will offer. There is no limit regarding customers with whom you may enter into contracts to offer your services, however, you are not permitted to advertise in the exclusive territory of another franchisee.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	Section 2	Term is equal to 5 years.
b. Renewal or extension of the term	Section 2	If you are in good standing you can renew for three additional 5-year terms, each time.
c. Requirements for franchisee to renew or extend	Section 2	You give written notice of your election to renew not less than 270 days before the expiration of each 5 year term; bring accounts current; substantial compliance with the Franchise Agreement throughout the previous term; arrange to renew lease for the period of the next term of the Franchise Agreement; qualify under the then current training requirements; pay us a renewal fee of \$4,000 within thirty calendar days of expiration of the current term; sign renewal addendum which provides a continuation of your Franchise Agreement, except that the royalty can be increased up to \$750 per month, but will not be higher than the royalty charged new franchise prospects as disclosed in the disclosure document they will receive at the time you renew, and sign mutual general release.

d. Termination by franchisee	Section 14	If we breach, default or otherwise materially fail to uphold the provisions of the Franchise Agreement, or if a trustee is appointed to administer our business, and we wind-up or sell our business, and this continues uncured for more than 30 days after written notice given to us by you, you can terminate the Franchise Agreement.
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	Section 14	We may terminate the Franchise Agreement with cause, defined directly below in subsections (g) and (h).
g. "Cause" defined - curable defaults	Section 14	<p>The following are cause for termination:</p> <ol style="list-style-type: none"> 1) Constructive abandonment 2) Unapproved transfer 3) Convicted or plead no contest to a felony, and of a felony, or any crime that would adversely affect our reputation 4) Fail to maintain sufficient funds in your business account to be able to transfer electronically the amount due for royalty payments for 2 consecutive months in any 12 consecutive month period, or for 2 consecutive months to submit when due, royalty reports, financial statements, reports or other data, information or supporting records and such failures to comply are not followed by a minimum of 6 months of consecutive, on-time monthly payments or report submissions. 5) Violation of in term non-compete covenant. 6) Disclose or divulge the contents of the Operations Manual, trade secrets or other confidential information contrary to the Franchise Agreement, instructions in the Operations Manual, and/or training you received. 7) Inability to affect transferee to qualified transferee if die or become incapacitated 8) Violation of Anti-Terrorism Laws

j. "Cause" defined - non-curable defaults	Section 14	<p>You declare bankruptcy, are adjudged bankrupt or become insolvent.</p> <p>You provide misleading or false information on your application for a franchise.</p>
i. Franchisee's obligations on termination/non-renewal	Section 15	Complete de-identification, cease use and cancel all display of our Marks and all forms of promotion, return Operations Manual, payment of all amounts due, compliance with non-compete and non-hiring restrictions, cease use of all confidential information (also see r, below).
j. Assignment of contract by franchisor	Section 16	No restriction on our right to assign.
k. "Transfer" by franchisee - defined	Section 16	Includes transfer of contract or assets or ownership change.
l. Franchisor approval of transfer by franchisee	Section 16	We have the right to approve all transfers but will not unreasonably withhold consent.
m. Conditions for franchisor approval of transfer	Section 16	New franchisee qualifies, transfer fee paid, all outstanding debts paid, purchase agreement approved, training arranged and completed by transferee, with additional payment of \$3,500 if transferee new to System, mutual general release signed and current agreement, or written assignment signed by new transferee.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 16	<p>We have a right of first refusal to purchase your business for the same amount of the offer you received. Cash may be substituted for any non-cash consideration.</p> <p>We can match any offer for the franchisee's business.</p>
o. Franchisor's option to purchase franchisee's business	Section 15	We reserve the option to purchase your business at expiration or early termination, for a price equal to the fair market value of all fixtures, signage, contracts, equipment and supplies, but excluding supplies with your business entity name that we cannot use.

p. Death or disability of franchisee	Section 16	Franchise must be continued by qualified individual from estate, or assigned by estate to approved purchaser within 180 calendar days.
q. Non-competition covenants during the term of the franchise	Section 13	No involvement in competing business anywhere in U.S.
r. Non-competition covenants after the franchise is terminated or expires	Sections 13, 15	No competing business for 2 years within 20 miles of the boundaries of your exclusive territory or within 10 miles of the boundaries of another franchisee's territory.
s. Modification of the agreement	Sections 10, 21	No modifications except in writing signed by both parties, but Operations Manual can change which may affect terms in the Franchise Agreement.
t. Integration/merger clause	Section 31	Only the terms of the Franchise Agreement are binding (subject to state law). Any other representations or promises, other than those made in the Disclosure Document, may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 20	Except for certain claims, all disputes must be arbitrated in Chicago, Illinois.
v. Choice of forum	Section 19	Litigation must be in Illinois, subject to applicable law.
w. Choice of law	Section 19	Subject to the United States Trademark Act, and subject to applicable law, Illinois law applies.

ITEM 18 PUBLIC FIGURES

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

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting our president, Ali Pabarja, at 111 E. Ogden Avenue, Suite 111, Naperville, IL 60563, telephone number (630) 305-0630, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary*
For Years 2020 to 2022

Column 1	Column 2	Column 3	Column 4	Column 5
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	6	5	-1
	2021	5	6	+1
	2022	6	5	-1
Company-Owned	2020	1	1	0
	2021	1	1	0
	2022	1	1	0
Total Outlets	2020	7	6	-1
	2021	6	7	+1
	2022	7	6	-1

*We did not operate outlets during the years covered in this table or at any time up to the date of this Disclosure Document. Our Affiliate has operated one similar business, that uses the same trade name, listed above in Company Owned.

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(Other than the Franchisor)
For Years 2020 to 2022

Column 1	Column 2	Column 3
State	Year	Number of Transfers
IL	2020	0
	2021	0
	2022	0

Total	2020	0
	2021	0
	2022	0

Table No. 3
Status of Franchised Outlets
For Years 2020 to 2022

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
Georgia	2020	0	0	0	0	0	0	1
	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
Illinois	2020	4	0	0	0	0	1	3
	2021	3	1	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Indiana	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Virginia	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2022	1	0	0	0	0	1	0
Total	2020	6	0	0	0	0	1	5
	2021	5	2	0	0	0	1	6
	2022	6	0	0	0	0	1	5

The information for the five opened franchised outlets is as follows:

Elite Tutoring Place Plainfield
11914 S. Route 59
Plainfield, IL 60585
(331) 229-6453
Franchisee: Alexander J. Azuma
Email: alexazuma@elitetutoringplace.com

Elite Tutoring Place Hoffman Estates
1409 Palatine Road
Hoffman Estates, IL 60192
(847) 305-4022
Franchisee: Ian Simon
Email: iansimon@elitetutoringplace.com

Elite Tutoring Place Batavia
15 S. Randall Road
Batavia, IL 60510
(630) 326-9628
Franchisee: Gus Zaleta
Email: guszaleta@elitetutoringplace.com

Elite Tutoring Place Wheaton IL
1965 Gary Ave
Wheaton, IL 60187
630-536-7619
Franchisee: Nicholas Tarvin
wheatonil@elitetutoringplace.com

Elite Tutoring Place Evansville IN
517 North Green River Road
Evansville, IN 47715
812-773-5026
Franchisee: Nicholas Tarvin
evansvillein@elitetutoringplace.com

The information for the one franchised outlet that ceased operations in 2022 due to the difficulties from maintaining operations during the pandemic is:

Elite Tutoring Place Vienna

233 Maple Avenue E

Vienna, VA 22180

(703) 938-1672

Franchisee: Obteen Rafiei

obteenrafiei@elitetutoringplace.com

Table No. 4**Status of Company-Owned Outlets*****2020 to 2022**

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Re-acquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of Year
Illinois	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Total	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1

*There are no company owned outlets. Our Affiliate owns one similar business shown above in Table 1.

Table No. 5**Projected Openings as of December 31, 2022**

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Current Fiscal Year
Illinois	0	1	0
California	0	1	0
Florida	0	1	0
Indiana	0	0	0

Virginia	0	1	0
Total	0	4	0

No franchisee had an outlet terminated, canceled, or not renewed. One franchise as shown above under Table 3 has otherwise voluntarily ceased to do business under a franchise agreement with us during the most recently completed fiscal year because COVID restrictions during the pandemic impacted its businesses to the point where it could no longer remain open. There are no franchisees that have not communicated with us within 10 weeks of the date of issuance of this Disclosure Document. If you buy this franchise, your contact 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.

There are no trademark-specific franchisee organizations associated with the franchise system being offered.

ITEM 21 FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit D is our Audited Financial Statements for the periods ending December 31, 2020, December 31, 2021 and December 31, 2022

Our next fiscal year ends December 31, 2023.

ITEM 22 CONTRACTS

Attached to this Disclosure Document as Exhibit B is the Elite Tutoring Place Franchise, Inc. Franchise Agreement. No other agreements are applicable.

No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the

effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

ITEM 23

RECEIPTS

Attached as the last two pages of this Disclosure Document are two identical Receipts. When you receive this Disclosure Document, we will ask you to sign and date one Receipt and return it to us. We will retain it in our records. You should maintain the duplicate for your records. The receipt acknowledges we gave you and you received this Disclosure Document.

EXHIBIT A

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states below.

<p><u>CALIFORNIA</u> 1-866-ASK-CORP (275-2677) Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation (Los Angeles) 320 West 4th Street, #750 Los Angeles, CA 90013-2344 (213) 576-7500</p> <p>(Sacramento) 2101 Arena Boulevard Sacramento, CA 95834 (916) 445-7205</p> <p>(San Diego) 1455 Frazee Road, Suite 315 San Diego, CA 92108 (619) 525-4233</p> <p>(San Francisco) One Sansome Street, Suite 600 San Francisco, CA 94105-2980 (415) 972-8559</p> <p><u>HAWAII</u> (for service of process) Commissioner of Securities Business Registration Division Securities Compliance Department of Commerce and Consumer Affairs 335 Merchant Street, Suite 205 Honolulu, HI 96813 (808) 586-2722 (state administrator for other matter) Business Registration Division Securities Compliance Department of Commerce and Consumer Affairs</p>	<p><u>MARYLAND</u> (for service of process) Securities Commissioner at the Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360</p> <p>(state agency) Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360</p> <p><u>MICHIGAN</u> Department of Attorney General Consumer Protection Franchise Section 525 West Ottawa Street G. Mennen Williams Building 1st Floor Lansing, MI 48933 (517) 335-7567</p> <p><u>NEW YORK</u> (for service of process) Secretary of State 99 Washington Avenue Albany, NY 12231</p> <p>(for other matters) New York State Department of Law Investor Protection Bureau 28 Liberty St., 21st Floor New York, NY 10005 (212) 416-8222</p>	<p><u>NORTH DAKOTA</u> (state agency) North Dakota Securities Department Securities Commissioner Fifth Floor Dept. 414 600 East Boulevard Bismarck, ND 58505-0510 (701) 328-4712</p> <p>(for service of process) Securities Commissioner Fifth Floor Dept. 414 600 East Boulevard Bismarck, ND 58505-0510 (701) 328-4712</p> <p><u>OREGON</u> Oregon Division of Finance and Corporate Securities 350 Winter Street NE, Room 410 Salem, OR 97301-3881 (503) 378-4387</p> <p><u>RHODE ISLAND</u> Securities Division Department of Business Regulation 1511 Pontiac Avenue John O. Pastore Complex-Building 69-1 Cranston, Rhode Island 02920 (401) 462-9500</p> <p><u>SOUTH DAKOTA</u> Division of Securities 445 East Capitol Pierre, South Dakota 57501-3185 (605) 773-4823</p>
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<p>335 Merchant Street, Suite 203 Honolulu, HI 96813 (808) 586-2722</p> <p><u>ILLINOIS</u> Illinois Attorney General Chief, Franchise Division 500 South Second Street Springfield, IL 62701 (217) 782-4465</p> <p><u>INDIANA</u> <i>(for service of process)</i> Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204 (317) 232-6531</p> <p><i>(state agency)</i> Indiana Secretary of State Securities Division 302 West Washington Street Room E-111 Indianapolis, IN 46204 (317) 232-6690</p>		<p><u>VIRGINIA</u> <i>(for service of process)</i> Clerk, State Corporation Commission 1300 East Main Street Richmond, VA 23219 (804) 371-9733</p> <p><i>(for other matters)</i> State Corporations Commission Division of Securities and Retail Franchising 1300 East Main Street Ninth Floor Richmond, VA 23219 (804) 371-9051</p> <p><u>WASHINGTON</u> <i>(for service of process)</i> Director Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501-9033 (360) 902-8760</p> <p><i>(for other matters)</i> Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760</p> <p><u>WISCONSIN</u> Department of Financial Institutions Division of Securities 201 W. Washington Avenue Suite 300 Madison, WI 53703 (608) 261-9543</p>
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EXHIBIT B

ELITE TUTORING PLACE, INC. FRANCHISE AGREEMENT

ELITE TUTORING PLACE, INC. FRANCHISE AGREEMENT

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ELITE TUTORING PLACE, INC.

FRANCHISE AGREEMENT

This Franchise Agreement is entered into on the ____ day of _____, _____, by and between **ELITE TUTORING PLACE, INC.**, an Illinois corporation, whose principal place of business is located at 111 E. Ogden Avenue, Suite 111, Naperville, IL 60563 and _____ whose principal place of business and/or address is located at _____.

INTRODUCTION

This document is a Franchise Agreement (the "Agreement"). It creates rights and obligations between the parties. Once signed, each will be making a commitment to the other to work together as franchisor and franchisee. For ease of reference, and in order to coordinate terms with the FRANCHISE DISCLOSURE DOCUMENT which you have already received, and to which this Agreement was attached as an exhibit, the franchisor ELITE TUTORING PLACE, INC. will be called "us" or "we" or will be referred to by the terms "our" or "ours." You, as franchisee will be called "you", or we may refer to you by the term "your."

Under this Agreement, we offer and grant to you certain rights to own and operate one ELITE TUTORING PLACE learning center the "Elite Business". You agree to assume various obligations, including the operation of the Business under our service mark, ELITE TUTORING PLACE and logo. The Elite Business franchisee enters into contracts for a specified number of hours for tutoring students in a myriad of subjects, and to prepare students for standardized tests. The ELITE TUTORING PLACE uses the Common Core system, recognized by educational systems throughout the United States.

Acceptance of our offer means that you agree to follow the methods we have developed, use our service marks, implement the system we will teach you and the standards we have established for this franchise program. The service marks, the methods we or our affiliate ELITE TUTORING OF NAPERVILLE INC. ("Affiliate") developed, and continues to develop, and the various administrative and marketing procedures and standards we or our Affiliate has created, along with other information we will provide to you, all make up the franchise system (the "System").

You have expressed a desire to purchase the rights to own and operate an Elite Business. In connection with that desire you have completed our franchise application, and provided us with a current and accurate financial statement. We have provided you with a current FRANCHISE DISCLOSURE DOCUMENT, which receipt you have acknowledged by signing and dating a form which required you to insert the date when you received it. We have reviewed your franchise application, have met with you to discuss the opportunity we offer, have answered your questions and recommended that you seek professional advice before you purchase this Elite Business. This process has been completed. After careful consideration on our part to assess your understanding of the Elite Business and the requirements to operate it, we have agreed to grant you a franchise under the terms and conditions stated below.

In consideration for the promises made by both parties, which include the payment by you to us of a franchise fee and continuing monthly royalty fee as described more fully in Secs. 3.1. and 3.2. of this Agreement, and in acknowledgement and acceptance of the covenants and commitments made in this Agreement, and the terms and conditions to which the parties agree to be bound, the parties agree as follows:

TERMS AND CONDITIONS OF THE AGREEMENT

1. GRANT OF FRANCHISE RIGHTS; GUARANTEE OF OBLIGATIONS.

Under this Agreement, and during its entire term, we grant to you, individually, and only in the name in which you signed this Agreement, the non-exclusive right, license and franchise to own, operate and develop an Elite Business in keeping with our methods, using our marketing and administrative procedures and various other trade secrets taught during training and conveyed to you throughout the term of this Agreement.

1.1 Non-exclusive Rights. Nothing in this Agreement limits our rights to offer or grant others a similar or the same type of franchised opportunity under the Marks licensed to you. The license to you, as part of the grant of the franchise to own and operate an Elite Business is non-exclusive. We have the right to offer and grant other franchises, anywhere we choose. As this Agreement provides for an exclusive territory, while your Agreement will be non-exclusive, we will not open or operate, and will not permit another franchisee to open or operate inside your exclusive territory. We describe exclusive territory below in Section 4.

1.2 Relocation. If we grant you a franchise to own and operate an Elite Business under this Agreement, you must locate, with our approval, suitable premises, outside and not connected to your residence. If you already operate a similar business, and intend to convert to our System, we may, if it meets our criteria, approve your current business location as a suitable location from which to operate your Elite Business. If you must relocate from your initial location, we will not unreasonably withhold our approval. You must submit and we must approve the new location and your plans to build your relocated Elite Business. The new site must be within your exclusive territory. We will not charge a relocation fee, but, reserve the right to charge you for our actual legal expenses to approve the move, if our legal expenses to review the new lease, or other necessary documentation and to prepare the legal documents to recognize your relocation, exceed \$1,000. This reimbursement will be due within thirty calendar days of your receipt of our invoice. We will grant you three months to relocate after we have approved your lease. If relocation results from fire or casualty that prevents your Elite Business from conducting business under this Agreement, you will have 6 months to complete your relocation. Relocation does not require you to sign a new franchise agreement, nor will it extend the term of this Agreement. At our option, we may extend the term of this Agreement for that amount of time you were prevented from conducting business in your Elite Business due to fire damage or other casualty. Otherwise, your rights under this Agreement will be unaffected by your decision, or relocation of your Elite Business.

1.3 Guarantee of Obligations. You can assign this Agreement to a business entity you create,

and in which you control the majority of the voting interests, for the sole purpose of operating your Elite Business. The requirements for making the assignment are set forth below in Section 16.3. You will remain responsible for all obligations and upholding the covenants under this Agreement, after this type of transfer. Based on this anticipation, you must sign a personal guarantee at the same time this Agreement is executed. The standard form personal guarantee is attached to this Agreement as Exhibit A. There will be no fee assessed for this type of assignment.

2. TERM AND RENEWAL

This Agreement is for a specified term and includes limited renewal possibilities as stated below.

2.1 Initial Term. The term for this Agreement begins on the day we execute this Agreement and continues for a period of 5 years from the date you open the doors of your Elite Business.

2.2 Consecutive Renewal Terms. After the initial 5 year period has ended, provided you have been in substantial compliance with the terms of this Agreement, and you have not been in default during the fourth year of the initial 5 year term, you will be offered the right to continue to own and operate the Elite Business, for up to three additional 5 year terms. We will notify you before each expiration date whether we have decided to grant each successive renewal term.

2.3 Renewal Requirements. We will send you a notice approximately 180 calendar days before this Agreement expires. The notice will either offer you the opportunity to renew the franchise, or will inform you that we have decided not to renew your franchise. If we decide not to renew your franchise, we will list the reasons for that decision. Renewal of your franchise will require you to do the following on or before 30 calendar days from the date of expiration of your initial term:

1) You must bring all your accounts current with us. This means, you must pay to us any outstanding royalties, and any other monies owed to us.

