

FRANCHISE DISCLOSURE DOCUMENT

SCHOOLEY MITCHELL®

1073355 Ontario Limited
Operating as Schooley Mitchell®
Head Office: 1030 Erie Street
Stratford, Ontario, N4Z 0A1
888-311-6477
www.schooleymitchell.com

As a franchisee, you will operate a consulting business specializing in the provision to the public of cost reduction consulting services in various expense categories, and other consulting services and other related products and services under the name SCHOOLEY MITCHELL® under certain standards of operation.

The total investment necessary to begin operation of a standard or builder SCHOOLEY MITCHELL® franchise is from \$70,500 to \$80,750. This includes \$69,000 that must be paid to the franchisor. The total investment necessary to begin operation of a development SCHOOLEY MITCHELL® franchise is from \$252,500 to \$262,750. This includes \$251,000 that must be paid to the franchisor.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact SCHOOLEY MITCHELL, 1030 Erie Street, Stratford, Ontario, N4Z 0A1, 888-311-6477

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, DC 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.

ISSUANCE DATE: August 18, 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 C.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit E 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 Schooley Mitchell 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 Schooley Mitchell franchisee?	Item 20 or Exhibit C lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

WHAT YOU NEED TO KNOW ABOUT FRANCHISING *GENERALLY*

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

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

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

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

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

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

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

SOME STATES REQUIRE REGISTRATION

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

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

SPECIAL RISKS TO CONSIDER ABOUT *THIS* FRANCHISE

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

1. **Out-of-State Dispute Resolution.** The Franchise License Agreement requires you to resolve disputes with the franchisor by arbitration and litigation only in Michigan. Out-of-state arbitration and litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate and litigate with the franchisor in Michigan than in your own state.
2. **Minimum Royalty and Advertising Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.

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

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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The franchisor is 1073355 Ontario Limited, operating as SCHOOLEY MITCHELL® (“we”, “us”, or “our”). “You” or “your” means the person to whom we grant a franchise.

The Franchisor and its Business Form

We are an Ontario corporation that was incorporated on April 25, 1994. Our principal business address is 1073355 Ontario Limited, O/A SCHOOLEY MITCHELL, 1030 Erie Street, Stratford, Ontario, N4Z 0A1. We operate under our corporate name and the trademarks described in Item 13 (the “Marks”). We do not do business or intend to do business under any other names. If we have an agent in your state for service of process, we disclose that agent in Exhibit A.

We grant franchises for businesses under the SCHOOLEY MITCHELL® name and other Marks. (For reference purposes in this disclosure document, we call the locations in our system “SCHOOLEY MITCHELL® offices”; we call the SCHOOLEY MITCHELL® location that you will operate the “location”). SCHOOLEY MITCHELL® offices provide cost reduction consulting services in various expense categories (which may include telecommunication, merchant services, small package shipping, waste management, electronic logging devices, e-signature software, utilities, fuel, software as a service, and storage), and other consulting services and other related products and services, to business clients.

We began offering franchises for SCHOOLEY MITCHELL® locations in April of 2004. We have operated one SCHOOLEY MITCHELL® location at our head office address since April of 2004 and we may operate more locations in the future. We have no other business activities and have not offered Franchises in other lines of business.

The Franchisor’s Parents, Predecessors and Affiliates

We do not have any parents, predecessors or affiliates required to be disclosed in this Item.

The Franchisor’s Business and the Franchise to Be Offered

The standard SCHOOLEY MITCHELL® franchise which we offer is for a full-time professional consulting business. We also offer a SCHOOLEY MITCHELL® builder franchise, which is for part-time operation of a professional consulting business; and a SCHOOLEY MITCHELL® development franchise, which is for operation of a professional consulting business with up to 10 satellite offices in markets other than the location (each a “satellite location”).

The core service offered by SCHOOLEY MITCHELL® offices consists of a review of defined costs for certain specified services and equipment that a client incurs. The Schooley Mitchell office then prepares a report summarizing the client’s existing services and costs, and provides the client with solutions, advising them about how they can improve their system and/or reduce costs.

We offer a Franchise Agreement for the development and operation of a single office at a specified location, except that a development franchise may also have satellite locations. We do not offer to each franchisee a “Protected Territory”.

We do not conduct any business activities other than franchising and cost reduction consulting.

The Prior Business Experience of Franchisor and its Affiliates

We began offering franchises using the System (defined below), under the Marks in April of 2004. We have operated one SCHOOLEY MITCHELL® location at our head office address since April of 2004. We have never offered any franchises under any other line of business.

The SCHOOLEY MITCHELL® System

As a franchisee, you will operate an office under the SCHOOLEY MITCHELL® system, using the SCHOOLEY MITCHELL® trade dress, at a location that is approved by us. You will be obligated to operate your franchise in compliance with the SCHOOLEY MITCHELL® system.

The location offers services and is characterized by SCHOOLEY MITCHELL® brand identification materials, SCHOOLEY MITCHELL® brand client services, uniform operation guidelines; methods, forms and procedures for operations; procedures for quality control; training and ongoing operational assistance; advertising as well as marketing/promotional programs; all of which may be changed, improved, and further developed by us from time to time (the “System”).

The total System is identified by means of certain trade names, service marks, trademarks, slogans, logos, emblems, and indicia or origin, including, but not limited to, the mark SCHOOLEY MITCHELL®.

The Market and Competition

You will be selling cost reduction services to virtually all businesses. These consulting services are not subject to seasonal fluctuations.

The general market for the services is well-developed and competitive. You will be competing with other franchise concepts that provide cost reduction services, such as other cost reduction consultants. Competition for cost reduction consulting is widespread in the United States. There are cost reduction consultants that specialize in certain service types, such as telecommunications.

Applicable Laws

There may be specific regulations in your state that apply to a business that provides consulting services. You will also be required to comply with all local, state and federal laws in the operation of your location. You are also subject to employment laws such as the Fair Labor Standards Act and various state laws covering such matters as minimum wages, overtime and working conditions.

Your location may be subject to other laws or regulations that are not specific to the industry but applicable to businesses generally. There may be other laws and codes applicable to your location and we urge you to make further inquiries about those laws and codes. Other than the laws that

apply to businesses generally, we are unaware of any specific federal laws that apply to the provision of cost reduction consulting services. You will need to check at the state and local level to see if there are any applicable regulations in your area.

You must comply with any and all software licensing regulations in the operation of your location.

ITEM 2

BUSINESS EXPERIENCE

The following is a list of persons who have management responsibility regarding the operation of our franchising business and the franchises described in this disclosure document. The principal occupation and business experience of each person during the last five years are indicated below.

President, Director of Technical Services: Elizabeth McMillan

Ms. McMillan has been the President of SCHOOLEY MITCHELL since 2004.

Franchising and Sales & Marketing Manager: Dennis Schooley

Mr. Schooley has been the Franchising and Sales & Marketing Manager since 2004. Mr. Schooley is also a Chartered Accountant.

Franchise Development Advisor: Joanne Sales

Ms. Sales joined Schooley Mitchell as a Franchise Development Advisor in February 2019.

Franchising Development Advisor: Mike DeBoer

Mr. DeBoer re-joined Schooley Mitchell in September 2023 as a Franchise Development Advisor. He was a Franchise Development Advisor with us from October 2020 to February 2022, and was a Communications Specialist with us from April 2019 to October 2020, both in Stratford, Ontario. From February 2022 to July 2022, Mr. DeBoer was a Business Development Representative with Deep Trekker in Kitchener, Ontario.

Franchise Development Advisor: Teighan Morris

Ms. Morris joined Schooley Mitchell in January 2023 as a Franchise Development Advisor. She was a Shift Supervisor with Starbucks from August 2022 to December 2022, and was in Marketing and Business Development with Maglin Site Furniture from August 2018 to July 2022, both in Woodstock, Ontario.

Manager of Training and Education: Isabelle Withers

Ms. Withers has been our Manager of Training and Education since March 2023. Before that, from January 2020 to July 2022 she was our Franchise Success Advisor. From July 2022 to February 2023 Ms. Withers was a Project Coordinator with Virtira Consulting, and from October 2017 to

December 2019 she was an Event Coordinator with Stratford Country Club; all positions in Stratford, Ontario.

ITEM 3

LITIGATION

Claire Giroux and Mitchell Kennedy v. 1073355 Ontario Limited o/a Schooley Mitchell Telecom Consultants, Dennis Schooley and Elizabeth McMillan, Case No. C-685-16. On or about June 23, 2016, Plaintiffs, a former franchisee, filed a Statement of Claim against us in the Ontario Superior Court of Justice, alleging misrepresentation and failure to comply with the Arthur Wishart Act (Franchise Disclosure). Plaintiffs sought rescission of the franchise agreement and damages in the amount of \$180,000 plus costs of the action and interest. We denied the allegations and on or about September 13, 2016, filed a Statement of Defence and Counterclaim. On January 29, 2018, the Ontario Superior Court of Justice ordered that (1) the franchise agreement be rescinded, (2) our counterclaim be dismissed, (3) we pay damages to Plaintiffs to which they may be entitled, and (4) we pay to Plaintiffs costs in the amount of \$20,000 plus interest. On or about May 18, 2018, we entered into a settlement with Plaintiffs and agreed to pay Plaintiffs \$100,000 plus \$20,000 for costs. (All payments in Canadian dollars).

In the Matter of Investigation by Letitia James, Attorney General of the State of New York, of Schooley Mitchell and Elizabeth McMillan, AOD #20-033. In September 2019, the Attorney General of the State of New York (“OAG”) initiated an inquiry into our activities pursuant to the New York State Franchise Sales Act, specifically, whether we sold franchises from or in the State of New York without satisfying the pre-requisite of registering its franchise offering with OAG or having an exemption from franchise registration. OAG ultimately determined that we had in fact sold one franchise in New York while our registration had lapsed and were not otherwise exempt from franchise registration. We cooperated with OAG and entered into an Assurance of Discontinuance with OAG in which we agreed to cease and desist from offering or selling franchises in New York until re-registration had been achieved or qualification for an exemption had been met; to offer the affected franchisee rescission pursuant to New York GBL § 691(2); and to pay the State of New York a monetary penalty of \$12,000.

Other than the actions noted above, no other dispute resolution is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

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

ITEM 5

INITIAL FEES

Initial Franchise Fee

You must pay us an initial franchise fee in a lump sum when you sign the Franchise Agreement. Our standard initial franchise fee is currently \$68,000. If you choose to purchase more than one franchise at the same time, you must pay us an additional initial franchise fee of \$68,000 for each additional franchise that you purchase. This fee is payable as follows: a \$2,000 deposit is payable at the time of signing the license application; \$5,000 is payable at the time of signing the license agreement, with the balance payable before the commencement of training.

For development franchises, the initial franchise fee is currently \$250,000, and is payable at the time of signing the Franchise Agreement and Development Franchise Addendum.

The initial franchise fee is fully earned by us when you sign the Franchise Agreement for the franchise being purchased. If, during the Introductory Training Program, we determine, in our sole discretion, that you are not qualified to manage a SCHOOLEY MITCHELL® business, we have the right to terminate the Franchise Agreement, and we will refund 90% of the initial franchise fee, without interest. The initial franchise fee is not refundable under any other circumstances.

Office Supplies and Promotional Items

You must purchase stationery, business cards and promotional items containing our logo from us. The initial supply of these items is approximately \$1,000.

Training Fees

We will provide initial training and training materials for you and up to 3 trainees at the initial training course you attend, if any, at no extra charge to you. If you send more than 3 trainees to the initial training course you will pay a fee of \$600 for each additional person. Training fees are payable prior to the beginning of the training course and are uniform and non-refundable. You must pay for your travel, meal and lodging expenses. See Item 11 for more information on training.

Except for the circumstances described in this Item 5, we do not refund any initial fee.

ITEM 6

OTHER FEES

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty Fee	<p>Standard franchise: 8% of Gross Sales in each calendar month. The minimum royalty for the 7th through 29th months during the initial term of the agreement is \$200 per month, and for the 30th and all subsequent months during the initial term of the agreement is \$400 per month.</p> <p>Builder franchise: 12% of Gross Sales in each calendar month. The minimum royalty for the 7th and all subsequent months during the initial term of the agreement is \$125 per month.</p> <p>Development franchise: 8% of Gross Sales in each calendar month. The royalty fee is reduced to 7% for Gross Sales of \$2,500,001 to \$5,000,000, and to 6% of Gross Sales above \$5,000,000 in each calendar year. Minimum royalty is the same as a standard franchise.</p>	Payable monthly by the 15 th day of the following month.	Gross Sales is defined in Note 3 below.
Advertising Fee	<p>Standard franchise and development franchise: 2% of Gross Sales in each calendar month. The minimum fee for the 7th through 29th months during the initial term of the agreement is \$50 per month, and for the 30th and all subsequent months during the initial term of the agreement is \$100 per month.</p> <p>Builder franchise: 3% of Gross Sales in each calendar month. No minimum fee.</p>	Payable monthly by the 15 th day of the following month.	Gross Sales is defined in Note 3 below.

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Software and Marketing Programs Fee	\$120	Payable monthly by the 15th day of the month.	Payable for use our proprietary sales, marketing, and training software, system access, data storage, email, Pulse, and other programs
Renewal Fee	Standard franchise: \$2,500 Builder franchise: \$500 Development franchise: \$2,500	Before renewal.	
Transfer Fee	The greater of (i) 5% of the gross sale price of the franchised business or (ii) \$5,000.	Before giving approval for transfer.	Payable if and when you sell or transfer your franchise.
Initial Training	Costs of transportation, accommodation, living expenses and salary for you and your designees to attend training program.	As incurred.	You and your designees (as designated by us) must attend and successfully complete our initial training program before the opening of the franchised business.
Distance Learning	The Distance Learning Program is available to provide training to employees or subcontractors of the franchise, as an alternative to attending initial training at head office. No charge for the first year of operations. After the first year, the program will cost \$600 per person trained.	As incurred.	Payable if you select this method of training employees. No charge for your first year of operation.
Operating Assistance	All costs relating to operating assistance provided to you at your request, which assistance is not of the nature normally provided by us.	As incurred.	

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Ongoing Franchisee Training	The cost of ongoing training provided by us, including tuition, materials fee, and the cost of transportation, accommodations, living expenses and salary for you and your designees to attend training program (there have been no mandatory training programs at this date).	Within 15 days of invoicing by us.	You and your designees (as designated by us) must attend and successfully complete the additional continuing education and training programs that we may require. There have been none to date.
Relocation Fee	Up to \$5,000	Before relocation	If you request to relocate, we will charge you for our expenses, including commissions, legal and accounting expenses, incurred in connection with your relocation.
Default	Varies under circumstances	As incurred	To reimburse us for all payments made on your behalf, together with its administrative costs, to cure your default under Franchise Agreement or related agreement.
Assumed Business Name Registration Late Fee	\$100 per month	As incurred	If you do not register your assumed business name within 30 days after opening for business, you must pay us a late fee each month until the registration is complete.
Bank Account Late Opening Fee	\$100 per month	As incurred	If you have not established a bank account for your franchised business within 30 days after opening, you must pay us a monthly late fee until the business bank account is open.

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Late and N.S.F. Payments	\$50 for every late or N.S.F. payment, plus interest from the date due at the prime rate of our bank plus 2%, or the maximum amount allowed by applicable law, whichever is less.	As incurred.	For all late or N.S.F. payments owing to us
Indemnification	Varies under circumstances.	As incurred.	To indemnify us for any losses from actual or threatened litigation due to your violation of the Franchise Agreement or fault, and to reimburse us for all related costs, including legal, accountant and expert fees.
Audit	Cost of audit plus interest on underpayment (beginning from the date of the underpayment).	As incurred.	Payable only if audit shows an understatement of at least 5% of gross revenues for any period.
Production Fees	For standard franchises and development franchises, you must pay us 25% of the revenue you collect from a client for whom we have provided analysis, report services, and post-audit services. For builder franchises, the percentage is increased to 30%.		You have the option of performing analysis services yourself for your telecom expense clients, but we must provide those services for your clients in all other expense categories.

Notes:

1. All fees are imposed by and payable directly to us.
2. All of these fees are non-refundable.
3. Gross Sales is defined in Section 2.3c. of the Franchise Agreement as follows:

“**Gross Sales**” for any period means the entire amount of sales in connection with the operation of the Franchised Business. The performance of services is considered a “sale” when payment is received by the Licensee. Gross Sales will not include any government tax.”

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Standard and Builder Franchises

DESCRIPTION	AMOUNT	METHOD OF PAYMENT	WHEN DUE	WHETHER REFUND-ABLE	TO WHOM PAYMENT IS MADE
Initial Franchise Fee	\$68,000	Instalment payments	\$2,000 upon signing application; \$5000 upon signing Franchise Agreement; balance before beginning of training	No, except as described in Item 5	Us
Training Expenses (see Note 1)	\$500 to \$2,000	As incurred.	As Incurred.	No, except as described in Item 5	Third Parties (Suppliers, etc.)
Equipment and fixtures (in home office) (see Note 2)	\$0 to \$2,000	As incurred.	As negotiated.	No	Suppliers.
Equipment and fixtures (Office outside of home) (see Note 3)	\$0 to \$2,000 (Optional)	As incurred.	As negotiated.	No	Third Parties (Supplier, etc.)
Security deposits, insurance, utilities, licenses, professional fees, inventory, and other prepaid expenses (in home office) (see Note 4)	\$0 to \$1,000	As incurred.	Before opening.	No	Third Parties (Supplier, etc.)
Security deposits, insurance, utilities, licenses, professional fees, inventory, and other prepaid expenses (Office outside of home) (see note 5)	\$0 to \$2,000 (Optional)	As incurred.	Before opening.	No	Third Parties (Supplier, etc.)
Rent (Office outside of home) (see Note 6)	\$0 to \$750.00 (Optional)	As incurred.	As negotiated.	No	Landlord
Office supplies (with logo)	\$1,000	Lump sum.	Before opening.	No	Us

DESCRIPTION	AMOUNT	METHOD OF PAYMENT	WHEN DUE	WHETHER REFUND-ABLE	TO WHOM PAYMENT IS MADE
Additional Funds – 3 Months (see Note 7)	\$1,000 to \$2,000	As incurred.	As incurred	No	Third Parties (Employees, suppliers, etc.)
TOTAL	\$70,500 to \$80,750				

Development Franchises

DESCRIPTION	AMOUNT	METHOD OF PAYMENT	WHEN DUE	WHETHER REFUND-ABLE	TO WHOM PAYMENT IS MADE
Initial Franchise Fee	\$250,000	Instalment payments	\$2,000 upon signing application; \$5000 upon signing Franchise Agreement; balance before beginning of training	No, except as described in Item 5	Us
Training Expenses (see Note 1)	\$500 to \$2,000	As incurred.	As Incurred.	No, except as described in Item 5	Third Parties (Suppliers, etc.)
Equipment and fixtures (in home office) (see Note 2)	\$0 to \$2,000	As incurred.	As negotiated.	No	Suppliers.
Equipment and fixtures (Office outside of home) (see Note 3)	\$0 to \$2,000 (Optional)	As incurred.	As negotiated.	No	Third Parties (Supplier, etc.)
Security deposits, insurance, utilities, licenses, professional fees, inventory, and other prepaid expenses (in home office) (see Note 4)	\$0 to \$1,000	As incurred.	Before opening.	No	Third Parties (Supplier, etc.)
Security deposits, insurance, utilities, licenses, professional fees, inventory, and other prepaid expenses (Office outside of home) (see note 5)	\$0 to \$2,000 (Optional)	As incurred.	Before opening.	No	Third Parties (Supplier, etc.)
Rent (Office outside of home) (see Note 6)	\$0 to \$750.00 (Optional)	As incurred.	As negotiated.	No	Landlord
Office supplies (with logo)	\$1,000	Lump sum.	Before opening.	No	Us

DESCRIPTION	AMOUNT	METHOD OF PAYMENT	WHEN DUE	WHETHER REFUND-ABLE	TO WHOM PAYMENT IS MADE
Additional Funds – 3 Months (see Note 7)	\$1,000 to \$2,000	As incurred.	As incurred	No	Third Parties (Employees, suppliers, etc.)
TOTAL	\$252,500 to \$262,750				

Notes:

1. The cost of the pre-opening training program, which you and your designees must attend, is paid for by us. However, the costs of transportation, accommodation, living expenses and salary incurred by you and your designees required to attend the training course are your sole responsibility.
2. If you don't already own one, you must obtain a computer, fax software, telephone line, and scanner and appropriate printer.
3. A Schooley Mitchell franchise may be operated from a home-based office. If you decide to operate from an office outside of your home, you may be responsible to pay the costs of office construction, equipment and furnishings. Some of our franchisees do operate offices from outside of their homes. These offices are typically small. Necessary office furniture and equipment would consist of a desk, chair and filing cabinet at an initial total cost of approximately \$1,500. We do not require a specific size for your office. Variables that affect the cost of rental for your premises include property location, improvements, street access, real estate taxes, common area maintenance and the like. You should thoroughly investigate the cost of business premises and all other initial investment costs in your market.
4. Deposits could include security deposits, insurance, utilities, licenses, professional fees, and inventory. You may be required to obtain certain federal and state licenses to operate your business. With respect to professional fees, you will need to employ an attorney, an accountant and other consultants to assist you in establishing your business. The initial inventory required consists of certain sales materials, pictures, sales aids, and other materials to assist in sales activities.
5. If you decide to operate an office outside of your home, you may be required to give a lease security deposit, which may be non-refundable and is paid directly to the landlord of the premises. Your office lease may require you to obtain certain insurance coverage. If you decide to operate an office, you may need to provide deposits for utilities. The amount of these deposits will vary depending on the practices of the utility companies. We have included in this amount the sum of \$1500 representing a security deposit equal to 2 months' rent.
6. Some of our franchisees do operate offices from outside of their homes. These offices are typically small. Rent ranges from \$350 to \$750 per month.
7. Additional Funds is an estimate of your additional start-up expenses, which will be incurred before operations begin and during the initial phase of your franchise. These expenses include payroll and advertising costs. We relied on our experience in operating and franchising SCHOOLEY MITCHELL® businesses to compile this estimate.

