

**FRANCHISE DISCLOSURE DOCUMENT  
INTERACTIVE CHILDREN EDUCATION AND ENTERTAINMENT CORP.**

**A Florida Corporation**  
**10773 NW 58th ST #132**  
**Doral, FL 33178**  
**Tel: (786) 600-1135**  
[info@nuttyscientists.com](mailto:info@nuttyscientists.com)  
[www.nuttyscientists.com](http://www.nuttyscientists.com)  
**NUTTY SCIENTISTS®**



As a Nutty Scientists franchisee, you will offer an education and entertainment-oriented educational program in almost every area of scientific thought, with the objective of leading children to discover and enjoy science under the Mark “Nutty Scientists.”

The total investment necessary to begin operation of a Nutty Scientists franchised business is from \$45,500 to \$53,800 for a Home Based concept and \$54,850 to \$159,800 if a retail Lab space is developed. This includes \$45,000 that must be paid to the franchisor or an affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government 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 Santiago Martin at (786) 600-1135, [info@nuttyscientists.com](mailto:info@nuttyscientists.com)

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all 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, DC 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

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## How to use This Franchise Document

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

<b>QUESTION</b>	<b>WHERE TO FIND INFORMATION</b>
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit E.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit D includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Nutty Scientists business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a Nutty Scientists franchisee?</b>	Item 20 or Exhibit E lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

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

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

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

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

**Operating restrictions.** The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your locations, 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 if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

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

## Special Risks to Consider About this Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation in Florida. Out-of-State mediation, arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate or litigate with the franchisor in Florida than in your state.
2. **Mandatory Minimum Payments.** You must make minimum royalty and other 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. Check the "State Specific Agenda" (if any) to see whether your state requires other risks to be highlighted.

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### **EXHIBITS**

- A. LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS
- B. FRANCHISE AGREEMENT
- C. TABLE OF CONTENTS OF MANUAL
- D. FINANCIAL STATEMENTS
- E. LIST OF FRANCHISEES AND TERMINATED FRANCHISEES
- F. STATE SPECIFIC ADDENDA
- G. GENERAL RELEASE

**Item 1**  
**THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

To simplify the language in this Disclosure Document, “we,” “us,” and “Natty Scientists” means “Interactive Children Education and Entertainment Corp.,” the franchisor. “You” means the person or legal entity, and its owners, directors, and employees, who buy the franchise to operate a franchise under the Natty Scientists System.

**Franchisor, Parent and Affiliates**

We are a corporation established under Florida law on October 12, 2007. Our principal business address is 10773 NW 58th St. #132, Doral FL, 33178. We conduct business under our corporate name, Interactive Children Education and Entertainment Corp., and under the name Natty Scientists.

Our affiliate is EDUCACION Y OCIO INTEGRAL SL, whose principal address is in Madrid, Spain (28046), Paseo de la Castellana 164-166. Our affiliate operates as “Fun Science” in other countries. Fun Science began operations in Madrid, Spain in 1996, offered its first franchise for the concept in November 1997, and now has over 200 outlets operating in more than 55 countries. Fun Science will continue to offer franchises in other countries except for the United States. Fun Science does not offer franchises in any other lines of business. Other than as stated herein, we are not in any other business, we have not conducted business in any other line of business.

Our predecessor, Natty Scientists USA Inc., a Florida corporation previously located at 2114 W. Grant Road #66, Tucson, AZ 85745, offered Natty Scientists franchises in the United States from 2011 to 2017. Natty Scientists USA, Inc. was dissolved on November 2, 2018.

We have no parents.

**Agent for Service of Process**

Our agents for service of process are listed in Exhibit B.

**Prior Experience**

We have owned and operated a business like the one being franchised in Miami, Florida since November 2008. We began granting Natty Scientists franchises in the USA in 2020.

**The Business We Offer**

We grant to qualified persons franchises to offer educational and entertainment-oriented educational programs in almost every area of scientific thought, with the objective of leading children between the ages of 4 to 16, to discover and enjoy science, stem (science, technology, engineering and math), sustainability, health and prevention, art, fostering reading habits and nutrition under the Mark “NUTTY SCIENTISTS” and other marks we may use in accordance with the terms of our Franchise Agreement. We authorize you to use the trademarks of and to operate a Natty Scientists franchise.

The prospective franchisee will use Natty Scientists teaching systems and various educational techniques, notably the TPR (Total Physical Response) Method, SDAIE (Specifically Designed Academic Instruction in English) and the PQS (Plonsky Question System), all of which are structured on Vygotsky’s theory of psychology, to conduct the franchised business.

Sales are not seasonal, and some franchisees may choose to operate from a developed retail location that we call “The Lab,” or from a home office. Our programs foster children's motivation, self-esteem and integration,

and help them to better understand the world of science. Furthermore, the programs give them early exposure to scientific concepts that complements the education that future engineers, architects and scientists require, bringing the world of science closer to children in a way that is altogether original. These are some of the services that Nutty Scientists provides:

- After-school programs
- Workshops
- Corporate events
- Preschool programs
- Malls and Fairs animation programs
- Awareness campaigns
- Birthday parties
- Winter, Spring and Summer Camps.
- Evening & weekend classes
- Parties & Celebrations
- Family days
- Homeschool enrichment classes
- Clubs & competition groups
- Scout activities
- In-school field trips

### **Applicable Regulations**

While we are not aware of any regulations specific to the industry; there may be laws or regulations in your State, which apply to operating a business in general, including one that is normally home based. Additionally, your franchise may be subject to federal, state and local laws, regulations and guidelines relating to consumer protection and/or “truth in advertising.” You may also be subject to general laws relating to businesses, including those relating to employment, labor and taxes. Please consult your lawyer about all these laws, rules and regulations.

Franchisee and Instructors are not required to hold a teaching certification but must agree to have a certified police report, criminal background check and fingerprinting completed prior to being employed with franchisee and on an annual basis. The operation of a Nutty Scientists Lab location may require additional licenses related to certificates of occupancy, permits and the ability to running an activity center for children. In our research, each state government agency will list different requirements and it is up to you to determine what your State will require.

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.

### **Competition**

The market for educational children’s programs is well developed and competitive. The competition for Nutty Scientists franchises includes companies or businesses that offer similar types of educational programs for children. Some competitors will be franchised while others will be chains or individual operations.

*[Remainder of page intentionally left blank]*

**Item 2**  
**BUSINESS EXPERIENCE**

**Santiago Martin– Chief Executive Officer**

Santiago has served as our Chief Executive Officer since April 2015. Santiago has also operated an outlet similar to the franchise being offered in this disclosure document from 1996 until present in Madrid, Spain.

**Natalia Puig-La Calle – Marketing Manager**

Natalia has served as our Marketing Manager since November 2008. Natalia has worked with Fun Science Europe since 2006.

**Erika Rauseo – Miami Office Manager**

Erika has worked in our Miami location since 2011 and has managed that location since August 2015 assisting with operational trainings in the USA and abroad.

**Michael Plonsky – Head of Content Development**

Michael Plonsky has served as our Head of Content Development since our inception. He has served in the same role with our affiliate, EDUCACION Y OCIO INTEGRAL SL in Madrid, Spain since 1998.

**Item 3**  
**LITIGATION**

No litigation is required to be disclosed in this Item.

**Item 4**  
**BANKRUPTCY**

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

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

**Initial Franchise Fee**

You must pay us a uniform, initial franchise fee in a lump sum when you sign the Franchise Agreement. Our initial franchise fee currently is \$35,000 for one location (home-based or location based) to include up to 200 elementary schools. During the fiscal year ending December 31, 2023, our initial franchise fee was \$28,000.

**Initial Equipment Package:**

You must purchase an Initial Equipment Package for your first franchised location. The cost for the Initial Equipment Package for your first franchised location is \$10,000 and must be paid to us within 30-days of signing the franchise agreement. The Initial Equipment Package fee is non-refundable.

The Initial Equipment Packages contains:

- 1 set of Professional Laboratory Items (Van der Graaf, Leyden Jar, Flask, other laboratory items)
- Branded Items for events: Tablecloth, Nutty Scientists pop up, Laboratory Backdrop, 3 Adult Lab



Coats, 2 Little Scientists Lab coats 4 Adult T-shirts

- Samples of branded Marketing materials: Nutty Scientists Folders, Nutty Stickers, Birthday Party Flyer, After School Activity Flyer, Summer Camp Flyer, Set of Diplomas.
- Complete access to all scripts, shows, programs, camps and activities located on our secure Intranet and any new shows, programs, scripts, camps and activities as they are developed.
- Custom Micro Website for your specific location (editable by you)

All of the fees above are non-refundable.

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

<b>Type of Fee<sup>1</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty Fees <sup>2</sup>	8% of Gross Revenue	Payable on the 5th of each month.	See definition of Gross Revenues <sup>3</sup>
Minimum Monthly Royalty Fees	<p>\$0 during the period from the effective date of the Franchise Agreement through 6 months.</p> <p>\$100 during months 7 through 12 from the effective date of the Franchise Agreement.</p> <p>\$250 during year 2 of the term of the Franchise Agreement.</p> <p>\$400 during year 3 of the term of the Franchise Agreement.</p> <p>\$600 during year 4 of the term of the Franchise Agreement.</p> <p>\$700 during years 5 through 10 of the term of the Franchise Agreement.</p>	Payable on the 5th of the month.	Your monthly Royalty Fee shall be the greater of 8% of Gross Revenue or the minimum monthly Royalty Fee.
Local Advertising	2% of gross revenues or \$300 every quarter on local advertising, whichever is greater.	As incurred	To be spent by you in your local marketing area
Additional Training Fee	\$1,000 per day	As incurred	Due if you request additional training after the Initial Training Course
Audit Expenses	Cost of inspection or audit	15 days after billing	Due if you do not give us reports, supporting records or other required information, or if you understate required Continuing Support and Royalty payments or Fund contributions by more than 2%
Renewal Fee	25% of initial franchise fee paid	90-days prior to renewal date	Renewal fee is 25% of the initial franchise fee paid

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
Transfer Fee	25% of our then-current initial franchise fee and \$5,000 for training new franchisee	Before transfer is completed	No charge if transferred to an entity wholly controlled by you.
Administrative fee for late payment	\$50	Beginning on the 5 <sup>th</sup> day after payment is due and every two weeks thereafter	Payable if you are 5 or more days late on any payments due to us
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held responsible for claims from your business operation.
Costs of Enforcement	Will vary under circumstances	As incurred	Payable if incurred by us in obtaining injunctive or other relief for the enforcement of any term of the Franchise Agreement.
Product or Supplier Evaluation Fee	Currently no fee is assessed; however, you must reimburse us for our actual expenses	As incurred	Payable if you request that we evaluate a new product or supplier.

**NOTES:**

1. Except as for products and service purchases described in Item 8, and except as otherwise noted in this Item 6, all fees are uniformly imposed and collected by are paid to us. Except as noted above, all fees are non-refundable.
2. Royalty Fees – The monthly Royalty Fee is the greater of 8% of Gross Revenues or the minimum monthly Royalty Fee as set forth above. In addition to the royalty fee payment you must also provide us with a correct statement of your Gross Revenues for the month just ended and any monthly reports outlined in the Manual. You will also allow us to reasonably inspect your original books and records.
3. “Gross Revenues” means the total of all revenues and income from Birthday Parties, After School programs, Workshops, Special Events, Camps, Merchandise, Government grants, sponsorships, trade transactions and other sums derived from providing educational and entertainment services and related merchandise to your customers or any other source, whether or not sold or performed at or from the Nutty Scientists Franchised Business and whether received in cash, in services, or credit (whether or not payment is received), or otherwise. The amount of all free passes to non-profit groups, tips, sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if these taxes are separately stated when the customer is charged and paid to the appropriate taxing authority, will be deducted from Gross Revenues for purposes of computation (but only to the extent they have been included). There will also be deducted from Gross Revenues the amount of any documented refunds, chargebacks, credits and allowances given in good faith to customers by you. Gross revenues will also include all services, equipment, merchandise and other items sold from your business and from the Lab if a location is opened. This will include any retail items if a retail space is established and drinks, snacks etc. if a café is located in the Lab.

*[Remainder of page intentionally left blank]*

**Item 7**  
**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>Type of Expenditures</b>	<b>Amount</b>	<b>Method of payment</b>	<b>When due</b>	<b>To whom payment is made</b>
1) Initial Franchise Fee	\$35,000	Lump Sum	On Signing Franchise Agreement	Us
2) Initial Equipment & Supply Package & Training	\$10,000	Lump Sum	Within 30 days of signing the FA	Us
3) Rent	\$0 - \$300	As Arranged	Monthly	Landlord
4) Office Furniture and Equipment	\$0 - \$1,000	As Arranged	As Arranged	Third-Party Vendors
5) Computer System	\$0 - \$1,500	As Incurred	As Incurred	Third-Party Vendors
6) Insurance, Permits, Deposits, etc.	\$500-\$1,000	As Arranged	As Arranged	Insurance Carrier, Local Municipalities, Phone Company, Etc.
7) Additional Funds – 3 months	\$0 - \$5,000	As Arranged	As Incurred	Vendors, employees, utilities, etc.
<b>8) TOTAL ESTIMATED INITIAL INVESTMENT</b>	<b>\$45,500 - \$53,800</b>			
<b>LAB LOCATION DEVELOPMENT</b>	<b>IN ADDITION TO 1-7 ABOVE</b>			
9) Real Estate rent/lease deposits	\$350 – \$1,500	As Arranged	As Incurred	Landlord/Realtor
10) Architectural fees	\$4,000 - \$6,000	As Arranged	As Incurred	Architect
11) Leasehold improvements	\$0-\$50,000	As Arranged	As Incurred	Carpenter, Electrician, Builder, Contractor
12) Furniture, fixtures, signs, POS	\$5,000-\$45,000	As Arranged	As Incurred	Carpenter, retail outlets, etc.
13) Additional Materials and Supplies for Lab	\$0 - \$3,500	As Arranged	As Incurred	Suppliers
<b>14) ESTIMATED TOTAL IF LAB IS DEVELOPED</b>	<b>\$54,850 - \$159,800</b>			

**Explanatory Notes**

1. Initial Franchise Fee – the Initial Franchise Fee is uniform and due upon signing the Franchise Agreement, but no later than 30 days prior to attending the initial training. The initial fee will provide for a territory of up to 200 Elementary schools. The franchise fee is not refundable once paid. We do not finance any fee.
2. Initial Equipment and Supply Package and Training - This includes the 4 days of training at your location, custom micro website for your location, and equipment and supplies listed in Item 5 above. This fee is due upon signing the Franchise Agreement or no later than 30 days prior to attending the initial training and is non-refundable.

3. Rent - You are not required to establish an office in a commercial location for the franchise and we suggest that you operate from a home-based office to control costs. You will be traveling to the customer's location to conduct your educational programs. If you decide to operate your franchise from a commercial location, you will not need more than a space of 100 sq. ft. to set up a desk and file cabinet space. We will not approve a specific location for you to operate your franchise from. These expenses may be refundable.
4. Office Furniture and Equipment – You must own or purchase various office furniture and equipment for the operation of the Franchised Business, including a desk, telephone, filing cabinet, an inventory of miscellaneous chemicals and other miscellaneous items. Not normally refundable.
5. Computer System – you must purchase, if you do not already have one, a computer completed with printer and internet connection and other software and hardware that may be required and have internet access. Not normally refundable.
6. Insurance - You will obtain insurance coverage with the limits required by us and as described below and in the Operations Manual. This figure represents an estimate of your annual premium payment. Not normally refundable.
7. Additional Funds – Additional funds is an estimate of the funds needed to cover business (not personal) expenses during the first 3 months of operation of the Franchised Business. You will need capital to support ongoing costs of your business, such as payroll, utilities, taxes, loan payments and other expenses, to the extent that revenues do not cover the business costs. The estimates presented relate only to costs associated with the franchised business and do not cover any personal, “living” or other expenses you may have. In estimating this range, we relied on our experience developing and operating the type of business offered under this Disclosure Document since 2008 and the experience of our franchisees in developing and operating their businesses.

**If you decide to operate from a retail location by developing the Nutty Scientists Lab you will incur additional costs as noted below:**

9. Real Estate/Rent/Lease/Deposits – Depending on the size of your space and we suggest a space of 1,000 (for just a Lab space) and 1,500 to 3,000 sq. ft. for a full Lab, with creative space and theatre. You will have rent, deposits and other costs related to securing the space.
10. Architectural fees - We will provide you with a Basic layout of the floor plan for the Lab (design, interior, walls, restroom, equipment, desk, theatre and all related specifications) We will engage a local architect who will be responsible for code compliance and completing a set of plans (to be approved by us before the contractor bidding process and before plan submittal to review committees). All modifications to the original floor plan provided by us must be approved in writing (including, but not limited to: construction materials, equipment rearrangement, equipment specification changes, etc.). These fees are typically not refundable.
11. Leasehold Improvements – You will have to lease an appropriate site to operate the Nutty Scientists Lab. Generally, a lease extends for a period of five (5) years with an option to renew for a period of five (5) years. The amounts specified for leasehold improvements are based on our designers estimated costs and we have not developed a retail Lab in the US as of the date of this offering circular. Leasehold improvement costs are typically not refundable. These costs may vary depending on the size, condition, and location of the leased premises, and the amount of such costs, which the landlord is willing to assume. These costs are paid as incurred to your landlord, suppliers, and tradesmen. We will refer you to approved suppliers who have extensive experience in the build-out facilities similar to ours or you may engage a local contractor in your area for this work. We highly recommend receiving up to 3 bids

for the construction of your project. We would like to review all bids to help ensure the entire scope of work for the project is covered, as well as, help assess the valuation of the construction costs. If you operate a home-based franchise, your leasehold improvements will be \$0.

12. Furniture/Fixtures – The Lab will require furniture and fixtures that meet our recommendation and approval. This will include specific lighting in the rooms and other areas, tables, chairs, storage and seating areas and other furniture and fixtures, POS and signage as outlined in the Lab development package you will receive after you sign the franchise agreement. These items may or may not be refundable once purchased.
13. Additional Materials and Supplies for the Lab – If you develop a Lab, you will need to purchase additional materials, supplies and equipment to be used in the Lab. The list of these materials is listed in the Lab materials package you will receive after you sign the franchise agreement. These items may or may not be refundable once purchased. If you operate a home-based franchise, you will not have to purchase any additional materials, supplies or equipment.
14. This is the total estimated investment for the Nutty Scientists with the development of the Nutty Scientists Lab. We have not included working capital under this program as we have yet to establish a prototype of the Lab in the United States and only our international partners have developed these retail locations at this time. These figures are estimates only and may be more or less depending on your location, the size of your space, contractor fees, material fees and other fees that will be incurred for the lease and build out of a Nutty Scientists Lab.

## **Item 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

#### **Required Purchases**

You must operate your franchise based on our guidelines, the Manuals and specifications. Specifications may include minimum standards for performance, warranties, packaging and delivery. We may disclose specifications to you at your request, but we are not required to do so on any proprietary materials. The Manual will list all required products and materials used in the operation of the franchise and these products and materials are readily available from stores in your local area, or on the Internet.

We may from time to time conduct control visits. The purpose of these visits is for us to ensure that the Nutty Scientists system, standards, methods, brand image and know-how evolution are complied with, and to advise franchisee of any changes deemed necessary by us in order for us to fully benefit from the Concept and obtain maximum efficiency in the operation of the Activity.

You must purchase, if you do not already have one, a computer completed with printer and internet connection and other software and hardware that may be required and have internet access.

We estimate that the required purchases and leases will be between 80% and 90% of your overall purchases and leases in establishing your franchises. We estimate that the required purchases and leases will be 20% to 30% of your overall purchases and leases in operating your franchise.

#### **Required and Approved Suppliers**

We will provide you with a list of preferred suppliers for future purchases of materials, chemicals and equipment you will use in the operation of your franchise and do not restrict you from purchasing any of these items from other suppliers at this time. In the future, we may require that you only buy certain materials, chemicals and/or equipment from us or approved suppliers that we determine.

We are the only approved supplier of the Initial Equipment Package. Otherwise, we, or persons affiliated with us, are not presently approved suppliers of any items you must purchase, but we reserve the right to do so in the future. Our Chief Executive Officer, Santiago Martin, owns an interest in us.

### **Approval of Alternative Suppliers**

You may buy products locally from specific stores or outlets that carry the specified products and materials used in the operation of the Nutty Scientists franchise.

If you choose to purchase products from a supplier that we have not yet approved, you must submit to us a written request for approval of the proposed product and/or supplier before using or purchasing any item. We may charge you a fee to make the evaluation, including reimbursement for costs associated with the research and inspection (currently, we do not charge such a fee, but you must reimburse us for our expenses). We have the right to inspect the proposed supplier's facilities, and to require product samples from the proposed supplier to be delivered at our option either directly to us or to a third party we designate for testing. We shall notify you in writing of the approval or rejection of the proposed supplier within a reasonable time after completion of the investigation of the proposed supplier. If we fail to respond within 60 days, your request will be deemed denied. We may elect to withhold approval of the supplier. You acknowledge that we are likely to reject your request for a new supplier without conducting any investigation if we already have designated an exclusive supplier for the item proposed to be offered by the new supplier. We may periodically re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier does not continue to meet any of our criteria. Our criteria for approving suppliers consists of (i) cost, (ii) quality of products and/or services, and (iii) whether the supplier can provide such products or services to the entire franchise system. If we approve of an alternative supplier that meets our criteria, our franchisees may contract with them.

We do not own an interest in any supplier at this time, but we reserve the right to do so in the future.

During the fiscal year ending December 31, 2023, neither we nor our affiliate derived any revenue from selling items to franchisees, and neither we nor our affiliate received any rebates from suppliers on account of purchases of required and approved items by franchisees.

### **Insurance**

You undertake to obtain and maintain in full force and effect insurance policies for an amount of at least \$2,000,000 General Aggregate, \$1,000,000 Products/Completed Operations Aggregate, \$1,000,000 personal and Advertising Injury, \$1,000,000 Each Occurrence, the required minimum coverage for Fire Damage (any one fire) Medical Expense (any one person) and accident policy; as well as vehicle and collision insurance, covering the operation of the Franchised Business, and employer's liability insurance as well as other insurance as may be required by statute or rule of the state in which the Franchised Business is located and operated and additional insurance that may be required for the operation of the Lab. You additionally agree to name us as an additional insured on all policies. (Section 14 of Franchise Agreement)

If you at any time fail or refuse to maintain in effect any insurance coverage required by us, or to furnish satisfactory evidence of such insurance, we may, at our option and in addition to our rights and remedies under the Franchise Agreement, obtain such insurance coverage, on your behalf, and you must promptly execute any applications or other forms or instruments required to obtain any such insurance and pay to us on demand any costs and premiums incurred by us. Your obligation to obtain and maintain the insurance described in the Franchise Agreement will not be limited to in any way by reason of any insurance maintained by us.

### **Cooperatives**

We currently do not have any purchasing or distribution cooperatives, but we reserve the right to establish such cooperatives in the future.

### **Negotiated Prices**

We currently do not negotiate purchase arrangements with suppliers (including price terms), for the benefit of the franchise system; however, we reserve the right to do so.

### **Material Benefits**

We do not provide any material benefits to you if you buy from sources we approve.

## **Item 9** **FRANCHISEE'S OBLIGATIONS**

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

### **FRANCHISEE'S OBLIGATIONS**

<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure Document item</b>
(a) Site selection and acquisition/lease	Section 5.1	Item 11
(b) Pre-opening purchases/lease	Section 3	Items 5, 7, 8 and 11
(c) Site development and other pre-opening requirements	Sections 5, 6 and 14	Items 6, 7, 8 and 11
(d) Initial and ongoing training	Section 6	Item 11
(e) Opening	Section 5	Item 5, 6, 7, 11
(f) Fees	Section 4	Items 5, 6, 7 and 8
(g) Compliance with standards and policies/Operations Manual	Sections 1.3, 7.3 – 7.5, 20.3 and 23.2	Items 5, 8 and 11
(h) Trademarks and proprietary information	Sections 7.7, 8.7, 9, 11 and 17.6	Items 13 and 14
(i) Restrictions on products/services offered	Section 1.3	Item 16
(j) Warranty and customer service requirements	Sections 21.3, 28.1, 28.7 and 28.8	Item 17
(k) Territorial development and sales quotas	Not Applicable	Item 12
(l) On-going product/service purchases	Section 3.2 and 8.6	Items 8, 16
(m) Maintenance, appearance and remodeling requirements	Sections 7.6.2	Items 7 and 11
(n) Insurance	Section 14	Items 6, 7 and 8
(o) Advertising	Sections 3.4, 4.4 and 13	Items 6, 7 and 11
(p) Indemnification	Sections 21.4, 21.5 and Exhibit C	Item 6 and 8
(q) Owner's participation/management/staffing	Sections 8.3 and 28.4	Items 11 and 15
(r) Records/reports	Section 4.3.1, 7.2 and 12	Item 11
(s) Inspections/audits	Section 3.6	Item 6
(t) Transfer	Section 15, 16.2.4, 18.3 and 19.3.3	Item 17
(u) Renewal	Section 2.2	Item 17
(v) Post-termination obligations	Section 17	Item 17

Obligation	Section in Agreement	Disclosure Document item
(w) Non-competition covenants	Exhibit E	Item 17
(x) Dispute resolution	Section 27	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 required to provide you with any assistance.**

### **Pre-Opening Assistance:**

Before you open your business, we will:

1. Franchisor will neither approve nor disapprove any particular site for the operation of the Franchised Business if Franchisee chooses to operate from a location outside of a home office. Franchisor suggests that Franchisee operate from a home-based office unless a Lab is being developed. (FA 5.1)

2. At no charge to you, provide specifications for the basic business set-up, fixtures, furnishings and equipment required to operate the business, including suggested equipment manufacture's; though you are under no obligation to purchase from any specific supplier or manufacturer. (FA 3.1)

3. Provide you with our standard initial training program by Webinar or Skype of 20 hours of duration. You will be open for business once the initial training program is completed and will be required to begin marketing the services and programs in your area prior to the second training since our instructor will be presenting two Grand Opening shows/events for you when they travel to your location at our expense.