2) You must sign a renewal form we will provide, which states that you have met the requirements to renew this Agreement. We reserve the right to increase the royalty fee to \$750 per month at the renewal date, if the royalty stated in the then current franchise agreement (the franchise agreement offered to prospective franchisees at the time of your renewal), is at least \$750 per month at the time of renewal for that period. You agree to execute an addendum to this Agreement which reflects the increase in the royalty payment, if applicable. Otherwise, the Agreement will be the same.

3) You must return your copy of the ELITE TUTORING PLACE Confidential Operations Manual (the "Operations Manual"). We will provide you with a copy of a new Operations Manual, which is the same Operations Manual we give to new franchisees, unless the Operations Manual is only distributed electronically, when you renew your franchise. If distributed electronically, then you must be certain that you have the most up to date version. If you do have a paper copy of that Operations Manual that has not been returned, it must be returned before we can approve your renewal. If we are not using an electronic version of the Operations Manual, we will

supply you with the latest version of the updated Operations Manual, and you will be required to sign a receipt acknowledging that you received the updated Operations Manual. This is done to prevent you from relying on or operating under an out-of-date Operations Manual.

4) You have substantially complied with the terms and conditions of this Agreement and you have met the quality standards for properly conducting an Elite Business.

5) You have arranged to renew your lease, or to secure an alternate location. If you move your location, your new location must be within the exclusive territory granted to you by this Agreement. We must approve your new location, and will not unreasonably withhold approval, as set forth above in Section 1.2.

6) You have qualified under the then current training requirements. This means that you and one or more managers may require further training when you renew your Agreement and you agree to obtain that training before you sign the renewal form. We reserve the right to charge a reasonable fee not to exceed \$2,500 for refresher training.

7) You pay to us, in addition to the training fee you may incur, \$4,000 renewal fee within 30 calendar days of the date of expiration to reimburse us for the costs and expenses we incur in connection with renewal and your right to continue to operate the Elite Business under our System. There is no new or other franchise fee to pay to renew, or to extend your franchise.

2.4 Non-Renewal. If we have good cause to refuse you the right to renew or further extend the term of your Elite Business under this Agreement, we will send you written notification approximately 180 calendar days before the expiration of the term. For purposes of this Agreement, good cause means good cause as defined by statute in the state in which your Elite Business is located. If no definition exists, good cause is defined as any of the following:

- 1) Failure to pay royalties or other monies owed;
- 2) A non-monetary material breach of this Agreement for which a default notice was issued and sent on at least two occasions, for the same or two different types of non-monetary material breaches, whether or not it was cured during the term of the Agreement;
- 3) Competition during the term of this Agreement;
- 4) The commission and conviction of a crime during the term of this Agreement;
- 5) The inability to conform to the standards and practices of our System.
- 6) We learn that you have included false or misrepresented information on your application.

We may not refuse to renew your Agreement unless in our sole discretion there is good cause to refuse renewal.

3. FEES

In consideration for the right and license to own an Elite Business and be granted a franchise under this Agreement, you agree to pay franchise and other fees described below on a timely basis. They are:

3.1 Initial Franchise Fee. You are required to pay directly to us a fee for the right and license to use our name, our Marks, the System and to be entitled to the benefits of our program. The Initial Franchise Fee for all franchisees is \$25,000. As stated below in Section 5, there is also a \$7,500 Training Fee. The Initial Franchise Fee and Training Fee are uniform. The Initial Franchise Fee is due and payable in full when you execute this Agreement. The Initial Training Fee is payable within 10 business days of when you are scheduled to begin training. The Initial Franchise Fee is not refundable, except, in part as follows:

1) If, you die, or you become disabled to the extent that you cannot pursue the operation of an Elite Business under this Agreement, we will refund the Initial Franchise Fee you paid if death or disability occurs before we trained you. If you have paid for and completed training, only the Initial Franchise Fee will be refunded less \$5,000 to reimburse us for the costs involved to grant you the franchise and any opportunity we may have forfeited as a result of granting you the franchise. Once you have opened, the Initial Franchise Fee has been fully earned and not refundable for any reason.

2) If you are unable to successfully complete training, after the initial training period, or at least one further training period, and we determine that you will not be able to follow the System we have developed, and operate as a franchisee, the franchise fee will be refunded minus \$5,000 to reimburse us for the costs involved to grant you the franchise, and any opportunity we may have forfeited as a result of granting you the franchise. The training fee will not be refunded after we have trained you.

3) Your failure to arrange financing after you sign this Agreement is not a reason to refund your initial franchise fee. Your inability to locate a site and arrange for a lease for the Elite Business premises, within the permitted period of time to open is not a reason for returning any portion of the franchise fee. If you presented us with one or more sites that we were unable to approve, we will return \$22,500 to you, unless you have been trained, in which case, we will return \$20,000. We are not responsible, nor will we co-sign or be involved with your financing for the Elite Business in any manner. We will work with you to select the site for the Elite Business and must approve your lease. We will not co-sign your lease, nor will we lease the space and sublease to you. We will not unreasonably withhold our approval for the site you select. Provided we agree to refund any portion of the franchise fee, you must enter into a mutual general release, in which we and you will forever release all claims against the other.

4) This is a single unit franchise agreement. You can only purchase one Elite Business under this Agreement. However, if, after you purchase this Agreement, and operate an Elite Business for a period of two years and request the right to open a second Elite Business, the

initial franchise fee for the second unit, or any subsequent unit will be \$20,000. You will be required to enter into the franchise agreement then being offered, which may be different in terms and requirements from this Agreement. Nothing in this Agreement except for this subsection will have application to the new franchise agreement. Nothing in this Agreement guarantees that we will accept your application for a second or subsequent Elite Business. We will re-assess the acceptance criteria at the time you apply.

3.2 Royalty Payment. Each month, for the first twelve months after you open the Elite Business, there will be an electronic funds transfer made from your business account to us for \$300. Beginning in the thirteenth month and continuing through to the end of the term, you are obligated to pay a royalty in the amount of \$600 per month. The electronic funds transfer will take place on the fifth of the month. If we draft your account and the funds are not available, we will charge an extra \$50 for that month, which will be accrued until the amounts we are owed are paid in full. The continuing monthly royalty payment is not refundable in whole or in part.

3.3 Late Payments. Late payments will result from insufficient funds when we draft your account for the monthly royalty payment. The late payment will be \$50 per month.

3.4 Bank Service Charges. If you make any payment to us, and we are unable to collect good funds on that instrument, we will assess to you and you must pay, any bank charges assessed our account. We will draft your business account for the charges assessed, in addition to the royalty and the late payment fee.

4. EXCLUSIVE TERRITORY

Under this Agreement, you will have the right to operate your Elite Business in an exclusive territory. Due to the importance of this right, we have set forth certain parameters, to which we will adhere, and which are intended to provide mutual benefit to you and us.

4.1 Right to Exclusive Territory. The franchise rights granted under this Agreement include the right to operate your Elite Business in an exclusive territory, the boundaries of which will be stated on Exhibit B to this Agreement. The boundaries will be defined along the lines of recognized zip codes, all of which will be contiguous to one another or connected by a group of zip codes, and together will make up one area, without skips or gaps. The exclusive territory will further be composed of those zip codes in a selected geographic area that comprise a specific population and/or household base.

4.2 Territory Size. Exclusive territories by their nature will not be a uniform geographic size. We make no commitment, and provide no assurances that population will be the same as or similar from one exclusive territory to the next. We will strive, within reason to congregate enough zip codes together to establish like size exclusive territories based on population and/or households, but cannot and will not provide any guarantees in this regard. Further, we will not be responsible for residential population shifts, and may be unable to compensate you by adding zip codes if your exclusive territory experiences a loss of population, or a change of population make up. You hereby acknowledge that we take no responsibility, and you have no right to expect to have the exact same

size exclusive territory as another franchisee, although we endeavor to arrange the exclusive territories to be as similar as possible. Notwithstanding our attempt to standardize exclusive territories, we may not be able to provide one franchisee the same as another franchisee, nor do you have any recourse against us for the size, shape, or demographic. We will meet with you before this Agreement is executed to determine the exclusive territory we designate for your franchise. Once we both have agreed, barring unforeseen circumstances, or the ability to amend, there will be no changes to your exclusive territory for the term of this Agreement, including approved renewals or extensions.

4.2.1 Differing Exclusive Territory Sizes. The size of the exclusive territory will also be determined by whether you intend to locate your Elite Business inside or near the downtown area of a city, an area other than the downtown part of the city, or in a suburb. Although, each exclusive territory will differ, the radius in a downtown location will be smaller than a non-downtown location, which will be smaller than the radius in a suburb. We have not calculated these differences, nor have we divided territories. We will work with each franchisee independently to maximize the benefit of the exclusive territory. There are no guarantees that by providing an exclusive territory the location will be successful.

4.3 Marketing Outside Your Exclusive Territory. Without our advance written consent, which may be reasonably withheld, you are not permitted to market, by targeting advertising to students, outside of your exclusive territory. You can, however, provide services to anyone that walks in your door, regardless of how they found out about you.

5. TRAINING

We will provide training before you open for business, and may provide additional training after you open for business. You must attend and satisfactorily complete our training program before you open. The training program has been developed, and will be administered and conducted by a combination of our staff. You will be responsible for all your travel and living expenses for yourself. If you send any managerial employee(s) for training, you will be responsible for all travel and living expenses for your employee(s). We do not compensate you, or pay your employee's salary during training.

5.1 Training Subjects. Before you open for business, we will provide training that consists of 64 hours of classroom training at our headquarters, located in a southwestern suburb of Chicago, at which time we will provide you with our Operations Manual, teach you our System, the way to properly use our Trademarks, instruct you on the proper way to request approval for advertising, and train you in general business practices. Training will be conducted Monday through Friday consecutively.

5.2 Opening Training. We will come to your location for the first two days you are open, and we will provide on-site training for 16 hours. Our representative will meet with you and your employees and familiarize everyone with the procedures for conducting an Elite Business. The cost for this training is included in the Training Fee, as described below.

5.3 Training Fee. In addition to the Initial Franchise Fee stated in Section 3.1, we charge \$7,500 for training. This payment is due within 10 business days of when we schedule training for you. Payment for training is to be made in one lump sum, and will be earned and non-refundable once the training has been completed. If you do not successfully complete the training period and either will submit additional managerial employees for training, or you decide to go through the training again, we will charge you \$2,500, in addition to the \$7,500 that you have already paid, to partially cover our time and expense to conduct the training sessions again.

5.4 Failure to Complete Training. The failure to satisfactorily complete training within the earlier of six months after you sign this Agreement or 10 days before you are scheduled to open will give us the right to terminate this Agreement.

5.5 Training After Opening. After you have opened your Elite Business, you may seek additional training, or, we may reasonably determine that you require additional training. If this occurs, we will come to your location, discuss the issues with you and your employees, and provide suggestions on how to improve or remedy the situation. We will have the right to charge a per diem fee of \$300, and you will be responsible for paying our documented transportation expenses, lodging and board. You will have 15 days from the date you receive a detailed invoice to make payment to us.

5.6 Informal Training. If our representative makes a visit to your location after you open, and while there engages in training, or shows you or your employees a new procedure, there will be no charge, and we will absorb all the costs.

6. ADVERTISING CONTRIBUTION REQUIREMENT

During the term of this Agreement, we require you to make monthly advertising expenditures to promote your Elite Business locally within your Exclusive Territory. These payments will not be made to us. There is no general marketing fund to which you must contribute.

6.1. Advertising of Your Elite Business. You are required to spend a minimum of \$250 per month to advertise your Elite Business in the first 12 months after you begin to operate (exclusive of your Grand Opening expenditure), and \$350 per month for each month beginning in the thirteenth month and continuing until the 60th month, and through any extensions or renewals.

6.2 Our Advertising Suggestions. We will periodically make suggestions related to where and the manner in which your advertising dollars may best be utilized, but will not place your advertising for you, nor will we guarantee the effectiveness of such placement. We do not and have no plans to operate a separate advertising company. The obligation to advertise is an extremely important part of owning your Elite Business and operating under this Agreement. You must send us, electronically, a statement signed by you, by the tenth of each month, on a prepared form we will provide to you which totals your advertising expenditures for the previous month.

6.3 Grand Opening. After you have completed your training and build-out and we have approved your opening date, you must have a grand opening and must spend a minimum of \$3,000

for your grand opening advertising and the event itself. We make no guarantees that you will realize an immediate return from the expenditure for the grand opening. As a new business in the area, announcing your presence at this location, through a Grand Opening, is important, necessary and justified.

The Operations Manual, described in detail in Section 10 of this Agreement includes a section about preparation for the grand opening.

6.4 Social Media Advertising. We must approve any on line maps listing such as Google+, Bing, Yahoo, Facebook or Google Business Page. This listing must use the ELITE TUTORING PLACE service mark. The mark is currently, all in red and white:



6.5 Additional Advertising. Nothing in this Agreement limits the maximum amount you can spend to advertise. Provided you comply with the Section 6.1 minimum requirements, you may, and are encouraged to spend the amount of advertising dollars which you, in your own discretion, determine will best promote your Elite Business, in billboard signage, newsprint, magazines, television, radio, movie theaters, Internet (which we must approve), local tradeshow, or any other medium you can think of which will provide the greatest return for your investment dollars and creative efforts. We make no guarantees that you will receive a comparable return for advertising dollars spent.

6.6 Prior Approval. Whenever you advertise your Elite Business, you place our name and reputation into the public. Because we have granted you rights to own and operate an Elite Business which requires you to use our name and System, we reserve the right to approve all advertisements you place in any medium. Before you advertise, you must submit to us by any of the approved methods stated in the Operations Manual the ad copy, or any other type of proposed advertising material for our review and approval. We will review your material and respond within 10 business days. Our response will either be positive or negative, and if it is negative, we may, if possible suggest how you can alter the ad copy to meet our approval. You are not permitted to use the proposed advertising until it is revised and we approve it. You are permitted to use the Marks as long as you use them in their entirety, and correctly.

6.7 Advertising Assistance and Recommendations. We will review, and to a reasonable extent, make suggestions with regard to your advertising. We will not prepare advertising

specifically for you.

6.8 Cooperative Advertising. We reserve the right to require you to become part of an advertising coop. This right will be exercised if there are a sufficient number of franchisees in a given geographic area or market to justify the joint effort of time, talent and expense. If we direct you to a coop arrangement, the monies spent will count toward your monthly requirement.

7. OUR OBLIGATIONS TO YOU

In order to assist you in developing and operating your Elite Business, we have assumed certain obligations to you, in return for your franchise fee, continuing royalty contributions and compliance with this Agreement. Unless otherwise stated in this Agreement, our obligations are set forth in this section. They are divided into those that we are obligated to do for you before and after you begin operations. Although, we may also do other things to assist you during the term of this Agreement, we are not obligated to do them. Our obligations to you are as follows:

7.1 Our Obligations Before You Open Your Elite Business.

1) Grant of Rights. We provide you with the right to own and operate an Elite Business operating under this Agreement, using our Marks, methods, systems, administrative procedures, proprietary and confidential information, knowledge and know-how all within an exclusive territory. We will also provide standards and specifications which cover details of management and operation for your Elite Business.

2) Site Selection and Lease of Premises. Before executing this Agreement, we will work with you to identify an exclusive territory. Within that exclusive territory we will review selections you have made for Elite Business sites. Once we have approved a site, you will need to lease the space where the Elite Business will be located. This franchise does not contemplate purchasing property, nor do we suggest it. You must enter into a lease agreement. We may, but are not obligated, to visit your proposed location before you sign a lease.

We must approve the lease agreement, and will require that certain language be included before we grant approval. We do not negotiate your lease agreement or make recommendations, nor will we sign as a guarantor or co-lessee.

3) Architectural Plans and Construction; Signage. Unless you currently operate some form of an independent tutoring business, from a commercial location, you will need to construct improved or unimproved space into an Elite Business. We will provide you with architectural plans suitable for your locale, but you will be required to seek local governmental approval before proceeding. The layout of the Elite Business, must be done according to our specifications, in order to create uniformity within the franchise network.

We will also provide you with sign requirements. Unless the lessor or municipality prohibits the sign we require, you must strictly conform to our sign guidelines, which will prominently feature our mark ELITE TUTORING PLACE and logo in the color we have claimed, red. We must approve

both the complete Elite Business build-out and the signage before you can open. This approval will be based on a mobile video conference inspection that we will conduct with you, and that we will direct, during the week before you open for business. We can, but we are not obligated to visit your location before approving the opening date.

4) Operations Manual. After you have executed this Agreement, paid the entire franchise fee and we have approved and executed your Agreement, we will provide to you, on loan, and for the duration of your term under this Agreement and any renewals or extensions, one copy of the Elite Tutoring Place Operations Manual, further discussed in Section 10 of this Agreement. It will be given to you when you begin your training for use and reference during the training program. The Operations Manual may be transmitted electronically, through one or more portable document format files, or, if in hard copy, at any time during the term of this Agreement, we may convert the Operations Manual to an electronic file, which will be conveyed to you through a secure website. The Operations Manual is confidential, and may only be shown to qualified persons. A qualified person is an individual who must have access to it to do their job or operate the Elite Business under this Agreement. It may not be misused or conveyed or given to any person without a reason to have it, see it, copy it or obtain information from it, for any purpose. Unauthorized transfer will be a basis for terminating this Agreement.

5) Equipment Sourcing. You are required to purchase specific equipment that we will include in our Operations Manual. This includes two Smart Televisions, one 55" and one 60". We do not require you to purchase from a specific vendor, and we will not receive any rebates or any other form of compensation from a supplier for any equipment you purchase. You are free to locate the best supplier and price for the specified equipment.

6) Development and Consultation. In addition to formal training, before you begin operating your Elite Business, we will provide you with assistance in establishing your business which includes general consultation on issues which may arise in preparing to begin your Elite Business operations.

7.2 Our Obligations After You Open and Begin to Operate.

1) Update Operations Manual. As administrative procedures are further developed, and System standards and guidelines are updated or changed, we will provide you with new pages for your Operations Manual, which loaned copy you must maintain and update throughout the term of this Agreement. If the Operations Manual is on or converted to an electronic file, we will forward the updates via a secure website.

2) Guidance and Support.

The first week you open your Elite Business, we will send a representative to conduct on-site training for two days at no cost to you. At our discretion, we may spend more time with you. There will be no charge for our representative.

We will remain in contact with you, and make ourselves available for consultation to assist

you with any aspect of owning and operating an Elite Business.

We will also provide guidance based on our review of your progress which we will monitor through our interpretation of the reports you submit, and our inspections. This will enable us to determine the level of guidance you require, and we endeavor to provide that guidance to you.

Any guidance we are able to offer over the telephone, or through written, or other verbal communication, or email will be provided to you free of charge.

We may, but are not obligated to send a representative to your Elite Business with notice to observe your operation. Our purpose for doing this would be to identify areas of your operation that may need additional support, or just for general observation. If we generate a report from such a visit, we will send a copy to you.

