

FRANCHISE DISCLOSURE DOCUMENT

Twinkle Star Dance Franchise, LLC
A California Limited Liability Corporation
4046 East Avenue
Livermore, CA 94550
Franchise@TwinkleStarDance.com
<http://www.TwinkleStarDance.com>
(925) 583-2830



The franchisee will operate one dance studio under the mark “Twinkle Star Dance” featuring tap, ballet, jazz, hip-hop and lyrical dance lessons for ages 2 to teens.. The total investment necessary to begin operation of a Twinkle Star Dance franchise is between \$101,635 and \$200,335 for a newly constructed Twinkle Star Dance Studio. This includes \$20,000 to \$30,000 that must be paid to the franchisor and/or its affiliate.

The total investment necessary to begin operation of a Multi Unit franchise is between \$126,400 and \$203,050, of which \$42,000 to \$66,000 that must be paid to the franchisor and/or its affiliates

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Tiffany Henderson at 4046 East Avenue, Livermore, CA 94550 or call (925) 583-2830.

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

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

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

THE ISSUE DATE OF THIS DISCLOSURE DOCUMENT IS JANUARY 26, 2023.

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the Franchisor by mediation, arbitration and/or litigation only in California. 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 California than your own state.
2. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the franchisor's financial ability to provide services and support to you.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

TWINKLE STAR DANCE FRANCHISE, LLC
FRANCHISE DISCLOSURE DOCUMENT

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ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Franchisor

To simplify the language in this Disclosure Document, “we”, “us” or “our” means or refers to Twinkle Star Dance Franchise, LLC, the franchisor. “You” or “your” means the person, persons, corporation, limited liability, partnership, or similar business entity, who is awarded a franchise. If the franchisee will operate through a corporation, limited liability company, partnership or other business entity, “you” also includes the franchisee's owners or partners.

We are a California limited liability corporation, formed on February 7, 2020. Our principal place of business is at 4046 East Avenue, Livermore, CA 94550 and our telephone number is (925) 583-2830. We have not conducted business in this or any other line of business and we have been offering franchises since January 2021.

Our agent for service of process is Tiffany Henderson, located at 4046 East Avenue, Livermore, CA 94550 and (925) 583-2830. Refer to the Schedule of State Agencies attached as Exhibit C for information on the agent for service of process in other states where we may be registered.

Our Parents, Predecessors and Affiliates

We have no parent or predecessors. We have three affiliates, Tiffany’s Dance Academy, Inc., Tiffany’s Dance Academy USA, LLC and Twinkle Star Dance, LLC based at our corporate headquarters.

Tiffany’s Dance Academy, Inc. a California corporation, located at 4046 East Avenue, Livermore, CA 94550, operates two dance studios of the type being franchised by us. Tiffany’s Dance Academy, Inc. was organized as a California corporation on October 10, 2000 for the purpose of establishing dance studios teaching children ages two to teens various dance styles, such as, tap, ballet, jazz, and hip-hop. Tiffany’s Dance Academy, Inc. owned a studio in Boise, ID but sold it in December 2016. Tiffany’s Dance Academy, Inc. currently owns the following dance studio locations:

Location	Date Opened
Livermore - 4046 East Ave, Livermore, CA 94550	October 10, 2000
Danville - 822 Hartz Way, Danville, CA 94526	March 1, 2017

Tiffany’s Dance Academy USA, LLC, a California limited liability company, located at 4046 East Avenue, Livermore, CA 94550, currently operates two dance studios of the type being franchised by us. Tiffany’s Dance Academy USA, LLC was organized as a limited liability company on September 27, 2005 for the purpose of establishing dance studios teaching children ages two to teens various dance styles, such as, tap, ballet, jazz, and hip-hop. The Affiliate previously owned two dance studios in Tracy, CA and Newport Beach, CA. The Tracy studio was closed in December 2013 and the Newport Beach studio was sold in October 2015. This affiliate currently operates the following dance studios:

Location	Date Opened
San Ramon - 9110 Alcosta Blvd, Suite B & C, San Ramon, CA 94583	February 1, 2006
Fremont - 37439 Fremont Blvd, Fremont, CA 94536	June 23, 2008

Twinkle Star Dance, LLC, a California limited liability company, located at 4046 East Avenue, Livermore, CA 94550, currently operates an internet subscription service for privately owned dance studios that subscribe to dance lesson plans

and choreography for the operation of their own dance studio. Twinkle Star Dance, LLC was organized as a limited liability company on March 13, 2012 for the purpose of soliciting private dance studios to subscribe to its dance curriculum and choreography. There are approximately 300 independent dance studios subscribing to the dance curriculum and choreography.

Description of Franchise

We and our Affiliates have developed a proprietary System (the “System”) offering franchises under the name Twinkle Star Dance to operate a dance studio engaging in teaching dance to children ages of two to teens (each a “Studio”). The Studio provides dance lessons in various dance styles, such as, tap, ballet, jazz, hip-hop and lyrical. The founder, Tiffany Henderson, created the concept desiring to expose youth to the benefits of dance, such as, improving flexibility, strength, endurance, confidence, self-esteem and general fitness. You will market and operate your business under the name “Twinkle Star Dance” as well as additional principal service marks, trademarks, trade names, logos, emblems and indicia of origin (as identified in Item 13). These principal marks and all other marks which may be designated by us in the future in writing for use with the System are referred to in this Disclosure Document as the “Proprietary Marks”. Twinkle Star Dance, LLC owns the rights to the mark “Twinkle Star Dance” and has granted us the exclusive rights to use this trademark in connection with our franchise System. The System includes distinctive signage, interior and exterior design, décor and color scheme; proprietary lesson plans and choreography, including proprietary costumes; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; management and financial control procedures (including proprietary customer resource management system); training and assistance; and advertising, all of which we may change, improve, and further develop, in our discretion. Certain aspects of the System are more fully described in this Disclosure Document and in the Confidential Operations Manual (which you should expect to evolve over time) that will be provided to you as a franchisee.

Twinkle Star Dance offers a variety of dance styles in which the student may experience. Each student may be enrolled in one or more classes each week. Each Studio includes comfortable lobby seating for the parents and the ability for the parents to watch the progress of their child. The Studio is open year round to maintain the continuity of the instruction and the students’ retention.

If we approve you as a franchisee you may be offered the opportunity to sign a franchise agreement that gives you the right to construct and operate a Twinkle Star Dance Studio at a specified location using Twinkle Star Dance system, trade dress, trademarks and service marks. You may, subject to our approval and using our approved plans, construct a new Studio or remodel and convert an existing Studio building or facility. If approved a franchisee, your Twinkle Star Dance Studio will range from 800 to 1,200 square feet, and must be located within your Protected Territory. You must operate your Studio utilizing the standards, policies, procedures and equipment that are set forth within our Manual. We will teach you our methods for managing your business and assist you in implementing our System of marketing your franchise. We will assist you in selecting a suitable territory and a suitable facility within that area. We will train you in methods to complete remodeling, decorating and equipping your Studio.

Types of Franchises

This Disclosure Document offers three basic types of franchises for Studios - unit franchises, subscription conversion franchises and multi-unit operation franchises.

For those who wish to operate a single Studio, we offer a unit franchise program under which you sign a “Franchise Agreement” and commit yourself to develop and open one Studio (see the current form of Franchise Agreement in Exhibit E).

Under the subscription conversion franchise, we offer current subscribers to Twinkle Star Dance a unit franchise program under which you sign a “Franchise Agreement” and commit yourself to convert your present Studio to a Twinkle Star Studio (see the current form of Franchise Agreement in Exhibit E).

Under our standard multi-unit development agreement (“Development Agreement”), we also grant to certain qualified people (each a “Developer”) the right, subject to certain terms and conditions, to develop multiple Twinkle Star Dance Studios within a defined geographical area (“Development Area”).

If you are a Developer, you must commit to open a pre-determined number of Twinkle Star Dance Studios within a Development Area in accordance with a specified development schedule (the “Development Schedule”) and subject to the terms and conditions of the Multi-Unit Development Agreement (the form of which is attached as Exhibit F to this Disclosure Document). We will determine the Development Area before you sign the Multi-Unit Development Agreement and it will be set forth in the Multi-Unit Development Agreement. The size of the Development Area will vary depending upon local market conditions and the number of Studios to be developed. For each Twinkle Star Dance Studio you open in your Development Area, you will be obligated to sign our then-current form of Franchise Agreement, which may differ from the current Franchise Agreement included within this FDD, and be subject to the rights and obligations contained in it, except that the Royalty Fee and Advertising Fees will be the amount set forth in the Franchise Agreement for your first Studio. Subject to certain exceptions, your right to develop Twinkle Star Dance Studios within the Development Area is protected during the term of the Development Agreement.

Market and Competition

The market for this service is well developed and highly competitive. It is not seasonal. You will compete with other businesses operated by independents, franchises or chains offering similar services within the industry that compete for business in our target markets. You will find your major competitors to be Studios and other fitness establishments.

Industry Regulations

Most states and local jurisdictions have enacted laws, rules, regulations and ordinances which may apply to the operation of the Franchise, including those that: (a) establish general standards, specifications and requirements for the construction, design and maintenance of the Franchise premises; (b) regulate matters affecting the health, safety and welfare of your customers, restrictions on smoking, availability of and requirements for public accommodations, including restrooms; © set standards pertaining to employee health and safety; and (d) regulate matters affecting requirements for accommodations for disabled persons.

ITEM 2 BUSINESS EXPERIENCE

President: Tiffany Henderson. Ms. Henderson has been our owner and President since our inception on February 7, 2020, and the Owner of our Affiliates Tiffany’s Dance Academy, Inc. since its inception on October 10, 2000; Tiffany’s Dance Academy USA, LLC since its inception on September 27, 2005; and Twinkle Star Dance, LLC since its inception on March 13, 2012. All companies are located in Livermore, California.

Vice President: Paul Henderson. Mr. Henderson has served as Vice President and co-owner since our inception February 7, 2020 and has served as co-owner of Tiffany’s Dance Academy, Inc. and Tiffany’s Dance Academy, LLC since their inception on October 10, 2000 and September 27, 2005 respectively. He is also co-owner of Twinkle Star Dance LLC which was founded in March 2012. Concurrently with the ownership in the dance studios and Twinkle Star Dance, LLC, Mr. Henderson founded CostumeManager.com in 2008 for on-line sales of dance wear. He sold CostumeManager.com in 2017.

Director of Onboarding Services: Amanda Scott. Ms. Scott has served as Director of Onboarding Services since our inception. Since 2012 to present she has served as Director of Operations in Twinkle Star Dance, LLC which is based in Livermore, California. Previous to her present position she has served as an instructor and studio administrator for Tiffany’s Dance Academy. She was Tiffany Henderson first student.

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 will pay a uniform Initial Franchise Fee of \$15,000 for a license to operate one Twinkle Star Dance Studio within an Exclusive Territory. As an inducement to join our System, the Initial Franchise Fee for the first five (5) to sign a Franchise Agreement will be reduced to \$5,000. Franchises six (6) through ten (10) will pay \$10,000; for franchises eleven (11) and beyond, the Initial Fee will be \$15,000. Honorably discharged veterans qualify for a 25% discount on the purchase of their first franchise in addition to any other early-purchase discounts available. Subscribers to Twinkle Star Dance, LLC will receive a discount to the non-promotional franchise fee equal to the amount of money they have paid as subscribers but not more than \$10,000. In addition, employees of ours, our affiliates, our franchisees and Subscribers to Twinkle Star Dance, LLC may apply for the purchase of a franchise after completing two years of continuous employment and at least 2000 hours of service. If granted a franchise, the employee will receive a discount on the franchise fee of three dollars (\$3) per hour worked but not more than \$10,000. The employee discount is not an accrued benefit and has no value unless the employee is granted a franchise. The employee discount is available to qualified employees in addition to the promotional franchise fee for the first ten franchises. Employees must meet the same criteria as non-employee franchise candidates.

You must pay us the Franchise Fee in a lump sum when we have completed all of our pre-opening obligations to you and you have opened your franchised business. This deferral is imposed by the Illinois Attorney General's Office based on the condition of our financial statements. Payments made are considered earned and non-refundable when paid. With the exception of the employee discount described above, no non-veteran franchise buyer may qualify for more than one discount listed above. We anticipate that the Initial Franchise Fee will be within these guidelines and uniform throughout 2022. Three franchises were granted in 2021.

INITIAL TRAINING FEE. The cost of the Initial Training is \$15,000. The Initial Training Fee must be paid in full along with the Initial Franchise Fee at the time you sign your Franchise Agreement. You must complete your Initial Training prior to opening your studio. The details about our Initial Training are provided under "The Training Program" in Item 11 below. You may not open your studio to Students until you have successfully completed Initial Training. Training is done virtually thus there is not need for travel.

We may waive or discount the Initial Training Fee and/or waive the requirement to successfully complete Initial Training for individuals who have previously completed Initial Training or otherwise have considerable experience in Twinkle Star Dance methods. Otherwise the Initial Training will be uniform for all new Franchisees.

The Initial Training Fee is not refundable under any circumstances.

When you sign a Development Agreement, you will be required to pay a non-refundable reservation fee for each site to be developed and opened under the Development Agreement beyond the initial unit for which you will pay the full franchise fee (Reservation Fee). The standard per-site Reservation Fee is four thousand dollars (\$4,000) for each Studio to be developed by you. This entire Reservation Fee will be credited toward the Franchise Fee for each site developed under, and in full compliance with, that Development Agreement. Payment of the Reservation fee is due when we have completed all of our pre-opening obligations to you and you have opened your franchised business. This deferral is imposed by the Illinois Attorney General's Office based on the condition of our financial statements.

We will not grant a Development Agreement to an existing franchisee unless certain conditions are met. The conditions may require significant financial contributions. We require that any existing franchisee be in substantial compliance with our System standards and have operated their initial Studio successfully for a period of not less than six (6) months.

During the term of your Franchise Agreement, you may, in our sole discretion, acquire additional franchise licenses to operate other Twinkle Star Dance franchises in new locations, on an "as available" basis, only if you have operated at least one Twinkle Star Dance for six months or more, are in compliance with the terms of the franchise agreement, and can prove financial capacity to open the Studio without relying on revenues from your existing unit. These additional Studios may be purchased at a reduced price of Eighty Percent (80%) of the franchise fee then being charged to new franchisees.

Each additional Franchise License includes the right to own and operate one Studio at a location that has been accepted by us in advance of your opening and to service an Exclusive Territory that has been mutually agreed upon by you and us.

ITEM 6 OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Ongoing Monthly Royalty	5% of the previous month's Gross Revenues	Payable monthly by the 10 th of the following month in which the gross revenues were received based on the Royalty Report you must submit via approved methods.	"Gross Revenues" means all revenue and income directly or indirectly derived in connection with the operation of the Studio, except sales taxes. Royalty Fees are payable by automatic debit and funds must be made available in your account for withdrawal. (See Note 1.)
Advertising Fees	2% of total monthly Gross Revenues of your business annually. Currently we are only collecting 1% of total monthly Gross Revenues.	This fee will be payable monthly by the 10th of the following month in which the gross receipts were received based on the Royalty Report you must submit via approved methods.	We will utilize the Advertising Fee to promote the System's services and to produce advertising media for use in local markets. We will debit your bank account for Advertising Fees due. See Item 11 for a detailed discussion about the Advertising Fund. (See Notes 1 and 2.)

Type of Fee	Amount	Due Date	Remarks
Local Advertising	You are required to spend the greater of \$400 or 2% of total gross revenues on local advertising each month.	When billed by local vendors.	You will pay your vendors directly. Advertising expenses considered eligible for the 2% are print media cost, direct mail, direct advertising but not product discounts or giveaways.
Advertising Cooperative Fee	If we elect to establish an advertising cooperative to which you must contribute, the required contribution amount in any event will not exceed 2% of your Total Gross Revenue unless you voluntarily contribute more.	As required under the cooperative's by-laws.	Should we establish an advertising cooperative for the region in which your Studio is located, you must join such advertising cooperative that we designate. (See Note 3.)
Additional Franchise Management Training	\$1,500 per person is the current charge for the training of employees in excess of the four provided for in your initial franchise fee.	2 weeks prior to beginning of training.	We will train 4 persons for free. (See Item 11.)
Training Seminar Expenses	Currently, we may or may not charge a seminar fee and you will be responsible for your expenses in attending.	Payable 2 weeks prior to the seminar if fee is charged.	We may, from time to time, provide ongoing training and/or seminars that you, your Studio Manager and/or employees are required to attend. You will be responsible for all travel costs, room and board and employees' salaries incurred in connection with attendance at such training or seminars.
Technology Fee	\$1,500 initial set up and \$500 per month	Payable to us or approved vendor each month.	Fee will be initiated once you begin business. (See Note 4.)

Type of Fee	Amount	Due Date	Remarks
Marketing Set-Up Fee	\$1,500 set up and \$500 per month. Additionally, \$695 per month for Virtual Assistant.	Payable to us or approved vendor each month.	Fee is for a CRM and Virtual Assistant team to manage incoming leads and some administrative duties. (See Note 5)
Transfer Fee – Franchise Agreement or Franchised Unit	Twenty-Five Percent (25%) of the Initial Franchise Fee being charged new franchisees at the time of the transfer will be due to us.	Prior to consummation of the transfer.	Payable to us when you sell your franchise and includes 4 seats for Franchise Management Training. No charge if the franchise is transferred to a corporation or LLC which you own.
Transfer Fee – Multi-Unit Development Agreement (MUDA)	\$5,000 for each unit that remains to be developed under the MUDA	Prior to consummation of transfer.	No fee charged to an individual or partnership franchisee that transfers its rights, one time only, to a corporate entity controlled by the same interest holders. No charge if the franchise is transferred to a corporation or LLC which you own.
Renewal Fee	Ten Percent (10%) of the Initial Franchise Fee being charged new franchisees at the time of the renewal will be due us when you renew your Franchise License at the end of its 10 year term.	30 days before renewal (at the end of your 10 year license).	Payable to us.
Audit	Will vary under the circumstance. See note 6	When billed	You will be required to pay for an audit if you have under-reported your revenues
Insurance	Premiums and our costs and expenses, if we obtain the insurance policies on your behalf.	When billed	Payable to us as a reimbursement only if you fail to maintain required insurance coverage and we elect, in our discretion, to obtain coverage for you. Note 7.

Type of Fee	Amount	Due Date	Remarks
Late Fee for Late Payments	You will incur a Late Fee of \$100 if your Royalty Payment is not received within 7 days of the due date.	When Billed.	None
Interest on Unpaid Royalties and Advertising Fees	Royalty Fee and Advertising Fee payments not received within 7 days of the due date will be subject to interest payments of 1½% per month or the maximum rate permitted by law.	When Billed	None
Inspection and testing of new products or suppliers	\$500	Due when you request that we approved a new product or a new supplier of an existing product	Our approval is required if you want to use a new product or buy a product from a new supplier and we have the right to charge you \$500 to do the evaluation
Relocation Assistance	\$1,500 or reimburse of our costs whichever is lower	When Billed	If you wish to relocate your Studio, you must reimburse us for any reasonable costs that we incur considering your request. (See Item 12).
Uniforms	\$250	When Billed	You must purchase the first set of uniforms for each of your Studio personnel from our approved supplier. (See Note 8)
Indemnification	Will vary depending on the circumstances	When Billed	You must reimburse us if we are held liable for claims from your operation of your Twinkle Star Dance

Type of Fee	Amount	Due Date	Remarks
Liquidated Damages	The average Ongoing Monthly Royalty owed to us during the 12 months of operation preceding the effective date of the termination multiplied by the lesser of (a) 24 or (b) the number of months remaining in the term of the franchise agreement had it not	Upon termination	Due if we terminate due to your breach.

Notes

Unless otherwise stated, all fees on the table above are non-refundable and the fee or its formula is uniformly imposed. All payments to us under the Franchise Agreement must be made by electronic funds transfer or other similar technology we designate that is designed to accomplish the same purpose. You must pay all costs of electronic funds transfer or other similar technology we designate.

1. All fees are imposed by and are payable to us. In the event Franchisee fails to pay any Royalty Fee within seven (7) days after it is due, then Franchisee shall pay a late fee of \$100 plus interest on the amount due at the lesser rate of one and one-half percent (1½%) per month or the maximum rate permitted by applicable law for each month that said amount is not paid, but in no event shall Franchisee be compelled to pay interest or fees at a rate greater than the maximum permitted by applicable law.
2. Our company-owned, or affiliate-owned Twinkle Star Dance operating units will contribute the same percentage of Total Gross Revenues as a National Advertising Fee. (See Section 11, Paragraph 8 for further details on the proposed Advertising Fee.)
3. If we establish Advertising Cooperatives, they will include Twinkle Star Dance Studios operated in the market area by us and our Affiliates.
4. The Technology Fee is for the Studio Director System and Customer Resource Management System commonly referred to our Management System. Presently our Management System is provided by a third party vendor. It currently costs \$500 per month. The cost includes any updates, modifications and 24/7 technical support. There is no other maintenance fee for this software. The approved vendor will collect the fee monthly. You must use our designated Management System. The Management system is subject to change at our discretion and you may be required to change your current management system upon written notice from the franchisor. You will also have an initial set up fee of \$1,500.
5. The Marketing Set-up Fee is for platform that aids in the recruitment of dance students and provides a Customer Resource Management system and a Virtual Assistant that aids in the management of incoming leads and administrative duties. The Virtual Assistant is a call center that handles incoming leads for the studio. It sets appointments for students to try a studio, does after try-out follow-up and follows up on inquiries that have not

completed a try-out or joined a studio. It helps eliminate labor at the studio level. Since using the Virtual Assistant enrollment has been growing.

6. If an audit discloses an understatement in any report of 2% or more, you shall, in addition, reimburse us for all costs and expenses connected with the inspection (including, without limitation, reasonable accounting, auditors' and attorneys' fees and expenses). If you understated your Gross Sales by (I) 2% or more on 3 separate occasions within any 36 month period or (ii) 5% or more during any month within a reporting period and/or for any entire reporting period, then in addition to paying us the amount due, plus interest and the cost of the audit, your understatement will be considered a material incurable breach which will entitle us to immediately terminate the Franchise Agreement. If you understated your Gross Sales by less than 2% for any period, you must immediately pay us the amount due, plus interest, but we will pay the cost of the audit. The percentages described in this footnote are fixed and will not change during the term of the Franchise Agreement
7. You are required to secure the following insurance policies: (1) Comprehensive blanket general public liability insurance, including product liability insurance, to be maintained against claims for personal injury, death or property damage suffered by others upon, in or about the premises or as a result of the use of any products sold by it or services rendered by it or any claims arising out of the Business pursuant to this Agreement or the operation of Twinkle Star Dance business with a single bodily injury and property damage limit of at least \$1,000,000, per occurrence and \$2,000,000 in the aggregate; (2) all risks coverage for full repair and replacement value of all of the equipment, fixtures and supplies used in your Studio with an agreed amount endorsement equal to 100% of the property's value; (3) General casualty insurance for fire and extended coverage, vandalism, theft, burglary and malicious mischief liability for the replacement value of the Franchise and its contents; (4) Workers' compensation or employer's liability insurance as well as other insurance as may be required by statute or rule in the state in which your Franchise is located with coverage limits for injured Employees by accident or bodily injury or by disease of not less than: and Employers Liability Limit of \$100,000 per Injury by accident or disease, \$500,000 Policy Limit and \$500,000 Per Employee; (5) Personal Injury and Advertising Injury insurance with a single person or organization limit of not less than \$1,000,000; (6) employer's liability, workers' compensation, and any other insurance that may be required by statute or rule of the state or locality in which the Studio is located and operated; (7) Business interruption insurance covering a minimum twelve (12) months loss of income, including coverage for Our Royalty Fees with no co-insurance clause; (8) Crime-Fidelity Employee Dishonesty insurance with Crime endorsement added with a minimum limit of insurance not less than Ten Thousand Dollars (\$10,000) and a deductible per claim of not more than One Thousand (\$1,000); (9) any and all bonds required by state law; (10) any insurance coverages required by the terms of the lease for the Studio premises; and, (11) any other insurance coverages we may require in the future. In addition to the foregoing, in connection with any construction, renovation, refurbishment or remodeling of the Studio, you shall maintain Builder's Risks/installation insurance in forms and amounts, and written by a responsible, duly licensed carrier or carriers, reasonably satisfactory to us.
8. You must purchase the first set of uniforms for each employee. Your employees will be responsible for the purchase of any additional Twinkle Star Dance uniforms.

ITEM 7

ESTIMATED INITIAL INVESTMENT FOR A NEWLY CONSTRUCTED STUDIO

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (See Note 1)	\$5,000 to \$15,000	Lump Sum	When we have completed all of our pre-opening obligations to you and you have opened your business.	Twinkle Star Dance Franchise, LLC
Initial training fee (See Note 2)	\$15,000	As Incurred	When we have completed all of our pre-opening obligations to you and you have opened your	Twinkle Star Dance Franchise, LLC
Travel and living expenses during training (See Note 14)	\$0	Not applicable	Not applicable	Not applicable
Rent (3 months) (See Note 3)	\$4,950 to \$16,000	Initial and monthly	At Lease Signing & Monthly	Landlord & Utilities
Lease, Utility & Security Deposits (See Note 4)	\$3,000 to \$6,000	As Agreed	Before Opening	Landlord
Leasehold Improvements (See Note 5)	\$16,500 to \$22,500	As Incurred	Before Opening	Local Vendors
Permitting (See Note 6)	\$1,000 to \$2,000	As Incurred	Before Opening	Approved Vendor & Local
Computer and Office Furniture (See Note 7)	\$2,000 to \$3,100	As Incurred	Before Opening	Local Vendors
Equipment, Furniture, Signage, Decor (See Note 8)	\$14,000 to \$21,000	As Incurred	Before Opening	Approved Vendor
Uniforms	\$250 to \$250	As Incurred	Before Opening	Approved Vendor
Insurance (see note 9)	\$1,350 to	As Incurred	Before Opening	Insurance Companies
Technology Fee See note 10	\$3000	As Incurred	Before Opening and first three	Required Vendor or us
Grand Opening Promotion (See Note 11)	\$1,500 to \$2,000	As Incurred	Before Opening	Vendors
Professional Fees (Note 12)	\$2,000 to \$5,000			

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Miscellaneous Opening Costs (See Note 13)	\$2,000 to \$4,500	As Incurred	Before Opening	Vendors
Marketing Set Up Fee and first three months	\$5,085	As Incurred	Before Opening	Twinkle Star Dance Franchise, LLC or designated vendor
Additional Funds During Initial Three Month Period (See Note 14)	\$25,000 to \$50,000	As Incurred	During the initial 3-month period	Vendors
TOTAL (Note 15)	\$101,635 to \$200,335			

Notes:

1. ***Initial Franchise Fee.*** The Franchise Fee is for one franchise entered into under a Franchise Agreement. The standard Franchise Fee for individual Studios is \$15,000 without any incentive. The standard Franchise Fee for Studios opened under the Development Agreement is \$12,000 after multi-unit incentive (80% of the then current Franchise Fee) is applied. The Reservation Fee of \$4,000 is applied toward the \$12,000 Franchise Fee provided full compliance of Development Agreement.

See Item 5 for details on when reductions may apply for early adoption. All fees are non- refundable. We do not provide any direct or indirect financing of any of your fees or initial expenses.
2. ***Initial training Fee.*** The initial training must be successfully completed before you open your business.
3. ***Rent.*** You must operate your franchise from a suitable commercial retail space that has been approved in advance by us. A typical facility would include 800 to 1,200 square feet of space. You may incur leasehold improvement costs and you will pay ongoing rental fees for your space.
4. ***Lease, Utility & Security Deposits.*** The figure for “Security Deposits” assumes that you will pay the first and last month’s rent and typical utility deposits when you open your Studio and sign a lease. In some markets, you may be able to obtain terms offering 1 to 3 months with reduced rent or no rent.
5. ***Leasehold Improvements.*** You may incur costs associated with configuring the space to standard design specifications. Depending on market conditions and your negotiation skills, the landlord may pay for some or all of the leasehold improvements. Much of our design is open space which should minimize leasehold costs. If you elect to renovate an existing Studio, the structure must be renovated according to our standards and specifications for furnishings and décor. The costs of the improvements will vary depending upon size, condition and location of the premises, local wage rates and material costs. We recommend that you convert an existing structure of former Studio premises into a Twinkle Star Dance Studio, because your costs will most likely be significantly higher if you elect new construction,
6. ***Permitting.*** You will incur costs for construction permits from the local county or municipality.
7. ***Computer and Office Furniture.*** Computers and office furniture includes items in the following chart:

Windows compatible or Mac desktop/laptop computer with at least an Intel I5 chip, 8 MB of	\$600 - \$1,200
Multi-function printer	\$200 - \$300
Microsoft Office 365 (5 user license) paid	\$100 - \$100
Quickbooks	\$200 - \$300
Telephone System	\$200 - \$250
Internet Router	\$200 - \$250
Office Desk	\$200 - \$250
File Cabinet (locking) 2-4 drawers lateral or	\$200 - \$250
Executive desk chair	\$100 - \$200
TOTALS	\$2,000 - \$3,100

8. **Equipment, Furniture, Signage and Smallwares:**

Equipment	\$9,350 - \$12,300
Furniture	\$2,000 - \$2,000
Signage	\$2,000 - \$6,000
Smallwares	\$ 650 - \$ 700
TOTALS	\$14,000 - \$21,000

9. **Insurance.** This range estimates your insurance premium costs during the first three (3) months of operation for the insurance policies we require you to maintain. Our insurance requirements are described in Item 8. You might need to pay the entire annual premium in advance. Also, costs may vary among underwriters depending on how long you have been in business, your financial condition, your risk history, and the Franchised Studio location. You should contact your insurance agent and obtain an estimate of your actual insurance costs.
10. **Technology Fee.** This fee covers the initial set up of the Studio Director and Customer Resource Management System. You pay a set up fee of \$1,500 and a monthly fee, currently \$500, for the use of the systems, plus a monthly fee of \$695 for the virtual assistant.
11. **Grand Opening Promotion.** We have developed advertising campaigns that will introduce your business to your marketplace. You will arrange with various vendors to execute these programs 30 days prior to opening and 60 days after opening. Your investment in Start-Up Advertising will vary based on the cost of media, your competition in your marketplace and your short-term goals.