4. Provide you with 4 days training at your location for instructors and grand opening events and along with the Micro Website and Initial Equipment Package as described in Item 5 above, which includes the equipment and supplies to begin operations for your franchise for the fee of \$10,000. We will cover all costs for travel, lodging and meals for our instructor during this training at your location (Training is also discussed below in this Item 11 under the subheading "Training".) (FA 3.2)

5. Provide you, on loan, with copies of our confidential operations manual(s) and other manuals, instructional materials, and written policies and correspondence which are located on our online/Intranet site. (Collectively, the "Manual(s)"). (FA 3.3) There are 360 pages in the manual and consist of the following topics:

- a. Marketing (60 pages)
- b. Sales (90 pages)
- c. Management (50 pages)
- d. Operations and instruction manuals (120 pages)
- e. Administration (10 pages)
- f. Finance and logistics (30 pages)

6. Provide you with a list of our then current designated or approved suppliers. (FA 8.6)

7. We will identify the Operating Assets, educational programs, other methods and supplies that you must use to develop and operate the business, the minimum standards and specifications that you must satisfy, and the designated and approved suppliers from whom you must or may buy or lease these items (which may be limited to or include us, or other specified exclusive sources) (FA 3.5, 3.7)

8. If necessary, provide you with the Design Plans, Equipment and Material List if you decide to lease and develop the Nutty Scientists Lab. You will be required to hire a local architect to make any modifications for the space and local building requirements. We do not assist with negotiating the purchase or lease of your



site or assist with conforming the premises to local ordinances and building codes or obtaining any required permits. (FA 3.8)

### **Post-Opening Assistance:**

#### During the operation of your business, we will:

1. Review and approve or disapprove all advertising and promotional materials that you propose to use. (FA 3.4)
2. Loan and/or provide you access to the manual via the Intranet or other electronic means. The manual contains mandatory and suggested specifications, standards and procedures, and course program manual. This manual is confidential and remains our property. We may modify this manual. (FA 3.3)
3. Provide ongoing training and support as required and as we determine. (FA 6)
4. Supply you with written updates via the Intranet to the requirements in the Manual and other written policies supplied to you by us. (FA 8.12)
5. May negotiate group rates for purchases of products and materials as we deem necessary.
6. Provide you with online assistance from our Intranet, email and our website. (FA 7.6)
7. Regulate and adapt Activities standards and products throughout the network of Franchised Businesses. (FA 8.11)
8. Assist with the institution of proper administrative, bookkeeping, accounting, inventory control and, supervisory and general operating procedures for the effective operation of the Franchised Business. (FA 3.5)
9. We may modify the System as we choose, including the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, new experiments or demonstrations, or new techniques or methods. (FA 8.12)
10. If necessary, provide you with suggested staffing guidelines for hiring employees, operational instructions which you can use as part of training new employees. All hiring decisions and conditions of employment are your sole responsibility.

### **Advertising**

#### Local Advertising

You are required to spend a minimum of 2% of your gross sales on advertising in your area. All advertising, promotion, and marketing must be completely clear, factual, and not misleading, and must conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we periodically require. Before you use them, you must send us or our designated agency for review samples of all advertising, promotional, and marketing materials that we have not prepared or previously approved. If you do not receive written disapproval within 5 days after we or our designated agency receives the materials, they are deemed to be approved. You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved.

When there are enough franchisees in the system, we may require our franchisees to create a Franchisee Advisory Council (the "Council"), but we do not have one at this time. When a Council is created it will provide input on the materials and placement used in advertising campaigns. Members of the Council will be selected from existing franchisees and one of our officers.

We do not require you to participate in any local or regional advertising cooperatives. We do not have a national advertising fund, but we reserve the right to establish one in the future. If we establish a national advertising fund, you will be required to contribute up to 2% of your Gross Revenue per month. This shall be due at the same time and in the same manner as the Royalty Fee.

We will use a combination of in-house, national, and local agencies for advertising. We shall have no obligation to conduct advertising on a local, regional, or national scale, and we shall have no obligation to spend any

amount from the national advertising fund within your territory. While we do not anticipate that the national advertising fund will be used for advertising that is principally a solicitation for franchisees, we reserve the right to use the national advertising fund for public relations or recognition of our brand, for the creation and maintenance of a web site, a portion of which can be used to explain the franchise offering and solicit potential franchisees.

We and affiliate owned locations may, but are not required to, contribute to the national advertising fund on the same basis as franchisees. An unaudited statement of the operations of the national advertising fund will be prepared each year and, upon request, will be available to you. We also reserve the right, but are under no obligation, to obtain and pay for audited financials. Any contributions not used during the current year will be carried over into the next year's budget.

### **Computer Requirements**

You will need to have a computer system with access to the Internet, a color printer and telephone service to operate your franchise. We do not require specific equipment at this time but may require you to use a proprietary or specialty system in the future and hi-speed Internet access. We do not require you to upgrade, update or provide any ongoing maintenance to the computer system and we are not required to provide you with any such upgrades, updates or maintenance. If you do not have a computer system, you may need to purchase one and the costs may be as low as \$300 up to \$1,500 depending on the type of system you purchase. You will need to sign up for QuickBooks online to maintain all records for our activities, invoices and reports to us. We will not have independent access to the data generated from your computer system, but we reserve the right to obtain access to the data in the future. This data may include client details, schools, workshops, parties and other events you promote and present through your Nutty Scientists franchise business.

### **Operating Manual**

We will loan you a copy of our Operating Manual that contains mandatory and suggested specifications, standards and procedures. This manual is confidential and remains our property. We may modify this manual, but the modification will not alter your status and rights under the Franchise Agreement. The Manual and all other training materials are located on our Intranet system and we will provide a webinar to you prior to your signing of the Franchise Agreement that will give you details on our Manual(s) and other programs used in the operation of the Nutty Scientists franchise.

#### **TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location</b>
Introduction to Nutty Scientists	1 hour	0 hours	Online
Marketing and Strategy	4 hours	0 hours	Online
Quality and Image	1 hour	0 hours	Online
General Trends	1 hour	0 hours	Online
Sales	3 hours	0 hours	Online
The Lab	1 hour	0 hours	Online
Human Resources	1 hour	0 hours	Online
Preparation of Events	1 hour	0 hours	Online
Methodology	1 hour	0 hours	Online
Administrative working	1 hour	0 hours	Online
Logistics and equipment	1 hour	0 hours	Online
Activity Observation	2 hours	0 hours	Online
Social Media Management	3 hours	0 hours	Online
Preparation for 2 <sup>nd</sup> . training course	2 hours	0 hours	Online

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location</b>
<b><u>PHASE TWO TRAINING</u></b>	<b><u>AFTER OPENING MARKETING</u></b>		
<u>Training you and your instructors on the actual activities and scripts</u>	<u>0 hours</u>	<u>2 days</u>	Your Location
<u>Presenting two shows/events for you with your instructors</u>	<u>0 hours</u>	<u>2 days</u>	Your Location

Our instructors will be Natalia Puig-La Calle (Vice President of the Company), Kevin Schlosser (Franchisee of Nutty Scientists in the USA) and Erika Rauseo (Manager of the Miami Office), all experts in Children education and enrichment programs in the USA as well as Fun Science employees that provide the initial franchisee training to all franchisees worldwide at this time. All instructors have experience of 6-20 years with the business. Social Media Management training will be provided Jodi Nijmeijer (Social Media Manager) who has 15 years' experience in social media management.

We will provide you with two full training courses. The training will be divided into two parts. The dates of both trainings will be set by both parties. The training program expense will be paid in full by us. We will pay for our instructors' travel, lodging and food expenses when the second part of the training is held at your location. (Section 6 of the Franchise Agreement)

The initial training will cover everything related to management, marketing, our sales techniques, programs, personal policy and the organizational system of the business. We will run the training as and when needed, and dates will be set by us.

The second training course will be 4 days and held at your location. The second training course will normally be given within 3 to 5 weeks of the first training course. During this training we will train, and help you select your instructors and assist in your initial promotional activities.

It will be required that you successfully complete phase one of the training program to our satisfaction. Upon completion of the first phase, we will award you with a certificate called "NUTTY SCIENTISTS Certificate" (the Certificate), acknowledging that you have completed the training course successfully and allowing you to begin operations of the business in marketing it to schools and other local venues.

Any additional training you request after the Initial Training Course will be held at your franchise location and will be at \$1,000 per day. You will also be required to pay the travel expenses incurred by us in traveling to your franchise location. (Section 3.2.1 of the Franchise Agreement)

We will offer continuing training programs and refresher courses at locations and through webinars and times we deem necessary.

### **Time to Opening**

From the time you sign the Franchise Agreement, you will normally begin operating your franchise within 2 months after completion of training unless you are opening a Lab, which may require additional time to secure a location and complete all related build-out requirements. The time frame may be up to 120 days for a Lab development. The time frame to opening may be more or less depending on when you schedule to attend the initial training. The second training will be to work with you to train your instructors and to assist in some grand opening events that you will have booked prior to our travel to your location. We will work with you on your timing once you have determined the best days to schedule the initial training. Failure to open and begin operating the franchise within 120 days unless previously agreed to by us may result in termination of the franchise. Even if a Nutty Scientists Lab is being developed, we recommend you begin operations of the franchised business to create community awareness and develop an initial customer base.

## **Item 12**

### **TERRITORY**

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. We will grant only one Franchised Business for each 200 schools minimum. Streets, roads and highways, or city and county lines and zip code(s) will geographically define the territory. Franchisee may purchase up to three territories. We reserve the right to establish company-owned units, or to license other franchisees to establish Franchised Businesses, at any site we deem appropriate outside of the territory, regardless of the site's location to the boundaries of the existing territory. To relocate your business within your territory, you must obtain our permission. Upon your request to relocate the Retail Lab Space franchise, we will consider the proposed site you wish to relocate to and its lease, and any neighboring franchisee territories.

We may modify your territory and/or terminate your franchise should you fail open for business, operate continuously, develop the territory by marketing to all schools and potential customers, or fail to make the monthly royalty payments. Continued failure to pay the monthly Royalty Fee may be grounds for termination of the Franchise Agreement as detailed in Section 16.2.9 and 16.3.1 of the Franchise Agreement.

Other than above, there are no other circumstances that permit us to modify your territorial rights. We do not operate or franchise the operation of, or have any presently formulated plans or policy to operate or franchise the operation of, any Franchised Business or other channel of distribution selling or leasing similar products or services under the same and/or different trademarks; however, the Franchise Agreement contains no such limitations on us other than as stated above.

We may offer a first right of refusal on other areas, but we are not obligated to do so.

During the term of the Franchise Agreement, although we do not have any plans to do so at this time; we (and any affiliates that we periodically might have) have the right:


- (1) to establish and operate, and grant rights to other franchise owners to establish and operate, similar businesses inside or outside of the Territory on any terms and conditions we deem appropriate; up to the maximum allowed based on the number of schools per franchisee as stated above);
- (2) to own, acquire, establish and/or operate, and license others to establish and operate, businesses under proprietary marks other than the Proprietary Marks, whether such businesses are similar or different from the Franchised Business, at any location outside the Territory;
- (3) to sell Proprietary Products or Products using our Proprietary Marks or other proprietary marks that are different than our Proprietary Marks through any distribution channels (such as the Internet, catalogues, telemarketing, or other direct marketing) we think best, wherever located or operating, except not through franchised franchises (other than your franchise), the physical premises of which are located outside of your Territory, with no compensation to you;
- (4) to be acquired (regardless of the form of transaction) by a business identical or similar to Nutty Scientists franchises, except if the other business operates, franchises and/or licenses competitive businesses in your Territory; and
- (5) to engage in any other business activities not expressly prohibited by the Franchise Agreement, anywhere.

You may solicit customers and prospective customers in your Approved Area only. You may not engage in any promotional activities or sell products or services, whether directly or indirectly, through or on the Internet, catalogues, telemarketing, or other direct marketing outside of your Approved Area.

Neither we nor any affiliate of ours operate, franchise, or have plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those offered by our franchisees under this Disclosure Document.

### **Item 13** **TRADEMARKS**

We grant you the right to operate a franchise under the name Nutty Scientists. You may also use our other current or future trademarks to operate your franchise. By trademark Nutty Scientists means trade names, trademarks, service marks and logos used to identify your business. The following marks have been registered on the principal register of the United States Patent and Trademark Office (USPTO) by Santiago Martin, the founder of Fun Science in Spain and Nutty Scientists in the USA and our CFO. Mr. Martin has granted us an exclusive license to use and sublicense the Marks indefinitely during the full term of all franchise agreements signed by us. Although there are no plans to do so, should Mr. Martin terminate the license agreement with the franchisor, he has agreed in writing to allow all franchises to continue use of the trademark and your franchise rights will remain unaffected. We grant you a nontransferable, non-exclusive license to use, in the operation of your Franchise, during the term of the Franchise Agreement the trademarks, trade names, service marks, logo, and all advertising or other commercial symbols, which identify your Franchise Business as a Nutty Scientists franchisee.

Serial Number	Filing Date	Reg. Number	Registration Date	Mark	Goods & Services	First Use	Status
77832346	09/22/09	3795607	06/01/10		Education Services	12/14/08	Section 8 and 15 accepted 06/25/2014; Section 8 and 9 accepted 10/25/2019
77570792	09/16/08	3602414	04/07/09	Nutty Scientists	Education Services	01/11/08	Sections 8 and 15 accepted 07/16/14; Section 8 and 9 accepted 10/25/2019

We have filed all required affidavits and renewals for the Marks.

You must follow our rules when you use the Marks, including giving proper notices of trademark and service mark registration and obtaining fictitious or assumed name registrations required by law. You may not use any Mark in your corporate or legal business name; with modifying words, terms, designs, or symbols (except for those we license to you); in selling any unauthorized services or products; or as part of any domain name, homepage, electronic address, or otherwise in connection with a website.

There are no currently effective material determinations of the PTO, the Trademark Trial and Appeal Board,

the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation, involving the principal Marks. We do not actually know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state. No agreements limit our right to use or license the use of the trademarks. Our founder, Santiago Martin, has filed all affidavits and other documents required to maintain his interest in and to the Marks. All renewals have been filed for the Marks.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and you may not communicate with any person other than us, our attorneys, and your attorneys, regarding any infringement, challenge, or claim. We may, but are not required, take the action we deem appropriate (including no action) and control exclusively any litigation, PTO proceeding, or other administrative proceeding arising from any infringement, challenge, or claim. You must assist us in protecting and maintaining our interests in any litigation or PTO or other proceeding. We will reimburse you for your costs of taking any action that we ask you to take.

If it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or to use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your direct expenses of changing the Store's signs, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark.

We will reimburse you for all damages and expenses that you incur in any trademark infringement or unfair competition proceeding disputing your authorized use of any Mark under the Franchise Agreement if you have timely notified us of, and comply with our directions in responding to, the proceeding. At our option, we may defend and control the defense of any proceeding arising from your use of any Mark.

## **Item 14**

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

#### **Patents**

There are no patents or pending patent applications material to the Franchise. We do not have any pending patent applications that are material to the franchise.

#### **Copyrights**

We claim copyrights in the Operations Manual (which contains our trade secrets), handbooks, all franchise system websites, advertising and marketing materials, all or part of the Marks, and other portions of the Franchise System and other similar materials used in operating Nutty Scientists franchises. We have not registered these copyrights with the United States Registrar of Copyrights, but need not do so at this time to protect them. You may use these items only as we specify while operating your Business (and must stop using them if we so direct you).

There currently are no effective adverse determinations of the United States Copyright Office (Library of Congress) or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the Confidential Information (defined below) or copyrighted materials. We know of no infringing uses of our copyrights which could materially affect your using the copyrighted materials in any state. We need not protect or defend our copyrights, although we intend to do so if we determine that it is in the Franchise System's best interests. We may control any action involving the copyrights, even if you voluntarily bring the matter to our attention. We need not participate in your defense nor indemnify you for damages or expenses in a proceeding involving a copyright.

## **Confidential Information**

We consider certain of our technical knowledge to be proprietary and therefore, we may restrict the sources of supply of this knowledge. This includes educational program contents, program supports, entertainment contents and management and sales techniques. We will disclose to you certain confidential or proprietary information, trade secrets and know-how. Except as necessary in connection with the operation of the business and as we approve, you may not, during the term or at any time after the expiration or termination of the Franchise Agreement, regardless of the cause of termination, directly or indirectly, use for your own benefit or communicate or divulge to, or use for the benefit of any other person or entity, any trade secrets, confidential information, knowledge or know-how concerning the educational programs, program supports, entertainment contents or management and sales techniques. You may disclose to your employees only such confidential, proprietary or trade secret information as is necessary to operate the business and then only while the Franchise Agreement is in effect. Any and all information, knowledge, or know-how, including without limitation, materials, equipment, marketing, and other data, which we designate as secret or confidential will be deemed secret and confidential for purposes of the Franchise Agreement.

You must acknowledge the originality of the know-how and declare that you had no knowledge whatsoever about said know-how before signing this agreement.

### **Item 15**

## **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

The business shall at all times be under the direct supervision of you (or the controlling shareholder, member or partner if you are a corporation, or limited liability company or partnership). You (or the controlling shareholder, member or partner if you are a corporation, limited liability company or partnership) must devote your full time and efforts (excluding reasonable vacation periods) to oversee the operation and if determined by you, a trained manager of the business. Although we recommend it, you are not required to work in the business on a daily basis, but you must be trained in all aspects of the business to effectively oversee the daily operations and supervise your manager. Any of your employee/staff who assist, or run Nutty Scientists events (a "Monitor") must:

- (a) Be properly trained by you;
- (b) Have their identity disclosed to us; and
- (c) Execute, upon our request, an agreement in the form provided by us agreeing not to divulge any trade secret or confidential or proprietary information, including the contents of the Operating Manual, or to engage in or have any interest in any other similar business.

A Monitor is not your on-premises supervisor, and is therefore not required to complete our training program.

If you are a business entity, your on-premises supervisor need not have any equity interest in the Franchised Business; however your on-premises supervisor must be approved by us in writing before hiring. Your on-premises supervisor and certain key employees will be bound by the confidentiality and non-compete covenants of the Franchise Agreement and will execute our standard the confidentiality and non-competition agreement. Your on-premises supervisor is not required to attend and complete our initial training program, but we strongly recommend so.

If you are a corporation, partnership or limited liability company, each shareholder, partner or managing member must personally guarantee your obligations under the Franchise Agreement and also agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement, agree to be bound by the confidentiality and non-competition provisions of the Franchise Agreement and agree to certain restrictions on their ownership interests. We do not require your spouse to guarantee your obligations under the Franchise Agreement.

**Item 16**  
**RESTRICTIONS ON WHAT THE FRANCHISE MAY SELL**

You must offer for sale and sell only and all those techniques, services or products that we approve or specify. You may not offer for sale any techniques, services or products that we have not approved. We have the right to change the types of authorized techniques or services from time to time and there are no limits upon our right to do so. You must promptly implement these changes and must discontinue selling any products or services that we at any time decide to disapprove in writing. We do not impose any limits on the types of customers you may sell goods and services to.

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

This table lists certain important provisions of the Franchise Agreement. You should read these provisions in the agreements attached to this Disclosure Document.

**THE FRANCHISE RELATIONSHIP**

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
a. Length of the franchise term	Section 2.1	10 years
b. Renewal or extension of the term	Section 2.2	Agreements will be renewed additional 10-year terms.
c. Requirements for franchisee to renew or extend	Section 2.2	<p>The term “renewal” refers to extending our franchise relationship at the end of your initial term and any other renewal or extension of the initial term. Your successor franchise rights permit you to remain as a franchisee after the initial term of your Franchise Agreement expires.</p> <p>To renew your franchise for an additional 10-year term, you must (i) give us written notice of your election to renew at least 6 months but not more than 12 months before the end of the term of your Franchise Agreement, (ii) not have any past due monetary or other obligations to us or your landlord, if applicable, (iii) not be in default of the Franchise Agreement or any agreements with suppliers, (iv) execute a general release (subject to applicable state law), (v) execute our then-current form of Franchise Agreement, which may have materially different terms and conditions than the original Franchise Agreement you sign with us, (vi) comply with our then-current qualification and training requirements, (vii) upgrade any products and marketing materials as we require, and (viii) pay us a renewal fee equal to 25% of our Initial Franchise Fee.</p>
d. Termination by franchisee	Not Applicable	Subject to applicable state law.
e. Termination by franchisor without cause	Not Applicable	Not Applicable



Provision	Section in Franchise Agreement	Summary
f. Termination by franchisor with cause	Sections 16.1 and 16.2	You commit any of the following breaches: fail to complete all pre-opening obligations, fail to begin operation of the franchise; loss of your right to do or transact business; transfer any rights or obligations under the Agreement that is contrary to the terms of Section 15 in the Agreement; disclosing or divulging the contents of the Manuals or other confidential information; fails to comply with the covenants in Section 18.2 of the Agreement or fails to timely obtain execution of the covenants required under Section 18.5 of the Agreement; misuses or makes any unauthorized use of the Proprietary Marks or any other identifying characteristics of the System, operate the Franchised Business in a manner that materially impairs the reputation or goodwill associated with the System, Proprietary Marks, or our rights in those matters; If after curing a default according to Sections 16.3 or 16.4 of this Agreement, commits the same default again, whether or not cured after notice; Commits three (3) or more defaults under this Agreement in any twelve (12) month period, whether or not each such default has been cured after notice; ceases to operate or otherwise abandons the Franchised Business for a period of thirty (30) consecutive days unless such closure is approved in writing by Franchisor, or excused by <i>force majeure</i> ; breaches any material provision of this Agreement which breach is not susceptible to cure. This provision is subject to applicable state law.
g. “Cause” defined—curable defaults	Section 16.3 and 16.4	Failure to make or deliver required monthly reports; failure to make required royalty payments; failure to comply with operating standards and guidelines. This provision is subject to applicable state law.
h. “Cause” defined—non-curable defaults	Section 16.1	You become insolvent, make a general assignment for the benefit of creditors; file bankruptcy; if a receiver is appointed for your assets; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); if the franchise is dissolved; if execution is levied against your business or property; if suit to foreclose any lien or mortgage against the Premises or equipment is instituted against you and not dismissed within thirty (30) days; if the real or personal property of the Franchised Business will be sold after levy thereupon by any sheriff, marshal, or constable. This provision is subject to applicable state law.
i. Franchisee’s obligations on termination/non-renewal	Section 17	Stop operating, stop using the System, cancel assumed names, no use of proprietary marks or Trade Dress in other business, pay franchisor all amounts due, and return Manuals and Confidential Information, Comply with Covenants.
j. Assignment of contract by franchisor	Section 15.1	We have no restrictions on our right to assign the franchise agreements to a qualified buyer.
k. “Transfer” by franchisee—defined	Section 15.2	Under the Franchise Agreement, a transfer includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition, including transfer by reason of

Provision	Section in Franchise Agreement	Summary
		merger, consolidation, issuance of additional securities, death, disability, divorce, insolvency, foreclosure, surrender or by operation of law.
l. Franchisor approval of transfer by franchisee	Section 15.3	We will approve or disapprove within 30 days.
m. Conditions for franchisor approval of transfer	Section 15.2	We have no obligation to approve any candidate.
n. Franchisor's right of first refusal to acquire franchisee's business	Sections 15.5	We have the right to first refusal in all cases mentioned in Sections 11-1 and 11-2 of the franchise agreement.
o. Franchisor's option to purchase franchisee's business	Section 15.5	We are not obligated to purchase your business.
p. Death or disability of franchisee	Section 15.8	Upon death or disability of a Principal owner, your or the Principal's executor or personal representative must transfer the ownership interest within 6 months of date of death or disability.
q. Non-competition covenants during the term of the franchise	Section 18.2	Non-compete in a similar business. This provision is subject to applicable state law.
r. Non-competition covenants after the franchise is terminated or expires	Section 18.3	Covenants will apply for a two-year period after termination the agreement. This provision is subject to applicable state law.
s. Modification of the agreement	Sections 8.12, 28.4 and 28.6	No modification allowed without prior written consent of both parties.
t. Integration/merger clause	Section 25	Only the terms of the Franchise Agreement (including the Operations Manual) are binding (subject to applicable state law). Any statements or promises not in the Franchise Agreement or this disclosure document may not be enforceable. Nothing in the Franchise or any other agreement is intended to disclaim the representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	Section 27	All controversies, disputes or claims between us must be submitted for non-binding mediation first and, if not resolution is achieved, then binding arbitration to the American Arbitration Association on demand of either party. This provision is subject to applicable state law.
v. Choice of forum	Section 27.1	All proceedings will be conducted at a suitable location chosen by the arbitrator in or within 5 miles of our then-current principal place of business, which is currently in Doral, Florida. This provision is subject to applicable state law.
w. Choice of law	Section 27.1	Except for the Federal Arbitration Act and other federal law, the law of the State of Florida governs. This provision is subject to applicable state law.