8. The variances in the ranges contained in this chart are based on our experience in franchising businesses of this type. You should review these figures very carefully with a business advisor before making any decision to acquire the franchise.
9. Except where otherwise noted, all fees that you pay to us are non-refundable. Third-party lessors and suppliers will decide if payments to them are refundable.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase various items that are sold or used in the operation of your SCHOOLEY MITCHELL® location from us, our affiliates, designated or approved suppliers, or otherwise under our specifications. To provide for uniformity in the primary products and services sold at our SCHOOLEY MITCHELL® offices, you cannot purchase these items from other sources and you must maintain and comply with our quality standards.

We will provide you with a list of approved suppliers for any purchases that may be required for the operation of your franchise. Currently, you must purchase from us or our affiliates or designated suppliers your stationery, business cards, labels, invoices and promotional items. We are currently the only approved supplier for stationery and promotional items. None of our officers, directors, owners, or management personnel has an ownership interest or other fiduciary interest in any third-party supplier of products or services. In the future we may offer or designate others to offer certain goods or services, and our affiliates or we may become approved suppliers or the only approved suppliers for any goods and services.

When we are the only approved supplier, we obtain these items from suppliers that are chosen based on lowest quotes submitted, as well as reliability of quality and delivery. These supplies are marked up by us by approximately 10% to cover the administration expenses we incur.

In the fiscal year ended February 28, 2023 our total revenue was \$8,610,551, as reported in our attached audited financial statement. In the fiscal year ended February 28, 2023 our total revenue from franchisee purchases and leases of goods and services (including production fees, but excluding revenue we and our affiliates received from initial franchise fees and any other fees disclosed in Item 6), was \$2,342,665, which was approximately 27% of our total revenue.

We do not currently derive any other revenue from any of your purchases or leases. Our suppliers currently do not pay us any money, but they may in the future, in the form of license fees, commissions, promotional fees, advertising allowances, rebates, our annual convention promotions, or other payments.

Franchisee requests for the approval of new suppliers are submitted to us in writing, together with a sample of the item for which approval is sought. No fee is payable by you in respect of a request for approval of a supplier. We will notify you in writing within a reasonable time (usually within 30 days) whether the item meets our specifications. We may withhold our approval of any new item for any reason. You are notified directly in writing, or by way of amendments to the Operations Manual, of any change in approved suppliers. Approval of suppliers is based on a subjective determination by us regarding the quality of the supplier's products and conformity with

the overall “look and feel” of the SCHOOLEY MITCHELL brand. Because the criteria we apply to designate or approve a supplier is a subjective case-by-case evaluation, there are no written criteria available to franchisees.

Standards and Specifications

You must operate the location according to our System standards. System standards may regulate, among other things: the location of the premises from which you and your employees or subcontractors carry on business; the method and timing of advertising; the types, models, and brands of signs; computer systems; trademark usage and trade dress; products and supplies you must use in operation of the location; unauthorized and prohibited products and services; and approved suppliers of these items. You are also required to adhere to the standards and specifications established from time to time by us with respect to insurance, office supplies and forms, operating procedures, and advertising and promotional materials and programs used in the operation of the location. Our standards and specifications are provided to you in the Operations Manual.

We formulate and modify our standards and specifications based on the market for cost reduction consulting and service businesses in general, as well as competitive and economic conditions, based on the experience of our operation of a SCHOOLEY MITCHELL® office as well as the experience of our franchisees. We expect that changes to technology, laws and markets will result in changes that we will make to our standards and specifications, and to our franchise system. We will communicate updates and modifications to our standards and specifications to you through the Operations Manual.

All advertising and promotion by you, in any manner or medium, must be conducted in a dignified manner and must conform to our standards and specifications. You are responsible for all costs of such advertising and promotion. You must submit to us, for our prior written approval, samples of all advertising and promotional plans and materials that you desire to use that have not been prepared or previously approved by us. You must display the Marks in the manner required by us on all signs and other advertising and promotional materials used at the location. You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved.

Because the reputation of our trademarks and the franchised business depends on a uniform high quality of products and services, you may sell only approved products and services, and you must sell all products and services that we authorize. You must purchase all such goods and services, from approved or designated sources. You must follow our trademark and copyright usage directions, and you must participate in and cooperate with our marketing programs.

There are currently no purchasing or distribution cooperatives. We may negotiate purchase arrangements with suppliers (including price terms) for the benefit of the franchise system. We do not provide material benefits to you (for example, renewal or granting of additional franchises) based on your purchase of products or services or use of particular suppliers.

The estimated proportion of any required purchases to all purchases and leases by you of goods and services in establishing and operating the licensed business is 5%.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
a. Site Selection	Section 2.3 h	Item 7,11
b. Pre-opening purchases	Section 5.2	Item 7,11
c. Opening requirements	Section 5	Items 7,11
d. Initial and ongoing training	Sections 9.1, 9.3	Item 11
e. Business Development Program	Section 9.2	Item 11
f. Opening	Section 5.1	Items 7, 11
g. Fees	Sections 4.2, 6.1-6.7, 15.3, Builder Franchise Addendum; Development Franchise Addendum	Items 5, 6, 7
h. Compliance with standards and policies/Operating Manual	Sections 3.1, 8.2, 9.21, 11.1, 16.2	Items 11, 14, 16
i. Trademarks and proprietary information	Section 10.1-10.4, 16.1, 16.2	Items 13, 14
j. Restrictions on products/services offered	Sections 8.1, 8.2, 16.1, 16.2	Item 16
k. Warranty and customer service requirements	Section 8.2	
l. Territorial development and sales quotas	Sections 3.1, 3.4, 6.2, 6.3, 8.5, Builder Franchise Addendum; Development Franchise Addendum	Item 12
m. Ongoing product/service purchases	Section 8.1	Item 8
n. Maintenance, appearance and re-modeling requirements	Sections 9.10, 9.19	
o. Insurance	Sections 14.1-14.3	Items 7, 8
p. Advertising	Sections 6.3, 13.1-13.8, Builder Franchise Addendum; Development Franchise Addendum	Items 6, 11
q. Indemnification		Item 6
r. Owner's participation / management /staffing	Sections 8.2, 8.3, 8.4, 8.5, Builder Franchise Addendum; Development Franchise Addendum	Item 15

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
s. Records and reports	Sections 12.1 – 12.7	Item 6
t. Inspections and audits	Sections 9.10, 12.7	Item 6
u. Transfer	Sections 15.1 – 15.8	Item 17
v. Renewal	Section 4.2, Builder Franchise Addendum; Development Franchise Addendum	Item 17
w. Post-termination obligations	Sections 18.1, 18.2	Item 17
x. Non-competition covenants	Sections 9.15, 9.14	Item 17
y. Dispute resolution	Sections 19.11, 19.10, 21.7	Item 17
z. Notice of Litigation	Sections 10.3, 14.3	Not applicable

ITEM 10

FINANCING

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

ITEM 11

FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Pre-Opening assistance. Prior to the opening of the location, we will provide the following initial services:

1. We will grant you a franchise to operate a SCHOOLEY MITCHELL® location described in the Franchise Agreement, Section 3 (Franchise Agreement, Sections 1, 3);
2. We will allow you to use our Operations Manual and instruct you in the way we run daily operations at a SCHOOLEY MITCHELL® location (Franchise Agreement, Sections 7, 9, 10, 11, 12, 13, and 14);
3. We do not select the site for your location. We do not approve the site for your location. We do not provide assistance with conforming the premises to local ordinances and building codes nor in obtaining any required permits. We do not provide assistance in constructing, remodeling, or decorating the premises. However, at your request, we will advise you in determining appropriate factors and considerations for selecting a site for the location. (Franchise Agreement, Section 2)

4. We do not provide assistance in hiring employees. However, we do provide training for employees through our Introductory Training Program. The franchisee must pay to the franchisor, \$600 for training for each employee, except those hired in the first year of operation for which there is no fee. Travel and living expenses for all employees must be paid by the franchisee. (Franchise Agreement, Sections 9.1 and 9.4)
5. We will provide an introductory orientation and indoctrination training program at our head office located in Stratford, Ontario, or other designated or virtual location (the “Introductory Training Program”) on the operation of a SCHOOLEY MITCHELL® location as described below. Before the opening of your location, you are required to attend the Introductory Training Program. There is no charge for the training course however, travel and living expenses for all attendees must be paid by the franchisee. (Franchise Agreement, Sections 7.3.b and 9.1)
6. We will deliver to you the opening marketing materials and supplies list. (Franchise Agreement, Section 9.9)
7. We may, at our option, designate a standard computerized bookkeeping, reporting and accounting system which must be utilized by you (Franchise Agreement, Section 7.3.c).

During the operation of the location, we:

1. Will provide general advisory assistance considered by us to be helpful to you in the ongoing operation, advertising and promotion of the franchised business (Franchise Agreement, Section 7.3).
2. Will let you use our confidential information. (Franchise Agreement, Sections 7, 10, and 11).
3. Will let you use our Marks. (Franchise Agreement, Section 10).
4. Will provide you with specifications and standards, and may provide general guidance and support. We may, but are not required to, advise you of operating problems found at your location, disclosed by reports submitted to us or inspections made by us. We may furnish to you such guidance and assistance in connection with the operation of your location as we deem appropriate. Such guidance and advice may include methods and operating procedures utilized by our other franchised locations; additional services authorized for sale by us, implementing advertising and procedures, sales and standard operating procedures for the proper functioning of a SCHOOLEY MITCHELL® location, and suggested pricing of services, although you are not required to follow any suggested prices. Additional guidance and assistance may be made available to you at your written request and in our sole discretion at fees and charges established by us (Franchise Agreement, Sections 7, 8, and 9);

5. We will administer a mandatory Quick Start and Mentoring Business Development Program called RAMP (Rapid Accelerated Mentoring Program). This program is in addition to the initial training at the Academy. The purpose of the RAMP Program is to provide assistance to you with the start-up of your business as it relates to the operation of your business, and assistance as it relates to sales, marketing, and client development. The RAMP Program consists of custom training programs, including operations and analysis assistance, and sales assistance, given by us, and may be different for standard franchises, builder franchises, and development franchises. (Franchise Agreement, Section 7.4.d).
6. Will approve or disapprove samples of all local advertising and promotional materials not prepared or previously approved by us which are submitted by you (Franchise Agreement, Section 9.9 and 9.13 and 13);
7. Will provide to you updates, revisions and amendments, if any, to the Operations Manual (Franchise Agreement, Section 11).
8. Will continue our efforts to establish and maintain high standards of quality, client satisfaction and service (Franchise Agreement, Section 7.4 c and 8).
9. Will provide to you a non-exclusive license to use our proprietary analysis software, and other appropriate software, if any (Franchise Agreement, Section 7.4.f).
10. Will provide to you a non-exclusive license to use our proprietary sales and marketing software and programs, if any (Franchise Agreement, Section 7.4.f).
11. At our sole discretion, may provide to you and your personnel our Continuing Education meetings at locations designated by us, as well as provide information about continuing education courses offered by outside vendors that may provide utility to you, and provide information about professional organizations and their meetings that may provide utility to you (Franchise Agreement, Section 7.4.d and 9.3);
12. At our sole discretion, may conduct an annual meeting at such place as shall be designated by us (Franchise Agreement, Section 7.4.d and 9.3);
13. May inspect the location and observe its operation to help you comply with the Franchise Agreement and all System standards. (Franchise Agreement, Section 7.4 and 9.10);
14. May offer you continuing services that we deem necessary or advisable (Franchise Agreement, Section 7.4).
15. Will not, subject to the provisions of the Franchise Agreement, unreasonably withhold our consent to a transfer of any interest by you in the franchised business (Franchise Agreement, Section 15.3).

Opening of Franchised Business. The typical length of time between the: (i) earlier of the (a) signing of the franchise agreement or (b) first payment of consideration for the franchise; and (ii) opening of the business is 60 days. The availability of the franchisee to attend the Introductory Training Program may affect the time period between signing of the franchise agreement or payment of consideration for the franchise and opening the business.

Training. The Introductory Training Program typically lasts for at least 6 days at The Academy, in our head office location, or may be offered virtually.

The Introductory Training Program is free of charge to you and, if applicable, your proposed designated trainees, except that you are responsible for costs associated with attending the program such as travel, lodging and meals (Franchise Agreement, Section 9).

You must complete the Introductory Training Program to our reasonable satisfaction, as determined by the specific program instructors listed in the training schedule. Training is mandatory for you, and for all employees of your Franchise. Employees may use the Distance Learning web-enabled training as an alternative to attending in person. Training at The Academy must be completed at least one day before you open for business.

If, during the Introductory Training Program, we determine, in our sole discretion, that you are not qualified to manage a SCHOOLEY MITCHELL® location, we have the right to terminate the Franchise Agreement, and we will refund 90% of the initial franchise fee, without interest.

As of our most recent fiscal year end, we provided the training listed in the table below. This training schedule is fully detailed in the Operations Manual and will change from time to time (Franchise Agreement, Section 9).

TRAINING PROGRAM

Training Schedule for SCHOOLEY MITCHELL®

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Orientation, Overview	1	0	Stratford, ON, or virtual
Sales and Marketing	7	0	Stratford, ON, or virtual
Sales and Marketing	8	0	Stratford, ON, or virtual
Sales and Marketing	8	0	Stratford, ON, or virtual
Systems and Tools Training	8	0	Stratford, ON, or virtual

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Case Study Training	8	0	Stratford, ON, or virtual
Case Study Training - Virtual	4	0	Stratford, ON, or virtual

The Introductory Training Program is conducted each month. The instructional materials we use in training are our Operations Manual, marketing manual, handouts and our internal intranet.

All franchisees as well as any employees, subcontractors, or partners that will be active in the business must attend the Introductory Training Program. One person in each franchise must attend the training program in person in Stratford, Ontario or virtually at our option. Any additional attendees may attend either in person or through the Distance Learning Program via the internet. The cost of the Introductory Training Program is included in the franchise fee for the Franchisee, partners, and/or spouses. The cost of training for any employees or subcontractors, whether attended in person or via the internet will be \$600.

Our Trainers

The training sessions are delivered by (relevant experience in the field and with the franchisor in brackets) Dennis Schooley (20 years in the field, all with the franchisor), Julie Beaney (5 years in the field, all with the franchisor), Erin Wagler (4 years in the field, all with the franchisor), Isabelle Withers (4 years in the field, all with the franchisor), and Scott Strawbridge (20 years in the field, 10 years with the franchisor), with assistance from various department heads and staff members in each appropriate area.

After the opening of your location, we have the right to require that you (or such managing partner or shareholder) and any manager complete supplemental and refresher training programs during the term of the franchise, to be furnished at locations designated by us. You are responsible for costs associated with attending training such as travel, lodging and meals (Franchise Agreement, Sections 7.4.d, 9.3).

After the opening of your location, we may, in our sole discretion, periodically coordinate and conduct optional and mandatory seminars, conferences and certain ongoing continuing education and training programs, meetings or seminars for our network of franchisees that we consider necessary. Such meetings may have a registration charge to you, and you are responsible for costs associated with attending the meetings such as travel, lodging and meals. We may conduct an Annual Training Conference at such place as shall be designated by us. You must pay a registration fee to us for each participant and you will be responsible for other costs associated with attending the convention such as travel, lodging, training materials and facilities, and meals. All franchisees, regardless of their location, pay the same amount for travel and accommodation for the Annual Training Conference. All franchisee travel arrangements are made by us. A pre-estimate of the cost of travel and accommodation for the Annual Conference is done by automated

withdrawal each month. (Franchise Agreement, Sections 7.4.d, 9.3). Builder franchisees may choose to attend a virtual 2-day weekend conference in lieu of the Annual Training Conference.

Advertising. We maintain, and administer a Marketing and Promotion Fund for the marketing and promotion of the SCHOOLEY MITCHELL® system. We may use the Fund for marketing, promotion and advertising; marketing research and development; franchisee individual or group advertising or marketing; local, regional, national, and international marketing; marketing on the internet; administration of advertising or marketing (including salaries, accounting, collection, legal, and other direct and indirect costs); related expenses; and any media or agency costs. The advertising may be disseminated in print, mail, telephone, radio, television, internet, or any other media. Coverage of the media may be local, regional, or national. The advertising may be prepared in-house or through various advertising agencies. Expenditures may not be proportionate to contributions or provide any direct benefit to any franchisee. We have sole discretion how to spend the Fund, and have no fiduciary duty with regard to the Fund. We make no representations that any particular expenditure made or benefit given will be for particular programs, particular franchisees, or particular locations or regions.

All franchisees must contribute to the Marketing and Promotion Fund. Our company-owned location does not contribute to the Fund. We administer the Fund, which is not audited, but will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the Fund and its programs, including conducting market research, creating and preparing advertising, promotion and marketing materials and collecting and accounting for contributions to the Fund (Franchise Agreement, Section 6.3). We will maintain and administer the Fund as we, in our sole discretion, may deem appropriate to promote the SCHOOLEY MITCHELL® brand nationally and internationally. We will direct all such programs, and will have sole discretion over the creative concepts, materials, and endorsements and media used in such programs, and the placement or allocation of such programs. We reserve the right to determine in our sole discretion the composition of all geographic territories and market areas for the implementation and development of such programs (Franchise Agreement, Section 6.3).

For standard franchises and development franchises, you will be required to contribute to the Marketing and Promotion Fund 2% of your Gross Sales in each calendar month, subject to certain minimum fees. The minimum fee for the 7th through 29th month during the initial term of the agreement is \$50 per month, and for the 30th and all subsequent months during the initial term of the agreement is \$100 per month. For builder franchises, you will be required to contribute to the Marketing and Promotion Fund 3% of your Gross Sales in each calendar month. There is no minimum fee for builder franchises. All amounts due shall be payable monthly, for as long as the Fund remains in operation. All amounts due shall be payable monthly, for as long as the Fund remains in operation.

We may spend, on behalf of the Fund, in any fiscal year, an amount greater or less than the aggregate contribution of all SCHOOLEY MITCHELL® locations in that year, and the Fund may borrow from us or others to cover deficits or invest any surplus for future use for the purposes described in the Franchise Agreement. All interest earned on monies contributed to the Fund will be expended. Fund contributions are not used to solicit or sell additional franchises. Upon request,

we will make available an annual unaudited statement of monies collected and costs incurred by the Fund.

The Marketing and Promotion Fund fees are not refundable. The Fund fees collected by us are not collected on behalf of any third parties, except to the extent such fees are imposed on behalf of third party advertising agencies, media sources and other sources of advertising selected in accordance with the Franchise Agreement.

The fees collected by the Marketing and Promotion Fund and any earnings thereon, are not and shall not be an asset of any franchisee or us. (Franchise Agreement, Section 6.3).

In the fiscal year ending February 28, 2023 the Fund was expended as follows:

Production	100%
Media placement	0%
Administrative Expenses	0%
Other (including R&D)	0%
Total	100%

There is an Advisory Council consisting of 8 franchisees that is elected each year by franchisees. That council provides input and advice regarding the use of the Marketing and Promotion Fund but does not have decision making authority. The Franchisor has the right to dissolve the Council at its own discretion.

Franchisees are not required to participate in any local or regional advertising cooperative.