7.3 Annual Conference. At our discretion, and when the number of franchisees warrants it, we may hold annual conferences for all franchisees. If we institute this practice, the conferences will last two days, and you or a manager will be required to attend. We do not expect to charge a fee for an annual conference, but, you will be responsible for the travel costs, hotel and food, other than meals we may provide for you and anyone you choose to bring. Annual conferences may be held close to our headquarters in Naperville, IL, or at any other location we choose.

7.4 Additional Assistance. Under this Agreement, we do not recognize an obligation to contractually do anything further for you. Any assistance in addition to the items listed in this Section 7 will be provided at our sole discretion, may be offered once and not repeated, infrequently conducted, or may become a practice we institute.

8. YOUR OBLIGATIONS TO US

Before and during the term of this Agreement, you will be obligated to comply with the terms and conditions of this Agreement, as follows:

8.1 Truthful Franchise Application. You must submit an honest franchise application which contains no misrepresentations. Included in the franchise application is a form financial statement. You must provide accurate and current information, to within thirty days of the date you apply, unless material changes have occurred in your financial picture within the thirty-day period. In that case, we must be made aware of those changes. If, at any time during the term of this Agreement, we learn that you misrepresented the facts on your franchise application, or that your financial statement was fraudulently submitted or misleading, or that your funds to purchase the Elite Business were not legally obtained, we may terminate this Agreement. Your franchise application must include a sworn and notarized statement that all information you have provided is truthful and accurate.

After we receive your application, we may conduct a background investigation. Only U.S. citizens will be permitted to own a franchise, and no persons with felony convictions will be considered for a franchise.

8.2 Use of Marks. During the term of this Agreement, you are obligated to use those Marks and any other trademarks or service marks we authorize, or periodically approve for use by our franchisees. Provided there are no legal restrictions in the state in which your Elite Business is located, the name of your franchised business must be ELITE TUTORING PLACE®. It cannot be the name of your business entity such as a corporation or a limited liability company. That entity's name cannot include any part of ELITE TUTORING PLACE in its name. You must also make it clear by appropriate signage in your Elite Business that you are operating as an ELITE TUTORING PLACE franchisee. The Mark ELITE TUTORING PLACE and design, must appear on your stationery, business cards, and in all your advertising and promotion. Your signage, stationery and business cards must use the colors and logo as we have depicted them, unless, at some point during the time this Agreement is in effect, we change our name, our logo, or our color scheme. This means using red for the words "ELITE TUTORING PLACE."

8.2.1 Trademark Infringement. During the term of this Agreement, you agree to report to us immediately if you learn of a use of the Marks, by a third party which may infringe your use, as Section 8 of this Agreement directs you to do.

8.3 Payment of Fees; Reporting. Under Section 3.2, you must pay directly to us, the monthly royalty fee and complete and send to us certain reporting forms we provide to you. Those fees and reports include the continuing monthly royalty fee, and the forms that state the amount that you spent on advertising for the month. The form is due by the tenth of the month.

8.4 Confidentiality of Proprietary Information. As further discussed in Section 17 of this Agreement, proprietary information such as our Operations Manual may only be shared with those persons in your employ or management who absolutely must have it in order to do their job properly. You agree that any attempt to divert, transfer or copy in any manner, and through whatever means imaginable, whether currently known or yet to be devised; or give away proprietary information we provide to you will be considered a material breach of this Agreement, which could place you in default and/or lead to termination of this Agreement.

8.5 Transfer Fee. If you transfer the ownership of your Elite Business to an unrelated third party, pursuant to Section 16, you must pay a \$7,500 transfer fee at that time. If the transferee does not require training we will reduce the transfer fee to \$4,000. Section 16 below provides details for the requirements of a transfer.

8.6 Remain Current. You must remain current with:

- 1) your royalty payment to us and advertising expenditure reporting;
- 2) your business licenses;
- 3) inserting updates to the Operations Manual, whether manually or online;
- 4) trends and changes in the industry of which we will try to keep you informed;

- 5) Internet website postings, if you make changes we need to know about for your link on our website;
- 6) your internal payroll and tax reporting, and paying all taxes that are due;
- 8) the insurance you must have under this Agreement and pursuant to applicable state law;
- 9) your Elite Business location rent inclusive of the items that it covers;
- 10) your commitments and contractual obligations to your customers/students.

8.7 Insurance. You are required to purchase and maintain throughout the term of this Agreement certain types of insurance, discussed in detail below in Section 11.

8.8 Construction. You will need to construct a new Elite Business in your leased space, or conform the space, if already built out to resemble an Elite Business. You must follow the guidelines we will furnish you and follow the color scheme. We do not provide, and we will not have to approve your contractor. Before you open, we must approve the build-out. During the construction period, you must have sufficient insurance, separate from the insurance we require after you open, to protect against losses during the build-out phase. We must be named as an additional insured during the construction period.

8.9 Business Equipment. We require you to purchase One Apple laptop and one Apple iMac dedicated to the Elite Business' operations, a printer, landline telephone system, copy machine, and two Smart televisions.

8.10 Employees and Training. You must employ only those employees who can and are qualified to work with children, and must not employ any individual who has been convicted of a crime or offense that would detract from meeting this requirement. Background and educational checks must be completed before you offer employment to a person to work in your Elite Business. You are required to train all of your employees, and to periodically continue training in your Elite Business, when necessary, or if we suggest it after an Elite Business visit, or there are developments in the industry that should be brought to your employees' attention.

8.11 Signage. You must erect the signage we provide in our sign guidelines, unless not legally possible or the lessor, for a good reason, such as conformity, will not permit it. You must maintain the required internal signage, as well as a plaque or a sign that states that you are an ELITE TUTORING PLACE franchisee.

8.12 Opening. Once you have completed your build-out, and, provided you and/or your managers have been successfully trained, you must open for business within 10 business days of our written approval permitting the opening of your Elite Business. You are required to open the Elite Business and begin operating the business within the shorter of six months from the date you sign

this Agreement, or three months from the date we approve your Elite Business location. If you have diligently searched for a site, and have not found a suitable location; we have not approved of one or more sites you presented, or you are in the process of negotiating your lease for an approved site, we will not unreasonably withhold consent to extend the time for opening. No extension will be granted past 12 months after we execute this Agreement, at which time you will forfeit whatever fees you have paid us.

8.13 Remodeling and Refurbishing the Elite Business. If the best interests of the franchise program are served by making changes to the design, signage, layout, or look of the Elite Business, we will require you and all franchisees to make these changes. We may only require you to remodel or refurbish your Elite Business once during your initial five-year term. The expenditure to remodel or to refurbish your Elite Business will not exceed \$10,000.

8.14 Uniformity and Elite Business Image. You are required to maintain a clean, welcoming and attractive environment, keeping in mind that your stock in trade is the teaching of children. They must always feel welcome and comfortable. Subject to your lease, you must minimally keep your Elite Business open Monday through Thursday, from 2:30 p.m. to 9:30 p.m., Friday, from 2:30 to 7:30 and Saturday from 10:00 a.m. to 5:00 p.m. Opening for business on Sundays is optional.

If you lease premises which require other hours, we will make a determination as to the suitability of this requirement before you sign the lease. Business hours can be tailored to a specific location, with our approval.

8.15 Elite Business and Display Maintenance. You must maintain and keep clean and free from debris, all areas of the Elite Business with which the public and your customers and students come into contact. Bathrooms on the premises should always be clean, stocked with supplies, in good working order and repairs should be made as soon there is a malfunction.

8.16 Business Conduct. You must conduct your Elite Business and your interactions with the public, vendors, parents of students and students, other franchisees, and us in an honest, safe and respectable manner that will at all times reflect favorably upon you, us, the ELITE TUTORING PLACE brand, other franchisees and the System. This includes always remaining in good standing with the Better Business Bureau, and responding to all complaints lodged by customers, if any, with that agency, made to you directly, or to us. The Operations Manual addresses the requirement to deal with complaints against you or your Elite Business, and procedures to follow if you are unable to satisfactorily resolve them.

9. USE OF TRADEMARKS, SERVICE MARKS AND LOGOS

9.1 Identifying Ownership. You acknowledge that you had no part in the creation or development of any of the Marks. If the ownership of the Marks is contested, we will have the sole right to determine how to defend those challenges.

9.2 Use. You are given the right to use the Marks for your Elite Business only. This

includes use of the Marks on your pre-approved advertising, on your customer contracts, stationery, business cards, name pins, brochures, and on other printed matter relating to your Elite Business. Your rights to use the Marks are derived from this Agreement only. Any unauthorized use will constitute an infringement of our and/or our Affiliate's rights and could constitute a default leading to the termination of this Agreement.

9.3 Misuse. You agree that the Marks will not be misused in any way, and will not be used to cause us to incur any obligation or debt. The Marks must not be used as a part of the legal name of your business, or as collateral for any financing. For example, you cannot form a corporation named Smith's Elite Tutoring Place, Inc., or Elite Tutoring Place of St. Louis, Inc.

9.4 Name Registration. You agree to comply with any instructions received from us with respect to filing and maintaining a requisite trade name and fictitious name registration, and to execute the necessary documents to obtain protection for the Marks or to maintain its continued validity and enforceability.

9.5 Infringement. You agree to promptly notify us when you become aware of possible or actual allegations of infringement made against us related to the Marks, and to take no action without our advance written approval. If we determine that action should be taken, you agree to cooperate fully in the prosecution or defense of the action.

9.5.1 Your Use of the Marks. If your use of the Marks are challenged for any reason, and you have used the Marks as prescribed in this Agreement and the Operations Manual, we will defend your use, and indemnify you, however, we will control any litigation.

9.6 Integrity of the Marks. You agree that the Marks will not be used in connection with any statement or materials which may be in poor taste, defamatory or are inconsistent with our public image, and may only be used under the terms of this Agreement. We agree not to adopt, use, display or register other marks, names or logos which are confusingly similar to the Marks, unless such other mark(s) are used for this franchise program. We agree to protect your right to use the Marks in all respects as your use relates directly to this Agreement.

9.7 Changes. We reserve the right to make additions, deletions or changes to the Marks. You will receive notice of any such action and agree to make changes accordingly within 90 days, or sooner, if we or our affiliate is ordered by a court of competent jurisdiction to make changes or discontinue use. We will seek to keep related direct expenses of changing the signage or other materials within a reasonable range. We will not be obligated to reimburse you for any loss of revenue attributable to any modified or discontinued Mark or for any expenditure you make to promote a modified or substitute trademark or service mark.

9.8 Your Acknowledgements:

- 1) You will not contest the validity of the Marks.
- 2) You hereby acknowledge that you have no ownership interest or other proprietary interest

in the Marks, with the exception that you have a non-exclusive right and license to operate one Elite Business, and use the Marks, as granted by this Agreement.

3) You acknowledge that you will not file applications for trademark, trade name, or service mark registrations for the same or confusingly similar marks, or any other mark to identify any part of your Elite Business for which you were granted the right to operate under this Agreement.

4) You fully understand and acknowledge that all goodwill arising from your use of the Marks will inure solely and exclusively to our benefit. On expiration or termination of this Agreement, no monetary amount will be assigned as attributable to any goodwill associated with your use of the Marks.

5) If we implement the use of other marks, you will treat them with the same understanding as the Marks we grant you the non-exclusive right to use under this Agreement.

9.9 ELITE TUTORING PLACE Website. Under the terms of this Agreement, you are not permitted to establish your own website; nor can you use the Marks for any Internet-related purpose such as to reserve a top level domain listing, except as stated above in Section 6.4 . It is our intention to maintain a website which will enable us to refer business in your exclusive territory when and if inquiries are received. The website will list your Elite Business location, telephone number, hours, directions and a map. You may also list the name of the franchisee, and or the location manager. Your rights under this Agreement and through the use of these Marks do not enable you to engage in any form of on-line business.

We and our Affiliate have developed and maintained the website whose domain name is elitetutoringplace.com. That website has reflected our affiliate's changing business and the Marks. It will link to the franchise program, and provide a directory of Elite Business locations as they are added through the franchise program. This website, in its current form and any further developed iteration of it will be the only Internet presence for the franchise System.

10. CONFIDENTIAL OPERATIONS MANUAL

During the term of this Agreement, we will loan to you one copy of the Operations Manual.

10.1 Contents. The Operations Manual is and must remain confidential. It will contain mandatory and suggested specifications, standards and administrative operating procedures we periodically prescribe for the Elite Business and information relating to other obligations under this Agreement. All parts and all entries in the Operations Manual are considered confidential information, proprietary to us and constitute trade secrets.

10.2 Maintenance Requirement. You must keep the loaned copy of the Operations Manual available in your Elite Business location at all times, and must keep it current. When we send you an update, you agree to destroy the replaced page(s), and insert the updated replacement pages promptly. If there is a dispute relating to the contents of the Operations Manual, the master copy we maintain at our headquarters will control. No part of the Operations Manual may be copied,

transferred or shown to anyone other than your employees and/or management who require the information to properly do their job. No part may be otherwise reproduced without our advance written approval, which, we can deny for any reason.

10.3 Modification. The Operations Manual may be periodically modified to reflect changes in our image, specifications, standards and administrative procedures. No addition or modification will detrimentally alter or reduce your rights under this Agreement.

10.4 Surrender of Operations Manual. When this Agreement expires, or otherwise terminates before execution, you are required to return the Operations Manual to us or our designated representative within 5 days.

10.5 Renewal. At renewal, we will exchange the current Operations Manual for the copy you have had during the term of this Agreement.

10.6 Electronic File. Notwithstanding the above to the contrary, if at any time we convert the physical Operations Manual to an electronic file, suitable for sending via a secure Internet file, we will notify you of this change in procedure. Thereafter, the entire Operations Manual will be contained in an electronic file. All modifications will be made on-line and you will be required to download the changes when appropriate. You are still under the obligation to return the physical Operations Manual to us at the end of the Agreement term, or sooner if you no longer have use for it. You are not permitted to make individual changes in the Operations Manual, other than to update materials we send or email to you. When this Agreement expires, terminates or is terminated, you are required to delete all files related to the electronic version of the Operations Manual. The failure to delete all files constitutes a trade secret violation.

11. INSURANCE

During the term of this Agreement, you are required to purchase from reputable insurance companies, having an A.M. Best rating of A or higher, acceptable to us and licensed in the state in which you will operate your Elite Business, and keep in force at your own expense various types of insurance coverage as set forth in Section 11.6 below.

11.1 When Required. You are required to have purchased and paid one annual premium for the various types of insurance coverage listed below at the time you take possession of your leased premises.

11.2 Provide Policies To Us. Before you begin operations at your Elite Business, you must submit to us for our records, certificates of insurance, or if available, actual copies of the insurance you have purchased. If only certificates are available when you begin the Elite Business operations, you must furnish the actual policy not later than 30 days after opening or taking over. The failure to provide this to us, and to maintain insurance in force throughout the term of this Agreement, and any renewals and/or extensions is a material breach of this Agreement.

11.3 Additional Insureds. The insurance policies, except Worker's Compensation must also

name as additional insureds us, our shareholders, officers, directors and employees against any claims for loss, liability or any expense from fire, personal injury, death, theft, property damage, defamation or other losses or damages which result from your Elite Business operation. The additional insured endorsement for all liability policies must state that the coverage provided the additional insureds is primary and non-contributory with respect to any other insurance available to the additional insureds.

11.4 Cancellation Without Notice. The insurance policies cannot be canceled or reduced in coverage without providing you and us, 30 days prior written notice, which states the reason(s) for cancellation. Cancellation does not excuse you from obtaining substitute insurance to become effective on or before the date of cancellation.

11.5 Update Coverage; Increase Coverage. During the term of this Agreement, we encourage you to assess your insurance needs on an annual basis, and to purchase further coverage above the minimum limits set forth below, if the operation of your Elite Business warrants it.

11.6 Required Coverage Amounts. If, through experience, we determine that higher minimum limits or certain additional specific types of insurance are necessary, we reserve the right to direct you to purchase larger amounts or other types of insurance.

The required insurance coverage is as follows:

1) Commercial General Liability coverage in the form of an umbrella policy with combined single limits of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate. This insurance shall provide coverage for all operations and include independent contractors, products liability, completed operations and contractual liability coverage.

2) Property Damage coverage written on a “special” property form for the full replacement costs of your contents of your Elite Business, plus any storage or office space you may own or lease, which is used for your Elite Business operations. Property coverage will apply to both the real and personal property you own including improvements and betterments, machinery, equipment, furniture, fixtures, inventory and property while in transit.

3) Worker's Compensation with statutory limits in the amounts required by state law for all your covered employees, and Employers Liability limits of not less than \$1,000,000 for each accident, \$1,000,000 policy limit and \$1,000,000 for each employee.

11.7 Recommended Types of Coverage. Insurance coverage such as disability, in the event you become injured or sick, may be appropriate, but is not required, unless the state, city or municipality in which you are located mandates them. Business interruption insurance will compensate you if for some reason, you can no longer, or temporarily are unable to do business on the premises, due to a casualty or fire, or other event that you may or may not be able to control. It is strongly recommend, but not required.

12. BOOKS AND RECORDS

You agree to keep and maintain accounting records for your Elite Business for a period of 3 years after the close of the fiscal year in which the record is made, according to generally accepted accounting principles. You will provide electronic access to your records at your Elite Business, if we ask to review your records.

12.1 Required Reporting. You agree to provide to us monthly, on the pre-printed forms that we will provide, an accounting of the amount of gross receipts you received in the preceding month and an accounting of the amount you spent to advertise. These items must be electronically submitted by 5 p.m. Central Standard Time, on the tenth calendar day after the end of the previous month for the previous month.

12.2 Quarterly Statements. You are required to submit to us an unaudited quarterly financial statement within 30 calendar days after the end of each calendar quarter.

12.3 Annual Statements. You are required to submit to us an unaudited annual financial statement within 90 calendar days after the end of each calendar year. We reserve the right to request you to submit an audited annual financial statement, which right will only be exercised if we believe there is good cause to question the unaudited statement. If during the previous twelve months, you have submitted three late royalty payments, or we have drafted your account and there were nonsufficient funds to collect the royalty payment we reserve the right to require you to present to us an audited financial statement for each of the next 2 years at your expense.

13. COVENANT NOT TO COMPETE

13.1 In-term. During the term of this Agreement or any approved renewals or extensions, you agree that, to the extent this provision does not conflict with state law, you cannot and will not open, consult, work for in a management capacity, own, franchise or act as franchisor for, license or be in any way involved as a director, officer or shareholder, partner, member and/or member/manager with or in any business that offers the same or similar services, such as tutoring, or preparing students for standardized tests, at any level, through an outlet similar to an Elite Business, or work in any of the capacities stated above for a business that offers the same or similar services, including a sole proprietorship, or working as a private tutor, anywhere in the United States. Neither will you, during the term of this Agreement, divert any business, that could be handled by or done through an Elite Business, to any other business or person, other than another Elite Business.

13.1.1 Management Agreement. Attached to this Agreement as Exhibit C is a Confidential Information and Non-Disclosure Agreement that must be executed at the time you employ managers and other employees, who will have access to our Confidential and Proprietary Information, and otherwise whom we may train. All executed Confidential Information and Non-Disclosure Agreements must be maintained by you in your Elite Business, and made available to us during inspection, or at our request.