**Item 18**  
**PUBLIC FIGURES**

We do not currently use any public figures to promote the sale of our franchises, but we reserve the right to do so in the future.

**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.

**Franchised Location**

The following is an historical financial performance representation that show the gross revenues of our one franchisee opened for the entire 2023 fiscal year, Nutty Scientists of Southeast Michigan, for the fiscal years ending December 31, 2023, December 31, 2022, and December 31, 2021. Our franchisee opened for business on March 14, 2014 and pays monthly Royalty Fees equal to the greater of 6% of Gross Revenue or \$220. This franchise is a home-based business, and their territory size and the products and services they offer are similar to those offered in this Disclosure Document.

<b>Fiscal Year</b>	<b>Gross Revenue</b>
2023	\$266,921.56
2022	\$262,321.29
2021	\$210,577.54

In the fiscal year 2023, Nutty Scientists of Southeast Michigan had a gross margin of 69.75%.

**Affiliate Location**

The following is an historical financial performance representation that show the gross revenues of our affiliate, Interactive Children Education and Entertainment Corp. for the entire 2023 fiscal year. Interactive Children Education and Entertainment Corp. opened in November 2008 but was closed during the 2021 and 2022 fiscal years due to COVID. Our affiliate reopened in 2023 and achieved Gross Revenue of \$298,301 during the 2023 fiscal year.

**Notes**

“Gross Revenues” means the total of all revenues and income from Birthday Parties, After School programs, Workshops, Special Events, Camps, Merchandise, Government grants, sponsorships, trade transactions and other sums derived from providing educational and entertainment services and related merchandise to customers or any other source, whether or not sold or performed at or from the Nutty Scientists Franchised Business and whether received in cash, in services, or credit (whether or not payment is received), or otherwise.

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

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

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize any employee or representative to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, they may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the management by contacting the Franchise Administration Department at 10773 NW 58th ST #132, Doral, FL 33178; or at [info@nuttyscientists.com](mailto:info@nuttyscientists.com), the Federal Trade Commission, and the appropriate state regulatory agencies.

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

**TABLE 1**  
**System wide Outlet Summary for Years 2021 to 2023**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	3	1	-2
	2022	1	1	0
	2023	1	5	+4
Company-Owned	2021	1	1	0
	2022	1	1	0
	2023	1	1	0
Total Outlets	2021	4	2	-2
	2022	2	2	0
	2023	2	6	+4

**TABLE 2**  
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
**For Years 2021 to 2023**

State	Year	Number of Transfers
All States	2021	0
	2022	0
	2023	0
TOTAL	2021	0
	2022	0
	2023	0

*[Remainder of page intentionally left blank]*

**TABLE 3**  
**Status of Franchised Outlets for Years 2021 to 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
CALIFORNIA	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
GEORGIA	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
NEW YORK	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
MICHIGAN	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
MISSOURI	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
TEXAS	2021	2	0	0	0	0	2	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Totals	2021	3	0	0	0	0	2	1
	2022	1	0	0	0	0	0	1
	2023	1	4	0	0	0	0	5

**TABLE 4**  
**Status of Company Owned Outlets for years 2021 to 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
FLORIDA	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Totals	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1

*[Remainder of page intentionally left blank]*

**TABLE 5**  
**Projected New Franchised Outlets as of December 31, 2023**

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company – Owned Outlets in the Next Fiscal Year
ALABAMA	1	0	0
CALIFORNIA	0	2	0
FLORIDA	0	2	0
ILLINOIS	0	1	0
MARYLAND	0	1	0
MASSACHUSETTS	0	1	0
NEW YORK	0	1	0
PUERTO RICO	1	0	0
SOUTH CAROLINA	0	1	0
TEXAS	0	2	0
VIRGINIA	0	1	0
Total	2	12	0

Exhibit E lists the names of all of our operating franchisees and the physical addresses and email addresses of their Stores as of December 31, 2023. Exhibit E also lists the franchisees who have signed Franchise Agreements for Stores which were not yet operational as of December 31, 2023. Exhibit E also lists the name, city and state, and email addresses of every franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date 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 3 fiscal years, we have not signed any confidentiality clauses with current or former franchisees, which would restrict them from speaking openly with you about their experience with us.

There are no trademark-specific franchisee organizations associated with this franchise system.

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

Attached to this Disclosure Document as Exhibit D are our unaudited Statement of Assets, Liabilities and Equity as of March 31, 2024, our unaudited Statement of Revenues and Expenses for the period between January 1, 2024 to March 31, 2024, and our audited financial statements as of December 31, 2023, December 31, 2022, and December 31, 2021. Our fiscal year end is December 31.

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

Exhibit B – Franchise Agreement.

Attachments to the Franchise Agreement:

Exhibit A. Territory

Exhibit B. List of Franchisee’s Principals

Exhibit C. Guaranty  
Exhibit D. Owners  
Exhibit E. Confidentiality and non-compete agreement  
Exhibit F. Logo and Marks  
Exhibit F – State Specific Addenda  
Exhibit G – General Release

**Item 23**  
**RECEIPTS**

Attached at the very end of this disclosure document is a Receipt acknowledging your receipt of this disclosure document.

**EXHIBIT A**  
**TO THE DISCLOSURE DOCUMENT**

**LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS**

<p>CALIFORNIA Department of Financial Protection and Innovation One Sansome Street, Ste. 600 San Francisco, CA 94104 (415) 972-8559</p> <p>Department of Financial Protection and Innovation 320 W. 4<sup>th</sup> Street, Suite 750 Los Angeles, California 90013</p> <p>Department of Financial Protection and Innovation 2101 Arena Boulevard Sacramento, California 95834 (866) 275-2677 Toll Free</p> <p>Agent: Commissioner of Financial Protection and Innovation</p>	<p>MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360 Agent: Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020</p>
<p>HAWAII Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 (agent for service of process) Commissioner of Securities State of Hawaii 335 Merchant Street Honolulu, Hawaii 96813 (808) 586-2722</p>	<p>MICHIGAN Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street, 6<sup>th</sup> Floor Lansing, Michigan 48933 (517) 373-7117 (for service of process) Corporations Division Bureau of Commercial Services Department of Labor and Economic Growth P.O. Box 30054 Lansing, Michigan 48909</p>
<p>ILLINOIS Franchise Division Office of Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465 Agent: Illinois Attorney General</p>	<p>MINNESOTA Minnesota Department of Commerce 85 7<sup>th</sup> Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600 (for service of process) Minnesota Commissioner of Commerce</p>



<p>INDIANA Franchise Section Indiana Securities Division Room E-111 302 West Washington Street Indianapolis, Indiana 46204 (317) 232-6681 Agent: Indiana Secretary of State Indiana Securities Division 201 State House Indianapolis, IN 46204</p>	<p>NEBRASKA Nebraska Department of Banking and Finance 1200 N Street P.O. Box 95006 Lincoln, Nebraska 68509-5006</p>
<p>NEW YORK  NYS Department of Law Investor Protection Bureau 28 Liberty Street 21st Floor New York, New York 10005 (212) 416-8222 Phone (212) 416-6042 Fax  (for service of process) Secretary of State 99 Washington Avenue Albany, New York 12231</p>	<p>SOUTH DAKOTA  Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, South Dakota 57501 (605) 773-3563  (for service of process) Director of the Division of Insurance</p>
<p>NORTH DAKOTA Office of Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, North Dakota 58505 (701) 328-2910 Agent: North Dakota Securities Commissioner</p>	<p>TEXAS Secretary of State P.O. Box 12887 Austin, Texas 78711</p>
<p>OREGON Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387 Agent: Director of Oregon Department of Insurance and Finance</p>	<p>VIRGINIA State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9<sup>th</sup> Floor Richmond, Virginia 23219 (804) 371-9051 Agent: Clerk of the State Corporation Commission 1300 E Main St., 1<sup>st</sup> Fl. Richmond, VA 23219 Tel: (804) 371-9733</p>
<p>RHODE ISLAND State of Rhode Island and Providence Plantations Department of Business Regulation 1511 Pontiac Avenue, Bldg. 69-1 Cranston, Rhode Island 02920 (401) 462-9527</p>	<p>WASHINGTON Director Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, Washington 98504-1200 (360) 902-8760 Agent: Securities Administrator, Director of Department of Financial Institutions</p>

<p> WISCONSIN  Division of Securities  Department of Financial Institutions  201 W. Washington Ave., Suite 300  Madison, Wisconsin 53703  (608) 266-1064  (for service of process)  Administrator, Division of Securities  Department of Financial Institutions  345 W. Washington Ave., 4<sup>th</sup> Floor  Madison, Wisconsin 53703 </p>	<p> NORTH CAROLINA  Department of the Secretary of State  PO Box 29622  Raleigh, NC 27626-0622 </p>
<p> CONNECTICUT  State of Connecticut  Department of Banking  Securities &amp; Business Investments Division  260 Constitution Plaza  Hartford, CT 06103-1800  (860) 240-8230  Agent: Banking Commissioner </p>	

**EXHIBIT B**

**INTERACTIVE CHILDREN EDUCATION AND ENTERTAINMENT CORP.**

**FRANCHISE AGREEMENT**

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**EXHIBITS TO THE FRANCHISE AGREEMENT**

- EXHIBIT A – TERRITORY
- EXHIBIT B – LIST OF FRANCHISEE’S PRINCIPALS
- EXHIBIT C – GUARANTY
- EXHIBIT D – OWNERS
- EXHIBIT E – CONFIDENTIALITY AND NON-COMPETE AGREEMENTS
- EXHIBIT F – LOGO AND MARKS

## FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the “**Agreement**”) is made and entered into on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the “**Effective Date**”), by and between:

- ♦ Interactive Children Education and Entertainment Corp., a Florida corporation, having its principal place of business at 10773 NW 58th ST #132, Doral, FL 33178 (the “Franchisor”),

; and

- ♦ \_\_\_\_\_ a [resident of]  
[corporation organized in] [limited liability company organized in] [select one], having offices at \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ (“**Franchisee**”).

Franchisor advises Franchisee that if the Franchise Agreement is entered into with an individual franchisee, the Franchisee may not be eligible for Small Business Administration (SBA) financing, as the SBA does not extend loans to individuals.

### BACKGROUND:

A. Franchisor and its predecessor Fun Science; located in Europe, have developed and owns a format and system (the “**System**”) relating to the establishment and operation of a business designed to offer entertainment-oriented educational programs (the “**Programs**”) in almost every area of scientific thought as well as environmental programs, health and habit creator programs and nutrition, with the objective of leading children between the ages of 4 to 17, to discover and enjoy science under the Mark “Nutty Scientists”. The programs are offered through birthday parties, after school programs, workshops and other similar programs for children. The franchise will operate under the Proprietary Mark(s) “Nutty Scientists®”

B. The distinguishing characteristics of the System include standards of operations, techniques and specifications for the System; uniform standards, specifications, and procedures for operations; procedures for inventory and control; training and assistance; certain specialty products (the “**Products**”); and marketing and promotional programs; all of which may be changed, improved, and further developed by Franchisor from time to time.

C. The System is identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System including the mark “Nutty Scientists” and other marks (the “**Proprietary Marks**”). The Proprietary Marks are owned by an officer of Franchisor Santiago Martin (“**Santiago**”) and Santiago has signed a license agreement with Nutty Scientists to use and license its franchisees the use of the Proprietary Marks in the operation of the Nutty Scientists franchised business.

D. Franchisee desires to enter into the business of operating as a “Nutty Scientists” franchisee under the System and using the Proprietary Marks, and wishes to enter into this agreement with Franchisor for that purpose and to receive the training and other assistance provided by Franchisor in connection therewith.

E. Franchisee understands and acknowledges the importance of the high standards of Franchisor for quality, appearance, and service; and the necessity of operating the business franchised by this Agreement in conformity with the standards and specifications of Franchisor.

F. Franchisee acknowledges that Franchisee has no knowledge whatsoever about the specific managing techniques of the services operating under the System before signing this Franchise Agreement, and consequently

acknowledges that Franchisee shall learn from Franchisor what is necessary in order to achieve full performance with the Franchise.

**NOW, THEREFORE**, the parties agree as follows:

## SECTION 1 - GRANT

1.1 **Grant and Acceptance.** Franchisor grants to Franchisee the right, and Franchisee by this agreement undertakes the obligation, on the terms and conditions set forth in this Agreement to: (a) establish and operate a Nutty Scientists franchise (the “**Franchised Business**”), (b) use, only in connection therewith, the Proprietary Marks and the System, as they may be changed, improved, or further developed from time to time by Franchisor; and (c) operate the Franchised Business only within the Approved Area (as defined in Section 1.2 below) in accordance with this Agreement.

1.2 **Approved Area.** Franchisee agrees to develop and operate the Franchised Business only in the area specified in Exhibit A to this Agreement as the “**Approved Area**”. Franchisee will not relocate the Franchised Business without Franchisor’s prior written consent and/or otherwise in writing by Franchisor, as provided in Section 8.10 below. The Approved Area will consist of an Approved Area based on a minimum of 200 pre-school, elementary and secondary schools (the “**Schools**”), and will be defined by streets and zip codes. The Approved Area may be a commercial location that will be operated under the name “The Nutty Scientists Lab”. Franchisee can purchase up to three territories with significant discounts.

1.2.1 If Franchisee obtains the opportunity to offer its services (other than Birthday Parties and Schools, see below) outside of its Approved Area notwithstanding its lack of marketing there, it shall pay a commission to the franchisee who has the Approved Area in which the services are performed. The commission shall be 10% of Gross Revenues from those services, paid to the other franchisee within 10 days following payment to Franchisee. Payment shall be accompanied by a written explanation of the commissioned amount, and Franchisee shall at the same time, provide a copy of that written explanation to Franchisor. Any dispute regarding commissions to adjoining Approved Area franchisees shall be submitted to Franchisor, who shall resolve that dispute, in Franchisor’s sole and absolute discretion.

1.3 **Limit on Sales.** Franchisee’s rights in this Agreement will be limited to offering and selling the Programs, Products and Services offered by the franchise and as outlined in the proprietary Operations Manual (the “**Manual**”) provided by Franchisor, and only within the Approved Area. Franchisee will not, without the prior written approval of Franchisor, engage in any other type of sale, or offer to sell, or distribution of science activity related programs, services or products.

1.4 **Approved Area and Reserved Rights.** Except as otherwise provided in this Agreement, during the term of this Agreement, Franchisor will not establish or operate, nor license more than one (1) franchisee per 200 schools in the Approved Area to operate a Nutty Scientists franchise. See Exhibit A (the “**Approved Area**”). Franchisor retains the rights, among others, on any terms and conditions Franchisor deems advisable, and without granting Franchisee any rights:

1.4.1 To own, acquire, establish, and/or operate and license others to establish and operate, Nutty Scientists Franchises under the System at any location within or outside of the Approved Area based on the minimum number of schools for each Nutty Scientists franchise;

1.4.2 To own, acquire, establish and/or operate, and license others to establish and operate, businesses under proprietary marks other than the Proprietary Marks, whether such businesses are similar or different from the Franchised Business, at any location outside the Approved Area.

1.4.3 To sell the Products or Programs through any distribution channels Franchisor thinks best; except through a franchise located within Franchisee’s Approved Area.

1.4.4 To be acquired (regardless of the form of transaction) by a business identical or similar to Nutty Scientists franchises, except if the other business operates, franchises and/or licenses competitive businesses in your Approved Area; and

1.4.5 To engage in any other business activities not expressly prohibited by this Franchise Agreement, anywhere.

## SECTION 2 - TERM AND RENEWAL

2.1 **Initial Term.** This Agreement will be in effect on its acceptance and execution by Franchisor and, except as otherwise provided in this Agreement, this Agreement will expire ten (10) years from the Effective Date.

2.2 **Renewal.** The term “renewal” refers to extending Franchisor’s and Franchisee’s franchise relationship at the end of Franchisee’s initial term and any other renewal or extension of the initial term. Franchisee’s successor franchise rights permit Franchisee to remain as a franchisee after the initial term of Franchisee’s Franchise Agreement expires. Franchisee may apply to operate the Franchised Business for successive additional terms of ten (10) years each if the following conditions are met before each renewal:

2.2.1 Franchisee will give Franchisor written notice of Franchisee’s election to renew at least six (6) months, but not more than twelve (12) months, before the end of the term of this Agreement;

2.2.2 Franchisee will not have any past due monetary obligations or other outstanding obligations to Franchisor and its affiliate, the approved suppliers of the System, if any, or the landlord of the Premises if you lease a location to operate the franchise;

2.2.3 Franchisee will not be in default of any provision of this Agreement, or successor of this Agreement, or any other agreement between Franchisee and Franchisor or its affiliate, the approved suppliers of the System, or the landlord of the Premises; and Franchisee will have substantially complied with all the terms and conditions of such agreements during the terms of this Agreement;

2.2.4 Franchisee will execute a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its affiliates, and its respective officers, directors, agents, and employees;

2.2.5 Franchisee will execute the then-current form of franchise agreement offered by Franchisor, which will supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement including requirements to pay additional and/or higher fees;

2.2.6 Franchisee will comply with the then-current qualification and training requirements of Franchisor;

2.2.7 Franchisee will upgrade any products, and marketing materials as Franchisor may reasonably require;

2.2.8 Franchisee will pay Franchisor a renewal fee of 25% of the initial franchise fee paid under this Agreement upon signing the new franchise agreement.

## SECTION 3 - DUTIES OF FRANCHISOR

3.1 **Initial Business Set-up.** Franchisor will make available, at no charge to Franchisee, specifications for the basic business set-up and computer equipment required to operate the business; though Franchisee is under no obligation to purchase from any specific supplier or manufacturer. Franchisee acknowledges that such standard specifications may not meet the requirements of any federal, state or local law, code or regulation.

3.2 **Initial Training.** Franchisor will provide its initial training for Franchisee (“**Initial Training**”), as described in Section 6 of this Agreement. Franchisor will also provide such ongoing training as it may, from time to time, deem appropriate.



3.2.1 Franchisee may request additional training at Franchisee's location and agrees to pay Franchisor \$500 per day; for a minimum of two (2) days, and pay all travel expenses for on-site training.

3.3 **Loan of Manuals.** Franchisor will provide Franchisee, on loan, a copy of the Franchisor's confidential operations manual and written policies and correspondence located on the Franchisor's secure Intranet Lab (collectively, the "**Manuals**"), as more fully described in Section 10 in this Agreement.

3.4 **Advertising Programs and Materials.** Franchisor will review and will have the right to approve or disapprove all advertising and promotional materials that Franchisee proposes to use, as specified in Section 13 of this Agreement. Franchisor will administer the National or Cooperative Ad Funds, if such funds exist or are created, in the manner set forth in Section 13 of this Agreement.

3.5 **Guidance.** Franchisor may provide periodic advice or offer guidance to Franchisee in the marketing, management, and operation of the Franchised Business as Franchisor determines at the time(s) and in the manner determined by Franchisor.

3.6 **Inspections.** Franchisor will conduct, as it deems advisable, inspections of the operation of the Franchised Business by Franchisee.

3.7 **Equipment Package.** Upon execution of the Franchise Agreement, Franchisee will purchase from Franchisor an Initial Equipment Package consisting of the following.

- 1 set of Professional Laboratory Items (Van der Graaf, Leyden Jar, Flask, other laboratory items)
- Branded Items for events: Tablecloth, Nutty Scientists pop up, Laboratory Backdrop, 3 - Adult Lab Coats, 2 Little Scientists Lab coats 4 – Adult T-shirts
- Samples of branded Marketing materials: Nutty Scientists Folders, Nutty Stickers, Birthday Party Flyer, After School Activity Flyer, Summer Camp Flyer, Set of Diplomas.
- Complete access to all scripts, shows, programs, camps and activities located on our secure Intranet and any new shows, programs, scripts, camps and activities as they are developed.
- Custom Micro Website for your specific location (editable by you)

3.8 **Location Design.** Franchisor will provide Franchisee with basic design plans, material list and layout concept of the Nutty Scientists Lab if Franchisee determines now or in the future to open a Nutty Scientists Lab outlet in its Approved Area.

## SECTION 4 - FEES

4.1 **Initial Franchise Fee and Other Fees.** The initial franchise fee will be Thirty-Five Thousand Dollars (\$35,000) for all franchisees. The Franchise Fee will be paid in full on the execution of this Agreement but no later than thirty (30) days prior to attending the initial training program.

4.2 **Training, Equipment, Supply and Micro Website fee.** A fee of Ten Thousand (\$10,000) is to be paid for the onsite training, micro website and the equipment and supply package provided to Franchisee by Franchisor no later than thirty (30) days prior to attending the initial training program.

4.3 **Refundability.** Payment of the Franchise Fee will be non-refundable in consideration of administrative and other expenses incurred by Franchisor in granting this franchise and for Franchisor's lost or deferred opportunity to franchise others.

4.4 **Royalty Fees.** Franchisee will pay to Franchisor, without offset, credit or deduction of any nature, so long as this Agreement shall be in effect, a Royalty Fee equal to the greater of (i) eight percent (8%) (see 4.4.1 below) of the monthly Gross Revenues derived from the Franchised Business or (ii) the minimum monthly Royalty Fee set forth in Section 4.4.2. The Royalty Fee will be paid monthly, in the manner specified below, or as otherwise prescribed in the Manual. Franchisor reserves the right, in its discretion, to require that the Royalty Fee be paid weekly.

Franchisee will use its best efforts to maximize Gross Revenues. The minimum monthly Royalty Fee may be increased annually according to the Consumer Price Index.

4.4.1. On or before the fifth (5<sup>th</sup>) day of each month; beginning the tenth (10<sup>th</sup>) month after signing this Franchise Agreement for the ninth (9<sup>th</sup>) month of gross revenues, Franchisee will submit to Franchisor, on a form approved by Franchisor, a correct statement, signed electronically or manually by Franchisee, of Franchisee's Gross Revenues for the preceding month. Each monthly statement of Gross Revenues shall be accompanied by the Royalty Fee payment based on the Gross Revenues reported in the statement so submitted and any monthly reports outlined in the Manual. Franchisee will make available to Franchisor all original books and records that Franchisor may deem necessary to ascertain Franchisee's Gross Revenues for reasonable inspection at reasonable times.

1.4.2. Franchisee's minimum monthly Royalty Fee during the term of this Agreement shall be as follows:

.a Zero dollars (\$0) per month for the first six (6) months after the Effective Date of this Agreement.

b One hundred dollars (\$100) per month from the seventh (7<sup>th</sup>) month through the twelfth (12<sup>th</sup>) month after the Effective Date of this Agreement.

c Two hundred and fifty dollars (\$250) per month during the second (2<sup>nd</sup>) year after the Effective Date of this Agreement.

d Four hundred dollars (\$400) per month during the third (3<sup>rd</sup>) year after the Effective Date of this Agreement.

e Six hundred dollars (\$600) per month during the fourth (4<sup>th</sup>) year after the Effective Date of this Agreement.

f Seven hundred dollars (\$700) per month during the fifth (5<sup>th</sup>) year after the Effective Date of this Agreement and continuing through the remainder of the term of this Agreement.

4.4.3. The term "**Gross Revenues**", as used herein and throughout this Agreement, shall mean and include the total of all revenues and income from the sale of all program fees, party charges, merchandise, government grants, sponsorships, trade transactions, and other sums derived from providing educational and entertainment services and related merchandise, food, drinks, etc., to customers of Franchisee or any other source, whether or not sold or performed at or from the Nutty Scientists Franchised Business and whether received in cash, in services, on credit (whether or not payment is received therefore), or otherwise. There will be deducted from Gross Revenues for purposes of said computation (but only to the extent they have been included) the amount of all free passes to non-profit groups, tips, sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if such taxes are separately stated when the customer is charged and if such taxes are paid to the appropriate taxing authority. There will be further deducted from Gross Revenues the amount of any documented refunds, chargeback, credits and allowances given in good faith to customers by Franchisee.

4.4.3.a When/If a Lab location is opened, Franchisee is authorized to set up a retail location and a Nutty Scientists Café to offer branded items and approved retail items as well as coffee, tea and other food and drink items. Franchisee understands and agrees that all merchandise, food or otherwise sold in or from the Lab location will be included as Gross Revenues and included in all reports and royalty payments to Franchisor.

4.4.4. Franchisee shall pay a late fee of Fifty dollars (\$50) for any Royalty Fees received more than five (5) business days late after the applicable due date. Franchisee acknowledges that this Paragraph 4 shall not constitute an agreement by Franchisor to accept such payments after same are due or a commitment by Franchisor to extend credit to or otherwise finance Franchisee's operation of the Franchised Business. Further, Franchisee acknowledges that its failure to pay all amounts when due may constitute cause for termination of this Agreement, as provided in Paragraph 16.3.1, hereof, notwithstanding the provisions of this Paragraph 4.

4.4.5. All other amounts owed by Franchisee to Franchisor including but not limited to, franchise fees, amounts for any product and/or equipment purchases, and technology fund contributions that are not paid when due, shall bear interest at the rate of Eighteen percent (18%) per annum, or at the maximum rate permitted by law.

4.4.6. In the future, all Royalty Fees, advertising contributions, amounts due for purchases by Franchisee from Franchisor and other amounts which Franchisee owes to Franchisor may be required to be paid through an Electronic Depository Transfer Account (“Electronic Depository Transfer Account”) as further described in the Manual. Payment for all amounts owed to Franchisor shall be in accordance with the procedures set forth in the Manual, and possible payment methods include electronic funds transfer, credit card, check, certified check, money order or wire transfer. We reserve the right to modify the payment method or payment period.