Computer Systems. We will provide advice related to required computer systems for the operation of the location. The cost of purchasing the required computer systems will be less than \$1,000 from third parties. The estimated cost of an optional maintenance or support contract for the required computer system would be less than \$100 annually. We reserve the right to change the requirements related to required computer systems. Currently, franchisees must purchase or have available any personal computer that is an MS-WINDOWS system with a minimum Pentium microchip capacity that supports a minimum display setting of 1024 x 768 pixel resolution and will run a Mozilla Firefox Internet Browser, any letter quality printer, a continuous running updated version of approved anti-virus software, and any equipment necessary to operate software programs that we require. All hardware components are the proprietary property of their manufacturers, who need not provide ongoing maintenance, repairs, upgrades or updates unless you pay for them. Their charges vary. Your computer will be used by you in the course of completing consulting engagements on behalf of your clients using our proprietary software. There are no contractual limitations on our right to access this information. We have the right under the franchise agreement to access all information contained in your computer system relating to your SCHOOLEY MITCHELL® location. You have a contractual obligation to update hardware and software to meet our concurrent standards and specifications and to address technological developments. There is no contractual limitation on the frequency and cost of your obligations to upgrade your computer system or related hardware, although our current computer requirement is a Pentium level processor.

You must also purchase high speed Internet access.

Operations Manual. We will loan to you during the term of the Franchise Agreement one copy of a confidential Operations Manual which may include one or more manuals and other written materials (collectively, the “Operations Manual”) for the operation of a SCHOOLEY MITCHELL® location, containing mandatory and suggested specifications, standards and operating procedures required by us and information relative to your other obligations under the Franchise Agreement. We have the right to add to, and otherwise modify, the Operations Manual to reflect changes in authorized products and services, changes in specifications, standards and operating procedures of a SCHOOLEY MITCHELL® location. You must keep the Operations Manual confidential and current, and may not copy any part of the manual. The table of contents of the manual as of our last fiscal year end is attached to this Disclosure Document as Exhibit D (Franchise Agreement, Section 7.3 d and 11)

ITEM 12

TERRITORY

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

Although the geographic scope of your franchised business is unlimited, you are not permitted to directly or indirectly operate your franchised business from any other office location other than the single location approved by us.

We do not select the location from which you will operate your franchised business. Most Schooley Mitchell franchisees operate from their home, and that location is approved before the grant of the franchise license. If you subsequently choose to relocate your office, you must seek our prior written approval. We will provide a response to any written request from you for relocation within 10 days. We typically approve office locations based on one franchise per 200,000 residents, within a particular area, consisting of a number of counties, as determined in our sole discretion. For example, in an area with 1,000,000 residents, we would typically locate up to 5 offices, which may be located anywhere within that area. In some markets we may approve a higher density of office locations.

You are permitted to open a location and to conduct customary marketing and advertising activities in connection with the operation of your location. We retain all rights with respect to SCHOOLEY MITCHELL® locations, the Marks, the sale of similar or dissimilar products and services, and any other activities we deem appropriate whenever and wherever we desire, including but not limited to:

- (1) The right to operate and to grant others the right to operate SCHOOLEY MITCHELL® locations anywhere;
- (2) The right to establish or operate or license any other person or entity to establish locations which are not SCHOOLEY MITCHELL® locations. These non-SCHOOLEY MITCHELL® locations will not sell the same or similar products or

services as your location. We currently do not have plans to operate or license or franchise any businesses under a different trademark that will sell the same or similar products or services as your location;

- (3) The right to use other channels of distribution or license the use of alternative proprietary marks or methods in connection with the operation of business which will be different from the Franchise at any location on any terms and conditions we deem advisable without granting you any right thereto; and
- (4) The right to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided by SCHOOLEY MITCHELL® licensees, or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licenses of these businesses) are located or operating; and

We are not required to pay you if we exercise any of the rights specified above in proximity to your particular area where your office location is located.

You are not customarily granted options, rights of first refusal or similar rights to acquire additional franchises, although we do retain the right to grant such options or rights within our sole discretion. In order to acquire the right to open additional franchise locations under the Marks and the System, you must apply to us, obtain our approval, pay a new Initial Fee as determined by us, and execute a new Franchise Agreement for locations you desire to open. There is no guarantee that any such territory will be available to you at the time of your application or that you will be able to obtain our approval.

For standard and builder franchises, you do not have the right to open any additional locations or in any other territories without a Franchise Agreement. The Franchise Agreement that you will sign at the time of application for new locations may differ substantially from the Franchise Agreement that you will execute for your first locations, including, without limitation, a higher initial fee, and a higher royalty fee.

For development franchises, you may establish and operate up to 10 satellite locations in markets other than the location of the licensed business. You must obtain our prior approval for all satellite locations and must complete our location review process for all proposed satellite locations. We may accept or reject a proposed satellite location in our reasonable discretion if we believe the market will not support the satellite location or the market is saturated with existing Schooley Mitchell® licensees. If we accept a proposed satellite location we will notify you in writing, and you and we will sign an addendum to the Franchise Agreement adding the satellite location address. We will respond to any satellite location review request within approximately 30 days of receipt of your request, or within about 15 days after receipt of any additional information we request.

If you wish to relocate your franchise, you may request our consent to relocate to another site. We will not unreasonably withhold our consent, but such consent must be in writing to be effective. We will charge you for our expenses, including commissions, legal and accounting expenses,

incurred in connection with the relocation. In any event, these expenses will not exceed five thousand dollars (\$5,000).


We do not restrict you from soliciting or accepting clients from outside your territory, but you do not have a right to use other channels of distribution to make sales outside your territory.

ITEM 13

TRADEMARKS

Under the Franchise Agreement, we grant you the non-exclusive right to use our trademarks in connection with the operation of the location. You may also use our other current or future trademarks to operate the location. By trademark we mean trade names, trademarks, service marks, logos, décor, trade dress, lay out, domain names, and other commercial symbols used to identify the business.

Our primary trademark is SCHOOLEY MITCHELL. Our Marks that are registered with the United States Patent and Trademark Office (“PTO”) are listed below.

Mark	Registration Number	Registration Date	Principal or Supplemental Register of the PTO
SCHOOLEY MITCHELL	4839604	October 27, 2015	Principal
	4839605	October 27, 2015	Principal

All affidavits have been filed. We intend to renew our trademarks at the times required by law. We also claim common law rights in our trademarks based on our prior usage.

To our knowledge, there are presently no effective material determinations by the PTO, the Trademark Trial And Appeal Board, the trademark administrator of any state or any court, nor any pending interference, opposition or cancellation proceeding or material litigation involving the marks.

You will have the right to use all of our trademarks in the operation of the location. However, you must use the trademarks only for the operation of your location and in the manner authorized by us. You cannot use the name or trademarks as part of a corporate name or your Internet domain name or any similar Internet identifier or account name, or on any employee forms, or with any modifying words, designs or symbols except for those which we license to you. You may not use our marks in connection with the sale of unauthorized goods or services, or in a manner not authorized in writing by us.

We have no agreements that limit our right to use or license our marks in any manner.

You must notify us immediately in writing of any apparent infringement or challenge to your use of our trademarks. We have the sole discretion to take such action as we deem appropriate. We are not obligated by the Franchise Agreement or other agreement to participate in your defense or to indemnify you if you are a party to any administrative or judicial proceeding involving our marks.

You may not, without our written consent, in our sole discretion, commence or prosecute, or seek leave to intervene in any litigation or other proceeding, including any arbitration proceeding, in which you purport to enforce any right or recover any element of damage arising from the use or infringement of any of the marks or unfair competition resulting there from.

If it becomes advisable at any time, in our sole discretion, to modify or discontinue use of any marks, and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions with respect thereto within a reasonable time after notice thereof by us. We have no liability to you in connection therewith.

We are unaware of any infringing uses that could materially affect your use of our trademark.

All your usage of the marks granted under the Franchise Agreement is nonexclusive, and we retain the right, among others: (a) to use the marks in connection with selling products and services; (b) to grant other licenses for the marks, in addition to those licenses already granted to existing franchisees; (c) to develop and establish other systems using the same or similar marks, or any other proprietary marks, and to grant licenses or franchises in those systems without providing any rights to you.

You will not receive any interest in the marks. You may not at any time contest the validity or ownership of the marks, including any marks which we license to you after you sign the Franchise Agreement. All of your usage of the marks and any goodwill established from their use will inure to the benefit of us, our successors and assigns.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents are material to the franchise. We claim copyright protection of the Operations Manual and related materials, our software, databases, and other documents indicating indicia of the System, and other brand identity/marketing/advertisement/promotional materials, although such materials may not have been registered with the United States Copyright Office. These materials are considered proprietary and confidential and are considered our property and may be used by you only as provided in the Franchise Agreement. We reserve the right to register any of our copyrighted materials at any time we deem appropriate.

There currently are no effective determinations of the Copyright Office (Library of Congress), or any court regarding any of the copyrighted materials. There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. There are no infringing uses actually known to us, which could materially affect your use of the copyrighted materials in any state. We are not required by any agreement to protect or defend any patent, trademark, or copyright.

We possess certain confidential information including the methods, techniques, formats, specifications, procedures, information, systems and knowledge of and experience in the operation and franchising of the System (the “Confidential Information”). We will disclose certain of the Confidential Information to you during the training programs, seminars and conventions, in the Operations Manual and in guidance furnished to you during the term of the Franchise Agreement.

The Franchise Agreement provides that you will not acquire any interest in the Confidential Information other than the right to utilize it in the development and operation of a SCHOOLEY MITCHELL® location during the term of the Franchise Agreement, and that the use or duplication of the Confidential Information in any other business would constitute unfair competition. You also agree that the Confidential Information is proprietary to us and is disclosed to you solely on the condition that you (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of the Franchise Agreement; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form; (4) will adopt and implement all reasonable procedures required by us to prevent unauthorized use or disclosure of the Confidential Information, including without limitation, restrictions on disclosure thereof to employees of the location and the use of nondisclosure and non-competition clauses in employment agreements with such persons.

You must conduct the location according to the Operations Manual. You will receive one copy of the Operations Manual on loan from us during the training program that is required under the Franchise Agreement, and you must retain it for the term of the Franchise Agreement and update it periodically as directed by us. You must at all times treat the Operations Manual, any other manuals or written directions or instructions regarding the operation of the location, and the information they contain as secret and confidential. You must not at any time copy, duplicate, record or reproduce these materials without our prior written consent or make them available to any unauthorized person.

The Operations Manual will at all times remain our property exclusively, and your following the Operations Manual is a critical factor in the operations of your location. We may revise the Operations Manual, and you must comply with each new or changed standard, although these new and changed standards will not materially affect your rights and responsibilities under the Franchise Agreement. If there arises any dispute concerning the contents of the Operations Manual, the terms of the master copy of the Operations Manual that we maintain at our home office will control.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

For standard franchises, you are only permitted to carry on the business of operating a SCHOOLEY MITCHELL® office and may not engage in the sale of any other products or services without first obtaining our written consent. For purposes of clarity, this provision is not intended to affect passive income such as that from investments, real estate, or like income. It is intended to ensure that SCHOOLEY MITCHELL® franchisees are dedicated to the development of the

SCHOOLEY MITCHELL® business, and not directly involved in employment, or the operation of other active businesses, without our approval.

The Franchise Agreement provides that you or a fully-trained manager who has been approved in writing by us will devote full time effort and attention to the honest, diligent and faithful operation and supervision of the licensed business. We recommend, but do not require, that you supervise your location by actively participating in the operations of the location. We do not require your manager to own an equity interest in the franchise business.

For builder franchises, you may maintain other employment and operate your SCHOOLEY MITCHELL® franchise on a part-time basis.

For development franchises, you may establish and operate up to 10 satellite locations in markets other than the location of the licensed business. A fully-trained manager who has been approved in writing by us must devote full time effort and attention to the honest, diligent and faithful operation and supervision of the licensed business, but you may hire or subcontract for the provision of services at satellite locations.

You or your manager must use his or her best efforts in the operation of the location. You and, if applicable, your manager must successfully complete our training program.

We may require you to use an employment agreement for your key employees that will protect the secrecy of our trade secrets and Confidential Information, and your employment agreement also must contain a covenant against competition within a geographic area and for a length of time designated by us.

Your non-competition obligations during the term of the Franchise Agreement are described in Item 14 and 17 of this Franchise Disclosure Document.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You are required to offer for sale only products and services that have been approved and specified by us, including any updates that are incorporated in the Operations Manual from time to time. You may not offer for sale any products or services not specifically approved by us in writing. We may periodically change required and/or authorized products and services. There are no limits in our rights to do so (See Item 8).

Franchisees are not required to sell all goods and services approved by the franchisor.

We do not impose any restrictions or conditions that limit your access to customers.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Length of the term of the franchise	Section 4.1; Builder Franchise Addendum	Standard franchise and development franchise: Agreement starts on Effective Date and ends 10 years thereafter. Builder franchise: Agreement starts on Effective Date and ends 5 years thereafter.
b. Renewal or extension of the term	Section 4.2	You are permitted to renew once for one 5-year term if you meet the requirements set forth in Section 4.2 of the Franchise Agreement
c. Requirements for franchisee to renew or extend	Section 4.2 (a) – (g)	12 month advance written notice to extend term; meet then-current standards for a new franchisee; not be in default of any of your obligations under the Franchise Agreement, including obligation to be current in payment of all monetary obligations to us; sign a general release of any and all claims against the Licensor; sign most current form of Franchise Agreement which may contain substantially different terms and conditions than your current Franchise Agreement. If you seek to renew your franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights.
d. Termination by franchise	Section 19.11	You may terminate the Franchise Agreement by notice to us if we fail to perform material obligations and an arbitrator determines that we did not cure default after notice from you. These provisions are subject to state law.
e. Termination by franchisor without cause	Not applicable.	Not applicable.

Provision	Section in Franchise Agreement	Summary
f. Termination by franchisor with “cause”	Section 17	We can terminate the Agreement by notice to you, with or without a cure period, if you breach a material provision of the Franchise Agreement.
g. “Cause” defined – curable defaults	Sections 17.3	You will have thirty (30) days after notice to cure monetary and operational defaults not specifically listed in Section 17.2 of the Franchise Agreement.
h. “Cause” defined – defaults which cannot be cured	Section 17.1 and 17.2	You will not have an opportunity to cure defaults under this section, and we are entitled to terminate the Franchise Agreement upon notice; e.g., if you file for bankruptcy, become insolvent, submit false reports or financial statements, are convicted of a felony or crime, use the Marks in a non-permissible manner, or act in some other manner detailed in Section 17 (a) – (s) of the Franchise Agreement.
i. Franchisee’s obligations on termination/non renewable	Section 18.1	Upon termination you shall cease operating as a SCHOOLEY MITCHELL® franchise, pay all sums due us, cease to use the Marks, cancel any fictitious name which contains the Marks, turn over all manuals, records, files and any materials relating to the operation of the location, cancel or transfer all telephone numbers and directory listings to us, and comply with all covenants.
j. Assignment of contract by franchisor	Section 15.1	We may transfer the Franchise Agreement without your consent.
k. “Transfer” by franchisee – defined	Section 15.2	Includes transfer of contract, assets, or ownership change
l. Franchisor approval of transfer by franchisee	Section 15.2	You cannot transfer the Franchise Agreement without our consent.
m. Conditions for franchisor approval of transfer	Section 15.3 (a) – (k)	Submit organizational documents, payment of all outstanding fees, release and discharge by you, you are not in default, new franchisee meets the then-current standards for a new franchisee of SCHOOLEY MITCHELL®, transferee agrees to be bound by all terms of Franchise Agreement, transferee attends training, you and transferee execute and deliver all required documents, including a general release by you of all claims against us, except to the extent such release is superseded by state law, payment of transfer fee.

Provision	Section in Franchise Agreement	Summary
n. Franchisor's right of first refusal to acquire franchisee's business	Section 15.6	Upon death or incapacity we must receive written notice of intent to sell or otherwise transfer the Franchise Agreement. We have 5 days from the date that you give us written notice to determine whether we will exercise our right of first refusal. We can match any bona fide written offer for the location.
o. Franchisor's option to purchase franchisee's business	Section 19.6	At termination or expiration of the Franchise Agreement, we have the option to purchase your assets for fair market value of any work in progress. If we are unable to agree with you regarding the fair market value, it will be determined by an independent appraiser.
p. Death or disability of franchisee	Section 15.5	The deceased or mentally incapacitated person must transfer his or her interest in the location to an approved individual or entity within 6 months of death or incapacity. We must approve all transfers.
q. Non-competition covenants during the term of the franchise	Section 9.15	You must not have an interest in a competing business in North America and must not attempt to divert customers of SCHOOLEY MITCHELL® to any competitive business.
r. Non-competition covenants after the franchise is terminated or expires	Section 9.15	You must not have an interest in a competing business in North America and must not attempt to divert customers of SCHOOLEY MITCHELL® to any competitive business for a period of 2 years after your Franchise Agreement is terminated. You must completely disassociate yourself from the Marks and return the Operations Manual and other confidential materials provided to you by us. You may not divert any business from us or our franchisees. You must also cancel or transfer all telephone numbers and directory listings to us.
s. Modification of the agreement	Section 21.1	Changes to the Franchise Agreement must be made in writing and agreed to by both parties.

Provision	Section in Franchise Agreement	Summary
t. Integration/merger clause	Section 21.9	Only the terms of the Franchise Agreement (including System standards in the Operations Manual) are binding and enforceable (subject to your state's law). Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u. Dispute resolution by arbitration or mediation	Section 19.1	All disputes, except as explicitly set forth in the Franchise Agreement, shall be submitted to binding arbitration in Detroit, Michigan in accordance with the commercial arbitration rules of the American Arbitration Association. These provisions are subject to state law.
v. Choice of forum	Section 19.1	Subject to the arbitration requirement, litigation generally must be in courts in Detroit, Michigan (subject to state laws).
w. Choice of law	Section 21.7	Delaware law applies except where individual state laws supersede, as reflected in any state-specific attachment to the Franchise Agreement, subject to state law.

The State Addenda in Exhibit F, to the extent applicable, may also describe certain state laws that may supersede the franchise agreement in your relationship with us.

ITEM 18

PUBLIC FIGURES

We do not use any public figure to promote the SCHOOLEY MITCHELL® franchise System. You are not prohibited by the Franchise Agreement from using the name of a public figure or celebrity in your own promotional efforts or advertising; however, all advertising requires our prior approval.

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.

This is a historic financial performance representation of active franchisees that operate a franchise substantially similar to the type offered in this Disclosure Document. The following tables present unaudited information about the historical Annual Secured Revenue generated by 184 of our franchisees during the 12 months ending May 31, 2023 (the “Reporting Year”). “Annual Secured Revenue” means the revenue a franchisee has received or expects to receive under all franchisee customer contracts that were signed during the Reporting Year. For example, if during the Reporting Year a franchisee signed a contract with a customer achieving that customer \$60,000 in savings over three years and earning the franchisee a \$30,000 commission from the customer paid over the life of that contract, that franchisee has obtained \$30,000 of Annual Secured Revenue in the Reporting Year. Annual Secured Revenue does not include any deductions for fees, costs, or expenses.

The financial performance information is separated into two tables: one for Full-Time Franchisees, and one for Part-Time Franchisees. We do not track the number of hours our franchisees work, but we can determine through their interactions with our systems and staff which franchisees are dedicating their full time and attention to the franchised business (“Full-Time Franchisees”). For ease of presentation, we have delineated Full-Time Franchisees as those franchisees obtaining Annual Secured Revenue of at least \$4,000 per month during the Reporting Year. “Part-Time Franchisees” are those franchisees that obtain Annual Secured Revenue of less than \$4,000 per month during the Reporting Year.

The franchise information contained in this Item 19 does not include data for (i) company-owned and company-affiliated outlets; (ii) the 20 franchisees who ceased operating during the Reporting Year, and (iii) the 48 new franchisees that began operating during the Reporting Year.

Table 1: Annual Secured Revenue of Full-Time Franchisees by Range for the 12 Months Ending May 31, 2023

Number of Full-Time Franchisees	Range ¹	Average Annual Secured Revenue	Median Annual Secured Revenue	Highest Annual Secured Revenue in the range	Lowest Annual Secured Revenue in the range	# of Full-Time Franchisees achieving the average	% of all Full-Time Franchisees achieving the average	# of Full-Time Franchisees in range achieving the average	% of all Full-Time Franchisees in range achieving the average
Quartiles									
15	1st Quartile	\$801,346	\$453,765	\$3,104,362	\$248,754	5	33%	5	33%
15	2nd Quartile	\$173,857	\$172,864	\$243,678	\$125,097	21	70%	6	40%
16	3rd Quartile	\$102,685	\$105,763	\$123,519	\$91,797	39	85%	9	56%
17	4th Quartile	\$61,816	\$63,490	\$73,021	\$48,851	56	89%	9	53%
Deciles									
6	1st Decile	\$1,481,983	\$1,447,945	\$3,104,362	\$600,253	3	50%	3	50%
6	2nd Decile	\$390,364	\$398,882	\$453,765	\$327,520	9	75%	3	50%
6	3rd Decile	\$250,254	\$248,754	\$288,152	\$231,850	13	72%	1	17%
6	4th Decile	\$180,206	\$178,844	\$207,757	\$159,486	20	83%	2	33%
6	5th Decile	\$135,203	\$141,370	\$150,675	\$125,097	27	90%	3	50%
6	6th Decile	\$118,529	\$120,622	\$123,519	\$115,708	33	92%	3	50%
6	7th Decile	\$101,547	\$103,281	\$111,639	\$91,797	40	95%	4	43%
7	8th Decile	\$76,645	\$80,735	\$86,213	\$69,269	45	92%	3	43%
7	9th Decile	\$65,143	\$66,361	\$68,300	\$62,572	52	93%	3	43%
7	10th Decile	\$54,409	\$57,651	\$61,078	\$48,851	60	95%	4	57%
All Full-Time Franchises									
63	All	\$274,951	\$123,519	\$3,104,362	\$48,851	13	21%	13	21%

Table 2: Annual Secured Revenue of Part-Time Franchisees for the 12 Months Ending May 31, 2023

Number of Part-Time Franchisees	Average Annual Secured Revenue	Median Annual Secured Revenue	Highest Annual Secured Revenue	Lowest Annual Secured Revenue	# of Part-Time Franchisees achieving the average	% of all Part-Time Franchisees achieving the average
132	\$13,253	\$11,087	\$47,764	0	47	39%

Note:

1. “Range” refers to the relative performance ranking of the franchisees. Therefore, the “1st Quartile” range refers to the top 25% of the franchisee count, ranked by Annual Secured Revenue, the “2nd Quartile” range refers to the next 25% of the franchisee count, and so on. The “1st Decile” range refers to the top 10% of the franchisee count, ranked by Annual Secured Revenue, the “2nd Decile” range refers to the next 10% of the franchisee count, and so on.