12. **Professional Fees.** You may need to employ an attorney, accountant or other professionals to assist you in establishing your Franchised Studio. These fees may vary from location to location depending upon the prevailing rate of service fees.
13. **Miscellaneous Opening Costs.** This estimate includes costs of general liability insurance; office supplies; printed forms; the installation of telephone lines and internet access; government license fees and entity formation.
14. **Travel and Living Expenses during Training.** You will not incur any travel and living expenses during training. The training is conducted virtually, thus there is no need to travel.
15. **Additional Funds.** The amount of working capital will depend on the time necessary to achieve cash flow to cover operating expenses. This category estimates the cash or credit lines you should have available when you open your business to cover any expenses that exceed revenues during the first one to six months. These expenses include payments for your staff (but not you), utilities, vendors, advertising and promotion. You should plan on covering personal expenses without making draws on the business for two to six months from the date of opening. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. In establishing the range of additional funds needed for your franchised business, we have relied on our many years of operating similar businesses through our affiliate, and our recent experience with franchised outlets.
16. **Total.** We relied on our affiliate's and management team's experience in operating Twinkle Star Dance Studios since 2000 when preparing these estimates. We do not guarantee that your costs will be the same as those included above. Your actual costs may vary and will depend on factors such as the size and condition of the space and cost to convert to a Twinkle Star Dance Studio, your management skill, experience, and business acumen; local economic conditions; the local market for products; the prevailing wage rate; competition; and the sales level reached during the start-up phase. These are only estimates and your costs may vary based on actual rental prices in your area, and other site-specific requirements or regulations. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We strongly recommend that you use these categories and estimates as a guide to develop your own business plan and budget and investigate specific costs in your market area. We do not provide financing to franchisees either directly or indirectly in connection with their initial investment requirements. The availability and terms of financing obtained from third parties will depend upon such factors as the availability of financing, your creditworthiness, collateral that you may make available, and the policies of local lending institutions.

**YOUR ESTIMATED INITIAL INVESTMENT
MULTI-UNIT DEVELOPMENT OF THREE NEWLY CONSTRUCTED STUDIOS**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be
Development Fee (for 3 Studios) (See Note 1 and Item 5)	\$28,000 to \$38,000	Lump Sum	When we have completed our pre-opening obligations and you have opened your business	Twinkle Star Dance Franchise, LLC
Professional Fees (Note 2)	\$2,000 to \$5,000	As Arranged	As Arranged	Accountant, Attorneys and other Professional Advisors

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be
Other Expenditures for 1 st Twinkle Star Dance Studio (Note 3)	\$81,635 to \$170,335	As Disclosed in Preceding Table	As Disclosed in Preceding Table	As Disclosed in Preceding Table
TOTAL (Note 4)	\$111,635 to \$213,335			

Notes:

1. **Development Fee.** The Development Fee comprises of the: (I) the Initial Franchise Fee for the first Twinkle Star Dance Studio that you will be required to develop under your Multi-Unit Development Agreement; and (ii) a Reservation Fee of \$4,000 for each additional Twinkle Star Dance Studio you have committed to develop under your Multi-Unit Development Agreement. At the execution of the franchise agreements for each additional Twinkle Star Dance Studio, you will pay an additional \$8,000.
2. **Professional Fees.** You may need to employ an attorney, accountant or other professionals to assist you in establishing your Twinkle Star Dance Studio. These fees may vary from location to location depending upon the prevailing rate of service fee.
3. **Other Expenditures.** The balance of your initial investment for the first Twinkle Star Dance Studio is as stated in the preceding table. Your costs to develop each additional Twinkle Star Dance Studio may be affected by inflation, local labor costs, materials cost and other factors not within our control.
4. **Total.** In compiling this chart, we relied on our and our affiliates' experience in operating other Twinkle Star Dance Studios. The amounts shown are estimates only and may vary for many reasons including the size of your Twinkle Star Dance Studio, the capabilities of your management team, where you locate your Twinkle Star Dance Studio and your business experience and acumen. For planning purposes, please note that most costs and expenses listed in this Item 7 are not within our control. You should review these estimates carefully with a business advisor or accountant before making any decision to buy a franchise. We do not typically offer financing for any of the above expenditures.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Approved Products and Services

You must purchase or lease and install all equipment, fixtures, furniture, decor items, signs, computer hardware and software, supplies, advertising, sales and marketing materials, inventory and other products we specify from us, our affiliate or suppliers approved by us. In order to ensure uniformity in image, products and services throughout the Twinkle Star Dance System, you must maintain quality standards and operate the franchise business according to the Franchise Agreement and the System standards, policies and procedures described in the Manuals. We may add to this list from time-to-time at our sole discretion. You must purchase equipment, inventory and supplies from us, our affiliates, or approved suppliers (including manufacturers, distributors, and other sources). You may not install or permit to be installed equipment, fixtures, furniture, decor items, signs, computer hardware and software, supplies, advertising, sales and marketing materials, inventory and other products that do not comply with our standards unless you have prior written permission by us.

Approved Suppliers

We may designate one or more specific manufacturers or suppliers for Approved Products and Services, which may be us or our affiliates (an “Approved Supplier”). Our Approved Products and Services and Approved Suppliers are set forth in the Manual. There are a few items for which we or our affiliates are the only approved source, but you are not required to buy any of these items - such as wands, case for items and scarves.

If we have not designated an Approved Supplier or Single Source Approved Supplier for particular Approved Products and Services, you may purchase such products and/or services from suppliers you propose and we approve in writing, provided the proposed suppliers meet the standards we establish from time to time and the products and/or services to be purchased are in strict accordance with our specifications. If you want to purchase items or services or use a supplier not previously approved by us, you must put that request in writing, providing us with sufficient information and/or samples with which to make a decision as to the new item, service or supplier. We do not provide to you our criteria for approving new suppliers. We may charge a reasonable fee for inspection and/or testing, not to exceed \$500, to evaluate the new item, service or supplier and expect that we would make a decision on any proposed item, service or supplier within 30 days after receiving all of the necessary information. Decisions as to new equipment or suppliers will generally be made by our Corporate Officers, Tiffany and Paul Henderson, who will base their decision on the quality of the goods, pricing and delivery terms, vendor’s ability to service the Twinkle Star Dance System plus the reliability and reputation of the proposed vendor. Once approved, we may revoke approval of a supplier by written notice to you and the other franchisees.

Proprietary Products & Trademarked Products

Proprietary Products. You must purchase exclusively from us or our affiliate (if we sell them) or our designated suppliers, any proprietary products we designate for use in the Twinkle Star Dance Studio (“**Proprietary Products**”), the lesson plans, teaching methods, costumes, recital preparation and execution and choreography for which are considered unique constitute trade secrets of the System. The right to purchase and use the Proprietary Products lasts only for the duration of the Franchise Agreement. We or our affiliates are currently designated suppliers or the only suppliers of any Proprietary Products except for costumes. We may receive revenues from purchases of Proprietary Products. Neither we nor our affiliates derived revenue from sales of any Proprietary Products to franchisees during our last fiscal year, but we may receive revenues from this source in the future. We may designate other suppliers to offer Proprietary Products in the future.

Trademarked Products. We may specify certain items of clothing (such as T-shirts), merchandise, promotional products and other novelty items bearing our Proprietary Marks (“**Trademarked Products**”), which must be offered for sale in your Studio. We will provide specifications for the Trademarked Products, and you may purchase them either from suppliers designated by us or, if we do not designate a supplier, from suppliers selected by you who meet our specifications. We or our affiliates are currently designated suppliers or the only suppliers of the Trademarked Products. Neither we nor our affiliates derived any revenue from sales of any Trademarked Products to franchisees during our last fiscal year, but we may receive revenues from this source in the future.

With respect to our proprietary products or the Trademarked Products, we may limit suppliers to us, our affiliates, and/or other specified exclusive sources, in which case you must acquire those trade secret products or the Trademarked Products only from us, our affiliates, and/or the other specified exclusive sources at the prices we and they decide to charge. We may restrict your sources of proprietary products and Trademarked Products in order to protect trade secrets, assure quality, assure a reliable supply of products that meet our standards, achieve better terms of purchase and delivery service, control use of the Marks by third parties, and monitor the manufacture, packaging, processing, and sale of these items.

We anticipate being able to arrange volume purchasing discounts from many of our vendors for our franchisees, that will be shared with you. There are no purchasing or distribution cooperatives. At this time, we have not negotiated special purchasing arrangements with suppliers that will benefit our franchisees for purchase of most of your equipment, furniture, fixtures, decor items, signs, computer hardware and software or supplies. Other than our Affiliate, there are no suppliers in which any of our officers own an interest. We do not provide you with any material benefits based on your purchase of goods or services from our approved or designated suppliers.

We estimate that purchases from Approved Suppliers or in accordance with our specifications will represent approximately 2% of your total purchases to establish, and approximately 2% of your total purchases to operate, your franchise. At this time, we, our affiliate, and approved suppliers are the only approved vendors for your marketing brochures and materials.

We, or our affiliate, may derive income or benefits from the sale of products to franchisees or the sale of products made by the vendors based on the amount of purchases made by our franchisees for certain items. In 2022, we did not derive any income as a result of any purchases by franchisees.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 2 and 4D of	Items 7 and 11
b. Pre-opening purchase/leases	Sections 4 and 5 of Franchise	Items 6 & 7
c. Site development and other pre-opening requirements	Sections 2, 4 and 5 of Franchise Agreement	Items 7 and 11
d. Initial and ongoing training	Sections 4A & 5A of	Item 11
e. Opening	Sections 2, 5B, & 5C of	Item 5 & 11D
f. Fees	Section 3 & 6 of Franchise	Items 5 and 6
g. Compliance with standards and policies/Operating Manual	Section 5 of Franchise	Item 11
h. Trademarks and proprietary information	Section 5C of Franchise	Items 13 and 14
I. Restrictions on products/	Section 5C	Items 8 & 16
j. Warranty and customer service requirements	Not Applicable	Not Applicable
k. Territorial development and sales quotas	Section 6A of Franchise	Item 12
l. Ongoing product/service purchases	Section 5E of Franchise	Items 8 & 16
m. Maintenance, appearance and remodeling requirements	Section 5C, D, E, F and K of	Item 11
n. Insurance	Section 5I of Franchise	Items 7 and 11

Obligation	Section in Agreement	Disclosure Document Item
o. Advertising	Section 5G of Franchise	Items 6 and 7
p. Indemnification	Section 7 of Franchise	Item 13
q. Owner's participation/	Section 5B of Franchise	Item 15
r. Records and reports	Sections 5H, 6A & 6B of	Item 6
s. Inspections and audits	Section 5H of Franchise	Item 6
t. Transfer	Section 11 of Franchise Agreement	Items 6 and 17
u. Renewal	Section 8 of Franchise Agreement	Items 6 and 17
v. Post-termination obligations	Section 10 of Franchise Agreement	Item 17
w. Non-competition covenants	Section 15 & Addendum B of Franchise Agreement	Item 17
x. Dispute resolution	Sections 18 & 20 of Franchise Agreement	Item 17
Y. Other: Location of the franchised business	Sections 2 & 4G of Franchise Agreement	Item 11 & 12

ITEM 10 FINANCING

We do not offer direct nor indirect financing of any purchases, nor do we guarantee your note, lease or any obligation.

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

Except as listed below, Twinkle Star Dance Franchise, LLC is not required to provide you with any assistance.

A. Prior to Opening:

1. We will assign your Exclusive Territory and protect you from having another franchisee, us, or our affiliate, open a Twinkle Star Dance Studio within your Exclusive Territory nor solicit customers within your Exclusive Territory. (Franchise Agreement - Paragraph 2 and Addenda A and C)
2. Within 30 days of your projected opening, we will provide a one week class called Twinkle Star Dance Academy to train you and three other persons at or near our Livermore, CA headquarters. (Franchise Agreement - Paragraph 4 Sections A, B and D)

3. Shortly after signing your Franchise Agreement, we will forward our Site Selection and Build-Out Manual containing information to guide you in finding and remodeling a Studio for your Twinkle Star Dance franchise. We will train you in its use by phone and the internet. (Franchise Agreement - Paragraph 4 Sections A, B and D)
4. When you choose sites that you feel are suitable and meet the needs of your Twinkle Star Dance Franchise, as described in the Site Selection Manual, you must submit the sites and proposed leases for our acceptance. We will review your choices and corresponding documents to verify that they meet our standards and discuss our findings with you and issue acceptance subject to our comments and suggested changes regarding the lease. (Franchise Agreement - Paragraphs 2 and 4D)
5. Once we approve a proposed site, you must sign a lease for the site, the form of which must be approved by us. The terms of your lease must not conflict with the terms of your Franchise Agreement, and the length of the lease should not be longer than the term length of your Franchise Agreement but must conform to the length of the Franchise Agreement inclusive of renewals. The Lease for the site must incorporate the terms of our form of Lease Rider. Simultaneously with your execution of the lease for the site, you will be required to sign our form of Collateral Assignment and you expressly agree to arrange for the landlord of the leased premises to sign our form of Collateral Assignment. The executed Collateral Assignment will be held by us in escrow, until such time (if any) that we may elect to effectuate an assignment of your Lease.
6. The training will include information on topics critical to your success as follows:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Orientation	1	0	Virtual
Culture, Mission and Purpose	2	0	Virtual
Organization	1	0	Virtual
Systems: Studio Director, Dance Curriculum	3	0	Virtual
Operations Manual Overview	1	0	Virtual
Teacher Hiring, Training, Management	5	0	Virtual
Customer Relations and Service	3	0	Virtual
Show Stars Curriculum Training	8	0	Virtual
Twinkle Star Dance Curriculum Training	8	0	Virtual
Recital Procedures	8	0	Virtual
Studio Opening Assistance	0	24	Virtual
Total Hours	40	24	

The cost of this training is included in your Training Fee. We have changed our initial training to a virtual format, so you will not incur any costs traveling to our offices, nor incur any hotel or meal expenses. During the first week of your opening someone from our staff will spend three to five days with you in your market for on-the-job training. The training work week is based on forty (40) hours per week but may exceed that projection. The training program is scheduled as needed, rather than being on a fixed schedule.

Training will be conducted by Tiffany Henderson, Amanda Scott and Roberta Teruya. Tiffany is the founder of Twinkle Star Dance and has managed all aspects of our affiliate owned locations since inception of the first studio in 2000. Amanda Scott has served as a dance instructor with our Affiliate since 2011. Roberta Teruya will instruct on studio administration, where she has served our Affiliates since 2005.

The materials used in training include the Site Selection and Build-Out Manual, Operations Manual; to include policies, procedures, dance curriculum, choreography and the studio management system. Training is mandatory for you and you may bring three additional persons to our initial training program. You must successfully complete the training program to our satisfaction and do so within the 180 day period within which you are required to open your franchised business. You are not allowed to open the business until the training has been successfully completed. We do not have any required additional training or refresher programs presently.

B. During the operation of the franchised business, we will:

1. Provide your Studio's contact information on our website to assist prospects in contacting your franchise and forwarding inquiries and leads that we receive from those in your territory (Franchise Agreement – Paragraph 4F)
2. Maintain a telephone and/or web advisory service to provide a prompt response to your operational, administrative, sales, and management questions regarding the operation of your franchise. (Franchise Agreement - Paragraph 4A, (ii))
3. Evaluate and identify new products and services and train you in methods for replicating them in your Studio. We will also provide you with information about various models or best practices for pricing your services; managing and training your team; and other developments in the industry that may impact your business. (Franchise Agreement - Paragraph 4B).
4. Lend you a copy of our Operations Manuals which contain 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. (Franchise Agreement - Paragraph 4B). The table of contents of our current Manuals appear in Exhibit F.
5. At our discretion, we may hold annual conventions to discuss improvements in the Twinkle Star Dance System, new products, new services, new equipment, sales and pricing techniques, improved operating Systems, quality control, advertising programs and accounting. We may or may not charge you a convention fee but you must pay all your travel and living expenses. These elective conferences may be held near our Livermore, California headquarters or at other locations of our choosing. (Franchise Agreement - Paragraph 4B)
6. We may, from time-to-time, develop advertising and marketing materials for use in your territory. You will receive samples of these items at no charge. If you want additional copies you must pay us or other vendors for them. You may develop advertising materials for your own use, at your own cost. We must approve these materials in writing in advance of their use. Your franchise agreement requires that you spend the greater of \$400 or 2% of sales per month in local marketing. You send us a Monthly Report indicating how your local marketing expenditures were spent. We reserve the right to require you to join any advertising cooperative established in your area, and to spend some or all of your required advertising costs with the cooperative. If an advertising cooperative is established for your area, you will be required to join. Your contribution to that cooperative cannot exceed 2% of monthly gross sales, unless the cooperative decides to require more. Any affiliate or company owned units of ours will participate in any applicable cooperatives and will contribute on the same basis as

franchisee members. In addition, we require that you and all franchisees pay up to 1% of sales per year as a National Advertising Fee. The Twinkle Star Dance National Advertising Account will be administered by us. Each year that the fee is active, an unaudited compilation of its financial activities will be prepared by an independent CPA and shared with all franchisees. In addition, any advertising fee not spent in the year collected will remain in the account to be expended in future years. We will contribute to National Advertising on the same basis as you of annual sales of our company-owned or affiliate-owned Twinkle Star Dance Studios. There are no governing documents for the advertising account as of the date of this Disclosure Document. No portion of the advertising account will be used to solicit new franchise sales. There is no contractual obligation on our part to conduct advertising for the franchise system. We are not obligated to conduct advertising in your territory. In 2021, the first year of the fund, 48% of the fund was spent on media production, 41% was spent on digital marketing and the remaining 11% was spent on administrative and miscellaneous expenses. We do not have an advertising council. (Franchise Agreement - Paragraph 4E)

7. We have developed a Grand Opening Promotion program to help you launch your franchise in your home market. During your initial training, you and our staff will determine the customization and the scope of this program to match your program to your community. This investment, which ranges from \$1,500 to \$2,000, is designed to increase awareness, customers, and to gain recognition of your business by residents and companies in your area. (Franchise Agreement - Paragraph 4E)

C. Computer Purchases

You are required to have a computer for managing your franchise, developing a database of your students, recording sales, maintaining communications over the Internet and to produce your accounting records. Your System and its software must properly communicate with our Systems to permit report submission and to access the Internet for communicating with us. You will need, as a minimum, a Windows Compatible or Mac Desktop/Laptop Computer with a minimum of 1 terabyte hard drive and an Intel i5 processor or better, 8 GB RAM and communications software, and printer. You will also need to lease the Studio management and CRM (Customer Resource Management) software packages that we specify. While we have researched the products available and are confident in our selection, we reserve the right to require utilization of a new software solution in the future. You will need a high speed internet connection (cable or fiber-optic) to complement the computer System. As shown in Item 7 of this Disclosure Document, you can expect to spend from \$2,000 to \$3,100 for your office on the computer hardware, software and related equipment, office furniture. You can expect to pay approximately \$1,140 to \$2,340 each year for software use, upgrades, updates and maintenance of the software which is paid monthly (currently \$95 to \$195 depending on the number of students you have). We currently use a third party Management System. We will have unrestricted access to your computer System, and all information stored in that System. Since it is a third party system, we do not have a contractual obligation to you to maintain, update or upgrade the program, but that is done by the third party. You will have to use the system as updated but your monthly fee for the program covers the cost of any upgrades or modifications.. There is no contractual limit on the number of modifications, but all are at no additional cost to you.

In order to maintain Information Security, you must implement all administrative, physical and technical safeguards necessary to protect any information that can be used to identify an individual, including names, addresses, telephone numbers, e-mail addresses, employee identification numbers, signatures, passwords, financial information, credit card information, government-issued identification numbers and credit report information ("Personal Information") in accordance with applicable law and industry best practices. It is entirely your responsibility (even if we provide you assistance or guidance in that regard) to confirm that the safeguards you use to protect Personal Information comply with all applicable laws and industry best practices related to the collection, access, use, storage, disposal and disclosure of Personal Information. If you become aware of a suspected or actual breach of security or unauthorized access involving Personal Information, you will notify us immediately and specify the extent to which Personal Information was compromised and disclosed.

We own any and all student/customer lists and their contents that you may develop during the normal course of operating the Franchised Business. Provided the Management Software will capture individual customer

information, you must keep an up-to-date list of all active and inactive students/customers in the Management Software Solution, including their name, telephone number, complete mailing address, frequency of service, last date serviced and price of service. The current software allows us to continuously and without limitation download the customer list. However, from time to time we may request, and you will make available to us, within 3 business days, and upon request, an electronic copy, or in a form approved by us, a copy of the complete database, including a complete list of active and inactive students/customers (from the prior three years), including their name, telephone number, complete mailing address, frequency of visits, last date visited, and price of visits, and other information concerning the customers as requested, which we may access without limitation. You may not use any customer list for any purpose other than in the normal operation of the Franchised Business without prior written approval from us, and you may not sell that list or any information regarding customers to any third party without the express prior consent from us. We will not make the student/customer list available to any third or related party, except only those agents of ours acting in audit capacity as provided for in Section 5H of the Franchise Agreement. We reserve the right to communicate with people on the customer list.

D. Site Selection and Opening

We anticipate that the typical length of time between signing the franchise agreement and the opening of the franchised business will be between 3 to 6 months. The typical location will operate from a space of 800 to 1,200 square feet in a commercial retail location. You are required to obtain our acceptance of your site, based on the standards that we will share with you during your training. In evaluating a proposed site and its Exclusive Territory, we consider the condition of the premises, size of the location, lease requirements, population density, demographics, the surrounding area, proximity to other Twinkle Star Dance Studios and the number of businesses located within the Exclusive Territory. You must submit to us in the form we specify a description of the site, including evidence that the site satisfies our site selection guidelines, together with other information and materials that we may reasonably require, including a letter of intent or other evidence that confirms your favorable prospects for obtaining the site. We will provide acceptance or rejection of your proposed site within 30 days of receipt of your completed request for approval. We have not and have no plans to own sites that would be leased to our franchisees. We do not select your site for you. Our approval of your proposed site will be given to you in writing and our approval is required. If you fail to secure a site that we have approved and then fail to open the business within 6 months after signing your Franchise Agreement we can terminate your Franchise Agreement, with no refund of your initial franchise fee. We do not assist you in conforming your site to local ordinances and codes. The factors that affect the time to open your Studio may include your ability to obtain a lease, financing, construction or building permit delays, zoning and local ordinances, weather conditions, shortages, and delayed delivery of equipment. There is no requirement that you secure an approved site by any given time period, but there is a requirement that you open your franchise within 6 months from signing your Franchise Agreement, unless you receive a written extension of this time. (Franchise Agreement - Paragraph II Section B). You may not relocate your Studio without first obtaining our prior written consent and paying our relocation fee. The new proposed Studio site you select must satisfy our site selection guidelines. We can terminate your Franchise Agreement if you do not open within the 6 month period, with no refund of any part of your initial franchise fee. We will consider granting an extension of time if we feel you have acted diligently to get the franchised business open. While we do not participate directly in assisting you with the construction, remodeling or decorating of your site, we do provide initial plans and will consult with you regarding the buildout.

If you sign a Multi-Unit Agreement, our approval of sites for future locations is required, and we will use our then-current site criteria in evaluating sites that you propose to us.

12. TERRITORY

Franchise Agreement

You will be assigned an Exclusive Territory that will typically be a portion of a city, an area within specific geographic or highway boundaries, or a group of zip codes, depending on the population and the demographics in the territory. You must operate your business from a commercial retail building that has been accepted by us, and you may not relocate your Studio without our prior written consent. If, during the term of the Franchise Agreement, you wish to relocate your Studio, or if the Studio is damaged or destroyed and cannot be repaired within 90 days, you will have six (6) months to

relocate your Studio. You must submit to us in writing the materials we require in order to consider your request and payment of our then-current relocation fee (current fee is \$1,500) which will be used to off-set the costs relating to the evaluation of the new location. We may, if we wish, inspect your proposed new location. You will be responsible for paying all expenses we incur in connection with the relocation of your Studio. In considering a request for relocation, we shall take into account the business desirability of the proposed new location, your Exclusive Territory, its distance from other and future-planned franchised locations, the demographics of the area, and other factors we deem to be reasonably appropriate. While we will not unreasonably withhold our consent to your relocation request, we will only grant our approval if: (I) you are in full compliance with the terms and conditions of your Franchise Agreement; (ii) you have paid the Relocation Fee; (iii) you have paid us and our affiliates all monies owed; (iv) you have paid all obligations with respect to your existing Twinkle Star Dance Studio, including, without limitation, all obligation called for in connection with your existing lease; (v) the proposed location meets our then-current site selection criteria for Twinkle Star Dance Studios and is located within your Exclusive Territory; and (vi) you comply with the lease requirements in our then-current Franchise Agreement.

Your Exclusive Territory provides a buffer around your business within which we will not allow another Twinkle Star Dance franchise to be located. Each territory will differ in size depending on local demographics and the density of competing establishments. We use US Census data, other sources of information and business directories to assist in evaluating a territory. Although the Exclusive Territory is not usually described as a radius from your location, we typically try to create at least five miles of protection for you, between you and the nearest Twinkle Star Dance Franchise. You are authorized to offer your products and services only from one location that we have accepted that lies within your Exclusive Territory as defined in your Franchise Agreement. You are restricted from soliciting, marketing, selling or providing services under the Twinkle Star Dance mark at locations that are not within your Exclusive Territory without our prior approval. With our prior approval, you may offer promotions that are outside your territory as long as those sites are not within another franchisee's Exclusive Territory. You may not, unless advertising with other Twinkle Star Dance franchisees, target clients with direct marketing nor advertise in internet, telephone, or similar directories that target areas outside your Exclusive Territory nor may you establish mailing addresses for your Twinkle Star Dance Studio that would lead others to believe that you have facilities or offer services outside of your Exclusive Territory.

We will not establish franchise units nor open company units to provide competing services within your Exclusive Territory under the Twinkle Star Dance trademark nor under any other name during the term of this agreement, provided you are in full compliance with your obligations under the Franchise Agreement.

Your Franchise Agreement does not grant you any rights or options to operate any additional Studios. Each Studio is operated according to a separate Franchise Agreement that you sign. We do not currently permit a franchisee to expand its Exclusive Territory.

Except as expressly limited by the Franchise Agreement, we and our affiliates retain all rights with respect to Studios, the Marks, and any products and services anywhere in the world including the right:

- (i) to provide, offer and sell and to grant others the right to provide, offer and sell goods and services that are identical or similar to and/or competitive with the goods and services offered at Twinkle Star Dance Studios displaying the Marks or other trade and service marks through alternative distribution channels (such as, the Internet and other forms of electronic commerce, catalogs or other mail order devices, "800" or other similar toll-free telephone numbers, telemarketing or other direct marketing sales, or other channels of distribution), both within and outside your Exclusive Territory, and under any terms and conditions we deem appropriate;
- (ii) to operate and to grant others the right to operate Studios located outside your Exclusive Territory under any terms and conditions we deem appropriate and regardless of the proximity to your Studio Location;
- (iii) to offer and sell (directly, or through other franchisees or licensees) Twinkle Star Dance System products and services at any and all nontraditional locations, including nontraditional locations situated proximate to Franchisee's Studio Location, through the establishment of Twinkle Star Dance Studios, and that, by contrast, you are precluded in engaging in such activity. "Nontraditional locations" include malls; schools

and universities; day care facilities of any type; community centers; government facilities; condominium and cooperative complexes; military bases and installations; and, any other location or venue to which access to the general public is restricted;

- (i) to purchase, merge, acquire, be acquired by or affiliate with any company, including an existing competitive franchise or non-franchise, chain or any other business, operating one or more units located within or outside of your Exclusive Territory, and subsequently operate, franchise or license those units under any names or marks, including our Proprietary Marks, regardless of their location, which may be immediately proximate to your Studio Location; and
- (ii) sell Twinkle Star Dance System products and services to national, regional and institutional accounts, even when they are situated proximate to your Studio location. Only we will have the right to enter into contracts with such national, regional and institutional accounts.

We are not required to pay you if we exercise any of the above-mentioned reserved rights inside (or outside) of your Exclusive Territory. Under the terms of the Franchise Agreement, you waive and release any claims, demands or damages arising from or related to any of the above activities and promise never to begin or join in any legal action or proceeding, or register a complaint with any governmental entity, directly or indirectly contending otherwise.

As of the effective date of this disclosure document, we have not established or franchised, and have no plans to establish or franchise other businesses or another distribution channel selling or leasing similar products or services under a different trademark, but we reserve the right to do so in the future, without first obtaining your consent.

You do not have to generate a minimum level of gross receipts to maintain your Exclusive Territory. There are no circumstances that would allow us to modify your Exclusive Territory. We will approve a relocation of your Studio if your site is destroyed or the building you occupy declines substantially in value, so long as your new site is within your Exclusive Territory and meets our usual criteria for a site.

You are prohibited from providing goods or services as part of the franchised business outside of your territory, whether you use alternative channels of distribution or otherwise.

Multi-Unit Development Agreement

Under the Multi-Unit Development Agreement we grant you the right to develop and operate the specified number of Twinkle Star Dance Studios in a specified Development Area, each as you and we mutually agree upon prior to the execution of the Multi-Unit Development Agreement. The Development Area is described in an exhibit attached to the Development Agreement. The size of the designated Development Area will vary depending on population concentrations in such areas and other factors. During the term of your Development Agreement we will not establish or license anyone other than you to establish a Twinkle Star Dance Studio in the Development Area. We may continue to allow pre-existing Twinkle Star Dance Studios to operate within the Development Area, allow those to be transferred to a new franchisee or to be renewed. We may also allow the operation of Studios owned by others in the Development Area if you are not in full compliance of the Development Agreement. Our designation of a particular Development Area is not an assurance that there are a sufficient number of suitable sites for Studios in your Development Area for you to meet your Development Schedule. You will bear sole responsibility for locating and preparing a sufficient number of suitable sites. If you sign a Multi-Unit Agreement, our approval of sites for future locations is required, and we will use our then-current site criteria in evaluating sites that you propose to us. We have no obligation to approve sites which do not meet our criteria for you to meet your Development Schedule.

The Multi-Unit Development Agreement does not grant you the right to use the Marks, or to operate a Studio. These rights are only granted under the Franchise Agreement, which must be signed for each Studio, and the terms of which may differ from the terms contained in the Franchise Agreement being used on the date you execute your Multi-Unit Agreement, except for the initial franchise fee, Royalty and advertising expenditures.