4.4.7. Notwithstanding any designation by Franchisee, Franchisor shall have the sole discretion to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fees, advertising contributions, purchases from Franchisor, interest or any other indebtedness.

4.4.8. Notwithstanding any designation by you, we (and/or any affiliate) can apply any payments received from you, whether designated as payable to us, or otherwise, to any past due or other indebtedness of yours (or any affiliate of yours) for Royalty Fees, marketing contributions, purchases, interest or otherwise, as we choose in our sole and absolute discretion. We (and/or any affiliate) can set off, from any amounts that may be owed to you (or any affiliate of yours), any amount that you owe to us (and/or any affiliate) or with respect to any marketing contribution or otherwise. We can retain any amounts we have received for your account (whether rebates or other funds and whether paid by or due from suppliers or otherwise), as a credit and payment against any amounts that you (or any affiliate of yours) owe or will owe to us (or any affiliate) or with respect to any marketing contribution, without notice and at any time.

4.4.9. Unless expressly provided otherwise or unless we consent in writing to the contrary, all amounts due us and/or any affiliate will be paid in the designated amount in United States Dollars and all references to any amounts shall be deemed to be references to United States Dollars.

4.5 **Local Advertising.** Franchisee agrees to spend a minimum of two percent 2% of gross revenues or \$300 every quarter on local advertising, whichever is greater. Franchisee agrees to submit copy of all ads and receipts for advertising spent in Franchisee’s local market each month with the submission of Franchisees Monthly Gross Revenues Report.

4.6 **When Payments Due.** All payments required under this Franchise Agreement will be due by Check, Credit Card, direct debit or bank wire transfer.

4.7 **Police Report.** Prior to the final approval and signing of this Franchise Agreement, Franchisee agrees to deliver to Franchisor, a certified police report and criminal background check on Franchisee and any partners, employees or other individuals who will be involved in the business. Upon receipt of this report, Franchisor will issue the final approval on your Franchise. Franchisee will use the approved supplier of Franchisor for these services as outlined in the Operations Manual and agrees to have police and criminal background checks completed on employees on an annual basis.

## SECTION 5 - LOCATION AND OPENING OF BUSINESS

5.1 **Location.** Franchisor will neither approve nor disapprove any particular site for the operation of the Franchised Business except in the case of the Nutty Scientists Lab, but will review sites with Franchisee at Franchisee request and make suggestions to appropriate sites. Unless Franchisee is establishing a Nutty Scientists Lab, Franchisor suggests that Franchisee operate from a home based office.

5.1.1 Franchisee will comply with all federal, state and local laws, codes and regulations, regarding the operation of the Franchised Business; including any business licenses as may be required by local municipalities.

5.1.2 Franchisee will be responsible for obtaining all zoning classifications and clearances that may be required by state or local laws, ordinances, or regulations or that may be necessary to operate the business.

5.1.3 Franchisee may establish and operate a retail location called The Nutty Scientists Lab which will be designed and built out according to the design specifications of Franchisor and as outlined in the Nutty Scientists Lab development package. Franchisor will have the right but not the obligation to approve the location of the retail site.

5.1.4 Franchisee agrees to design, develop and open the Nutty Scientists Lab according to the specifications from Franchisor and to secure all permits, insurance and licensing as may be required in Franchisees local territory and to provide Franchisor with written documentation and copies of all leases, insurance, design, development and other required documentation as Franchisor may require.

5.2 **Opening Date.** Unless delayed by the occurrence of events constituting “force majeure” as defined in Section 5.3 below, Franchisee will begin operating the Franchised Business within two (2) months following the completion of training. The Nutty Scientists Lab will not need to be developed or completed before Franchisee begins operations of the Franchised Business.

5.3 **Force Majeure.** As used in this Agreement, “force majeure” means an act of God, war, civil disturbance, act of terrorism, government action, fire, flood, accident, hurricane, earthquake, or other calamity, strike or other labor dispute, or any other cause beyond the reasonable control of Franchisee; provided, however, force majeure will not include Franchisee’s lack of adequate financing.

## SECTION 6 - TRAINING

6.1 **Initial Training and Attendees.** Before opening the Franchised Business, Franchisee will have satisfied an all initial training obligation in 6.1.1 required by Franchisor, which are as follows:

6.1.1 Franchisee (or, if Franchisee is other than an individual, the Designated Principal (defined in Section 8.3 below), will attend and successfully complete, to Franchisor’s satisfaction, the initial training program offered by Franchisor within 90 days of signing this Franchise Agreement. Franchisee will be open for business and ready to sell and market the business after the initial training.

6.2 **Training Costs.** The cost of all training (instruction and required materials) is described in Section 4.1.1 above. All other expenses incurred in connection with training, including without limitation the costs of transportation, lodging, meals, wages, and worker’s compensation insurance, will be borne directly by Franchisee.

6.3 **First Training.** All training programs will be at such times as may be designated by Franchisor. First training programs will be provided online.

6.4 **Second Training. On-site Training.** Franchisor will provide a second training course in Franchisee’s location to assist in organizing Franchisee’s grand opening and marketing activities and to provide hands-on training of Franchisee’s Nutty Scientists assistants (the “Monitors”) who will assist with Franchisee’s delivery of the Programs.

6.5 **Additional Training** If Franchisee requests that Franchisor provide additional on-site training or that any other training programs offered or required by Franchisor be conducted for Franchisee at the Franchised Business, and Franchisor does so, then Franchisee agrees that it will pay Franchisor’s then-current per diem charges and out-of-pocket expenses, which will be as set forth in the Manual or otherwise in writing.

## SECTION 7 -TECHNOLOGY

7.1 **Computer Systems and Required Software.** The following terms and conditions will apply with respect to the Computer System and Required Software:

7.1.1 Franchisor does not require that Franchisee purchase or own any specific brand of computer to operate the business but may do so in the future to automate the system for uniformity with all locations. Franchisee must have hi-speed internet access.

7.1.2 Franchisee will record all sales into QuickBooks online which is required to be subscribed to and accessed through Franchisee's computer system.

7.2 **Data.** Franchisor may, from time-to-time, specify in the Manual or otherwise in writing the information that Franchisee will collect and maintain on the Computer System installed at the Franchised Business, and Franchisee will provide to Franchisor such reports as Franchisor may reasonably request from the data so collected and maintained. All data pertaining to the Franchised Business and all data created or collected by Franchisee in connection with the Franchisee's operation of the business is and will be owned exclusively by Franchisor, and Franchisor will have the right to use such data in any manner that Franchisor deems appropriate without compensation to Franchisee. Copies of such data must be provided to Franchisor on Franchisor's request.

7.3 **Privacy.** Franchisee will abide by all applicable laws pertaining to privacy of information collected or maintained regarding customers or other individuals ("Privacy"), and will comply with Franchisor's standards and policies pertaining to Privacy. If there is a conflict between Franchisor's standards and policies pertaining to Privacy and applicable law, Franchisee will: (a) comply with the requirements of applicable law; (b) immediately give Franchisor written notice of the conflict; and (c) promptly and fully cooperate with Franchisor and Franchisor's counsel as Franchisor may request to assist Franchisor in its determination regarding the most effective way, if any, to meet Franchisor's standards and policies pertaining to Privacy within the bounds of applicable law.

7.4 **Telecommunications.** Franchisee will comply with Franchisor's requirements (as set forth in the Manual or otherwise in writing) with respect to establishing and maintaining telecommunications connections between Franchisee's Computer System and Franchisor's Intranet (as defined below), if any, and/or such other computer systems as Franchisor may reasonably require.

7.5 **Intranet.** Franchisor has established a website providing private and secure communications between Franchisor, Franchisee, franchisees, licensees and other persons and entities as determined by Franchisor, in its sole discretion (an "Intranet"). Franchisee will comply with Franchisor's requirements (as set forth in the Manual or otherwise in writing) with respect to connecting to the Intranet, and utilizing the Intranet in connection with the operation of the Franchised Business. The Intranet includes, without limitation, the Manuals, training, other assistance materials, and management reporting solutions (both upstream and downstream, as Franchisor may direct).

7.6 **Websites.** As used in this Agreement, the term "Website" ([www.nuttyscientists.com](http://www.nuttyscientists.com)) means an interactive electronic document, series of symbols, or otherwise, that is contained in a network of computers linked by communications software. The term Website includes, but is not limited to, Internet and World Wide Web home pages. In connection with any Website, Franchisee agrees to the following:

7.6.1 Franchisor has established and will continue to maintain all Websites related to the Nutty Scientists business and the services promoted by the Nutty Scientists franchisees. Franchisor will have the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage; Franchisor will also have the right to discontinue operation of the website.

7.6.2 Franchisor will establish Franchisee micro-sites that will be in a Word Press format allowing Franchisee to make certain modifications to their particular location, services, hours and programs with Franchisor's approval. Such web page(s) to be located within Franchisor's Website. Franchisee will comply with Franchisor's policies with respect to the creation, maintenance and content of any such web pages; and Franchisor's will have the right to refuse to post and/or discontinue posting any content and/or the operation of any webpage.

7.6.3 Franchisee will not establish a separate Website, will not register or secure any domain names that include the marks Nutty Scientists, Fun Science or any other marks used and owned by Franchisor, and will not market the System and Programs online on any website, social media, social networking site or similar sites anywhere without the prior written approval of Franchisor.

7.6.4 Franchisor will have the right to modify the terms of this Section 7 relating to Websites as Franchisor will solely determine is necessary or appropriate.

7.7 **Online Use of Marks.** Franchisee will not use the Proprietary Marks or any abbreviation or other name associated with Franchisor and/or the System as part of any e-mail address, domain name, and/or other identification of Franchisee in any electronic medium. Franchisee agrees not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without Franchisor's prior written consent as to Franchisee's plan for transmitting such advertisements.

7.8 **Changes to Technology.** Franchisee and Franchisor acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that Franchisor will have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and Franchisee agrees that it will abide by those reasonable new standards established by Franchisor as if this Section 7 were periodically revised by Franchisor for that purpose.

## SECTION 8 - OTHER DUTIES OF FRANCHISEE

8.1 **Details of Operation.** Franchisee understands and acknowledges that every detail of the System and this Agreement is important to Franchisee, Franchisor, and other franchisees in order to develop and maintain high operating, quality and service standards, to increase the demand for the Programs offered by all franchisees, to protect Nutty Scientists franchisees operating under the System, and to protect the reputation and goodwill of Franchisor.

8.2 **Comply with the Agreement, including the Manuals.** Franchisee will operate the Franchised Business in strict conformity with this Agreement and such standards and specifications as Franchisor may from time to time prescribe in the Manuals or otherwise in writing, and will refrain from deviating from such standards, specifications, and procedures without the prior written consent of Franchisor.

8.3 **Management of Business & Designated Principal.** If Franchisee is other than an individual, before beginning training, Franchisee will comply with the following:

8.3.1 Franchisee will designate, subject to Franchisor's reasonable approval, one Principal who is both an individual person and owns at least a ten percent (10%) beneficial interest in Franchisee, and who will be responsible for general oversight and management of the operations of the Franchised Business on behalf of Franchisee (the "**Designated Principal**"). In the event the person designated as the Designated Principal dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to supervise the operations of the Franchised Business, Franchisee will promptly designate a new Designated Principal, subject to Franchisor's reasonable approval.

8.3.2 Franchisee acknowledges and agrees that Franchisor will have the right to rely on either or both the Designated Principal or General Manager to have been given by Franchisee the responsibility and decision-making authority regarding the Franchised Business's operation and Franchisee's business.

8.4 **Conformity to Standards.** To insure that the highest degree of quality and service is maintained, Franchisee will operate the Franchised Business in strict conformity with such methods, standards, and specifications as Franchisor may from time to time prescribe in the Manuals or otherwise in writing. Without limitation, Franchisee agrees as follows:

8.5 **Programs Offered.** Franchisee will offer and sell only the Programs that Franchisor specifies; using the Proprietary marks, unless otherwise approved in writing by Franchisor; and Franchisee will offer and sell all of the Programs as Franchisor may specify from time-to-time, through the Franchised Business. Franchisee will offer and sell the Programs utilizing the standards and techniques, as specified by Franchisor.

8.6 **Trademarked Items.** Franchisee will ensure that all advertising and promotional materials, signs, forms and stationery used in the Franchised Business, products, and other items specified by Franchisor bear the



Proprietary Marks in the form, color, location, and manner prescribed by Franchisor. Franchisee will place and illuminate all signs in accordance with Franchisor's specifications.

8.7 **Obligations to Third Parties.** Franchisee must at all times pay its distributors, contractors, suppliers, trade creditors, employees and other creditors promptly as the debts and obligations to such persons become due, and failure to do so will constitute a breach of this Agreement.

8.8 **Notice of Legal Actions.** Franchisee will notify Franchisor in writing within five (5) days of the start of any suit to foreclose any lien or mortgage, or any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, including health agencies, which (i) relates to the operation of the Franchised Business, (ii) may adversely affect the operation or financial condition of the Franchised Business, or (iii) may adversely affect Franchisee's financial condition.

8.9 **No Relocation.** Franchisee will not relocate the Franchised Business outside of the Approved Area without prior written approval of Franchisor. Franchisees operating a Nutty Scientists Lab location must receive written approval from Franchisor to move the Lab to a new location.

8.10 **Franchisee Advisory Councils.** If Franchisor should, during the term of this Agreement, form or require the formation of a franchisee advisory council or association (the "**Advisory Council**") or such successor council to serve as an advisory council to Franchisor with respect to advertising, marketing, and other matters relating to franchised Nutty Scientists Franchises, Franchisee will become a member of the Advisory Council. In such event, Franchisee will pay to the Advisory Council all dues and assessments authorized by the Advisory Council and will otherwise abide by the rules and regulations of the Advisory Council and will at all times maintain its membership in the Advisory Council in good standing.

8.11 **Changes to the System.** Franchisee acknowledges and agrees that from time to time hereafter Franchisor may change or modify the System presently identified by the Proprietary Marks, as Franchisor deems appropriate, including without limitation to reflect the changing market and to meet new and changing consumer demands, and that variations and additions to the System may be required from time to time to preserve and enhance the public image of the System and operations of Nutty Scientists Franchises. Changes to the System may include, without limitation, the adoption and use of new, modified, or substituted products, services, equipment and new techniques and methodologies, and (as described in Section 9 below) additional or substitute trademarks, service marks and copyrighted materials. Franchisee will, with reasonable notice, accept, implement, use and display in the operation of the Franchised Business any such changes in the System, as if they were part of this Agreement at the time of execution of this Agreement, at Franchisee's sole expense. Additionally, Franchisor reserves the right, in its sole discretion, to vary the standards throughout the System, as well as the services and assistance that Franchisor may provide to some franchisees based on the peculiarities of a particular site or circumstance, existing business practices, or other factors that Franchisor deems to be important to the operation of any Nutty Scientists Franchises or the System. Franchisee will have no recourse against Franchisor on account of any variation to any franchisee and will not be entitled to require Franchisor to provide Franchisee with a like or similar variation of this Agreement.

8.12 **Location and Upkeep of the Nutty Scientists Lab.** At all times, you are required to perform regular maintenance and repair within the Nutty Scientists Lab. From time to time during the term of this Agreement in order to maintain or improve the appearance and efficient operation of the Nutty Scientists Lab, to increase its sales potential, and/or to ensure compliance with our standards and the franchise identity, we reserve the right to require that you refurbish the Nutty Scientists Lab. In such event, we shall provide you a written notice of the specific actions required to be taken by you in connection with any required refurbishing, all of which shall be completed within six (6) months of receipt of said notice. By way of example, and not limitation, refurbishing may include:

- (a) replacement of worn out or obsolete equipment, fixtures, furniture and signs;
- (b) the substitution or addition of new or improved equipment, including computer hardware and software, fixtures, furniture and signs;
- (c) redecorating as may be reasonably required by Franchisor;

- (d) repair of the interior and exterior of the premises, repair and resurfacing of parking facilities; and
- (e) structural modifications and remodeling of the premises.

Except in connection with a renewal of the franchise, you will not be required to make aggregate expenditures for refurbishing of the Nutty Scientists Lab, other than expenditures which may be required for changes to corporate identity, in excess of two and one-half percent (2-1/2%) of the gross sales of the Nutty Scientists Lab from the date of its opening to the date of any required refurbishing. You will not be required to refurbish the Nutty Scientists Lab during the last twelve (12) months of the initial term of the franchise.

## SECTION 9 - PROPRIETARY MARKS

9.1 **Ownership.** Franchisor represents with respect to the Proprietary Marks (Exhibit F) that:

9.1.1 Franchisor is the owner of all right, title, and interest in and to the Proprietary Marks.

9.1.2 Franchisor will take all steps reasonably necessary to preserve and protect the ownership and validity in and to the Proprietary Marks.

9.2 **License to Franchisee.** Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use of the Proprietary Marks will constitute an infringement of rights of Franchisor.

9.3 **Terms of Franchisee's Usage.** With respect to Franchisee's use of the Proprietary Marks, Franchisee agrees to:

9.3.1 Use only the Proprietary Marks designated by Franchisor, and to use them only in the manner authorized and permitted by Franchisor;

9.3.2 Franchisee will use the Proprietary Marks only for the operation of the business franchised by this Agreement and only as approved by Franchisor in relation to advertising;

9.3.3 Operate and advertise the Franchised Business only under the name "Nutty Scientists," and use the Proprietary Marks without prefix or suffix, unless otherwise authorized or required by Franchisor.

9.3.4 Franchisee will not use the Proprietary Marks as part of its corporate or other legal name, or as part of any e-mail address, domain name, or other identification of Franchisee in any electronic medium or social media such as LinkedIn, Facebook, Twitter and other similar social media and social networking sites. Franchisee may, as necessary to conduct the business of the Franchised Business and to obtain governmental licenses and permits for the Franchised Business, indicate that Franchisee will be operating the Franchised Business under the trade name "Nutty Scientists," provided that Franchisee will also clearly identify itself as the owner and operator of the Franchised Business;

9.3.5 Identify itself as the owner of the Franchised Business (in the manner required by Franchisor) in conjunction with any use of the Proprietary Marks, including on invoices, order forms, receipts, and business stationery, as well as at such conspicuous locations on the Premises; if any, as Franchisor may designate in writing;

9.3.6 Not use the Proprietary Marks to incur any obligation or indebtedness on behalf of Franchisor;

9.3.7 Execute any documents deemed necessary by Franchisor to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability; and



9.3.8 Promptly notify Franchisor of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to Franchisor's ownership of, the right of Franchisor to use and to license others to use, or Franchisee's right to use, the Proprietary Marks. Franchisee acknowledges that Franchisor has the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement of the proceeding. Franchisor has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. Franchisor will defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the Proprietary Marks. If Franchisor, in its sole discretion, determines that Franchisee has used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, will be borne by Franchisor. If Franchisor, in its sole discretion, determines that Franchisee has not used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, will be borne by Franchisee. In the event of any litigation relating to Franchisee's use of the Proprietary Marks, Franchisee will execute any and all documents and do such acts as may, in the opinion of Franchisor, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee's use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse Franchisee for its out-of-pocket costs in doing such acts.

9.4 **Franchisee Acknowledgments.** Franchisee expressly understands and acknowledges that:

9.4.1 Franchisor is the owner of all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them, and that Franchisor has the sole right to use, and license others to use, the Proprietary Marks;

9.4.2 During the term of this Agreement and after its expiration or termination, Franchisee will not directly or indirectly contest the validity of Franchisor's ownership of, or right to use and to license others to use, the Proprietary Marks;

9.4.3 Franchisee's use of the Proprietary Marks does not give Franchisee any ownership interest or other interest in or to the Proprietary Marks;

9.4.4 Any and all goodwill arising from Franchisee's use of the Proprietary Marks will inure solely and exclusively to the benefit of Franchisor, and on expiration or termination of this Agreement, no monetary amount will be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Proprietary Marks;

9.4.5 The right and license of the Proprietary Marks granted by this Agreement to Franchisee is nonexclusive, and Franchisor thus has and retains the rights, among others: (a) to use the Proprietary Marks itself in connection with selling the Programs; (b) to grant other licenses for the Proprietary Marks; and (c) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses to that Agreement without providing any rights to that Agreement to Franchisee; and

9.4.6 Franchisor will have the right to substitute different proprietary marks for use in identifying the System and the businesses operating under the System at the sole discretion of Franchisor.

## SECTION 10 - MANUALS

10.1 **The Manuals and Furnishings to Franchisee.** In order to protect the reputation and goodwill of Franchisor and to maintain high standards of operation under the System, Franchisee will operate the Franchised Business in accordance with the standards, methods, policies, and procedures specified in the Manuals, which Franchisee will receive on loan from Franchisor, via electronic access or otherwise, for the term of this Agreement on completion by Franchisee of initial training. The Manuals may be set forth in several volumes, including such amendments to the Manuals, as Franchisor may publish from time to time. Additionally, Franchisee acknowledges and agrees that Franchisor may provide a portion or all (including updates and amendments) of the Manuals, and other instructional information and materials in, or via, electronic media, including without limitation, through the use of computer disks, or the Internet.

10.2 **The Manuals are Proprietary and Confidential.** Franchisee will treat the Manuals, any other materials created for or approved for use in the operation of the Franchised Business, and the information contained in the Manuals, as confidential, and will use all reasonable efforts to maintain such information (both in electronic and other formats) as proprietary and confidential. Franchisee will not download, copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, or otherwise make the same available to any unauthorized person without the express written consent of Franchisor.

10.3 **The Manuals Remain Franchisor's Property.** The Manuals will remain the sole property of Franchisor and will be accessible only from a secure place on the Premises, and will be returned to Franchisor, as set forth in Section 17.8 below, on the termination or expiration of this Agreement.

10.4 **Revisions to the Manuals.** Franchisor may from time to time revise the contents of the Manuals, and Franchisee expressly agrees to comply with each new or changed standard. Franchisee will ensure that the Manuals are kept current at all times. In the event of any dispute as to the contents of the Manuals, the terms of the master copies maintained at the headquarters of Franchisor will be controlling.

## SECTION 11 - CONFIDENTIAL INFORMATION

11.1 **Agreement with respect to Confidentiality.** Franchisee acknowledges and agrees that it will not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person or entity any confidential information, knowledge, or know-how concerning Franchisor, the System, the Programs and/or the marketing, management or operations of the Franchised Business that may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's operation under the terms of this Agreement. Franchisee will divulge such confidential information only to such of its employees as must have access to it in order to operate the Franchised Business. Any and all information, knowledge, know-how, and techniques which Franchisor designates as confidential will be deemed confidential for purposes of this Agreement, except information which Franchisee can demonstrate came to its attention before disclosure of this Agreement by Franchisor; or which, at or after the time of disclosure by Franchisor to Franchisee, had become or later becomes a part of the public domain, through publication or communication by others.

11.2 **Individual Covenants of Confidentiality.** At Franchisor's request, Franchisee will require its manager and any personnel having access to any confidential information of Franchisor to execute covenants that they will maintain the confidentiality of information they receive in connection with their employment by Franchisee at the Franchised Business. Such covenants will be in a form satisfactory to Franchisor (the current forms of which are included in Exhibit F to this Agreement), which will include specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them.

11.3 **Remedies for Breach.** Franchisee acknowledges that any failure to comply with the requirements of this Section 11 will cause Franchisor irreparable injury, and Franchisee agrees to pay all court costs and reasonable attorney's fees incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 11.

11.4 **Grant back.** Franchisee agrees to disclose to Franchisor all ideas, concepts, methods, techniques and products conceived or developed by Franchisee, its affiliates, owners or employees during the term of this Agreement relating to the development and/or operation of the Franchised Business. Franchisee by this agreement grants to Franchisor and agrees to procure from its affiliates, owners or employees a perpetual, non-exclusive, and worldwide right to use any such ideas, concepts, methods, techniques in all businesses operated by Franchisor or its affiliates, franchisees and designees. Franchisor will have no obligation to make any payments to Franchisee with respect to any such ideas, concepts, methods, techniques or products. Franchisee agrees that Franchisee will not use or allow any other person or entity to use any such concept, method, technique or product without obtaining Franchisor's prior written approval.

## SECTION 12 - ACCOUNTING AND RECORDS

12.1 **Books and Records.** With respect to the operation and financial condition of the Franchised Business, Franchisor may require that Franchisee adopt, until otherwise specified by Franchisor, a fiscal year that

coincides with Franchisor's then-current fiscal year, as specified by Franchisor in the Manual or otherwise in writing. Franchisee will maintain for a period of not less than five (5) years during the term of this Agreement, and, for not less than three (3) years following the termination, expiration, or non-renewal of this Agreement, full, complete, and accurate books, records, and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manuals or otherwise in writing, including but not limited to: (i) weekly sales reports; (ii) cash receipts journal and general ledger; (iii) Outlet account details and complete contact information; (iv) monthly bank statements, deposit slips and cancelled checks; (v) all tax returns; (vi) supplier's invoices (paid and unpaid); (vii) dated daily and Monthly transaction journal; (viii) semi-annual fiscal period balance sheets and fiscal period profit and loss statements; (ix) Franchisee is required to set up and subscribe to QuickBooks online to maintain all records of the franchise operation; (x) such other records as Franchisor may from time to time request.