2. The “Average Annual Secured Revenue” is calculated by adding up all Annual Secured Revenue figures and dividing by the number of figures counted. The “Median Annual Secured Revenue” is calculated by placing all Annual Secured Revenue figures being counted in order of ascending or descending value and finding the middle figure in the list. If there is an even number of figures, the median is calculated by adding the middle two figures and dividing by two.

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

Written substantiation of the data presented in this financial performance representation will be made available to you upon reasonable request.

Other than the preceding financial performance representation, we do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Dennis Schooley, 1030 Erie Street, Stratford, Ontario, N4Z 0A1, 519-271-6477, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

The numbers appearing in the tables below cover each of our fiscal years ending February 28 each year.

Table 1 Systemwide Outlet Summary For Years 2021 to 2023				
Outlet Type	Year	Outlets Operating at the Start of the Year	Outlets Operating at the End of the Year	Net Change
Franchised - U.S.	2021	122	168	+46
	2022	168	194	+26
	2023	194	201	+7
Franchised – Canada	2021	21	24	+3
	2022	24	26	+2
	2023	26	29	+3
Company-Owned – U.S.	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Company-Owned – Canada ¹	2021	1	1	0
	2022	1	1	0
	2023	1	1	0
Total Outlets	2021	144	193	+49
	2022	193	221	+28
	2023	221	231	+10

¹ Company-owned outlets are locations owned by affiliated companies that are substantially similar to those offered to prospective franchisees.

Table 2 Transfers of Operating Outlets from Franchisees to New Owners (other than Us) For Years 2021 to 2023		
State	Year	Number of Transfers
Total	2020	0
	2021	0
	2022	0

Table 3 Status of Franchised Outlets For Years 2021 to 2023								
State	Year	Outlets Operating at Start of Year	Outlets Opened	Termi- nations	Non- Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets Operating at End of Year
AL	2021	1	0	0	0	0	1	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
AZ	2021	6	6	0	0	0	2	10
	2022	10	1	0	0	0	4	7
	2023	7	1	0	0	0	3	5
AR	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	1	1
CA	2021	3	3	0	0	0	0	6
	2022	6	2	0	0	0	1	7
	2023	7	6	0	0	0	2	12*
CO	2021	7	3	0	0	0	1	9
	2022	9	1	0	0	0	1	9
	2023	9	2	0	0	0	2	8*
CT	2021	7	1	0	0	0	1	7
	2022	7	0	0	0	0	0	7
	2023	7	0	0	0	0	1	6
DE	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
FL	2021	3	2	0	0	0	0	5
	2022	5	6	0	0	0	1	10
	2023	10	2	0	0	0	2	10
GA	2021	5	5	0	0	0	0	10
	2022	10	1	0	0	0	0	11
	2023	11	2	0	0	0	2	10*
HI	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
IL	2021	0	3	0	0	0	0	3
	2022	3	2	0	0	0	0	5
	2023	5	2	0	0	0	0	8*
IN	2021	1	2	0	0	0	0	3
	2022	3	3	0	0	0	0	6
	2023	6	1	0	0	0	2	5*
IA	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	1*

Table 3 Status of Franchised Outlets For Years 2021 to 2023								
State	Year	Outlets Operating at Start of Year	Outlets Opened	Termi- nations	Non- Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets Operating at End of Year
KS	2021	1	1	0	0	0	0	2
	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
KY	2021	4	2	0	0	0	1	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
ME	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
	2023	2	0	0	0	0	0	2
MD	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
MA	2021	7	1	0	0	0	0	8
	2022	8	1	0	0	0	1	8
	2023	8	0	0	0	0	0	8
MI	2021	5	2	0	0	0	0	7
	2022	7	0	0	0	0	0	7
	2023	7	1	0	0	0	0	8
MN	2021	3	0	0	0	0	0	3
	2022	3	1	0	0	0	0	4
	2023	4	1	0	0	0	2	3
MO	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	1	2
	2023	2	0	0	0	0	0	2
MT	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
NE	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
NV	2021	2	1	0	0	0	0	3
	2022	3	1	0	0	0	0	4
	2023	4	0	0	0	0	1	3
NH	2021	1	2	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	2	1
NJ	2021	10	2	0	0	0	2	10
	2022	10	1	0	0	0	2	9
	2023	9	1	0	0	0	1	9

Table 3 Status of Franchised Outlets For Years 2021 to 2023								
State	Year	Outlets Operating at Start of Year	Outlets Opened	Termi- nations	Non- Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets Operating at End of Year
NY	2021	3	2	0	0	0	1	4
	2022	4	2	0	0	0	0	6
	2023	6	1	0	0	0	0	7
NC	2021	8	2	0	0	0	2	8
	2022	8	1	0	0	0	1	8
	2023	8	1	0	0	0	2	7
OH	2021	7	1	0	0	0	1	7
	2022	7	2	0	0	0	2	7
	2023	7	2	0	0	0	2	7
OK	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
OR	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
PA	2021	6	3	0	0	0	0	9
	2022	9	2	0	0	0	0	11
	2023	11	3	0	0	0	1	13
SC	2021	2	2	0	0	0	1	3
	2022	3	0	0	0	0	0	3
	2023	3	1	0	0	0	0	4
TN	2021	5	1	0	0	0	0	6
	2022	6	1	0	0	0	1	6
	2023	6	2	0	0	0	2	6
TX	2021	14	3	0	0	0	1	16
	2022	16	5	0	0	0	2	19
	2023	19	4	0	0	0	3	19*
UT	2021	1	2	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
VA	2021	0	3	0	0	0	0	3
	2022	3	1	0	0	0	0	4
	2023	4	2	0	0	0	0	6
WA	2021	3	1	0	0	0	0	4
	2022	4	2	0	0	0	0	6
	2023	6	2	0	0	0	1	7

Table 3 Status of Franchised Outlets For Years 2021 to 2023								
State	Year	Outlets Operating at Start of Year	Outlets Opened	Termi- nations	Non- Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets Operating at End of Year
WI	2021	0	2	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3
Total	2021	122	62	0	0	0	16	168
	2022	168	43	0	0	0	17	194
	2023	194	39	0	0	0	32	201

*The business address for each of the following franchisees moved to another state, but each still services clients in the original location:

Bakersfield, CA moved from GA

Fort Wayne, IN moved from CO

Clinton, IA moved from Texas

Province	Year	Outlets Operating at Start of Year	Outlets Opened	Termi- nations	Non- Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets Operating at End of Year
Alberta	2021	4	1	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
British Columbia	2021	3	1	0	0	0	1	3
	2022	3	1	0	0	0	1	3
	2023	3	1	0	0	0	1	3
Manitoba	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Nova Scotia	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Ontario	2021	11	3	0	0	0	1	13
	2022	13	3	0	0	0	2	14
	2023	14	4	0	0	0	1	17
Saskatchewan	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Total	2021	21	5	0	0	0	2	24
	2022	24	5	0	0	0	3	26
	2023	26	5	0	0	0	2	29

Table 4 Status of Operating Company Owned Outlets¹ For Years 2021 to 2023							
Province	Year	Outlets Operating at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets Operating at End of Year
U.S.	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Ontario, Canada	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Totals	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1

¹ Company-owned outlets are locations owned by affiliated companies that are substantially similar to those offered to prospective franchisees.

Table 5 Projected Openings as of February 28, 2023			
State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
AL	0	1	0
AZ	0	1	0
AK	0	1	0
CA	0	5	0
CO	0	1	0
CT	0	1	0
DE	0	1	0
FL	0	2	0
GA	0	1	0
ID	0	1	0
IL	0	4	0
IN	0	1	0
IA	0	1	0
KS	0	1	0
KY	0	1	0
MD	0	2	0
MA	0	2	0
MI	0	2	0
MN	0	1	0
MO	0	1	0
NV	0	1	0
NH	0	1	0

<p align="center">Table 5</p> <p align="center">Projected Openings as of February 28, 2023</p>			
State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
NJ	0	2	0
NY	0	5	0
NC	0	1	0
OH	0	2	0
OR	0	1	0
PA	0	2	0
SC	0	1	0
TN	0	1	0
TX	0	4	0
UT	0	1	0
VA	0	3	0
WA	0	2	0
WV	0	1	0
WI	0	1	0
WY	0	1	0
Totals	0	61	0

Exhibit C1 lists the names of all of our operating franchisees and the addresses and telephone numbers of their offices as of the end of our last fiscal year (unless another date is stated on the list). Exhibit C2 lists the name, city and state, and business telephone number of every franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last 3 years, we have not signed any confidentiality clauses with current or former franchisees which would restrict them from speaking openly with you about their experience with us.

The SCHOOLEY MITCHELL® Advisory Council is sponsored by us but its members are elected by Franchisees. You can reach the Advisory Council at 104 Appian Way, Dartmouth, Nova Scotia, B2X 3H4, 902-435-4578, john.campbell@schooleymitchell.com or 7142 Cuesta Way N.E., Rockford, Michigan, 49341, 616-884-0058 greg.wisz@schooleymitchell.com.

ITEM 21

FINANCIAL STATEMENTS

Attached as Exhibit E are the audited financial statements of 1073355 Ontario Limited operating as SCHOOLEY MITCHELL® for the fiscal years ended February 28, 2023, February 28, 2022

and February 28, 2021; and the interim unaudited financial statements for the period ended June 30, 2023.

Our financial statements are presented in our functional currency, which is Canadian dollars. The U.S. Federal Reserve certified exchange rate for Canadian dollars per U.S. dollar was 1.3616 on February 28, 2023; 1.2662 on February 28, 2022; and 1.2698 on February 26, 2021. The U.S. Federal Reserve data are noon buying rates in New York for cable transfers payable in Canadian dollars.

ITEM 22

CONTRACTS

The contracts following this Item 22 are listed in the order in which they appear as exhibits to this Franchise Disclosure Document. At this time, these are the only contracts that we expect that we will enter into with a franchisee in any state, although we reserve the right to enter into different types of contracts with franchisees as our business develops. As a prospective franchisee, you should obtain independent legal and financial advice concerning this franchise offering as you deem appropriate before making any commitment.

Exhibit B: The Franchise Agreement, with Builder Franchise Addendum and Development Franchise Addendum

Exhibit F: State Specific Addendum

Exhibit G: SBA Franchise Addendum

Exhibit H: Disclosure Acknowledgement Statement

Exhibit I: Application and Confidential Qualification Report

Exhibit J: Receipt of Completed Agreements

ITEM 23

RECEIPT

Two copies of an acknowledgment of your receipt of this Franchise Disclosure Document are attached to this Franchise Disclosure Document as Exhibit L. Please complete both copies, detach and return the copy marked “Our Copy” to us and keep the other copy in the Franchise Disclosure Document for your own records.

EXHIBIT A

SCHOOLEY MITCHELL®

FRANCHISE DISCLOSURE DOCUMENT

**NAMES AND ADDRESSES OF STATE REGULATORY
AUTHORITIES AND AGENTS FOR SERVICE OF
PROCESS IN CERTAIN STATES**

EXHIBIT A**NAMES AND ADDRESSES OF STATE REGULATORY AUTHORITIES
AND AGENTS FOR SERVICE OF PROCESS IN CERTAIN STATES**

STATE	STATE REGULATORY AUTHORITY	AGENT FOR SERVICE OF PROCESS
California	Commissioner of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 (866) 275-2677 One Sansome Street, Suite 600 San Francisco, CA 94104 (415) 972-8559 www.dfpi.ca.gov Ask.DFPI@dfpi.ca.gov	Commissioner of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 (866) 275-2677 One Sansome Street, Suite 600 San Francisco, CA 94104 (415) 972-8559 www.dfpi.ca.gov Ask.DFPI@dfpi.ca.gov
Connecticut	Banking Commissioner 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	[Not Applicable]
Florida	Dept of Agriculture & Consumer Services Division of Consumer Services 2005 Apalachee Pkwy. Tallahassee, FL 32399-6500 (850) 410-3800	[Not Applicable]
Hawaii	Business Registration Division Department of Commerce & Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii, Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street Room 203 Honolulu, HI 96813 (808) 586-2722
Illinois	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465
Indiana	Indiana Secretary of State Securities Division, E-111 302 West Washington Street, Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 302 West Washington Street, Room E-111 Indianapolis, IN 46204 (317) 232-6681

STATE	STATE REGULATORY AUTHORITY	AGENT FOR SERVICE OF PROCESS
Maryland	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2021 (410) 576-6360	Maryland Securities Commissioner at the Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2021 (410) 576-6360
Michigan	Consumer Protection Division Michigan Department of Attorney General G. Mennen Williams Building, 1 st Floor 525 W. Ottawa Street Lansing, MI 48933 (517) 373-7117	Michigan Department of Consumer and Industry Services Corporations, Securities & Commercial Licensing Bureau P.O. Box 30018 Lansing, MI 48909 2407 N Grand River Ave Lansing, MI 48906 (517) 241-6470
Minnesota	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600	Minnesota Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600
Nebraska	Staff Attorney Department of Banking and Finance Commerce Court 1230 "O" Street, Suite 400 Lincoln, NE 68508-1402 (402) 471-3445	[Not Applicable]
New York	NYS Department of Law Investor Protection Bureau 28 Liberty St., 21 st Floor New York, NY 10005 (212) 416-8222	New York Secretary of State 99 Washington Avenue Albany, NY 12231 (518) 473-2492
North Dakota	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fourteenth Floor, Dept 414 Bismarck, ND 58505 (701) 328-4712	North Dakota Securities Commissioner 600 East Boulevard Avenue State Capitol, Fourteenth Floor, Dept 414 Bismarck, ND 58505 (701) 328-4712
Oregon	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310 (503) 378-4387	[Not Applicable]
Rhode Island	Department of Business Regulation State of Rhode Island Securities Division Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, RI 02920 (401) 222-3048	Director Department of Business Regulation State of Rhode Island Securities Division 1511 Pontiac Avenue John O. Pastore Center Cranston, RI 02920 (401) 462-9588

STATE	STATE REGULATORY AUTHORITY	AGENT FOR SERVICE OF PROCESS
South Dakota	Department of Labor and Regulation Division of Insurance Securities Regulation 124 S Euclid, Second Floor Pierre SD 57501 (605) 773-3563	Director, Department of Labor and Regulation Division of Insurance Securities Regulation 124 S Euclid, Second Floor Pierre, SD 57501 (605) 773-3563
Texas	Secretary of State Statutory Document Section 1019 Brazos Austin, Texas 78701 (512) 475-0775	[Not Applicable]
Utah	Division of Consumer Protection Utah Department of Commerce 160 East 300 South Salt Lake City, UT 84111 (801) 530-6601	[Not Applicable]
Virginia	State Corporation Commission Division of Securities and Retail Franchising Ninth Floor 1300 East Main Street Richmond, VA 23219 (804) 371-9051	Clerk, State Corporation Commission 1300 East Main Street, First Floor Richmond, VA 23219 (804) 371-9733
Washington	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Director, Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, WA 98501 (360) 902-8760
Wisconsin	Division of Securities Department of Financial Institutions 4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 266-0448	Administrator, Division of Securities Department of Financial Institutions 4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 266-2139
Federal Trade Commission	Bureau of Consumer Protection 600 Pennsylvania Avenue, NW Washington, D.C. 20580 (877)-382-4357	[Not Applicable]

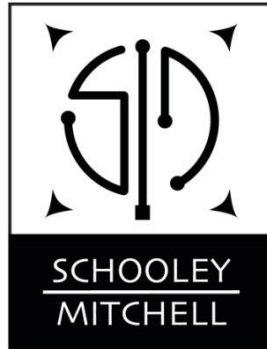
If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process.

There may also be additional agents appointed in some of the states listed.

EXHIBIT B

SCHOOLEY MITCHELL®
FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE LICENSE AGREEMENT



Franchise License Agreement

The corporation designated as Licensor on Schedule 1 of this Agreement

(the "Licensor")

- and -

The individual(s) set out on
Schedule 1 of this Agreement

(collectively, the "Licensee")

1. Background

- 1.1 System** - As the result of a significant expenditure of time, skill, effort and money, the Licensor has developed and owns a unique and proprietary System relating to the establishment, development and operation of individual consulting business specializing in the provision to the public of cost reduction consulting services in various expense categories (which may include telecommunication, merchant services, small package shipping, waste management, electronic logging devices, e-signature software, utilities, fuel, software as a service, and storage), and other consulting services and other related products and services, which must be operated in accordance with uniform equipment, systems, methods, procedures and designs, and under the Licensor's proprietary marks.
- 1.2 Marks** - In connection with its business of licensing and regulating Schooley Mitchell™ licensees the Licensor has developed, used and continues to use and control the use of certain proprietary interests, trademarks, service marks and trade names to identify to the public the source of goods and services marketed under such trademarks and to represent to the public high and uniform standards of quality and service.
- 1.3 Distinguishing Characteristics** - The distinguishing characteristics of the System include, without limitation, unique methods, proprietary tools and software, technical assistance and training in the operation, management and promotion of the Licensed Business, sales and marketing systems, financial management tools, specialized reporting, bookkeeping and accounting methods and

advertising and promotional programs, all of which may be changed, improved and further developed by the Licensor.

- 1.4 Desire to Obtain License** - The Licensee desires to obtain the right and License to use the Marks and System in connection with the operation of a Schooley Mitchell™ licensed business in accordance with the terms of this Agreement and the Manual and at the Location specified in this Agreement.
- 1.5 Licensee's Independent Investigation** - The Licensee expressly acknowledges that it is entering into this Agreement after having made an independent investigation of the Licensor's operations and the Licensed Business and is not relying upon any representation as to the profits and/or sales volumes that the Licensee might be expected to realize, nor upon any other statement, promise or representation whatsoever which is not contained in this Agreement. The Licensee has had a full and adequate opportunity to be thoroughly advised of the terms and conditions of this Agreement by a lawyer or professional advisor of his, her or its own choosing.
- 1.6 Need for Strict Conformity** - The Licensee understands and acknowledges the importance of the Licensor's uniformly high standards of quality and service and the necessity of operating the Licensed Business in strict conformity with the Licensor's standards and specifications.
- 1.7 Reliance by Licensor** - The Licensor has agreed to enter into this Agreement with the Licensee on the basis of the information provided to the Licensor by the Licensee, and in reliance upon the Licensee's representation that he, she or it will fully and faithfully honor and perform all of the obligations of the Licensee contained in this Agreement for the entire term of this Agreement.

2. Interpretation

- 2.1 Principles of Interpretation** - The Licensee acknowledges that the nature of franchising is such that the Licensor has responsibilities not only to the Licensee but also to all other Schooley Mitchell™ Licensees and to the Licensor's corporate offices, clients, employees and shareholders. The Licensee understands that those responsibilities may sometimes conflict or be inconsistent. The Licensee also acknowledges that the Licensor has the right to act in its own best interest, which may sometimes conflict or be inconsistent with the Licensee's best interests. Therefore, the Licensor will be entitled to act, make decisions and grant or withhold consents under this Agreement in the Licensor's sole discretion, and without obligation to provide reasons, unless:
 - a. the Licensor is expressly required under this Agreement to act, make decisions or grant or withhold consents reasonably; or
 - b. the Licensor is expressly prohibited under this Agreement from acting, making decisions or granting or withholding consents unreasonably

The Licensor may, but is not required to, consult with the Licensee before acting, making decisions or granting or withholding consents under this Agreement, unless expressly required to do so under this Agreement.