13.2 Post-Term. For a period of 2 years after the expiration or termination of this Agreement for any reason, except for working in another Elite Business operated under a separate

franchise agreement with us, or working for another Elite Business franchisee, neither you nor any of the business entity owners who execute this Agreement shall (1) have any direct or indirect ownership interest in any competitive business that markets or provides a tutoring service, or prepares students for standardized tests within a radius of 20 miles from the perimeter of your exclusive territory, or within 10 miles of any other Elite Business or franchisee owned Elite Business; (2) use, transfer, convey, implement, or in any other manner possible or imaginable provide to another individual or business entity any part of our System or trade secrets; 3) nor may you solicit, service or attempt to service the customers and students with whom you worked during the term of this Agreement in the same or similar type of business that involves tutoring students, and preparing them for standardized tests.

13.3 Unenforceable Restrictions. To the extent that any of the foregoing restrictive covenants are deemed unenforceable by virtue of their scope in terms of area covered, business activity prohibited and/or length of time, but, could become enforceable by reducing any or all of the elements thereof, the parties to this Agreement agree that such reduction in scope be made and that as reduced those elements shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought.

13.4 Enforcement Not Dependent on Franchisor Obligations. There are no obligations we must meet as a condition to the enforcement of any covenant not to compete. They exist for our benefit, and those to whom we sell franchises, and to maintain the integrity and confidentiality of our System.

14. TERMINATION OF FRANCHISE AGREEMENT

14.1 By You.

14.1.1 Our Material Breach. If, during the term of this Agreement, we commit a breach of a material provision of the Agreement, and you give us written notice of the breach, according to the notice procedure set forth in Section 21 of this Agreement, you may terminate this Agreement if within 30 calendar days from the date we receive your written notice, we do not cure or take steps to cure the breach. In order to terminate this Agreement, you must be in substantial compliance. Termination will be effective 10 calendar days after we receive notice of our failure to cure, or begin to take steps to cure the breach.

Other than as stated in this section, and in Section 3.1 (1) and (2), you will have no other right to terminate this Agreement. Once you terminate, you will be obligated to perform all post-termination obligations. The obligations after termination are found below in Section 15.

14.2 By Us.

We have the right, and can terminate this Agreement for the following valid reasons, with or without notice, and with or without offering you the right to cure, as follows:

14.2.1 Immediate Termination

1) Subject to The United States Bankruptcy Code 11 U.S.C. 365, this Agreement may be terminated immediately, with or without notice if you declare bankruptcy, are adjudged bankrupt or become insolvent.

This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Section 101 et seq.).

2) We have the right to terminate this Agreement immediately, and at any time, if we learn that you misrepresented facts on your initial franchise application, and/or submitted fraudulent or misleading financial statements.

14.2.2 Termination for Good Cause after Notice. We have the right to terminate this Agreement effective upon delivery of notice to you, which notice will state the date of termination, if you breach this Agreement as follows, and termination for the below-stated reasons will be considered termination for good cause:

- 1) You fail to actively operate your Elite Business constructively abandoning this Agreement. Constructive abandonment means that you do not operate the Elite Business for a period of 7 calendar days without any extenuating circumstances to prevent your continued operations.
- 2) You assign or transfer this Agreement or any interest in it or in the franchise without compliance with the provisions of Section 16 of this Agreement.
- 3) You are convicted of or you plead no contest to a felony, or you are convicted or plead no contest to any crime or offense that is likely to adversely affect the reputation of our franchise program and the goodwill associated with the Marks.
- 4) You fail to maintain sufficient funds in your business account to be able to transfer electronically the amount due for royalty payments for 2 consecutive months in any 12 consecutive month period, or for three months to submit when due reports or supporting records and such failures to comply are not followed by a minimum of 6 months of consecutive, on-time monthly payments or report submissions.
- 5) You fail to comply with the in-term covenants, including the covenant not to compete in this Agreement.
- 6) You disclose or divulge the contents of the Operations Manual, trade secrets or other confidential information provided to you by us, contrary to this Agreement, instructions in the Operations Manual, and/or training you received.
- 7) You, or your legal representative are unable to effect an approved transfer to a qualified transferee within the time limits allowed by Section 16 of this Agreement if you die or become permanently incapacitated, and can no longer operate your Elite Business.

8) You violate the Anti-Terrorism Laws of the United States, which laws are set forth below in Section 29.

14.3 Notice of Termination with Right to Cure. In addition, we have the right to terminate this Agreement, effective upon the delivery of notice of termination to you, if you fail to comply with any other provision of this Agreement or any standard or administrative procedure prescribed by us and you do not correct such failure or make a good faith effort to correct such failure within 30 calendar days after we give you written notice of your non-compliance. That non-compliance may take the form of unpaid royalties, failure to submit a financial report, improper use of the service Marks, unapproved advertising, advertising in another franchisee's exclusive territory, and any other breach of the Agreement which we deem serious enough to cause us to place you on notice that curative action is necessary.

14.4 Potential Liability Resulting from Termination. If you do not comply with a written notice of termination we send and/or deliver that we can prove you received, and, a court or arbitrator later upholds the notice as having been properly issued, operation of your business using our Marks after the date of termination will constitute willful service mark infringement and unfair competition. You will be liable to us for monetary damages to the fullest extent provided by law.

15. YOUR OBLIGATIONS AT TERMINATION OR EXPIRATION

You agree that when this Agreement expires, or terminates for any reason, you will no longer be eligible to operate the Elite Business under this Agreement, nor will you be permitted to continue to operate a business, regardless of the name to which you change it, if you continue to offer the same or similar services. As a result, you will be obligated and you hereby agree to undertake to disassociate yourself from our franchise program by performing all the tasks which are set forth below:

15.1 De-Identify. You must immediately discontinue use of all our Marks or logo or any mark or name confusingly similar, or any reproduction, counterfeit, copy or imitation of the Marks which are likely to cause confusion, mistake or deception, or which will dilute our exclusive rights to the Marks; or any designation indicating affiliation between you and us or in association with the operation of the Elite Business under this Agreement and permanently remove from your principal place of business or destroy all signage, stationery, cards, advertising material and other business related items which bear or refer to the Marks.

15.2 Cease and Cancel Use of Marks In Telephone Listings and Advertising. You must take immediate steps to cancel or otherwise discontinue further display or reference to the Marks in any trade directory, including any Internet site, and in any advertising, and assign to us all business telephone numbers you used that are associated with your Elite Business.

15.3 Return Loaned Operations Manual and other Indicia which Display Marks. You must return to us your loaned copy of the Operations Manual including additions or amendments to it and any other signs, displays and other materials we loaned to you. You are required to destroy or return

to us, immediately, all other items containing or displaying our Marks.

15.4 Bring All Debt to Us Current. Within 30 calendar days of termination or expiration of this Agreement, you must pay all accrued monthly royalty fees, plus any late payments due.

15.5 Discontinue All Forms of Promotion as an Elite Business. You must discontinue all advertising, promotion and all forms of marketing in which you hold yourself out to the public as an Elite Business and cease all similar advertising to your customers.

15.6 Compliance with Confidentiality and Non-Compete Covenants. You agree to abide by all obligations of confidentiality and by all provisions of the covenant not to compete as described in Section 13 of this Agreement.

15.7 Compliance with Non-Hiring and Customer Servicing Covenant. For the 2 year period which follows the expiration or termination of this Agreement, for any reason, you agree that you will not offer employment to any of our employees, or the employees of another franchisee, to work in a competitive business without our knowledge and prior written approval, or the knowledge and prior written approval of the other ELITE TUTORING PLACE franchisee, or service or attempt to solicit or service through your own or another similar business the clients or students you serviced under this Agreement, during the time this Agreement was effective.

15.8 No Further Use of Confidential Information. You must end the use of any of our confidential and proprietary information.

15.9 Client List. You must provide us with a current client list in an electronically submitted file.

15.10. Our Re-Market Rights. Depending on the circumstances of the expiration, or termination, we will have the right to immediately re-market either the Elite Business or another franchised Elite Business in the exclusive territory previously franchised to you.

15.11 Our Right To Purchase At Expiration. When either this Agreement expires, or you are offered the right to renew and decline, or you terminate the Agreement without cause, we will have the option, but not the obligation to purchase the business being conducted at your Elite Business location, including, but not limited to, all fixtures, signage, contracts, supplies and equipment (the "Assets") at a price equal to the fair market value of all fixtures, signage, contracts, supplies and equipment. Any purchase will not include supplies with your business entity name, that we cannot use. There will be no independent appraisal of the Assets, unless we cannot in good faith, agree on a fair price. If we reach an impasse, one appraiser will be retained to make an appraisal, the cost of whom will be split between you and us. There will be no recognition of goodwill in the re-purchase price or the appraisal. We can exercise this option by sending written notice to you within 30 calendar days after termination or expiration of this Agreement. At the closing, you must execute and deliver all documents necessary to transfer good title from your business to us or our nominee and upon delivery of those documents we shall pay to you the agreed price, plus or minus all prorations, less any monies that you owe us at the date of closing of the transaction. If you cannot

deliver clear title to the Assets, we will have the option to either purchase the Assets from the party that holds the legitimate lien or mortgage, or not purchase them, at our discretion.

Except as otherwise provided above in Section 15, at the termination or expiration of this Agreement, all rights and privileges granted to you under this Agreement will end.

16. ASSIGNMENT OF THE FRANCHISE AGREEMENT; LEASE ASSIGNMENT

I. Assignment of the Franchise Agreement

16.1 By Us. This Agreement is fully transferable by us and inures to the benefit of any transferee or other legal successor to our interests.

16.2 By You. The rights and duties created in this Agreement are personal to you. We have granted the franchise to you in reliance upon your experience, character, skill, aptitude, attitude, perceived business ability, financial capacity and the interest you have expressed in owning and operating an Elite Business. Consequently, you may not sell, assign, transfer, pledge or mortgage the Elite Business (nor any interest in it), this Agreement, or any part or all of the ownership (including by will or intestate succession) without our prior written consent, which we will not unreasonably withhold if you are in substantial compliance with this Agreement. We may condition the assignment on the character, business experience, financial capacity and credit rating of the proposed assignee (and his or her partners, officers, controlling stock holders and/or members/managers, if the transferee is a partnership, corporation, or limited liability company). Any transfer made without our approval constitutes a breach of this Agreement, which can result in termination, and conveys no rights whatsoever. In addition, consent to the transfer will be conditioned on the following:

1) We must approve the purchaser for financial responsibility, and suitability as an owner and operator of an Elite Business;

2) The assignee, transferee or purchaser must not continue to be engaged as a licensor, franchisor, independent operator, joint venturer or current licensee of another business that is similar in nature or competes. Prior to entering into the Agreement, the assignee, transferee or purchaser must terminate all previous licensing or franchise relationships.

3) You have paid us all outstanding debts and obligations under this Agreement, except those, if any assumed by the purchaser, and agree to enter into a mutual general release to date of transfer, prepared by us, which, will continue to obligate you to the covenants that survive this Agreement. The Mutual General Release is attached to this Agreement as Exhibit D.

4) Before operating on his or her own, the transferee shall have completed, at the transferee's expense and upon such terms and conditions as we may reasonably require, any training programs then in effect for franchisees.

5) The party who shall acquire your interest must execute an assumption agreement with us in the form we approve for a term equal to the remainder of your term, unless we agree to offer a new term under the then current franchise agreement being offered to new franchisees.

6) If the purchaser is not new to the ELITE TUTORING PLACE system, and does not require training, a transfer fee of \$4,000 must be paid to us within 5 business days of the date for the closing of the sale, which we will hold until the sale has closed. If the purchaser does require training, the transfer fee will be \$7,500. If the sale does not close, we will return 75% of the transfer fee, maintaining 25% for the due diligence we conducted and legal fees we incurred. If the sale closes we will retain the full amount of the fee.

16.3 Transfer to a Partnership, Corporation or Limited Liability Company. If you are in full compliance with this Agreement, you will not be charged a transfer fee nor will approval of a transfer be unreasonably withheld for transfer of your individually held franchise interest to a partnership, corporation or limited liability company that conducts no business other than one or more Elite Business(es). You must actually manage the Elite Business on a full time basis, and must maintain at least 51% control in the business entity you form. Additionally, all owners with interests of 20% percent or greater agree to jointly and severally guarantee the obligations of this Agreement and to be bound by its provisions. If no owner holds 20%, then the three individuals with the greatest interest must execute a personal guarantee. You shall notify us in writing of the name and address of each and every partner, shareholder, member and/or manager, officer, director and supervisory employee of your business entity and any changes made. Before the transfer is approved, we require you to submit a copy of your Partnership Agreement, Articles of Incorporation or Articles of Organization.

16.4 Right of First Refusal. If, at any time, you decide to sell an interest in this Agreement, or the Elite Business, if separable, or your business entity, unless the proposed sale results from the need to sell due to a permanent incapacity or death, you must obtain a bona-fide, executed written offer from a responsible and fully disclosed purchaser and immediately submit an exact copy of the offer to us. In order for the offer to be bona-fide, it must be accompanied by a 10% down payment, in cash, a cashier's check or certified funds. We will have the right, exercisable by written notice delivered to you within 20 calendar days from the date we receive the offer, to purchase the interest for the price and on the terms and conditions in such bona fide offer. We may substitute cash for any form of payment proposed in the offer. Our credit shall be deemed equal to the credit of any proposed purchaser and we shall be given not less than 75 calendar days to close. If we do not exercise our right of first refusal, the sale may be completed to the purchaser on the exact terms of the offer, subject to your compliance with Section 16.2 and our reasonable approval of the transfer. If the sale to that purchaser is not completed within 90 calendar days after delivery of that offer to us, or if there is a material change in the terms of the sale, we will have an additional right of first refusal for 20 calendar days on the same terms and

conditions as were applicable to the initial right of first refusal.

16.5 Death or Permanent Incapacity.

16.5.1 Appointment of Successor Franchisee. If you die or become permanently incapacitated, your executor, administrator, conservator or other personal representative will have a period of 180 calendar days to transfer your Elite Business to a qualified transferee. Provided a qualified transfer candidate is found, that individual must successfully complete our training program before assuming the franchise agreement. The death or incapacity of one owner will not cause a termination when more than one owner has signed this Agreement, however, this will depend on the division of ownership interest at the time of death, and the willingness of the surviving owner, if a minority owner, to become the majority owner. If a suitable transferee is not located and the transaction is not completed in 180 days, this Agreement will be terminated.

16.5.2 Transfer of the Franchised Business. Any transfer of this Agreement by devise or inheritance, shall be subject to all the terms and conditions for assignments and transfers contained in this Agreement. Failure to dispose of those interests within 180 calendar days constitutes grounds, at our option to terminate this Agreement.

II. Lease Assignment

16.6. Collateral Assignment of Lease. If this Agreement terminates, or expires and you either cannot continue to operate your Elite Business in the location due to loss of that right, or choose not to operate the Elite Business, in the case of an expiration, we have the option to assume the lease for your location, within thirty calendar days of termination or expiration, by giving the landlord notice of the exercise of this option.

16.7 Payment of Lease Debt. If we exercise our option to assume your Elite Business lease, we will not be obligated to bring any debt you have under the lease current. Lease debt remains your obligation. If we are unable to assume the lease without bringing the debt current, we may choose to make that payment, but you will then be required to reimburse us within 30 calendar days of the date our payment was made.

16.8 Assign to Our Nominee. If we exercise the option to assume your lease, we will have the right to assign it to our nominee (another franchisee), or operate it as an Elite Tutoring Place, Inc. Elite Business, without further consent of the lessor. You will have no ability to control this assignment election, nor do we need to inform you of our decision after we assume the lease.

16.9 Lease Language. There must be a term in your Elite Business lease that you negotiate, which sets forth this collateral assignment of lease procedure. We must approve the language of the Elite Business lease before you can execute it.

16.10 No Other Affect. Other than our option to assume your lease, we cannot otherwise impact your relationship with your landlord, or the terms of your lease.

17. CONFIDENTIALITY

You agree that you and your officers, directors, partners, members, management employees, and all owners of any interest in you and/or the Elite Business, and your affiliates: (a) will only use our Proprietary Information in the operation of one or more Elite Businesses; (b) will maintain the absolute confidentiality of the Proprietary Information during and after the term of this Agreement; (c) will not make unauthorized copies of any portion of the Proprietary Information disclosed in written, visual, auditory or other tangible form; and (d) will adopt and implement all reasonable procedures we periodically prescribe to prevent unauthorized use or disclosure of the Proprietary Information, including, without limitation, restrictions on disclosure to employees and the use of non-disclosure and non-competition clauses in employment agreements with employees and agents in the form we prescribe. Proprietary Information includes, but is not limited to the contents of the Operations Manual and any other training materials and our trade secrets. Any information which was in the public domain, or Proprietary Information that becomes a part of the public domain, or you learn from a third party independent of the franchise, and out of the franchise system will not be covered by this provision. Your obligations under this section survive the termination of this Agreement.

18. RELATIONSHIP OF PARTIES; INDEMNIFICATION

18.1 Independent Contractors. The parties to this Agreement are independent contractors. The grant of the franchise is not to be construed to create a relationship of employer-employee, joint venture, agency or partnership between you and any other franchisee, or between you and us. Neither of us will be obligated by any agreement, or representation made by the other, (except the obligations and representations contained in this Agreement). Nor, will we be obligated for any damage to any person or property directly or indirectly arising out of your operation of your Elite Business, whether caused by your negligence, willful action, failure to act or otherwise.

For federal, state and municipal tax purposes, you are treated as an independent contractor and not as an employee.

18.2 Indemnification. You agree to indemnify and hold harmless us, our officers, shareholders, directors, employees, agents, representatives, attorneys, successors and assigns with respect to any damages, claims, judgments or settlements. This includes the aggregate amount of any loss, liability, damage, cost or expense (including reasonable expert witness, accountants' and attorneys' fees) sustained by us or them as a result of any breach or default by you of any provision of this Agreement required to be performed by you, in the operation of your Elite Business. We have the right to defend any claim or claims with respect to which we may be entitled to defend under this Agreement and to seek indemnity from you.

The indemnities, assumptions of liabilities and obligations will continue in full force and effect subsequent to and notwithstanding the termination or expiration of this Agreement.

19. REMEDIES AND JURISDICTION

19.1. Remedies are Non-exclusive. Except as specified in particular provisions of this Agreement, no right or remedy conferred on or reserved to you or us by this Agreement is intended to be, nor will be deemed to be exclusive of any other right or remedy provided under this Agreement or permitted by law or equity. On the contrary, each right or remedy will be in addition to every other right or remedy.

19.2. Illinois Courts. The parties hereto agree that any claim, controversy or dispute arising out of or relating to this Agreement or its performance which cannot be amicably settled, and is not encompassed below, in the arbitration provision, in Section 20, will be resolved by a proceeding in a court in Illinois, and you agree to irrevocably accept the jurisdiction of the federal and state courts in Cook County, Illinois over those claims, controversies or disputes. We each promise that no litigation arising out of or relating to this Agreement or the performance of it will ever be initiated in any court other than a court in Cook County, Illinois, unless no court in Cook County, Illinois will accept jurisdiction over the case, or the state in which your Elite Business is located has laws which render this section inapplicable.