**12.1.1 Computer and Software Systems.** Franchisor may require a specific computer/software program or Point of Sale System that Franchisee agrees to secure and operate its business from to include customer registration, invoice tracking, royalty payments and other reporting that Franchisor believes will be of benefit to Franchisee and the brand.

**12.2 Franchisee's Reports to Franchisor.** Franchisee is required to provide monthly reports to Franchisor as outlined in Section 4.3.1 of this Franchise Agreement and the Operations Manual.

## **SECTION 13 - MARKETING AND PROMOTION**

**13.1 Franchisee's Advertising Obligations.** Recognizing the value of marketing and promotion, and the importance of the standardization of marketing and promotion programs to the furtherance of the goodwill and public image of the System, Franchisee and Franchisor agree as follows:

**13.1.1** Franchisee understands and agrees that all sales made for the franchised business are most effective by face to face meeting with prospective Clients. With that in mind, Franchisee or sales representatives of Franchisee will go out to direct market the Programs to schools, day care centers, after school programs, local summer camp programs and similar programs in Franchisee's Approved Area.

**13.1.2** With that said, Franchisor requires that Franchisee, during each Month spend a minimum amount of \$100 per month on local advertising of the franchised business. Franchisee will submit receipts for all advertising done in Franchisee's area along with copies of the ad copy.

### **13.2 Intentionally Omitted**

**13.3 Standards for Advertising.** All advertising, marketing and promotion to be used by Franchisee, the National Ad Fund or any Cooperative Ad Fund will be in such media and of such type and format as Franchisor may approve, will be conducted in a dignified manner, and will conform to such standards and requirements as Franchisor may specify. Franchisee will not use any marketing or promotional plans or materials that are not provided by Franchisor unless and until Franchisee has submitted the materials to Franchisor, according to the procedures and terms set forth in Section 13.3 and 13.4 in this Agreement.

**13.4 Franchisor's Approval of Proposed Plans and Materials.** If Franchisee desires to use marketing and promotional plans and materials that have not been provided or previously approved by Franchisor, Franchisee will submit samples of all such marketing and promotional plans and materials to Franchisor (as provided in Section 24 in this Agreement) for prior approval (except with respect to prices to be charged). If written notice of disapproval is not received by Franchisee from Franchisor within five (5) business days of the date of receipt by Franchisor of such samples or materials, Franchisor will be deemed to have approved them.

**13.5 Ownership of Advertising Plans and Materials.** Franchisee acknowledges and agrees that any and all copyrights in and to advertising and promotional materials developed by or on behalf of Franchisee which bear the Proprietary Marks will be the sole property of Franchisor, and Franchisee agrees to execute such documents (and, if necessary, require its independent contractors to execute such documents) as may be deemed reasonably necessary by Franchisor to give effect to this provision. Any advertising, marketing, promotional, public relations, or sales

concepts, plans, programs, activities, or materials proposed or developed by Franchisee for the Franchised Business or the System and approved by Franchisor may be used by Franchisor and other operators under the System of Franchisor without any compensation to Franchisee.

## SECTION 14 - INSURANCE

14.1 **Insurance.** Franchisee will procure at its expense and maintain in full force and effect during the term of this Agreement, an insurance policy or policies protecting Franchisee and Franchisor, and their officers, directors, partners and employees against any loss, liability, personal injury, death, or property damage or expense whatsoever arising or occurring on or in connection with Franchisee's operations and the Franchised Business, as Franchisor may reasonably require for their own and Franchisee's protection. Franchisor and such of its respective affiliates will be named additional insured in such policy or policies.

14.2 **Coverages.** Such policy or policies will be written by an insurance company satisfactory to Franchisor in accordance with standards with least an "A" Rating Classification as indicated in Best's Key Rating Guide and specifications set forth in the Manual or otherwise in writing; provided, however, that Franchisor will have the right to designate from time to time, one or more insurance companies as the insurance carrier(s) for Nutty Scientists Franchises, and if required by Franchisor, Franchisee will obtain its insurance coverage from the designated insurance company (or companies). The policy or policies will include, at a minimum (except as different coverages, umbrella coverages, and policy limits may reasonably be specified for all Franchisees from time to time by Franchisor in the Manual or otherwise in writing) the following:

14.2.1 All risks coverage insurance on the Franchised Business and all fixtures, equipment, supplies and other property used in the operation of the Franchised Business, for full repair and replacement value of the equipment, improvements and betterments, without any applicable co-insurance clause, except that an appropriate deductible clause will be permitted.

14.2.2 Worker's compensation and employer's liability insurance as well as such other insurance as may be required by statute or rule of the state in which the Franchised Business is located and operated. If Franchisee is permitted to and elects not to have worker's compensation insurance for its owners and officers, Franchisee will have alternative coverages at all times for work-related injuries.

14.2.3 Comprehensive general liability insurance with limits of at least One Million Dollars (\$1,000,000) per occurrence, and Two Million Dollars (\$2,000,000) general aggregate, including the following coverages: personal injury (employee and contractual inclusion deleted); products/completed operation; and tenant's legal liability; insuring Franchisor and Franchisee against all claims, suits, obligations, liabilities and damages, including attorneys' fees, based on or arising out of actual or alleged personal injuries or property damage resulting from, or occurring in the course of, or on or about or otherwise relating to the Franchised Business, provided that the required amounts in this Agreement may be modified from time to time by Franchisor to reflect inflation or future experience with claims.

14.2.4 Automobile liability insurance, and property damage liability, including owned, non-owned, and hired vehicle coverage, with at least Five Hundred Thousand Dollars (\$500,000) combined single limit or as required by law.

14.2.5 Such insurance and types of coverage as may be required by the terms of any lease for the premises for a Lab location, local requirements for working with children at the premises/Lab, or as may be required from time to time by Franchisor.

14.3 **Certificates of Insurance.** The insurance afforded by the policy or policies respecting liability will not be limited in any way by reason of any insurance which may be maintained by Franchisor. At least thirty (30) days before the opening of the Franchised Business, but in no event later than the date on which Franchisee acquires an interest including any leasehold interest, in any real property on which it will operate the Franchised Business, and thereafter on an annual basis, Franchisee will provide Franchisor with a Certificate of Insurance and copy of the Declaration Page from the Policy(ies) showing compliance with the foregoing requirements. Such certificate will state that the policy or policies will not be canceled or altered without at least thirty (30) days prior written notice to

Franchisor and will reflect proof of payment of premiums. Maintenance of such insurance and the performance by Franchisee of the obligations under this Paragraph will not relieve Franchisee of liability under the indemnity provision set forth in this Agreement. Franchisee acknowledges that minimum limits as required above may be modified by Franchisor in its sole discretion from time to time, by written notice to Franchisee.

## SECTION 15 - TRANSFER OF INTEREST

15.1 **Franchisor's Rights to Transfer.** Franchisor will have the right to transfer or assign this Agreement and all or any part of its rights or obligations in this Agreement to any person or legal entity, and any designated assignee of Franchisor will become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment. In addition, and without limitation to the foregoing, Franchisee expressly affirms and agrees that Franchisor may sell its assets, its Proprietary Marks, or its System; may sell its securities in a public offering or in a private placement; may merge, acquire other corporations, or be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring.

15.2 **No Transfers Without Franchisor's Approval.** Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee or the Principals of Franchisee if Franchisee is not an individual, and that Franchisor has granted this franchise in reliance on Franchisee's or Franchisee's Principals' business skill, financial capacity, and personal character. Accordingly:

15.2.1 Franchisee will not, without the prior written consent of Franchisor, transfer, pledge or otherwise encumber: (a) the rights and/or obligations of Franchisee under this Agreement; or (b) any material asset of Franchisee or the Franchised Business.

15.2.2 If Franchisee is a corporation or limited liability company, Franchisee will not, without the prior written consent of Franchisor, issue any voting securities or securities convertible into voting securities, and the recipient of any such securities will become a Principal under this Agreement, if so designated by Franchisor.

15.2.3 If Franchisee is a partnership or limited partnership, the partners of the partnership will not, without the prior written consent of Franchisor, admit additional general partners, remove a general partner, or otherwise materially alter the powers of any general partner. Each general partner will automatically be deemed a Principal of Franchisee.

15.2.4 A Principal will not, without the prior written consent of Franchisor, transfer, pledge or otherwise encumber any interest of the Principal in Franchisee, as such is identified in Exhibit B.

15.3 **Conditions on Transfer.** Franchisor will not unreasonably withhold any consent required by Section 15.2 above; provided, that if the proposed transfer alone or together with other previous, simultaneous, or proposed transfers would have the effect of changing control of Franchisee, results in the assignment of the rights and obligations of Franchisee under this Agreement, or transfers the ownership interest in all or substantially all of the assets of the Franchised Business or the business franchised by this Agreement, Franchisor will have the right to require any or all of the following as conditions of its approval:

15.3.1 All of Franchisee's monetary obligations and all other outstanding obligations to Franchisor, its affiliates, and any approved suppliers of the System have been satisfied in full;

15.3.2 Franchisee will not be in default under any provision of this Agreement, any other agreement between Franchisee and Franchisor or its affiliate, the approved suppliers of the System, or the landlord (or sub-landlord) for the Premises, if Franchisee is operated from a retail location;

15.3.3 Each transferor (and, if the transferor is other than an individual, the transferor and such owners of beneficial interest in the transferor as Franchisor may request) will have executed a general release in a form satisfactory to Franchisor of any and all claims against Franchisor and its affiliates and their respective officers, directors, agents, and employees;



15.3.4 The transferee of a Principal will be designated as a Principal and each transferee who is designated a Principal will enter into a written agreement, in a form satisfactory to Franchisor, agreeing to be bound as a Principal under the terms of this Agreement as long as such person or entity owns any interest in Franchisee. Additionally, the transferee and/or such owners of the transferee as Franchisor may request, will guaranty the performance of the transferee's obligations in writing in a form satisfactory to Franchisor;

15.3.5 The transferee will demonstrate to Franchisor's satisfaction that the terms of the proposed transfer do not place an unreasonable financial or operational burden on the transferee, and that the transferee (or, if the transferee is other than an individual, such owners of beneficial interest in the transferee as Franchisor may request) meets Franchisor's then-current application qualifications (which may include educational, managerial, socially responsible, and business standards, good moral character, business reputation, and credit rating); has the aptitude and ability to operate the Franchised Business and absence of conflicting interests; and has adequate financial resources and capital to operate the Franchised Business;

15.3.6 At Franchisor's option, Franchisee will execute the form of franchise agreement then being offered to new System franchisees, and such other ancillary agreements required by Franchisor for the business franchised by this Agreement, which agreements will supersede this Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, a higher and/or additional fees;

15.3.7 If so requested by Franchisor, Franchisee, at its expense, will upgrade the Franchised Business, and any other equipment used; to conform to the then-current standards and specifications of new Nutty Scientists Franchises then-being established in the System, and will complete the upgrading and other requirements within the time specified by Franchisor.

15.3.8 The transferor will remain liable for all of the obligations to Franchisor in connection with the Franchised Business that arose before the effective date of the transfer and will execute any and all instruments reasonably requested by Franchisor to evidence such liability;

15.3.9 The transferee (and, if the transferee is not an individual, such Principals of the transferee as Franchisor may request) and the transferee's manager (if applicable) will, at the transferee's expense, successfully attend and successfully complete any training programs then in effect for operators and managers on such terms and conditions as Franchisor may reasonably require;

15.3.10 Franchisee will pay a transfer fee in an amount of 25% of the then current initial franchise fee for expenses incurred in connection with the transfer and Franchisee or transferee will pay a \$5,000 training to attend Franchisor's initial training program including training at Franchisee/transferee's location.

15.3.11 The transferee(s), at the request of Franchisor, will agree in writing to comply with the covenants set forth in Section 18 below.

15.3.12 The transferor will provide the required certified police report and background check on transferee and any partners, employees or other individuals who will be involved in this business, prior to the final approval of transfer by Franchisor.

15.4 **Security Interests.** Neither Franchisee nor any Principal will grant a security interest in, or otherwise encumber, any of the assets or securities of Franchisee, including the Franchised Business unless Franchisee satisfies the requirements of Franchisor, which include, without limitation, execution of an agreement by the secured party in which it acknowledges the creditor's obligations under this Section 15, and agrees that if there are any defaults by Franchisee under any documents related to the security interest, Franchisor will have the right and option (but not the obligation) to be substituted as obligor to the secured party and to cure any default of Franchisee, and, if Franchisor exercises such option, any acceleration of indebtedness due to Franchisee's default will be void.

15.5 **Right of First Refusal.** If Franchisee or any Principal desires to accept any *bona fide* offer from a third party to purchase Franchisee, any material asset of Franchisee, or any direct or indirect interest in Franchisee,

Franchisee or such Principal will promptly notify Franchisor, and will provide such information and documentation relating to the offer as Franchisor may require. Franchisor will have the right and option, exercisable within thirty (30) days after receipt of the written transfer request and the required information and documentation related to the offer (including any information that Franchisor may reasonably request to supplement or clarify information provided to Franchisor with the written transfer request), to send written notice to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party; provided, however, a spouse, domestic partner, parent or child of the seller will not be considered a third party for purposes of this Section 15.5. If Franchisor elects to purchase the seller's interest, closing on such purchase will occur within forty-five (45) days from the date of notice to the seller of the election to purchase by Franchisor, or, if longer, on the same timetable as contained in the *bona fide* offer. Under SBA requirements for franchises secured under SBA loans, Franchisor will not become a partial owner in the franchise.

15.5.1 Any material changes thereafter in the terms of the offer from the third party or by Franchisee, or a change in the identity of the third party will constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of the third party's initial offer. Failure of Franchisor to exercise the option afforded by this Section 15.5 will not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 15, with respect to a proposed transfer.

15.5.2 If the consideration, terms, and/or conditions offered by a third party are such that Franchisor may not reasonably be required to furnish the same consideration, terms, and/or conditions, then Franchisor may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, Franchisor will designate an independent appraiser to make a binding determination. The cost of any such appraisal will be shared equally by Franchisor and Franchisee. If Franchisor elects to exercise its right under this Section 15.5, Franchisor will have the right to set off all amounts due from Franchisee, and one-half (½) of the cost of the appraisal, if any, against any payment to the seller.

15.6 **Death of a Principal.** Upon the death of a Principal, the deceased's executor, administrator, or other personal representative will transfer the deceased's interest to a third party approved by Franchisor within six (6) months after the death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the deceased's estate, then the recipient of such interest must be approved by Franchisor. If the recipient is not approved by Franchisor, then the recipient will transfer the deceased's interest to a third party approved by Franchisor within three (3) months after the deceased's death.

15.7 **Permanent Disability of Controlling Principal.** Upon the permanent disability of any Principal with a controlling interest in Franchisee, Franchisor will have the right to require such interest to be transferred to a third party in accordance with the conditions described in this Section 15 within six (6) months after notice to Franchisee. "**Permanent Disability**" will mean any physical, emotional, or mental injury, illness, or incapacity that would prevent a person from performing the obligations set forth in this Agreement for at least six (6) consecutive months and from which condition recovery within six (6) consecutive months from the date of determination of disability is unlikely. Permanent disability will be determined by a licensed practicing physician selected by Franchisor on examination of such person or, if such person refuses to be examined, then such person will automatically be deemed permanently disabled for the purposes of this Section 15.8 as of the date of refusal. Franchisor will pay the cost of the required examination.

15.8 **Notice to Franchisor of Death or Permanent Disability.** Upon the death or permanent disability any Principal of Franchisee, such person or his representative will promptly notify Franchisor of such death or claim of permanent disability. Any transfer on death or permanent disability will be subject to the same terms and conditions as any *inter vivos* transfer.

15.9 **Limited Exceptions.** Notwithstanding anything to the contrary in this Section 15:

15.9.1 Franchisee will not be required to pay the transfer fee due under Section 15.3.10 above, if the transferee: (a) is a spouse, domestic partner, parent, or direct lineal descendant or sibling of Franchisee or of a Principal of Franchisee (or more than one of such persons), provided that the transferee has been involved in, and is

knowledgeable regarding, the operations of the Franchised Business; (b) is a Principal of Franchisee; or (c); is a transferee under Sections 15.6 or 15.7 above.

15.9.2 If Franchisee is an individual and seeks to transfer this Agreement to a corporation, partnership, or limited liability company formed for the convenience of ownership, the conditions of Sections 15.3.6 (signing a new franchise agreement), 15.3.7 (upgrading the Franchised Business), and 15.3.10 (transfer fee) will not apply, and Franchisee may undertake such transfer, provided that Franchisee owns one hundred percent (100%) of the equity interest in the transferee entity, and the Franchisee personally guarantees, in a written guaranty satisfactory to Franchisor, the performance of the obligations of the Franchisee under the Franchise Agreement.

15.10 **Securities Offerings.** All materials required for any offering of securities or partnership interests in Franchisee by federal or state law will be submitted to Franchisor by the offering party for review before filing with any government agency; and any materials to be used in any exempt offering will be submitted to Franchisor for review before their use. No offering will imply, by use of the Proprietary Marks or otherwise, that Franchisor is participating in an underwriting, issuance, or offering of securities of either Franchisee or Franchisor; and review by Franchisor of any offering will be limited solely to the subject of the relationship between Franchisee and Franchisor. At its option, Franchisor may require the offering materials to contain written statements or disclaimers prescribed by Franchisor including, but not limited to, any limitations stated above in this paragraph. Franchisee and the other participants in the offering must fully indemnify Franchisor in connection with the offering. For each proposed offering, Franchisee will reimburse Franchisor for its actual costs and expenses associated with reviewing the proposed offering materials, including legal and accounting fees. Franchisee will give Franchisor written notice at least sixty (60) days before the date of commencement of any offering or other transaction covered by this Section 15.10. Any such offering will be subject to prior written consent of Franchisor and right of first refusal as provided in Section 15.5.

15.11 **No Waiver.** The consent of Franchisor to any transfer according to this Section 15 will not constitute a waiver of any claims it may have against the transferring party, nor will it be a waiver of the right of Franchisor to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

15.12 **Bankruptcy.** If Franchisee or any person holding any interest (direct or indirect) in Franchisee becomes a debtor in a proceeding under the U.S. Bankruptcy Code or any similar law in the U.S. or elsewhere, it is the parties' understanding and agreement that any transfer of the ownership of Franchisee, Franchisee's obligations and/or rights by this Agreement and/or any material assets of Franchisee, will be subject to all of the terms of this Section 15.

15.13 **No Transfers in Violation of Law.** Notwithstanding anything to the contrary in this Agreement, no transfer will be made if the transferee, any of its affiliates, or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business.

## SECTION 16 - DEFAULT AND TERMINATION

16.1 **Automatic Termination.** Franchisee will be in default under this Agreement, and all rights granted to Franchisee in this Agreement will automatically terminate without notice to Franchisee, if Franchisee will become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Franchisee or such a petition is filed against and not opposed by Franchisee; if Franchisee is adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part of the assets or property, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); if Franchisee is dissolved; if execution is levied against Franchisee's business or property; if suit to foreclose any lien or mortgage against the Premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days; if the real or personal property of the Franchised Business will be sold after levy thereupon by any sheriff, marshal, or constable.

16.2 **Termination Upon Notice.** Franchisee will be deemed to be in default and Franchisor may, at its option, terminate this Agreement and all rights granted by this Agreement, without affording Franchisee any



opportunity to cure the default, effective immediately on the provision of notice to Franchisee (in the manner provided under Section 24 in this Agreement), on the occurrence of any of the following events of default:

16.2.1 If Franchisee fails to complete all pre-opening obligations and to begin operating the Franchised Business within the time limits as provided in Section 5.2 above;

16.2.2 If Franchisee or any of its Principals is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated to the System, the Proprietary Marks, or the interest of Franchisor to the System, the Proprietary Marks;

16.2.3 If Franchisee's action or inaction, at any time, results in the loss of Franchisee's right to do or transact business in the jurisdiction where the Franchised Business is located;

16.2.4 If Franchisee or any Principal purports to transfer any rights or obligations under this Agreement or any interest to any third party in a manner that is contrary to the terms of Section 15 in this Agreement;

16.2.5 If, contrary to the terms of Sections 9 or 10 of this Agreement, Franchisee discloses or divulges the contents of the Manuals or other confidential information provided to Franchisee by Franchisor;

16.2.6 If Franchisee fails to comply with the covenants in Section 18.2 below or fails to timely obtain execution of the covenants required under Section 18.5 below;

16.2.7 If Franchisee misuses or makes any unauthorized use of the Proprietary Marks or any other identifying characteristics of the System, or if Franchisee otherwise operates the Franchised Business in a manner that materially impairs the reputation or goodwill associated with the System, Proprietary Marks, or the rights of Franchisor in those matters;

16.2.8 If Franchisee, after curing a default according to Sections 16.3 or 16.4 of this Agreement, commits the same default again, whether or not cured after notice.

16.2.9 If Franchisee commits three (3) or more defaults under this Agreement in any twelve (12) month period, whether or not each such default has been cured after notice (this provision in no way limits Section 16.2.8 above);

16.2.10 If Franchisee at any time ceases to operate or otherwise abandons the Franchised Business for a period of thirty (30) consecutive days unless such closure is approved in writing by Franchisor, or excused by *force majeure*.

16.2.11 If Franchisee breaches any material provision of this Agreement which breach is not susceptible to cure.

16.3 **Notice and Opportunity to Cure - 7 Days.** Franchisor may, at its option, terminate this Agreement by giving written notice of termination (in the manner set forth under Section 24 in this Agreement) stating the nature of the default to Franchisee at least seven (7) days before the effective date of termination; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to the satisfaction of Franchisor, and by promptly providing proof of it to Franchisor within the seven (7) day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement will terminate without further notice to Franchisee, effective immediately on the expiration of the seven (7) day period or such longer period as applicable law may require.

16.3.1 If Franchisee fails, refuses, or neglects promptly to pay any monies owing to Franchisor or its affiliates when due, franchisee shall only be entitled to one opportunity to cure pursuant to this Section 16.3 in any given period of twelve (12) consecutive months.

16.4 **Notice and Opportunity to Cure - 30 Days.** Except as otherwise provided in Sections 16.1 and 16.2 of this Agreement, on any other default by Franchisee, Franchisor may terminate this Agreement by giving written notice of termination (in the manner set forth under Section 24 in this Agreement) stating the nature of the default to Franchisee at least thirty (30) days before the effective date of termination; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to the satisfaction of Franchisor, and by promptly providing proof of it to Franchisor within the thirty (30) day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement will terminate without further notice to Franchisee, effective immediately on the expiration of the thirty (30) day period or such longer period as applicable law may require.

## SECTION 17 - OBLIGATIONS ON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement, all rights granted by this Agreement to Franchisee will terminate, and:

17.1 **Stop Operating.** Franchisee will immediately cease to operate the Franchised Business, and will not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former operator of Franchisor in connection with the promotion or operation of any other business.

17.2 **Stop Using the System.** Franchisee will immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures, and techniques associated with the System; the Proprietary Mark “Nutty Scientists” and all other Proprietary Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. In particular, Franchisee will cease to use all signs, marketing materials, stationery, forms, products, and any other articles which display the Proprietary Marks.

17.3 **Cancel Assumed Names.** Franchisee will take such action as may be necessary to cancel any assumed name registration or equivalent registration obtained by Franchisee which contains the mark “Nutty Scientists” or any other Proprietary Marks, and Franchisee will furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

17.4 **No Use of Proprietary Marks or Trade Dress in other Businesses.** Franchisee agrees not to use any reproduction, counterfeit, copy, or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion of it, which, in the sole discretion of Franchisor, is likely to cause confusion, mistake, or deception, or which, in the sole discretion of Franchisor, is likely to dilute the rights of Franchisor in and to the Proprietary Marks. Franchisee further agrees not to utilize any designation of origin, description, or representation (including but not limited to reference to Franchisor, the System, or the Proprietary Marks) which, in the sole discretion of Franchisor, suggests or represents a present or former association or connection with Franchisor, the System, or the Proprietary Marks.

17.5 **Pay Franchisor All Amounts Due.** Franchisee will promptly pay all sums owing to Franchisor and its affiliates. In the event of termination for any default of Franchisee, such sums will include all damages, costs, and expenses, including reasonable attorneys’ fees, incurred by Franchisor as a result of the default and termination, and may include one year of royalty fees equal to the prior year of royalty fees paid or the minimum royalty fees due for a twelve (12) month period following termination if Franchisee ceases operation prior to end of the term of this agreement or Franchisor terminates Franchisee for any reasons as outlined in Section 16 above; which obligation will give rise to and remain, until paid-in-full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Franchisee at the time of default.

17.6 **Return Manuals and Confidential Information.** Franchisee will, at its own expense, immediately deliver to Franchisor the Manuals and all other records, correspondence, and instructions containing confidential information relating to the operation of the Franchised Business (and any copies of it, even if such copies were made in violation of this Agreement), all of which are acknowledged to be the property of Franchisor.

17.7 **Comply with Covenants.** Franchisee and Principals will comply with the covenants contained in Section 18.3 of this Agreement.

## SECTION 18 - COVENANTS

18.1 **Time and Best Efforts.** Franchisee covenants that, during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee (or, if Franchisee is not an individual, the Designated Principal) or Franchisee's fully-trained General Manager will devote its time and best efforts to the management and operation of the Franchised Business.