Except as expressly limited by the Franchise Agreement, we and our affiliates retain all rights with respect to Studios, the Marks, and any products and services anywhere in the world including the right:

- (i) to provide, offer and sell and to grant others the right to provide, offer and sell goods and services that are identical or similar to and/or competitive with the goods and services offered at Twinkle Star Dance Studios displaying the Marks or other trade and service marks through alternative distribution channels (such as, the Internet and other forms of electronic commerce, grocery stores, catalogs or other mail order devices, "800" or other similar toll-free telephone numbers, telemarketing or other direct marketing sales, or other channels of distribution), both within and outside your Exclusive Territory, and under any terms and conditions we deem appropriate;
- (ii) to operate and to grant others the right to operate Studios located outside your Exclusive Territory under any terms and conditions we deem appropriate and regardless of the proximity to your Studio;
- (iii) to license to subscribers some or all of our curriculum and choreography, for use in their independently owned dance studios or other businesses, some of which may be located in your Territory. These subscribers do not have the right to use our proprietary marks or hold themselves out as having any association with the Twinkle Star Dance system.
- (iv) to purchase, merge, acquire, be acquired by or affiliate with any company, including an existing competitive franchise or non-franchise, chain or any other business, operating one or more units located within or outside of your Exclusive Territory, and subsequently operate, franchise or license those units under any names or marks, including our Proprietary Marks, regardless of their location, which may be immediately proximate to your Studio Location;

In order to maintain your territorial rights during the development period, you must fulfill specific development obligations and other obligations as described in the Development Agreement and Franchise Agreements you enter into with us. You will be required to open and maintain in operation the number of Twinkle Star Dance Studios required by us. The Development Schedule is determined by us on the basis of our view of the market and size of the Development Area. The Development Schedule is fully described within the Development Agreement. If you fail to comply with the Development Schedule you will lose your right to have your reservation fees credited toward your franchise fees and ultimately be deemed in material default of your Development Agreement.

If you fail to comply with the Development Schedule, or fail to comply with any material terms or conditions in the Franchise Agreement or Development Agreement between you and us, such action will constitute a default under the Development Agreement. Alternatively, in the event of your failure to comply with the Multi-Unit Development Agreement, all of your Franchise Agreements or your Development Schedule, we may elect, in our sole discretion, to reduce the size of your Development Area, reduce the number of Studios you are obligated to develop under the Multi-Unit Development Agreement or allow others to develop Studios in your Development Area. Except as described above, your Development Area may not be altered unless we and you mutually agree to do so.

Upon such default, we may, at our option, terminate the Development Agreement and all rights granted in it, including territorial protections. Depending upon the circumstances, we may not be required to afford you any opportunity to cure the default, and the termination may become effective immediately upon your receipt of written notice to you, or as otherwise provided by state law. However, termination of the Development Agreement will not necessarily affect any territorial protection that any of your Studios may have under Franchise Agreements relating to those Studios.

13. TRADEMARKS

Under the Franchise Agreement, we grant you the right to operate your Studio under the name "Twinkle Star Dance" and to use certain other current and future "Marks" associated with Twinkle Star Dance Studio Franchises. The Multi-Unit Development Agreement does not grant to you any right to use the Marks. Your right to use the Marks is solely derived from the Franchise Agreement and limited to your operation of your Studio during the term of your Franchise Agreement.

You must strictly comply with our standards, specifications, rules, requirements, and instructions regarding the use of the Marks. You may not use any of the Marks as part of your corporate or other legal name. You may not modify the Marks with words, designs or symbols, except those which we license to you. You must follow our instructions for identifying your Studio and for filing and maintaining the requisite trade name or fictitious name registrations. You may not use the Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. During the term of the Franchise Agreement and continuing after the expiration or termination of the Franchise Agreement, neither you nor any of your principals will, directly or indirectly, contest, challenge or assist in the contesting or challenging of, our right, title, ownership, or interest in the Marks, or contest our right to use, or license others to use, the Marks and any other mark or name that we may designate in the future. You must sign any documents that we require to protect the Marks or to maintain their continued validity and enforceability.

The Marks currently include the following principal Mark that is registered on the Principal Register of the United States Patent and Trademark Office ("USPTO"):

Mark	Registration Number	Registration Date
Twinkle Star Dance	5491138	June 12, 2018
Twinkle Star Dance Academy	6521597	October 12, 2021

This list does not include all of the Marks we grant you the right to use in the operation of your Studio. We may add or subtract Marks from this list.

We currently grant you the rights to our Service Mark, "Twinkle Star Dance" for which a related company, Twinkle Star Dance LLC has granted us the rights to license to our franchisees. The license granting us the right to use the mark in franchising, signed by Tiffany Henderson for Twinkle Star Dance LLC., is in writing.

There are presently no effective determinations of the U.S. Patent and Trademark Office, any trademark trial and appeal board, any state trademark administrator or any court, any pending interference, opposition, or cancellation proceeding, or any pending material litigation involving any of the above-referenced Proprietary Marks which is relevant to your use. There are no agreements which significantly limit our rights to use or license the Proprietary Marks. There are no infringing uses or senior trademark rights known to us that can materially affect your use of the Proprietary Marks in any other state in which the franchised Business is to be located. There is no pending material federal or state court litigation regarding our use or ownership rights in any Trademark. All required declarations and renewals have been filed with the U.S. Patent and Trademark Office on a timely basis to maintain the subsisting.

Your conduct on the Internet, including without limitation, your use of the Marks on the Internet and in domain names for the Internet, is subject to the provisions of the Franchise Agreement. We reserve the right to establish and modify, from time to time, rules which will govern your conduct and use of the Internet in connection with your Twinkle Star Dance franchise business, and you must agree to abide by such rules. At the present time, only Twinkle Star Dance Franchise, LLC is permitted to maintain a website promoting the franchise System. We will assist you in the establishment and maintenance of various social media accounts to promote your business under the Twinkle Star Dance Mark. Your rights to use the Marks and our Business System on the Internet will terminate when the Franchise Agreement terminates or expires.

We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you. If you learn of any claim against you for alleged infringement, unfair competition, or similar claims about the Proprietary Marks, you must promptly notify us. We will promptly take the action we consider necessary to defend you. We must indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition, or similar claims about the Proprietary Marks. You may not settle or compromise any of these claims without our previous written consent. We will have the right to defend and settle any claim at our sole expense, using our own counsel. You must cooperate with us in the defense. Under the Franchise Agreement, you irrevocably grant us authority to defend or

settle these claims. You may participate at your own expense, but our decisions with regard to the defense or settlement will be final. We will have no obligation to defend or indemnify you if the claim against you relates to your use of the Proprietary Marks in violation of the Franchise Agreement.

You must notify us immediately if you learn about an infringement of, or challenge to your use of any of our trademarks. We will take the action we think appropriate. We will protect your right to use our Marks and will defend you from claims arising out of your proper use of the Marks.

You are not permitted to contest our interest in the Proprietary Marks and/or in other System trade secrets. You must also follow our instructions for identifying yourself as a franchisee and for filing and maintaining the requisite trade name or fictitious name registrations. You must execute any documents we or our counsel determine are necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability. Neither you nor your principals may take any action that would prejudice or interfere with the validity of our rights with respect to the Proprietary Marks or assist others to do so. In entering into the Franchise Agreement, you are required to acknowledge that our names and Proprietary Marks are valid and are our sole property. You cannot, either during or after the term of the Franchise Agreement, do anything, or aid or assist any person to do anything, which would infringe upon, harm, or contest our rights in any of our Proprietary Marks. Further, you may not hinder or prevent us from using or franchising our names and marks in any jurisdiction. All goodwill which may arise from your use of our Proprietary Marks is and will remain our sole and exclusive property and will inure solely to our benefit.

You must modify or discontinue the use of a service mark or trademark if we modify or discontinue it. If this happens, we will reimburse you for your tangible costs of compliance that have been pre-approved by us in excess of \$10,000, such as changing signs. You must not directly or indirectly contest our right to our trademarks, trade secrets or business techniques that are part of our business.

We do not know of any infringing uses that could materially affect your use of Twinkle Star Dance trade or service mark(s). No agreements limit our right to use or license the use of this trademark.

There are no currently effective material determinations of the Patent and Trademark office, Trademark Trial and Appeal Board, the Trademark Administrator of any State or any court, pending infringement, opposition or cancellation, or pending material litigation involving the principal trademark.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

We hold no patents and we have no pending patent applications that are material to the franchise.

Copyrights

We have not registered any copyrights with the United States Copyright Office.

In addition, we claim copyrights on certain software, forms, advertisements, promotional materials and other written materials. We also claim copyrights and other proprietary rights in the Twinkle Star Dance Confidential Operating Manual.

There are no agreements currently in effect which significantly limit your right to use any of our copyrights. Also, there are no currently effective determinations of the United States Patent and Trademark Office, Copyright Office (Library of Congress) or any court pertaining to or affecting any of our copyrights discussed above. Finally, as of the date of this disclosure document, we are unaware of any infringing uses of or superior previous rights to any of our copyrights which could materially affect your use of them in this state or in the state in which the Studio will be located.

Your and our obligations to protect your rights to use our copyrights are the same as the obligations for Proprietary Marks described in Item 13 of this disclosure document.

Confidential Information

Our Operations Manual and other materials contain Confidential Information (some of which constitutes trade secrets under applicable law). This information includes site selection criteria, construction plans and design specifications, recipes, training and operations materials, methods, formats, specifications, standards, systems, procedures, food preparation techniques, sales and marketing techniques, knowledge, and experience used in developing and operating Twinkle Star Dance Studios, marketing and advertising programs for Twinkle Star Dance Studios, any computer software or similar technology that is proprietary to us or the System, knowledge of specifications for and suppliers of products and supplies, knowledge of the operating results and financial performance of Twinkle Star Dance Studios other than your Studio, graphic designs and related intellectual property, customer data, and all password-Exclusive portions of our website, intranets and extranets and the information they contain (including the email addresses of System franchisees). You and each of your principals are prohibited, during and after the term of the Franchise Agreement or Multi-Unit Development Agreement, from communicating, or using for your or any other person or entity's benefit, any confidential information or trade secrets, knowledge or know-how concerning the methods of operation of the Studio that may be communicated to you or any of your principals or that you may learn about. You and each of your principals may divulge this confidential information only to your employees who must have access to it to operate the Studio. Neither you nor your Controlling Principals are permitted at any time, without first obtaining our written consent, to copy, record or otherwise reproduce the materials or information nor make them available to any unauthorized person. Any and all information, knowledge, know-how and techniques related to the System that we communicate to you, including the Manual, plans and specifications, marketing information and strategies and site evaluation, selection guidelines and techniques, are considered confidential.

Confidential Information does not include information, knowledge, or know-how which you can demonstrate lawfully came to your attention before we provided it to you directly or indirectly; which, at time we disclosed it to you, already had lawfully become generally known in the Industry through publication or communication by others (without violating an obligation to us); or which, after we disclose it to you, lawfully becomes generally known in the Industry through publication or communication by others (without violating an obligation to us). If we include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that at least one of the exclusions provided in this paragraph is fulfilled.

You, your principals (including equity holders, shareholders, members, partners, officers, directors, managers and all persons possessing equivalent position in any business entity which directly or indirectly owns or controls you, if you are a business entity), your Studio Manager and any of your key personnel who have received or will have access to confidential information must sign our Non-disclosure and Non-competition Agreement (attached hereto as Addendum H to the Franchise Agreement).

Operations Manual

You may use the proprietary information in our Manuals described in Item 11. Although we have not filed an application for a copyright registration for the Manuals, we assert trade secret and copyright protection for our Manuals, and printed and advertising material contained in the Twinkle Star Dance System. You are obligated to tell us if you learn about unauthorized use of our proprietary information. We are not obligated to take any action but will respond to this information as we think appropriate.

Our Manuals and other materials contain our confidential information, including the instruction, methods, and techniques used in the key management areas of the Franchised Business: marketing and promotion, daily operations, personnel, and financial management. You must operate the Franchise Business in accordance with the standards, methods, policies and procedures specified in the Operations Manual (the "Manual"), a copy of which you will receive from us. We reserve the right to revise the Manual to reflect new developments and approaches in sales, marketing, operational techniques and other procedures pertaining to the Franchise Business.

You must not, during or after the term of the Franchise Agreement, communicate or divulge any confidential information to any third party without our express written permission. You must also not directly or indirectly engage in any other business which is similar to the Franchise Business or sell services or products or offer or sell any services or products which may or in the future be offered by the Franchise Business in any capacity, or divert any business similar to those services and products offered by the Franchise Business to any other business, or solicit any employee or customer of Twinkle Star Dance or its affiliates for purposes other than the Franchise Business.

Your Franchise Manager and key employees, as designated by us, are required to execute a Confidentiality Agreement. All of your owners, shareholders, principals, partners, officers and directors will be required to execute a Non-Compete and Confidentiality Agreement, in the form attached as Addendum H of the Franchise Agreement.

We do not own any patents and there are no applications pending for patent rights material to this franchise.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You will at all times faithfully, honestly and diligently perform your obligations under the Franchise Agreement. We do require that you devote, on a full-time basis, your best efforts to managing and operating the Franchised Business. If you are an individual you must serve as the Studio Manager and if you are an entity franchisee, then one of the principal owners must meet this requirement. The Studio Manager must directly supervise the operations of your Studio and be responsible for the day-to-day management and proper operation of the Studio. The Studio Manager will have complete decision making authority with respect to your Studio and have authority to act on your behalf. At or prior to the time you execute your Franchise Agreement, you must notify us of your Studio Manager, whom we must approve. You also must notify us of any replacement Studio Manager, and you need to obtain our approval before you can appoint such replacement. The Studio Manager will be the sole individual with whom we will communicate when we need to contact you.

The Studio Manager must be present at the Studio at least 32 hours per week, the majority of which hours must be during the normal operating hours of the Studio. You must also retain other personnel as are needed to operate and manage the Studio. Your Studio Manager must satisfy our educational and business criteria as provided to you in our Operations Manual or other written instructions, and must be individually acceptable to us. The Studio Manager must have successfully completed our training program within 30 days of accepting the responsibilities of manager. The Studio Manager may not have an interest or business relationship with any of your (or our) business competitors. The Studio Manager need not have an ownership interest in a corporate, Limited Liability Company or partnership-run franchise. The Studio Manager must sign form Non-disclosure and Non-competition Agreement (attached as Addendum H to the Franchise Agreement).

You (including your members, shareholders, partners, owners, directors and officers) and your Studio Manager must sign our form of Non-disclosure and Non-competition Agreement, attached as Addendum H to the Franchise Agreement. The non-competition provision (including your members, shareholders, partners, owners, directors and officers) and Studio Manager from having any interest in or connection with, any business that competes with your Studio during the term of your Franchise Agreement and for a period of two years after the expiration of termination of your Franchise Agreement. You must send us a copy of each signed Non-disclosure and Non-competition Agreement. In addition, you and each of your members, shareholders, partners and owners must personally guaranty and be liable for the breach of all obligations under the Franchise Agreement by signing our form of Guaranty, which attached as Addendum C to the Franchise Agreement.

Upon death or permanent disability (as reasonably determined by an independent third party such as a licensed medical doctor) of any Owner of a controlling interest in your Franchise or the trained Studio Manager, a new Studio Manager must be appointed/hired and will have 90 days to complete the initial Franchise Training Program.

Each individual who owns a five percent (5%) or greater interest in the franchise entity must sign a Guarantee, assuming and agreeing to discharge all obligations of the "Franchisee" under the Franchise Agreement. Spouses of guarantors are not required to sign a Guarantee. (See Addendum C to the Franchise Agreement.)

ITEM 16
RESTRICTIONS OF WHAT THE FRANCHISEE MAY SELL

We require you to offer and sell only the services and products that we have approved and that you only provide products and services that are within the list of services approved by us. You are required to offer all the types of products and services as defined in the Operations Manual. There is no limitation of our right to modify the list of approved products and services that you must provide. You must maintain in sufficient supply and only offer and sell the products, services, materials, and supplies that we designate as part of the Twinkle Star Dance System, unless: (I) you are prohibited by local law or regulation from selling such, product, service or program; or (ii) you have our written consent to exclude certain products or services or programs. You must conduct all instruction utilizing our lesson plans and choreography.

You may not deviate from our standards and specifications without first obtaining our written consent. If you would like to sell, product, service, or program which is not a part of the Twinkle Star Dance System, then you must first seek our approval. If we consent to your request, then the subject product, service or program will become a part of the Twinkle Star Dance System, and we may, in our sole discretion, authorize other Twinkle Star Dance Studios to offer and sell such recently approved product, service or program. We will own all rights associated with such product, service or program, and you will not be entitled to any compensation in connection therewith. We may at any time, in our sole discretion, revoke our approval.

ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

Provision	Section in Franchise or other Agreement	Summary
a. Length of the franchise term	Section 8	The term is 10 years.
b. Renewal or extension of the term	Section 8	If you are in good standing you can renew for an additional 10 year term.

Provision	Section in Franchise or other Agreement	Summary
c. Requirements for franchisee to renew or extend	Section 8	You must be in substantial compliance with the terms of the Franchise Agreement (or Renewal Franchise Agreement) throughout the Initial Term or Renewal Term and at the time of renewal. Sign new agreement and pay renewal fee. You must provide notice of your election to renew the Franchise Agreement. Franchisee must remodel or refurbish its Studio to the then current standard as described in the Operations Manual. You must sign a contract with materially different terms and conditions than your original contract, but the boundaries of the Territory will remain the same, and Royalty Fee and Marketing Fee on renewal will not be greater than the Royalty Fee and Marketing Fee that we then impose on similarly-situated renewing franchisees. You must sign a General Release.
d. Termination by franchisee	Sections 3 & 9A	Not provided for in Agreement, but the Franchisee may terminate the agreement upon any grounds available by law
e. Termination by franchisor without cause	Section 9B	Not Permitted
f. Termination by franchisor with cause	Section 9B	We can terminate only if you default.
g. "Cause" defined—curable defaults	Section 9B	Curable defaults: failure to open your franchise within 180 days of signing your Franchise Agreement, non-payment of fees, non-reporting, failure to meet Franchise Agreement standards, non-compliance with local law, poor business practices (as defined), failure to obtain non- compete agreements from managers, operating from non-approved site, failure to remodel or refurbish on schedule, operating a similar business in another name or outside of Exclusive Territory.
h. "Cause" defined—non-curable defaults	Section 9B	Non-curable defaults: conviction of felony, repeated defaults (even if cured), abandonment, trademark misuse, unapproved transfers, bankruptcy, insolvency, or false statements on applications or reports.
i. Franchisee's obligations on termination/non-renewal	Section 10	Obligations include complete de-identification and payment of amounts due (see also r, below).
j. Assignment of contract by franchisor	Section 11C	We may assign our rights.
k. "Transfer" by franchisee— defined	Section 11B	Includes transfer of contract, or assets, or ownership change

Provision	Section in Franchise or other Agreement	Summary
l. Franchisor approval of transfer by franchisee	Section 11B	We have the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	Section 11B	New franchisee qualifies, transfer fee paid, purchase agreement approved, training arranged, release signed by you, all fees owed by you paid, and current agreement signed by new franchisee (also see r, below).
n. Franchisor's right of first refusal to acquire franchisee's business	Section 11E	Right of first refusal is reserved by us. We will have 10 days to notify you of our intention to meet the terms of a buyer and 60 days to complete a purchase.
o. Franchisor's option to purchase franchisee's business	Section 11E	Right to purchase the assets of the Franchisee at the same price and on the same terms as any other party.
p. Death or disability of franchisee	Sections 11 and 11B	Your estate and/or beneficiaries may inherit your rights as long as a qualified manager runs your franchise.
q. Non-competition covenants during the term of the franchise	Section 15	No involvement in competing business anywhere in the U.S., Canada, or Mexico.
r. Non-competition covenants after the franchise is terminated or expires	Section 15	You may not own nor manage a competing business for 2 years within 50 miles of your Exclusive Territory nor the Exclusive Territory of any existing franchisee at the time of termination or expiration (including after assignment).
s. Modification of the agreement	Section 16	No modifications generally unless agreed to in writing by both parties but Operations Manual is subject to change.
t. Integration/merger clause	Section 16	Only the terms of the franchise agreement are Binding (subject to state law). Any representations or promises outside of the disclosure document and other agreements may not be enforceable. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u. Dispute resolution by mediation or arbitration	Section 18	Except for certain claims, all disputes must be first mediated, then arbitrated in the city where we are headquartered at the time of the claim. SEE STATE LAW APPENDIX
v. Choice of forum	Section 20	Arbitration must be in the federal courts where we are headquartered. These provisions are subject to applicable state law. Subject to applicable state law

Provision	Section in Franchise or other Agreement	Summary
w. Choice of law	Section 20	California law applies. This provision is subject to applicable state law. Subject to applicable state law

AREA DEVELOPMENT AGREEMENT

Provision	Section in Area Development or other Agreement	Summary
a. Length of the franchise term	Section 2.2	Scheduled opening date of final unit.
b. Renewal or extension of the term	No provision	No provision
c. Requirements for franchisee to renew or extend	No provision	No provision
d. Termination by franchisee	Section 6.3	Franchisor materially breaches this Agreement and fails to cure such breach within 21 days after written notice is delivered to Franchisor. In addition, the Franchisee may terminate the agreement upon any grounds available by law
e. Termination by franchisor without cause	No provision	No provision.
f. Termination by franchisor with cause	Section 1.4 Section 6.1	We can terminate if you default under the Area Development agreement or any Franchise Agreement.
g. "Cause" defined—curable defaults	Section 6.1	We can terminate if you default under the Area Development agreement or any Franchise Agreement.
h. "Cause" defined—non-curable defaults	No provision	No Provision
i. Franchisee's obligations on termination/non-renewal	Section 6.2	Obligations include ceasing any activities in connection with the development of Twinkle Star Dance Studios and payment of amounts due (see also r, below).
j. Assignment of contract by franchisor	Section 5.1	We may assign our rights.

Provision	Section in Area Development or other Agreement	Summary
k. "Transfer" by franchisee– defined	Section 5.2	Includes transfer of contract, or assets, or ownership change.
l. Franchisor approval of transfer by franchisee	Section 5.2	We have the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	No provision	No Provision
n. Franchisor's right of first refusal to acquire franchisee's business	No provision	No provision in this Agreement.
o. Franchisor's option to purchase franchisee's business	No provision.	No provision in this Agreement.
p. Death or disability of franchisee	No provision	No provision.
q. Non-competition covenants during the term of the franchise	No provision.	No provision in this Agreement.
r. Non-competition covenants after the franchise is terminated or expires	No provision.	No provision in this Agreement.
s. Modification of the agreement	Section 8.6	No modifications generally unless agreed to in writing by both parties.
t. Integration/merger clause	Section 8.6	Only the terms of the franchise agreement are binding (subject to state law).Any representations or promises outside of the disclosure document and other agreements may not be enforceable. No representations in this Disclosure Document are waived or released and nothing in the Area Development or any other Agreement is intended to disclaim the representations made in this Franchise Disclosure
u. Dispute resolution by mediation or arbitration	Section 8.1	Except for certain claims, all disputes must be first mediated, then arbitrated in Alameda County, California. (Subject to applicable state law)
v. Choice of forum	Section 8.1	Litigation must be in the Federal Courts having jurisdiction over Alameda County, California, or the State Court of Alameda County, California. (Subject to applicable state law)
w. Choice of law	Section 8.1	California law applies. (Subject to applicable state law)

ITEM 18 PUBLIC FIGURES

We do not use any celebrities or public figures to promote our franchise to the public at large or to those considering purchasing our franchises.

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

Except as set forth below, we do not furnish nor authorize our salespersons to furnish any oral or written information concerning the actual or potential sales, costs, income or profits of a Twinkle Star Dance franchise.

The information below is based upon the performance of our franchisees and affiliates, Tiffany's Dance Academy, Inc. and Tiffany's Dance Academy USA, LLC, which operate dance Studios for children ages two to teens similar to that offered franchisees through this Disclosure Document. The original Twinkle Star Dance Academy opened on October 10, 2000 and it established the business model that our franchisees will follow. We represent only the sales and number of students of the franchisee and affiliate dance studios that are in operation the entire year.

Written substantiation for this Financial Performance Representation is available to you upon reasonable request.

You should conduct an investigation of the costs and expenses you will incur in the operation of your studio. Franchisees or former franchisees, listed in the disclosure document, may be one source of this information.

Some studios have sold this amount. Your individual results may differ. There is no assurance that you'll earn as much.

These figures are based on the pricing structure of our franchisees and affiliates. While we provide pricing guidance, you are allowed to set your own prices. Our future locations will range from 800 to 1,000 square feet.

This financial performance representation reflects net sales (gross sales less sales taxes) and average monthly number of students at each studio but not administrative expenses or other costs that must be deducted from Gross Profits to obtain your Net Income or Profit.

Impact of COVID-19.

Due to government order, all of the studios were closed March 13, 2020 through March 31, 2020. The studios reopened virtually from April 1, 2020 to July 31, 2020. In person classes were allowed to reopen on September 1, 2020 but our enrollment had declined to approximately 30% of the enrollment prior to the coronavirus. The studios returned to virtual operation from December 8, 2020 to January 2, 2021. The Milpitas Studio was closed permanently on March 12, 2020. The studio was on a sublease which expired. The Pleasanton, CA Studio closed on December 31, 2021 and the South

San Francisco, CA Studio closed on June 5, 2022. The Pleasanton and South San Francisco Studios never recovered from the temporary closings during Covid-19.

Tiffany's Dance Academy, Inc. And Tiffany's Dance Academy USA, LLC
Unaudited Revenues and Student Count
For Year 2022

Studio Location	Revenue	Number of Students
Danville, CA	\$90,635	54
Fremont, CA	\$504,059	405
Livermore, CA	\$754,449	288
San Ramon, CA	\$443,273	255

Franchised Studios Unaudited Revenues and Student Count
For Year Ended 2022

Studio Location	Revenue	Number of Students
Frisco, TX	\$213,726	269
Plano, TX	\$144,810	181
Seminole, FL	\$431,617	684

Tiffany's Dance Academy, Inc. And Tiffany's Dance Academy USA, LLC
Unaudited Revenues and Student Count
For Year 2021

Studio Location	Revenue	Number of Students
Danville, CA	\$74,000	53
Fremont, CA	\$239,000	178
Livermore, CA	\$577,000	186
Pleasanton, CA	\$157,000	60
San Ramon, CA	\$326,000	216
South San Francisco, CA	\$264,000	72

Additional Expenses for Franchised Studios

Royalty	5% of sales
National Advertising fee	up to 2% of sales, currently collecting 1%

Local Advertising

the greater of 1% of sales or \$400 per month

Notes

¹ These revenues are based on annual Receipts produced by our franchisees and affiliates operating dance Studios under the Twinkle Star Dance Mark for the years ended in 2022 and 2021. This data represents actual revenues for the business.

² Student counts are average monthly figures for the indicated time period.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
System-wide Outlet Summary for Years 2020 to 2022

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

*These studios are owned by our Affiliates, Tiffany's Dance Academy, Inc. and Tiffany's Dance Academy USA, LLC.

TABLE NO. 2
Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor) for Years 2020 to 2022

State	Year	Number of Transfers
California	2020	0
	2021	0
	2022	0
Total	2020	0
	2021	0
	2022	0

TABLE NO. 3
Status of Franchised Outlets for Years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- Other	Outlets at End of the
California	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Florida	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	0	1	0	0	0	0	1
Texas	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Totals	2020	0	0	0	0	0	0	0
	2021	0	2	0	0	0	0	2
	2022	2		0	0	0	0	3

TABLE NO. 4
Status of Company-Owned Outlets*
for Years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired	Outlets Closed	Outlets Sold to	Outlets at End
California	2020	7	0	0	1	0	6
	2021	6	0	0	1	0	5
	2022	5	0	0	1	0	4
Totals	2020	7	0	0	1	0	6
	2021	6	0	0	1	0	5
	2022	5	0	0	1	0	4

*These studios are owned by our Affiliates, Tiffany's Dance Academy, Inc. and Tiffany's Dance Academy USA, LLC.

TABLE NO. 5
Projected Openings as of December 31, 2022

	Franchise Agreements	Projected New	Projected New Company-
California	0		0
Illinois	0	1	
New York	0	1	
Texas	0	1	
Totals	0	3	0

There were three Franchisees as of December 31, 2022. As of December 31, 2022, there were no franchisees whose franchise was, within the twelve-month period immediately preceding the date of this Disclosure Document, been terminated, canceled, not renewed or, who has, during the same time period, otherwise voluntarily or involuntarily ceased to do business pursuant to the Franchise Agreement, or has any franchisee failed to communicate with us within the ten weeks prior to the date of application of this registration.

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

During the last three fiscal years, we have not signed any confidentiality clauses with any current or former franchisees which would in any way restrict their ability to speak with you openly about their experience with Twinkle Star Dance.

There are no trademark specific franchisee organizations associated with the franchise System, nor are there any independent franchisee organizations that have asked to be included in this disclosure document.

ITEM 21 FINANCIAL STATEMENTS

Our audited financial statements as of December 31, 2022, December 31, 2021 and December 31, 2020 are attached hereto as Exhibit A.

Our fiscal year ends on December 31.

ITEM 22 CONTRACTS

Attached hereto are the following documents associated with this franchise offering:

EXHIBIT E – Franchise Agreement

Addendum A – Franchisee’s Exclusive Territory

Addendum B – Closing Acknowledgments

Addendum C – Guaranty

Addendum D – State Law Addendum

Addendum E – Bank Authorization Form

Addendum F – Collateral Assignment of Lease

Addendum G – Assignment of Telephone Numbers and Listings

Addendum H – Sample Non-Disclosure and Non-Competition Provisions for Studio Directors

EXHIBIT F – Multi-Unit Development Agreement

**ITEM 23
RECEIPT**

The last two pages of this Disclosure Document are duplicate copies of our Receipt acknowledging that you have received this Disclosure Document. You are required to sign each Receipt and return one copy to us at the address on the cover of this Disclosure Document.