The parties agree that service of process in any proceeding may be made by serving a person of suitable age and discretion. Service on us may be made at our office or on our registered agent. Service on you may be made at the address given for you at the beginning of this Agreement. Service on you may also be made on your registered agent if you have transferred this Agreement to a corporation or limited liability company. Service on your corporation or limited liability company shall also be considered the same as personal service on you. Service on you may also be made by personal delivery to any responsible employee above the age of 18 years old, at your Elite Business location when service is made.

19.3. Prevailing Party. If either you or we bring any legal action to construe or enforce the terms of this Agreement, including its termination or post-termination provisions, or to obtain damages or other relief, injunctive or otherwise, to which either party may be entitled under this Agreement, with the exception of the right to request an arbitration proceeding (pursuant to Section 20 below), the non-prevailing party agrees that an award shall include, that it or they will be responsible for and agrees to pay the reasonable attorney fees, accountant's fees and all associated costs, expenses, and expert witness' fees of and to the prevailing party.

20. NEGOTIATION; ARBITRATION

20.1 Attempt to Resolve Differences by Informal Discussions; Mediation. In the spirit of working together to achieve a mutual benefit, and pursuant to the accommodations made in this Agreement, it is our desire to prevent disputes with franchisees, which, if escalated will divert resources better spent elsewhere. In an attempt to avoid litigation and arbitration, we request that if issues arise that you believe are not being properly handled, that you send us a letter, and copy our counsel whose address appears below in Section 21, stating the facts and the reasons you believe we have not been attentive, or have taken action adverse to your interests. We will review your letter, and attempt to resolve the dispute as quickly as possible, and will contact you to arrange such a discussion within 30 days of receipt of the letter, unless time is a factor, as made evident in your letter. By honest and good faith negotiation, we may both be able to avoid unnecessary further steps, which would enable both of us to conserve resources. Before filing suit or demanding arbitration, unless immediate injunctive relief is sought, the parties should spend a minimum of four hours working out their differences, preferably face to face, but if not possible, through other means of communication. After the investment of four hours or longer if the parties continue the discussions, if differences have not been resolved, either party can take the legal action permitted under this Agreement. If the parties are unable to resolve their differences but believe they could benefit from mediation, before either party files an arbitration action, the parties can agree to engage a third party mediator. Mediation is non-binding. Both parties would share the cost for the mediator equally. Mediation would take place in Cook County, Illinois, in the county in which our headquarters are located if outside the Chicago metropolitan area, or at a mutually agreeable location, if we agree to meet outside Cook County. If a resolution is reached through mediation, no further action will be necessary.

20.2 Dispute Resolution by Arbitration. If there is a dispute between you and us with respect to any issue arising out of or relating to this Agreement or the rights created by it, its offer, sale and disclosure, and any claimed breach, or the relationship between you and us as a result of this Agreement, and the parties have complied with Section 20.1, the dispute must be submitted to arbitration, and arbitrated by one arbitrator, if either party requests arbitration. The arbitration proceedings will be conducted in Cook County, Illinois, or, at our option, where our national headquarters are located, if at the time the claim is filed, our national headquarters are outside the Chicago metropolitan area. Arbitration will be conducted in accordance with the rules of the American Arbitration Association (“AAA”), any successor organization, or any similar organization, if the AAA is no longer in operation. Judgment on the decision of the arbitrator, including any grant of specific performance, may be entered in any court having jurisdiction. An award shall include and the prevailing party will be entitled to recover from the other party or parties, reasonable attorneys’ fees, accountant’s fees and all associated costs (including filing fees and the arbitrator fees), expenses, and expert witness’ fees.

We both agree that the arbitrator will be limited to awarding the prevailing party actual, and not consequential, punitive, speculative or exemplary damages. We also agree that arbitration will take place between one franchisee and us, and not on a group, or class-wide basis. If there are multiple franchisees with the same facts and legal issues, we will, for

economic and practical purposes permit such a claim to be submitted to one arbitrator for the purpose of analyzing and determining whether the facts and legal issues are the same. If they are, we will agree to proceed with the arbitration with more than one franchisee; however, if the arbitrator determines either the facts are different enough, or the legal issues are different, or will result in the need to consult multiple state laws, the arbitration will be required to be refiled, with each franchisee filing a separate demand.

21. MISCELLANEOUS

21.1 Notice

21.1.1 Method for Giving Notice.

1) To You. All notices to you must be in writing, personally delivered or sent to you at the address stated at the beginning of this Agreement by certified mail, return receipt requested, by overnight courier service or express mail. Notices personally delivered will be deemed received on the date of delivery. Notices sent by certified mail will be deemed delivered 3 business days after placing them in the United States mail, postage prepaid. Notices sent by overnight courier service or express mail will be deemed delivered 2 business days after they are sent, unless receipts show otherwise, or Saturday delivery is specified and accomplished.

2) To Us. All notices to us will be in writing personally delivered, or sent to the address stated at the beginning of the Agreement. The method for sending is the same as in Section 1) above titled "To You." If the notice is related to default, termination or arbitration or litigation, a copy should also be sent to:

Law Office of Marc N. Blumenthal, 8950 Lincolnwood Drive, Evanston, IL 60203, and emailed to mnblawyer@gmail.com

21.2 Non-Waiver. If either party waives a right or remedy under this Agreement, or in any other manner fails to enforce such right or remedy, that action shall not preclude either party from enforcing the same right or remedy in accordance with this Agreement at a later date.

21.3 Modification. This Agreement may only be modified by an instrument in writing, executed by both parties, dated after the date of this Agreement. This Agreement may, however, be modified or amended by us, within 10 calendar days written notice to you in order to comply with any ordinance, statute or regulation applicable to the Agreement, or the franchise relationship.

We may, however, periodically modify our Operations Manual as we, in the exercise of our sole discretion, deem necessary to meet competition, protect our Marks and improve the

quality of products and services provided. No modification will reduce your rights under this Agreement.

21.4 Severability and Construction.

21.4.1 Independent Provisions. The provisions of this Agreement are deemed to be severable and the parties agree that each provision of this Agreement will be construed as independent of any other provision of this Agreement.

21.4.2 Invalid Provisions. If any provision is deemed invalid or unenforceable as written, it will not affect the legality or validity of the remaining provisions, but, will be deemed modified or limited to the extent or manner necessary to make that particular provision valid and enforceable to the greatest extent possible in light of the intent of the parties expressed in that provision.

21.4.3 No Other Beneficiaries. Nothing in this Agreement will be deemed to give any person or legal entity other than you or us, and our respective successors and assigns any rights or remedies under or because of this Agreement, except for the rights ascribed above under Section 16, to a personal or legal representative.

21.4.4 Captions. All captions in the Agreement are intended solely for the convenience of the parties and do not affect the meaning or construction of any provision of this Agreement.

21.5 Multiple Originals. This Agreement may be signed in triplicate, and each copy signed will be considered an original.

21.6 Binding Agreement. This is a legally binding Agreement, which binds us and you to its terms and conditions, and will inure to the benefit of the successors and assigns of each party.

21.7 Introduction. The introductory remarks included on pages 1 and 2 of this Agreement are incorporated into this Agreement, as if written directly into the terms of this Agreement.

22. COMPLIANCE WITH LEGAL REQUIREMENTS

At your own expense, you must make, execute, and file any and all reports required by any law or public authority or public taxing agency with respect to the operation of your Elite Business. You must at all times abide by any and all federal, state, county and/or municipal laws and regulations which are applicable to your Elite Business, and maintain a current business license. You must comply with all applicable tax laws which require you to pay taxes on your income, and remit taxes for your employees, and you must timely remit all taxes due. You must comply with the American Disabilities Act, and any other statute that

prevents discrimination.

23. GOVERNING LAW

Except to the extent governed by the United States Trademark Act of 1946 as amended (Lanham Act, 15 U.S.C. Section 1051 et seq.), and the Federal Arbitration Act, (9 U.S.C. Subsection 1 et seq.), this Agreement shall be governed by the laws of the State of Illinois, except with respect to its conflicts of laws rules.

24. NOTIFICATION OF LAWSUITS AGAINST FRANCHISEE

You shall notify us in writing within five days of notice of the commencement of any action, suit, or proceeding against you, and of the issuance of any inquiry, subpoena, order, writ, injunction, judgment, award, settlement or decree of any court, agency, or other governmental instrumentality, which arises out of, concerns, or may affect the operation or financial condition of your Elite Business, or your interests in this franchise, including, without limitation, any criminal action or proceedings brought against you, or, brought by you against your employees, clients, or other persons.

25. SMOKING, ALCOHOL AND/OR DRUGS

Smoking, alcohol or any form of drug use is prohibited within or in the general area outside your Elite Business. You must present, and promote a welcoming, non-threatening environment, and not permit or engage in any activity that will offend any customer or student.

26. GOOD FAITH AND FAIR DEALING

Each party to this Agreement agrees to treat the other in a fair and equitable manner, and in all transactions, interactions and disputes to negotiate and to deal in good faith; it being further understood, that the general industry that this type of business is a part, is highly competitive, and well-developed, and, that working together can accomplish more than working at odds with each other.

27. FORCE MAJEURE

Neither party will be liable for any delay or failure to comply with the terms of this Agreement due to any cause, condition or force beyond the control of that party, whether or not foreseeable, including, but not limited to work stoppage, labor strikes, transportation strikes (trucking, rail, ship or air), postal strikes, acts of God or severe weather conditions, acts of war or civil disobedience.

28. TIME IS OF THE ESSENCE

Wherever this Agreement requires performance on the part of a party by a specific date, for payments of sums, giving of notice or furnishing of documents or reports, the parties understand and agree that it is important to use best efforts to comply with the dates and times set forth in the Agreement, as time is of the essence.

29. COMPLIANCE WITH ANTI-TERRORISM LAWS

You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your owners certify, represent, and warrant that none of your property or interests are subject to being blocked under, and that you and your owners otherwise are not in violation of, any of the Anti-Terrorism Laws. “**Anti-Terrorism Laws**” means Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your owners’ assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement, as provided above in Section 14.

30. BUSINESS RISKS

30.1 Business Risks. This business venture involves certain business risks. Your success will be largely dependent upon your own efforts and abilities, whether or not you have been in the tutoring business before. You also understand that we do not choose, but will help you select a site for your business and must approve that site, unless you are in the tutoring business and will convert your own existing business to an Elite Business.

30.2 Independent Investigation. We have encouraged you to consult with your own advisers, including a franchisee lawyer, before you buy this franchise.

31. ENTIRE AGREEMENT

Each party agrees that the foregoing Agreement, including the Introduction, incorporated by reference and made a part of this Agreement in Section 21.7, and attached Exhibits A, B, C and D, represent the entire Agreement, and is the only Agreement between the parties, governing the relationship between the parties and supersedes all previous and contemporary verbal or written understandings, agreements, promises, negotiations and/or representations made by the parties or understood to be in effect at the time this Agreement is executed. Notwithstanding the foregoing, nothing in this Franchise Agreement is intended to disclaim the express representations made in the Franchise Disclosure Document.

32. NON-WAIVER

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

SIGNATURES

The parties to this Agreement now execute and deliver this Agreement in triplicate all of which will be considered originals as of the Agreement Date.

Done and executed on the date stated at the beginning of this Agreement in _____, ____.

ELITE TUTORING PLACE, INC.

FRANCHISEE

By: _____

Ali A. Pabarja

President

Attest: _____

Date: _____

By: _____

Attest: _____

Date: _____

By: _____

Attest: _____

Date: _____

EXHIBIT A
TO THE ELITE TUTORING PLACE, INC. FRANCHISE AGREEMENT
GUARANTEE OF PERFORMANCE

In consideration for \$10.00 and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned Guarantor(s) guarantee(s) the prompt payment of all franchise fees, if any, royalties, advertising contributions and all other fees, contributions, and expenses to be paid by the Franchisee and the full performance by the Franchisee, Franchisee's heirs, executors, administrators, successors or assigns of all the covenants, and agreements as set forth in the ELITE TUTORING PLACE, INC. ("FRANCHISOR") Franchise Agreement and its attached Exhibits of which this Guarantee of Performance is Exhibit A, and agree(s) to be personally bound to the "non-competition" restrictions as set forth in Paragraph 13 of the Franchise Agreement, just as if the Guarantor(s) were signatory(ies) to the Franchise Agreement.

If FRANCHISOR is required to enforce this Guarantee against any of the undersigned guarantors, it shall have the right to proceed against any one, a group of, or all named guarantors to satisfy the franchisee's debt or other obligations. If FRANCHISOR brings an action to enforce this Guarantee, it will be entitled to its reasonable attorneys fees, costs and expenses. This Guarantee is to be governed under the laws of the State of Illinois. All proceedings under this Guarantee are to be conducted in state or federal court located in or nearest to Naperville, Illinois located in DuPage County, Illinois. The undersigned submits to the jurisdiction of and the venue in DuPage County, Illinois and agrees not to bring legal proceedings anywhere else for purposes of this Guarantee.

Dated this _____ day of _____, 20____.

**EXHIBIT B TO THE ELITE TUTORING PLACE, INC.
FRANCHISE AGREEMENT**

EXCLUSIVE TERRITORY

Paragraphs 1.2 and 4 of the **ELITE TUTORING PLACE, INC.** Franchise Agreement provide for an Exclusive Territory in which you will operate your ELITE TUTORING PLACE® franchise business.

Location Address:

Your Exclusive Territory is comprised of:

The grant of an exclusive territory is not a guarantee that you will be successful, or that you will get a certain amount, or any amount of business. You understand that this Exhibit B to the Franchise Agreement clarifies your exclusive territory only.

Dated on the _____ day of _____, 20__.

FRANCHISEE(S)

**EXHIBIT C TO THE ELITE TUTORING PLACE, INC.
FRANCHISE AGREEMENT**

EMPLOYEE CONFIDENTIALITY AND NON-COMPETE AGREEMENT

THIS AGREEMENT made this _____ day of _____, 20____ by and between _____, Employer, a franchisee of ELITE TUTORING PLACE, INC., an Illinois Corporation ("Franchisor") and _____, whose address is _____, an individual ("Employee").

This is an Employee Confidentiality and Non-Compete Agreement. It is an essential part of your employment relationship with your Employer. Please review this Agreement before accepting employment or receiving special training and instruction. Ask your Employer to explain anything you may not understand. It is very important that you fully understand the obligations under this Agreement.

RECITALS

a. Franchisor, and its principal are the owners of all rights in and to a unique system for the tutoring of children and young adults in academic subject areas and in preparation for certain standardized tests; the Marks, the Confidential Information and trade secrets (the "System"), and a Confidential Operations Manual (the "Operations Manual").

b. Under a written agreement (the "Franchise Agreement") with Franchisor, your Employer has been granted a franchise to operate an Elite Business which is the right and license to operate for an initial term of five years, and we, as your employer have an obligation under that Franchise Agreement to enter into this Agreement with you, as one of our managerial or supervisory employees, or as an individual receiving special training and instruction in the operation of the franchised business.

c. The purpose of this Agreement is twofold, (1) to protect Franchisor and its principal's intellectual property which includes the mark ELITE TUTORING PLACE®, as well as the same mark with the red logo; its trade secrets and confidential information, and (2) to prohibit you from using Franchisor's information to directly or indirectly compete with Franchisor during the term of this Agreement, and for two years thereafter.

TERMS

In consideration for the mutual promises and covenants included in this Agreement, you, as our Employee, and we, as your Employer, agree as follows:

A. PRESERVATION OF CONFIDENTIALITY

1. The Recitals made above are hereby incorporated and made a part of this Agreement.

2. We both acknowledge and agree that by being employed in a supervisory or managerial capacity and/or having received special training, you have access to information and materials which constitute trade secrets and confidential and proprietary information, which are not in the public domain. We further acknowledge and agree that any actual or potential direct or indirect competitor of Franchisor or any of its franchisees will not have access to such trade secrets and confidential information.

3. We both acknowledge and agree that the System includes trade secrets and confidential information which Franchisor has revealed to us in confidence, and that the protection of those trade secrets and confidential information, and the protection of Franchisor against unfair competition from others who have or who have had access to the trade secrets and confidential information, are essential for the maintenance of goodwill and special value of the System.

4. You agree that you will not (a) appropriate, use, or duplicate the System, or any portion of it, for use in any business which is not within the System; (b) acquire any right to use, or to license or franchise the use of any name, Marks or other intellectual property right which is or may be granted by a Franchise Agreement between us and Franchisor; or (c) communicate, divulge, or use for the benefit of any other person, partnership, association, or corporation any confidential information, knowledge, or know-how concerning the methods of operation of an Elite Business which may be communicated to you as a result of your employment with us. You agree to divulge Franchisor's confidential information only to those of our other employees who must have access to that information in order to operate that business. Any and all information, knowledge, and know-how, including, without limitation, materials, techniques, and other data, which Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement, except information which you can demonstrate came to your attention before we disclosed it to you, or which after the time we disclosed it, had become a part of the public domain through publication or communication by others.

5. You further acknowledge and agree that the Operations Manual, loaned to us for the duration of the term of our Franchise Agreement, is loaned by Franchisor for limited purposes only, and must remain at the Store at all times, and remains the property of Franchisor. Your Employer, as a franchisee is not permitted to reproduce it, in whole or in part, without the advanced written consent of Franchisor which may be withheld.

6. If, for some reason, you come into possession of an Operations Manual, either physically or by means of a computer generated version and you are terminated, or leave the

employment of your Employer, you agree to surrender to your Employer or to an authorized Franchisor representative, and/or delete from your computer, that Operations Manual and any other written confidential information or trade secrets you may have been given, or with which you were entrusted during the time of your employment.

B. ASSURANCES THAT EMPLOYEE WILL NOT COMPETE

You agree that during the time we employ you, and for two years following your separation of employment from us, or any other Elite Business, without the advanced written consent of Franchisor, you may not directly or indirectly, for yourself, or through, on behalf of or in conjunction with any person, partnership, corporation or other business entity, engage in or acquire a financial or beneficial interest (including interests in corporations, partnerships, limited liability companies, trusts, unincorporated associations, joint ventures, or other business entities with the exception of making an investment of five 5% percent or less in the voting shares of a publicly held and publicly traded company) or make loans to any business which is the same as a Elite Business (other than an Elite Business franchised to us or to you by Franchisor, after you leave our employ, within a distance of five miles outside the perimeter of our exclusive territory.

The obligations of this Section B, where applicable, survive this Agreement.

C. BREACH; REMEDY

We both agree that if there is a breach of either the Confidentiality Section A, or the Non-Compete Section B of this Agreement, Franchisor and its principal and the System, would be "irreparably injured" and would be without an adequate remedy at law. Therefore, if there is a breach or a threatened or attempted breach of any of the provisions of this Agreement, Franchisor will be entitled to enforce the provisions of this Agreement as a third party beneficiary and will be entitled, in addition to any other remedies which it may have under this Agreement or at law, or in equity, to a temporary restraining order or to a temporary and/or permanent injunction and a decree for specific performance of this Agreement without the necessity of showing actual or threatened damage, and without being required to furnish a bond or other security.