- 2.2 Incorporation of Recitals** - The recitals of fact and representations set out in Article 1 are true and are incorporated in the body of this Agreement by reference.
- 2.3 Definitions in this Agreement**, the following words will have the meaning set out beside them.
 - a. "Agreement" means this agreement and any amendments made to it by the parties in accordance with the terms of this agreement.

- b. "Dollars" means, in the case of a Licensed Business located in the United States, United States of America dollars and, in the case of a Licensed Business located in the Canada, Canadian dollars.
- c. "Gross Sales" for any period means the entire amount of sales in connection with the operation of the Licensed Business. The performance of services is considered a "sale" when payment is received by the Licensee. Gross Revenues will not include any government tax.
- d. "Incapacity" means that the person to whom such term is applied is unable to perform his normal duties within the Licensed Business for 120 days in any 180 day period during the term of this Agreement.
- e. "Interest Rate" means the prime rate at the Licensor's bank plus 2%.
- f. "Licensed Business" means the Schooley Mitchell™ licensed operation of the Licensee carried on by the Licensee at the Location and pursuant to this Agreement.
- g. "Licensee" means the individual or individuals named on Schedule 1 and any successor individual(s), partnership(s) or corporation(s) which may result from a reorganization, amalgamation or continuance of the Licensee and any assignee to which an approved assignment of this Agreement is made.
- h. "Location" means the location described in Schedule 1 or such other location from which the Licensed Business is operated with the consent of the Licensor. Where the Licensed Business is conducted from a private residence, the necessary changes will be read into the Agreement.
- i. "Manual" means any rules of operation, operations manuals, policy manuals, video, software, pamphlets, memoranda, bulletins, letters, directives, instructions and other materials prepared by or on behalf of the Licensor (whether in written, machine readable or any other form, including electronic mail) written or produced by or on behalf of the Licensor for use by Licensees generally or the Licensee in particular setting out information, advice, standards, requirements, operating procedures, instructions or policies relating to the operation of a Schooley Mitchell™ licensed business, as such materials may be added to, deleted or otherwise modified by the Licensor from time to time.
- j. "Marks" means all trademarks, service marks, trade names, design marks and other commercial symbols that the Licensor may designate from time to time for use in the System.
- k. "Royalty Fee" has the meaning set out in Section 6.2.
- l. "System" means the method formulated and developed by the Licensor from time to time for the establishment and ongoing operation of an individual consulting business specializing in the provision to the public of cost reduction consulting services in various expense categories (which may include telecommunication, merchant services, small package shipping, waste management, electronic logging devices, e-signature software, utilities, fuel, software as a service, and storage), and other consulting services and other related products and services under the Marks and includes, without limitation the following:
 - i. proprietary computer software and databases for cost reduction analysis;
 - ii. a contingency fee system;
 - iii. a series of software templates with unique characteristics;

- iv. the rules of operation, training video, computer software programs, databases, information bulletins, advertising and bookkeeping services and systems and advertising campaigns of the Licensor (whether in the Manual or otherwise).

- 2.4 Severability** - Except as expressly provided to the contrary in this Agreement, each section, part, term and/or provision of this Agreement will be considered severable and fully enforceable. If, for any reason, any part of this Agreement is determined to be invalid, contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, it will not impair the operation of, or have any other effect upon, any other part of this Agreement as may remain otherwise intelligible, and that part will continue to be given full force and effect and bind the parties. The invalid part or parts will not be considered to be a part of this Agreement. To the extent permitted by applicable law, the Licensee waives any provision of law which renders any provision of this Agreement prohibited or unenforceable in any respect.
- 2.5 Headings** - All headings in this Agreement are intended solely for the convenience of the parties, and no heading will be considered to affect the meaning or interpretation of any part of this Agreement.
- 2.6 References** - All references in this Agreement to the masculine, neuter or singular will be interpreted to include the masculine, feminine, neuter or plural, where applicable.
- 2.7 Deadlines** - The parties agree that the deadlines set out in this Agreement will be strictly enforced.
- 2.8 Benefit of Agreement** - Nothing in this Agreement is intended, nor will be considered, to confer upon any person or legal entity other than the parties and those persons expressly indicated to be entitled to rights or remedies under this Agreement. This Agreement is available for the benefit of, and is binding upon, the heirs, successors, personal legal representatives and permitted assigns of the parties. The Licensor will be considered a third-party beneficiary of any agreement entered into between the Licensee and its employees, agents, suppliers and independent contractors.
- 2.9 Schedules** - The schedules attached to this Agreement are incorporated by reference and are considered to be a part of this Agreement.

3. Grant of License

- 3.1 Grant of License** - Subject to all the terms and conditions of this Agreement, the Licensor grants to the Licensee, and the Licensee accepts, the non-exclusive right and license to use the Marks and the System in the operation by the Licensee of one Licensed Business at the Location. The Licensee is not granted any exclusive or protected territorial rights.
- 3.2 Conditions** - The Licensee agrees to operate its Schooley Mitchell™ Licensed Business using the System at the designated Location in strict compliance with the terms and conditions of this Agreement for the entire term of this Agreement. The rights and privileges granted to the Licensee by the Licensor under this Agreement are applicable only to the single location designated as the Location, are personal in nature, and may not be used elsewhere or at any other location by the Licensee.
- 3.3 Personal License** - The Licensee will not have the right to franchise, sub-franchise, license, or sublicense its rights under this Agreement. The Licensee will not have the right to pledge, assign or transfer this Agreement or its rights under this Agreement, except as specifically provided for in this Agreement.
- 3.4 Rights Reserved by Licensor** - The Licensor retains the right, among others, in any manner and on any terms and conditions that the Licensor deems advisable, and without granting the Licensee any rights therein:

- a. to own, acquire, establish and/or operate, and license others to establish and operate, a Schooley Mitchell™ Licensed Business at any location;
- b. to own, acquire, establish and/or operate, and license others to establish and operate, businesses under other proprietary marks or other systems, whether such businesses are the same, similar, or different from the Licensed Business, at any location; and
- c. to sell or distribute, at retail or wholesale, directly or indirectly, or license others to sell or distribute, any products or services which bear any proprietary marks, including the Marks, at any location.

4. Term and Renewal

4.1 Initial Term - The term of this Agreement is 10 years commencing on the date of execution of this Agreement by both parties.

4.2 Renewal - The Licensee may renew the license granted under this Agreement for one additional five-year period, subject to the following conditions, all of which must be met prior to renewal.

- a. The Licensee will give to the Licensor written notice of its election to renew this Agreement not less than 12 months prior to the end of the initial term of this Agreement.
- b. At least 6 months prior to the expiration of the initial term of this Agreement, the Licensor will review all aspects of the Licensed Business and give notice of all required modifications to the Licensed Business necessary to comply with the Licensor's then-current standards and image. If the Licensee elects to renew this Agreement, the Licensee will adopt and implement any new methods, programs, modifications and techniques required by the Licensor's notice no later than 3 months prior to expiration of the initial term of this Agreement.
- c. The Licensee will not be in default of any provision of this Agreement or any other agreement between the Licensee and the Licensor and will have substantially complied with all of the terms and conditions of such agreements.
- d. The Licensee (and, if the Licensee is a corporation, its shareholders, directors and officers and, if the Licensee is a partnership, all of its partners) will have satisfied all monetary obligations owed by the Licensee to the Licensor on a timely basis throughout the term of this Agreement.
- e. The Licensee will sign a general release of any and all claims against the Licensor.
- f. At the option of the Licensor, the Licensee will execute the Licensor's then-current form of Franchise License Agreement and related documentation, including personal guarantees which will supersede in all respects this Agreement, and which may differ materially from the terms of this Agreement, including a different fee structure.
- g. The Licensee will pay a renewal fee of \$2,500.

In the event that any of the above conditions for renewal have not been met, the Licensor will have no obligation to renew this Agreement.

5. Opening of the Licensed Business

- 5.1 Opening for Business** - The Licensee agrees to commence the Licensed Business within 120 days of the date of execution of this Agreement by the Licensor. The Licensor may agree to reasonable extensions of the anticipated opening date, provided that any delay in opening is not the result of any act or omission by the Licensee.
- 5.2 Equipment and Supplies** - Prior to the opening of the Licensed Business, the Licensee will furnish the Location with the necessary equipment and supplies to permit the Licensee to commence operating the Licensed Business.

6. Fees

- 6.1 License Fee** - The Licensee will pay to the Licensor a non-recurring and non-refundable license fee of \$68,000. This fee is payable as follows: a \$2,000 deposit is payable at the time of signing the license application; \$5,000 is payable at the time of signing the license agreement, with the balance payable before the commencement of training. The Licensee acknowledges that the grant of the license to operate the Licensed Business constitutes the consideration for the payment of this License Fee and that the License Fee is fully-earned by the Licensor upon signature of this Agreement.
- 6.2 Royalty Fee** - In return for the ongoing rights and privileges granted to the Licensee under this Agreement, the Licensee agrees to remit a continuing monthly royalty fee to the Licensor equal to 8% of the Gross Sales in each calendar month. The minimum monthly royalty fee remittable under this section for the 7th through 29th months during the initial term of this agreement will be \$200 per month. The minimum monthly royalty fee remittable under this section for the 30th and all subsequent months during the initial term of this agreement will be \$400 per month.
- 6.3 Marketing and Promotion Fund** - The Licensee will remit a continuing monthly advertising and promotion contribution equal to 2% of the Gross Sales in each calendar month. The minimum monthly advertising and promotion contribution remittable under this section for the 7th through 29th months during the initial term of this agreement will be \$50 per month. The minimum monthly advertising and promotion contribution remittable under this section for the 30th and all subsequent months during the initial term of this agreement will be \$100 per month.
- 6.4 Software License Fees** - The Licensee will remit a continuing monthly software license fee of \$120 in respect of the Licensor's proprietary sales, marketing and training software, system access, data storage, email, Pulse, and other programs in each calendar month.
- 6.5 Payment Due Date** - All monthly payments required by this Agreement must be received by the Licensor by direct debit or such other manner as may be designated by the Licensor on or before the 24th day of each month in respect of the preceding calendar month. Any payment not actually received by the Licensor on or before the due date will be considered overdue.
- 6.6 Bank Account Late Opening Fee** - The Licensee must establish a business bank account for the Licensed Business. If the bank account is not established within 30 days after the Licensed Business opens, the Licensee will pay the Licensor a late fee of \$100 each month until the business bank account is open.
- 6.7 Assumed Business Name Registration Late Fee** - The Licensee must register the assumed business name approved by the Licensor in the jurisdiction where the Licensed Business is located. If the assumed business name is not registered within 30 days after the Licensed Business opens, the Licensee will pay the Licensor a late fee of \$100 each month until the registration is complete.

7. Role of the Licensor

- 7.1 Consideration for Fees** - The License Fee and ongoing Royalty Fees are paid for the non-exclusive license granted by Section 3.1, which includes the use of the Marks and the System and for certain services rendered by the Licensor.
- 7.2 Provision of Services** - The Licensor will offer the Licensee initial and continuing services as it deems necessary or advisable in furthering the Licensee's Licensed Business and the business of the System as a whole and in connection with protecting the Marks and goodwill of the Licensor. Failure of the Licensor to provide any particular service, either initial or continuing, will not excuse the Licensee from paying the License Fee or the ongoing Royalty Fee.
- 7.3 Pre-Opening Services** - The current services offered by the Licensor prior to the opening of the Licensed Business are:
- a. to provide to the Licensee guidelines and specifications for the operation and management of the Licensed Business which guidelines and specifications must be adopted by the Licensee;
 - b. to provide an initial training program for the operation of the Licensed Business at a location to be designated by the Licensor. The Licensor will be responsible for the cost of tuition and materials only;
 - c. at the option of the Licensor, to designate a standard computerized bookkeeping, reporting and accounting system which must be utilized by the Licensee;
 - d. to loan to the Licensee a single copy of the Manual as amended from time to time, which will include standards and specifications for procedures, equipment, supplies, management and operation of the Licensed Business;
- 7.4 Continuing Services** - The current services offered by the Licensor following the opening of the Licensed Business are:
- a. to provide general advisory assistance considered by it to be helpful to the Licensee in the ongoing operation, advertising and promotion of the Licensed Business;
 - b. to provide to the Licensee updates, revisions and amendments, if any, to the Manual;
 - c. in order to protect and maintain the goodwill of the Marks and the System, Licensor will, at its discretion, continue its efforts to establish and maintain high standards of quality, safety, client satisfaction and service by: (i) conducting, as it considers advisable, inspections of the Licensed Business and its operations; and (ii) upon request and subject to the terms of this Agreement, providing information to the Licensee on the Licensor's standards and specifications;
 - d. to periodically coordinate and conduct mandatory and optional seminars, conferences and certain other ongoing continuing education and training programs, meetings or seminars for its network of Licensees as it considers necessary in its discretion;
 - e. at the option of the Licensor, to provide proprietary sales and marketing software; and
 - f. to be available to provide management consulting services or assistance for the Licensee or groups of Licensees for special projects based upon availability of the Licensor's personnel and upon a mutually acceptable arrangement relating to fees and expenses.

8. Quality, Uniformity and Standards

- 8.1 Authorized Products and Services** - The Licensee will sell only those types, brands and styles of products and services, and all such products and services as may be specified by the Licensor. All products and services to be sold will be purchased from the Licensor or its designated suppliers. The Licensee will comply with the Licensor's requirements concerning the introduction of any new or different products or service for sale by the Licensee.
- 8.2 Standards of Service** - The Licensee and its employees and independent contractors will at all times give prompt, courteous, friendly and efficient service to all clients. The Licensee and its employees and independent contractors will in all dealings with all clients, suppliers and the public adhere to the highest standards of honesty, integrity, good faith, fair dealing and ethical conduct. The Licensee agrees not to deviate from the standards set by the Licensor from time to time for the operation of the Licensed Business including without limitation, any of the following:
- a. strict adherence to use of the products and services authorized from time to time by the Licensor in accordance with Section 8.1;
 - b. methods and procedures concerning the correct method of delivering, selling or recommending approved products and services;
 - c. the use and display of all Marks;
 - d. the use of approved forms of contracts, stationery, presentation forms and styles;
 - e. the use of signs, labels, posters, displays, standard formats and similar items;
 - f. the identification of the Licensee as a Schooley Mitchell™ Licensee and the owner of the Licensed Business;
 - g. the content, style and media of advertising conducted by the Licensee;
 - h. the sources, types and brands of all products and services sold or recommended by the Licensee;
 - i. the use and honoring of local and national promotional programs authorized by the Licensor; and
 - j. attendance by the Licensee at all seminars and meetings with other Licensees.
- 8.3 Credit Verification** - The Licensee authorizes the Licensor to conduct investigations and to make enquiries of such persons as the Licensor deems appropriate concerning the credit standing, character and personal qualifications of the Licensee and the Licensee agrees to the conduct of such investigations and the making of such enquiries by the Licensor and hereby authorizes any bank, trust company, credit agency or other person to release all such information upon request to the Licensor.
- 8.4 Management of Location** - The Licensee or a fully-trained manager who has been approved in writing by the Licensor will devote his, her or its entire and direct time, labor, skill, efforts and attention to the honest, diligent and faithful operation and supervision of the Licensed Business.
- 8.5 Development of Market** - The Licensee will at all times actively promote the products and services offered by the Licensed Business, and will use its best efforts to develop, cultivate, and expand the market for these products and services.

- 8.6 Responsibility for Service** - The Licensee will be solely responsible for the services and results of such services, which are performed under this Agreement, with such responsibility remaining a continuing obligation beyond the termination of this Agreement regardless of the cause of termination.

9. General Obligations of the Licensee

- 9.1 Pre-Opening Requirements** - Before commencing operation of the Licensed Business, the Licensee, at its expense, will comply, to the Licensor's satisfaction, with all of the requirements set out below.

- a. The Licensee will comply with the Licensor's specifications and guidelines for the initial establishment of the Licensed Business, including entry into and maintenance in good standing throughout the term of this Agreement of a license for use of the Licensor's proprietary sales, marketing and training software and programs.
- b. The Licensee will obtain all federal, provincial, state and local business licenses, permits and certifications required for lawful operation of the Licensed Business on an ongoing basis, and will upon request certify in writing to the Licensor that all such licenses, permits and certifications have been obtained.
- c. The Licensee, where the Licensee is an individual, or all of the principal shareholders or general partners of the Licensee who are or will be actively involved in the business of the Licensee, any designated full-time manager of the Licensee, and any other employee or independent contractor of the Licensee designated by the Licensor (the "Trainees") will attend and successfully complete the Licensor's training program prior to the opening of the Licensed Business. The initial training program will be conducted at a location designated by the Licensor and for such duration as the Licensor, in its discretion, determines necessary. In most situations, the duration of the training program will be 5 days in person but may be longer. The Trainees will be responsible for all meals, travel, lodging or other expenses incurred in attending the Licensor's training program. No compensation of any type will be payable to Trainees. If, in the opinion of the Licensor, the Trainees cannot or do not satisfactorily complete such pre-opening training programs or, in the Licensor's opinion, the Licensee has failed to demonstrate the qualities and abilities which the Licensor deems necessary for the successful operation of the Licensed Business, the Licensor may at its option terminate this Agreement.

- 9.2 Business Development Program** - The Licensee will participate in the Business Development Program administered by the Licensor. The purpose of the Business Development Program is to assist the Licensee with the initial start-up of the Licensed Business. The Business Development Consultant(s) will assist the Licensee with coaching and will generally review the set up and operation of the Licensed Business.

- 9.3 Ongoing Training** - The Licensee will attend and successfully complete, and will cause those managers, employees and independent contractors designated by the Licensor to attend and successfully complete such additional continuing education and training programs as the Licensor may require in writing from time to time. The Licensor reserves the right to charge reasonable tuition and materials fees for these periodic training or retraining programs. The Licensee and/or its managers, employees and independent contractors will be responsible for all other expenses incurred in training, including, without limitation, the costs of meals, entertainment, lodging, travel, and wages. In addition to such ongoing training, the Licensee will attend any annual Schooley Mitchell™ licensee conference, which event will be held solely in the Licensor's discretion. The Licensee will be responsible for all travel and accommodation expenses associated with attending such annual conference.

- 9.4 Hiring and Training of Employees by the Licensee** - Licensee will have sole authority and control over the day-to-day operations of the Licensed Business and its employees. These people shall be the employees of Licensee and not the employees or agents of Licensor. Licensee shall have sole responsibility to determine who and how many to employ, terms of employment, scheduling employee work hours, how to assign work, and when and how to discipline and terminate its employees. Licensee shall at all times comply with all applicable employment laws. Licensor will not have any duty or obligation to operate the Licensed Business, to direct or supervise Licensee's employees, or to oversee Licensee's employment policies or practices. Licensor also will have no involvement in any employee administrative functions of the Licensed Business, such as handling payroll, providing workers' compensation insurance, providing necessary facilities and safety equipment, or providing tools or materials required for the work, all of which shall be the responsibility of Licensee. Licensee will ensure that its staff attends all mandatory staff development programs presented by the Licensor. The Licensor will be entitled to charge a fee to Licensee for conducting such staff development programs.
- 9.5 Payment of Taxes and Indebtedness** - The Licensee will be absolutely and exclusively responsible and liable for filing all required tax returns and for the prompt payment of all federal, state, provincial and municipal taxes including, but not limited to, individual and corporate income taxes, sales and use taxes and property taxes (referred to as "taxes") and all accounts and other indebtedness of every kind (referred to as "indebtedness") incurred by the Licensee in the conduct of or payable in connection with the operation of the Licensed Business. The Licensor will have no liability for these or any other taxes that arise or result from the Licensed Business or in connection with the Location and the Licensee will indemnify and hold harmless the Licensor for any such taxes that may be assessed or levied against the Licensor arising out of or resulting from the operation of the Licensed Business or in connection with the Location. In the event that any "franchise" or other tax which is based upon the Gross Sales, receipts, sales, business activities or operation of the Licensed Business is imposed upon the Licensor by any taxing authority, then the Licensee will reimburse the Licensor in an amount equal to the amount of such taxes and related costs imposed upon and paid by the Licensor. The Licensee will be notified in writing when the Licensor is entitled to reimbursement for the payment of such taxes and, in that event, the Licensee will pay the Licensor the amount specified in the written notice within 10 days after receipt of the written notice.
- 9.6 Dispute Regarding Taxes or Indebtedness** - In the event of any valid dispute as to liability for taxes assessed or other indebtedness, the Licensee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law. In no event will the Licensee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment, seizure or execution by a creditor, to occur against the Location or assets of the Licensed Business.
- 9.7 Compliance with Laws** - The Licensee will comply with all federal, state, provincial, and local laws, rules, regulations, policies and guidelines and will obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the Licensed Business in a timely manner, including, without limitation, licenses to do business, business name registrations and sales tax permits. If Licensor provides Licensee forms or practices, Licensee is solely responsible for ensuring that Licensee's forms and practices comply with local laws or other laws applicable to Licensee's business and company. Attached as an exhibit to this Agreement or to our disclosure document may be an SBA Addendum required by the U.S. Small Business Administration ("SBA") that may modify this Agreement, but only to the extent and for such time such requirements are valid, enforceable and applicable. Any SBA Addendum only applies to those franchises in which there is SBA financing and for which it is signed.
- 9.8 Duty to Notify** - The Licensee will notify the Licensor in writing within 3 days of the commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental authority, which affects or relates to the operation or financial condition of the Licensed Business. A copy of any such order, writ, injunction, award or decree or of any complaint, claim or defense filed in connection with such action, suit or proceeding

will be forwarded to the Licensor within 3 days of the date of receipt to or forwarding by the Licensee, as the case may be. Additionally, any and all client- related complaints will be answered by the Licensee within 5 days after receipt of the complaint. A copy of the answer to any complaint will be forwarded to the Licensor within 3 days of the date that any answer is forwarded to the complaining client.