EXHIBIT A TO THE FRANCHISE DISCLOSURE DOCUMENT

Financial Statements

Twinkle Star Dance Franchise, LLC

Audited Financial Statements

As of December 31, 2020, December 31, 2021 and December 31, 2022

TWINKLE STAR DANCE FRANCHISE, LLC

FINANCIAL REPORT

AS OF DECEMBER 31, 2022



TWINKLE STAR DANCE FRANCHISE, LLC

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Independent Auditor's Report

To the Members
Twinkle Star Dance Franchise, LLC
Livermore, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying balance sheets of Twinkle Star Dance Franchise, LLC as of December 31, 2022, and 2020 and the related statements of operations, members' equity (deficit) and cash flows for the years ended December 31, 2022, 2021, and for the period from February 7, 2020 (Inception) through December 31, 2020, and the notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Twinkle Star Dance Franchise, LLC as of December 31, 2022, and 2021 and the results of their operations and their cash flows for the years ended December 31, 2022, 2021 and for the period from February 7, 2020 (Inception) through December 31, 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 Twinkle Star Dance Franchise, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

In performing an audit in accordance with GAAS, we:

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

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

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

Ft. Collins, Colorado
January 26, 2023

TWINKLE STAR DANCE FRANCHISE, LLC
BALANCE SHEETS
AS OF DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS:		
CURRENT ASSETS		
Cash and equivalents	\$ 20,490	\$ 15,444
Accounts receivable	251	590
Deferred franchise costs	425	425
TOTAL CURRENT ASSETS	<u>21,166</u>	<u>16,459</u>
NON-CURRENT ASSETS		
Intangible assets, net	6,546	8,134
Deferred franchise costs, less current portion	3,110	3,535
TOTAL ASSETS	<u><u>\$ 30,822</u></u>	<u><u>\$ 28,128</u></u>
LIABILITIES AND MEMBERS' (DEFICIT):		
CURRENT LIABILITIES		
Accounts payable	\$ -	\$ 750
Deferred franchise revenue	5,500	5,500
TOTAL CURRENT LIABILITIES	<u>5,500</u>	<u>6,250</u>
NON-CURRENT LIABILITIES		
Deferred franchise revenue, less current portion	40,208	45,708
TOTAL LIABILITIES	<u>45,708</u>	<u>51,958</u>
MEMBERS' (DEFICIT)	(14,886)	(23,830)
TOTAL LIABILITIES AND MEMBERS' (DEFICIT)	<u><u>\$ 30,822</u></u>	<u><u>\$ 28,128</u></u>

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

TWINKLE STAR DANCE FRANCHISE, LLC
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND
FOR THE PERIOD FROM FEBRUARY 7, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
REVENUES			
Royalties	\$ 31,825	\$ 3,703	\$ -
Franchise fees	5,500	3,792	-
Advertising fund revenues	14,098	1,473	-
Other revenues	28,513	5,004	-
TOTAL REVENUES	<u>79,936</u>	<u>13,972</u>	<u>-</u>
OPERATING EXPENSES			
Franchise-related costs	8,373	4,539	-
Advertising and promotion	10,293	12,645	-
General and administrative	10,287	6,600	-
Professional fees	15,125	14,860	11,796
Amortization	1,914	1,436	-
TOTAL OPERATING EXPENSES	<u>45,992</u>	<u>40,080</u>	<u>11,796</u>
OPERATING (LOSS)	33,944	(26,108)	(11,796)
OTHER INCOME (EXPENSE)	-	-	-
NET (LOSS)	<u>\$ 33,944</u>	<u>\$ (26,108)</u>	<u>\$ (11,796)</u>

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

TWINKLE STAR DANCE FRANCHISE, LLC
STATEMENT OF CHANGES IN MEMBERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND
FOR THE PERIOD FROM FEBRUARY 7, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

	<u>Member Contributions</u>	<u>Accumulated (Deficit)</u>	<u>Total Members' Equity (Deficit)</u>
BALANCE, FEBRUARY 7, 2020 (INCEPTION)	\$ -	\$ -	\$ -
Member contributions	31,289	-	31,289
Net (loss)	-	(11,796)	(11,796)
BALANCE, DECEMBER 31, 2020	<u>\$ 31,289</u>	<u>\$ (11,796)</u>	<u>\$ 19,493</u>
Member contributions	4,785	-	4,785
Member distributions	-	(22,000)	(22,000)
Net (loss)	-	(26,108)	(26,108)
BALANCE, DECEMBER 31, 2021	<u>36,074</u>	<u>(59,904)</u>	<u>(23,830)</u>
Member distributions	-	(25,000)	(25,000)
Net Income	-	33,944	33,944
BALANCE, DECEMBER 31, 2022	<u>\$ 36,074</u>	<u>\$ (50,960)</u>	<u>\$ (14,886)</u>

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

TWINKLE STAR DANCE FRANCHISE, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND
FOR THE PERIOD FROM FEBRUARY 7, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss)	\$ 33,944	\$ (26,108)	\$ (11,796)
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization	1,914	1,436	-
Non-cash member contributions	-	-	21,289
Recognition of deferred costs	425	290	-
Recognition of deferred revenue	(5,500)	(3,792)	-
Changes in assets and liabilities			
Accounts receivable	339	(590)	-
Deferred franchise costs	-	(4,250)	-
Accounts payable	(750)	750	-
Deferred franchise revenue	-	55,000	-
Net cash provided by operating activities	<u>30,372</u>	<u>22,736</u>	<u>9,493</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible assets	(325)	-	(9,570)
Net cash (used in) provided by investing activities	<u>(325)</u>	<u>-</u>	<u>(9,570)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Member contributions	-	4,785	10,000
Member distributions	(25,000)	(22,000)	-
Net cash (used in) provided by financing activities	<u>(25,000)</u>	<u>(17,215)</u>	<u>10,000</u>
NET INCREASE IN CASH	5,047	5,521	9,923
CASH, BEGINNING	<u>15,444</u>	<u>9,923</u>	<u>-</u>
CASH, ENDING	<u>\$ 20,491</u>	<u>\$ 15,444</u>	<u>\$ 9,923</u>
SUPPLEMENTAL DISCLOSURES			
Cash paid for interest	\$ -	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -	\$ -

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

TWINKLE STAR DANCE FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS

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

Twinkle Star Dance Franchise, LLC (“Company”) was formed on February 7, 2020, (Inception) in the State of California as a limited liability company. The Company grants franchises to qualified persons to construct and operate a Twinkle Star Dance Studio (each a “Studio”). The Studio provides dance lessons in various dance styles, such as, tap, ballet, jazz, hip-hop and lyrical to children ages of two to teens. All activities are conducted in an approved location.

Affiliates

Tiffany’s Dance Academy, Inc. was formed on October 10, 2000, in the state of California as a corporation for the purpose of establishing dance studios teaching children ages two to teens various dance styles, such as, tap, ballet, jazz, and hip-hop. The affiliate currently owns and operates three Studios after one Studio closed in March 2020.

Tiffany’s Dance Academy USA, LLC was formed on September 27, 2005, in the state of California as a limited liability company for the purpose of establishing dance studios teaching children ages two to teens various dance styles, such as, tap, ballet, jazz, and hip-hop. The affiliate currently owns and operates three Studios.

Twinkle Star Dance, LLC was formed on March 13, 2012, in the state of California as a limited liability company for the purpose of soliciting private dance studios to subscribe to its dance curriculum and choreography. There are approximately 300 independent dance studios subscribing to the dance curriculum and choreography.

The above affiliates do not sell franchises in any other line of business and are not otherwise engaged in any other business activity.

The following table summarizes the number of studios open and operating for the year ended December 31, 2021, and for the period from February 7, 2020 (Inception) through December 31, 2020:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Studios in operation, beginning	8	6	7
Studios opened	1	2	-
Studios terminated or closed	-	-	(1)
Studios in operation, ending	<u>9</u>	<u>8</u>	<u>6</u>
Franchised studios	3	2	-
Affiliate owned studios	6	6	6

TWINKLE STAR DANCE FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS

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

A summary of significant accounting policies follows:

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 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.

Use of Estimates

Preparation of the Company’s financial statements in accordance with United States 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.

Accounts Receivable

The 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 subsequent to invoicing. Management evaluates individual customer’s receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not charge-off any accounts receivable for the years ended December 31, 2022, 2021, and for the period from February 7, 2020 (Inception) through December 31, 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).

TWINKLE STAR DANCE FRANCHISE, LLC
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.

Income Taxes

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

The Company adopted ASC 740-10-25-6 “Accounting for Uncertainty in Income Taxes”, that requires the Company to disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a “more likely than not” threshold upon examination by taxing authorities.

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements or that would affect the Company’s members. The Company’s evaluation was performed for the years ended December 31, 2022, 2021, and 2020 for U.S. Federal Income Tax and for the State of California Income Tax.

Revenue Recognition

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

Each franchise agreement is comprised of several performance obligations. The Company has concluded that these items represent a single performance obligation and recognize the initial franchise fees over the term of the contract which is currently 10 years from the effective date of the franchise agreement.

When a franchisee purchases a Twinkle Star franchise, the Company grants the franchisee the right to use the proprietary methods, techniques, trade dress, trademarks, and logos (“the license”). The license is symbolic intellectual property. Revenues related to the license are continuing royalties are based on gross sales and are 5%. These revenues will be used to continue the development of the Company’s brand, the franchise system and provide on-going support for the Company’s franchisees. The royalties are billed monthly and are recognized as revenue when earned.

TWINKLE STAR DANCE FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS

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

Advertising Fund Contribution

The Company has established an advertising fund to provide regional and national advertising for the benefit of the franchisees. The advertising fund fees are 2% of gross sales, are billed monthly and are recognized as revenue when earned up to the amount spent on marketing activities as defined in the franchise disclosure document. Funds collected, but not yet spent are recorded as deferred revenue on the balance sheet. As of December 31, 2022, and 2021, \$0 and \$0 was included in deferred revenue, respectively.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2022, 2021, and for the period from February 7, 2020 (Inception) through December 31, 2020, was \$10,293, \$12,645, and \$0, respectively.

Fair Value of Financial Instruments

For the Company's financial instruments consist of cash and cash equivalents, the carrying amounts approximate fair value due to their short maturities.

Recently Issued Accounting Pronouncements

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

NOTE 2 – INTANGIBLE ASSETS

Intangible assets, net consists of the following at December 31:

	<u>2021</u>	<u>2020</u>
Franchise development costs	\$ 9,895	\$ 9,570
Accumulated amortization	<u>(3,349)</u>	<u>(1,436)</u>
	<u>\$ 6,546</u>	<u>\$ 8,134</u>

Amortization expense was \$1,914, \$1,436, and \$0 for the years ended December 31, 2022, 2021, and for the period from February 7, 2020 (Inception) through December 31, 2020. Estimated amortization expense for the next three succeeding years is expected to be approximately \$1,914 per year.

TWINKLE STAR DANCE FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – CONTRACT BALANCES

The Company recorded an asset for costs not yet expensed and a liability for unearned revenue associated with the performance obligation of the Company's franchise agreements. The account balances and activity as reported at December 31 are as follows:

	December 31, 2022	2021
Franchise Acquisition Costs:		
Balance Beginning of Year	\$ 3,960	\$ -
Deferral of franchise acquisition costs	-	4,250
Recognition of franchise acquisition costs	(425)	(290)
Balance at End of Year	<u>\$ 3,535</u>	<u>\$ 3,960</u>
Deferred Franchise Revenue:		
Balance Beginning of Year	\$ 51,208	\$ -
Deferral of deferred revenue	-	55,000
Recognition of deferred revenue	(5,500)	(3,792)
Balance at End of Year	<u>\$ 45,708</u>	<u>\$ 51,208</u>

Estimated Recognition of Deferred Franchise Costs and Revenues

Estimated expenses and revenues to be recognized in future periods related to deferred franchise costs and revenues as reported at December 31, 2022, are as follows:

	Franchise Acquisition Costs	Non-refundable Franchise Fees
Year ending December 31:		
2023	\$ 425	\$ 5,500
2024	425	5,500
2025	425	5,500
2026	425	5,500
2027	425	5,500
Thereafter	1,410	18,208
	<u>\$ 3,535</u>	<u>\$ 45,708</u>

TWINKLE STAR DANCE FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – CONTRACT BALANCES CONTINUED

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees for the years ended December 31, 2022, 2021, and for the period from February 7, 2020 (Inception) through December 31, 2020, is as follows:

	2022	2021	2020
Performance obligations satisfied at a point in time	\$ 28,513	\$ 5,004	\$ -
Performance obligations satisfied through the passage of time	51,423	8,968	-
Total revenues	<u>\$ 79,936</u>	<u>\$ 13,972</u>	<u>\$ -</u>

NOTE 4 – COMMITMENTS AND CONTINGENCIES

Litigation

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

NOTE 5 - SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through January 26, 2023, the date on which the financial statements were available to be issued.

EXHIBIT B TO THE FRANCHISE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

Julie R. Dickens
4747 Fourth Army
Frisco, TX 75034
972-963-5469
jdmschoolofdance@hotmail.com

Stephanie L. Valentine
13035 Park Blvd
Seminole, FL 33776
727-215-6435
Stephanie@twinklestardance.com

Elizabeth De Rusha
4202 East Park Blvd
Plano, TX 75074
888-989-4655
elizabeth@edgedance.com

EXHIBIT C TO THE FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS

California

Commissioner of Department of Financial Protection and Innovation
Department of Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013-1105
(213) 576-7500 and 1-866 275-2677

Hawaii

Department of Commerce & Consumer Affairs
335 Merchant Street
Honolulu, Hawaii 96813
(808) 586-2722

Illinois

Franchise Division
Office of Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

Indiana

Agent

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

Administrator

Securities Commissioner
Indiana Securities Division

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

Maryland

Agent for Service of Process

Maryland Securities Commissioner
200 St. Paul Place, 20th Floor
Baltimore, Maryland 21202-2020
(410) 576-7044

Inquiries About Franchise Matters

Office of Attorney General
Division of Securities
200 St. Paul Place, 20th Floor
Baltimore, Maryland 21202-2020
(410) 576-7044

Michigan

Franchise Administrator
Consumer Protection Division
Antitrust and Franchise Unit
Michigan Dept. Of Attorney General
670 Law Building
Lansing, Michigan 48913
(517) 373-7117

Minnesota

**Minnesota Dept. Of Commerce
85 Seventh Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600**

New York

**New York State Department of Law
Investor Protection Bureau
28 Liberty Street
New York, NY10005
(212) 416-8211**

Agent for Service of Process

**New York Secretary of State
99 Washington Avenue
Albany, NY 12231**

North Dakota

**Office of Securities Commissioner
Fifth Floor
600 East Boulevard
Bismarck, North Dakota 58505
(701) 224-4712**

Rhode Island

**Division of Securities
Suite 232
233 Richmond Street
Providence, Rhode Island 02903
(401) 277-3048**

South Dakota

Division of Securities

445 East Capitol Avenue

Pierre, South Dakota 57501

(605) 773-4013

Virginia

Agent for Service of Process

Clerk of the State Corporation Commission of Virginia

1300 East Main Street

Richmond, Virginia 23219

(804) 371-9733

Inquiries About Franchise Matters

Securities and Retail Franchising Division

State Corporation Commission

1300 East Main Street

Richmond, Virginia 23219

(804) 371-9051

Washington

Department of Financial Institutions

Securities Division

P.O. Box 9033

Olympia, Washington 98507-9033

(206) 753-6928

Wisconsin

Securities & Franchise Registration

Wisconsin Securities Commission

P.O. Box 1768

Madison, Wisconsin 53701

(608) 266-8559

EXHIBIT D TO THE FRANCHISE DISCLOSURE DOCUMENT

STATE ADDENDUM TO FDD

The following information supplements our Franchise Disclosure Document and supersedes any conflicting information contained in the main body of the Disclosure Document.

FOR RESIDENTS OF THE STATE OF CALIFORNIA

California Business and Professions Code Sections 20000 through 20043 provide rights to the Franchisee concerning termination or non-renewal of a franchise. If a franchise agreement contains a provision that is inconsistent with the law, the law still controls.

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 calls for payment of interest on unpaid Royalty balances which may exceed maximum levels imposed by California law. The highest rate allowed in California at this time is 10% per annum.

For franchisees in California, payment of all initial fees is postponed until after all of franchisor's initial obligations are complete and franchisee is open for business.

For area developers in California, payment of the initial fees is postponed until after all of franchisor's initial obligations are complete and the area developer is open for business

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.

Neither the Franchisor, nor any person or franchise broker in Item 2 of the 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 person from membership in such association or exchange.

Section 31125 of the California Corporations Code requires the Franchisor to give the Franchisee a disclosure document, in a form containing such information as the Commissioner may by rule or order require prior to a solicitation of a proposed material modification of an existing franchise.

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 Disclosure Document.

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

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

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 DISCLOSURE DOCUMENT.

BY EXECUTING THIS APPENDIX, THE PARTIES HERETO MAKE THIS APPENDIX A PART OF THE ACCOMPANYING FRANCHISE AGREEMENT, AND INCORPORATE THIS APPENDIX INTO THAT AGREEMENT.

Franchisee

Date

Franchisor

Date

Illinois State Law Appendix

Illinois law governs the Franchise Agreement.

The conditions under which your franchise can be terminated and your rights upon non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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.

Section 4 of the Illinois Franchise Disclosure Act states that 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.

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.

Minnesota State Law Appendix

With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement. BY EXECUTING THIS APPENDIX, THE PARTIES HERETO MAKE THIS APPENDIX A PART OF THE ACCOMPANYING FRANCHISE AGREEMENT, AND INCORPORATE THIS APPENDIX INTO THAT AGREEMENT.

RESIDENTS OF THE STATE OF NEW YORK

Registration of this franchise by New York does not mean that New York recommends it or has verified the information in this Disclosure Document.

The Franchisor may, if it chooses, negotiate with you about items covered in the prospectus. However, the Franchisor cannot use the negotiating process to prevail upon a prospective Franchisee to accept terms which are less favorable than those set forth in this prospectus.

All references to "Disclosure Document" shall be deemed to include the term "Offering Prospectus" as used under Georgia law.

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, anti-fraud, or securities law; fraud; embezzlement;

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

Item 4 of this Offering Prospectus is supplemented with the following: “During the fifteen (15) year period immediately preceding the date of this Offering Prospectus, neither the Franchisor nor any officer or general partner of the Franchisor has been adjudged bankrupt or reorganized due to insolvency or been a principal officer of any company or general partner in any partnership that was adjudged bankrupt or reorganized due to insolvency during or within one year after the period that such officer or general partner of the Franchisor held such position in such company or partnership, or is subject to any pending bankruptcy or reorganization proceeding.”

Modifications that we make to our Confidential Operations Manual as permitted by the Franchise Agreement will not impose an unreasonable economic burden on you.

Provisions of general releases are mentioned in the Offering Prospectus and specified in the Franchise Agreement. These releases are limited by the following: all rights enjoyed by you and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued under this law shall remain in force, it being the intent that the non-waiver provisions of the General Business Law of the State of New York Sections 687.4 and 686.5 be satisfied.

We will not make any assignment of the Franchise Agreement except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement.

The choice of law of the Franchise Agreement should not be considered a waiver of any right conferred upon either you or us by the General Business Law of the State of New York, Article 33.

Washington State Law Appendix

The state of Washington has a statute, RCW 19.100.180, which 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 involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment

Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act 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 of 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.

EXHIBIT E TO THE FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

(WITH ADDENDA)

Twinkle Star Dance Franchise, LLC

TWINKLE STAR DANCE FRANCHISE, LLC



FRANCHISE AGREEMENT

_____ **FRANCHISEE**

_____ **DATE**

_____ **Studio**

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TWINKLE STAR DANCE FRANCHISE, LLC
FRANCHISE AGREEMENT

THIS AGREEMENT is made this _____ day of _____, 202__ by and between Twinkle Star Dance Franchise, LLC, a California limited liability company, having its principal place of business at 4046 East Avenue, Livermore, California 94550 (hereinafter referred to as "Franchisor") and _____, a [corporation/limited liability company] having a principal place of business located at _____, (hereinafter referred to as "Franchisee").

WHEREAS, Franchisor and its affiliates have developed a unique and distinctive business system (the "System") for the development and operation of dance Studios (each a "Studio") offering dance lessons, choreography and recitals featuring tap, ballet, jazz, hip-hop and lyrical dance for children ages two to teens under the Twinkle Star Dance logo;

WHEREAS, the distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, décor, color scheme, and furnishings; proprietary lesson plans, choreography and recital planning and execution; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; management and financial control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by us from time to time;

WHEREAS, the System is identified by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark "Twinkle Star Dance" and such other trade names, service marks, and trademarks as are now designated (and may hereafter be designated by us in writing) for use in connection with the System (the "Proprietary Marks"). The Proprietary Marks are owned by Twinkle Star Dance LLC, which has licensed the Proprietary Marks to Franchisor so use the Proprietary Marks in connection with the Twinkle Star Dance System. Franchisor will designate the Proprietary Marks as licensed to Franchisee under this Agreement;

WHEREAS, Franchisee desires to acquire the right to use the System and the Proprietary Marks in connection with the operation of a Studio at a location we approve;

NOW, THEREFORE, the parties hereto, in consideration of their mutual promises herein contained, and for other good and valuable consideration acknowledged by them to be adequate, do hereby agree as follows:

1. GRANT OF FRANCHISE

Franchisor hereby grants to Franchisee the right and license, and Franchisee hereby accepts the right and obligation, to establish and operate a single Twinkle Star Dance Studio using the System and Marks in accordance with this Agreement. Franchisee agrees to use the Proprietary Marks and the System as we may change, improve, modify or further develop them from time to time as provided in this Agreement, and only in accordance with the terms and conditions of this Agreement and any related agreements.

Franchisee acknowledges and agrees that this Agreement does not afford Franchisee any rights or options to open any additional Studios and that Franchisee does not have any right to sublicense or

subfranchise any of the rights granted hereunder. Franchisee may not use the Marks or System for any purpose other than promoting and operating the Studio at the Studio Location. Franchisor will have sole discretion as to whether it decides to grant Franchisee the right to open any additional Studios, each of which will be governed by a separate form of Franchisor's then-current Franchise Agreement.

2. STUDIO LOCATION; EXCLUSIVE

Franchisee's right to operate a Twinkle Star Dance Studio is restricted to the location designated in Exhibit A (the "Studio Location"). Under this Agreement, Franchisee may only establish one Twinkle Star Dance Studio, located at the Studio Location. Franchisee may use the Accepted Location for no other purpose than the operation of a Twinkle Star Dance Studio. This Agreement does not grant to you the right or license to operate the Studio or to offer or sell any products or services described under this Agreement at or from any other location.

Upon the execution of this Agreement, Franchisor will assign to Franchisee a Exclusive geographical territory (the "Exclusive Territory") that will be described in Exhibit A hereto. For as long as Franchisee is in substantial compliance with the terms of this Agreement, neither Franchisor nor its affiliate will, within the Exclusive Territory, operate or grant a franchise for a Twinkle Star Dance, except as provided in Section 3 below. These restrictions will terminate immediately upon the expiration or termination of this Agreement for any reason.

3. RIGHTS RESERVED BY FRANCHISOR

Franchisee acknowledges that except to the extent provided in Section 2 above, Franchisor (and its Affiliates) expressly retain all rights and discretion with respect to the Proprietary Marks, System and the sale of any products and services, including, without limitation, the right to:

- (i) to provide, offer and sell and to grant others the right to provide, offer and sell goods and services that are identical or similar to and/or competitive with the goods and services offered at Twinkle Star Dance Studios displaying the Marks or other trade and service marks through alternative distribution channels (such as, the Internet and other forms of electronic commerce, "800" or other similar toll-free telephone numbers, telemarketing or other direct marketing sales, or other channels of distribution), outside Franchisee's Exclusive Territory, and under any terms and conditions Franchisor deems appropriate;
- (ii) to operate and to grant others the right to operate Studios located outside Franchisee's Exclusive Territory under any terms and conditions Franchisor deems appropriate and regardless of the proximity to Franchisee's Studio Location;
- (iii) to offer and sell (directly, or through other franchisees or licensees) Twinkle Star Dance System products and services at any and all nontraditional locations, including nontraditional locations situated proximate to Franchisee's Studio Location, through the establishment of Twinkle Star Dance Studios or "shop in shops", and that, by contrast, Franchisee is precluded in engaging in such activity. "Nontraditional locations" include malls; schools and universities; day care facilities of any type; fitness centers; government facilities such as community centers; the premises of any third party which is not a Studio; military bases and installations; and, any other location or

venue to which access to the general public is restricted

- (i) to purchase, merge, acquire, be acquired by or affiliate with any company, including an existing competitive franchise or non-franchise, chain or any other business, operating one or more units located within or outside of Franchisee's Exclusive Territory, and subsequently operate, franchise or license those units under any names or marks, including Franchisor Proprietary Marks, regardless of their location, which may be immediately proximate to Franchisee's Studio Location; and
- (ii) to sell Twinkle Star Dance System products and services to national, regional and institutional accounts, even when they are situated proximate to Franchisee's Studio location. Only Franchisor will have the right to enter into contracts with such national, regional and institutional accounts. "National/Regional and Institutional Accounts" are organizational or institutional customers whose presence is not confined to Franchisee's Territory, including (without limitation): malls; schools and universities; day care facilities of any type; fitness centers; government facilities such as community centers; gyms; and, any other customer not confined to Franchisee's Territory.

4. TERM; RENEWAL TERM

A. This Agreement shall be effective and binding from the date of its execution. The term of this franchise shall expire ten (10) years from such date.

B. At the end of said term, Franchisee may renew this Agreement for additional ten (10) year term so long as the following conditions are satisfied:

(i) Franchisee has complied substantially with its obligations hereunder during the term and is then in compliance with such obligations at time of giving notice and at time of renewal;

(ii) Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor (or any Affiliate), and has timely met these obligations throughout the term of this Agreement;

(iii) Franchisee has given Franchisor written notice of its election to renew at least ninety (90) days but not more than one hundred eighty (180) days prior to expiration of the initial term;

(iv) Franchisee has executed Franchisor's then-current form of franchise agreement that may be materially different from this Agreement, which franchise agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement by requiring, among other things, a different percentage Royalty Fee or Advertising Fee;

(v) A renewal fee of ten percent (10%) of the Initial Franchise Fee being charged new franchisees for a comparable territory at the time of the renewal shall be paid to the Franchisor at least 30 days before expiration of this agreement. No new initial franchise fee will be charged to Franchisee upon such renewal or renewals.

(vi) Franchisee has access to and, for the duration of the successor franchise, the right to remain in possession of the Studio Location, or a suitable substitute location

accepted by Franchisor, which is in full compliance with Franchisor's then-current specifications and standards

(vii) Any commercial facility operated by Franchisee, in addition to equipment, decor, signage, and furnishings must be brought into compliance with then current standards for new Twinkle Star Dance Studios.

Upon renewal and execution of a new Franchise Agreement, royalties, advertising fees or other fees and charges will be based on the then current charges of the Franchisor under Franchise Agreements then being granted. Franchisee's Exclusive Territory will remain the same. Franchisor is not restricted in its right to change other significant provisions of the previously existing Franchise Agreement, other agreements or documents.

5. SITE SELECTION AND EXCLUSIVE TERRITORY

A. **Responsibility to Select Site.** Franchisee shall assume all cost, liability, expense and responsibility for locating, obtaining, developing a site for the Studio within the Exclusive Territory, and for constructing and equipping the Studio at such site. Franchisee must select a facility to lease or purchase for the operation of the Studio to be accepted by us ("Studio Location"). If a Studio Location has been determined prior to the Effective Date, then the address of the Studio Location will be set forth in Exhibit A. If the Studio Location has not been determined as of the Effective Date, Franchisee shall promptly select a site for the Studio and shall notify us of such selection. Franchisor will evaluate the site and notify Franchisee of Franchisor's acceptance or nonacceptance of the site within a reasonable time (usually fifteen (15) days) of receiving Franchisee's notice of the site. If Franchisor accepts Franchisee's selection, then the site shall be designated as the Studio Location. If Franchisor does not accept such selection, then Franchisee shall select and notify us of new sites until Franchisor accepts a site for the Studio Location. Franchisor will provide Franchisee with general guidelines to assist Franchisee in selecting a site suitable for the Studio Location. Franchisor has the right to accept or not accept a proposed location based on such factors as Franchisor deems appropriate, including, without limitation, the condition of the premises, size of the location, lease requirements, population density, demographics, the surrounding area, street visibility of the location, proximity to other Twinkle Star Dance Studios and the number of businesses located within the Exclusive Territory.

Franchisee agrees to use Franchisee's best efforts to find an acceptable Studio Location. Franchisee must comply with all Franchisor's Studio specifications, requirements and restrictions. The Studio Location will be subject to Franchisor's advance written acceptance, and Franchisor's determination will be final. Franchisor may require Franchisee to submit maps, completed checklists, photographs, diagrams of the premises with measurements and other information and materials which Franchisor may reasonably require to evaluate Franchisee's proposed Studio Location. Franchisor also may visit the proposed Studio Location in order to evaluate its suitability. Franchisee may not locate the Studio on a selected site without Franchisor's prior written acceptance.

Franchisee acknowledges and agrees that any advice Franchisor furnishes regarding

site selection and Franchisor's proposal, inspection and/or acceptance of any proposed site for Franchisee's Studio Location will not constitute, and will not be deemed to constitute, Franchisor's express or implied representation, warranty, guarantee or any other indication of the prospective profitability, viability or merit of the Studio Location, and Franchisee hereby forever waive any claim to the contrary.

B. Lease of Studio Location. If Franchisee is to execute a lease for, or a binding agreement to purchase, the Studio Location, Franchisee must obtain Franchisor's approval of the terms. Franchisor shall not unreasonably withhold its approval. Franchisor's review of a lease or purchase agreement, or any advice or recommendation offered by Franchisor, shall not constitute a representation or guarantee that Franchisee will succeed at the Studio Location nor constitute an expression of Franchisor's opinion regarding the terms of such lease or purchase agreement. Franchisee acknowledges and agrees that Franchisee shall solely rely on its review of any such lease or purchase agreement. Franchisor shall be entitled to require that nothing therein contained is contradictory to, or likely to interfere with, Franchisor's rights or Franchisee's duties under this Agreement. Franchisee shall take all actions necessary to maintain the lease, if any, of the Studio Location while this Agreement is in effect. Any default for which the lease may be terminated shall also be deemed a default hereunder and the time to cure the same shall expire when the lease is terminated. Franchisor has the right to require that the lease for the Studio Location be collaterally assigned by Franchisee to Franchisor, pursuant to the terms of its standard collateral assignment of lease form, to secure performance by Franchisee of its obligation under this Agreement. Franchisor's approval of a lease shall be conditioned upon inclusion of terms in the lease acceptable to Franchisor and, at Franchisor's option, the lease shall contain the provisions set forth in Franchisor's form of Lease Rider. Simultaneously with Franchisee's execution of the lease for the site, Franchisee will be required to sign Franchisor's form of Collateral Assignment and Franchisee expressly agrees to arrange for the landlord of the leased premises to sign Franchisor's form of Collateral Assignment. The executed Collateral Assignment will be held by Franchisor in escrow, until such time (if any) that Franchisor may elect to effectuate an assignment of Franchisee's lease.