18.2 **During the Agreement Term.** Franchisee specifically acknowledges that, according to this Agreement, Franchisee will receive valuable training and confidential information, including information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System. Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity:

18.2.1 Divert or attempt to divert any present or prospective business or customer of any Nutty Scientists Franchise to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System;

18.2.2 Own, maintain, operate, engage in, be employed by, provide any assistance to, or have any more than a one percent (1%) interest in (as owner or otherwise) any Competitive Business (as defined below). A "Competitive Business" will be considered to be any educational activity or entertainment program related to science or related services, products and programs similar to Nutty Scientists. Furthermore, Franchisee acknowledges and agrees that Franchisee will be considered in default under this Agreement and that this Agreement will be subject to termination as provided in Section 16.2.8 in this Agreement, if a person in the immediate family (including spouse, domestic partner, parent or child) of Franchisee (or, if Franchisee is other than an individual, each Principal, or his/her immediate family that is subject to these covenants) engages in a Competitive Business that would violate this Section 18.2.3 if such person was subject to the covenants of this Section 18.2.3.

18.3 **After the Agreement and After a Transfer.** Franchisee covenants that, except as otherwise approved in writing by Franchisor, for a continuous uninterrupted period of two (2) years commencing on the date of: (a) a transfer permitted under Section 15 of this Agreement; (b) expiration of this Agreement; (c) termination of this Agreement (regardless of the cause for termination); (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 18.3; or (e) any or all of the foregoing.

18.3.1 Franchisee will not either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity, own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any Competitive Business that is, or is intended to be, within the Approved Area, or within a radius of twenty-five (25) miles of the Approved Area; provided, however, that this provision will not apply to the operation by Franchisee of any business under the System under a franchise agreement with Franchisor; or

18.4 **Exception for Ownership in Public Entities.** Sections 18.2.3 and 18.3 will not apply to ownership by Franchisee of a less than five percent (5%) beneficial interest in the outstanding equity securities of any corporation which has securities registered under the Securities Exchange Act of 1934.

18.5 **Covenants as Independent Clauses.** The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 18 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 18, as determined by said court or adjudicative body.

18.6 **Franchisor's Right to Reduce Scope of the Covenants.** Franchisee understands and acknowledges that Franchisor will have the right, at its sole discretion, to reduce the scope of any covenant set forth in this Section

18, or any portion of it, without Franchisee's consent, effective immediately on receipt by Franchisee of written notice of same; and Franchisee agrees that it will comply forthwith with any covenant as so modified, which will be fully enforceable notwithstanding the terms of Section 25 in this Agreement.

18.7 **Covenants Survive Claims.** Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, will not constitute a defense to the enforcement by Franchisor of the covenants in this Section 18; provided, however, any claims Franchisee may have against Franchisor may be brought in a separate proceeding. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 18.

## **SECTION 19 - CORPORATE, LIMITED LIABILITY COMPANY, OR PARTNERSHIP FRANCHISEE**

19.1 **List of Principals.** If Franchisee is a corporation, limited liability company, or partnership, each Principal of Franchisee, and the interest of each Principal in Franchisee, will be identified in Exhibit B of this Agreement. Franchisee will maintain a list of all Principals and immediately furnish Franchisor with an update to the information contained in Exhibit B on any change, which will be made only in compliance with Section 15 above.

19.2 **Guaranties.** Such Principals as Franchisor may request will execute a guaranty, indemnification, and acknowledgment of Franchisee's obligations under this Agreement in the form attached to this Agreement as Exhibit C. As set forth in Section 8.3, the Designated Principal will at all times have at least a ten percent (10%) interest in Franchisee.

19.3 **Corporations and Limited Liability Companies.** If Franchisee is a corporation or limited liability company, Franchisee will comply with the following requirements:

19.3.1 Franchisee will be newly organized and its governing documents will at all times provide that its activities are confined exclusively to operating the Franchised Business.

19.3.2 Franchisee will, on request of Franchisor, promptly furnish to Franchisor copies of Franchisee's Articles of Incorporation, Bylaws, Articles of Organization, Operating Agreement and/or other governing documents, and any amendments to the governing documents, including the resolution of the Board of Directors or members authorizing entry into this Agreement.

19.3.3 Franchisee will maintain stop-transfer instructions against the transfer on its records of any equity securities; and each stock certificate or issued securities of Franchisee will conspicuously endorse on its face a statement, in a form satisfactory to Franchisor, which references the transfer restrictions imposed by this Agreement; provided, however, that the requirements of this Section 18.2.3 will not apply to a publicly-held corporation.

19.4 **Partnerships and Limited Liability Partnerships.** If Franchisee or any successor to or assignee of Franchisee is a partnership or limited liability partnership, Franchisee will comply with the following requirements:

19.4.1 Franchisee will be newly organized and its partnership agreement will at all times provide that its activities are confined exclusively to operating the Franchised Business.

19.4.2 Franchisee will furnish Franchisor with a copy of its partnership agreement as well as such other documents as Franchisor may reasonably request, and any amendments to the documents.

19.4.3 The partners of the partnership will not, without the prior written consent of Franchisor, admit additional general partners, remove a general partner, or otherwise materially alter the powers of any general partner.

## **SECTION 20 - TAXES, PERMITS, AND INDEBTEDNESS**

20.1 **Taxes.** Franchisee will promptly pay when due all taxes levied or assessed, including unemployment and sales taxes, and all accounts and other indebtedness of every kind incurred by Franchisee in the operation of the Franchised Business. Franchisee will pay to Franchisor an amount equal to any sales tax, gross receipts tax, or similar

tax (other than income tax) imposed on Franchisor with respect to any payments to Franchisor required under this Agreement, unless the tax is credited against income tax otherwise payable by Franchisor.

20.2 **Dispute About Taxes.** In the event of any bona fide dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law, but in no event will Franchisee permit a tax sale or seizure by levy or execution or similar writ or warrant, or attachment by a creditor, to occur against any personal property utilized in the Premises of the Franchised Business.

20.3 **Compliance with Laws.** Franchisee will comply with all federal, state, and local laws, rules, and regulations, and will timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Business, including licenses to do business, fictitious name registrations, sales tax permits, and fire clearances.

## **SECTION 21 - INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

21.1 **No Fiduciary Relationship.** Franchisee is an independent contractor. Franchisor and Franchisee are completely separate entities and are not fiduciaries, partners, joint ventures, or agents of the other in any sense and neither will have the power to bind the other. No act or assistance given by either party to the other according to this Agreement will be construed to alter the relationship. Franchisee will be solely responsible for compliance with all federal, state, and local laws, rules and regulations, and for Franchisee's policies, practices, and decisions relating to the operation of the Franchised Business.

21.2 **Public Notice.** During the term of this Agreement, Franchisee will hold itself out to the public as an independent contractor operating the Franchised Business according to a franchise agreement from Franchisor. Franchisee agrees to take such action as may be necessary to do so, including exhibiting a notice of that fact in a conspicuous place at the Premises, the content of which Franchisor reserves the right to specify.

21.3 **No Assumption of Liability.** Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on the behalf of Franchisor, or to incur any debt or other obligation in the name of Franchisor; and Franchisor will in no event assume liability for, or be deemed liable by this Agreement as a result of, any such action; nor will Franchisor be liable by reason of any act or omission of Franchisee in its operation of the Franchised Business or for any claim or judgment arising therefrom against Franchisee or Franchisor.

21.4 **Indemnification By Franchisee.** Franchisee will indemnify and hold Franchisor, Franchisor's owners and affiliates, and their respective officers, directors, and employees (the "**Indemnitees**") harmless against any and all causes of action, claims, losses, costs, expenses, liabilities, litigation, damages or other expenses (including, but not limited to, settlement costs and attorneys' fees) arising directly or indirectly from, as a result of, or in connection with the operation of the Franchised Business and/or Franchisee's conduct under this Agreement (notwithstanding any claims that the Indemnitees are or were negligent). Franchisee agrees that with respect to any threatened or actual litigation, proceeding or dispute which could directly or indirectly affect any of the Indemnitees, the Indemnitees will have the right, but not the obligation, in their discretion, to: (i) choose counsel, (ii) direct, manage and/or control the handling of the matter; and (iii) settle on behalf of the Indemnitees, and/or Franchisee, any claim against the Indemnitees. All vouchers, canceled checks, receipts, receipted bills or other evidence of payments for any such losses, liabilities, costs, damages, charges or expenses of whatsoever nature incurred by any Indemnitee will be taken as prima facie evidence of Franchisee's obligation by this Agreement.

21.5 **Indemnification By Franchisor.** Franchisor will indemnify and hold Franchisee, Franchisee's owners and affiliates, and their respective officers, directors, and employees (the "**Indemnitees**") harmless against any and all causes of action, claims, losses, costs, expenses, liabilities, litigation, damages or other expenses (including, but not limited to, settlement costs and attorneys' fees) arising directly or indirectly from, as a result of, or in connection with the use of the Proprietary Marks in the operation of the Franchised Business. All vouchers, canceled checks, receipts, receipted bills or other evidence of payments for any such losses, liabilities, costs, damages, charges or expenses of whatsoever nature incurred by any Indemnitee will be taken as prima facie evidence of Franchisor's obligation by this Agreement.

## SECTION 22 - APPROVALS AND WAIVERS

22.1 **Approval Requests.** Whenever this Agreement requires the prior authorization, approval or consent of Franchisor, Franchisee will make a timely written request to Franchisor, and such approval or consent must be obtained in writing.

22.2 **Non-waiver.** No failure of Franchisor to exercise any power reserved to it by this Agreement, or to insist on strict compliance by Franchisee with any obligation or condition by this Agreement, and no custom or practice of the parties in variance with the terms of this Agreement, will constitute a waiver of Franchisor's right to demand exact compliance with the terms of this Agreement. Waiver by Franchisor of any particular default by Franchisee will not be binding unless in writing and executed by the party sought to be charged and will not affect or impair Franchisor's right with respect to any subsequent default of the same or of a different nature; nor will any delay, waiver, forbearance, or omission of Franchisor to exercise any power or rights arising out of any breach or default by Franchisee of any of the terms, terms, or covenants of this Agreement, affect or impair Franchisor's rights nor will such constitute a waiver by Franchisor of any right by this Agreement or of the right to declare any subsequent breach or default. Subsequent acceptance by Franchisor of any payment(s) due to it by this Agreement will not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

## SECTION 23 - WARRANTIES OF OPERATOR

23.1 **Reliance by Franchisor.** Franchisor entered into this Agreement in reliance on the statements and information submitted to Franchisor by Franchisee in connection with this Agreement. Franchisee represents and warrants that all such statements and information submitted by Franchisee in connection with this Agreement are true, correct and complete in all material respects. Franchisee agrees to promptly advise Franchisor of any material changes in the information or statements submitted.

23.2 **Compliance with Laws.** Franchisee represents and warrants to Franchisor that neither Franchisee (including, without limitation, any and all of its employees, directors, officers and other representatives), nor any of its affiliates or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business.

## SECTION 24 - NOTICES

Any and all notices required or permitted under this Agreement will be in writing and will be personally delivered, sent by certified registered mail, or by commercially accepted overnight carrier, to the respective parties at the addresses shown on the signature page of this Agreement, unless and until a different address has been designated by written notice to the other party. Any notice will be deemed to have been given in the event of overnight courier, one business day after delivery to the courier by sender and in the event of mail five (5) business days after delivery to the postal service.

## SECTION 25 - ENTIRE AGREEMENT

This Agreement, the attachments of this Agreement, and the documents referred to in this Agreement constitute the entire Agreement between Franchisor and Franchisee concerning the subject matter of this Agreement and supersede any prior agreements. Except for those permitted to be made unilaterally by Franchisor by this Agreement, no amendment, change, or variance from this Agreement will be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Nothing in this or any other Agreement is intended to disclaim the representations made in the Franchise Disclosure Document.

## SECTION 26 - SEVERABILITY AND CONSTRUCTION

26.1 **Severable Parts.** Except as expressly provided to the contrary in this Agreement, each portion, section, part, term, and/or provision of this Agreement will be considered severable; and if, for any reason, any section, part, term, and/or provision in this Agreement is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such will not impair the operation



of, or have any other effect on, such other portions, sections, parts, terms, and/or conditions of this Agreement as may remain otherwise intelligible; and the latter will continue to be given full force and effect and bind the parties of this Agreement; and the invalid portions, sections, parts, terms, and/or conditions will be deemed not to be a part of this Agreement.

26.2 **Terms Surviving this Agreement.** Any provision or covenant in this Agreement which expressly or by its nature imposes obligations beyond the expiration, termination or assignment of this Agreement (regardless of cause for termination), or assignment will survive such event.

26.3 **No Rights on Third Parties.** Except as expressly provided to the contrary in this Agreement, nothing in this Agreement is intended, nor will be deemed, to confer any rights or remedies under or by reason of this Agreement on any person or legal entity other than Franchisee, Franchisor, officers, directors, shareholders, agents, and employees of Franchisor, and such successors and assigns of Franchisor as may be contemplated by Section 15 in this Agreement.

26.4 **Full Scope of Terms.** Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the terms of this Agreement any portion or portions which a court or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an un-appealed final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court or agency order.

26.5 **Franchisor's Application of its Rights.** Franchisor will have the right to operate, develop and change the System in any manner that is not specifically precluded by this Agreement. Whenever Franchisor has reserved in this Agreement a right to take or withhold an action, or is deemed to have a right and/or discretion to take or withhold an action, or to grant or decline to grant Franchisee a right to take or omit an action, except as otherwise expressly and specifically provided in this Agreement, Franchisor may make its decision or exercise its rights, on the basis of the information readily available to Franchisor, and its judgment of what is in its best interests and/or in Nutty Scientists interests of the Franchisor's franchise network, at the time its decision is made, without regard to whether: (i) other reasonable or preferable alternative decisions could have been made by Franchisor; (ii) the decision or action of Franchisor will promote its financial or other individual interest; (iii) Franchisor's decision or the action it take applies differently to Franchisee and one or more other franchisees or Franchisor's company-owned operations; or (iv) Franchisor's decision or the exercise of its right or discretion is adverse to Franchisee's interests. In the absence of an applicable statute, Franchisor will have no liability to Franchisee for any such decision or action. Franchisor and Franchisee intend that the exercise of any Franchisor right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, Franchisor and Franchisee agree that such covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants Franchisor the right to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's rights and obligations hereunder.

26.6 **Captions Only for Convenience.** All captions in this Agreement are intended solely for the convenience of the parties, and none will be deemed to affect the meaning or construction of any provision of this Agreement.

## **SECTION 27 - APPLICABLE LAW AND DISPUTE RESOLUTION**

27.1 **Governing Law.** This Agreement takes effect on its acceptance and execution by Franchisor, and will be interpreted and construed under the laws of the State of Florida. In the event of any conflict of law, the laws of Florida will prevail, without regard to, and without giving effect to, the application of Florida conflict of law rules. Nothing in this Section 27.1 is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation of the State of Florida or of any other state to which it would not otherwise be subject.

27.2 **Non-Binding Mediation.** Before any party may bring an action in court against the other, the parties must first meet to mediate the dispute (except as otherwise provided below). Any such mediation will be non-binding and will be conducted by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes. Either party may seek mediation. Any mediation shall be held in the same location as any

arbitration pursuant to this Section 27. Notwithstanding anything to the contrary, this Section 27.2 will not bar either party from obtaining injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions, without having to engage in mediation. Mediation by this Agreement will be concluded within forty-five (45) days of Franchisee's receipt of the notice specifying the designated mediator or such longer period as may be agreed on by the parties in writing. All aspects of the mediation process will be treated as confidential, will not be disclosed to others, and will not be offered or admissible in any other proceeding or legal action. Franchisor and Franchisee will each bear their own costs of mediation, and each will bear one-half the cost of the mediator or mediation service.

27.3 **Arbitration.** Franchisor and Franchisee agree that, except for controversies, disputes, or claims related to or based on improper use of the Marks or Confidential Information, all controversies, disputes, or claims between Franchisor and Franchisor's affiliates, and Franchisor's and their respective shareholders, members, officers, directors, agents, and/or employees, and Franchisee (and/or Franchisee's owners, guarantors, affiliates, and/or employees) arising out of or related to:

- (1) this Agreement or any other agreement between Franchisee and Franchisor;
  - (2) Franchisor's relationship with Franchisee;
  - (3) the validity of this Agreement or any other agreement between Franchisee and Franchisor;
- or
- (4) any System Standard;

must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association in the United States ("AAA"). The arbitration proceedings will be conducted by one arbitrator and, except as this Subsection otherwise provides, according to the AAA's then current Commercial Arbitration Rules. All proceedings will be conducted at a suitable location chosen by the arbitrator which is within a five (5) mile radius of Franchisor's then current principal place of business. All matters relating to arbitration will be governed by the United States Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment on the arbitrator's award may be entered in any court of competent jurisdiction.

The arbitrator has the right to award or include in his or her award any relief which he or she deems proper, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs (as allowable under this Agreement or applicable law), provided that the arbitrator may not declare any Mark generic or otherwise invalid or, except as expressly provided in Subsection 27.5 below, award any punitive, exemplary or multiple damages against either party (Franchisor and Franchisee by this agreement waiving to the fullest extent permitted by law, except as expressly provided in Subsection 27.5 below, any right to or claim for any punitive, exemplary or multiple damages against the other).

Franchisor and Franchisee agree to be bound by the terms of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. Franchisor and Franchisee further agree that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the United States Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Franchisee or Franchisor.

Franchisor and Franchisee agree that arbitration will be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between Franchisor and Franchisor's affiliates, and Franchisor's and their respective shareholders, officers, directors, agents, and/or employees, and Franchisee (and/or Franchisee's owners, guarantors, affiliates, and/or employees) may not be consolidated with any other arbitration proceeding between Franchisor and any other person.

Despite Franchisor's and Franchisee's agreement to arbitrate, Franchisor and Franchisee each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a



court of competent jurisdiction; provided, however, that Franchisor and Franchisee must contemporaneously submit Franchisor's dispute for arbitration on the merits as provided in this Subsection.

The terms of this Subsection are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

27.4 **No Rights Exclusive of Other Rights.** No right or remedy conferred on or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor will be deemed, exclusive of any other right or remedy provided in this Agreement or permitted by law or equity, but each will be cumulative of every other right or remedy.

27.5 **Waiver of Jury Trial.** Franchisor and Franchisee irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of them against the other. Any and all claims and actions arising out of or relating to this Agreement, the relationship of Franchisee and Franchisor, or Franchisee's operation of the Franchised Business, brought by either party of this Agreement against the other, whether in mediation, or a legal action, will be commenced within two (2) years from the occurrence of the facts giving rise to such claim or action, or such claim or action will be barred.

27.6 **Waiver of Punitive Damages.** Franchisor and Franchisee by this agreement waive to the fullest extent permitted by law any right to or claim of any punitive or exemplary damages against the other.

27.7 **Injunctive Relief.** Nothing in this Agreement contained will bar the right of Franchisor to obtain injunctive relief against threatened conduct that will cause it loss or damages, including violations of the terms of Sections 9, 10, 11, 15, and 18 under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

## SECTION 28 - ACKNOWLEDGEMENTS

28.1 **Franchisee's Responsibility for Operation of Business.** Although Franchisor retains the right to establish and periodically modify System standards, which Franchisee has agreed to maintain in the operation of the Franchised Business, Franchisee retains the right and sole responsibility for the day-to-day management and operation of the Franchised Business and the implementation and maintenance of system standards at the Franchised Business.

28.2 **No Conflicting Obligations.** Each party represents and warrants to the others that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict such party from: (a) negotiating and entering into this Agreement; (b) exercising its rights under this Agreement; and/or (c) fulfilling its responsibilities under this Agreement.

28.3 **Different Franchise Offerings to Others.** Franchisee acknowledges and agrees that Franchisor may modify the offer of its franchises to other franchisees in any manner and at any time, which offers and agreements have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement.

[Signatures on following page]

**IN WITNESS WHEREOF**, the parties of this Agreement have duly executed this Agreement in duplicate on the date first above written and it is only binding when executed and signed by an officer of Interactive Children Education and Entertainment Corp.

Interactive Children Education and Entertainment Corp.,  
Franchisor

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

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

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

At: 10773 NW 58th ST #132. Doral, FL 33178

\_\_\_\_\_  
Franchisee

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

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

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

Address for Notices:

\_\_\_\_\_  
Franchisee

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

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

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

\_\_\_\_\_  
Telephone: \_\_\_\_\_

Fax: \_\_\_\_\_

Attn: \_\_\_\_\_

**FRANCHISE SUMMARY:** TERM: 10 Years EFFECTIVE DATE:

FRANCHISEE: \_\_\_\_\_

BUSINESS ENTITY: corporation partnership proprietorship ☐ individual limited liability company  
formed under the laws of \_\_\_\_\_

FRANCHISED LOCATION:

Telephone: \_\_\_\_\_

Facsimile: \_\_\_\_\_

Email: \_\_\_\_\_

INITIAL FEE: \$28,000.00

MATERIALS, EQUIPMENT AND TRAINING FEE: \$10,000.00

CONTINUING MONTHLY FEE (INCLUDING WEBSITE MAINTENANCE AND  
TECHNOLOGICAL SUPPORT): 8% or the minimum monthly Royalty Fee set forth in Section 4.4.2 of  
the Franchise Agreement (whichever is higher). BEGINNING MONTH 9 AND PAYABLE MONTH 10  
FOR THE TERM OF THE AGREEMENT.

LOCAL ADVERTISING EXPENDITURE: up to 2% No less than \$100 per month

**EXHIBIT A**  
**TO THE FRANCHISE AGREEMENT**  
**“INTERACTIVE CHILDREN EDUCATION AND ENTERTAINMENT CORP.”**

<b>“INTERACTIVE CHILDREN EDUCATION AND ENTERTAINMENT CORP.”</b>  TERRITORY
--

The Franchisee’s exclusive territory can be visualised by the map herewith at time of signing the Franchise Agreement.

**EXHIBIT B**  
**TO THE FRANCHISE AGREEMENT**  
**“INTERACTIVE CHILDREN EDUCATION AND ENTERTAINMENT CORP.”**

**LIST OF PRINCIPALS AND DESIGNATED PRINCIPAL**

The following identifies all of Franchisee’s Principals (as defined in Section 6.1.1 of the Franchise Agreement:

<b>Name of Principal</b>	<b>Address</b>	<b>Interest (%) with description</b>
		<b>Total: 100%</b>

**FRANCHISEE’S DESIGNATED PRINCIPAL**

The following identifies Franchisee’s Designated Principal (as defined in Section 8.3 of the Franchise Agreement:

<b>Name and Title</b>	<b>Address, telephone number, and e-mail address</b>	<b>Interest (%) (with description) if any</b>

**EXHIBIT C**  
**TO THE FRANCHISE AGREEMENT**  
**“INTERACTIVE CHILDREN EDUCATION AND ENTERTAINMENT CORP.”**

**GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT**

As an inducement to INTERACTIVE CHILDREN EDUCATION AND ENTERTAINMENT CORP. (“**Franchisor**”) to enter in to a Franchise Agreement between Franchisor and \_\_\_\_\_ (“**Franchisee**”), dated \_\_\_\_\_, 20\_\_\_\_ (the “**Agreement**”), the undersigned, jointly and severally, by this agreement unconditionally guaranty to Franchisor and Franchisor’s successors and assigns that all of Franchisee’s monetary obligations under the Agreement will be punctually paid and performed.

Upon demand by Franchisor, the undersigned each by this agreement jointly and severally agree to immediately make each payment required of Franchisee under the Agreement and waive any right to require Franchisor to: (a) proceed against Franchisee for any payment required under the Agreement; (b) proceed against or exhaust any security from Franchisee; (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee; or (d) give notice of demand for payment by Franchisee. Without affecting the obligations of the undersigned under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee, and the undersigned each by this agreement jointly and severally waive notice of same and agree to remain and be bound by any and all such amendments and changes to the Agreement.

The undersigned each by this agreement jointly and severally agree to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorney’s fees, reasonable costs of financial and other investigation, court costs, and fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement, any amendment to this Agreement, or any other agreement executed by Franchisee referred to in this Agreement.

The undersigned each by this agreement jointly and severally acknowledge and expressly agree to be individually bound by all of the covenants contained in Sections 11, 15, 17, and 18 of the Agreement, and acknowledge and agree that this Guarantee does not grant the undersigned any right to use the “Nutty Scientists franchises” marks or system licensed to Franchisee under the Agreement.

This Guarantee will terminate on the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination will remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement will remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor will be bound by this Guaranty, but only for defaults and obligations by this Agreement existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

Guarantor represents and warrants to Franchisor that neither Guarantor (including, without limitation, any and all of its employees, directors, officers and other representatives), nor any of its affiliates or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business.

Any and all notices required or permitted under this guaranty provision will be in writing and will be personally delivered, in the manner agreed to under Section 24 of the Agreement.

Unless specifically stated otherwise, the terms used in this Guaranty will have the same meaning as in the Agreement, and will be interpreted and construed in accordance with Section 27 of the Agreement. This Guaranty will be interpreted and construed under the laws of the State of Florida. In the event of any conflict of law, the laws of the State of Florida will prevail (without regard to, and without giving effect to, the application of Florida conflict

of law rules). Guarantor submits to the jurisdiction of the Florida courts and consents to arbitration in the event of any dispute hereunder pursuant to Section 27 of the Agreement.

IN WITNESS WHEREOF, the undersigned has signed this guaranty provision as of the date of this Agreement.