- 9.9 Materials** - The Licensee will only use advertising materials, business stationery, printed materials and other marketing materials that have been pre-approved by the Licensor.
- 9.10 Inspection of Location** - Upon request from time to time made by the Licensor to the Licensee, the Licensee will provide to the Licensor or its agents or representatives for inspection the records of the Licensed Business, bookkeeping and accounting records, invoices, payroll and employment records, time cards, check (cheque) stubs, bank deposits, receipts, sales tax records and returns, inventory records, income tax records and returns, and other business records.
- 9.11 Use of Business Name** - In connection with its conduct of business as a Schooley Mitchell™ Licensee, the Licensee will use only the Marks or such other business name as the Licensor approves in writing from time to time, and will use no other business name, acronym or pseudonym of any nature or description whatsoever.
- 9.12 Communications Equipment and Payment Systems** - The Licensee acknowledges the importance to the success of the Licensed Business and to maintaining timely communications with the Licensor and all others who may wish to communicate with the Licensee from time to time. For this purpose, the Licensee agrees to obtain and maintain at its sole cost in proper working order at all times, including all necessary repairs, maintenance, replacement and upgrades (to current industry standards) all telephone, facsimile, video, Internet and other hardware, software, service and support that may be stipulated from time to time by the Licensor in the Manual or otherwise communicated to the Licensee. Additionally, Licensee agrees to maintain, at all times, relationships with the payment card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers and electronic-fund transfer systems (together, "Payment Systems Vendors") that Licensor may periodically designate as mandatory. The term "Payment Systems Vendors" includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, "Apple Pay" and "Google Wallet").
- 9.13 Internet Home Page and Restrictions** - It is the intention of the Licensor that it will maintain a central home page on the Internet and the Licensee acknowledges and agrees not to maintain any other domain name, home page or URL on the Internet without the prior written permission of the Licensor.

Licensee may not take part in, author, publish, or otherwise post on any web-based forum or "web-blog"-based publication on the internet in relation to the System, or its operation of a Licensed Business, without Licensor's prior written consent. Licensee is additionally prohibited from taking part in, authoring, publishing, or otherwise posting any of the Marks or information about the System on the Internet without Licensor's prior written consent. Licensor shall have the sole authority to represent the Marks and the System on the internet, and Licensee shall not have any rights to maintain a website or other Internet presence relating to the Marks or the System without the prior written consent of Licensor.

Licensor's prior written consent must also be obtained in relation to Licensee's social media and networking exposure, advertising, and marketing. Without limiting the generality of the previous statement, Licensee shall neither keep nor maintain, in connection with the Licensed Business, Twitter or Instagram accounts, Facebook pages, LinkedIn accounts, or other social media accounts except within the parameters of the social media policy of Licensor as may be developed and amended from time to time, or without the prior written consent of Licensor.

Licensor explicitly reserves the right to develop, at its sole discretion, applications, programs, or location-based mobile platforms for mobile phones, mobile devices and computers in relation to the System, and Licensee shall not develop, publish, or distribute, for a fee or otherwise, any such applications, programs, or location-based mobile platforms in connection with its operation of the Licensed Business, or in connection with the System.

- 9.14 Confidential Information** - Neither the Licensee, (whether the Licensee is an individual, corporation or partnership) nor any of its officers, directors, shareholders, partners, employees, independent contractors or agents, as the case may be, will, during or after the term of this Agreement, communicate, divulge, or use for the benefit of any other person, persons, partnership, association or corporation any confidential information, knowledge, or know-how concerning the methods of operation of the Licensed Business which may be communicated to the Licensee, or of which the Licensee may have knowledge, by virtue of the Licensee's operation under the terms of this Agreement. The Licensee will divulge confidential information to its employees and independent contractors on a "need to know" basis only. Any and all information, knowledge and know-how relating to the System including, without limitation, drawings, materials, equipment, supplier lists, client lists, and other data, which the Licensor designates as confidential, will be considered confidential for purposes of this Agreement.

Nothing in this agreement prohibits you from reporting to any governmental authority information concerning possible violations of law or regulation and you may disclose trade secret information to a governmental official or to an attorney and use it in certain court proceedings without fear of prosecution or liability, provided you do so consistent with 18 U.S.C. 1833. This provision shall not be construed as altering your status as an independent contractor or any other provision of Section 20.1.

- 9.15 Non-Solicitation, Non-Disclosure and Non-Competition** - The Licensee acknowledges and agrees that in his capacity as a licensee of the System, he will obtain specific knowledge of affairs of the Licensor which is confidential, including valuable specialized training and confidential and other information regarding the business, customer information, customer lists and other records, promotional, sales, marketing and operational methods and techniques of the Licensor and the System, all of which is the property of the Licensor (and hereinafter called the "Confidential Property"). All data (including, but not limited to Confidential Information) that Licensee collects, creates, provides or otherwise develops is (and will be) owned exclusively by Licensor and Licensor will have the right to use such data in any manner that Licensor deems appropriate without compensation to Licensee. Copies and/or originals of such data must be provided to Licensor upon request. Licensor hereby licenses use of such data back to Licensee, at no additional cost, solely for the term of this Agreement and solely for Licensee's use in connection with the Licensed Business.

a. Non-Disclosure

The Licensee agrees that he will not, during the term of this Agreement or at any time thereafter, disclose or divulge the Confidential Property of the Licensor to any person, firm or corporation and will not use the Confidential Property for his own purposes or for any purposes other than the purposes of the Licensor.

b. Non-Solicitation

The Licensee will not, without the prior written consent of the Licensor, at any time during the term of this agreement or for a period of 2 years following the date of expiration or termination of the agreement, solicit, interfere with or endeavor to entice away from the Licensor any customer, client or any person, firm or corporation in the habit of dealing with the Licensor or attempt to direct any customer away from the Licensor directly or indirectly.

c. Non-Competition

The Licensee will not, without the prior written consent of the Licensors, at any time during the term of this agreement or for a period of 2 years following the date of expiration or termination of the agreement have a financial interest in any other company, lend money to, become a shareholder, partner, director, officer, manager, employee, advisor, consultant, lender, guarantor or agent for any other person, firm or corporation which competes with the System within:

- i. North America;
- ii. The country in which the Licensed Business is located;
- iii. The state or province in which the Licensed Business is located; or
- iv. Within 100 miles of the Location;

unless such covenant is determined to be invalid or unenforceable, in which event the covenant will apply to the next lesser of the geographic areas set out above, and so on.

9.16 Acknowledgement of Reasonableness - The Licensee confirms that all restrictions of the non-competition covenant set out above are reasonable and valid, and that the Licensors have been induced to enter into this Agreement in reliance upon this covenant, and upon the Licensee's promise not to contest the enforceability of the non-competition provisions of this Agreement (and all defenses to the strict enforcement thereof are hereby waived by the Licensee).

9.17 Organizational Documents - If the Licensee is a corporation, then copies of the Licensee's organizational documents, including the resolutions of the Board of Directors authorizing entry into this Agreement, will be promptly furnished to the Licensors on request. The Licensee's organizational documents will restrict the business that the corporation may carry on to the operation of a Schooley Mitchell™ licensed business.

9.18 Transfer and Issuance of Securities - If the Licensee is a corporation, then the Licensee will maintain stop transfer instructions against the transfer of any of its securities with voting rights, and all of its securities will bear on their face the following printed legend:

"The transfer of the securities represented by this certificate is subject to the terms and conditions of a Franchise License Agreement with [the corporation designated as Licensors on Schedule 1 of this Agreement]. Reference is made to the provisions of that Franchise License Agreement and to the organizational documents of this Corporation."

9.19 Use of Name, etc. - The Licensee agrees to give the Licensors and those acting under its authority the right to reasonably and fairly use their name, photograph or biographical material in any publication, circular or advertisement related to the business of the Licensors or Licensee, in any place for an unlimited period, without compensation.

9.20 Other Obligations - The Licensee will comply with all other obligations set forth in this Agreement, in the Manual or otherwise.

10. Trade Marks, Trade Names and/or Service Marks

10.1 Grant of License - The Licensors grant the Licensee a non-exclusive license to use the Marks in connection with the operation of its Licensed Business at the Location.

10.2 Conditions for Use - With respect to the Licensee's use of the Marks pursuant to the license granted under this Agreement, the Licensee agrees to comply with all of the conditions of use set out below.

- a. The Licensee will use only the Marks designated by the Licensor and will use them only in the manner required or authorized and permitted by the Licensor.
- b. The Licensee will use the Marks only in connection with the license to operate the Licensed Business granted under this Agreement.
- c. During the term and any renewal of this Agreement, the Licensee will identify itself as a licensee and not the owner of the Marks and will make any necessary filings under federal, state or provincial law and execute any documents considered necessary by the Licensor for protection of the Marks to reflect such status. In addition, the Licensee will identify itself as a licensee of the Marks on all invoices, checks (cheques), order forms, receipts, business stationery and contracts, as well as the display of a notice in such form and content and at such conspicuous locations at the premises of the Licensed Business as the Licensor may designate in writing.
- d. The Licensee's right to use the Marks is limited to such uses as are authorized under this Agreement or in the Manual, and any unauthorized use of the Marks will constitute an infringement of the Licensor's rights and is grounds for termination of this Agreement.
- e. The Licensee will not use the Marks to incur or secure any obligation or indebtedness.
- f. The Licensee will not use the Marks or any part of them as part of its corporate or other legal name.

10.3 Notice of Litigation - The Licensee will notify the Licensor promptly of any claims or charges or any infringement or threatened infringement or piracy of any of the Marks, of any actual or intended common law passing off by reason of imitation or otherwise, as well as any other information that the Licensee may have of any suspected infringement of the Marks. The Licensee will take no action with regard to such matters without the prior written approval of the Licensor, but will cooperate fully with the Licensor in any such action. All decisions regarding action involving the protection and defense of the Marks will be solely in the discretion of the Licensor.

10.4 Acknowledgement - The Licensee expressly understands and acknowledges each of the matters set out below.

- a. The Licensor is the owner of the Marks and all goodwill associated with and symbolized by them.
- b. The Marks are valid and serve to identify the System and those who are licensed to operate a Licensed Business in accordance with the System.
- c. The Licensee will not directly or indirectly contest the validity or the ownership of the Marks.
- d. The Licensee's use of the Marks pursuant to this Agreement does not give the Licensee any ownership interest or other interest in or to the Marks.
- e. Any and all goodwill arising from the Licensee's use of the Marks at the Licensed Business in accordance with the System will accrue solely and exclusively to the Licensor's benefit, and upon expiration or termination of this Agreement, no monetary amount will be paid or attributable to any goodwill associated with the Licensee's use of the System or the Marks.
- f. The license to use the Marks granted under this Agreement to the Licensee is non-exclusive, and the Licensor may:
 - i. itself use, and grant licenses to others to use, the Marks and the System;

- ii. establish, develop, license and franchise other systems, different from the System licensed to the Licensee in this Agreement, without offering or providing the Licensee any rights in, to or under such other systems; and
- iii. do anything that it is not prohibited from doing within this Agreement or by law.
- g. Licensors may from time to time, add to, amend, modify, delete or enhance any portion of the System (including any of the Licensed Marks) as may be necessary in Licensors' discretion to change, maintain or enhance the System trade names or the reputation, efficiency, competitiveness and/or quality of the System, or to adapt it to new conditions, materials or technology, or to better serve the public. Licensee, at its expense, will fully comply with all such additions or modifications reasonably designated as applicable to then existing Licensees similarly situated.
- h. The Licensors will have no liability to the Licensee for any senior users, which may claim rights to the Marks.
- i. The Licensee will not register or attempt to register the Marks in the Licensee's name or that of any other person, firm, entity or corporation. The prohibition in this section will not prevent or inhibit the Licensee from complying with any legislation requiring registration of a business, trade or fictitious name of the Licensee or the Licensed Business.

11. Manual

- 11.1 Compliance with Manual** - In order to protect the reputation and goodwill of the Licensors and to maintain uniform standards of operation under the Marks, the Licensee will conduct its business in strict compliance with the Manual including all amendments and additions. One copy of the Manual will be provided to the Licensee on loan from the Licensors for the term of this Agreement.
- 11.2 Confidentiality of Manual** - The Licensee will at all times treat as confidential and require its directors, officers, shareholders, employees, independent contractors and agents, as the case may be, to treat as confidential the Manual, and will use all reasonable efforts to maintain such information as secret and confidential. The Licensee will not at any time, without the Licensors' prior written consent, copy, duplicate, record or otherwise reproduce the Manual, in whole or in part, nor otherwise make it available to any unauthorized person.
- 11.3 Licensors' Property** - The Manual and other training materials on loan from the Licensors will at all times remain the property of the Licensors. Upon the expiration or termination of this Agreement, the Licensee will immediately return the Manual to the Licensors.
- 11.4 Revisions** - The Licensors may from time to time revise the contents of the Manual (which revisions may be transmitted via email or posted on a System Intranet site) and the Licensee agrees to comply with each new or changed standard. The Licensee will at all times ensure that the Manual loaned to the Licensee is kept current and up-to-date, and in the event of any dispute as to the contents of the Manual, the contents of the master copy of the Manual maintained by the Licensors at the Licensors' home office will be determinative.

12. Accounting and Reporting

- 12.1 On-line Access** - The Licensee agrees that the computerized bookkeeping, reporting and accounting system to be implemented and maintained by the Licensee under this Agreement may include on-line access (electronic data interchange) hardware and software that will permit the Licensors to access all of the Licensee's computer-based business financial information, and to read, download and copy any and all such information as may be required by the Licensors from time to

time in accordance with this Agreement. The Licensee agrees to provide such access on a free and uninterrupted basis, to maintain all of its computerized records in an accurate, complete and absolutely current basis, and to comply with all directives of the Licensor as to the confirmation of all such data, software and hardware. In addition to the above, and in addition to the other requirements of this Agreement to provide Licensor with various information and reports, Licensee agrees to provide Licensor with the information that Licensor reasonably requires concerning Licensee's compliance with respect to data and cybersecurity requirements.

12.2 Maintenance of Records - During the term of this Agreement, the Licensee will maintain and preserve, for at least 5 years from the dates of their preparation, full, complete and accurate books, records and accounts in accordance with generally accepted accounting principles and in the form and manner designated by the Licensor from time to time in the Manual or otherwise in writing.

12.3 Failure to Maintain Proper Records - If the Licensee fails to keep proper business records or is unable to produce complete or proper business records as required by this Agreement for any period and the Licensor suspects that the Gross Sales of the Licensed Business as reported to the Licensor have been understated for such period, the Licensor will be entitled to estimate the Gross Sales of the Licensed Business for such period based on its experience with other Licensees and such estimate will be deemed to be accurate and will be used for purposes of calculating the fees payable to the Licensor under this Agreement unless and until the Licensee produces the required records in a complete and proper form.

12.4 Reports and Financial Information - The Licensee will furnish the Licensor such reports as the Licensor may reasonably require from time to time. Without limiting the generality of the foregoing, the Licensee will furnish to the Licensor the following reports:

- a. by the 10th day of each calendar month, a monthly sales report, in the form from time to time prescribed by the Licensor, which will include;
 - i. a report of Gross Sales for the preceding calendar month, and signed and verified by the Licensee, together with copies of such other information and supporting records as the Licensor may require from time to time;
 - ii. a variance report comparing actual revenues and expenses for the preceding month with the budgeted revenues and expenses as disclosed by the Licensee in its business plan;
 - iii. a billings and collections report; and
 - iv. the number of enrolments of new clients to the Licensed Business, all in the preceding month; and
- b. by the 90th day after the expiration of each fiscal year of the Licensed Business, in a form approved by the Licensor:
 - i. a statement of profit and loss (income statement), a balance sheet, and a statement of changes in financial position for that fiscal year prepared by a Certified Public Accountant in accordance with Generally Accepted Accounting Principles as defined by the American Institute of Certified Public Accountants, in the case of a Licensed Business located in the United States, or by a Chartered Accountant in accordance with Generally Accepted Accounting Principles as defined by the Canadian Institute of Certified Professional Accountants, in the case of a Licensed Business located in Canada, certified to be true and correct by the Licensee, and

- ii. a cash flow statement, business plan and marketing plan setting out the Licensee's budgeted monthly revenue and expenditures for a 12 month period for the upcoming year;
- c. any other reports, records and documents required to be maintained by the Licensee pursuant to this Agreement.

Licensor reserves the right to disclose data derived from all financial and accounting reports received from Licensee, without identifying Licensee (except to the extent identification of Licensee is required by law), including without limitation in Licensor's franchise disclosure document.

12.5 Additional Information - The Licensee will also submit to the Licensor, for review or auditing, such other forms, reports, records, information and data as the Licensor may designate, in the form and at the time required by the Licensor, upon request and as specified from time to time in the Manual or otherwise in writing.

12.6 Enquiry by the Licensor - The Licensee authorizes the Licensor or its nominee to make enquiries of the Licensee's bankers, suppliers, trade creditors, and clients as to their dealings with the Licensee.

12.7 Inspection - The Licensor or its designated agents will have the right at all times to examine the books, records, receipts, and tax returns and any other financial records and reports of the Licensee. The Licensor's right of examination will include the right to remove all such books, records, etc. for the purpose of photocopying, provided that any such books, records etc. so removed will be returned promptly to the Licensee. The Licensor will also have the right, at any time to conduct an audit of the books of the Licensee. The cost of such inspection and/ or audit will be paid by the Licensor, except that if an inspection and/or audit discloses an understatement of Gross Sales of 10% or more, the Licensee will reimburse the Licensor for any and all costs and expenses connected with the inspection and/or audit (including, without limitation, reasonable accounting and legal fees). If an inspection and/or audit should reveal that Gross Sales have been understated in any report to the Licensor then the Licensee will, in addition, immediately pay to the Licensor all amounts payable under this Agreement in respect of such under-reported Gross Sales upon demand, in addition to interest from the date such amount was due until paid, at the Interest Rate. Remedies under this section will be in addition to any other remedies that the Licensor may have.

13. Advertising

13.1 Advertising - Recognizing the value of advertising, and the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the System, the Licensee agrees to the terms of this article.

13.2 Submission and Approval of Advertising - All advertising by the Licensee in any medium will be conducted in a dignified manner and will conform to the standards and requirements established from time to time by the Licensor. The Licensee will submit to the Licensor, for its prior approval (except with respect to prices to be charged), samples of all advertising and promotional plans and materials that the Licensee desires to use and that have not been prepared or previously approved by the Licensor. If written disapproval of the proposed advertisement is not received by the Licensee within 30 days from the date of receipt by the Licensor of the materials, the Licensor will be considered to have given the required approval.

13.3 Restrictions on Advertising - Notwithstanding the above, the Licensee may not, without the prior written consent of Licensor, take part in, or promote the Licensed Business through group-buying websites, without the prior written consent of the Licensor.

13.5 Marketing and Promotion Fund - The Licensor has the right to maintain and administer a Marketing and Promotion Fund (the "Fund"). The Licensee is required to remit to the Licensor for contribution to the Fund a non-refundable monthly contribution in the amount set out in Section 6.3, for the preceding month. The Licensee understands and acknowledges that it may not benefit directly or in proportion to its contribution to the Fund from the development of advertising, marketing and public relations programs and materials. It is understood that licensees will require different amounts of assistance from time to time and such assistance is not intended to be allotted equally among licensees. The Licensor reserves the right to make any determination as to the manner and extent of necessary support for each specific licensee.