C. Development of Studio Location. Franchisor shall make available to Franchisee, at no charge to Franchisee, specifications for the development of the Studio Location, including specifications for improvements, supplies and equipment that are necessary for the development and operation of a Twinkle Star Dance Studio. Franchisee shall cause the Studio Location to be developed, equipped and improved in accordance with Franchisor's specifications and open for business within 6 months of the Effective Date. In connection with the development of the Studio Location, Franchisee shall:

(i) obtain all permits and licenses required for operation of the Franchised Business, and certify in writing that all such permits and certifications have been obtained;

(ii) purchase any supplies or inventory necessary for the operation of the Franchised Business, as specified in the Operations Manual;

(iii) purchase and install all equipment, furniture and fixtures, including any

software and computer equipment, required by Franchisor for the operation of the Studio; and

(iv) establish broadband or high-speed Internet access and obtain at least one (1) telephone number and one (1) facsimile number solely dedicated to the Studio.

D. Opening. Before opening the Franchised Business and commencing business, Franchisee must:

(i) fulfill all of the obligations of Franchisee pursuant to the other provisions of this Section 5;

(ii) furnish Franchisor with copies of all insurance policies required by this Agreement, or by the lease (if any), or such other evidence of insurance coverage and payment of premiums as Franchisor may request;

(iii) complete initial training to the satisfaction of Franchisor;

(iv) hire and train the personnel necessary or required for the operation of the Franchised Business;

(v) if Franchisee is a business entity, cause each of its stock certificates or other ownership interest certificates to be conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that such ownership interest is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement;

(vi) obtain Franchisor's permission and approval of an opening date; Franchisor shall not unreasonably withhold consent to open. Permission to open shall be based on Franchisor's determination that Franchisee is ready to open and satisfactorily prepared to operate; and

(vii) pay in full all amounts due to Franchisor.

E. Failure to Open Time is of the essence. Should Franchisee fail to commence operations of the Franchised Business within 6 months from the Effective Date, Franchisor has the right to terminate this Agreement.

F. Use of Studio Location. Franchisee shall not use the Studio Location for any purpose other than for the operation of a Twinkle Star Dance Studio in full compliance with this Agreement and the Operations Manual, unless approved in writing by Franchisor.

G. Relocation. Franchisee shall not relocate the Studio Location without the prior written consent of Franchisor. If the Studio Location is leased, and the lease expires or terminates through no fault of Franchisee or if the Studio Location's premises is destroyed, condemned or otherwise rendered unusable, Franchisee may request the right to relocate the Studio Location

either permanently or temporarily as appropriate under the circumstances and Franchisor shall not unreasonably withhold its consent to such relocation. Should Franchisee desire to relocate the Studio Location for any other reason, Franchisee shall request the right and Franchisor may approve or disapprove such request. Any relocation of the Studio Location shall be at Franchisee's sole expense, and shall proceed in accordance with the requirements set forth in this Section 5. Franchisee shall pay our then-current relocation fee.

H. Marketing Restrictions. Franchisee may not, unless in conjunction with other Twinkle Star Dance Franchisees, advertise in internet, telephone, or similar directories that target areas outside of Franchisee's Exclusive Territory nor establish mailing addresses for its Twinkle Star Dance business or make other representations to potential customers that would lead others to believe that Franchisee has facilities or authorization to operate outside of its Exclusive Territory.

6. FEES

A. Initial Franchise Fee and Initial Training Fee. In consideration of the franchise and rights granted to Franchisee herein, Franchisee shall pay to Franchisor an Initial Franchise Fee of \$ _____ and Initial Training Fee of \$15,000 for the rights to open one Twinkle Star Dance Studio at a site within the Exclusive Territory as defined in Addendum A.

B.

These fees are fully due and payable when we have completed all of our pre-opening obligations to you and you have opened your franchised business. This deferral of the initial fees is imposed by the Illinois Attorney General's Office based on the financial statements of the Franchisor. The Franchise Fee shall be deemed fully earned upon payment and is non-refundable. The Fees shall be deemed earned and non-refundable upon payment.

C. Royalty Fee. Franchisee shall pay to Franchisor a Royalty Fee, equal to five percent (5%) of the Total Gross Receipts derived from the Studio during each calendar year. The term "Total Gross Receipts" shall mean the total amount of all revenues paid to the Franchisee, its agents and its employees, from the sale of all products or services under Twinkle Star Dance Mark, and from any other sources of revenue derived from the operation of the Studio. If a payment or fee is received in the form of merchandise or services, the fair market value of the merchandise or services shall be used in determining the Royalty Fee, and payment shall be made to Franchisor in cash accordingly. The term "Total Gross Receipts" shall exclude any sales taxes that may be levied.

(i) Payment of the Royalty Fee shall be made to the Franchisor monthly by the 10th of the month following the month in which the revenues were received. Franchisee shall make arrangements with its banking institution to permit Franchisor to debit Franchisee's banking account based on Franchisee's monthly Royalty Report (a summary of revenues collected) that shall be submitted electronically, by email or fax, as specified from time to time by Franchisor. Franchisee may elect to authorize Franchisor to charge a credit card account for monthly Royalty Fees, with Franchisee agreeing to pay any additional processing charges. (See Addendum E: Current Bank Authorization Form).

(ii) In the event Franchisee fails to pay any Royalty Fee within seven (7) days after it is due, then Franchisee shall pay a late fee of \$100 plus interest on the amount due at the lesser

rate of one and one-half percent (1½%) per month or the maximum rate permitted by applicable law for each month that said amount is not paid, but in no event shall Franchisee be compelled to pay interest or fees at a rate greater than the maximum permitted by applicable law.

(iii) In the event Franchisee fails to submit Royalty Reports in a timely manner to permit Franchisor to debit Franchisee's bank accounts for the proper fee, Franchisor will have the right to estimate the amount due and debit Franchisee's account for that amount, making adjustments in subsequent debits to correct any inaccuracy. Franchisor shall be entitled, but not required, to base estimated Royalties on the average of the three preceding month's Royalty payments.

C. Advertising Fee. The Franchisor hereby requires the Franchisee to pay up to two percent (2%) of Total Gross Receipts monthly as an Advertising Fee. Franchisee will be notified in writing of the current monthly percentage or the current percentage being charged will be designated in the Operations Manual. Franchisee will be given thirty (30) day written notice of an Advertising Fee increase. The Fee will be collected by Franchisor and used to promote the Twinkle Star Dance name locally, regionally and nationally, with the exact amount to be specified by the Franchisor. Franchisee shall pay the amount due monthly, by 10th of the following month in which the revenues were received. The Advertising Fee must be paid in the same manner as the royalties.

Such Advertising Fee shall be contributed to a Advertising Fund maintained by Franchisor, as described in Section 9 below. If the Advertising Fund has not yet been established when this Agreement is executed by Franchisor and Franchisee, then Franchise shall begin paying the Advertising Funding Contribution upon thirty (30) days' advance notice from Franchisor that the Advertising Fund has been established. Franchisor's company-owned and affiliate-owned Studios will commence paying Advertising Fees, pursuant to this Section 6 when the first franchised outlet is opened and operating.

At Franchisor's request, Franchisee must sign and deliver to Franchisor the Bank Authorization Agreement (the form of which is attached hereto as Addendum E), or such other documents that Franchisor periodically requires to authorize Franchisor to debit Franchisee's business checking account automatically for the Royalty Fees, Advertising Fees and other amounts due to Franchisor under this Agreement or any related agreement between Franchisor and Franchisee (or their respective affiliates). Franchisee agrees to make the funds available for withdrawal by electronic transfer before each applicable due date. If payments are not received when due, interest may be charged by Franchisor at the lesser rate of one and one-half percent (1½%) per month or the maximum rate permitted by applicable law for each month that said amount is not paid. Upon written notice to Franchisee, Franchisee may be required, at Franchisor's sole discretion, to pay such fees directly to Franchisor in lieu of electronic funds transfer.

7. OBLIGATIONS OF THE FRANCHISOR

Franchisor hereby agrees to do the following:

A. Training. Franchisor will conduct or arrange for the following training programs for Franchisee:

(i) **"Twinkle Star Dance Academy"** This 1-week long program covers basic management and operation of an Twinkle Star Dance franchise and is conducted at Franchisor's Headquarters in Livermore, California or a suitable facility nearby. The Franchise Owner(s), Lead Dance Instructor, Customer Service Administrator and Dance Instructor may attend this program. The individual designated as the Franchise Studio Director shall not function in such capacity without having successfully completed such training program within thirty (30) days of hire or engagement. "Franchise owner(s)" shall mean partners, principal shareholders, officers, members or proprietors of the Franchise, as the case may be, according to the type of franchise business organization. The training program must be successfully completed prior to commencement of the franchise business. Failure by Franchisee (or its designee) to successfully complete such program may result in termination of this Franchise Agreement and all rights granted to Franchisee hereunder shall inure to the benefit of Franchisor. Each Franchisee shall have the right to enroll four (4) people in this school at no additional charge. The fee for training more than four owners or managers is currently \$1,500 per attendee, but is subject to change. Included in the training program is that during the first week the business is open someone from the Franchisor's office will spend three to five days at the franchised Studio, assisting with opening and doing additional on-site training.

The duration, location and content of the training programs are established by the Franchisor and may be modified, including any fees, in the sole discretion of the Franchisor. If Franchisee seeks to have additional managers trained in excess of the limits stated above, they must be approved by Franchisor and the applicable training fees must be paid in advance. Travel, accommodations, payroll, worker's compensation insurance and related expenses for all persons attending any of Franchisor's training courses shall be borne solely by Franchisee.

(ii) **Advisory Service.** Franchisor will provide a continuing advisory service which will include, but not be limited to, consultation on sales, marketing, operations, business or technical problems. Franchisor may offer additional training and establish prerequisites or qualifications for those seeking to enroll in any such additional training course. Franchisor may furnish Franchisee with certain training aids for Franchisee to provide basic training to Franchisee's personnel without charge.

(iii) **If Franchisor deems it appropriate, it may provide a competency examination to test the knowledge and skills in any of the above areas of expertise. A candidate passing such examination will have all rights and privileges as those who have successfully completed the related training program.**

B. Operations Material. Franchisor will make available, at no additional cost to Franchisee, its confidential Operations Manuals and training material together with any revisions or amendments thereto which may be made by Franchisor from time to time during the term of this Agreement. Franchisor will regularly review new services and products for Franchisee to deliver to its clients. When a minimum of fifteen (15) Franchises are in operation or fewer on the discretion of Franchisor, Franchisor may hold an annual convention for all Franchisees to attend in order to gain additional knowledge in the industry. Franchisee may be charged a fee to attend said convention and will be responsible for travel and lodging expenses while attending such conferences.

C. Approved Products. Franchisee agrees not to sell any services, products or other items

at his Twinkle Star Dance Studio that Franchisor has not previously approved for sale. Franchisee agrees not to, without prior written consent, prepare, sell, dispense, give away or otherwise provide services, products and or other items except by means of retail sales, as provided in the Confidential Operations Manuals. Franchisee agrees to implement changes to the services, products or other items requested by Franchisor. Franchisee agrees to maintain an inventory of products sufficient to meet the daily demands of the Twinkle Star Dance Studio.

D. Promotion. Subject to this Agreement, Franchisor agrees to provide advice and training in methods for selling, advertising, promoting and developing the Studio. From time to time Franchisor may develop marketing materials and newsletters to assist Franchisee in promoting its dance Studio's products and services. Samples of such materials will be given to Franchisee and additional quantities may be purchased from the Franchisor or other vendors. Franchisor will assist those charged with administering the Advertising Fee with developing advertising promotions and materials.

E. Website Customization. Franchisor will add Franchisee's contact information to Franchisor's website a minimum of 15 days prior to the date Franchisee opens for business. In addition, Franchisee's training will include the establishment of social media accounts that will meet with Franchisor's minimum standards.

8. OBLIGATIONS OF THE FRANCHISEE

A. Training. Pursuant to Sections 7A, Franchisee agrees to attend and cause its designated Management employee(s) to attend and successfully complete the training programs referred to in Section 7A, in accordance with all of the terms and conditions set forth therein.

B. Development of Studio, Commencement and Continuity of Operation. Franchisee agrees to complete its initial training and open its franchise business within 6 months from the date this Franchise Agreement is signed. Should Franchisee be unable to meet this deadline, Franchisor may grant a 90-day extension if Franchisee submits a written request and includes an explanation of efforts to obtain a suitable site, complete training and open.

Franchisee agrees, at its expense, to do or cause to be done the following within 6 months following the Effective Date of this Agreement:

(i) Deliver to Franchisor for review and acceptance a complete site approval report and other materials and information as specified in the Operations Manual. Acceptance of site that meets the criteria for demographic characteristics, traffic patterns, parking, character of neighborhood, competition from, proximity to, and nature of other businesses, other commercial characteristics, and the site's size, appearance, and other physical characteristics will not be unreasonably withheld.

(ii) Deliver proposed lease with landlord's acceptance of Collateral Assignment of Lease (Addendum F) and other requirements as contained in the Operations Manual for Franchisor's written approval prior to entering into a lease for the site.

- (iii) Secure all financing required to develop and operate the Studio.
- (iv) Obtain all necessary insurance as outlined in Section 7 (L).
- (v) Obtain all permits and licenses required to construct and operate the Studio.
- (vi) Construct all required improvements to the site and decorate the Studio in compliance with Franchisor's approved plans, trade dress, and specifications.
- (vii) Purchase or lease and install all required equipment, fixtures, furnishings, and signs according to Confidential Operations Manual.
- (viii) Purchase or lease and install the approved Studio Management System and pay monthly rental/maintenance fee.
- (ix) Obtain a certificate of occupancy from the city/county/state, as required by Franchisee's jurisdiction.
- (x) Open the Franchised business, commence operations and continuously operate the franchised business.

It is Franchisee's responsibility to prepare all required construction plans and specifications for the Studio only in accordance with Franchisor's approved plans and specifications, and to make sure that these plans and specifications comply with the Americans with Disabilities Act (the "ADA") and similar rules governing public accommodations for persons with disabilities, other applicable ordinances, building codes, permit requirements, and lease requirements and restrictions. Franchisor may require Franchisee to use architects and contractors designated or approved by Franchisor. Franchisee must send Franchisor initial space plans for approval. Once Franchisor approves the initial space plans in writing, Franchisee must provide Franchisor with complete space plans, architectural drawings, construction plans and specification for review and receive Franchisor's written approval of them before beginning construction of the Studio. Franchisee must also send Franchisor all revised plans and specifications, including any additions or substitutions, for Franchisor's review and written approval. Franchisee may not begin construction of its Studio without written approval from Franchisor. Franchisor may inspect the site while Franchisee is developing the Studio. Any review of the construction plans and specifications will be limited to ensuring Franchisee's compliance with Franchisor's design and other requirements for a Twinkle Star Dance Studio. Franchisor will not assess compliance with federal, state or local laws and regulations. Compliance with those laws is the Franchisee's responsibility. Any changes that Franchisee makes to the space plans, architectural drawings, construction plans or specifications must be provided to Franchisor for review and written approval.

Once Studio operations commence, Franchisee agrees to ensure that it is open for business and its phones are answered, either by an employee or electronically during normal business hours as specified in the Operations Manual. Further, the owner(s) of the Franchise agree(s) to supervise the franchise business and devote on a full-time basis, his or her best efforts to managing and operating the Studio. The business must be directly supervised, on a day-to-day basis, by Franchise owner(s) or the Studio Manager when Franchise owner(s) are not directly supervising. The Studio Manager is required to devote sufficient efforts to the management of the day-to-day operation of the Studio, which shall entail not less than thirty-five (35) hours per week, excluding vacation, sick leave and similar absences. Franchisee shall keep Franchisor informed, in writing, at all times of the identity of its Studio Manager. The Studio Director must have completed successfully the training courses described in Section 7(A).

Unless otherwise specifically approved by Franchisor, the franchise shall be open for the conduct of business at such times and for the minimum number of hours specified in the Confidential Operations Manual and Franchisee shall at all times staff the business with such number of employees to operate the business diligently.

Franchisee agrees to notify Franchisor in advance of any planned closings of the business and within 24 hours of the start of any emergency closings. Failure to communicate reasons and duration for closings may cause the Franchisee to be deemed abandoned and suitable remedies may be commenced by Franchisor. In all circumstances, Franchisee agrees to make every reasonable effort to ensure that the Franchisee's phones are answered, services are completed on schedule, if possible, and inquiries of customers or prospective customers are handled promptly with a lapse of no more than one (1) day.

C. Proprietary Marks.

(i) Franchisee's right to use the Proprietary Marks is derived solely from this Agreement, is nonexclusive and is limited to the conduct of business by Franchisee pursuant to, and in compliance with, this Agreement and all applicable standards, specifications and operating procedures prescribed from time to time by Franchisor. Franchisee agrees to use the Proprietary Marks so licensed, only in accordance with the terms of this Agreement. Any unauthorized use of the Proprietary Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks. Franchisee's use of the Proprietary Marks, and any goodwill created thereby, shall inure to the benefit of Franchisor. Franchisee shall not at any time acquire an ownership interest in the Proprietary Marks by virtue of any use it may make of the Proprietary Marks. This Agreement does not confer any goodwill, title or interest in the Proprietary Marks to Franchisee. Franchisee shall not, at any time during the term of this Agreement or

after its termination or expiration, contest the validity or ownership of any of the Proprietary Marks or assist any other person in contesting the validity or ownership of any of the Proprietary Marks.

(ii) Franchisee further agrees promptly to notify Franchisor of any claim, demand or suit brought upon it by any other person, firm or legal entity to use the Proprietary Marks licensed hereunder. Franchisee shall not communicate with any person other than Franchisor and Franchisor's counsel in connection with any such infringement, challenge or claim; provided, however, Franchisee may communicate with Franchisee's counsel at Franchisee's expense. Franchisor has the right to take such action as it deems appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Proprietary Marks. Franchisee shall execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of Franchisor's counsel, be necessary or advisable to protect and maintain Franchisor's interests in any such litigation or other proceeding or to otherwise protect and maintain Franchisor's interest in the Proprietary Marks.

(iii) Franchisor acknowledges its obligations to police the use of the Proprietary Marks and agrees to do so. Franchisor shall reimburse Franchisee for all expenses reasonably incurred by Franchisee in any trademark or similar proceeding disputing Franchisee's authorized use of any Mark, provided that Franchisee has complied with the provisions of this Section 7 and has complied with this Agreement and Franchisor's directions in responding to such proceeding. Franchisor or its designee will defend and control the defense of any proceeding arising directly from Franchisee's proper use of any Mark. This indemnification shall, not include the expense to Franchisee of removing signage or discontinuance of the use of the Marks; not apply to litigation between Franchisor and Franchisee wherein Franchisee's use of the Marks is disputed or challenged by Franchisor; not apply to any separate legal fees or costs incurred by Franchisee in seeking independent counsel separate from the counsel representing Franchisor and Franchisee in the event of litigation disputing Franchisor and Franchisee's use of the Marks.

(iv) Franchisee shall not use the Proprietary Marks or any part or form thereof as part of its corporate, partnership, or other business name. Franchisee agrees to obtain the written approval of Franchisor for said name before opening its franchise Studio and before commencing operations. Franchisee will, however, use "Twinkle Star Dance" as its fictitious or Doing Business As (DBA) name. Franchisee agrees not to use the Proprietary Marks in entering into any agreement or contract of any description, or in incurring any obligation, it being understood that Franchisee is only to use its corporate, partnership or proprietorship name for this purpose. Nothing herein contained shall prevent Franchisee from identifying itself as an Twinkle Star Dance franchisee as specified in Franchisor's confidential Operating Manual. Franchisee shall not register or seek to register

as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Proprietary Marks or a trademark or service mark that is confusingly similar to any Proprietary Mark licensed to Franchisee. Franchisee shall include on its letterhead, forms, cards and other such identification, and shall display at the Studio Location, a prominent notice stating that Studio is an "Independently Owned and Operated Franchise" of Franchisor. The use of the Franchisor's Proprietary Marks for operating its Twinkle Star Dance Studio, for Internet promotion, for signs, business cards and stationery is exemplified in the Franchisor's Operations Manual and Franchisee agrees in so using said Marks to follow exactly the examples and format as set forth in the manuals or in any like materials provided by Franchisor.

(v) Franchisee agrees to operate, advertise and promote the Studio under the Proprietary Marks and to carry out its business under said Proprietary Marks in accordance with operational standards established by Franchisor as set forth in the Confidential Operating Manuals or other documents. Franchisee agrees to promote the mark "Twinkle Star Dance" and others instituted from time to time, in all publications, printing, signs, electronic media and visual images by reproducing said name at least two point sizes larger than any listing of its corporate, partnership, or proprietorship name. Franchisee further agrees to use no type style, color combination nor other graphic device to cause its business name, or any other name or design, to gain dominance over the "Twinkle Star Dance" name or any Proprietary Marks utilized.

(vi) Franchisee agrees to allow Franchisor, in the sole discretion of Franchisor, to enter and inspect the Franchisee's premises, and to observe the manner in which Franchisee is operating its Twinkle Star Dance Studio and providing services to its clientele, it being understood that such rights are important to Franchisor to preserve the integrity of its Proprietary Marks and to make certain that the Franchisee is properly using said Proprietary Marks in the operation of its franchise business.

(vii) Franchisee understands and acknowledges that each and every detail of the Twinkle Star Dance system is important to Franchisor, to Franchisee, and to other licensed Franchisees. In order to develop and maintain uniformity of services, products, and applications, and therefore, to enhance the reputation, trade demand and goodwill of all Twinkle Star Dance Franchisees, Franchisee accordingly covenants:

- (a) to advertise and promote his/her franchise under the name "Twinkle Star Dance" or subsequent operating names as instructed by Franchisor's Operations Manuals, except where otherwise required by law;
- (b) to adopt and use the Proprietary Marks licensed hereunder solely in the manner prescribed by Franchisor; and

(c) to carry out its business under said Proprietary Marks in accordance with operational standards established by Franchisor, and as set forth in the confidential operating manuals and/or other documents;

(d) to use the Marks on the Internet, and in domain names for the Internet, only under the listings established by Twinkle Star Dance Franchise, LLC as described in the confidential operating manuals and/or other documents.

(viii) Franchisee acknowledges that valuable goodwill is attached to Franchisor's trademarks, service marks, trade names, and/or copyrights and that it will use them only in the manner and to the extent specifically licensed by this Agreement.

(ix) If Franchisor deems it necessary for Franchisee to modify or discontinue use of any of the Proprietary Marks, and/or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with Franchisor's directions within ten (10) business days after notice to Franchisee by Franchisor. Franchisor shall not be required to reimburse Franchisee for its expenses in modifying or discontinuing the use of a Proprietary Mark or any loss of goodwill associated with any modified or discontinued Proprietary Mark or for any expenditures made by Franchisee to promote a modified or substitute Proprietary Mark.

D. Trade Secrets and Confidential Information

(I) Franchisee may use the Trade Secrets and Confidential Information provided in the Operations Manuals. Franchisee acknowledges and agrees that the Trade Secrets and Confidential Information are the sole and exclusive property of Franchisor and that Franchisor owns all worldwide rights therein under patent, copyright, trade secret, confidential information, or other source of property rights. Franchisee acknowledges and agrees that the disclosure of the Trade Secrets and Confidential Information to Franchisee does not confer upon Franchisee any ownership interest in or to the Trade Secrets or Confidential Information. Franchisee may use the Trade Secrets and Confidential Information solely for the purpose of operation a Twinkle Star Dance Franchise during the term of this Agreement, and only in compliance with the Operations Manuals and any other guidelines provided by Franchisor. Franchisee will hold in confidence and not reproduce, distribute, transmit, reverse engineer, decompile, disassemble, or transfer, directly or indirectly, in any form, by any means, or for any purpose, the Trade Secrets or the other Confidential Information or any portion thereof. Franchisee agrees to return immediately

to Franchisor, upon request by Franchisor, the Trade Secrets and Confidential Information and all materials relating thereto.

(ii) Franchisee's obligations under this Agreement with regard to the Trade Secrets shall remain in effect for as long as such information shall remain a trade secret under applicable law. Franchisee acknowledges that his obligations with regard to the Confidential Information shall remain in effect while Franchisee is retained by Franchisor and for as long as such information remains confidential. As used herein, "Trade Secrets" means information of Franchisor, its licensors, suppliers, customers, or prospective licensors or customers, without regard to form, including, but not limited to, client contact information, standard operating procedures, presentation scripts, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, or a list of actual or potential customers or suppliers, which is not commonly known by or available to the public and which: (I) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. As used herein, "Confidential Information" means information other than Trade Secrets, or knowledge which: (I) is used, or is developed to be used, in the business of Franchisor, or results from the research or development activities of Franchisor or any of its customers or suppliers, (ii) is private or confidential in that it is not generally known or available to the public, and (iii) gives Franchisor or any of its customers or suppliers an opportunity to obtain an advantage over their respective competitors who do not know or use such information.

E. Copyrights

(I) Franchisee may use Copyrighted materials owned by Franchisor (or a third party licensing such Copyrighted materials to Franchisor). Franchisee agrees to use these Copyrighted materials in compliance with the Operations Manuals and any other guidelines provided by Franchisor.

F. Ownership of Intellectual Property

(i) Franchisee agrees and understands that Franchisor shall remain the owner of all Intellectual Property owned by Franchisor, any and all prototypes rendered in connection with the same, and any attendant Intellectual Property associated therewith. Moreover, Franchisee agrees that any unauthorized use, registration, transfer, or assignment of same, without written permission of Franchisor, shall constitute material breach of this Agreement. Franchisee hereby assigns to Franchisor, or its designee, all of its right, title, and interest in and to any and all inventions, original works of authorship, concepts, developments, modifications, improvements, designs, trademarks or trade secrets, websites,

domain names, discoveries, ideas, whether or not it may be patented or registered under copyright or similar laws, which it may solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice, during the term hereof that relates in any way to Intellectual Property owned by Franchisor. “Intellectual Property” shall mean all data, writings (irrespective of whether in written or electronic form), information (tangible and intangible), trade secrets, technical information, designs, processes, methods, procedures, formulae, know-how, improvements, discoveries, inventions, and works of authorship in any form, and any and all copyrights or copyright applications, trademarks or trademark applications owned by Franchisor.

G. Operations.

(I) Franchisee agrees to conduct its franchise in accordance with Franchisor's Confidential Operating Manuals as the same may be revised from time to time. Franchisee further agrees to treat at all times the contents of said manuals as confidential and to reproduce or copy parts thereof only as instructed therein or as otherwise approved by Franchisor. Franchisee and Franchise Owner(s) shall not at any time, either during the term of this Agreement or thereafter, disclose, copy, duplicate, record or otherwise reproduce, in whole or in part, or otherwise make available, any portion of said manuals or confidential information to any unauthorized person or entity. All management personnel shall execute a Non-Disclosure Agreement similar to that attached as Addendum H, the Sample Non-Disclosure and Non-Competition Provisions for Management Employees and Dance Instructors.

(ii) Franchisee acknowledges that said manuals shall at all times remain the sole property of Franchisor, and Franchisee agrees to promptly deliver, neither expecting nor demanding any fees, said manuals and training materials of Franchisor to Franchisor or its designee upon the expiration or other termination of this Agreement.

H. Standards of Quality.

(i) Franchisee acknowledges that the quality of customer service, and every detail of appearance and demeanor of Franchisee and its employees, is material to this Agreement and the relationship created and licenses granted hereby. Therefore, Franchisee shall endeavor to maintain high standards of quality and service in the operation of the Studio. Franchisee shall at all times give prompt, courteous and efficient service to customers of the Studio. The Studio shall in all dealings with its customers, vendors and the general public, adhere to the highest standards of honesty, fair dealing and ethical conduct. If Franchisor deems that Franchisee did not fairly handle a customer complaint, Franchisor has the right to intervene and satisfy the customer. If an activity or media event occurs at the Studio, with the Franchisee, Employees of the Studio or people affiliated with the franchise which negatively affects the brand the Franchisee is required to notify Franchisor

immediately to help with damage control and official company position to the media. Franchisor will take disciplinary action by giving written notice for failing to comply with good business practices. Termination will occur after 2 notices have been issued within 12 months. Franchisee shall reimburse Franchisor for all costs incurred by Franchisor in servicing a customer of the Studio pursuant to this Section.

(ii) Franchisee agrees to market, sell and deliver in its local marketplace, under the Twinkle Star Dance name, in such manner as may be determined by Franchisor, and will operate a Studio offering dance lessons for ages 2 to teens under the Twinkle Star Dance logo. Products and services provided will meet the reasonable specifications and standards from time to time designated by Franchisor. Where required by Franchisor, Franchisee must buy equipment, supplies and inventory from Franchisor, its affiliate, or designated sources. Franchisee agrees not to conduct any other business or activity utilizing the same location, equipment, or personnel.

(iii) Franchisee is required to maintain the focus of the Studio by only offering products and services listed in Franchisor's Operations Manuals. Franchisee is required to purchase business cards, stationery, brochures or similar items from Franchisor, its Affiliate, or Franchisor's designated sources in order to ensure the quality of such items with standards and specifications therefor of Franchisor.

I. Modification.

Franchisee agrees to operate its franchise using Franchisor's Proprietary Marks, copyrighted materials, and business techniques as existing upon execution of this Agreement. Franchisor has the right to change or modify the System from time to time including, without limitation, the adoption and use of new or modified Proprietary Marks or copyrighted materials, and computer hardware, software, equipment, inventory, supplies or sales and marketing techniques. Franchisee shall accept and use any such changes in, or additions to, the System as if they were a part of this Agreement as of the Effective Date. Franchisee shall make such expenditures as such changes, additions or modifications in the System may reasonably require;

Any changes or modifications to be made to the Studio as a result of any such modification or development of any of the Proprietary Marks, copyrighted materials, products, equipment or techniques shall be made by Franchisee within two (2) months' time after their modification or development at the Franchisee's expense.

J. Advertising.

(I) Franchisee agrees to submit to Franchisor for its prior written approval all sales promotion materials and advertising to be used by Franchisee to promote

its services and products, including, but not limited to internet, social media, newspaper, newsletter, apparel, e mail promotion, text messages, poster, direct mail, radio and television advertising, specialty and novelty items, stationery and business cards. However, any advertising need not be submitted for the Franchisor's approval if it is prepared in accordance with the Confidential Operations Manuals. Unless written disapproval of said advertising and promotional material is received by Franchisee from Franchisor within 15 days from the date such material is submitted to and received by Franchisor, said material shall be considered approved.