D. GOVERNING LAW; SEVERABILITY AND CONSTRUCTION

This Agreement will be governed under the laws of the State of Illinois or (State where Employer's Elite Business is located). All provisions of this Agreement are severable and no other provision will be affected by the invalidity of any provision to the extent that its or their invalidity does not also render the other provision invalid. This Agreement will be interpreted and enforced as if all provisions thereby rendered invalid were not contained in this Agreement.

SIGNATURES

We both now sign this Agreement in _____, effective as of the date stated on the first page of the Agreement.

EMPLOYER

EMPLOYEE

By: _____

By: _____

Witness _____

Witness _____

MUTUAL GENERAL RELEASE

This Mutual General Release ("Release") entered into this ____ day of _____, _____ by and between **ELITE TUTORING PLACE, INC.** ("Franchisor" or "us") and _____ ("Franchisee") for the following purpose:

Recitals:

- a. Franchisor and Franchisee are parties to that particular Franchise Agreement dated _____ (the "Agreement").
- b. Franchisor and Franchisee agreed in the Agreement that if Franchisee renews the Agreement, or if and when Franchisee chose to transfer the Agreement, the parties would enter into a Release of claims against the other.
- c. This Release does not have any affect on monies currently owed to the Franchisor, nor will it excuse Franchisee from the covenants that survive the Agreement.
- d. This is the current format for the Release. This or another format for a mutual general release may be in use if and when you are required to sign one.

Now therefore, for valuable consideration the Parties acknowledge as sufficient and received, the Parties agree as follows:

Terms:

1. Date of Effectiveness. This Release will take affect when and if, and only at the time that Franchisee exercises an option to renew the Franchise Agreement, and/or has transferred all of its interest in the franchised business to an unrelated third party; and not to a business entity Franchisee organizes to operate the Elite Tutoring Place franchise, or Franchisee has transferred all of its interest in the franchised business to us.

2. Current Debt. No amount of current debt will be forgiven by this Release, and it must not be interpreted to reduce or eliminate any monies owed to the Franchisor, for any reason, at the effective renewal date and/or transfer date. Unless otherwise agreed to in writing between the Parties to the Franchise Agreement, all amounts the Franchisee owes Franchisor as of the renewal date and/or transfer date will be due and payable in their full amount(s), and Franchisor can either withhold its approval of the renewal, and/or transfer if Franchisee does not satisfy this debt, or, if a transfer, Franchisor can agree to be paid in full from the closing proceeds, provided the proceeds exceed the amount of debt, if any.

3. Covenants That Survive This Release.

- a. This Release does not excuse Franchisee from any of the covenants that survive the Agreement. This Release does not excuse adherence to the post-term covenant not to

compete. The Franchisee must not become part of a competitive business in the geographic area and for the time period set forth in the Agreement for post transfer.

b. This Release does not apply to Franchisee's covenant to not use confidential information and trade secrets after Franchisee has transferred its interest. There is no time frame with regard to this prohibition.

c. This Release does not apply to any form of a violation of the Agreement by continued use of Franchisor's mark Elite Tutoring Place and logo or any form of that mark, whether or not the mark is accompanied, super-imposed, or straddles a logo, in effect on the date of the Agreement, or implemented after that date; nor does this Release exclude any form of disparagement.

d. This Release will not exclude any finding of intentional deceit or fraud committed to induce this Release.

4. Mutual Release. Notwithstanding the above to the contrary, and, barring any exclusions set forth above, the Parties, their officers, directors, shareholders, members, agents, attorneys and representatives by this Release, mutually, now and forever release each other and the above-named releasees from any and all disputes and claims now known or discovered after the effective date of this Release, and from any amounts due to judgment, compromise or settlement of any claims that are pursued.

5. Indemnification. If either party brings any type of legal action or institutes any other proceeding, not otherwise specifically permitted under this Release, that party agrees to indemnify and hold the other party harmless, and to pay any and all costs, expenses and attorneys' fees the defending party incurs.

6. Governing Law; Jurisdiction; Venue.

This Release is to be governed under the laws of the State of Illinois. If there is a dispute related to this Release, either party may enforce it by filing an arbitration demand according to the procedure, and in the location stated in the Agreement. Provided the geographic jurisdictional requirement is met, this release will not apply to any franchisee who is a resident of a state that has a registration and disclosure law which prohibits the release of any liability under that specific statute.

7. Attorneys' Fees, Costs and Expenses.

If either party brings an action under this Release, the non-prevailing party will be required to pay to the prevailing party its reasonable attorneys' fee, costs and expenses.

8. Miscellaneous.

a. This Release may only be amended by a writing signed by the Parties to whom it applies.

b. Notices under this Release can only be sent in the manner provided for in the Agreement. The address for the Notices are the last known address for each party.

c. If any provision of this Release is found to be unenforceable, and it cannot be limited to the extent that it is enforceable, it will be severed, leaving in tact the remainder of the Release.

d. This Release, is the entire agreement stating all applicable terms and conditions. There were no previous negotiations, understandings or agreements on which the Parties can rely.

e. No waivers of any provisions of this Release can be inferred or assumed. If either party is requested to waive one or more provisions, that waiver request must be stated in writing and can be reasonably withheld, delayed or conditioned.

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

Done and executed at _____, ____ on the date first above written.

ELITE TUTORING PLACE, INC.

FRANCHISEE

Title _____

Title _____



EXHIBIT C

Operations Manual

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ELITE TUTORING PLACE, INC.
EXHIBIT D
FINANCIAL STATEMENTS

Audited Financial Statements for years ending 2020, 2021 and 2022

ELITE TUTORING PLACE, INC.

**FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 AND 2021**

TOGETHER WITH AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Stockholder of
Elite Tutoring Place, Inc.:

Opinion

We have audited the accompanying financial statements of Elite Tutoring Place, Inc. (a corporation), which comprise the balance sheet as of December 31, 2022 and 2021, and the related statements of net income and retained earnings (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Elite Tutoring Place, Inc. as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about Elite Tutoring Place, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Elite Tutoring Place, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, which raise substantial doubt about Elite Tutoring Place Inc.'s ability to continue as a going concern for a reasonable period of time.

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



DUGAN & LOPATKA

ELITE TUTORING PLACE, INC.
BALANCE SHEET
DECEMBER 31, 2022 AND 2021

A S S E T S

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 192	\$ 311
Receivables	<u>-</u>	<u>20</u>
Total assets	<u>\$ 192</u>	<u>\$ 331</u>

LIABILITIES AND NET ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 446	\$ 430
Due to shareholder	<u>39,900</u>	<u>28,256</u>
Total current liabilities	<u>40,346</u>	<u>28,686</u>
STOCKHOLDER'S EQUITY		
Common stock \$1 par value; 1,500 shares authorized, issued and outstanding	1,500	1,500
Retained earnings (deficit)	<u>(41,654)</u>	<u>(29,855)</u>
Stockholder's equity	<u>(40,154)</u>	<u>(28,355)</u>
Total liabilities and stockholder's equity	<u>\$ 192</u>	<u>\$ 331</u>

The accompanying notes are an integral part of this statement.

ELITE TUTORING PLACE, INC.
STATEMENT OF NET INCOME AND RETAINED EARNINGS (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
INCOME		
Royalty and franchise fees	<u>\$ 32,580</u>	<u>\$ 86,493</u>
OPERATING EXPENSES:		
Salaries	20,000	20,000
Payroll taxes	1,687	1,660
Marketing	-	9,000
Bank fees	1,156	944
Professional fees	12,433	13,667
Office expense	1,844	3,463
Travel	573	2,385
Meals and entertainment	582	583
Telephone	3,576	1,611
Other expense	560	-
Internet expense	<u>1,968</u>	<u>3,553</u>
Total operating expenses	<u>44,379</u>	<u>56,866</u>
NET INCOME	(11,799)	29,627
RETAINED EARNINGS (DEFICIT) - Beginning of year	<u>(29,855)</u>	<u>(59,482)</u>
RETAINED EARNINGS (DEFICIT) - End of year	<u><u>\$ (41,654)</u></u>	<u><u>\$ (29,855)</u></u>

The accompanying notes are an integral part of this statement.

ELITE TUTORING PLACE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ (11,799)	\$ 29,627
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Change in operating assets and liabilities:		
Decrease in account receivable	20	4,135
Increased (decrease) in accounts payable	16	(1)
Increase (decrease) in due to shareholder	<u>11,644</u>	<u>(33,950)</u>
Net cash provided by (used in) operating activities	<u>(119)</u>	<u>(189)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(119)	(189)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>311</u>	<u>500</u>
CASH AND CASH EQUIVALENTS, End of year	<u><u>\$ 192</u></u>	<u><u>\$ 311</u></u>

The accompanying notes are an integral part of this statement.

ELITE TUTORING PLACE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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

Elite Tutoring Place, Inc. (the Company) is engaged in the franchising of the Elite Tutoring brand throughout the United States. Elite Tutoring centers specialize in providing the unique, personalized tutoring programs that help students develop the skills they need to conquer their educational challenges. The Company's franchises also offer one-to-one instruction for standardized college entrance examinations. The Company maintains five franchises in the following operating locations:

- Batavia, Illinois; Evansville, Indiana; Hoffman Estates, Illinois; Plainfield, Illinois; and Wheaton, Illinois.

The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting -

The financial statements of the Company have been prepared using the accrual basis of accounting, which recognizes revenues as they are earned and expenses as they are incurred.

Cash and Cash Equivalents -

For purposes of the statement of cash flows, all highly liquid instruments, with an original maturity of three months or less, are considered to be cash equivalents.

Estimates -

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

Credit Risk -

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash. The Company places its cash and deposits with high-credit, quality financial institutions; however, deposits may exceed the federally insured limits.

Royalty and Franchise Fees Receivable -

Royalty and franchise fees receivable are carried at original amounts per the franchise contracts, less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by regularly evaluating individual franchisee's receivable and considering a franchise's financial condition, credit history, and current economic conditions. Receivables are written off when deemed uncollectible. Management determined that an allowance for doubtful account was considered unnecessary as of December 31, 2022 and 2021, respectively.

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

Revenue Recognition -

Royalty and franchise fees include revenue the Company earns in the form of royalty, initial, and other fees associated with the sale of franchises. Franchise fees are one-time fees paid up front by certain franchisees, for the right and license to use the Company service marks and systems. Franchise fees also include a one-time training fee which is payable within ten business days of the training. Royalty fees are payable each month per the agreement. Franchise agreements generally carry an initial term of five years. Royalty revenue is recognized on the accrual basis, and initial franchise fees are not recognized until all material services or conditions relating to the sale have been substantially performed or satisfied, which is considered to be when the franchised center is opened, in accordance with ASC 952-605. The Company provides site selection review and advice on construction and administration training, and the administrative support to franchises related to each anticipated future opening. The Company has also adopted the practical expedient in ASC 952-606, in which all pre-opening services are considered to be a single performance obligation.

Deferred Franchise Revenue -

Deferred franchise revenue consists of amounts collected from franchisees in the form of initial franchise fees. Initial franchise fees are the fees the Company charges franchisees for the right to open a franchise location and are recognized when the related business begins operating. There is no deferred franchise revenue as of December 31, 2022 and 2021.

Advertising Costs -

Advertising costs are expensed as incurred. Advertising costs for the years ended December 31, 2022 and 2021, were \$0 and \$9,000, respectively, which are recorded as general and administrative expense.

Income Taxes -

The Company has been elected to be taxed as an "S Corporation," or small business corporation. As an S Corporation, the liability for income taxes passes through to its shareholders. Therefore, no provision or liability for federal income taxes has been included in these financial statements related to the income or loss of the Company. The Company is responsible for paying Illinois Replacement Tax (1.5%) on taxable income. The Company files income tax returns in the U.S. federal jurisdiction and Illinois. With few exceptions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities before 2019. The Company does not expect a material net change in unrecognized tax benefits in the next twelve months.

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

Due to Shareholder -

The Company's sole stockholder periodically pays expenses on behalf of the Company and advances funds to the Company. The amount due to the shareholder is a non-interest-bearing loan and is payable on demand. However, the stockholder has agreed to issue repayment to himself only as funds are available to the Company during the next year. The balance outstanding was \$39,900 and 28,256 as of December 31, 2022 and 2021, respectively. Due to the net losses incurred and the net stockholder's deficit, the shareholder has agreed not to seek repayment until the Company is financially able to do so.

(2) REVENUES:

Revenues for the years ended December 31, 2022 and 2021, is as follows:

	<u>2022</u>	<u>2021</u>
Franchise fees	\$ -	\$ 58,600
Royalty fees	<u>35,580</u>	<u>27,893</u>
	<u>\$ 35,580</u>	<u>\$ 86,493</u>

Revenues are earned in Midwestern and Eastern states of the United States.

(3) SUBSEQUENT EVENT:

Subsequent events have been evaluated through May 31, 2023, which is the date the financial statements were available to be issued.

ELITE TUTORING PLACE, INC.

**FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021 AND 2020**

TOGETHER WITH AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

To the Stockholder of
Elite Tutoring Place, Inc.:

Opinion

We have audited the accompanying financial statements of Elite Tutoring Place, Inc. (a corporation), which comprise the balance sheet as of December 31, 2021 and 2020, and the related statements of net income and retained earnings (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Elite Tutoring Place, Inc. as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Elite Tutoring Place, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Elite Tutoring Place, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Elite Tutoring Place Inc.'s ability to continue as a going concern for a reasonable period of time.

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



DUGAN & LOPATKA

ELITE TUTORING PLACE, INC.
BALANCE SHEET
DECEMBER 31, 2021 AND 2020

A S S E T S

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 311	\$ 500
Receivables	<u>20</u>	<u>4,155</u>
Total assets	<u>\$ 331</u>	<u>\$ 4,655</u>

LIABILITIES AND NET ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 430	\$ 431
Due to shareholder	<u>28,256</u>	<u>62,206</u>
Total current liabilities	<u>28,686</u>	<u>62,637</u>
STOCKHOLDER'S EQUITY		
Common stock \$1 par value; 1,500 shares authorized, issued and outstanding	1,500	1,500
Retained earnings (deficit)	<u>(29,855)</u>	<u>(59,482)</u>
Stockholder's equity	<u>(28,355)</u>	<u>(57,982)</u>
Total liabilities and stockholder's equity	<u>\$ 331</u>	<u>\$ 4,655</u>

The accompanying notes are an integral part of this statement.

ELITE TUTORING PLACE, INC.
STATEMENT OF NET INCOME AND RETAINED EARNINGS (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
INCOME		
Royalty and franchise fees	<u>\$ 86,493</u>	<u>\$ 36,425</u>
OPERATING EXPENSES:		
Salaries	20,000	20,000
Payroll taxes	1,660	1,652
Marketing	9,000	4,800
Bank fees	944	955
Professional fees	13,667	2,155
Office expense	3,463	1,609
Travel	2,385	695
Meals and entertainment	583	1,489
Telephone	1,611	1,128
Other expense	-	86
Internet expense	<u>3,553</u>	<u>-</u>
Total operating expenses	<u>56,866</u>	<u>34,569</u>
NET INCOME	29,627	1,856
RETAINED EARNINGS (DEFICIT) - Beginning of year	<u>(59,482)</u>	<u>(61,338)</u>
RETAINED EARNINGS (DEFICIT) - End of year	<u><u>\$ (29,855)</u></u>	<u><u>\$ (59,482)</u></u>

ELITE TUTORING PLACE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 29,627	\$ 1,856
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Change in operating assets and liabilities:		
(Increase) decrease in account receivable	4,135	(4,155)
(Decrease) in accounts payable	(1)	(2)
Increase (decrease) in due to shareholder	<u>(33,950)</u>	<u>2,672</u>
Net cash provided by (used in) operating activities	<u>(189)</u>	<u>371</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(189)	371
CASH AND CASH EQUIVALENTS, Beginning of year	<u>500</u>	<u>129</u>
CASH AND CASH EQUIVALENTS, End of year	<u><u>\$ 311</u></u>	<u><u>\$ 500</u></u>

The accompanying notes are an integral part of this statement.

ELITE TUTORING PLACE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

Elite Tutoring Place, Inc. (the Company) is engaged in the franchising of the Elite Tutoring brand throughout the United States. Elite Tutoring centers specialize in providing the unique, personalized tutoring programs that help students develop the skills they need to conquer their educational challenges. The Company's franchises also offer one-to-one instruction for standardized college entrance examinations. The Company maintains six franchises in the following operating locations:

- Batavia, Illinois; Evansville, Indiana; Hoffman Estates, Illinois; Plainfield, Illinois; Vienna, Virginia; and Wheaton, Illinois.

The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting -

The financial statements of the Company have been prepared using the accrual basis of accounting, which recognizes revenues as they are earned and expenses as they are incurred.

Cash and Cash Equivalents -

For purposes of the statement of cash flows, all highly liquid instruments, with an original maturity of three months or less, are considered to be cash equivalents.

Estimates -

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

Credit Risk -

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash. The Company places its cash and deposits with high-credit, quality financial institutions; however, deposits may exceed the federally insured limits.

Royalty and Franchise Fees Receivable -

Royalty and franchise fees receivable are carried at original amounts per the franchise contracts, less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by regularly evaluating individual franchisee's receivable and considering a franchise's financial condition, credit history, and current economic conditions. Receivables are written off when deemed uncollectible. Management determined that an allowance for doubtful account was considered unnecessary as of December 31, 2021 and 2020, respectively.

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

Revenue Recognition -

Royalty and franchise fees include revenue the Company earns in the form of royalty, initial, and other fees associated with the sale of franchises. Franchise fees are one-time fees paid up front by certain franchisees, for the right and license to use the Company service marks and systems. Franchise fees also include a one-time training fee which is payable within 10 business days of the training. Royalty fees are payable each month per the agreement. Franchise agreements generally carry an initial term of five to seven years. Royalty revenue is recognized on the accrual basis, and initial franchise fees are not recognized until all material services or conditions relating to the sale have been substantially performed or satisfied, which is considered to be when the franchised center is opened, in accordance with ASC 952-605. The Company provides site selection review and advice on construction and administration training, and the administrative support to franchises related to each anticipated future opening. The Company has also adopted the practical expedient in ASC 952-606, in which all pre-opening services are considered to be a single performance obligation.

Deferred Franchise Revenue -

Deferred franchise revenue consists of amounts collected from franchisees in the form of initial franchise fees. Initial franchise fees are the fees the Company charges franchisees for the right to open a franchise location and are recognized when the related business begins operating. There is no deferred franchise revenue as of December 31, 2021 and 2020, respectively.

Advertising Costs -

Advertising costs are expensed as incurred. Advertising costs for the years ended December 31, 2021 and 2020, were \$9,000 and \$4,800, respectively, which are recorded as general and administrative expense.

Income Taxes -

The Company has elected to be taxed as an "S Corporation," or small business corporation. As an S Corporation, the liability for income taxes passes through to its shareholders. Therefore, no provision or liability for federal income taxes has been included in these financial statements related to the income or loss of the Company. The Company is responsible for paying Illinois Replacement Tax (1.5%) on taxable income. The Company files income tax returns in the U.S. federal jurisdiction and Illinois. With few exceptions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities before 2018. The Company does not expect a material net change in unrecognized tax benefits in the next twelve months.