13.6 Use of Funds by Licensor -

- a. The Licensor shall direct all advertising and marketing programs financed by the Fund, with sole discretion over the creative concepts, materials and endorsements used therein, geographic, market and media placement and allocation, including social media, and the administration thereof. The Licensee agrees that the Fund may be used for the creation, production and placement of advertising, marketing, promotions, and branding initiatives, including without limitation: agency costs and commissions; the design, creation and production of video, audio, and written advertisements, including direct mail, radio, social media, and other media advertising; market research and development and marketing analytics; licensee individual or group advertising or marketing; local, regional, national, and international marketing; multi-area marketing programs including development and maintenance of any internet, mobile, or e-commerce programs; administration of marketing and the Fund (including accounting, collection, legal, and other direct and indirect costs); miscellaneous marketing; and related expenses.
- b. The Fund shall be accounted for separately from Licensor's other funds and shall not be used to defray any of the Licensor's general operating expenses; provided, however, that the Fund may be used to compensate the Licensor and its affiliates for their activities related to the administration of the Fund and its marketing programs (including, without limitation, conducting market research, incurring related accounting and legal expenses, preparing material, and collecting and accounting for the Fund), including covering the related portion of salaries of marketing and other personnel supporting public relations, market research, brand recognition and other advertising and marketing activities.
- c. The Fund is not a trust fund, and the Licensor does not owe the Licensee a fiduciary duty with respect to the maintenance, direction or administration of the Fund. Except as expressly provided in this Agreement, the Licensor assumes no other direct or indirect liability or obligation to the Licensee with respect to the maintenance, direction or administration of the Fund. It is understood and agreed that the Licensor will allocate funds as it considers appropriate, provided that the Licensor will from time to time receive and consider the input of Licensees of the System, or of any advisory board of the Fund that may be established by the Licensor from time to time. Upon the reasonable request of the Licensee, the Licensor will make available to the Licensee, no later than 120 days after the end of each fiscal year, an unaudited financial statement which indicates how the Fund has been spent during the prior fiscal year.

13.7 Termination of Fund - Although the Fund is intended to be of perpetual duration, the Licensor reserves the right to terminate the Fund, in its discretion. The Fund will not be terminated, however, until all monies in the Fund have been spent for advertising and/or promotional purposes.

13.8 Administration of Fund - The Licensor may establish such policies and procedures for the administration of the Fund as the Licensor, in its discretion, may consider necessary and appropriate.

14. Insurance

- 14.1 Participation in Insurance Program** - The Licensee will participate in the Licensor's group insurance program for Licensees prior to providing the services licensed under this Agreement, if a group insurance program exists, and will maintain same during the term of this Agreement and any renewals thereof. The cost of participating in such insurance program will be borne solely by the Licensee. The insurance policy or policies obtained under such insurance program will protect the Licensee and the Licensor, their officers, directors, partners, employees and independent contractors against certain losses, liabilities and expenses arising or occurring upon or in connection with the Licensed Business. Licensee shall additionally be required to obtain sufficient insurance to cover data theft and cybersecurity coverage, at an amount set out by Licensor.

The Licensor may from time to time reasonably determine and increase the minimum insurance limits and require different or additional kinds of insurance to reflect changes in insurance standards, normal business practices, higher court awards and other relevant considerations.

- 14.2 Licensor's Option to Obtain Insurance** - Should the Licensee, for any reason, fail to obtain or maintain the insurance required by this Agreement, as revised from time to time by the Manual or otherwise in writing, the Licensor will have the right, at its option, to obtain such insurance and to charge that expense to the Licensee, which charges, together with an administrative fee for the Licensor's expenses in so acting equal to 15% of the total premium cost, will be payable by the Licensee immediately upon notice.

- 14.3 Licensee to Report Claims** - The Licensee will promptly report all claims or potential claims against the Licensee, the Licensor or the Licensed Business to its insurer and the Licensor.

15. Transfer of Interest

- 15.1 Transfer by the Licensor** - The Licensor will have the right to change its ownership or form and/or assign all or any part of its rights or obligations under this Agreement or any other agreement to any person or legal entity without restriction.

- 15.2 Transfer by the Licensee** - The Licensee understands and acknowledges that the rights and duties set out in this Agreement are personal to the Licensee (or its shareholders, partners, members or owners, if the Licensee is a corporation, partnership, or limited liability company, or other business entity), and that the Licensor has entered into this Agreement in reliance on individual or collective character, business skill, aptitude, attitude and financial capacity of the Licensee (or of its shareholders, partners, members or owners). Accordingly, neither this Agreement nor any legal or beneficial interest in part or all of the ownership of the Licensee, in the Licensed Business or any of the assets employed by or in connection with the Licensed Business may be sold, assigned, transferred, conveyed, given away, pledged, mortgaged, hypothecated or otherwise encumbered without the prior written consent of the Licensor. Any purported assignment or transfer, by operation of law or otherwise, which does not have the prior written consent of the Licensor, will be null and void and will constitute a material breach of this Agreement for which the Licensor may terminate this Agreement without opportunity to cure. Any purported assignment or transfer, by operation of law or otherwise, to an existing Franchise Candidate of the Licensor, or to an existing Franchise Candidate of any of the Licensor's Franchise Development staff or subcontractors, will be null and void and will constitute a material breach of this Agreement for which the Licensor may terminate this Agreement without opportunity to cure.

- 15.3 Pre-Conditions to Transfer** - The Licensor will not unreasonably withhold its consent to a transfer of any interest of the Licensee in the Licensed Business. Prior to the proposed transfer, the Licensee must fulfill the terms of the Licensor's transfer policy in effect at the time of transfer. The

Licensor may, in its discretion, as a part of its transfer policy require that the conditions set out below be satisfied.

- a. If the transferee entity is to be a corporation, then it will be a newly organized corporation and copies of all organizational documents, including any shareholder agreement, will be delivered to the Licensor. The organizational documents will restrict the business that the corporation may carry on to the operation of a Schooley Mitchell™ licensed business.
- b. All obligations, monetary or otherwise, of the Licensee or of the principals of the Licensee to the Licensor, affiliates and suppliers of the Licensor will have been satisfied in full.
- c. The transferee will enter into a written agreement, under seal, and in a form satisfactory to the Licensor, assuming and agreeing to discharge all of the Licensee's obligations under this Agreement.
- d. The Licensee will not be in default of any provision of this Agreement or any other agreement between the Licensor and the Licensee.
- e. The Licensee will sign a general release of any and all claims against the Licensor.
- f. The transferee and its principals will demonstrate to the Licensor's satisfaction: that they meet the Licensor's managerial and business standards; possess a good moral character, business reputation, and credit rating; have the aptitude and ability to conduct the Licensed Business (as may be evidenced by prior related business experience or otherwise); and have adequate financial resources and capital to operate the Licensed Business.
- g. The transferee will execute (and/or, upon the Licensor's request, cause all interested parties to execute) such then-current standard form Franchise License Agreement and other supporting documents as the Licensor may require for the Licensed Business, which will supersede in all respects this Agreement, and which may differ materially from the terms of this Agreement, including a different fee structure.
- h. At the transferee's expense and upon such other terms and conditions as the Licensor may reasonably require, the Licensor may require, at the Licensor's sole discretion, the transferee, the transferee's managers, directors, officers, shareholders, partners, employees and independent contractors to complete the training course then in effect for Licensees in the same manner and upon the same terms as the initial training.
- i. If the transferee is a corporation then the shareholders, directors and officers of the transferee will provide their personal guarantee of all of the Licensee's obligations under this Agreement and any other agreement between the Licensor and the Licensee.
- j. Prior to the granting of approval for the transfer of the Licensee's interest in this Agreement, the Licensor will be paid in full its transfer, training and processing fees, which will be non-refundable. The fee payable under this section will be equal to the greater of (i) 5% of the gross sales price of the Licensed Business or (ii) \$5,000.
- k. Regardless of any transfer by the Licensee in accordance with this article, the Licensee and any guarantor of the Licensee's obligations under this Agreement will remain bound by all of the terms and conditions of this Agreement and any such guarantee.

15.4 Transfer to Closely Held Corporation - If the Licensee is an individual, the Licensee may with the prior written consent of the Licensor, which consent will not be unreasonably withheld, transfer his license to a corporation, provided that all of the other preconditions to transfer set out in Section 15.3 are fully complied with except for Section 15.3 j., and provided that the additional conditions set out below are satisfied.

- a. The person signing this Agreement as Licensee will continue to be the legal and beneficial owner of 51% or more of the outstanding voting shares of the transferee corporation. Only the spouse and the adult children of the Licensee may own the balance of the shares of the transferee corporation.
- b. The person signing this Agreement as Licensee will remain as a director and officer of the transferee corporation.

15.5 Transfer Upon Death or Incapacity - Subject to Sections 15.6 and 19.6, upon the death or deemed Incapacity of any person with any interest in the Licensed Business or in the Licensee or upon the dissolution or winding-up of a Licensee that is a partnership or corporation, the executor, administrator, personal representative or trustee of such person or entity will transfer his or its interest to a third party approved by the Licenser within 6 months of the death or deemed Incapacity. Such transfers, including without limitation, transfers by devise or inheritance, will be subject to the same conditions as any transfer between living persons.

15.6 Licenser's Right of First Refusal Upon Death or Incapacity - Upon the death or incapacity of the Licensee, the Licensee or any party holding any interest in the Licensee or in the Licensed Business (referred to in this section as the "Transferor") and who desires to accept any valid arm's length offer from a third party to transfer its interest in the Licensee, the Licensed Business or any assets of the Licensee or the Licensed Business (referred to in this section as the "Assets to be Transferred") will give notice of the offer (referred to in this section as the "Offer") to the Licenser, along with a complete copy of the Offer, a copy of the Licensee's most current financial statements, the Licenser's standard license application form completed by the proposed transferee, and a \$500 non-refundable payment for considering the request for the transfer (this payment will be applied toward the amount payable under Section 15.3 j. in the event that the Licenser does not exercise its right of first refusal provided by this section). The Licenser will then have the option, exercisable within 5 business days after receipt of all such material, to send written notice to the Transferor that the Licenser or its nominee intends to transfer the Transferor's interest in the Assets to be Transferred on the same terms and conditions set out in the Offer. Any change in the terms of the Offer prior to closing will constitute a new offer subject to the same rights of first refusal by the Licenser or its nominee as in the case of an initial offer. Failure of the Licenser to exercise the option afforded by this section will not constitute a waiver of any other provision of this Agreement. In the event that the Licenser does not exercise its right of first refusal under this section, then the Transferor may sell its interest in the Assets to be transferred, provided that the sale is completed within 90 days from the last day on which the Licenser could have exercised its right of first refusal. If the proposed sale is not completed within the said 90 day period, then the Licenser's right of first refusal under this section will revive automatically and continue in full force. In the event that the Licenser exercises its first right of refusal in accordance with this section, the amount of the transfer price payable will be reduced by the amount of any commission or fee that would otherwise have been payable to any broker, agent or other intermediary in connection with the sale of the Assets to be Transferred to the proposed transferee. Notwithstanding anything to the contrary in the Offer, where the terms of transfer of the Assets to be Transferred include any financing terms, the Licenser will have the option to pay the entire consideration in cash on closing; and, the Licenser may advance the closing date to any date prior to the closing date stipulated in the Offer.

15.7 Non-Waiver of Claims - The Licenser's consent to a transfer of any interest in the Licensed Business will not constitute a waiver of any claims it may have against the transferring party, nor will it be considered a waiver of the Licenser's right to demand exact compliance with any term of this Agreement by the transferee.

15.8 Reasonableness - The Licensee acknowledges and agrees that each of the conditions of transfer set out in this article which must be met by the Licensee and the transferee are necessary and reasonable to assure full performance of the Licensee and Transferee's obligations under this Agreement.

16. Changes and Modifications

- 16.1 Licensor's Right to Modify System, etc.** - The Licensor reserves and will have the right to make changes in the Manual, the System, and the Marks at any time and without prior notice to the Licensee. The Licensee will promptly alter any signs, products, business materials, services provided, methods of operation or related items, at its cost and expense, upon receipt of written notice of such change or modification in order to conform with the Licensor's revised specifications. In the event that any improvement or addition to the Manual, the System, or the Marks is developed by the Licensee, then the Licensee grants to the Licensor an irrevocable, world-wide, exclusive, royalty-free license, with the right to sub-license such improvement or addition.
- 16.2 Scope of Change or Modification** - The Licensee understands and agrees that due to changes in competitive circumstances, presently unforeseen changes in the needs of clients, and/or presently unforeseen technological innovations, the Licensor's System must not remain static, in order that it best serve the interests of the Licensor, all Licensees and the System. Accordingly, the Licensee expressly understands and agrees that the Licensor may from time to time change the components of the System, including but not limited to: altering the products, programs, services, methods, standards, forms, policies and procedures of that System; adding to, deleting from or modifying the programs, products and services that the Licensed Business is authorized to offer; and changing, improving or modifying the Marks. The Licensee agrees to adopt and abide by all such modifications, changes, additions, deletions and alterations at its sole expense and that said changes to the System may include, but are not limited to re-branding, de- branding, and the introduction of new programs, standards and procedures. Additionally, in order to provide for inevitable but unpredictable changes to technological needs and opportunities, Licensee specifically agrees that Licensor will have the right to establish in writing, reasonable new standards for the implementation of technology in the System, and Licensee agrees to comply with those reasonable new standards that Licensor establishes.

17. Default and Termination

- 17.1 Termination Prior to Opening** - The Licensor will have the right to terminate this Agreement effective upon delivery to the Licensee of written notice of termination, upon the occurrence of any of the events listed below:
- a. The Licensee fails to obtain or make application for all federal, state, provincial or local licenses, permits and certifications required by the Licensor before commencing operation of the Licensed Business.
 - b. The Licensee fails to commence to operate the Licensed Business as required in Section 5.1.
 - c. The Licensor determines that the Licensee and/or other designate has not satisfactorily completed the pre-opening training programs to its satisfaction pursuant to Section 9.1.c or that the Licensee has not demonstrated the qualities and abilities necessary for the successful operation of the Licensed Business. In the event that the Licensor terminates this Agreement pursuant to this Section, then an amount equal to but not exceeding 90% of the License Fee paid by the Licensee will be refunded to the Licensee.
 - d. Any condition included in this Agreement or any Schedule, whether for the benefit of the Licensee or the Licensor, is not satisfied within 30 days of the date of execution of this Agreement (or such longer period as may be fixed in writing by the Licensor).

17.2 Default with No Opportunity to Cure - The Licensee will be considered to be in default and the Licenser may, at its option, terminate this Agreement without affording the Licensee any opportunity to cure the default, effective immediately, upon the occurrence of any of the events listed below.

- a. The Licensee or any officer, shareholder, director, partner or key employee is convicted of a criminal offence or any other crime or offence that is reasonably likely, in the opinion of the Licenser, to adversely affect the System, the Marks, the goodwill associated with them, or the Licenser's interest in them.
- b. The Licensee or any officer, shareholder, director, partner or key employee discloses or divulges the contents of the Manual or other trade secrets or confidential information provided to the Licensee by the Licenser.
- c. An approved transfer is not completed within the designated time following the death or Incapacity of any person with any interest in the Licensed Business or in the Licensee or upon the dissolution of a Licensee that is a partnership or corporation, with a person approved by the Licenser.
- d. An order is made or resolution passed for the winding up, dissolution or liquidation of the Licensee.
- e. Any execution, seizure, attachment or similar process is issued against the Licensee or any creditor of the Licensee takes any action or proceeding whereby the business premises of the Licensed Business or any of the fixtures, furnishings or property on those premises is taken or seized, unless such execution, attachment or seizure is set aside, discharged or abandoned within 30 days after its commencement.
- f. The Licensee or any of its employees, partners, independent contractors or agents performs services for clients of the Licensed Business without having received all training from time to time required by the Licenser.
- g. The Licensee fails to follow all rules and policies in force from time to time regarding non-solicitation of clients listed on the System register.
- h. The Licensee receives any form of kickback, rebate, residual, commission or incentive from any supplier of telecommunication, merchant services, small package shipping, waste management, electronic logging devices, e-signature software, utility, fuel, software as a service, or storage products or services, or any other products or services subject to the cost reduction consulting services of the Licenser or Licensee.
- i. The Licensee becomes insolvent or makes a general assignment for the benefit of creditors, or if an assignment in bankruptcy is filed by the Licensee or a petition is filed against and consented to by the Licensee, or if the Licensee becomes a bankrupt, or proceedings for the appointment of a receiver or receiver/manager or other custodian (permanent or temporary) of the Licensee or of the Licensed Business or any portion of the Licensed Business is appointed by any court or creditor of the Licensee or the Licensed Business or if proceedings for a proposal to the creditors of the Licensee or the Licensed Business under any federal, state or provincial or foreign law should be instituted by or against the Licensee.
- j. The Licensee abandons, surrenders or fails to carry on normal business operations for 90 or more days in any calendar year, excluding public holidays except where appropriate arrangements have been made for the on-going management of the Licensed Business, which arrangements have been pre-approved in writing by the Licenser.

- k. Any legal or beneficial interest in this Agreement, the Licensee, or any assets of the Licensed Business is or are transferred without full compliance with the requirements of this Agreement.
- l. The Licensee purports to transfer any rights or obligations under this Agreement to any third party without the Licensors prior written consent, or otherwise contrary to the terms of this Agreement.
- m. The Licensee knowingly maintains false books or records or submits any false statements, applications or reports to the Licensors.
- n. The Licensee engages in conduct that constitutes a misrepresentation or a deceptive or unlawful act or practice in connection with its sale of the services and products offered by the Licensed Business.
- o. Any other Franchise License Agreement issued to the Licensee or any principal of the Licensee, whether or not issued pursuant to this Agreement, is terminated for any reason
- p. The Licensee submits at any time during the term of this Agreement a report, financial statement, tax return, schedule or other information or supporting record which understates Gross Sales for any period by more than 10%.
- q. The Licensee submits any report, financial statement, tax return, schedule or other information or supporting records required under this Agreement, more than 15 days after the date for delivery as required on 3 or more occasions during the term of this Agreement.
- r. The Licensee receives three or more notices of default under this Agreement within a 24 month period during the term of this Agreement.
- s. The Licensee or any principal of the Licensee fails, refuses or neglects to pay any monies owing to the Licensors or its affiliates or suppliers when due, within 15 days after receiving written notice from the Licensors to cure the default.

17.3 Default With Thirty-Day Opportunity - The Licensee will have thirty (30) days after its receipt from the Licensors of a written notice of termination to remedy any default described in this section and provide evidence of compliance to the Licensors. If any such default is not cured within that time, this Agreement, at the Licensors option, will terminate without further notice to the Licensee effective immediately upon the expiration of the 30 day period. The Licensee will be in default for any failure to comply substantially with any of the requirements imposed by this Agreement, as it may from time to time be supplemented by updates to the Manual, or for any failure to carry out the terms of this Agreement in good faith. Such defaults will include, without limitation, the occurrence of any of the events listed below.

- a. Any agent, employee or independent contractor of the Licensee is convicted of a criminal offence or any other crime or offence that is reasonably likely, in the opinion of the Licensors, to adversely affect the System, the Marks, the goodwill associated with them, or the Licensors interest in them.
- b. Any agent, employee or independent contractor of the Licensee discloses or divulges the contents of the Manual or other trade secrets or confidential information provided to the Licensee by the Licensors.
- c. The Licensee, by act or omission, permits a continued violation in connection with the operation of the Licensed Business of any law, ordinance, rule or regulation of a governmental agency, for a period of 10 days after notification of non-compliance in the

absence of a good faith dispute over its application or legality and without promptly resorting to an appropriate administrative or judicial forum for relief from compliance.

- d. The Licensee misuses or makes any unauthorized use of the Marks or otherwise materially impairs the goodwill associated with them or the Licensors rights in them.
- e. The Licensee employs or engages any employee, agent, or independent contractor who has not been previously approved in writing by the Licensors.
- f. The Licensee engages in any business or markets any service or product under a name or mark, which, in the Licensors opinion, is confusingly similar to the Marks.
- g. The Licensee is unable to obtain, maintain or renew any license or permit required for the operation of the Location or the Licensed Business by any governmental authority, or if such license or permit is revoked or suspended, regardless of the cause or reason for such revocation or suspension
- h. The Licensee fails to comply with its duties set out in this Agreement, or fails to perform any obligation owing to the Licensors or to observe any covenant or agreement made by the Licensee, whether such obligation, covenant or agreement is set forth in this Agreement or in any other agreement with the Licensors including, but not limited to, any other Franchise License Agreement by and between the Licensors and the Licensee or any entity related to the Licensors.
- i. The Licensee fails to maintain and submit on time to the Licensors all reports required pursuant to this Agreement, including but not limited to, financial statements, billings and collections reports, periodic and other reports of Gross Sales.
- j. The provisions for transfer by the Licensee upon death or incapacity are not strictly followed.
- k. The Licensee and its employees and independent contractors fail to attend and successfully complete any mandatory training program.
- l. The Licensee fails to maintain any of the standards or procedures or to fully and properly employ the System, Image and Marks designated by the Licensors in this Agreement, the Manual, any other Franchise License Agreement between the Licensors and the Licensee or any other agreement between the parties, or otherwise in writing.

18. Licensees Obligations Upon Termination

18.1 Licensees Obligations Upon Termination or Expiration - Upon termination or expiration, this Agreement will terminate immediately, and the Licensee will observe and perform each and every one of the provisions set out below.