(ii) Franchisee agrees to use the Proprietary Marks in advertising in accordance with the terms of the confidential operating manuals of Franchisor. Examples of advertising contained in such manuals are deemed approved unless otherwise stated in writing by Franchisor.

(iii) Franchisee agrees to execute Franchisor's Grand Opening Advertising program as described in Franchisor's Operations Manuals.

K. Accounting and Records.

(i) Franchisee agrees to maintain and preserve during the term of the franchise (and for three years thereafter) full, complete and accurate books of account and records of all transactions including receipts, expenses, capital expenses and investments. Franchisee shall submit to Franchisor periodic reports on forms in the manner and at the times specified herein. The required reports for submission as of the date of this Agreement are as follows:

REPORT	TIME TO SUBMIT
Royalty Report	On or before the 10th of the month following the month in which the receipts were collected
Advertising Fee Report	On or before the 10th of the month following the month in which the receipts were collected
Online Access to Accounting and All Management Software Solutions	24/7 through Internet access to Franchisee's software and computer
Monthly Profit and Loss Statement and Balance Sheet	On or before the 20th of the following month
Annual Profit and Loss Statement, Balance Sheet and Tax Returns of the Studio	On or before the 60th day following the Franchisee's fiscal year end

(ii) All records, ledgers and other documents of the Studio shall be made available for audit or inspection by Franchisor (or its designee) during normal business hours upon reasonable notice by Franchisor or its designee. If Franchisee fails or refuses to

permit such an audit or inspection, Franchisee agrees to pay Franchisor its expenses incurred in connection with such attempted inspection or audit.

(iii) Franchisor may cause an audit to be conducted on the books and records of Franchisee by a qualified party chosen by Franchisor. If the audit was performed due to the Franchisee's failure to report total gross receipts or provide other reports or tax returns as required above or if the audit establishes that Franchisee understated total gross receipts (as defined in Section 6(B)) to Franchisor for any period by more than three per cent (3%) of the amount of actual total gross receipts, Franchisee shall pay for the cost of the audit, and shall pay as liquidated damages a sum equal to 15% of the additional Royalty Fees due for the period so audited. Any unpaid royalties revealed by such an audit shall bear interest at a rate of 18% per annum from the date payment was due. Payments for such fees, including the unpaid royalty, must be received by Franchisor within three (3) days of the date that Franchisee receives written notice that such payments are due to avoid further penalties, interest and possible termination. Franchisee shall maintain the funds, books and records of the Studio separate from and independent of all other funds, business and personal records of Franchisee and franchise owner(s). If there is any commingling of such funds or books and records, then Franchisor's rights of audit and inspection granted hereunder also shall apply to such other business and personal records (including banking and financial information) of Franchisee and franchise owner(s).

L. Insurance.

Franchisee, at Franchisee's sole expense, agrees to maintain adequate insurance and indemnity coverage throughout the term of this agreement and any extension thereof with an insurance carrier having an A VIII or better rating with the Alfred M. Best & Company, Inc. rating agency. Franchisee acknowledges that this requirement shall in no way be construed as making Franchisee the agent of Franchisor. Franchisee agrees to provide the following coverages (insurance limits specified are minimum recommended limits and are subject to change from time to time) and in connection therewith to identify the Franchisor as a named insured to the extent of its interest:

1. Comprehensive blanket general public liability insurance, including product liability insurance, to be maintained against claims for personal injury, death or property damage suffered by others upon, in or about the premises or occurring as a result of the maintenance or operation of any automobiles or other vehicles, owned, hired and non-owned, or as a result of the use of any products sold by it or services rendered by it or any claims arising out of the Business pursuant to this Agreement or the operation of Twinkle Star Dance business with a single bodily injury and property damage limit of at least \$1,000,000, per occurrence and \$2,000,000 in the aggregate;

2. General casualty insurance for fire and extended coverage, vandalism, theft, burglary and malicious mischief liability for the replacement value of the Franchise and its contents;

3. Workers' compensation or employer's liability insurance as well as other insurance as may be required by statute or rule in the state in which Franchisee's Franchise is located with coverage limits for injured Employees by accident or bodily injury or by disease of not less than: and Employers Liability Limit of \$500,000 per Injury by accident or disease, \$500,000 Policy Limit and \$500,000 Per Employee;

4. Automobile liability for owned, leased, hired and non-owned vehicles with recommended limits of at least \$1,000,000 combined single limit; \$500,000 Medical/Personal Injury Protection and \$1,000,000 Uninsured/Under-insured Motorist;

5. Personal Injury and Advertising Injury insurance with a single person or organization limit of not less than \$1,000,000;

6. Business interruption insurance covering a minimum twelve (12) months loss of income, including coverage for Franchisor's Royalty Fees with no co-insurance clause;

7. Crime-Fidelity Employee Dishonesty insurance with Crime endorsement added with a minimum limit of insurance not less than Ten Thousand Dollars (\$10,000) and a deductible per claim of not more than One Thousand (\$1,000);

8. Any and all bonds required by state law.

Prior to undertaking any construction, renovation, refurbishment or remodeling a Twinkle Star Dance Studio, Franchisee must maintain Builder's Risk insurance and performance and completion bonds in forms and amounts, and written by carriers or carriers reasonably satisfactory to us, upon commencement of the first date of construction of Franchisee's Twinkle Star Dance Studio.

Prior to the opening of the franchise business, Franchisee shall deliver to Franchisor certificates or policies evidencing that such insurance is in full force and effect, and each year during the term of this Agreement, upon Franchisor's request, Franchisee shall furnish to Franchisor premium receipts or other satisfactory evidence that such policies have continued in effect. Should Franchisee fail to maintain the required insurance, or furnish proof thereof, the Franchisor has the option to obtain such insurance for the Franchisee at the sole cost of the Franchisee. Franchisee shall promptly notify Franchisor of any and all claims under said policies of insurance against Franchisee, Franchisor and/or employees or agents of either.

M. Taxes, Payments and Compliance with Law.

(I) Franchisee shall promptly pay when due all taxes and assessments in connection with Franchisee's business, its premises, and equipment; shall cause to be

immediately discharged all liens or encumbrances of every kind or character created or placed upon or against any of said property other than in the normal course of business; and shall pay when due all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of said Franchise. Franchisee is not obligated to make payments hereunder if Franchisee is legitimately contesting such taxes, assessments, liens, encumbrances, accounts or indebtedness; however, Franchisee shall promptly pay such items once they do become finally uncontested and determined.

(ii) Franchisee shall comply with all applicable federal, state and local laws, ordinances and regulations, and shall obtain and maintain on a timely basis any and all permits, certificates, bonds, or licenses necessary for the full and proper conduct of its franchise. This shall include, but not be limited to, any business, or other licenses required by the laws of any applicable jurisdiction.

(iii) Business Licenses. Franchisee understands and acknowledges that this Agreement is expressly conditioned on its ability to secure and maintain, at Franchisee's sole expense, any and all required state, county and any other business licenses required for the operation of the Franchise business. Franchisee may request an extension of time to open the business in written form stating in detail the actions taken to secure the proper licenses.

N. Maintenance, Repairs, and Refurbishment

(I) Franchisee must maintain the interior and exterior of Franchisee's Twinkle Star Dance commercial premises, equipment, fixtures, signs and furnishings in conformity with the then current standards for each as described in the Operations Manuals and Franchisee must make repairs and replacements as may be required by Franchisor. All such repairs and changes must be commenced by Franchisee within sixty (60) days after notice from Franchisor and proceed with due diligence until complete.

In addition, Franchisee must agree:

a. to keep its Studio in a high degree of repair, order and condition, including, without limitation, such periodic repainting of the exterior and interior of the business, and perform such maintenance and repairs to all fixtures, equipment, furnishings, signs, and uniforms as Franchisor may reasonably request;

b. to meet and maintain at all times at least the minimum governmental standards and ratings applicable to the operation of the Studio;

c. to cause its employees to wear apparel which conforms to the specifications, design, color and style approved by Franchisor from time to time; and

d. to assure that all vehicles used in the course of business shall be in good repair, shall at least meet minimum governmental standards for safety if owned or leased by Franchisee, and shall be operated solely by persons who are properly licensed to operate such vehicles, and who shall obey all traffic laws and otherwise operate such vehicles in a safe manner.

(ii) Franchise agrees to refurbish its facility in order to maintain a modern and uniform image throughout the term of this Agreement. After the Franchise has been open for five years, and on each five year anniversary thereafter, Franchise agrees to remodel or refurbish its facility, equipment, decor, signage, and furnishings and bring the unit into compliance with then current standards for new Twinkle Star Dance Studios. Franchisee agrees to complete such remodeling, repairs, replacements and redecoration within four months from the date refurbishment notice is forwarded to Franchisee by Franchisor. If Franchisee fails to meet this deadline, Franchisor has the right to engage contractors or vendors to make these changes and bill Franchisee for their work.

O. Lease Assignment.

(I) Upon the expiration or the termination of this Franchise Agreement for any reason, Franchisor shall have the right and option to take an assignment of the lease on the premises of the Studio of Franchisee herein, without compensation to Franchisee. (See Addendum F: Collateral Assignment of Lease) Franchisor shall also have the right, under those circumstances, to purchase some or all of the equipment and other personal property located at the Studio or elsewhere, as provided in Paragraph 10 of this Franchise Agreement.

(ii) Any lease entered into by Franchisee for a site to operate a Studio must contain provisions which provide that the landlord agrees to furnish Franchisor with any and all written notices of default concurrently with the giving of such notice to Franchisee and that Franchisor shall have the right (but not the obligation) to cure any said default according to the terms of the lease, and that the lease may be assigned to Franchisor or its designee and that landlord will consent to such assignment without imposing any assignment or transfer fee upon termination or expiration of this agreement or any breach of the lease by the Franchisee.

P. Management Information Systems.

Franchisee shall install, update and maintain, pay for, and use exclusively for all operations in the Franchise Business those information and management systems specified from time to time by Franchisor, including, without limitation, all designated software systems. Franchisee acknowledges and agrees that Franchisor owns any and all customer lists and their contents that Franchisee may develop during the normal course of operating the Studio including those found in the management software systems. The current software allows the Franchisor continuously and without limitation to download its

database of information. However, from time to time Franchisor may request, and Franchisee agrees to make available to Franchisor, within 3 business days, and upon request, an electronic copy, or in a form approved by Franchisor, a copy of the complete database, including a complete list of active and inactive customers (from the prior three years). Franchisee promises not to use any customer list for any purpose other than in the normal operation of the Studio without prior written approval of Franchisor, and Franchisee may not sell that list or any information regarding customers to any third party without the express prior consent of the Franchisor. Franchisor agrees to not make the database or any portion of the database available to any third or related party, except only those agents of Franchisor acting in an audit capacity as provided for in Section 8(N) of this Agreement. Franchisor reserves the right to communicate with people on the customer list.

Q. Information Security.

Franchisee must implement all administrative, physical and technical safeguards necessary to protect any information that can be used to identify an individual, including names, addresses, telephone numbers, e-mail addresses, employee identification numbers, signatures, passwords, financial information, credit card information, government-issued identification numbers and credit report information ("Personal Information") in accordance with applicable law and industry best practices. It is entirely Franchisee's responsibility (even if Franchisor provides Franchisee assistance or guidance in that regard) to confirm that the safeguards Franchisee uses to protect Personal Information comply with all applicable laws and industry best practices related to the collection, access, use, storage, disposal and disclosure of Personal Information. If Franchisee becomes aware of a suspected or actual breach of security or unauthorized access involving Personal Information, Franchisee will notify Franchisor immediately and specify the extent to which Personal Information was compromised and disclosed. Franchisee shall indemnify, defend and hold the Franchisor harmless from any claims arising from the breach of security or unauthorized access involving Personal Information of the Franchisee.

R. Public Notification.

In all advertising displays and materials distributed off site and at the Studio, Franchisee shall, in such form and manner as may be specified in the Confidential Operations Manual, notify the public that Franchisee independently owns and operates the Franchise Business, and that Franchisee is operating the business licensed hereunder as a franchisee of Franchisor, as an independent contractor, and not as an agent, representative or employee of Franchisor, and shall identify its business location in the manner specified in the Confidential Operations Manual. Franchisee shall otherwise take such action as may be necessary to hold itself out to the public as an independent contractor. Further, at the request of Franchisor, the Franchisee shall display, or otherwise make available literature provided by Franchisor relating to the availability of Twinkle Star Dance franchises as supplied by Franchisor and at such location(s) as directed by the Franchisor from time to time.

S. Telephone Number and Related Items.

Franchisee shall execute and deliver to Franchisor a form of assignment of those certain Internet website addresses (“URL’s”) associated with Franchisor’s trade and service marks and used from time to time in connection with the operation of the Franchise business and telephone numbers and regular, classified or other telephone directory listings required by the applicable local or other telephone company(s) or such other form of assignment as Franchisor shall prescribe (the “Assignment of Telephone Numbers and Listings”) prior to the commencement of use of such number(s). See Addendum G. Franchisee acknowledges and agrees that the telephone company and all listing services may accept this Agreement or the Assignment of Telephone Numbers and Listings as conclusive evidence of Franchisor’s exclusive right in such telephone numbers and listings and its authority to direct their transfer. Franchisee shall be solely responsible for all fees, charges and costs attributable to the Telephone Numbers and Listings until such time, if any, as Franchisor effectuates the Assignment of Telephone Numbers and Listings pursuant to Franchisee’s Post Term Obligations.

Franchisee shall immediately notify the telephone company, URL companies providing service to the Franchisee and all telephone directory publishers of the termination or expiration of Franchisee’s right to use any URL’s, telephone number and any regular, classified or other telephone directory listings associated with any Mark, and to authorize transfer thereof to Franchisor at its direction. Franchisee acknowledges that, as between it and Franchisor, Franchisor has the sole rights to and interest in all URL’s, telephone numbers and directory listings associated with the Mark. Franchisee authorizes Franchisor, and hereby appoints Franchisor and any of its officers as Franchisee’s attorney in fact, to direct the URL companies and telephone company providing service to the Franchisee and all telephone directory publishers to transfer any URL’s, telephone numbers and directory listings to Franchisor at its direction, should Franchisee fail or refuse to do so. The URL companies and telephone company providing such service and all telephone directory publishers may accept such direction or this Agreement as conclusive proof of Franchisor’s exclusive rights in such URL’s, telephone numbers and directory listings and Franchisor’s authority to direct their transfer.

Franchisee shall not authorize or allow calls made to the above referenced URL’s or telephone numbers to be transferred or redirected to any other number, or directory inquiries regarding numbers of the Franchise Business to be referred to any other Business.

9. ADVERTISING

Franchisee also agrees to advertise in its Exclusive Territory, using the Franchisor's Service Mark and Logo, and using advertising copy approved by the Franchisor.

A. Grand Opening Advertising. Franchisee agrees to utilize Franchisor’s Grand Opening Promotion program to launch the business during its first 90 days of operation or 30 days prior to opening the Studio to 60 days after commencing operations. Franchisor and Franchisee will agree to the extent of investment in that program during Franchisee’s initial training based on the size of the territory, its demographics, the amount of competition, and

the goals of Franchisee's owner(s). The Grand Opening Promotion cost will be between \$5,500 to \$2,000.

B. Local Advertising. Franchisee agrees to spend the greater of \$400 monthly or a two per cent (2%) of Total Gross Receipts on such local advertising. The Franchisee agrees to make reports as the Franchisor may require to verify such expenditures within 15 days from the end of each month for the preceding month. Franchisor reserves the right to require Franchisee to join a local advertising cooperative, if one is established in Franchisee's area, and any amount contributed by Franchisee to the cooperative will count against the local advertising requirement.

C. National Advertising Fee. Franchisor established and administers an advertising fund ("Advertising Fund"), for the enhancement and protection of the Twinkle Star Dance brand and Proprietary Marks, and to advertise the System and the products offered by Twinkle Star Dance Studios. Franchisee must pay two percent (2%) of Total Gross Receipts weekly as an Advertising Fee. Any Twinkle Star Dance Studios owned by Franchisor or its affiliates or that Franchisor or its affiliates may establish and operate in the future will the same percentage.

We will direct all advertising programs and control the creative concepts, materials and media used and their placement and allocation. The Advertising Fund is intended to enhance the general public's recognition Twinkle Star Dance brand and its acceptance and use of Franchisor's System. Franchisor is not obligated, in administering the Fund, to make expenditures for Franchisee that are equivalent or proportionate to Franchisee's contributions, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Advertising Fund. Franchisor may use the Advertising Fund for national, regional and local marketing programs that Franchisor deems necessary, and Franchisor has no obligation to spend any amount on advertising in the area where Franchisee are located.

Franchisor will determine how and where the contributions to the Advertising Fund will be spent. This includes Franchisor's right to purchase and pay for production development, production materials, ad slicks, media advertising, brochures, radio and television commercial production costs, services provided by advertising agencies, signs, public relations, telemarketing, direct mail advertising, e-mail advertising, promotional programs, advertising market research, graphics and design costs, creation, maintenance and enhancement of an Internet Website, Internet costs, social media programs, cellular telephone and smart phone media programs, advertising at recitals, dance competitions, mailers, door hangers, freestanding inserts/coupons, brochures and sponsorships, software development and upgrades, services provided by software affiliates or consultants, special event marketing costs, gift card program costs, miscellaneous marketing costs, technology costs, software development costs, hardware development costs, the costs incurred in administering the Fund and such other costs and expenses as Franchisor deems appropriate and in the best interests of all Twinkle Star Dance Studio Franchises. All administrative and other costs associated with or incurred in the administration of the Advertising Fund including, but not limited to, marketing, research and administrative personnel salaries,

fringe benefits and travel costs, long distance telephone charges, accounting fees, collection costs (including attorneys' fees paid in collecting past due Advertising Fees) and office supplies will be paid from the Advertising Fund. While Franchisor expect to spend Fund contributions in the year that they are received, Franchisor does not have any obligation to spend the monies in the Advertising Fund in the calendar year in which the contributions were received. Advertising Fees (and the interest accrued) that are not spent in the calendar year in which they were paid will remain in the Advertising Fund, with no obligation to expend such sums. Fund surpluses, if any, will carry forward to the following year. If excess amounts remain in any fund at the end of such fiscal year, all expenditures in the following fiscal year(s) shall be made first out of such excess amounts, including any interest or other earnings of the fund, and next out of prior year Advertising Fees and then out of current contributions. Franchisor will prepare an annual statement summary showing the income to and the expenditures from the Advertising Fund during each calendar year by April 30th of each year for the preceding year and copies of the summary will, upon written request, be provided to Franchisee. The financial statements of the Advertising Fund will not be audited. However, Franchisor may require that the annual accounting be reviewed or audited and reported on by an independent certified public accountant at the Advertising Fund's expense. None of the money deposited in the Advertising Fund will be used to directly solicit new franchisees.

10. RELATIONSHIP BETWEEN PARTIES

A. **No Relationship.** This Agreement is purely a contractual relationship between the parties and does not appoint or make Franchisee an agent, legal representative, joint venturer, partner, employee, servant or independent contractor of Franchisor for any purpose whatsoever. Franchisee may not represent or imply to third parties that Franchisee is an agent of Franchisor, and Franchisee is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf.

B. **Independent Contractor.** During the term of this Agreement, and any extension or renewal hereof, Franchisee agrees to identify itself conspicuously in all dealings with customers, suppliers, public officials, Studio personnel and others as the Studio's owner under a franchise Franchisor has granted. Franchisee shall take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice of that fact in a conspicuous place on the Approved Location and on all forms, stationery or other written materials, the content of which Franchisor has the right to specify.

C. **No Liability for Acts of Other Party.** Franchisor and Franchisee agree not to make any express or implied agreements, warranties, guarantees or representations, or incur any debt, in the name or on behalf of the other or represent that their relationship is other than franchisor and franchisee. Under no circumstances shall Franchisor be liable for any act, omission, contract, debt, nor any other obligation of Franchisee. Franchisor shall in no way be responsible for any injuries to persons or property resulting from the operation of the Franchised Business. Any third party contractors and vendors retained by Franchisee to convert or construct the premises are independent contractors of Franchisee alone.

D. Display of Disclaimer. Franchisor must conspicuously display a sign that states that “This Twinkle Star Dance Studio Is An Independently Owned and Operated Franchised Business” and/or such other notices of independent ownership that Franchisor periodically specify at the Approved Location. Franchisee agrees to place notices of independent ownership on all forms, business cards, stationary, purchase order forms, invoices, leases, tax returns and other documents Franchisee uses in Franchisee’s business dealings with suppliers, lessors, government agencies, employees and customers. Franchisor may, but is not obligated to, provide Franchisee with acceptable language for such disclaimers.

11. INDEMNIFICATION.

E. Indemnification by Franchisee. To the fullest extent permitted by law, Franchisee shall, at Franchisee’s sole cost and expense, hold harmless and indemnify Franchisor, any Affiliate, all holders of a legal or beneficial interest in Franchisor and all officers, directors, executives, managers, members, partners, owners, employees, agents, successors and assigns (collectively “Franchisor Indemnitees”) from and against all losses, damages, fines, costs, expenses or liability (including reasonable attorneys’ fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation or proceeding, or any settlement thereof, which arises from or is based upon:

- (i) any personal injury, bodily injury or property damage whatsoever occurring in or at the location of the Studio;
- (ii) any bodily injury to an employee of Franchisee arising out of and in the course of employment of the employee;
- (iii) Franchisee’s ownership or operation of the Studio;
- (iv) Franchisee’s breach of the lease for the Exclusive Location;
- (v) Franchisee’s violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule;
- (vi) Franchisee’s breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between Franchisee and Franchisor (or an Affiliate);
- (vii) Franchisee’s defamation of Franchisor or the System;
- (viii) Franchisee’s acts, errors or omissions committed or incurred in connection with Franchisee’s franchised business, Studio and or place of operations, including any negligent or intentional acts; or
- (ix) Franchisee’s infringement, violation or alleged infringement or violation of any Proprietary Mark, patent or copyright or any misuse of the Trade Secrets or other Confidential Information.

B. Notification of Action or Claim. Franchisee shall give Franchisor immediate notice of any such action, suit, proceeding, claim, demand, inquiry or investigation that may give rise to a claim for indemnification by a Franchisor Indemnitee. Franchisor has the right (but not the obligation) to retain counsel of its own choosing in connection the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation. Should Franchisor elect to retain counsel, Franchisee acknowledges and agrees that such an undertaking by Franchisee shall, in no way, diminish the obligation of Franchisee (and Franchisee's owners) to indemnify the Franchisor Indemnitees and to hold them harmless, and to be represented by counsel of Franchisee's own choosing with respect to any such action, suit, proceeding, claim, demand, inquiry or investigation in which Franchisee is personally named.

C. Franchisor's Right to Settle. In order to protect persons, property, Franchisor's reputation or the goodwill of others, Franchisor has the right to, at any time without notice, consent or agree to settlements or take such remedial or corrective actions as it deems expedient with respect to any action, suit, demand, claim, investigation or proceeding if, in Franchisor's sole judgment, there are grounds to believe:

- (i) any of the acts or circumstances listed in Section 11(A) above have occurred; or
- (ii) any act, error, or omission may result directly or indirectly in damage, injury, or harm to the System, any person or any property.

D. Recovery from Third Parties. If Franchisor's exercise of its rights under this Section to settle or take corrective or remedial action, causes any of Franchisee's insurers to refuse to pay a third party claim, all cause of action and legal remedies Franchisee might have against such insurer shall automatically be assigned to Franchisor without the need for any further action on either party's part. Under no circumstances shall Franchisor be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against Franchisee. The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by Franchisor from Franchisee.

E. Survival of Terms. Franchisee (and Franchisee's owners) expressly agree that the terms of this Section 11 shall survive the termination, expiration or transfer of this Agreement or any interest herein.

12. TERMINATION AND DEFAULT

A. Franchisee may not terminate this Agreement during its term but may decline to renew the Agreement at the end of any 10 year term.

B. Franchisor has the right to cancel, terminate, or refuse to renew this Agreement for the following reasons (in addition to other rights and remedies it may have) without any refund of any portion of the Franchise Fee:

1. If Franchisee fails, refuses, or neglects promptly to pay to Franchisor any money owing to Franchisor on the date due.
2. If Franchisee fails to submit required reports or financial data in a timely manner.
3. If Franchisee defaults in the performance under this Franchise Agreement, a loan, open account billing, contract assignment, or under any other Agreement with, or obligation to, Franchisor, or if Franchisee fails to comply with guidelines, policies and requirements imposed upon it by this Agreement, by the Operations Manual, or by such other operational memoranda issued by Franchisor;
4. If Franchisee violates or fails to comply with any applicable law including state business licensing or bonding laws and fails to cure within the time allowed by law.
5. If Franchisee fails to maintain generally accepted good business practices which will reflect favorably on the Franchisee, Franchisor and its Marks. This includes, but is not limited to: prompt response to clients', consumers' or Franchisor's inquiry, by mail, or telephone and payment of liabilities, fees, and debts of the Franchisee.
6. If the business of Franchisee is assigned, transferred, sold, leased, or for any other reason passes from the actual supervision or control of Franchisee without Franchisor's written consent including any transfer, sale, assignment, exchange or any other disposition of shares (or series of such transactions) of a corporate or limited liability company-owned franchise.
7. If the Franchisee fails to open its Studio within 180 days of signing this Agreement, or, if, after commencement of the business, Franchisee fails to operate the business continuously for a period of three (3) business days during the term of this Franchise Agreement (Abandonment) unless prevented by Acts of God.
8. If Franchisee fails to personally complete or have its designated Studio Director complete, the initial training described in Paragraph 4A(I) within 30 days of hire or engagement.
9. If Franchisee makes, or has made, any materially false statement or report to the Franchisor in connection with this Franchise Agreement or application therefor or in reporting Franchisee's revenues and resultant royalties.
10. If Franchisee fails to obtain from its managers, signed, written statements, in which these employees agree to keep secret Franchisor's trade secrets and proprietary information for operation of a Twinkle Star Dance Studio or if Franchisee delivers to, or permits unauthorized persons access to the Franchisor's confidential manuals, training programs, or any other confidential materials, or trains any other person to use Franchisor's methods for conduct of a similar business.
11. If Franchisee violates any of the provisions of Paragraph 18 of this Agreement.

12. (a) If Franchisee shall be adjudicated a bankrupt (unless restricted by the United States Bankruptcy Code) or becomes insolvent; (b) if a receiver of its property, or any part thereof, is appointed by a court of competent authority; (c) if Franchisee makes a general assignment for the benefit of its creditors; (d) if a final judgment against Franchisee remains unsatisfied of record for sixty (60) days or longer (unless a supersedeas bond is filed); (e) if execution is levied against Franchisee's business or property, or suit to foreclose any lien or mortgage is instituted and not dismissed within sixty (60) days; (f) if Franchisee's bank accounts, property or receivables are attached or garnisheed and such attachment or garnishment proceedings are not dismissed within a sixty (60) day period; or (g) if Franchisee is convicted of a felony.

13. If Franchisee breaches any of the terms of this Agreement two or more times within any twelve (12) month period, even if cured.

14. If Franchisee fails to comply with any of the requirements of Section 8 of this Agreement.

With respect to the grounds for termination set forth above in subparagraph (1) and (2), Franchisor will deliver to Franchisee written notice of default at least seven (7) days prior to the date of termination; during this seven (7) day period, Franchisee will have the right to cure the default.

With respect to the grounds for termination set forth above in subparagraphs (3), (4), and (5), Franchisor will deliver to Franchisee written notice of default at least thirty (30) days prior to the date of termination; during this thirty (30) day period, Franchisee will have the right to cure the default.

With respect to the grounds for termination set forth above in subparagraphs (6), (7), (8), (9), (10), (11), (12), (13) and (14), Franchisor shall have the right to terminate this Agreement by written notice, without any right to cure by Franchisee.

Where notice of default and demand for performance is given, when and to the extent required, such notice or demand shall not be a waiver of any other term hereof. To the extent that any provisions of this Agreement provide for periods of notice less than those provided by any applicable law, or provide for termination, cancellation or non-renewal other than in accordance with such applicable law, then such provisions hereof shall be modified to the extent necessary to comply with the provisions of such applicable law.

13. RIGHTS AND DUTIES UPON TERMINATION OR EXPIRATION

A. Upon the termination of this Agreement and this franchise, or upon their expiration, Franchisee and franchise owner(s), as applicable, shall:

1. Promptly pay to Franchisor (its subsidiaries and affiliates), all sums of money, royalties, fees or other charges due or which are undisputed and have accrued to the date of termination or expiration, as applicable. In the event of termination as the result of a breach by Franchisee, Franchisee and/or guarantors shall pay to Franchisor, in lump sum, as liquidated damages, and not as a penalty, an amount equal to the average Royalty due during each of the last twelve months times the lesser of thirty-six (36) or the number of months that were remaining in the scheduled term of this Agreement. The parties expressly acknowledge and agree that such payments shall not affect any rights or remedies the Franchisor may have, at law or in equity, including without limitation the right to seek injunctive relief, against Franchisee, Guarantors, and/or the franchise owners;

2. Cease to use, in any manner whatsoever, the Franchisor's name, the proprietary marks, manuals, slogans, signs, forms, devices and other materials, used in connection with the operation of the franchise, and take all necessary steps to disassociate itself from Franchisor, including removal of signs, internet postings, and non-use of letterheads. Franchisee shall not represent or advertise that Franchisor and Franchisee were formerly affiliated with the Franchise System;

3. Immediately return to Franchisor with no demand for compensation, all operations manuals, forms, signs, prospect and customer lists, names and contacts of all employees, as well as any materials provided to Franchisee by Franchisor, its subsidiaries or affiliates; (Franchisor will repay Franchisee for signs or other materials paid for by Franchisee that were purchased from the Franchisor, that are returned in a salable condition, or their value may be credited to any unpaid obligations of the Franchisee);

4. Take whatever action is necessary to cancel, terminate and/or change any assumed name registration, document, or other record which contains the name "Twinkle Star Dance" (or any form or part thereof) or any Proprietary Mark of Franchisor;

5. Agree not to disclose any trade secrets or confidential information of Franchisor, its subsidiaries and affiliates;

6. Immediately cease operation of the terminated or expired Studio;

7. Notify all telephone companies, of the termination of this agreement and request that all telephone numbers, that have been used to identify the Franchisee as a licensee of Franchisor, be assigned to the Franchisor or terminated (at the Franchisor's discretion) no later than 7 days after the date of termination or expiration. The phone line(s) should be placed on intercept with no call forwarding unless the Franchisor chooses to accept financial responsibility for the line(s). This agreement to transfer or terminate phone line(s) applies to all telephone numbers whether commercial, residential, cellular, internet-based or other forms of telecommunications (See Addendum G: Assignment of Telephone Numbers and Listings);

8. Submit to the Franchisor an electronic copy of Franchisee's list of employees as well as its customer database including a list containing the names, addresses, telephone numbers and the name of the contact person responsible for purchasing Franchisee's services and products for each customer that has engaged Franchisee's services or paid Franchisee for services, or products during the prior 24 months;

9. In addition, if directed to do so by Franchisor, Franchisee must refund to all clients any monies collected for services and products that have not been earned as the result of this termination or expiration and the resulting inability of Franchisee to deliver said products and provide services under the Twinkle Star Dance Mark.