GUARANTOR(S)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT D**  
**TO THE FRANCHISE AGREEMENT**  
**“INTERACTIVE CHILDREN EDUCATION AND ENTERTAINMENT CORP.”**

**OWNERS**

1. **Owners:** List the full name and mailing address of each person or entity who directly or indirectly owns equity or voting interest in the Franchisee, and describe the nature of the interest.

Name: _____ Address: _____ _____ _____ _____	Number of Ownership Interests Owned: _____ % of Total Ownership Interests: _____ Number of Ownership Interests Owner is Entitled to Vote: _____ Other Interest (Describe): _____ _____
Name: _____ Address: _____ _____ _____ _____	Number of Ownership Interests Owned: _____ % of Total Ownership Interests: _____ Number of Ownership Interests Owner is Entitled to Vote: _____ Other Interest (Describe): _____ _____
Name: _____ Address: _____ _____ _____ _____	Number of Ownership Interests Owned: _____ % of Total Ownership Interests: _____ Number of Ownership Interests Owner is Entitled to Vote: _____ Other Interest (Describe): _____ _____

2. **Designated Principal Owners:** The following individuals named in Paragraph 1 are designated as Principal Owners, although they do not hold five percent (5%) or more of the equity ownership interests in Franchisee:

Name: _____	Name: _____
Name: _____	Name: _____
Name: _____	Name: _____
Name: _____	Name: _____

3. **Management:** As required according to Paragraph G of Section 10 of this Agreement, the following Principal Owners will have supervisory responsibilities in connection with the operation of the Outlet:

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

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

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

4. **Ownership Structure and Initial Capitalization:** Franchisee and its Owners represent and warrant that the ownership structure and initial capitalization of Franchisee is as follows:

**OWNERSHIP STRUCTURE**

<b><u>Owner</u></b>	<b><u>Number of Ownership Interests</u></b>	<b><u>Percentage Ownership</u></b>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

As of the date of this Agreement there are \_\_\_\_\_ (\_\_\_\_\_) Ownership Interests authorized and there are \_\_\_\_\_ (\_\_\_\_\_) Ownership Interests which are issued and outstanding. There are no other authorized classes of shares.



**EXHIBIT E**  
**TO THE FRANCHISE AGREEMENT**  
**“INTERACTIVE CHILDREN EDUCATION AND ENTERTAINMENT CORP.”**

**CONFIDENTIALITY AND NON-COMPETE AGREEMENT**  
**FOR FRANCHISEE’S PRINCIPALS AND EXECUTIVES**

**THIS NON-DISCLOSURE AND NON-COMPETITION AGREEMENT** (“Agreement”) is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between “**INTERACTIVE CHILDREN EDUCATION AND ENTERTAINMENT CORP.**”, a Florida Corporation (“**Nutty Scientists**” “we” “our” or the “**Franchisor**”), and \_\_\_\_\_, who is a Principal, member, partner, or officer of Franchisee (“**you**” or the “**Member**”).

**Introduction**

Nutty Scientists (the “**Franchisor**”) and its affiliates developed and own a format and system (the “**System**”) relating to the establishment and operation of a business designed to offer an entertainment-oriented educational program in almost every area of scientific thought, with the objective of leading children to discover and enjoy science under the Mark “**NUTTY SCIENTISTS**” through a uniform system which has high standards of services, uses quality products, operates under the business format created and developed by *Nutty Scientists*, and which is known as the Nutty Scientists System (“the System”); and feature and operate under the Proprietary Marks (as defined below) (each “*Nutty Scientists franchise*”).

Franchisor and Franchisee have executed a Franchise Agreement (“**Franchise Agreement**”) granting Franchisee the right to operate a Nutty Scientists franchise (the “**Franchised Business**”) under the terms and conditions of the Franchise Agreement.

In connection with your ownership and position with Franchisee, you will be trained by Nutty Scientists and/or you will learn of Franchisor’s confidential information and know-how concerning the methods of operation of a Nutty Scientists franchise and the System.

Now, therefore, it is agreed that as a consideration your relationship with Franchisee and the rights granted to Franchisee under the Franchise Agreement, you acknowledge and agree that you will comply with all of the following obligations:

1. **Nutty Scientists franchises Confidential Information.** You agree that you will not, at any time (whether during or after the term of the Franchise Agreement or the time of your relationship with Franchisee), communicate or divulge Nutty Scientists franchises Confidential Information to any Person, and that you will not use Nutty Scientists franchises Confidential Information for your own benefit or for the benefit of any other Person.

2. **Definitions.** As used in this Agreement, the following terms are agreed to have the following meanings:

a. The term “**Nutty Scientists franchises Confidential Information**” means any information, knowledge, or know-how concerning the methods of operation of the Franchised Business and the System that you may learn of or that otherwise becomes known to you during the term of the Franchise Agreement or the time of your relationship with Franchisee (whether or not Franchisor or we have specifically designated that information as “confidential”). Nutty Scientists franchises Confidential Information may include, among other things, operational, sales, promotional, marketing, and administrative methods, marketing plans, procedures, techniques and all marketing, promotional, operations and related Confidential Information disclosed to Franchisee in the future. However, Nutty Scientists franchises Confidential Information does not include information that you can show came to your attention before it was disclosed to you by Nutty Scientists or Franchisor; and Nutty Scientists franchises Confidential Information also does not include information that, at or after the time when we or Franchisor disclosed it to you, is a part of the public domain through no act on your part or through publication or communication by other Persons who are lawfully entitled to publish or communicate that information.

b. The term “**Person**” means any person, persons, partnership, entity, association, or corporation (other than the Franchisor or Franchisee).

c. The term “**Post-Term Period**” means a continuous uninterrupted period of one year from the date of: (a) a transfer permitted under Section 15 of the Franchise Agreement; (b) expiration or termination of the Franchise Agreement (regardless of the cause for termination); (c) termination of your relationship with Franchisee for any reason; and/or (d) a final order of a court of competent jurisdiction enforcing of this Agreement.

**3. Covenants Not to Compete.**

a. You understand and acknowledge that due to your relationship with Nutty Scientists, you will receive valuable specialized training and access to Nutty Scientists franchises Confidential Information.

b. You covenant and agree that during the term of the Franchise Agreement, unless Franchisor gives you prior written approval, you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any Person:

- i. Divert or attempt to divert any current or potential business account or customer of the Franchised Business (or of any Nutty Scientists franchises with whom you had material contact during the term of the Franchise Agreement) to any Person, whether by direct or indirect suggestion, referral, inducement, or otherwise;
- ii. Do or perform, directly or indirectly, any act that might injure or be harmful to the goodwill associated with Franchisor and the System;
- iii. Directly or indirectly for yourself or on behalf of, or in conjunction with any Person, own, maintain, operate, engage in, or have any interest in any business that is the same as or similar to the Franchised Business.

c. You covenant and agree that during the term Post-Term Period, unless Franchisor gives you its prior written approval, you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any Person:

- i. Own, maintain, operate, engage in, or have any interest in any business that is the same as or similar to the Franchised Business, if that business is located (or if it is intended to be located) within the Territory or within a radius of twenty-five (25) miles thereof.

**4. Legal and Equitable Remedies.** You understand, acknowledge, and agree that if you do not comply with the requirements of this Agreement, you will cause irreparable injury to Franchisor, and that:

a. Nutty Scientists will have the right to enforce this Agreement and any of its terms by going to a court and obtaining an injunction, specific performance, or other equitable relief, without prejudice to any other rights and remedies that we may have for breach of this Agreement;

b. You will not raise wrongful termination or other defenses to the enforcement of this Agreement (although you will have the right to raise those issues in a separate legal action); and

c. You must reimburse Franchisor for any court costs and reasonable attorney’s fees that Franchisor incurs as a result of your violation of this Agreement and having to go to court to seek enforcement.

**5. Severability.** Each of the terms of this Agreement may be considered severable from the others. If a court should find that we or Franchisor may not enforce a clause in this Agreement as written, but the court would allow Nutty Scientists or Franchisor to enforce that clause in a way that is less burdensome to you, then you agree that you will comply with the court’s less-restrictive interpretation of that clause.

**6. Delay.** No delay or failure by Nutty Scientists or Franchisor to exercise any right under this Agreement, and no partial or single exercise of that right, will constitute a waiver of that right or any other right set out in this Agreement. No waiver of any violation of any terms and conditions of this Agreement will be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

**7. Third-Party Beneficiary.** You acknowledge and agree that Franchisor is an intended third-party beneficiary of this Agreement with the right to enforce it, independently or jointly with Franchisee.

[Signatures on following page]

**IN WITNESS WHEREOF**, Member has read and understands the terms of this Agreement, and voluntarily signed this Agreement on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

MEMBER

Signature: \_\_\_\_\_

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

**EXHIBIT F**  
**TO THE FRANCHISE AGREEMENT**  
**“INTERACTIVE CHILDREN EDUCATION AND ENTERTAINMENT CORP.”**

**LOGO AND MARKS**

# NUTTY SCIENTISTS



**EXHIBIT C**  
**TO THE DISCLOSURE DOCUMENT**

**TABLE OF CONTENTS OF MANUAL**

The Manual and all other training materials are located on our Intranet system and we will provide a webinar to you prior to your signing of the Franchise Agreement that will give you details on our Manual(s) and other programs used in the operation of the Nutty Scientists franchise.

**EXHIBIT D**  
**TO THE DISCLOSURE DOCUMENT**  
**FINANCIAL STATEMENTS**

**Unaudited Statement of Assets, Liabilities and Equity as of March 31, 2024 and Unaudited  
Statement of Revenues and Expenses for the Period Between January 1, 2024 to March 31, 2024**

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

E ALEX ORTIZ, CPA, PA  
\*Certified Public Accountant\*  
2727 PONCE DE LEON BLVD  
CORAL GABLES, FL 33134


May 17, 2024

BOARD OF DIRECTORS  
INTERACTIVE CHILDREN EDUCATION AND  
ENTERTAINMENT CORP  
CORAL GABLES, FLORIDA

MANAGEMENT IS RESPONSIBLE FOR THE ACCOMPANYING FINANCIAL STATEMENTS OF INTERACTIVE CHILDREN EDUCATION AND ENTERTAINMENT CORP WHICH COMPRISE THE STATEMENT OF ASSETS, LIABILITIES, AND EQUITY-TAX BASIS AS OF MARCH 31, 2024, AND THE RELATED STATEMENT OF REVENUES, EXPENSES, AND RETAINED EARNINGS-TAX BASIS FOR THE YEAR THEN ENDED IN ACCORDANCE WITH THE TAX BASIS OF ACCOUNTING, AND FOR DETERMINING THAT THE BASIS OF ACCOUNTING IS AN ACCEPTABLE FINANCIAL REPORTING FRAMEWORK. I HAVE PERFORMED A COMPILATION ENGAGEMENT IN ACCORDANCE WITH STATEMENTS ON STANDARDS FOR ACCOUNTING AND REVIEW SERVICES PROMULGATED BY THE ACCOUNTING AND REVIEW SERVICES COMMITTEE OF THE AICPA. I DID NOT AUDIT OR REVIEW THE FINANCIAL STATEMENTS NOR WAS I REQUIRED TO PERFORM ANY PROCEDURES TO VERIFY THE ACCURACY OR COMPLETENESS OF THE INFORMATION PROVIDED BY MANAGEMENT. ACCORDINGLY, I DO NOT EXPRESS AN OPINION, A CONCLUSION, NOR PROVIDE ANY FORM OF ASSURANCE OF THESE FINANCIAL STATEMENTS.

THE FINANCIAL STATEMENTS ARE PREPARED IN ACCORDANCE WITH THE TAX BASIS OF ACCOUNTING, WHICH IS A BASIS OF ACCOUNTING OTHER THAN ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA.

MANAGEMENT HAS ELECTED TO OMIT SUBSTANTIALLY ALL OF THE DISCLOSURES ORDINARILY INCLUDED IN FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE TAX BASIS OF ACCOUNTING. IF THE OMITTED DISCLOSURES WERE INCLUDED IN THE FINANCIAL STATEMENTS, THEY MIGHT INFLUENCE THE USER'S CONCLUSIONS ABOUT THE COMPANY'S ASSETS, LIABILITIES, EQUITY, REVENUES, AND EXPENSES. ACCORDINGLY, THE FINANCIAL STATEMENTS ARE NOT DESIGNED FOR THOSE WHO ARE NOT INFORMED ABOUT SUCH MATTERS.



E ALEX ORTIZ, CPA, PA  
CERTIFIED PUBLIC ACCOUNTANT



**INTERACTIVE CHILDREN EDUCATION AND ENTERTAINMENT CORP**  
**Statement of Assets, Liabilities & Equity - Income Tax Basis**  
As of March 31, 2024

	Mar 31, 24
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
Citibank Checking #4484	15,390.91
Citibank Savings #6744	15,904.28
Total Checking/Savings	31,295.20
Other Current Assets	
Prepaid Expenses	
Federal Income Tax	6,911.00
Total Prepaid Expenses	6,911.00
Total Other Current Assets	6,911.00
Total Current Assets	38,206.20
Fixed Assets	
Property and Equipment	
Furn, Fixt & Equipment	6,617.90
Accumulated Depreciation	-6,617.90
Total Property and Equipment	0.00
Total Fixed Assets	0.00
Other Assets	
Corp Organization Cost	
Corp Organization Cost	1,000.00
Accumulated Amortization	-1,000.00
Total Corp Organization Cost	0.00
Licenses	
License	21,590.12
Accumulated Amortization	-21,590.12
Total Licenses	0.00
Trademarks	
Ramon Calero - Felipe V	42,060.00
Accumulated Amortization-Calero	-37,436.92
United Trademark	8,181.45
Accumulated Amortization-United	-7,932.40
Total Trademarks	5,872.13
Shareholders Loans	124,658.95
Total Other Assets	130,531.08
<b>TOTAL ASSETS</b>	<b>168,737.28</b>
<b>LIABILITIES &amp; EQUITY</b>	
Equity	
Capital Stock	100.00
Paid in capital	4,395.00
Retained Earnings	166,169.93
Net Income	-1,927.65
Total Equity	168,737.28
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>168,737.28</b>

READ INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

**INTERACTIVE CHILDREN EDUCATION AND ENTERTAINMENT CORP**  
**Statement of Revenues & Expenses - Income Tax Basis**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2024**

	Jan - Mar 24
Ordinary Income/Expense	
Income	
Sales	48,863.81
Total Income	48,863.81
Cost of Goods Sold	
Supplies	12,893.42
Total COGS	12,893.42
Gross Profit	35,970.39
Expense	
Advertising	3,190.54
Amortization	854.27
Bank Charges	202.00
Commissions	15,000.00
Legal & Accounting	16,651.25
Office	186.00
Taxes and Licenses	150.00
Travel	1,657.94
Total Expense	37,902.00
Net Ordinary Income	-1,931.61
Other Income/Expense	
Other Income	
Interest Income	3.96
Total Other Income	3.96
Net Other Income	3.96
Net Income	-1,927.65

READ INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

INTERACTIVE CHILDREN EDUCATION AND  
ENTERTAINMENT, CORP.  
FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR REPORT  
Year Ended December 31, 2023

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2. Financial Statements
  - a) Balance Sheet
  - b) Statement of Operations
  - c) Statement of Retained Earnings
  - c) Statement of Cash Flows
  - d) Notes to Financial Statements

**Albert Corrada**  
**Certified Public Accountant**  
**2655 LeJeune Road, Suite 902**  
**Coral Gables, FL 33146**  
**Tel. 305 804-8569, Fax 305 668-7723**  
**cpa@corrada CPA.com**

**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Interactive Children Education and Entertainment Corp.  
2727 Ponce de Leon Blvd  
Coral Gables, FL 33134

Dear Directors:

We have audited the accompanying balance sheet for Interactive Children Education and Entertainment Corp. (a C-Corporation), as of December 31, 2023, and the related Statements of Operations and Retained Earnings for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Interactive Children Education and Entertainment Corp., as of December 31, 2023 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.



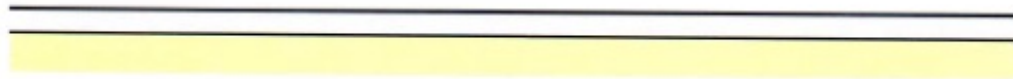
Albert Corrada, CPA  
May 10, 2024

See accompanying Accountants' Report and Notes to Financial Statements

**Interactive Children Education and Entertainment Corp.**  
**Balance Sheet**  
**As of December 31, 2023**  
(See Accountant's Audit Report)

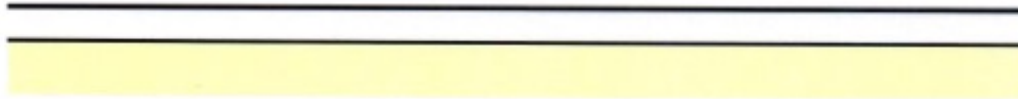
<b>ASSETS</b>		<b>LIABILITIES &amp; EQUITY</b>	
<b>Current Assets</b>		<b>Current Liabilities</b>	
Cash	32,369	Accounts Payable	-
		Loan Payable	-
<b>Total Current Assets</b>	<b>\$ 32,369</b>	<b>Total Liabilities</b>	<b>\$ -</b>
<b>Other Assets</b>		<b>Equity</b>	
Furniture & Fixtures Net of Depreciation	-	Common Stock, \$1 par value, 100 shares authorized, issued & outstanding	100
Prepaid Federal Income Tax	6,911	Additional Paid in Capital	4,395
Organizational Costs Net of Amortization	6,726	Retained Earnings	166,170
Loan Related Party	124,659		
<b>Total Other Assets</b>	<b>\$ 138,296</b>	<b>Total Equity</b>	<b>\$ 170,665</b>
<b>Total Assets</b>	<b>\$ 170,665</b>	<b>Total Liabilities &amp; Equity</b>	<b>\$ 170,665</b>

**Interactive Children Education and Entertainment Corp.**  
**Statement of Operations and Retained Earnings**  
**From January 1, 2023 Through December 31, 2023**  
**(See Accountant's Audit Report)**



Fee Income	298,301
Cost of Sales	27,245
Gross Profit	271,056
Operating Expenses:	
Commissions	154,998
Advertising	20,511
Professional Fees	43,129
Office Expense	4,881
Bank Fees	964
Travel	7,388
Postage	407
Licenses	150
Total Operating Expenses	232,428
Income Before Interest, Tax, Depreciation & Amortization	38,628
Depreciation & Amortization	4,736
Income Tax	7,120
Interest Income	14
<b>Net Income</b>	<b>\$ 26,786</b>

**Interactive Children Education and Entertainment Corp.**  
**Statement of Retained Earnings**  
**From January 1, 2023 Through December 31, 2023**  
**(See Accountant's Audit Report)**



Retained Earnings - Beginning	139,384
Net Income	26,786
Retained Earnings - Ending	166,170



**Interactive Children Education and Entertainment Corp.**  
**Statement of Cash Flows**  
**From January 1, 2023 Through December 31, 2023**  
**(See Accountant's Audit Report)**

Net Income	26,786
Increase (Decrease) In:	
Tax Payable	(1,041)
(Increase) Decrease In:	
Tax	(6,911)
Shareholder Loan	(20,000)
Depreciation & Amortization	4,736
Net Cash Provided By Operating Activities	3,570
<b>Net Increase (Decrease) in Cash</b>	<b>\$ 3,570</b>
<b>Cash &amp; Equivalents Beginning</b>	<b>28,799</b>
<b>Cash &amp; Equivalents Ending</b>	<b>32,369</b>

**Interactive Children Education and Entertainment Corp.**  
**Notes to Financial Statements**  
**For the year ended December 31, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Interactive Children Education and Entertainment Corp (The Company) is a for-profit corporation, located in Coral Gables, Florida. The Company was incorporated on October 12, 2007, in the State of Florida and is engaged in the education of children through books and videos it creates. Its clients are direct sales and they are looking to franchise their activities throughout the United States.

**Basis of Accounting**

The financial statements of The Company have been prepared on the accrual basis of accounting and accordingly reflect all material receivables, payables, and other liabilities.

**Use of Estimates**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Income Taxes**

The Company files annual federal and state income tax returns. When incurred, tax expense is reflected on the enclosed statements. The Company has a prepaid income tax balance of \$6,911 at 12/31/2023.

**2. FIXED ASSETS & INTANGIBLE ASSETS**

The Company has \$6,618 in furniture and fixtures and accumulated depreciation of \$6,818.

The intangible assets and their accumulated amortization are as follows:

Licenses	\$72,832
Accumulated Amortization	(66,106)
Net Licenses	6,726
Organizational Costs	\$1,000
Accumulated Amortization	(1,000)
Net Organizational Costs	-0-

See accompanying Accountants' Report and Notes to Financial Statements

**FIXED ASSETS & INTANGIBLE ASSETS CONTINUED**

United Trademark	\$9,181
Accumulated Amortization	(7,780)
Licenses	21,590
Accumulated Amortization	(21,590)
Ramon Calero-Felipe V Trademark	42,060
Accumulated Amortization	<u>(36,735)</u>
Net Trademarks	<u>6,726</u>

**3. LEASE**

The Company currently has no office or equipment leases and as such does not have future commitments for these.

See accompanying Accountants' Report and Notes to Financial Statements

# **INTERACTIVE CHILDREN EDUCATION AND ENTERTAINMENT CORP.**

FINANCIAL REPORT

AS OF DECEMBER 31, 2022



**Interactive Children Education and Entertainment Corp.**

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**Independent Auditor's Report**

To the Shareholder  
Interactive Children Education and Entertainment Corp.  
Doral, Florida

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

***Opinion***

We have audited the accompanying balance sheets of Interactive Children Education and Entertainment Corp. as of December 31, 2022, and 2021 and the related statements of operations, stockholder's equity and cash flows for the years ended December 31, 2022, 2021, and 2020 and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Interactive Children Education and Entertainment Corp. as of December 31, 2022, and 2021 and the results of their operations and cash flows for the years ended December 31, 2022, 2021, and 2020 in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Interactive Children Education and Entertainment Corp. 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 Interactive Children Education and Entertainment Corp.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

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

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

In performing an audit in accordance with GAAS, we:

2580 East Harmony Road, Ste. 301-10 • Ft. Collins, CO 80528  
Office: (303) 999-6485



- 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 Interactive Children Education and Entertainment Corp.'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 Interactive Children Education and Entertainment Corp.'s ability to continue as a going concern for a reasonable period of time.