Due to Shareholder -

The Company's sole stockholder periodically pays expenses on behalf of the Company and advances funds to the Company. The amount due to the shareholder is a non-interest-bearing loan and is payable on demand. However, the stockholder has agreed to issue repayment to himself only as funds are available by the Company during the next year. The balance outstanding was \$28,256 and 62,206 as of December 31, 2021 and 2020, respectively.

(2) REVENUES:

Revenues for the years ended December 31, 2021 and 2020, is as follows:

	<u>2021</u>	<u>2020</u>
Franchise fees	\$ 58,600	\$ 2,000
Royalty fees	<u>27,893</u>	<u>34,425</u>
	<u>\$ 86,493</u>	<u>\$ 36,425</u>

Revenues are earned in Midwestern and Eastern states of the United States.

(3) SUBSEQUENT EVENT:

Subsequent events have been evaluated through April 25, 2022, which is the date the financial statements were available to be issued.

ELITE TUTORING PLACE, INC.

**FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2020 AND 2019**

TOGETHER WITH AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Elite Tutoring Place, Inc.:

We have audited the accompanying financial statements of Elite Tutoring Place, Inc., which comprise the balance sheet as of December 31, 2020 and 2019, and the related statements of net income, retained earnings (Deficit) and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

Independent Auditor's Report
To the Board of Directors of
Elite Tutoring Place, Inc.
Page two

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Elite Tutoring Place, Inc. as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "Dugan & Lopatka", written in a cursive style.

DUGAN & LOPATKA

Warrenville, Illinois
August 16, 2021

ELITE TUTORING PLACE, INC.
BALANCE SHEET
DECEMBER 31, 2020 AND 2019

A S S E T S

	<u>2020</u>	<u>2019</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 500	\$ 129
Receivables	<u>4,155</u>	<u>-</u>
Total assets	<u>\$ 4,655</u>	<u>\$ 129</u>

LIABILITIES AND NET ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 431	\$ 433
Due to shareholder	<u>62,206</u>	<u>59,534</u>
Total current liabilities	<u>62,637</u>	<u>59,967</u>
STOCKHOLDER'S EQUITY		
Common stock \$1 par value; 1,500 shares authorized, issued and outstanding	1,500	1,500
Retained earnings (deficit)	<u>(59,482)</u>	<u>(61,338)</u>
Stockholder's equity	<u>(57,982)</u>	<u>(59,838)</u>
Total liabilities and stockholder's equity	<u>\$ 4,655</u>	<u>\$ 129</u>

The accompanying notes are an integral part of this statement.

ELITE TUTORING PLACE, INC.
STATEMENT OF NET INCOME AND RETAINED EARNINGS (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
INCOME		
Royalty and franchise fees	<u>\$ 36,425</u>	<u>92,734</u>
OPERATING EXPENSES:		
Salaries	20,000	20,000
Payroll taxes	1,652	1,634
Marketing	4,800	9,000
Bank fees	955	144
Professional fees	2,155	12,347
Office expense	1,609	1,309
Travel	695	4,373
Meals and entertainment	1,489	1,238
Telephone	1,128	1,140
Other expense	86	-
Internet expense	<u>-</u>	<u>1,380</u>
Total operating expenses	<u>34,569</u>	<u>52,565</u>
NET INCOME	1,856	40,169
RETAINED EARNINGS (DEFICIT) - Beginning of year	<u>(61,338)</u>	<u>(101,507)</u>
RETAINED EARNINGS (DEFICIT) - End of year	<u><u>\$ (59,482)</u></u>	<u><u>\$ (61,338)</u></u>

ELITE TUTORING PLACE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 1,856	\$ 40,169
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Change in operating assets and liabilities:		
(Increase) in account receivable	(4,155)	-
(Decrease) in accounts payable	(2)	(57)
Increase (decrease) in due to shareholder	<u>2,672</u>	<u>(40,906)</u>
Net cash provided by (used in) operating activities	<u>371</u>	<u>(794)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	371	(794)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>129</u>	<u>923</u>
CASH AND CASH EQUIVALENTS, End of year	<u><u>\$ 500</u></u>	<u><u>\$ 129</u></u>

The accompanying notes are an integral part of this statement.

ELITE TUTORING PLACE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

Elite Tutoring Place, Inc. (the Company) is engaged in the franchising of the Elite Tutoring brand throughout the United States. Elite Tutoring centers specialize in providing the unique, personalized tutoring programs that help students develop the skills they need to conquer their educational challenges. The Company's franchises also offer one-to-one instruction for standardized college entrance examinations. The Company maintains six franchises in the following operating locations:

- Aurora, Illinois; Batavia, Illinois; Hoffman Estates, Illinois; Marietta, Georgia; Plainfield, Illinois; and Vienna, Virginia

The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting -

The financial statements of the Company have been prepared using the accrual basis of accounting, which recognizes revenues as they are earned and expenses as they are incurred.

Cash and Cash Equivalents -

For purposes of the statement of cash flows, all highly liquid instruments, with an original maturity of three months or less, are considered to be cash equivalents.

Estimates -

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

Credit Risk -

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash. The Company places its cash and deposits with high-credit, quality financial institutions; however, deposits may exceed the federally insured limits.

Royalty and Franchise Fees Receivable -

Royalty and franchise fees receivable are carried at original amounts per the franchise contracts, less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by regularly evaluating individual franchisee's receivable and considering a franchise's financial condition, credit history, and current economic conditions. Receivables are written off when deemed uncollectible. Management determined that an allowance for doubtful account was considered unnecessary as of December 31, 2020 and 2019, respectively.

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

Revenue Recognition -

Royalty and franchise fees include revenue the Company earns in the form of royalty, initial, and other fees associated with the sale of franchises. Franchise fees are one-time fees paid up front by certain franchisees, for the right and license to use the Company service marks and systems. Franchise fees also include a one-time training fee which is payable within 10 business days of the training. Royalty fees are payable each month per the agreement. Franchise agreements generally carry an initial term of five years. Royalty revenue is recognized on the accrual basis, and initial franchise fees are not recognized until all material services or conditions relating to the sale have been substantially performed or satisfied, which is considered to be when the franchised center is opened. The Company provides site selection review and advice on construction and administration training, and the administrative support to franchises related to each anticipated future opening.

New Accounting Pronouncement -

Effective January 1, 2019, the Company adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), and all subsequently issued clarifying ASU's which replaced most existing revenue recognition guidance in generally accepted accounting principles in the United States of America (GAAP). The new guidance requires the Company to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The new Guidance also requires expanded disclosures related to the nature, amount, timing, and uncertainty of revenue and cashflows arising from contracts with customers. The adoption of this new guidance was done using the modified retrospective method. The Company applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019.

The adoption of this new standard did not result in material impact to the Company's financial statements. There was no significant effect on the financial statements related to the adoption of this new standard which would require a cumulative adjustment to shareholder's equity at the date of adoption under the modified retrospective method.

Deferred Franchise Revenue -

Deferred franchise revenue consists of amounts collected from franchisees in the form of initial franchise fees. Initial franchise fees are the fees the Company charges franchisees for the right to open a franchise location and are recognized when the related business begins operating. There is no deferred franchise revenue as of December 31, 2020 and 2019, respectively.

Advertising Costs -

Advertising costs are expensed as incurred. Advertising costs for the years ended December 31, 2020 and 2019, were \$4,800 and \$9,000 respectively, which are recorded as general and administrative expense.

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

Income Taxes -

The Company has elected to be taxed as an “S Corporation,” or small business corporation. As an S Corporation, the liability for income taxes passes through to its shareholders. Therefore, no provision or liability for federal income taxes has been included in these financial statements related to the income or loss of the Company. The Company is responsible for paying Illinois Replacement Tax (1.5%) on taxable income. The Company files income tax returns in the U.S. federal jurisdiction and Illinois. With few exceptions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities before 2017. The Company does not expect a material net change in unrecognized tax benefits in the next twelve months.

Due to Shareholder -

The Company’s sole stockholder periodically pays expenses on behalf of the Company and advances funds to the Company. The amount due to the shareholder is a non-interest-bearing loan and is payable on demand. The balance outstanding was \$62,206 and 59,534 as of December 31, 2020 and 2019, respectively.

(2) REVENUES:

Revenues for the years ended December 31, 2020 and 2019, is as follows:

	<u>2020</u>	<u>2019</u>
Franchise fees	\$ 2,000	\$ 57,655
Royalty fees	<u>34,425</u>	<u>35,079</u>
	<u>\$ 36,425</u>	<u>\$ 92,734</u>

Revenues are earned in Midwestern and Eastern states of the United States.

(3) MANAGEMENT RESPONSE TO COVID-19 PANDEMIC:

In March 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. As a part of these mitigation measures, several of the franchises suspended or terminated operations, resulting in reduced revenue to the Company. The Company is implementing strategies to help mitigate the losses in relation to this pandemic. Before the pandemic, all customers were served in person, with all contracts made in person. After the pandemic was announced, and lockdown was implemented, the Company had to pivot to a different business model, and had to limit its contact to on-line tutoring. The Company cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption from this pandemic may impact operations and financial statements.

(4) SUBSEQUENT EVENT:

Subsequent events have been evaluated through August, 16, 2021, which is the date the financial statements were available to be issued.

EXHIBIT E

STATE ADDENDA FOR FRANCHISE DISCLOSURE DOCUMENT AND STATE ADDENDA FOR FRANCHISE AGREEMENT

FRANCHISE DISCLOSURE DOCUMENT ADDENDA

STATE OF CALIFORNIA

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

OUR WEBSITES HAVE NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF OUR WEBSITES MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT:

<http://www.dfpi.ca.gov>

1. Item 3 is amended to state that no person named in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.
2. Item 5 is amended to state that the initial franchise fee and training fee will be deferred until the franchisee has been trained and the franchise location opens, or if no location has been chosen, when the franchisee opens for business, at which time all fees will be due and payable in one lump sum unless otherwise stated in the Franchise Agreement.
3. Items 17 (b), (c), (d), (e), (f), (g), (h), (i) and (w) are amended to state that California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning transfer, termination or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.
4. Items 17 (c) and (m) are amended to state that you must sign mutual general release of claims, if you transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).
5. Item 17 (h) is further amended to state that the Franchise Agreement provides for

termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

6. Item 17 (s) is amended to state that California Corporations Code, Section 31125 requires us to give you a disclosure document, approved by the Department of Financial Protection and Innovation before we ask you to consider a material modification of your Franchise Agreement.

7. Item 17 (v) is amended to state that the Franchise Agreement requires venue to be limited to Cook County, IL. This provision may not be enforceable under California law.

8. Item 17 (w) is further amended to state that the Franchise Agreement contains a provision requiring application of the laws of Illinois. This provision may not be enforceable under California law.

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

STATE OF HAWAII

THE MUTUAL GENERAL RELEASE LANGUAGE CONTAINED IN THE FRANCHISE AGREEMENT SHALL NOT RELIEVE US OR OUR AFFILIATES FROM LIABILITY IMPOSED BY THE LAWS CONCERNING FRANCHISING OF THE STATE OF HAWAII.

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OF ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER "OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST 7 DAYS BEFORE THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING AGREEMENT, OR AT LEAST 7 DAYS BEFORE THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT,

TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

STATE OF ILLINOIS

This Addendum to the Franchise Disclosure Document amends Item 5 of the Franchise Disclosure Document as follows:

1. In recognition of the requirements of the Illinois Franchise Disclosure Act (the "Act"), 815 ILCS 705, and the required financial assurance requirement, Item 5 of the Franchise Disclosure Document is amended as follows:

A. The following is added at the end of Item 5, which is amended as follows:

Notwithstanding the above to the contrary, the Illinois Attorney General's Office has imposed a financial assurance requirement due to our financial condition. The payment of the franchise fee will therefore be deferred until we have met our obligations and the franchisee is open for business.

Once you have opened, you must pay to us the franchisee fee and the training fee, neither of which will be refunded for any reason.

STATE OF INDIANA

1. Item 8 of the Disclosure Document is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), the franchisor will not obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

2. Items 6 and 9 of the Disclosure Document are amended to add the following:

The franchisee will not be required to indemnify franchisor for any liability imposed upon franchisor as a result of franchisee's reliance upon or use of procedures or products that

were required by franchisor, if the procedures or products were utilized by franchisee in the manner required by franchisor.

3. The “Summary” column in Item 17(r) of the Franchise Disclosure Document is deleted and the following is inserted in its place:

No competing business for two (2) years within the Territory.

The “Summary” column in Item 17(t) of the Franchise Disclosure Document is deleted and the following is inserted in its place:

Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The “Summary” column in Item 17(v) of the Franchise Disclosure Document is deleted and the following is inserted in its place:

Litigation regarding Franchise Agreement in Indiana; other litigation in Illinois.

This language has been included in this Franchise Disclosure Document as a condition to registration.

The Franchisor does not agree with the above language and believes that each of the provisions of the Franchise Agreement, including all venue provisions, are fully enforceable.

The Franchisor intends to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by it, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The “Summary” column in Item 17(w) of the Franchise Disclosure Document is deleted and the following is inserted in its place:

Indiana law applies to disputes covered by Indiana franchise laws; otherwise Illinois law applies.

STATE OF MARYLAND

The following provisions will supersede anything to the contrary in the Franchise Disclosure Document and will apply to all franchises offered and sold under the laws of the State of Maryland:

1. Item 5 is amended to state that all fees required to be paid to us by you, including payments for goods and services received from us before the business opens, shall be deferred pending satisfaction of all our pre-opening obligations to you.

2. Items 17 (c) and (m) are amended to state the mutual general release required as a condition of sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Item 17 (h) is amended to state that the provision of the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

4. Item 17 (v) is amended to state that you may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Laws must be brought within 3 years after the grant of the Franchise.

5. Item 17 (w) is amended to state that the mutual general release language contained in Section 16 of the Franchise Agreement shall not relieve us or our affiliates from liability under the Maryland Franchise Registration and Disclosure Law.

STATE OF NEW YORK

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATOR LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THE FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS NOT TRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271.

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 DISCLOSURE DOCUMENT.

1. Item 3 is amended to add the following:

Neither we nor any individual listed in Item 2, have pending any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) 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.

Neither we nor any individual listed in Item 2, have 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, been convicted of a misdemeanor or pleaded nolo contendere to a misdemeanor charge or been the subject of a civil action alleging: violation of a franchise, antitrust or securities law; fraud; embezzlement, fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

Neither we nor any individual listed in Item 2, are subject to any currently effective injunctive or restrictive order or decree relating to franchises or under any 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 are subject to any currently effective order of any 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 are 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.

2. Item 4 is amended to add the following:

During the 10-year period immediately preceding the date of this disclosure document, neither we nor any person identified in Item 2 above, has filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; obtained a discharge of its debts under the bankruptcy code; or was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

3. Item 5 is amended to state that all fees required to be paid to us by you, including payments for goods and services received from us before the business opens, shall be deferred pending satisfaction of all our pre-opening obligations to you.

4. Item 17 (d) is amended by adding the following:

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

5. Item 17 (j) is amended by adding the following:

We will only assign to an assignee whom in our good faith judgment is willing and able to assume our obligations.

6. Item 17(s) is amended by adding the following:

Modifications to the Operations Manual will not unreasonably affect your obligations, including economic requirements, under the Agreement.

7. Items 17 (v) and (w) are amended by adding the following:

Illinois law applies, unless governed by applicable federal law. The choice of law and forum should not be considered a waiver of any right conferred upon you by Article 33 of the General Business Law of the State of New York.

8. Any mutual general release executed in connection with the Franchise Agreement is subject to the proviso that all rights enjoyed by you 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 Sections 687.4 and 687.5 of the General Business Law of New York State be satisfied.

STATE OF NORTH DAKOTA

1. Items 17 (c) and (m) are amended to state that no release language set forth in the Franchise Agreement shall relieve us or our affiliates from liability imposed by the North Dakota Franchise Disclosure Act.

2. Item 17 (v) is amended to state that any provision in the Franchise Agreement which designates jurisdiction or venue or requires the Licensee to agree to jurisdiction or venue, in a forum outside of North Dakota, is deleted.

3. Item 17 (w) is amended to state that the laws of the State of North Dakota supersede any provisions of the Franchise Agreement, the other agreements or Illinois law if such provisions are in conflict with North Dakota law. The Franchise Agreement will be governed by North Dakota law.

4. Item 17 (w) is amended to state that any provision in the Franchise Agreement which requires you to waive your right to a trial by jury is deleted.

STATE OF RHODE ISLAND

In recognition of the requirements of the State of Rhode Island Franchise Investment Act §19-28.1 et seq. (the “Act”), the Franchise Disclosure Document for use in the State of Rhode Island is amended as follows:

Item 17 (h) is amended to state that termination of a Franchise Agreement as a result of insolvency or bankruptcy may not be enforceable under federal bankruptcy law.

Items 17 (c) and (m) are amended to state that any release signed as a condition of transfer or renewal will not apply to any claims you may have under the Rhode Island Franchise Investment Act.

Items 17 (u), (v) and (w) are amended to state that any provision in the Franchise Agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

COMMONWEALTH OF VIRGINIA

1. Item 5 is amended to state all fees required to be paid to us by you, including payments for goods and services received from us before the business opens, shall be deferred pending satisfaction of all our pre-opening obligations to you.

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

2. Item 17(h) is amended to state that, pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do not constitute "reasonable cause" as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

STATE OF WASHINGTON

1. The state of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with us, including areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your franchise.

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

3. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

4. Transfer fees are collectable to the extent that they reflect our reasonable estimated or actual costs to approve and complete the transfer.

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

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

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

STATE OF WISCONSIN

This Addendum to the Franchise Disclosure Document amends Item 17 of the Franchise Disclosure Document as follows:

ITEM 17 of the Disclosure Document is amended to add the following:

The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Section 135.01-135.07 may affect the termination provision of the Franchise Agreement.

FRANCHISE AGREEMENT ADDENDA

STATE OF CALIFORNIA

This Addendum to the Franchise Agreement is agreed to this ____ day of _____, 20____, by and between ELITE TUTORING PLACE, INC. and _____.

In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§31000-3516 and the California Franchise Relations Act, Cal. Bus. and Prof. Code §§20000-20043, the Franchise Agreement for ELITE TUTORING PLACE, INC. is amended as follows:

1. The California Franchise Relations Act provides rights to Franchisee concerning transfer, termination or non-renewal of the Franchise Agreement, which may supersede provisions in the Franchise Agreement, specifically Sections 2,14, and 16.
2. Section 3.1 is amended to defer the initial fee and training fee until the franchisee has been trained and the location opens, or if no location has been chosen, when the franchisee opens for business, at which time all fees will be due and payable in one lump sum unless otherwise stated in the Franchise Agreement.
3. Section 13 contains a covenant not to compete that extends beyond the expiration or termination of the Agreement; this covenant may not be enforceable under California Law.
4. Section 14 which terminates the Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).
5. Section 19 of the Franchise Agreement requires litigation to be conducted in a court located outside of the State of California. This provision might not be enforceable for any cause of action arising under California law.
6. Section 19 of the Franchise Agreement requires application of the laws of Illinois. This provision might not be enforceable under California law.
7. Section 20 requires binding arbitration. The arbitration will occur at the forum indicated in Section 20, with the costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside of the State of California.

Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the California Franchise Investment Law, Cal. Corp. Code

§§31000-3516 and the California Franchise Relations Act, Cal. Bus. and Prof. Code §§20000-20043, are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

Each of the undersigned acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

ELITE TUTORING PLACE, INC.:

Franchisee:_____

By: _____

Title:_____

By: _____

Title: _____

STATE OF HAWAII

This Addendum to the Franchise Agreement is agreed to this ____ day of _____, 20____,
by and between ELITE TUTORING PLACE, INC. and _____.

In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Revised Statutes, Title 26, Chapter 482E *et seq.*, the Franchise Agreement for ELITE TUTORING PLACE, INC. is amended as follows:

1. The Hawaii Franchise Investment Law provides rights to Franchisee concerning non-renewal, termination and transfer of the Franchise Agreement. If the Franchise Agreement, and more specifically Sections 2, 14, and 16 contain a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.
2. Section 14, which terminates the Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).
3. Section 16 requires Franchisee to sign a mutual general release as a condition for transfer of the franchise; such release shall exclude claims arising under the Hawaii Franchise Investment Law.

Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

ELITE TUTORING PLACE, INC.:

Franchisee:_____

By: _____

By: _____

Title:_____

Title: _____

STATE OF ILLINOIS

This Addendum to the Franchise Agreement (the "Agreement") is agreed to this ____ day of _____, 20____, by and between ELITE TUTORING PLACE, INC. and _____

1. In recognition of the requirements of the Illinois Franchise Disclosure Act (the "Act"), 815 ILCS 705, and the required financial assurance requirement, the Franchise Agreement for ELITE TUTORING PLACE, INC. has been amended as follows:

A. The following is added to Section 3.1 at the end of the Section 3.1(4), which is amended as follows:

3.1. Initial Franchise Fee.

Notwithstanding the above to the contrary, the Illinois Attorney General's Office has imposed a financial assurance requirement due to our financial condition. The payment of the franchise fee will therefore be deferred until we have met our pre-opening obligations to you, and you have opened for business. At that time, you must pay to us the franchise fee and the training fee. Neither fee will be refunded under any circumstances.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands it and consents to be bound by all of its terms.

ELITE TUTORING PLACE, INC.:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

STATE OF INDIANA

This Addendum to the Franchise Agreement (the "Agreement") is agreed to this day of _____, 20__, by and between ELITE TUTORING PLACE, INC. and _____.

In recognition of the requirement of the Indiana Deceptive Franchise Practices Law, IC 23-2-2.7 and Indiana Franchise Disclosure Law, IC 23-2-2-2.5, the Franchise Agreement for ELITE TUTORING PLACE, INC. has been amended as follows:

1. Sections 13 and 15 are amended subject to Indiana Code 23-2-2.7-1(9) to provide that post-term non-competitor covenants shall have a geographical limitation of the territory granted to Franchisee.
2. Section 14 is amended to prohibit unlawful unilateral termination of a Franchise unless there is a material violation of the Franchise Agreement and termination is not in bad faith.
3. Section 16 is amended to state that the prospective mutual general release of claims against Franchisor provided for may be subject to and cannot release claims under the Indiana Deceptive Franchise Practices Law or the Indiana Franchise Disclosure Law.
4. Section 18 is amended to provide that Franchisee will not be required to indemnify Franchisor for any liability imposed upon Franchisor as a result of Franchisee's reliance upon or use of procedures or products which were required by Franchisor, if such procedures or products were utilized by Franchisee in the manner required by Franchisor.
5. Section 19 is also amended to provide that, in the event of a conflict of law, the Indiana Franchise Disclosure Law, IC 23-2-2.5, and the Indiana Deceptive Franchise Practices Law will prevail.
6. Section 19 is amended to provide that Franchisee may commence litigation in Indiana for any cause of action under Indiana law.
7. Section 20 is amended to provide that arbitration between Franchisor and Franchisee, shall be conducted at a mutually agreed upon location.

Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Indiana Law applicable to the provisions are met

independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

Other than as stated in this Addendum, the Franchise Agreement remains unchanged and in full force and effect.

The parties have signed this Addendum below and agree to be bound by the changes it makes to the Franchise Agreement.

ELITE TUTORING PLACE, INC.

By: _____

Title: _____

Franchisee: _____

By: _____

Title: _____

STATE OF MARYLAND

This Addendum to the Franchise Agreement is agreed to this ____ day of _____, 20____, by and between ELITE TUTORING PLACE, INC. and _____.

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. §§14-201-14-233, the Franchise Agreement for ELITE TUTORING PLACE, INC. is amended as follows:

1. Section 3 of the Franchise Agreement is amended to include the following:

all fees required to be paid to us by you, including payments for goods and services received from us before the business opens, shall be deferred pending satisfaction of all our pre-opening obligations to you.

2. The laws of the State of Maryland may supersede the Franchise Agreement, including Section 14, respectively, concerning termination and Section 2, concerning renewal of the Franchise Agreement.

3. The mutual general release language contained in Section 16 of the Franchise Agreement shall not relieve the Franchisor or any other person, directly or indirectly, from liability under the Maryland Franchise Registration and Disclosure Law

4. Section 19 of the Franchise Agreement is amended to provide that a franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Laws must be brought within 3 years after the grant of the Franchise Agreement.

5. Section 23 of the Franchise Agreement requires that the Franchise be governed by the laws of the State of Illinois; however, in the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, the laws of the State of Maryland shall prevail.

6. The Introduction and Section 30 of the Franchise Agreement are amended as follows:

Any portion of the Franchise Agreement which requires prospective franchisees to disclaim the occurrence and/or acknowledge the non-occurrence of acts would constitute a violation of the Maryland Franchise Registration and Disclosure Law. Any such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be

deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

ELITE TUTORING PLACE, INC.:

Franchisee:_____

By: _____

By: _____

Title:_____

Title: _____

STATE OF NEW YORK

This Addendum to the Franchise Agreement is agreed to this ____ day of _____, 20____,
by and between ELITE TUTORING PLACE, INC. and _____
_____.

In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§ 680 through 695, the Franchise Agreement for ELITE TUTORING PLACE, INC. is amended as follows:

1. Section 3 of the Franchise Agreement is amended to include the following:

all fees required to be paid to us by you, including payments for goods and services received from us before the business opens, shall be deferred pending satisfaction of all our pre-opening obligations to you.

2. Section 16 of the Franchise Agreement is amended to provide that no release language set forth in the Franchise Agreement will relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws of the State of New York concerning franchising.

3. Under Section 16 of the Franchise Agreement, Franchisor shall not transfer and assign its rights and obligations under the Franchise Agreement unless the transferee will be able to perform Franchisor's obligations under the Franchise Agreement, in Franchisor's good faith judgment, so long as it remains subject to the General Business Laws of the State of New York.

4. Section 23 of the Franchise Agreement requires that the Franchise be governed by the laws of Illinois. This requirement will not be considered a waiver of any right conferred upon Franchisee by Article 33 of the General Business Laws.

Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the New York Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

ELITE TUTORING PLACE, INC.:

Franchisee:_____

By: _____

By: _____

Title: _____

Title: _____

STATE OF NORTH DAKOTA

This Addendum to the Franchise Agreement is agreed to this ____ day of _____, 20____, by and between ELITE TUTORING PLACE, INC. and _____.

The North Dakota Securities Commission requires that certain provisions contained in the Agreement be amended to be consistent with North Dakota Law, including the North Dakota Franchise Investment Law, North Dakota Century Code Addendum, Chapter 51-19, Sections 51-19-01 *et seq.* Such provisions in the Agreement are hereby amended as follows:

1. Section 13 and 15 are amended to add that covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.
2. Section 16 is amended to provide that no release language set forth in the Franchise Agreement will relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws of the State of North Dakota concerning franchising.
3. Section 19 is amended to provide that any provision in the Franchise Agreement which designates jurisdiction or venue or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of North Dakota, and any provision that purports to waive trial by jury is deleted.
4. Sections 19 and 20 are amended to add that any action may be brought in the appropriate state or federal court in North Dakota with respect to claims under North Dakota Law.
5. Sections 19 and 23 are amended to provide that the laws of the State of North Dakota supersede any provisions of the Franchise Agreement, or Illinois law. If such provisions are in conflict with North Dakota law, the Franchise Agreement will be governed by North Dakota law.
6. Section 20 is amended to the extent that the laws of the State of North Dakota are not pre-empted by the Federal Arbitration Act, to state that arbitration involving a Franchise purchased in North Dakota must be held either in a location mutually agreed upon prior to the arbitration, or if the parties cannot agree on a location, the arbitrator will determine the location.
7. Section 23 is amended to state that in the event of a conflict of laws, North Dakota Law shall prevail.
8. Section 23 is amended to state that the statute of limitations under North Dakota Law shall apply.

Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the North Dakota Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

ELITE TUTORING PLACE, INC.:

Franchisee:_____

By: _____

By: _____

Title:_____

Title: _____

STATE OF RHODE ISLAND

This Addendum to the Franchise Agreement is agreed to this ____ day of _____, 20____, by and between ELITE TUTORING PLACE, INC. and _____.

In recognition of the requirements of The Rhode Island Franchise Investment Act §19-28.1-14, for all Franchise Agreements offered and sold in the State of Rhode Island, the Franchise Agreement for ELITE TUTORING PLACE, INC. is amended as follows:

1. Section 16 requires Franchisee to sign a mutual general release as a condition for transfer, such release shall exclude claims arising under The Rhode Island Franchise Investment Act.
2. Subsection 19 is amended to provide that Section 19-28.1.-14 of the Rhode Island Franchise Investment Act, as amended by laws of 1993, provides that “a provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”
3. Section 23 is amended to provide that any provision in the Franchise Agreement which designates the governing law as that of any state other than the State of Rhode Island is deleted.

Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

ELITE TUTORING PLACE, INC.:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

COMMONWEALTH OF VIRGINIA

This Addendum to the Franchise Agreement is agreed to this ____ day of _____, 20____,
by and between ELITE TUTORING PLACE, INC. and _____.

1. Section 3 of the Franchise Agreement is amended to include the following:

all fees required to be paid to us by you, including payments for goods and services received from us before the business opens, shall be deferred pending satisfaction of all our pre-opening obligations to you.

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

2. Section 14 of the Franchise Agreement which terminates the Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

ELITE TUTORING PLACE, INC.:

Franchisee:_____

By: _____

By: _____

Title:_____

Title: _____

STATE OF WASHINGTON

This Addendum to the Franchise Agreement is agreed to this ____ day of _____, 20____,
by and between ELITE TUTORING PLACE, INC. and _____
_____.

In recognition of the requirements of the Washington Franchise Investment Protection Act, Washington Rev. Code §§19.100.010 – 19.100.940, the Franchise Agreement for ELITE TUTORING PLACE, INC. is amended as follows:

1. Section 13 of the Franchise Agreement is amended to the extent it conflicts with RCW 49.62.020, which states that a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). Section 13 and any other contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

2. Sections 2, 14 and 16 are amended to provide that if any of the provisions in the Franchise Disclosure Document or Franchise Agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act (the "Act") (including areas of termination, transfer and renewal of your franchise), the provisions of the Act will prevail over the inconsistent provisions of the Franchise Disclosure Document or Franchise Agreement with regard to any franchise sold in Washington.

3. Section 16 is amended to provide that transfer fees are collectable to the extent that they reflect Franchisor's reasonable estimated or actual costs in effecting a transfer, and to provide that a release or waiver of rights executed by a Franchisee will not include rights under the Act except when executed pursuant to a negotiated settlement after the Franchise Agreement is in effect and where the parties are represented by independent counsel.

4. Sections 19 and 20 require litigation or arbitration to be conducted in the State of Illinois; the requirement shall not limit any rights Franchisee may have under the Washington Franchise Investment Protection Act to bring suit in the State of Washington.

5. Section 23 is amended to provide that in the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

6. Section 23 is amended to provide that provisions that unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

7. Section 23 requires that the Franchise be governed by the laws of the State of Illinois; such a requirement may be unenforceable in the event of a conflict with the Washington Franchise Investment Protection Act. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

8. Provisions such as those that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or restrict or limit rights or remedies available to a franchisee under the Washington Franchise Investment Protection Act, such as a waiver of the right to a jury trial, may not be enforceable.

Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Washington Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

ELITE TUTORING PLACE, INC.:

Franchisee:_____

By: _____

By: _____

Title:_____

Title: _____

STATE OF WISCONSIN

This Addendum to the Franchise Agreement (the "Agreement") is agreed to this ____ day of _____, 20__, by and between ELITE TUTORING PLACE, INC. and _____.

1. The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Sec. 135.01-135.07 shall supersede any conflicting terms of the Franchise Agreement.

2. This provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Wisconsin Fair Dealership Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement, or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

ELITE TUTORING PLACE, INC.:

Franchisee:_____

By: _____

By: _____

Title:_____

Title: _____

EXHIBIT F

**SBA ADDENDUM RELATING TO
ELITE TUTORING PLACE, INC.
FRANCHISE AGREEMENT**

**SBA ADDENDUM RELATING TO
ELITE TUTORING PLACE, INC.
FRANCHISE AGREEMENT**

THIS ADDENDUM ("Addendum") is made and entered into on _____, 20____, by Elite Tutoring Place, Inc., a corporation having its principal place of business at 111 E. Ogden Avenue, Suite 111, Naperville, Illinois 60563 ("Franchisor"), and _____ ("Franchisee").

Recitals. Franchisor and Franchisee entered into a Franchise Agreement on _____, 20____ ("Agreement"). Franchisee has obtained from a lender a loan ("Loan") in which funding is provided with the assistance of the United States Small Business Administration ("SBA"). The SBA requires the execution of this Addendum as a condition for obtaining the SBA assisted financing only. This addendum amends and supplants the Agreement with special stipulations that supersede the corresponding provisions of the Agreement. In the event of any conflict between this Addendum and the Agreement, this Addendum shall be controlling.

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable consideration in hand paid by each of the parties to the other, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

1. The Agreement is in full force and effect, and Franchisor has sent no official notice of default to Franchisee under the Agreement that remains uncured on the date hereof.
2. Under the Agreement as modified by this Addendum, Franchisor does not control Franchisee, directly or through an agent. Franchisee has the independent right to profit from its efforts and bear the risk of loss commensurate with ownership.
3. Notwithstanding anything to the contrary in Paragraph 15 of the Franchise Agreement (except for Paragraphs 15.6, 15.7, and 15.8), Franchisee will be able to operate a business that offers the same or similar services provided that Franchisee meets the requirements of Paragraph 13.2 of the Franchise Agreement.
4. Notwithstanding anything to the contrary in Paragraph 15.11 of the Franchise Agreement, Franchisor does not control the sale price or appraisal method for any sale or transfer. The price of any sale or transfer of the Franchised Business, or Franchised Business assets, under the Franchise Agreement will only be based on the fair market value of the business and/or assets. The fair market value will be determined by a method agreed to by both the Franchisee and Franchisor. If the parties cannot agree and the fair market value is to be determined by an appraisal, the Franchisor and Franchisee must jointly select an independent appraiser. Furthermore, Franchisor will not exercise its right to purchase any real estate assets owned by the Franchisee.

5. Notwithstanding anything to the contrary in Paragraph 16.4 of the Franchise Agreement, Franchisor will only exercise any right of first refusal for the sale or transfer of 100% of the Franchised Business and assets. The right of first refusal may not be exercised for any sale or transfer of a partial interest in the Franchised Business.
6. This Addendum automatically terminates on the earliest of the following to occur: (i) a termination pursuant to the Agreement occurs; (ii) the Loan is paid in full; or (iii) the SBA no longer has any interest in the Loan.

IN WITNESS WHEREOF, the parties hereto have duly signed and executed this Addendum as of the day and year first above written.

Witness

Witness

FRANCHISOR:
ELITE TUTORING PLACE, INC.
By:

Name:

Title:

FRANCHISEE
By:

Name:

Title:

EXHIBIT G

STATE EFFECTIVE DATES PAGE

STATE EFFECTIVE DATES

The following states 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 Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

California	Effective Date:	
Hawaii	Effective Date:	
Illinois	Effective Date:	pending
Indiana	Effective Date:	10-12-2022
Maryland	Effective Date:	
Michigan	Effective Date:	
Minnesota	Effective Date:	
New York	Effective Date:	
North Dakota	Effective Date:	
Rhode Island	Effective Date:	
South Dakota	Effective Date:	
Virginia	Effective Date:	
Washington	Effective Date:	
Wisconsin	Effective Date:	

EXHIBIT H

RECEIPT

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 Elite Tutoring Place, Inc. offers you a franchise, Elite Tutoring Place, Inc. must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale unless otherwise stated in your state's addendum.

New York law requires a franchisor to provide the Disclosure Document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Elite Tutoring Place, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the State Administrator listed in Exhibit A.

The Franchisor is Elite Tutoring Place, Inc., located at 111 E. Ogden Avenue, Suite 111, Naperville, IL 60563. Its telephone number is (630) 305-0630. The franchise seller for this offering is Ali A. Pabarja, President, Elite Tutoring Place, Inc., 111 E. Ogden Avenue, Suite 111, Naperville, IL 60563, whose telephone number is (630) 305-0630.

Elite Tutoring Place, Inc. authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

Issuance date: May 31, 2023

I have received a Franchise Disclosure Document including the following exhibits on the date listed below:

- A. List of State Agents for Service of Process and List of State Administrators
- B. Franchise Agreement
- C. Table of Contents to the Confidential Operations Manual
- D. Financial Statements
- E. State Addenda for Disclosure Document and State Addenda for Franchise Agreement

F. SBA Addendum
G. State Effective Dates Page
H. Receipt

Please sign and print your name below, date and return one copy of this receipt to Elite Tutoring Place, Inc. at the below address and keep the second copy for your records.

Date of Receipt

Print Name

Signature

Return to:

(individually or as an officer, member or partner of)

Elite Tutoring Place, Inc.
111 E. Ogden Avenue
Naperville, Illinois 60563

(Name of corporation, limited liability company or partnership)

_____ corporation
(State of incorporation)

_____ limited liability company
(State of organization)

_____ partnership
(State where partnership formed)

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 Elite Tutoring Place, Inc. offers you a franchise, Elite Tutoring Place, Inc. must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale unless otherwise stated in your state's addendum.

New York law requires a franchisor to provide the Disclosure Document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Elite Tutoring Place, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the State Administrator listed in Exhibit A.

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- G. State Effective Dates Page
- H. Receipt

Please sign and print your name below, date and return one copy of this receipt Elite Tutoring Place, Inc. at the below address and keep the second copy for your records.

Date of Receipt

Print Name

Signature

(individually or as an officer, member or partner of)

(Name of corporation, limited liability company or partnership)

_____ corporation
(State of incorporation)

_____ limited liability company
(State of organization)

_____ partnership
(State where partnership formed)

Copy 2-Retain for your records