10. Notify any and all Internet Service Providers, URL Registrars, search engines, directories and other pertinent sources of the termination of this agreement and request that all links, referrals, registrations, and telephone numbers, that have been used to identify the Franchisee as a licensee of Franchisor, be assigned to the Franchisor or terminated (at the Franchisor's discretion) 7 days after the date of termination or expiration. Any domain name registrations should be transferred under regulations established from time to time by ICONN or the then current registration authority, to the Franchisor unless the Franchisor chooses not to accept financial responsibility for these URL(s). If this is the case, said name registrations should be cancelled and any web pages containing referrals to Twinkle Star Dance name or logo or reference to any services offered by Franchisee terminated.

11. Offer Franchisor the right to assume any commercial property leases utilized by Franchisee and to purchase for fair market value as established by a qualified independent appraiser selected by the Franchisor any equipment, inventory or leases for equipment utilized by the business.

B. If Franchisee and/or franchise owner(s), as applicable, fail or refuse to comply with this Section 13 in a professional and expeditious manner, as well as all other obligations hereunder intended to survive termination and expiration of this Agreement and Franchise, including but not limited to the non-disclosure, non-competition and indemnification covenants, then Franchisee and franchise owner(s) agree to pay Franchisor for all costs and expenses, including auditors' and attorneys' fees incurred by Franchisor in an effort to effect compliance thereunder. All obligations of Franchisee, franchise owner(s) and Franchisor hereunder which expressly, or by their nature, survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire. Franchisor shall have the right, at its sole discretion, to cure any default of the Franchisee and bill the Franchisee for any expenses incurred in eliminating said default.

14. TRANSFERABILITY OF INTEREST

A. Franchisee may not assign this Franchise Agreement nor sell the assets of the business to others without the Franchisor's written consent. Franchisor may refuse to consent to any assignment, sale, transfer or bequeath by Franchisee of its rights under this

Agreement, or to succession of this Agreement by will or intestacy, to any person, partnership, joint venture, corporation or other entity unless that party meets the then current standards for new Franchisees and Franchisee has met the requirements of Paragraph 14B below.

B. Prior to any inter vivos assignment or transfer, Franchisee shall fully pay and satisfy all of Franchisee's obligations to Franchisor, and, if the transfer is to an unrelated third party, Franchisee (or transferee) shall have fully paid to Franchisor a fee equal to twenty-five percent (25%) of the Initial Franchise Fee being charged new franchisees for a comparable territory at the time of the transfer for the training course, supervision, administrative, accounting, legal, and/or other Franchisor expenses incurred in connection with the transfer. In addition, Franchisor shall have the right to review and approve the purchase agreement for compliance with standard business practices, including, but not limited to, the debt burden of the purchaser; the transferee shall have signed a new Franchise Agreement with the Franchisor; training arrangements must be made; and Franchisee must sign a general release of the Franchisor, its officers and employees from all claims. An assignment or transfer shall include without limitation, an effective transfer of ownership of 20% or more of the ownership interest of a franchisee.

C. This Agreement and all of Franchisor's rights, title, duties, obligations, and interest hereunder may be freely assigned, transferred or conveyed by Franchisor and shall be binding upon and inure to the benefit of Franchisor's successors and assigns.

D. Notwithstanding anything stated elsewhere in this Agreement, the Franchisee shall have the right, if it is in full compliance with this Agreement, to transfer, without charge, its rights and obligations under this Agreement to a corporation or a limited liability company in which Franchisee continuously owns one hundred percent (100%) of the issued and outstanding shares of each class of stock or membership shares, provided that the corporation or limited liability corporation must agree in writing to be bound by the terms of this Agreement and the Franchisee hereby agrees to remain personally liable in all respects as a guarantor of the obligations of the corporation or limited liability corporation. Franchisee shall be in default under the terms of this Agreement if Franchisee, at any time, disposes of any interest sufficient to reduce its ownership in the corporation or limited liability company to less than eighty 80% interest of any class of stock without complying with the steps of Paragraph 14B.

E. Franchisor retains a right of first refusal to purchase the assets of Franchisee at the same price and on the same terms as any other party. If Franchisee reaches an agreement to sell, assign or transfer this license, ownership of the Franchisee or the Franchise Business itself, to another responsible and fully disclosed party who has executed a bona fide written offer with an earnest money deposit, it must be subject to Franchisor's right of first refusal described in this Sub Paragraph E. Franchisor will have 10 days to notify Franchisee of its intent to exercise or waive said rights within 10 days of receiving written documentation indicating the Franchisee's agreement to sell. Franchisor shall have an additional 45 days to complete the purchase, in instances where it decides to exercise its right to purchase, after it has given Franchisee its notice to do so.

F. In the event of the death, disability or permanent incapacity of Franchisee (or appointment of a conservator or guardian of the person or estate of Franchisee, or if Franchisee is a corporation or limited liability company, then upon the death, insanity, permanent disability of the corporation's principal officer or the manager or managing member of a limited liability corporation), Franchisor shall not unreasonably withhold its consent to the transfer of all of the interests of Franchisee to his spouse, heirs or relatives, whether such transfer is made by will or by operation of law, provided that the requirements of Paragraph 11B hereof have been met. In the event that Franchisee's heirs do not obtain the consent of Franchisor as prescribed herein, the personal representative of Franchisee shall have reasonable time, not to exceed six months from the date of death or incapacity, to dispose of Franchisee's interest hereunder, which disposition shall be subject to all the terms and conditions for transfers under this Agreement.

15. NON-WAIVER

No failure of Franchisor to exercise any rights reserved to it nor to insist upon strict compliance by Franchisee (or franchise owner(s) as applicable) with any obligation or condition of this contract, and no custom or practice at variance with these terms, shall constitute a waiver of Franchisor's right to demand exact compliance with these terms. Waiver by Franchisor of any particular default by Franchisee (or franchise owner(s)) shall not affect or impair Franchisor's rights in respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, forbearance, or omission of Franchisor to exercise any power or rights arising out of any breach or default by Franchisee or franchise owner(s) of any of the terms, provisions, or covenants, affect or impair Franchisor's rights, nor shall such constitute a waiver by Franchisor of any right or of the right to declare any subsequent breach or default of this Agreement. Subsequent acceptance by Franchisor of the payments due to it shall not be deemed to be a waiver by Franchisor of any of its rights arising by a preceding breach by Franchisee or franchise owner(s) of any terms, covenants or conditions of this Agreement.

16. NOTICE

Any notices required to be given shall be given in writing by personal delivery, or by certified or registered mail, or by reputable commercial overnight delivery service, directed to Franchisor at Twinkle Star Dance Franchise, LLC, 4046 East Avenue, Livermore, California 94550 or to Franchisee at Franchisee's address set forth on the first page of this Agreement. Notice by mail shall be deemed received on the fifth business day following the date it was deposited in the mail.

Either party hereto may change the address to which any notices to such party shall be delivered, by written notice to the other.

17. LIABILITY FOR BREACH

In the event of any breach of this Agreement by either party, in addition to any other remedies the aggrieved party may have at law or in equity, the party in breach shall pay to the aggrieved party all amounts due and all damages, costs and expenses, including reasonable attorneys' fees and auditors' fees incurred by the aggrieved party as a result of any such breach.

18. COVENANT NOT TO DISCLOSE OR COMPETE

Franchisee and any guarantors hereof acknowledge that their initial knowledge of the operation of a Twinkle Star Dance franchise, its services, products, and methods of conducting business, is derived wholly from information disclosed to them by Franchisor pursuant to this Agreement, the training programs, the Confidential Operating Manuals and other means, and that Franchisor has a legitimate business interest in preventing Franchisee from using such information to compete with or otherwise harm Franchisor or its other franchisees.

A. So long as this Franchise Agreement is in effect, and for two (2) years thereafter, Franchisee and all Guarantors shall maintain the absolute confidentiality of such information and shall not divulge to, or use for the benefit of, any other person, partnership, association, trust, corporation or entity outside the Franchisor's organization, any confidential or proprietary information of Franchisor nor any information concerning customers, the methods of doing business (including, without limitation, approved equipment lists, rectal techniques, choreography, lesson plans, vendors, promotion, pricing of services and products, marketing concepts and other technical information and know-how employed by Franchisor or its franchisees in the dance studio business which Franchisee or the guarantor may acquire by virtue of their operation under the terms of this Agreement. Information furnished to employees, or agents of Franchisee by Franchisee shall be reasonably limited to that information which directly relates to such employees' or agents' duties. All employees of the Franchisee shall execute like non-disclosure and confidentiality undertakings in writing as a condition precedent to their engagement by Franchisee.

B. So long as this Franchise Agreement is in effect, and for two years thereafter, except for the Studio licensed hereunder, Franchisee and guarantors expressly covenant that Franchisee and guarantors will not engage, directly or indirectly, within a twenty-five (25) mile radius of either the outer boundaries of Franchisee's Exclusive Territory or the Exclusive Territories of any other franchisees, whether as an owner, stockholder, partner, officer, director, or managerial employee in a Studio offering dance lessons to ages two to teens, or otherwise engage in a business similar to that licensed hereunder. If Franchisee and/or Guarantors do so compete, Franchisee and/or guarantors shall pay to Franchisor, in lump sum, as liquidated damages, and not as a penalty, an amount equal to the average Royalty due during each of the last twelve months times thirty-six (36). The parties expressly acknowledge and agree that such payments shall not affect any rights or remedies the Franchisor may have, at law or in equity, including without limitation the right to seek injunctive relief, against Franchisee and/or the franchise owners by reason of such competition by them.

C. This Covenant is entered into by and between the parties hereto with full knowledge of its nature and extent. They hereby acknowledge that the Franchise Agreement would not be entered into by the Franchisor except upon the condition that such restrictive covenant be embodied herein and that, as such, they be enforceable, in the event of a breach by Franchisee and/or the franchise owners, by injunctive relief, and/or any other remedies available at law or equity to Franchisor, which remedies shall be cumulative. Franchisee and the franchise owners expressly acknowledge and represent that, prior to entering into this Agreement, they were employed and earned a living in some occupation other than that contemplated by this Agreement, and would not be prevented or prohibited from being employed and earning a living upon the termination of this Agreement, whether voluntarily or involuntarily, in the event they were prohibited from engaging in the management of a business operating a Dance Studio offering dance lessons to ages two to teens.

19. ENTIRE AGREEMENT

This Agreement and the documents to which reference in it has been made, shall be construed together and constitute the entire, full and complete agreement between the parties and shall supersede all prior agreements, no other representation induced Franchisee and franchise owner(s), as applicable, to execute this Agreement. There are no representations, inducements, promises, or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect. Nothing in this or any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document that Franchisor furnished to Franchisee. No amendment, change or variance from this Agreement shall be binding on any party unless executed in writing.

20. SEVERABILITY

Each paragraph, section, part, term and/or provision of this Agreement shall be considered severable, and if, for any reason, any paragraph, section, part, term and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation, such shall not impair the operation of or affect the remaining paragraphs, sections, parts, terms, and/or provisions of this Agreement, and the latter will continue to be given full force and effect and bind the parties. Said invalid paragraphs, sections, parts, terms and/or provisions shall be deemed not to be a part of this Agreement, provided, however, that if Franchisor determines that said finding of illegality adversely affects the basic consideration of this Agreement, Franchisor may, at its option, terminate this Agreement.

21. MEDIATION AND ARBITRATION

A. Any controversy or claim (other than those arising from non-payment of monies due, falsification of reports, abandonment, those regarding trademark infringement, and non-compete provisions) arising out of or relating to this contract, the breach thereof, or the relationship of the parties hereto shall be subject to mandatory non-binding Mediation. The Mediator will be appointed in accordance with the Rules and Regulations of the

American Arbitration Association unless the parties agree on a Mediator in writing within ten (10) days after either party gives written notice of Mediation. If either party alleges a dispute or controversy against the other party for any reason, except for those specified above, then either party will have the right to demand non-binding Mediation within the (10) days after the complaining party provided the other party with written notice describing the dispute or controversy and the desired action. All Mediation hearings will take place exclusively in the city where the Franchisor maintains its headquarters, and will be held within twenty (20) days after the Mediator has been appointed. The Mediation hearing will be informal and the Mediator will have the right to hear and review all testimony and evidence presented by either party. The cost of the Mediator will be shared equally by the parties. The parties agree that they will act in good faith to settle any dispute or controversy between them either prior to or during Mediation. All matters, testimony, arguments, evidence, allegations, documents and memorandums will be confidential in all respects and will not be disclosed to any other person or entity by either party.

The Franchisor and the Franchisee will not have the right to commence any Arbitration or legal proceedings against the other party until the dispute or controversy has been mediated as provided for herein, unless said dispute is of a nature excluded from Mediation as set forth above or if neither party has requested mediation. Both parties will have the right to take all actions necessary to demand Arbitration or to commence legal proceedings prior to any Mediation hearing; however, neither party will have the right to an arbitration hearing or to prosecute any legal proceedings beyond commencement of an action until the Mediation has concluded.

B. Any controversy or claim (other than those arising from non-payment of monies due, falsification of reports, abandonment, those regarding trademark infringement, and non-compete provisions) arising out of or relating to this contract, the breach thereof, or the relationship of the parties hereto not resolved through Mediation, shall be resolved by Arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Said Arbitration shall take place in the city where the Franchisor is headquartered. Judgment entered upon an award rendered by the Arbitrator may be entered in any court having jurisdiction thereof. The parties agree that they shall be entitled to take discovery by way of depositions and requests for production of documents and that AAA-issued subpoenas shall suffice for compelling same. Each party shall determine the extent of the discovery it desires to undertake and shall submit to the arbitrator (and serve on the opposing party) a schedule of such intended discovery. Each party shall be entitled to take discovery pursuant to its schedule unless objection thereto is made by the other party within 10 days after service of said schedule. The parties shall make a good faith attempt to resolve all objections. Any unresolved objections shall be submitted to the arbitrator for resolution.

C. Nothing herein shall bar the right of either party to obtain injunctive relief against threatened or actual conduct under the usual rules of equity, including the applicable rules for obtaining preliminary injunctions.

22. FRANCHISEE

The term "Franchisee" shall be deemed to include all persons who succeed to the interest of the original Franchisee by transfer or operation of law.

23. VENUE/GOVERNING LAW

This Agreement was entered into in the State of California and this Agreement, and, with the exception of any disputes relating in any way to Section 18 above, which shall be interpreted and construed under the laws of the state where the Studio is located, all disputes between the parties hereto, shall be interpreted and construed under its laws. The parties agree that any action in which Franchisor is a party brought by any party against another party in connection with any disputes, rights or obligations arising out of this Agreement, and not otherwise subject to binding arbitration under Section 20 above, shall be instituted in a state court of competent jurisdiction with venue only in the County where the Franchisor is headquartered or in the United States District Court for the District where the Franchisor is domiciled except and only to the extent prohibited by applicable law. Any party to this Agreement named as a defendant in such an action brought in connection with this Agreement in any other court outside of the above-designated county or district shall have the right to have the venue of said action changed to the above-designated county or federal district, unless precluded by applicable law. Franchisee hereby agrees to submit personally to the jurisdiction of a court of competent subject matter jurisdiction located in the above-designated state and county or federal district, except in any legal proceeding where Franchisor is not a party. The parties acknowledge that this Agreement is executed in and that a material portion of Franchisor's obligations under this Agreement are to be performed in, the above-designated state, county and federal district.

Nothing contained in this paragraph shall prevent or prohibit Franchisor from seeking an injunction or other equitable relief in any court of competent jurisdiction.

24. LIMITATION OF DAMAGES

Franchisee and Franchisor each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other and agree that if there is a dispute with the other, each will be limited to the recovery of actual damages sustained by it including reasonable accounting and legal fees. Franchisee waives and disclaims any right to consequential damages in any action or claim against Franchisor concerning this Agreement or any related agreement.

25. WAIVER OF JURY TRIAL AND CLASS ACTION

Each party hereby irrevocably waives all rights to trial by jury in any action, proceeding or counterclaim, whether at law or equity, regardless of which party initiates the suit. This waiver applies to any matter arising out of or in any way related to this Agreement, the

parties' performance under or breach of this Agreement, and Franchisee's purchase from Franchisor of the Franchised Business and/or any goods or services. Franchisee additionally waives the right to initiate or participate in a class action in any forum, including without limitation, participating in any class or group arbitration, and the parties agree that all proceedings arising out of or related to this Agreement or Franchisee's purchase of the Franchised Business will be conducted on an individual, and not a class-wide basis. The parties acknowledge and further agree that any proceeding between Franchisee, Franchisee's Guarantor(s) and Franchisor or Franchisor's affiliates, officers and/or employees may not be consolidated with any other proceeding between Franchisor and any other third party.

26. FORCE MAJEURE

Whenever a period of time is provided in this Agreement for either party to perform any act, except pay monies, neither party shall be liable nor responsible for any delays due to strikes, lockouts, casualties, acts of God, war, terrorism, governmental regulation or control or other causes beyond the reasonable control of the parties, and the time period for the performance of such act shall be extended for the amount of time of the delay. This clause shall not result in an extension of the term of this Agreement.

27. COUNTERPARTS

The parties hereby agree that this Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same agreement. The parties further agree that in the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed, sealed and delivered this Agreement in duplicate the day and year first above written.

FRANCHISEE

[NAME OF FRANCHISEE]

By: _____

Name: _____

Title: _____

FRANCHISOR

Twinkle Star Dance Franchise, LLC

By: _____

Name: _____

Title: _____

ADDENDUM A TO THE FRANCHISE AGREEMENT

FRANCHISEE'S STUDIO LOCATION AND EXCLUSIVE TERRITORY

STUDIO LOCATION

Pursuant to Section 2 of the Franchise Agreement, the Franchised Business shall be located at the following Studio Location :

EXCLUSIVE TERRITORY

Pursuant to Section 2 of the Franchise Agreement, Franchisee's Exclusive Territory shall be defined by and exist within the following zip codes or other physical, political or natural boundaries (if identified on a map, please attach map and reference attachment below):

FRANCHISEE

[NAME OF FRANCHISEE]

By: _____
Name: _____
Title: _____

FRANCHISOR

Twinkle Star Dance Franchise, LLC

By: _____
Name: _____
Title: _____

ADDENDUM B TO THE FRANCHISE AGREEMENT

CLOSING ACKNOWLEDGMENTS

In order to ensure that Franchisee's decision to purchase a Franchise from Twinkle Star Dance Franchise, LLC (Franchisor) is based upon Franchisee's own independent investigation and judgment, please complete and sign this Acknowledgment.

1. I (we) have not received any information, either oral or written, regarding the sales, revenues, earnings, income or profits of Twinkle Star Dance Franchisees from any officer, employee, agent or sales representative of Franchisor that is not included in the Twinkle Star Dance Franchise, LLC's Franchise Disclosure Document.

2. I (we) have not received any assurances, promises or predictions of how well my (our) Twinkle Star Dance franchise will perform financially from any officer, employee, agent or sales representative of Franchisor.

3. I (we) have made my (our) own independent determination that I have adequate working capital to develop, open and operate my (our) Twinkle Star Dance franchise.

4. I (we) acknowledge that Franchisor will use reasonable efforts to assist me (us) in choosing a location for my (our) Twinkle Star Dance Studio, but I also understand that I am (we are) responsible for the final decision regarding the selection of a suitable territory and site.

5. I (we are) am not relying on any promises of Franchisor which are not contained in the Franchisor's Franchisee

Agreement.

6. I (we) understand that my (our) investment in an Twinkle Star Dance franchise contains substantial business risks and that there is no guarantee that it will be profitable.

7. I (we) have been advised by Franchisor and its representatives to seek professional legal and financial advice in all matters concerning the purchase of my (our) Twinkle Star Dance Franchise.

8. I (we) acknowledge that the success of my (our) Twinkle Star Dance franchise depends, in large part, upon my (our) ability as an independent business person(s) and my (our) active supervision of the day-to-day operation of the business.

9. The name(s) of the person(s) with whom I (we) dealt in the purchase of my (our) Twinkle Star Dance is (are):

Franchise is (are) _____.

Dated:	
Signature:	
Printed Name:	
Signature:	
Printed Name:	
Signature:	
Printed Name:	

Initials

ADDENDUM C TO THE FRANCHISE AGREEMENT

GUARANTY

In consideration of, and as an inducement to, the execution of the above Franchise Agreement (the "Agreement") by Twinkle Star Dance Franchise, LLC (hereafter "Franchisor"), each of the undersigned individuals, ("Guarantors") hereby personally and unconditionally: (1) guarantees to Franchisor and its affiliates and their successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ ("Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and (2) agrees personally to be bound by, and personally liable for the breach of, each and every provision in the Agreement and comply with all sections of the Agreement, as though the undersigned were the Franchisee.

Each of the undersigned waives:

- (a) acceptance and notice of acceptance by Franchisor and its affiliates of the foregoing undertakings;
- (b) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
- © protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;
- (d) any right he may have to require that an action be brought against Franchisee or any other person as a condition of liability; and
- (e) any and all other notices and legal or equitable defenses to which he may be entitled.

Each of the undersigned consents and agrees that:

- (a) his direct and immediate liability under this guaranty shall be joint and several;
- (b) he shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so;
- © such liability shall not be contingent or conditioned upon pursuit by Franchisor or its affiliates of any remedies against Franchisee or any other person;
- (d) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor or its affiliates may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Agreement.

Each of the undersigned waives all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this guaranty.

**IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature,
under seal, on the same day and year as the Agreement was executed.**

PERCENTAGE OF OWNERSHIP

GUARANTOR(S)

INTERESTS IN FRANCHISEE

ADDENDUM D TO THE FRANCHISE AGREEMENT
FOR RESIDENTS OF THE STATE OF CALIFORNIA

California Business and Professions Code Sections 20000 through 20043 provide rights to the Franchisee concerning termination or non-renewal of a franchise. If a franchise agreement contains a provision that is inconsistent with the law, the law still controls.

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.

For franchisees in California, payment of all initial fees is postponed until after all of Franchisor's initial obligations to Franchisee are complete and Franchisee is open for business

The Franchise Agreement requires application of the laws of the state of California. This may not be enforceable under California Law.

Neither the Franchisor, nor any person or franchise broker in Item 2 of the 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 person from membership in such association or exchange.

Section 31125 of the California Corporations Code requires the Franchisor to give the Franchisee a disclosure document, in a form containing such information as the Commissioner may by rule or order require prior to a solicitation of a proposed material modification of an existing franchise.

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 Disclosure Document.

Franchisee must sign a general release if Franchisee transfer Franchisee's franchise. California Corporations Code 31512 voids a waiver of Franchisee's rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of Franchisee's rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

FRANCHISEE
[NAME OF FRANCHISEE]

By: _____
Name: _____
Title: _____

FRANCHISOR

Twinkle Star Dance Franchise, LLC

By: _____

Name: _____
Title: _____

ILLINOIS STATE LAW APPENDIX

1. ILLINOIS STATE LAW APPENDIX

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.

Franchisee's 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 disclaimer, questionnaire, clause, or statement signed by a 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.

BY EXECUTING THIS APPENDIX, THE PARTIES HERETO MAKE THIS APPENDIX A PART OF THE ACCOMPANYING FRANCHISE AGREEMENT, AND INCORPORATE THIS APPENDIX THEREIN.

**FRANCHISEE
[NAME OF FRANCHISEE]**

**By: _____
Name: _____
Title: _____**

FRANCHISOR

Twinkle Star Dance Franchise, LLC

By: _____

Name: _____

Title: _____

MINNESOTA STATE LAW APPENDIX

With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement.

BY EXECUTING THIS APPENDIX, THE PARTIES HERETO MAKE THIS APPENDIX A PART OF THE ACCOMPANYING FRANCHISE AGREEMENT, AND INCORPORATE THIS APPENDIX THEREIN.

FRANCHISEE
[NAME OF FRANCHISEE]

By: _____
Name: _____
Title: _____

FRANCHISOR

Twinkle Star Dance Franchise, LLC

By: _____
Name: _____
Title: _____

WASHINGTON STATE LAW APPENDIX

The state of Washington has a statute, RCW 19.100.180, which may supersede the franchise agreement in Franchisee's relationship with the franchisor including the areas of termination and renewal of Franchisee's franchise. There may also be court decisions which may supersede the franchise agreement in Franchisee's relationship with the franchisor including the areas of termination and renewal of Franchisee's franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

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

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act 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 of 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.

BY EXECUTING THIS APPENDIX, THE PARTIES HERETO MAKE THIS APPENDIX A PART OF THE ACCOMPANYING FRANCHISE AGREEMENT, AND INCORPORATE THIS APPENDIX THEREIN.

FRANCHISEE
[NAME OF FRANCHISEE]

By: _____
Name: _____
Title: _____

FRANCHISOR

Twinkle Star Dance Franchise, LLC

By: _____
Name: _____
Title: _____

ADDENDUM E TO THE FRANCHISE

AGREEMENT BANK AUTHORIZATION FORM

I hereby authorize Twinkle Star Dance Franchise, LLC, hereinafter called “Twinkle Star Dance”, to initiate debit entries to my ___ Checking ___ Savings account indicated below at the depository named below, hereinafter called DEPOSITORY and authorize DEPOSITORY to debit the same to such account.

Depository (Bank) Name:	
Branch:	
Street Address:	
City:	
State:	
Zip:	
Bank/ABA Number:	
Account Number:	

This is to remain in full force and effect for the entire term of the Franchise Agreement, including renewals, unless upon ten (10) days written notice this authorization is subsequently replaced by maker.

Franchisee:	
Federal Identification Number:	
Signed:	
Printed Name:	
Date:	
Street Address:	
City:	
State:	
Zip:	

ADDENDUM F TO THE FRANCHISE AGREEMENT

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned _____, ("Tenant") hereby assigns, transfers and sets over unto Twinkle Star Dance Franchise, LLC, a California limited liability company ("Twinkle Star Dance") all of Tenant's right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit 1 (the "Lease") respecting premises commonly known as

_____. This Agreement is for collateral purposes only and except as specified herein, Twinkle Star Dance shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment of the Lease unless Twinkle Star Dance shall take possession of the premises demised by the Lease pursuant to the terms hereof and shall assume the obligations of Tenant thereunder after the date of such assignment.

Upon default by Tenant under the Lease or under the franchise agreement for a Twinkle Star Dance business between Tenant and Twinkle Star Dance (the "Franchise Agreement"), or in the event of a default by Tenant under any document or instrument securing said Franchise Agreement, Twinkle Star Dance shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Tenant therefrom and, in such event, Tenant shall have no further right, title or interest in the Lease.

If Twinkle Star Dance takes possession of the premises demised by the Lease and confirms to Landlord in writing the assumption of the Lease by Twinkle Star Dance or its designee as tenant thereunder, Landlord shall recognize Twinkle Star Dance as tenant under the Lease, and Twinkle Star Dance, or its designee shall not be liable for prior defaults or for obligations prior to the date of such assignment to Twinkle Star Dance.

Tenant represents and warrants to Twinkle Star Dance that it has full power and authority to so assign the Lease and its interest therein and that Tenant has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby to any party other than Twinkle Star Dance or its designee.

Tenant agrees it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Twinkle Star Dance. Through the term of the Franchise Agreement and any renewals thereto, Tenant agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that said option must be exercised, unless Twinkle Star Dance otherwise agrees in writing. Upon failure of Twinkle Star Dance to otherwise agree in writing, and upon failure of Tenant to so elect to extend or renew the Lease as stated herein, Tenant hereby appoints Twinkle Star Dance as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Tenant for the sole purpose of effecting such extension or renewal.

[Signature Page follows.]

IN WITNESS WHEREOF, Tenant has caused this Collateral Assignment of Lease to be executed as of the date below.

DATED: _____

TENANT:
[NAME OF ASSIGNOR]

By: _____
Name: _____
Title: _____

FRANCHISOR
Twinkle Star Dance Franchise, LLC

By: _____
Name: _____
Title: _____

CONSENTED TO BY:

LANDLORD
[NAME OF LANDLORD]

By: _____
Name: _____
Title: _____
Date: _____

TENANT ACKNOWLEDGMENT

STATE OF _____
COUNTY OF _____

On this _____ day of _____, 20____, before me personally came _____, to me known and known to me to be the Tenant described in and who executed the foregoing instrument and he/she acknowledged to me that he/she executed the same.

Notary Public

STATE OF _____
COUNTY OF _____

On this _____ day of _____, in the year 20____, before me personally came _____, to me known, who, being by me duly sworn did depose and say that he/she resides in _____; that he/she is the _____ of the _____, the Assignor described in and which executed the above instrument; that he/she knows the seal of said corporation, and that he/she is authorized and empowered to sign on behalf of Assignor.

Notary Public

FRANCHISOR ACKNOWLEDGMENT

STATE OF _____
COUNTY OF _____

On this _____ day of _____, 20____, before me personally came _____, to me known and known to me to be the Landlord described in and who executed the foregoing instrument and he/she acknowledged to me that he/she executed the same.

Notary Public

STATE OF _____
COUNTY OF _____

On this _____ day of _____, in the year 20____, before me personally came _____, to me known, who, being by me duly sworn did depose and say that he/she resides in _____; that he/she is the _____ of the _____, the Landlord described in and which executed the above instrument; that he/she knows the seal of said corporation, and that he/she is authorized and empowered to sign on behalf of Assignor.

Notary Public

LANDLORD ACKNOWLEDGMENT

STATE OF _____
COUNTY OF _____

On this _____ day of _____, 20____, before me personally came _____, to me known and known to me to be the Landlord described in and who executed the foregoing instrument and he/she acknowledged to me that he/she executed the same.

Notary Public

STATE OF _____
COUNTY OF _____

On this _____ day of _____, in the year 20____, before me personally came _____, to me known, who, being by me duly sworn did depose and say that he/she resides in _____; that he/she is the _____ of the _____, the Landlord described in and which executed the above instrument; that he/she knows the seal of said corporation, and that he/she is authorized and empowered to sign on behalf of Assignor.