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

*Reese CPA LLC*

Ft. Collins, Colorado  
February 15, 2023

**INTERACTIVE CHILDREN EDUCATION AND ENTERTAINMENT CORP.**  
**BALANCE SHEETS**  
**AS OF DECEMBER 31, 2022 AND 2021**

	<u>2021</u>	<u>2021</u>
<b>ASSETS:</b>		
<b>CURRENT ASSETS</b>		
Cash and equivalents	\$ 28,799	\$ 2,027
Prepaid taxes	-	15,137
<b>TOTAL CURRENT ASSETS</b>	<u>28,799</u>	<u>17,164</u>
 <b>INTANGIBLE ASSETS</b>	 11,461	 16,315
 <b>TOTAL ASSETS</b>	 <u><u>\$ 40,260</u></u>	 <u><u>\$ 33,479</u></u>
 <b>LIABILITIES AND STOCKHOLDER'S EQUITY:</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 636	\$ 27,165
Customer deposits	13,750	-
Non-refundable deferred franchise fees, current	8,050	-
<b>TOTAL CURRENT LIABILITIES</b>	<u>22,436</u>	<u>27,165</u>
 <b>LONG-TERM LIABILITIES</b>		
Non-refundable deferred franchise fees	66,588	-
 <b>TOTAL LIABILITIES</b>	 <u>89,024</u>	 <u>27,165</u>
 <b>STOCKHOLDER'S EQUITY</b>		
Common stock \$1 par value, 100 shares authorized		
issued and outstanding	100	100
Additional paid-In capital	4,395	4,395
Stockholder advances	(104,659)	(84,659)
Retained earnings	51,400	86,478
<b>TOTAL STOCKHOLDER'S EQUITY</b>	<u>(48,764)</u>	<u>6,314</u>
 <b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>	 <u><u>\$ 40,260</u></u>	 <u><u>\$ 33,479</u></u>

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



**STATEMENTS OF OPERATIONS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>REVENUES</b>			
Product sales	\$ 102,441	\$ -	\$ -
Royalty fees	24,021	31,977	117,345
Franchise sales	5,862	-	-
<b>TOTAL REVENUES</b>	<u>132,324</u>	<u>31,977</u>	<u>117,345</u>
<b>OPERATING EXPENSES</b>			
Professional fees	43,879	34,030	19,565
Franchise expenses	67,551	15,256	68,582
Personnel costs	-	14,267	10,418
Advertising and promotion	29,844	10,227	4,861
General and administrative	7,284	2,359	6,464
Amortization and depreciation	4,854	5,055	5,161
<b>TOTAL OPERATING EXPENSES</b>	<u>153,412</u>	<u>81,194</u>	<u>115,051</u>
<b>OPERATING INCOME (LOSS)</b>	(21,088)	(49,217)	2,294
<b>OTHER INCOME</b>	15	2	28
<b>INCOME BEFORE INCOME TAXES</b>	<u>(21,073)</u>	<u>(49,215)</u>	<u>2,322</u>
<b>INCOME TAX EXPENSE</b>	14,005	-	1,875
<b>NET INCOME (LOSS)</b>	<u><u>\$ (35,078)</u></u>	<u><u>\$ (49,215)</u></u>	<u><u>\$ 447</u></u>

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

**INTERACTIVE CHILDREN EDUCATION AND ENTERTAINMENT CORP.  
STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY (DEFICIT)  
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020**

	<b>Outstanding Shares</b>	<b>Common Stock</b>	<b>Additional Paid-In Capital</b>	<b>Stockholder Advances</b>	<b>Retained Earnings</b>	<b>Total Stockholder's Equity (Deficit)</b>
<b>BALANCE, DECEMBER 31, 2019</b>	<b>100</b>	<b>\$ 100</b>	<b>\$ 4,395</b>	<b>\$ (121,265)</b>	<b>\$ 135,246</b>	<b>\$ 18,476</b>
Stockholder (advances) payments	-	-	-	16,606	-	16,606
Net income	-	-	-	-	447	447
<b>BALANCE, DECEMBER 31, 2020</b>	<b>100</b>	<b>100</b>	<b>4,395</b>	<b>(104,659)</b>	<b>135,693</b>	<b>35,529</b>
Stockholder (advances) payments	-	-	-	20,000	-	20,000
Net (loss)	-	-	-	-	(49,215)	(49,215)
<b>BALANCE, DECEMBER 31, 2021</b>	<b>100</b>	<b>100</b>	<b>4,395</b>	<b>(84,659)</b>	<b>86,478</b>	<b>6,314</b>
Stockholder (advances) payments	-	-	-	(20,000)	-	(20,000)
Net (loss)	-	-	-	-	(35,078)	(35,078)
<b>BALANCE, DECEMBER 31, 2022</b>	<b>100</b>	<b>\$ 100</b>	<b>\$ 4,395</b>	<b>\$ (104,659)</b>	<b>\$ 51,400</b>	<b>\$ (48,764)</b>

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

**INTERACTIVE CHILDREN EDUCATION AND ENTERTAINMENT CORP.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net (loss)	\$ (35,078)	\$ (49,215)	\$ 447
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation & Amortization	4,854	5,055	5,161
Recognition of non-refundable deferred franchise fees	(5,862)	-	-
Changes in assets and liabilities			
Prepaid taxes	15,137	(9,520)	(4,230)
Accounts payable	(26,529)	-	(56,000)
Customer deposits	13,750		
Non-refundable deferred franchise fees	80,500		
Net cash (used) by operating activities	<u>46,772</u>	<u>(53,680)</u>	<u>(54,622)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash (used) by investing activities	-	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of stockholder advance, net	(20,000)	20,000	16,606
Net cash provided by financing activities	<u>(20,000)</u>	<u>20,000</u>	<u>16,606</u>
<b>NET (DECREASE) IN CASH</b>	26,772	(33,680)	(38,016)
<b>CASH, beginning of year</b>	<u>2,027</u>	<u>35,707</u>	<u>73,723</u>
<b>CASH, end of year</b>	<u>\$ 28,799</u>	<u>\$ 2,027</u>	<u>\$ 35,707</u>
<b>SUPPLEMENTAL DISCLOSURES</b>			
Cash paid for interest	\$ -	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -	\$ -

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

**INTERACTIVE CHILDREN EDUCATION AND ENTERTAINMENT CORP.  
NOTES TO FINANCIAL STATEMENTS**

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

Interactive Children Education and Entertainment Corp. ("the Company") was formed on October 12, 2007 (Inception) in the State of Florida as a corporation. The Company grants franchises to qualified persons or business entities to operate a business offering an education and entertainment-oriented educational program in almost every area of scientific thought, with the objective of leading children to discover and enjoy science under the Mark "Nutty Scientists." All activities are conducted in a defined territory.

*Predecessor and Affiliates*

Our predecessor, Nutty Scientists USA Inc. offered Nutty Scientists franchises in the United States from 2011 to 2017. Nutty Scientists USA, Inc. was dissolved on November 2, 2018.

The Company's affiliate is EDUCACION Y OCIO INTEGRAL SL, whose principal address is in Madrid, Spain. The affiliate operates as "Fun Science" in other countries. Fun Science began operations in Madrid, Spain in 1996, offered its first franchise for the concept in November 1997. Fun Science will continue to offer franchises in other countries except for the United States. Fun Science does not offer franchises in any other lines of business. Other than as stated herein, we are not in any other business, we have not conducted business in any other line of business.

The "Nutty Scientist" Marks are owned by the Company's founder who has granted the Company the right to use and sublicense the Marks indefinitely during the full term of all franchise agreements.

Changes in the number of franchises year ending December 31, 2022, 2021, and 2020 consist of the following:

	2022	2021	2020
Units in operation, beginning	2	4	6
Units opened	-	-	-
Units terminated or closed	-	(2)	(2)
Units in operation, ending	2	2	4
Franchised units	1	1	3
Affiliate owned units	1	1	1

*COVID-19*

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

**INTERACTIVE CHILDREN EDUCATION AND ENTERTAINMENT CORP.  
NOTES TO FINANCIAL STATEMENTS**

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

A summary of significant accounting policies follows:

*Basis of Presentation and Use of Estimates*

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

*Cash and Cash Equivalents*

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2022, and 2021.

*Franchisee Receivables*

The Company's franchisee receivables primarily result from initial franchise fees, royalty fees, and national ad fund contributions charged to franchisees. Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized after invoicing. The Company reports these receivables at net realizable value.

Management determines the allowance for doubtful accounts based on historical losses, current expectations, and economic conditions. On a continuing basis, management analyzes delinquent accounts receivable and, once these accounts receivable are determined to be uncollectible, they are written off through a charge against an existing allowance account. The allowance account is reviewed regularly and adjusted against earnings as appropriate. There were no amounts receivable at December 31, 2022, and 2021. The Company determined that an allowance on outstanding franchisee receivables of \$0 and \$0 was necessary as of December 31, 2022, and 2021. There was no franchisee bad debt expense for the years ended December 31, 2022, 2021, and 2020. There were no franchisee amounts written off for the years ended December 31, 2022, 2021, and 2020.

*Property, Plant & Equipment*

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years). All property, plant & equipment was fully depreciated at December 31, 2022, and 2021.

**INTERACTIVE CHILDREN EDUCATION AND ENTERTAINMENT CORP.  
NOTES TO FINANCIAL STATEMENTS**

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

*Intangible Assets*

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with infinite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable.

*Franchisee Revenue Recognition and Non-refundable Deferred Franchise Fee Revenue*

The Company recognizes revenue under the guidance of ASC 606 “Contracts with Customers”.

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

When a franchisee purchases a “Nutty Scientist” franchise, the Company grants the franchise the right to use the proprietary methods, techniques, trade dress, trademarks, and logos in a defined territory (“the license”). This is considered symbolic intellectual property. Revenues related to the license are continuing royalties that are 8.0% of monthly gross revenues subject to monthly minimums as defined in the franchise agreement. These revenues will be used to continue the development of the Company’s brand, the franchise system and provide on-going support for the Company’s franchisees. The royalties are billed monthly and are recognized as revenue when earned.

*Advertising Costs*

The Company expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2021, and 2020 were \$10,227 and \$4,861.

*Fair Value of Financial Instruments*

The Company's financial instruments primarily consist of cash and cash equivalents, prepaid taxes, and accounts payable. The carrying amounts approximate fair value due to their short maturities.

**INTERACTIVE CHILDREN EDUCATION AND ENTERTAINMENT CORP.  
NOTES TO FINANCIAL STATEMENTS**

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

*Concentrations of Credit Risk*

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

*Income Taxes*

The Company has adopted the liability method of accounting for income taxes ASC 740, "Income Taxes." Under ASC 740, deferred income taxes are recorded to reflect tax consequences on future years for the differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. Deferred tax assets, including tax loss and credit carryforwards, and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Deferred income tax expense represents the change during the period in the deferred tax assets and deferred tax liabilities. The components of the deferred tax assets and liabilities are individually classified as current and non-current based on their characteristics. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company adopted the provisions ASC 740-10-25 "Accounting for Uncertainty in Income Taxes," This provision prescribes recognition thresholds that must be met before a tax position is recognized in the financial statements and provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Under the provision, an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold. Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements.

The Company has an unrecognized net operating loss carryforward of \$7,000 as of December 31, 2022.

*Recently issued accounting pronouncements*

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

**INTERACTIVE CHILDREN EDUCATION AND ENTERTAINMENT CORP.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – CONTRACTS WITH CUSTOMERS**

The Company has recorded a liability for unearned revenue associated with the performance obligation of the Company's franchise agreements. The account balances and activity for the years ended December 31, are as follows:

	December 31,	
	2022	2021
<b>Deferred Non-refundable Franchise Fees:</b>		
Balance beginning of year	\$ -	\$ -
Deferral of non-refundable franchise fees	80,500	-
Recognition of non-refundable franchise fees	(5,862)	-
Balance at end of year	<u>\$ 74,638</u>	<u>\$ -</u>

Estimated Recognition of Deferred Franchise Fees

Estimated revenues to be recognized in future periods related to deferred franchise fees as reported at December 31, 2022, is as follows:

	Non-refundable Franchise Fees
Year ending December 31:	
2023	\$ 8,050
2024	8,050
2025	8,050
2026	8,050
2027	8,050
Thereafter	34,388
	<u>\$ 74,638</u>

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees for the years ended December 31, 2022, 2021, and 2020 is as follows:

	2022	2021	2020
Performance obligations satisfied at a point in time	\$ 102,441	\$ -	\$ -
Performance obligations satisfied through the passage of time	29,883	31,977	117,345
Total revenues	<u>\$ 132,324</u>	<u>\$ 31,977</u>	<u>\$ 117,345</u>



**INTERACTIVE CHILDREN EDUCATION AND ENTERTAINMENT CORP.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 – INTANGIBLE ASSETS**

At December 31, intangible assets consist of the following:

	2022	2021
Licenses	\$ 21,590	\$ 21,590
Trademarks	51,241	51,241
Organization	1,000	1,000
	73,831	73,831
Less accumulated amortization	(62,370)	(57,516)
	<u>\$ 11,461</u>	<u>\$ 16,315</u>

Amortization expense was \$4,854, \$5,055, and \$4,855 for the years ended December 31, 2022, 2021, and 2020. Amortization expense is expected to be approximately \$4,800 per year until the cost is fully amortized.

**NOTE 4 – STOCKHOLDER ADVANCE**

Transactions with the Company's shareholder consists of advances to and from the stockholder.

Advances are not collateralized, noninterest bearing and due on demand. Advances due from the stockholder as of December 31, 2022, and 2021 were \$104,659, and \$104,659. The advances are reported as a component of stockholder's equity in the accompanying balance sheet as the advances do not have stated repayment terms.

**NOTE 5 - INCOME TAXES**

The following is a reconciliation of the amount of income tax that would result from applying the statutory federal income tax rates to pre-tax and the reported amount of income tax for the years ended December 31, 2022, 2021, and 2020:

	2022	2021	2020
Tax expense (benefit) at federal statutory rates	\$ 8,728	\$ (10,335)	\$488
Other	14,005	-	1,387
Increase in allowance account	(8,728)	10,355	-
Totals	<u>\$ 14,005</u>	<u>\$ -</u>	<u>\$1,875</u>

**INTERACTIVE CHILDREN EDUCATION AND ENTERTAINMENT CORP.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 – COMMITMENTS AND CONTINGENCIES**

*Litigation*

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

**NOTE 7 - SUBSEQUENT EVENTS**

*Date of Management's Evaluation*

Management has evaluated subsequent events through February 15, 2023, the date on which the financial statements were available to be issued.

**EXHIBIT E**  
**TO THE DISCLOSURE DOCUMENT**  
**LIST OF FRANCHISEES AND TERMINATED FRANCHISEES**

Please be advised that your contact information may be disclosed if you buy a franchise and later leave the Franchise System.

**Natty Scientist Open Franchisee Chart as of December 31, 2023**  
**USA**

State	Address	Franchisee Name	Signed FA	Email	Telephone
CA	20653 Park Cir, unit 4. Cupertino, CA 95014.	Stemsquads, LLC	04/28/2023	<a href="mailto:santaclaracounty@nuttyscientists.com">santaclaracounty@nuttyscientists.com</a>	858-713-8740
GA	1918 Wells Dr. Columbus, Georgia, 31906	NS Events, LLC	02/1/2023	<a href="mailto:aryya@nuttyscientists.com">aryya@nuttyscientists.com</a>	225-772-9304
MI	45812 Drexel Rd., Canton, MI 48187	Kevin Schlosser	03/20/2014	<a href="mailto:kevin@nuttyscientists.com">kevin@nuttyscientists.com</a>	734-545-8597
MO	305 Lauren Spring, Drive, Lake St. Louis, MO 63367.	Science and Space, LLC	01/14/2022	<a href="mailto:khalid.khan@nuttyscientists.com">khalid.khan@nuttyscientists.com</a>	636-312-6315
NY	Violet Pl. Rhinebeck, NY, 12572.	Natty Scientists Hudson Valley LLC	02/15/2023	<a href="mailto:HUDSONVALLEY@NUTTYSIDENTISTS.COM">HUDSONVALLEY@NUTTYSIDENTISTS.COM</a>	845-802-3474

**Natty Scientist Franchisee Chart for Franchisees who have signed a Franchise Agreement but are not yet open as of December 31, 2023**  
**USA**

State	City	Franchisee Name	Email	Telephone
AL	Athens	Nerd Herd, LLC	<a href="mailto:rockectcity@nuttyscientists.com">rockectcity@nuttyscientists.com</a>	570-406-9125
PR	Orocovis	TV Educational Park Management	<a href="mailto:puertorico@nuttyscientists.com">puertorico@nuttyscientists.com</a>	787-407-6715

**Natty Scientist Franchisee Chart for Franchisees who have had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the 2023 fiscal year**  
**USA**

None.

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

**EXHIBIT F**  
**TO THE DISCLOSURE DOCUMENT**  
**STATE SPECIFIC ADDENDA**

## **CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT**

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Financial Protection and Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

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 offering circular.

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

These franchises have been registered under the franchise investment law of the State of California. Such registration does not constitute approval, recommendation or endorsement by the Commissioner of Financial Protection and Innovation nor a finding by the commissioner that the information provided herein is true, complete and not misleading.

Franchisees must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

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.

1. The following paragraph is added to the end of Item 3 of the Disclosure Document:

Neither franchisor nor any person or franchise broker in Item 2 of this disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

2. The following paragraph is added to the end of Item 5 of the Disclosure Document:

All Franchise Fees payable to Franchisor are deferred until Franchisor has delivered all pre-opening obligations and Franchised business has commenced operations.

3. The following paragraph is added to the end of Item 6 of the Disclosure Document:

With respect to the Late Fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is 10%.

4. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

The Franchise Agreement requires franchisee to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

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.).

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement requires binding arbitration. The arbitration will occur in Doral, Florida, with the costs being borne equally by Franchisor and Franchisee. Prospective franchisees are encouraged to consult private 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 a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires application of the laws of Florida. This provision may not be enforceable under California law.

## CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

This Addendum amends the Franchise Agreement dated \_\_\_\_\_ (the "Agreement"), between Interactive Children Education and Entertainment Corp., a Florida corporation ("Franchisor") and \_\_\_\_\_, a \_\_\_\_\_ ("Franchisee").

1. Capitalized terms used but not defined in this Addendum have the meanings given in the Agreement.

2. All Franchise Fees payable to Franchisor are deferred until Franchisor has delivered all pre-opening obligations and Franchised business has commenced operations.

3. No disclaimer, questionnaire, clause, or statement signed by a franchisee or prospective franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

4. 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.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

INTERACTIVE CHILDREN  
EDUCATION AND  
ENTERTAINMENT CORP.

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

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

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

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

## **ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT**

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

Payment of the initial franchise fee shall be deferred until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee has commenced business operations. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction of venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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



## ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

Payment of the initial franchise fee shall be deferred until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee has commenced business operations. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

Illinois Law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees' rights upon termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

INTERACTIVE CHILDREN  
EDUCATION AND  
ENTERTAINMENT CORP.

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

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

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

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

## INDIANA ADDENDUM TO FRANCHISE AGREEMENT

This Addendum amends the Franchise Agreement dated \_\_\_\_\_ (the "Agreement"), between Interactive Children Education and Entertainment Corp., a Florida corporation ("Franchisor") and \_\_\_\_\_, a \_\_\_\_\_ ("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Addendum have the meanings given in the Agreement. The "Indiana Acts" means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

**2. Certain Provisions Modified.** Any provision of the Agreement which would have any of the following effects is hereby modified to the extent required for the Agreement to be in compliance with the Indiana Acts:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or services or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the protected territory granted the franchisee by the franchise agreement; or, if no protected territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to 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.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the protected area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

**3. Effective Date.** This Addendum is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

DATE: \_\_\_\_\_

FRANCHISOR:

INTERACTIVE CHILDREN  
EDUCATION AND  
ENTERTAINMENT CORP.

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

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

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

DATE: \_\_\_\_\_

## **MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT**

The following is added to Item 17:

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

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

You have the right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law.

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

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

## MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

This Addendum amends the Franchise Agreement dated \_\_\_\_\_ (the "Agreement"), between Interactive Children Education and Entertainment Corp., a Florida corporation ("Franchisor") and \_\_\_\_\_, a \_\_\_\_\_ ("Franchisee").

1. **Definitions.** Capitalized terms used but not defined in this Addendum have the meanings given in the Agreement. The "Maryland Franchise Law" means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.
2. **Releases, Estoppels and Waivers of Liability.** All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Law.
3. **Statute of Limitations.** Any provision of the Agreement which provides for a period of limitations for causes of action shall not apply to causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland. Franchisee must bring an action under such law within three years after the grant of the franchise.
4. **Jurisdiction.** Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.
5. **Deferral.** Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.
6. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law. including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

FRANCHISOR:

INTERACTIVE CHILDREN  
EDUCATION AND  
ENTERTAINMENT CORP.

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

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

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

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

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

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

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

## NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

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

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

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

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity

as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

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

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

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

5. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum”**, and Item 17(w), titled **“Choice of law”**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.



## NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

This Addendum amends the Franchise Agreement dated \_\_\_\_\_ (the "Agreement"), between Interactive Children Education and Entertainment Corp., a Florida corporation ("Franchisor") and \_\_\_\_\_, a \_\_\_\_\_ ("Franchisee").

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

**2. Waivers Not Required.** Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve Franchisor or any other person from any duty or liability imposed by New York General Business Law, Article 33.

**3 Waivers of New York Law Deleted.** Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by Franchisor with any provision of New York General Business Law, or any rule promulgated thereunder, is hereby deleted.

**4. Governing Law.** Notwithstanding any provision of the Agreement to the contrary, the New York Franchises Law shall govern any claim arising under that law.

**5. Effective Date.** This Addendum is effective as of \_\_\_\_\_.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

INTERACTIVE CHILDREN  
EDUCATION AND  
ENTERTAINMENT CORP.

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

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

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

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

## **VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT**

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

Item 5 is amended to add the following statement:

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

The following statements are added to Item 17(h):

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or 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.

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to the franchisee under the franchise, that provision may not be enforceable.

Item 17(t) is amended to read as follows:

Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.

## VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT

This Addendum amends the Franchise Agreement dated \_\_\_\_\_ (the "Agreement"), between Interactive Children Education and Entertainment Corp., a Florida corporation ("Franchisor") and \_\_\_\_\_, a \_\_\_\_\_ ("Franchisee").

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

**5. Effective Date.** This Addendum is effective as of \_\_\_\_\_.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

INTERACTIVE CHILDREN  
EDUCATION AND  
ENTERTAINMENT CORP.

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

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

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

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

**WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT,  
FRANCHISE AGREEMENT, AND RELATED AGREEMENTS**

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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.

A release or waiver of rights executed by a franchisee may 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 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.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

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. 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.

*[Signatures on the following page]*

The undersigned does hereby acknowledge receipt of this addendum.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

INTERACTIVE CHILDREN  
EDUCATION AND  
ENTERTAINMENT CORP.

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

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

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

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

**EXHIBIT G**  
**TO THE DISCLOSURE DOCUMENT**

**GENERAL RELEASE**

Interactive Children Education and Entertainment Corp. (“we,” “us,” or “our”) and the undersigned franchisee, \_\_\_\_\_ (“you” or “your”), currently are parties to a certain franchise agreement (the “Franchise Agreement”) dated \_\_\_\_\_, 20\_\_\_\_. You have asked us to take the following action or to agree to the following request: [insert as appropriate for renewal or transfer situation] \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_. We have the right under the Franchise Agreement to obtain a general release from you (and, if applicable, your owners) as a condition of taking this action or agreeing to this request. Therefore, we are willing to take the action or agree to the request specified above if you (and, if applicable, your owners) give us the release and covenant not to sue provided below in this document. You (and, if applicable, your owners) are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to take the action or agree to the request described above.

Consistent with the previous introduction, you, on your own behalf and on behalf of your successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, shareholders, members, directors, officers, principals, employees, and affiliated entities (collectively, the "Releasing Parties"), hereby forever release and discharge us and our current and former officers, directors, members, shareholders, principals, employees, agents, representatives, affiliated entities, successors, and assigns (collectively, the "Franchisor Parties") from any and all claims, damages (known and unknown), demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind (collectively, “Claims”) that you and any of the other Releasing Parties now has, ever had, or, but for this document, hereafter would or could have against any of the Franchisor Parties, including without limitation, Claims (1) arising out of or related to the Franchisor Parties' obligations under the Franchise Agreement or (2) otherwise arising from or related to your and the other Releasing Parties' relationship, from the beginning of time to the date of your signature below, with any of the Franchisor Parties. You, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the Releasing Parties on any of the Claims released by this paragraph and represent that you have not assigned any of the Claims released by this paragraph to any individual or entity who is not bound by this paragraph.

We also are entitled to a release and covenant not to sue from your owners. By his, her, or their separate signatures below, your owners likewise grant to us the release and covenant not to sue provided above.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the date stated below.

**INTERACTIVE CHILDREN EDUCATION AND ENTERTAINMENT CORP.**

Sign:\_\_\_\_\_

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

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

**DATED:**\_\_\_\_\_

**FRANCHISE OWNER**

**(IF YOU ARE A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
Entity Name

\_\_\_\_\_  
Signature

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

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

**DATED:**\_\_\_\_\_

**FRANCHISE OWNER**

**(IF YOU ARE AN INDIVIDUAL AND  
NOT A LEGAL ENTITY):**

\_\_\_\_\_  
Signature

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

**DATED:**\_\_\_\_\_

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

State	Effective Date
California	Pending
Hawaii	
Illinois	July 2, 2024
Indiana	
Maryland	June 20, 2024
Michigan	
Minnesota	
New York	Pending
North Dakota	
Rhode Island	
South Dakota	
Virginia	June 20, 2024
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.



### RECEIPT (Your Copy)

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 Interactive Children Education and Entertainment Corp. offers you a franchise, it 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.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 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, Oregon and Wisconsin require 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 Interactive Children Education and Entertainment Corp. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency listed on Exhibit B.

The franchisor is Interactive Children Education and Entertainment Corp., located at 10773 NW 58th ST #132. Doral, FL. Email: [info@nuttyscientists.com](mailto:info@nuttyscientists.com)

Issuance date: May 20, 2024

The franchise seller for this offering is Santiago Martin at 10773 NW 58th ST #132. Doral, FL, and:

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Interactive Children Education and Entertainment Corp. authorizes the respective state agencies identified on Exhibit B to receive service of process for it in the particular state.

I received a disclosure document dated May 20, 2024 that included the following Exhibits:

- A. LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS
- B. FRANCHISE AGREEMENT
- C. TABLE OF CONTENTS OF MANUAL
- D. FINANCIAL STATEMENTS
- E. LIST OF FRANCHISEES AND TERMINATED FRANCHISEES
- F. STATE SPECIFIC ADDENDA
- G. GENERAL RELEASE

Date: \_\_\_\_\_  
(Do not leave blank)

\_\_\_\_\_  
Signature of Prospective Franchisee

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

You may return the signed receipt either by signing, dating, and mailing it to Interactive Children Education and Entertainment Corp. at 10773 NW 58th ST #132. Doral, FL 33178.

### RECEIPT (Our Copy)

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 Interactive Children Education and Entertainment Corp. offers you a franchise, it 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.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 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, Oregon and Wisconsin require 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 Nutty Scientists does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency listed on Exhibit B.

The franchisor is Interactive Children Education and Entertainment Corp., located at 10773 NW 58th ST #132. Doral, FL. Email: [info@nuttyscientists.com](mailto:info@nuttyscientists.com)

Issuance date: May 20, 2024

The franchise seller for this offering is Santiago Martin at 10773 NW 58<sup>th</sup> ST #132. Doral, FL 33178, and:

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Interactive Children Education and Entertainment Corp. authorizes the respective state agencies identified on Exhibit B to receive service of process for it in the particular state.

I received a disclosure document dated May 20, 2024 that included the following Exhibits:

- A. LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS
- B. FRANCHISE AGREEMENT
- C. TABLE OF CONTENTS OF MANUAL
- D. FINANCIAL STATEMENTS
- E. LIST OF FRANCHISEES AND TERMINATED FRANCHISEES
- F. STATE SPECIFIC ADDENDA
- G. GENERAL RELEASE

Date: \_\_\_\_\_  
(Do not leave blank)

\_\_\_\_\_  
Signature of Prospective Franchisee

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

You may return the signed receipt either by signing, dating, and mailing it to Interactive Children Education and Entertainment Corp. at 10773 NW 58th ST #132. Doral, FL 33178 and emailing it to [info@nuttyscientists.com](mailto:info@nuttyscientists.com)