Notary Public

ADDENDUM G TO THE FRANCHISE AGREEMENT

ASSIGNMENT OF TELEPHONE NUMBERS, URL'S AND LISTINGS

This Assignment is entered into this _____ day of _____, _____, in accordance with the terms of that certain Twinkle Star Dance Franchise, LLC Franchise Agreement (the "Franchise Agreement" between _____ ("Franchisee") and Twinkle Star Dance Franchise, LLC, a California limited liability company ("Franchisor"), executed concurrently with this Assignment, under which "Franchisor" granted "Franchisee" the right to own and operate a Twinkle Star Dance Studio located at _____ (the "Facility").

For Value Received, "Franchisee" hereby assigns to "Franchisor", all of the right, title and interest in URL's, and to those certain telephone numbers listed below and regular, classified, internet or other telephone directory listings (collectively, the "Telephone Numbers and Listings") associated with Franchisor's trademarks and service marks and used from time to time in connection with the operation of the Unit at the address provided above. Except as specified herein, Franchisor shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless Franchisor shall notify the Telephone Company, URL Registrars and/or the listing agencies with which Franchisee has placed telephone directory listings (all such entities are collectively referred to herein as the Telephone Company) to effectuate the assignment pursuant to the terms thereof.

FRANCHISEE
[NAME OF FRANCHISEE]

By: _____
Name: _____
Title: _____

FRANCHISOR

Twinkle Star Dance Franchise, LLC

By: _____
Name: _____
Title: _____

Telephone Numbers, URL's and Listings

ADDENDUM H TO THE FRANCHISE AGREEMENT

SAMPLE NON-DISCLOSURE AND NON-COMPETITION PROVISIONS FOR KEY EMPLOYEES

1. In consideration for employment, the undersigned, wishing to become a Key Employee of _____, a Franchisee of Twinkle Star Dance Franchise, LLC, agrees to take Twinkle Star Dance (hereinafter referred to as Franchisor) basic course in management of a Studio offering dance lessons to ages two to teens within 30 days of the date hereof.

2. The undersigned shall not disclose to any unauthorized person any information pertaining to the Franchisee's business, including information concerning customer lists, employee lists, sales, marketing methods, advertising methods, pricing techniques, equipment and supply sources, and any other information represented as confidential by the Franchisee to the undersigned, without the Franchisor's specific written consent during the term of employment nor for two (2) years thereafter.

3. The undersigned shall not be involved directly or indirectly, as manager, Studio Director, sales agent, sales or management level employee, consultant, owner, or representative, in any business or business activity which is engaged wholly or partially in the business of offering dance lessons to ages two to teens or any business substantially competitive with Franchisee's business, anywhere within an area defined by a twenty-five (25) mile radius of Franchisee's Exclusive Territory, during the term of employment, nor for a period of two years after its termination.

4. The undersigned expressly acknowledges and represents that, prior to entering into this Agreement, he/she was employed and earned a living in some occupation other than that contemplated by this Agreement, and would not be prevented or prohibited from being employed and earning a living upon the termination of this Agreement, whether voluntarily or involuntarily, in the event he/she was prohibited from engaging in the operation of a Studio dance lessons to ages two to teens.

The undersigned acknowledges that a copy of this Agreement will be immediately provided to Twinkle Star Dance Franchise, LLC, which is an intended third party beneficiary with the right to bring an action under this provision.

The undersigned further acknowledges that he/she has received a copy of this Agreement.

Date _____

Franchisee Name _____ Employee Name _____

Franchisee Signature _____ Employee Signature _____

MULTI-UNIT DEVELOPMENT AGREEMENT

(WITH ADDENDA)

TWINKLE STAR DANCE FRANCHISE, LLC

MULTI-UNIT DEVELOPMENT AGREEMENT

DEVELOPER

DATE

Studio

TWINKLE STAR DANCE FRANCHISE, LLC
MULTI-UNIT DEVELOPMENT AGREEMENT

This Agreement is made and entered into this day of _____, 202__, by and between Twinkle Star Dance Franchise, LLC, a California limited liability company (hereinafter referred to as "Franchisor) and _____, a [corporation/limited liability company] (hereinafter referred to as "Developer").

WHEREAS, Franchisor and its affiliate have developed a unique and distinctive business system (the "System") for the development and operation of Dance Studios (each a "Studio") serving children ages two to teens under the Twinkle Star Dance logo;

WHEREAS, the distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, décor, color scheme, and furnishings; proprietary products; proprietary software, uniform standards, dance lesson plans, choreography, recital preparation and execution, specifications, and procedures for operations; quality and uniformity of products and services offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by us from time to time;

WHEREAS, the System is identified by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark "Twinkle Star Dance" and such other trade names, service marks, and trademarks as are now designated (and may hereafter be designated by us in writing) for use in connection with the System (the "Proprietary Marks"). The Proprietary Marks are owned by Twinkle Star Dance LLC, which has licensed the Proprietary Marks to Franchisor so use the Proprietary Marks in connection with the Twinkle Star Dance System. Franchisor will designate the Proprietary Marks as licensed to Franchisee under this Agreement;

WHEREAS, Developer desires to develop and operate a designated number of Studios under the Proprietary Marks and the System within the geographical territory (the "Development Area") defined below and set forth in Addendum A pursuant to the development schedule (the "Development Schedule") defined and set forth below in Section 1.4; and

WHEREAS, Franchisor wishes to grant Developer the right to develop and operate a designated number of Studios in the Development Area, pursuant to the Development Schedule and subject to the terms, covenants and conditions set forth in this Agreement.

NOW THEREFORE, for and in consideration of the mutual promises, covenants and agreements contained herein and the payments and transfers hereinafter provided for and to evidence the agreement of the parties, it is hereby agreed as follows:

SECTION ONE: DEVELOPMENT AREA AND DEVELOPMENT SCHEDULE

1.1. Grant of Development Rights. Subject to and in accordance with the conditions of this Agreement, the Franchisor hereby grants to the Developer, and the Developer hereby accepts, the right and obligation to develop and operate _____ () Twinkle Star Dance Studios (each a "Studio" collectively the, "Studios"), and to use the System solely in connection therewith

at specified locations Franchisor approves to be operated pursuant to the terms of separate franchise agreements (referred to hereinafter as a “Franchise Agreement” and collectively as “Franchise Agreements”) executed between Franchisor and Developer (or an affiliate of Developer).

1.2.

Grant of Development Area. Developer hereby undertakes the obligation to develop and operate the number of Studios designated in Section 1.1 above within the territorial boundaries of the "Development Area" as described in Addendum A of this Agreement. Development Area may be subject to pre-existing franchises granted prior to this contract date. Development Area will not contain the area granted to franchises prior to contract date. Existing franchisees will be allow to renew or transfer the franchise rights granted by the Franchise Agreement.

For so long as this Agreement is in effect, neither Franchisor nor its affiliates will operate or grant a franchise for a Twinkle Star Dance Studio within the Development Area. These restrictions will terminate immediately upon the expiration or termination of this Agreement for any reason. Outside of the Development Area, Franchisor and/or its affiliates reserve the right to operate any number of Twinkle Star Dance Studios, and/or authorize others to operate same, at any location whatsoever (including one or more locations that may be proximate to, but not within, the Development Area).

1.3. Rights Reserved By Franchisor. Developer acknowledges that except to the extent provided in Section 1.1 above, Franchisor (and its Affiliates) expressly retain all rights and discretion with respect to the Proprietary Marks, System and the sale of any products and services, including, without limitation, the right to:

- (i) to provide, offer and sell and to grant others the right to provide, offer and sell goods and services that are identical or similar to and/or competitive with the goods and services offered at Twinkle Star Dance Studios displaying the Marks or other trade and service marks through alternative distribution channels (such as, the Internet and other forms of electronic commerce, “800” or other similar toll-free telephone numbers, telemarketing or other direct marketing sales, or other channels of distribution), both within and outside your Exclusive Territory, and under any terms and conditions we deem appropriate;
- (ii) to operate and to grant others the right to operate Studios located outside Franchisee’s Exclusive Territory under any terms and conditions we deem appropriate and regardless of the proximity to your Studio Location;
- (iii) to offer and sell (directly, or through other franchisees or licensees) Twinkle Star Dance System products and services at any and all nontraditional locations, including nontraditional locations situated proximate to Franchisee’s Studio Location, through the establishment of Twinkle Star Dance Studios, kiosks, mobile units, concessions or “shop in shops”, and that, by contrast, you are precluded in engaging in such activity. “Nontraditional locations” include gyms and venues; schools and universities; day care facilities of any type; community centers; the premises of any third party facilities which is not a Studio; and, any location or venue to which access to the general public is restricted;

- (iv) to purchase, merge, acquire, be acquired by or affiliate with any company, including an existing competitive franchise or non-franchise, chain or any other business, operating one or more units located within or outside of Developer's Development Area, and subsequently operate, franchise or license those units under any names or marks, including Franchisor's Proprietary Marks, regardless of their location, which may be immediately proximate to Developer's Development Area; and
- (v) to sell Twinkle Star Dance System products and services to national, regional and institutional accounts, even when they are situated proximate to Developer's Studio Locations. Only Franchisor will have the right to enter into contracts with such national, regional and institutional accounts. "National/Regional and Institutional Accounts" are organizational or institutional customers whose presence is not confined to Developer's Development Area.

Development Area

1.1. Development Schedule. Developer agrees that development of Twinkle Star Dance Studios within the Development Area shall be in accordance with the following Development Schedule:

Developer agrees to open:

one permanent Twinkle Star Dance Studio on or before _____;

one additional Twinkle Star Dance Studio on or before _____;

one additional Twinkle Star Dance Studio on or before _____;

one additional Twinkle Star Dance Studio on or before _____;

one additional Twinkle Star Dance Studio on or before _____;

one additional Twinkle Star Dance Studio on or before _____;

one additional Twinkle Star Dance Studio on or before _____;

one additional Twinkle Star Dance Studio on or before _____;

one additional Twinkle Star Dance Studio on or before _____;

one additional Twinkle Star Dance Studio on or before _____.

Developer may not develop or commence operations of more than the number of Studios set forth above without first obtaining Franchisor's written consent. A Studio will be considered "developed" if: (i) the Franchise Agreement for the Studio has been signed by Developer (or an affiliate of Developer) and Franchisor; and (ii) the Studio has commenced operations in accordance with the Franchise Agreement governing the Studio.

1.2. Failure to Meet Development Schedule. In the event Developer fails to timely meet the above Development Schedule, Franchisor may: (I) reduce, in whole or in part, the size of the Development Area within which you will have rights; (ii) reduce, in whole or in part, the total

number of Studios that you will have the right to develop; or (iii) terminate this Agreement and Developer shall lose all rights to develop additional Twinkle Star Dance Studios in the Development Area pursuant to this Agreement, together with any and all reservation fees for future Studios. The provisions of this Section 1.5 shall not affect the terms of, or the rights of the parties under, any Twinkle Star Dance Franchise, LLC Franchise Agreement for any Studio(s) under construction or any Studio(s) which are open and operational. Developer will lose both the right to develop the undeveloped Studios in the Development Area and the Reservation Fee attributable to the undeveloped Studios, and Franchisor may operate or franchise Studios anywhere within the Development Area without, in any way, being in violation of this Agreement. This remedy of Franchisor's will be in addition to whatever other remedies Franchisor may have at law or in equity.

SECTION TWO: DEVELOPMENT OBLIGATIONS

2.1 In order to carry out its obligations to the Franchisor hereunder, which Developer acknowledges are of material importance to Franchisor, Developer agrees to the following development procedures:

- A.** Developer shall submit to Franchisor a written request for approval of a proposed site, and shall provide to Franchisor such information as Franchisor may reasonably request with respect to such proposed site.
- B.** Franchisor shall render its final decision as to whether or not to accept the proposed site, in writing, within 20 days after Franchisor's receipt from Developer of all information reasonably requested by Franchisor for purposes of making such determination, which notice shall include the Franchise Agreement for said site executed by Franchisor. In accepting or not accepting the proposed site, the Franchisor may reasonably consider such matters as it deems material, including, without limitation, the demographic characteristics of the proposed site, traffic patterns, parking, the predominant character of the neighborhood, the proximity of other businesses, including other Studios and other commercial characteristics. Acceptance of a proposed site shall not be unreasonably withheld by Franchisor. If Developer shall have failed to obtain lawful possession of an accepted site (through acquisitions or leasing) within 90 days of Developer's receipt of the Franchisor's acceptance of such proposed site, the Franchisor may, at its sole discretion, withdraw acceptance of such proposed site.
- C.** Acceptance of a proposed site shall be specifically contingent upon Developer executing a Twinkle Star Dance Franchise, LLC Franchise Agreement for said site, in the form attached hereto prior to signing a lease for such approved site.
- D.** Developer shall then perform its construction obligations in accordance with the requirements of the Franchise Agreement for such site location.
- E.** Execution of Franchise Agreement. Franchisor and Developer (or Developer's affiliate) will execute a Franchise Agreement for each Studio provided for in the Development Schedule. The Franchise Agreement for the first Development Right exercised hereunder has been executed contemporaneously with this Agreement. The Franchise Agreement for each additional Studio developed hereunder shall be Franchisor's then-current Franchise Agreement, modified as follows: (a)

Developer's Initial Franchise Fee (as defined in the Franchise Agreement) will be modified as specified in Section 2.3 below; and (b) the Royalty Fee (as defined in the Franchise Agreement) and Advertising Fees (as defined in the Franchise Agreement), imposed on you by the Franchise Agreement will not be greater than those set forth in the first Franchise Agreement that Developer will sign. The Franchise Agreement for each additional Studio will be executed according to the following procedure:

- (i) Within a period of time Franchisor deems appropriate, Franchisor will deliver to Developer (if required under applicable law) a copy of Franchisor's then-current Twinkle Star Dance Franchise Disclosure Document, including Franchisor's then-current Twinkle Star Dance Franchise Agreement, modified as provided above (collectively, the "Franchise Disclosure Document").**
- (ii) Promptly upon receipt of the Franchise Disclosure Document, Developer must acknowledge receipt by executing the receipt form ("Receipt") prescribed in the Franchise Disclosure Document and promptly returning the Receipt to Franchisor.**
- (iii) No sooner than fourteen (14) business days, but no later than thirty (30) calendar days after Developer receives Franchisor's Franchise Disclosure Document, Developer must, by written notice, notify Franchisor as to whether or not Developer elects to execute Franchisor's then-current form of Franchise Agreement (modified as provided above) for the Studio.**
- (iv) Promptly upon Franchisor's receipt of Developer's notice that Developer elects to execute Franchisor's then-current form of Franchise Agreement (modified as provided above), Franchisor will deliver to Developer two (2) execution copies of the Franchise Agreement. Promptly upon receipt of these execution copies, you must execute the two (2) copies and return them to Franchisor.**
- (v) If Developer fails to perform any of the acts or fails to deliver any of the notices required pursuant to the provisions of subsections (i), (ii), (iii) or (iv) above in a timely fashion, this will be a material and incurable breach of this Agreement which, unless Franchisor waives the breach, will entitle Franchisor to terminate this Agreement immediately on notice to Developer, with no opportunity to cure.**

Under no circumstances, however, may Developer open a Studio for business unless and until there is a fully executed Franchise Agreement in place for such Studio and the applicable initial franchise fee has been paid in full.

2.2 Term; Renewal.

- (i) **Term; Renewal.** Unless sooner terminated, this Agreement and all development rights granted hereunder shall expire on the date of execution of the Franchise Agreement for the last Twinkle Star Dance Studio to be constructed pursuant to the development schedule set forth herein.
- (ii) **Notice of Expiration.** If applicable law requires Franchisor to give notice of expiration to Developer at a specified time before the expiration of the Term of this Agreement, and Franchisor has not done so, then the Term of this Agreement will be extended on a month-to-month basis until Franchisor has given Developer the required notice of expiration and the required period before the expiration of the Agreement becomes effective has expired.

2.3 Development Fee

When Franchisor has completed all of its pre-opening obligations to the Franchisee and Franchisee has opened its franchised business, Franchisee shall pay to Franchisor the full Franchise Fee for the first Studio and a non refundable Reservation Fee equal to twenty-five percent of the then current subsequent unit Franchise Fee for each subsequent specified Studio on Development Schedule (Section 1.3), which amount shall be credited against the Franchise Fee for the Unit to which it related if that Unit is opened no later than the time specified in the Development Schedule. This deferral of the initial payments is imposed by the Illinois Attorney General's Office due to Franchisor's financial condition.

- A. The Reservation fee shall serve as a deposit in the amount of
\$ _____ (\$ _____) per Twinkle Star Dance Studio to be developed pursuant to this Agreement.
- B. Notwithstanding the terms of any Franchise Agreement, the initial franchise fee for each Twinkle Star Dance Studio developed pursuant to this Agreement shall be as follows:

Twinkle Star Dance Initial Franchise Fee	\$ _____
Reservation Fee Per Studio	\$ _____
Balance Due of Initial Franchise Fee and Reservation Fees	\$ _____

In the event this Agreement is extended to provide for the development of additional Twinkle Star Dance Studios, the initial franchise fee for each such additional Studio shall be as mutually agreed upon between the parties.

2.4 It is also agreed that the Continuing Royalty for each Studio required to be developed by the Developer hereunder shall be identical to that defined in the Franchise Agreement attached hereto as Exhibit A.

2.5 Developer shall have consecutive options to extend this Agreement for development of additional Twinkle Star Dance Studios provided the parties shall reasonably mutually agree that additional Studios should be opened in the Development Area. In any event, the Franchisor will

not, during the term hereof, operate (directly or through an affiliate), nor grant a franchise to other than Developer the rights for the operation of any Twinkle Star Dance Studio to be located within the Development Area unless Developer and Franchisor shall mutually agree. After the expiration or termination hereof, however, Franchisor may operate, directly or through an affiliate, or franchise others to operate, a Twinkle Star Dance Studio within the Permitted Territory.

SECTION THREE: LIMITATIONS

3.1 This Agreement grants Developer the limited right to select sites for proposed Twinkle Star Dance Studios within the Development Area, and does not include the grant of a license to the Twinkle Star Dance trademarks, service marks, system or Licensed Rights, which will be granted to Developer only through the Franchise Agreement pursuant to Section 2.1, above.

3.2 Nothing contained in this Agreement shall be construed to vest in Developer any right, title or interest in or to the Licensed Rights, the goodwill now or hereafter associated therewith, or any right in the design of any Twinkle Star Dance Studio other than the rights and licenses expressly granted herein and the right to use the Licensed Rights as derived from the Franchise Agreement. Any and all goodwill associated with the Licensed Rights shall inure directly and exclusively to the benefit of, and is the property of, the Franchisor.

3.3 Developer shall not incorporate any of Franchisor's trade names, including but not limited to "Twinkle Star Dance" or words similar thereto in any trade name or firm name of Developer or in any corporate name.

3.4 Developer shall not represent nor hold itself out as an agent, legal representative, partner, subsidiary, joint venturer or employee of the Franchisor. Developer shall have no right or power to, and shall not bind or obligate the Franchisor in any way, manner or thing whatsoever, nor represent that it has any right to do so.

3.5 The covenants set forth in this section shall survive the termination or expiration of this Agreement.

SECTION FOUR: SERVICES BY COMPANY

4.1 The Franchisor agrees during the term of this Agreement to use its best efforts to maintain the high reputation of Twinkle Star Dance Studios and in connection therewith, to make available to Developer the following:

A. The benefit of Franchisor's real estate and lease evaluation experience and aid in site selection;

B. Specifications and general layouts for the structure, equipment and furnishings, decor and signs identified with the Twinkle Star Dance Studio as shall from time to time be developed by Franchisor;

C. Layouts and specifications for standardized furnishings and equipment and interior design and decor specifications and layouts, and a suitable sign program;

D. Advice and consultation concerning (A) and © above;

E. Initial training of an individual designated by Developer regarding standards, methods, procedures and techniques;

F. Franchisor's regular and continuing supervisory services, rendered by personal visit or telephone, or by newsletter or bulletin as Franchisor may deem necessary or appropriate:

G. Such other resources and assistance as may hereafter be developed and offered by Franchisor to Developer.

SECTION FIVE: ASSIGNMENT

5.1 Franchisor shall have the right to transfer this Agreement and all or any part of its rights or obligations herein to any person or legal entity provided such transferee is a Franchisee in good standing and agrees to assume and be bound by the terms hereof.

5.2 Neither Franchisee nor any of its Owners shall, without Franchisor's prior written consent, directly or indirectly, sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in this Agreement or any portion or aspect thereof, or any voting or equity interest in Franchisee. The approval or denial of any proposed transfer shall be vested in the Franchisor's sole and subjective discretion.

SECTION SIX: DEFAULT AND TERMINATION

6.1 By the Franchisor. The Franchisor may terminate this Agreement, effective upon delivery of a notice of termination to Developer, if:

A. Developer fails to meet its development requirements set forth in Section One hereof;
or

B. Developer fails to comply with any other provisions of this Agreement or any Franchise Agreement and does not correct such failure within twenty-one (21) days after written notice of such failure to comply (which shall describe the action that Developer must take to correct such failure) is delivered to Developer.

C. If Developer is not in compliance with this and any other agreements, and has received notice of such non-compliance, Franchisor may, in its sole discretion, terminate this agreement.

6.2 Upon termination, cancellation or expiration of this Agreement, or upon expiration of the term thereof, Developer agrees as follows:

A. To cease any activities in connection with the development of Twinkle Star Dance Studios, except pursuant to existing Franchise Agreements; and

B. All rights, claims and indebtedness which may accrue to Franchisor prior to termination, cancellation or expiration of this Agreement shall survive termination, cancellation or expiration of this Agreement and be enforceable.

6.3 By Developer. If Developer is in substantial compliance with this Agreement and Franchisor materially breaches this Agreement and fails to cure such breach within twenty-one (21) days after written notice thereof is delivered to the Franchisor, Developer may terminate this Agreement. Such termination shall be effective ten (10) days after delivery of the Franchisor of notice that such breach has not been cured and Developer elects to terminate this Agreement. In the event this Agreement is terminated pursuant to this Section 6.3, Franchisor shall promptly return to Developer one half (½) of that portion of the development fee which represents deposits for Twinkle Star Dance Studios which have not been developed at the time of such termination.

SECTION SEVEN: ACKNOWLEDGMENTS

7.1 Developer hereby acknowledges the following:

A. It has conducted, an independent investigation of the business contemplated by this Agreement and recognizes that it involves business risks making the success of the venture largely dependent upon the business abilities of Developer, and Franchisor expressly disclaims the making of, and Developer acknowledges that it has not received or relied upon, any warranty or guaranty, expressed or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

B. It has no knowledge of any representations by the Franchisor or its officers, directors, shareholders, employees, agents or servants, about the business contemplated by this Agreement that are contrary to the terms of this Agreement or the documents incorporated herein.

C. Developer hereby acknowledges that it has received, read and understood this Agreement and the attachments hereto, and that Developer has had the opportunity to meet with the Franchisor to ask questions of and receive answers about the Franchisor and to obtain additional information for verification purposes.

D. That Developer has carefully read and understands the terms of this Agreement, and has, to the extent Developer felt necessary, discussed its requirements and other applicable limitations with its counsel.

E. Developer, together with its advisers, has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of an investment in the quantity of Twinkle Star Dance Studios contemplated by this agreement and making an informed investment decision with respect thereto.

F. Developer is aware of the fact that other present or future franchisees of company may operate under different forms of agreement, and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

SECTION EIGHT: MISCELLANEOUS - GENERAL PROVISIONS

8.1 Any controversy or claim arising out of or relating to this Agreement including without any limitation any claim that this Agreement or any provision thereof is invalid, illegal or otherwise voidable, shall be subject to mandatory non-binding Mediation and then shall be resolved only by arbitration before and in accordance with the rules of the American Arbitration Association as described in the parties' initial Franchise Agreement.

All agreements shall be interpreted and the rights and obligations of the parties shall be governed in accordance with the laws of California and the place of all mediation, arbitration or litigation shall be in the County where Franchisor is headquartered. Franchisee consents to the jurisdiction of the courts of the State of California and acknowledges the reasonableness of this provision. Arbitrator's fees and expenses as well as the other expenses of the arbitration (other than the fees of the attorneys and other representatives of the parties), shall be paid by the losing party. Further, Franchisor's rights include without limitation obtaining injunctive relief from any court of competent jurisdiction as Franchisor deems necessary to compel Developer to comply with its obligations of this Agreement.

8.2 If any provisions of this Agreement or the application of any provision to any person or to any circumstance shall be determined to be invalid or unenforceable, then such determination shall not affect any other provision of this Agreement or the application of such provision to any other person or circumstance, all of which other provisions shall remain in full force and effect, and it is the intention of Franchisor and Developer that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision unenforceable, then the provision shall have the meaning which renders it enforceable.

8.3 The failure of either party hereunder to insist upon strict compliance by either party with its obligations hereunder shall not, and no custom or practice of the parties at variance with the terms hereof shall, constitute a waiver of either party's right to demand exact compliance with the terms hereof.

8.4 Time is of the essence of this Agreement.

8.5 All notices hereunder shall be in writing and shall be duly given if hand delivered or sent by registered or certified mail, postage prepaid, addressed:

A. If to the Franchisor at: 4046 East Avenue, Livermore, California 94550

B. If to Developer

at:

_____ or at such other address as Franchisor and Developer shall specify by notice to the other party hereunder. Notice given as aforesaid shall be deemed received on the date of actual receipt.

8.6 This Agreement, together with the Twinkle Star Dance Franchise Agreement attached hereto as Exhibit A, constitutes the entire Agreement between Franchisor and Developer and supersedes all prior negotiations, commitments, representations and the undertakings of the parties with respect to the subject matter hereof. No change, termination or attempted waiver of any provisions of this Agreement shall be binding upon the parties hereto unless in writing and signed by Franchisor and Developer. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.

8.7 This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The paragraph headings in this Agreement are for convenience of reference only, and shall not be deemed to alter or affect any provision thereof. Each pronoun used herein shall be deemed to include the other number and gender.

8.8 It is mutually agreed and understood that in the event it shall become necessary for either party to enforce any provision of this Agreement, or any agreement arising hereunder, by legal action or to employ an attorney for collection of any monies due arising in connection with this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees, judicial and appellate court costs and other costs of such proceeding as determined by the Court, and the cost to negotiate a settlement of claims.

IN WITNESS WHEREOF, the parties have executed this Agreement and have hereunto set their hands and seal.

FRANCHISOR:

Twinkle Star Dance Franchise, LLC

By: _____

Title: _____

DEVELOPER:

By: _____

Title: _____

(CORPORATE SEAL) ATTEST:

(CORPORATE SEAL) ATTEST:

ADDENDUM A TO THE AREA DEVELOPMENT AGREEMENT

DEVELOPER'S DEVELOPMENT AREA

Developer is authorized to open and operate only _____ Studios, as specified in Section 1.3 of the Area Development Agreement under the Twinkle Star Dance mark at a location to be determined within the Exclusive Territory known as _____ which is defined as lying within these boundaries:

(See map attached.)

DEVELOPER:

By: _____

Printed Name: _____

Title: _____

FRANCHISOR:

Twinkle Star Dance Franchise, LLC

By: _____

Printed Name: _____

Title: _____

ADDENDUM B TO THE MULTI-UNIT DEVELOPMENT AGREEMENT

California

California Business and Professions Code Sections 20000 through 20043 provide rights to the Franchisee concerning termination or non-renewal of a franchise. If a franchise agreement contains a provision that is inconsistent with the law, the law still controls.

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.

For franchisees in California, payment of all initial fees by a multi-unit developer is postponed until after all of Franchisor's initial obligations to Developer are complete and Developer is open for business.

The Franchise Agreement requires application of the laws of the state of California. This may not be enforceable under California Law.

Neither the Franchisor, nor any person or franchise broker in Item 2 of the 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 person from membership in such association or exchange.

Section 31125 of the California Corporations Code requires the Franchisor to give the Franchisee a disclosure document, in a form containing such information as the Commissioner may by rule or order require prior to a solicitation of a proposed material modification of an existing franchise.

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 Disclosure Document.

Franchisee must sign a general release if Franchisee transfer Franchisee's franchise. California Corporations Code 31512 voids a waiver of Franchisee's rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of Franchisee's rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

Illinois Addendum to the Multi-Unit Development Agreement

Illinois law governs the Multi-Unit Development Agreement.

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.

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.

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.

No disclaimer, questionnaire, clause, or statement signed by a 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.

FRANCHISEE
[NAME OF FRANCHISEE]

By: _____
Name: _____
Title: _____

FRANCHISOR

Twinkle Star Dance Franchise, LLC

By: _____
Name: _____
Title: _____

EXHIBIT G TO THE FRANCHISE DISCLOSURE DOCUMENT

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Twinkle Star Dance Franchise, LLC.



OPERATIONS MANUAL

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STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

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

STATE	EFFECTIVE DATE
California	April 14, 2022
Hawaii	
Illinois	Pending
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
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.

In all other states the effective date of this Franchise Disclosure Document is the Issuance Date of January 19, 2021.

23. RECEIPT

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully. If Twinkle Star Dance Franchise, LLC 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.

If Twinkle Star Dance Franchise, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state officials in your state, as listed on the attached schedule of state agencies. In the states listed on the attached schedule of state agencies, we have designated the agency listed as its agent for service of legal process in each of the states listed.

The Franchisor's registered agent in the State of California is Tiffany Henderson. The Franchisor may receive service of process at 4046 East Avenue, Livermore, CA 94550.

Paul Henderson will act as franchise seller. He is based at 4046 East Avenue, Livermore, CA 94550. and his contact number is (925) 583-2830.

The date of issuance of this disclosure document is January 26, 2023.

I received a disclosure document dated January 26, 2023 that included the following Exhibits: Audited Financial Statements dated December 31, 2022 (Exhibit A); Listing of Franchised and Affiliated outlets (Exhibit B), Schedule of State Agencies (Exhibit C), State-Specific Amendments (Exhibit D), Franchise Agreement with Addenda (Exhibit E), and Table of Contents of Manuals (Exhibit I).

Witness

Signature of Prospect

Printed Name

Address

City, County, State ZIP

Date

(Please sign and date this page and retain for your records)

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The Franchisor's registered agent in the State of New York is Tiffany Henderson. The Franchisor may receive service of process at 4046 East Avenue, Livermore, CA 94550.

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Signature of Prospect

Printed Name

Address

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(Please sign and date this page and return it to Twinkle Star Dance Franchise, LLC)