- a. The Licensee will immediately cease to operate the Licensed Business and will not, directly or indirectly, represent to the public or hold itself out as a present or former Licensee of the Licensed Business. All forms of communication that the Licensee is a present or former Licensee of the Licensed business will be immediately cancelled or withdrawn, including, without limiting the generality of the foregoing, all internet sites, social networking sites, electronic media internet sites, all other communications media, including print, video, audio, electronic, internet, or any other means of communications with the public.
- b. The Licensee will immediately and permanently cease to use, in any manner whatsoever, any equipment, format, confidential method, program, literature, procedure and technique

associated with the System, the name Schooley Mitchell™ and any Marks, forms, slogans, signs, symbols or devices associated with the System. In particular, the Licensee will cease to use, without limitation, all signs, fixtures, furniture, equipment, advertising materials or promotional displays, paper goods, stationery, program material, forms and any other articles which display the Marks associated with the System and will immediately return all such material to the Licensor at the Licensee's own expense.

- c. The Licensee will take such action as may be necessary to cancel any assumed name or equivalent registration which contains the Marks or any other trademark, trade name or service mark of the Licensor, and the Licensee will furnish the Licensor with evidence satisfactory to the Licensor of compliance with this obligation within 15 days after termination or expiration of this Agreement. If the Licensee fails or refuses to do so, the Licensor may, in the Licensee's name, on the Licensee's behalf and at the Licensee's expense, execute any and all documents necessary to cause discontinuance of the name Schooley Mitchell™ or any related name used under this Agreement and the Licensor is hereby irrevocably appointed by the Licensee as its attorney to do so.
- d. The Licensee will within 10 days pay all sums owing to the Licensor and its subsidiaries, affiliates and suppliers. In the event of termination for any default of the Licensee, such amounts will include all damages, costs and expenses, including reasonable legal fees, incurred by the Licensor as a result of the default, together with interest at the Interest Rate, which obligation will give rise to and remain, until paid in full, a lien in favor of the Licensor against any and all of the personal property, machinery, fixtures, equipment and inventory owned by the Licensee on the premises of the Licensed Business at the time of the default. If the Licensee is then indebted to the Licensor by way of loan, mortgage, arrears or otherwise, all such indebtedness and obligations will be accelerated and become immediately fully-due and payable.
- e. The Licensee will pay to the Licensor all of the Licensor's damages, costs and expenses, including legal fees and costs, whether legal proceedings are commenced or not, incurred by the Licensor in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement, whether incurred prior to or subsequent to the termination or expiration of this Agreement.
- f. The Licensee will immediately turn over to the Licensor all copies of all materials in the Licensee's possession including the Manual, all records, files, instructions, correspondence, agreements, disclosure statements and any and all other materials relating to the operation of the Licensed Business in the Licensee's possession (all of which are acknowledged to be the Licensor's property), and will not retain any copy or record of any of those materials, excepting only the Licensee's copy of this Agreement and of any correspondence between the parties and any other documents which the Licensee reasonably needs for compliance with any provision of law. In addition, the Licensee will deliver to the Licensor a complete list of all persons employed or engaged by the Licensee during the 3 years immediately preceding termination, together with all files in connection with each employee and independent contractor on such list. All costs of delivering all materials required by this section will be borne by the Licensee.
- g. The Licensee will promptly notify the appropriate telephone company and all telephone directory listing agencies of the termination or expiration of its right to use any telephone number and any regular, classified or other telephone directory listings associated with any Marks and will authorize the transfer of those numbers and listings to, or to the direction of, the Licensor. The Licensee agrees to execute updated letters of direction to any telephone company and telephone directory listing agencies directing termination and/or transfer of the Licensee's right to use any telephone number associated with the Marks, which the Licensor may hold until termination or expiration of in this Agreement. The Licensee acknowledges that as between the Licensor and the Licensee, the Licensor has the right

to and interest in all telephone numbers and directory listings associated with any Marks. The Licensee authorizes the Licensor, and hereby appoints the Licensor and any officer of the Licensor as its attorney, to direct the appropriate telephone company and all listing agencies to transfer all such listings to the Licensor or its nominee upon termination of this Agreement.

- h. The Licensee will do or cause to be done all matters or things as may be reasonably necessary to secure to the Licensor the full right, use and enjoyment of all licenses and/or accreditation, or applications for licenses and accreditation in effect at the time of termination or expiration of this Agreement and any contracts in effect or under negotiation at that time. Upon termination or expiration of this Agreement, the Licensee will be deemed, at the Licensor's option, to have assigned and/or transferred to the Licensor any and all such licenses, accreditation, applications and contracts. For this purpose, the Licensee irrevocably appoints the Licensor and any officer of the Licensor as its attorney to execute and deliver on its behalf any assignment or transfer or other documents required in order to complete the assignment and transfer of any such license, accreditation or contracts.
- i. The Licensee will execute any legal documents that may be necessary to carry out any termination or transfer to the Licensor or its nominee provided for in this Agreement and will furnish to the Licensor, within 10 days after the effective date of termination, written evidence satisfactory to the Licensor of the Licensee's compliance with the obligations set out in this article.
- j. Other than as specifically set out in this article, the Licensee will have no interest in the Licensed Business upon termination or expiration of this Agreement, provided that the Licensee will continue to be bound by any obligation set out in this Agreement which is expressed or intended to survive the termination or expiration of this Agreement.

18.2 Goodwill - Upon termination or expiration of this Agreement, the Licensee will receive no payment from the Licensor, or adjustment whatsoever for any goodwill the Licensee may have established either prior to or during its operation of the Licensed Business.

19. Additional Remedies

19.1 Remedies - No right or remedy conferred upon or reserved to the Licensor by this Agreement is intended to be, nor will be considered, exclusive of any other right or remedy under this Agreement or by law or equity provided or permitted, but each will be in addition to every other right or remedy.

19.2 No Liability - The Licensor will not be responsible or otherwise liable for any injury, loss, or damage resulting from, occasioned to or suffered by any person or persons or to any property because of services or products sold or otherwise provided by it to the Licensee.

19.3 Solidary, Joint and Several Liability - If two or more individuals, corporations, partnerships or other entities (or any combination of two or more of them) signs or is subject to the terms and conditions of this Agreement as Licensee or as guarantor, the liability of each of them under this Agreement will be considered to be solidary (in the case of Quebec licensees), joint and several.

19.4 Licensor May Cure Default - In addition to all other remedies granted in this Agreement, if the Licensee defaults in the performance of any of its obligations or breaches any term or condition of this Agreement or any related agreement, the Licensor may, at its sole option immediately or at any time thereafter, without waiving any claim for breach and without notice to the Licensee, cure such default for the account of and on behalf of the Licensee. The entire cost to the Licensor of curing any such default is due and payable on demand.

19.5 Operation of the Licensed Business by the Licensors - In order to prevent any interruption of the operations of the Licensed Business or any injury to its goodwill and reputation that would cause harm to the Licensed Business and thereby lower its value, the Licensee authorizes the Licensors, and at the option of the Licensors, to enter upon the Licensee's business premises and operate and manage the Licensed Business:

- a. in the event that the Licensee or any of the Licensee's principals, shareholders or partners is absent or incapacitated by reason of illness or death and that the Licensee is not, therefore, in the opinion of the Licensors, able to carry on the normal operation of the Licensed Business; or
- b. upon the happening of some event which affects the Licensee or any of the principals, shareholders, partners or employees of the Licensee, and which interferes with the normal operation of the Licensed Business; for so long as the Licensors considers necessary and practical, and without waiver of any other rights or remedies the Licensors may have under this Agreement. In the event that the Licensors should operate the Licensed Business, the Licensors will not be obligated to continue to do so and may in fact discontinue such operation at any time and without notice. All revenues from the operation of the Licensed Business during such period of operation by the Licensors will be kept separate for the account of the Licensee and all expenses, including reasonable compensation and expenses for the Licensors's representative, will be charged to the Licensee. If the Licensors elects to temporarily operate the Licensed Business on behalf of the Licensee, the Licensee will indemnify and hold harmless the Licensors from any loss or deficit suffered by the Licensors as a result of its temporary operation of the Licensed Business, regardless of the cause (other than the Licensors's negligence), and from any and all claims, losses or damages of any nature whatsoever incurred by the Licensors and its representatives during such operation.

19.6 Licensors's Option to Take Assignment - In the event of the dissolution or winding-up of a Licensee that is a partnership or corporation, or the expiry of this agreement without renewal or the termination of this Agreement for any reason including, but not limited to, a default under Article 17, the Licensors will have the option for a period of 45 days following the date of termination to take an assignment of any client contract to which the Licensee may be a party. In the event that the Licensors exercises this option, the compensation payable to the Licensee will be limited to the value of the Licensee's work in progress in respect of that contract to the date of expiry or termination. In the event that the parties cannot agree on the value of the work in progress within 10 business days, an independent appraiser will be designated by each of the Licensors and the Licensee and an average of the two appraised values will be binding.

19.7 Setoff by the Licensors - Notwithstanding anything contained in this Agreement, upon the failure of the Licensee to pay the Licensors as and when due any amount of money provided for in this Agreement, the Licensors will have the right at its option, to deduct any and all such amounts remaining unpaid from any moneys or credit held by the Licensors for the account of the Licensee.

19.8 No Setoff by Licensee - The payment and performance by the Licensee of the fees and other obligations under this Agreement are absolute and unconditional, irrespective of any defense or any rights of setoff, or counterclaim that the Licensee might otherwise have against the Licensors. The Licensee will pay, absolutely net, all of the fees due under this Agreement, free of any deductions and without abatement, diminution or setoff. Any defense or right of setoff, or counterclaim must be brought by separate action. The Licensors will not be bound by any restrictive endorsement on any payment made by the Licensee. Upon receipt of any payment by the Licensee, the Licensors reserves the right to allocate such payment at its discretion, even if the Licensee has designated the payment for a different purpose or account.

19.9 Charges for Late and N.S.F. Payments - All fees and payments and all amounts due for goods purchased by the Licensee from time to time from the Licensors or its affiliates and any other amounts

owed to the Licensor or its affiliates by the Licensee pursuant to this Agreement or otherwise will bear interest after the due date and until paid in full at the Interest Rate, both before and after default, with interest on overdue interest at the Interest Rate. The acceptance of any payment will not be interpreted as a waiver by the Licensor of its rights in respect of the default giving rise to such payment and will be without prejudice to the Licensor's right to terminate this Agreement as a result of such default. In addition, the Licensee agrees to pay an administrative fee of \$50 for each and every overdue payment, and for each and every payment that the Licensee's bank refuses to honour for any reason.

19.10 Legal Fees - In the event the Licensor is made a party to any litigation or is threatened to be made a party to any litigation commenced by or against the Licensee, and if the Licensee has breached any of the terms and conditions of this Agreement or is otherwise found at fault to any extent in such litigation, then the Licensee will indemnify and save the Licensor harmless against any losses, damages or claims whatsoever arising from that litigation or the breach or default that gave rise to that litigation and will pay all costs and expenses including the full amount of any legal fees, accountants and expert witness fees, costs of investigation and travel and living expenses incurred or paid by the Licensor in connection with such litigation. Where any provision of this Agreement requires payment of legal fees, the fees payable will be on the basis of a solicitor and his own client, and will include all disbursements and taxes.

19.11 Dispute Resolution - Any dispute or difference between the Licensee and Licensor concerning questions of fact, procedures, practices, standards or specifications contained in this Agreement or the Manual which cannot be resolved or settled by them, will be determined solely by arbitration. The Licensee and Licensor and all persons claiming through or under them agree to attorn to the jurisdiction of the arbitrator and to the jurisdiction of any court in which the judgment of the arbitrator may be entered. The Licensee knows, understands and agrees that it is the intent of the parties that any arbitration between the Licensor and the Licensee or between the Licensee and any other Licensee will be of the Licensee's individual claims and that the claims subject to arbitration will not be arbitrated on a class-wide basis. In the case of a Licensed Business located in the United States, the parties will submit the dispute or claim to the American Arbitration Association for hearing in Detroit, Michigan, whose Commercial Arbitration rules will apply and whose decision will be final. In the case of a Licensed Business located in Canada, the parties will submit the dispute or claim to the Canadian Foundation for Dispute Resolution for hearing in Mississauga, Ontario, whose Commercial Arbitration rules will apply and whose decision will be final. The arbitrator may not under any circumstance stay the effectiveness of any pending termination, assess punitive, speculative or exemplary damages, or make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance set by the Licensor. No arbitration will be required for default of the monetary obligations established by the Agreement. Except with regard to the Licensee's obligation to pay monies pursuant to the terms of this Agreement, any claim between the parties must be commenced within one year from the date on which the party asserting the claim knew or ought to have known of the facts giving rise to the claim, or the claim will be forever barred. The parties understand this time limit may be shorter than otherwise allowed by law. No previous course of dealing will be admissible to explain, modify or contradict the terms of this Agreement. No implied covenant of good faith, fair dealing or commercial reasonableness will be used to alter the express terms of this Agreement.

20. Status of Parties

20.1 Independent Contractor - This Agreement does not create a fiduciary relationship. The Licensee will be an independent contractor. Nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose whatsoever. The Licensee will have the right to profit from its efforts, commensurate with its status as owner of the Licensed Business, and correspondingly will bear the risk of loss or failure that is characteristic of this status notwithstanding the affiliation with the System created by this Agreement.

- 20.2 Holding Out to Public** - During the term or any renewal of this Agreement, the Licensee will hold itself out to the public as an independent contractor operating the Licensed Business pursuant to a license from the Licensor. Licensee will also advise all of its employees that they are employees of Licensee and not Licensor in the manner prescribed by Licensor. The Licensee agrees to take such affirmative action as may be necessary to do so, as the Licensor may specify in the Manual or otherwise in writing.
- 20.3 No Liability** - It is understood and agreed that nothing in this Agreement authorizes the Licensee to make any contract, agreement, warranty or representation on the Licensor's behalf, or to incur any debt or other obligation in the Licensor's name, and that the Licensor will in no event assume liability for, or be considered liable as a result of, any such action, or by reason of any act or omission of the Licensee in its conduct of the Licensed Business or any claim or judgment against the Licensee. The Licensee will indemnify and hold the Licensor harmless against any and all claims arising directly or indirectly from, as a result of, or in connection with the Licensee's operation of the Licensed Business, as well as the costs, including legal fees, of defending against them.
- 20.4 Identification** - The Licensee will conspicuously identify itself and the Licensed Business and in all dealings with its clients, contractors, suppliers, public officials and others, as an independent Licensee of the Licensor, and will place such notice on all forms, stationery, advertising, signs, checks (cheques) and other materials and in such fashion as the Licensor may, in its discretion, require from time to time in the Manual or otherwise.

21. General Provisions

- 21.1 Amendments** - Any amendment or modification of this Agreement is invalid unless made in writing and signed by the Licensor, the Licensee and all Guarantors.
- 21.2 Further Assurances** - Each of the parties agrees to sign and deliver such other documents, cause such meetings to be held, resolutions passed and by-laws enacted, exercise their vote and influence and do and cause to be done and any other acts and things necessary or desirable in order to give full effect to this Agreement.
- 21.3 Notice** - Any notice required or permitted to be given under this Agreement will be in writing and may be given by electronic-mail, personal service, sent by pre-paid courier or by pre-paid registered or certified mail, in a sealed envelope addressed to the Licensor or the Licensee, as the case may be, to the address set out in Schedule 1. In the case of any notice to the Licensor, the Licensee will send any such notice to:

1073355 Ontario Limited
Attention: Dennis Schooley
1030 Erie St.
Stratford, ON, N4Z 0A1
dschooley@schooleymitchell.com

In the case of any notice to the Licensee, the Licensor or any other party required to give notice to Licensee will send any such notice to the address or e-mail set out in Schedule 1 of this Agreement.

The address given for the delivery of a notice may be changed at any time by either party by written notice in accordance with this section. Any notice delivered personally or by courier will be considered to be received on the day delivered. Any notice sent by registered or certified mail will be considered to be received on the 5th business day following the date of mailing.

- 21.4 Written Consent** - Whenever this Agreement requires the prior approval or consent of the Licensor, the Licensee will make a timely written request to the Licensor for such approval or consent, and

such approval or consent will be obtained in writing. The Licensor may grant or deny its approval or consent in its sole, absolute and unfettered discretion, with or without reason or consideration.

- 21.5 No Waiver** - No failure of the Licensor to execute any power reserved to it by this Agreement, or to insist upon strict compliance by the Licensee with any obligation or condition of this Agreement, and no custom or practice of the parties that differs from the terms of this Agreement, will constitute a waiver of the Licensor's right to demand exact compliance with any of the terms of this Agreement. Waiver by the Licensor of any particular default by the Licensee will not affect or impair the Licensor's rights with respect to any subsequent default of the same, similar or different nature, nor will any delay, forbearance or omission of the Licensor to exercise any power or right arising out of any breach or default by the Licensee of any of the terms, provisions or covenants, affect or impair the Licensor's right to exercise any of its powers or rights, nor will such constitute a waiver by the Licensor of any right under this Agreement, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by the Licensor of any payments due to it under this Agreement will not be considered to be a waiver by the Licensor of any preceding breach of the Licensee of any terms, covenants or conditions of this Agreement.
- 21.6 Uncontrollable Circumstances** - Delays in the performance of any duties under this Agreement that are not within the reasonable control of the parties due to fire, flood, natural disaster, act of God, governmental acts or orders or civil disorders including strikes will not cause a default under this Agreement and the other party will extend the time for performance for the period of such delay or for such other reasonable period of time as may reasonably be required.
- 21.7 Governing Law, Jurisdiction and Venue** - This Agreement will be interpreted, governed and enforced solely in accordance with the laws of Delaware, in the case of a Licensed Business located in the United States; or Ontario, in the case of a Licensed Business located in Canada. Subject to the dispute resolution provisions of this Agreement, any action brought by either party against the other will be commenced and continued exclusively in Delaware, in the case of a Licensed Business located in the United States; or Ontario, in the case of a Licensed Business located in Canada, before a court of competent jurisdiction. The Licensee hereby waives any right to demand or have trial by jury in any action relating to this Agreement in which the Licensor is a party.
- 21.8 Counterparts** - This agreement may be executed in any number of counterparts, and/or by facsimile or email transmission of Adobe Acrobat files, each of which shall constitute an original and all of which, taken together, shall constitute one and the same instrument. Any party executing this agreement by fax or Adobe Acrobat file shall, immediately following a request by any other party, provide an originally executed counterpart of this Agreement.
- 21.9 Entire Agreement** - This Agreement, when fully executed, will supersede any and all prior and existing agreements, understandings, negotiations and discussions, either oral or in writing, between the parties with respect to the subject matter of this Agreement. Except as specifically set out in this Agreement, there are no representations, warranties, undertakings, provisos, inducements, covenants or agreements whether direct, indirect, collateral, express or implied made by or on behalf of the Licensor to the Licensee. However, nothing in this Agreement or related agreements is intended to disclaim any representation that Licensor may have made in writing in the latest franchise disclosure document that Licensor delivered to Licensee prior to signing this Agreement.
- 21.10 Disclaimer** - The Licensee acknowledges that he has conducted an independent investigation of the Licensed Business, and recognizes that the business venture contemplated by this Agreement is speculative and involves business risks and that its success will be largely dependent upon the abilities of the Licensee. The Licensor expressly disclaims the making of, and the Licensee acknowledges that he has not received, any representation, warranty, promise, inducement or guarantee, express or implied, oral or written, as to the potential volume, profits or success of the

business venture contemplated by this agreement or otherwise with respect to the subject matter of this Agreement.

21.11 Investigation and Voluntary Agreement - The Licensee acknowledges that he has received, read and understood this Agreement. The Licensee acknowledges that the Licenser has provided the Licensee ample time and opportunity to consult with advisors of his own choosing about the potential benefits and risks of entering into this Agreement. The Licensee is entering into this Agreement voluntarily, and without threat, duress or compulsion whatsoever.

21.12 Language Clause - The parties to this Agreement acknowledge having required that this Agreement as well as all notices, documents or agreements related to this Agreement be drafted in English. Les parties aux présentes reconnaissent avoir exigé que la présente convention ainsi que tous avis, documents ou ententes s'y rapportant soient rédigés en anglais. Los partidos a este Acuerdo reconocen requirió que este Acuerdo así como también todo advierte, los documentos o los acuerdos relacionados a este Acuerdo sean redactados en el inglés.

21.13 Date of Execution - This Agreement has been signed, sealed and delivered by the parties on:
_____.

**The corporation designated as Licenser on
Schedule 1 of this Agreement**

1073355 Ontario Limited (Licenser)

Per

Name:

(Licensee)

Signature

Print Name

Signature

Print Name

Schedule 1 – Additional Information

The corporation designated as Licensor under this agreement is 1073355 Ontario Limited, an Ontario, Canada, corporation.

The municipal address of the Location (Section 2.3.h) is:

The address for service of the Licensee (Section 21.3) is:

Name:

Address:

E-mail:

**BUILDER FRANCHISE ADDENDUM
TO
SCHOOLEY MITCHELL® FRANCHISE LICENSE AGREEMENT**

This BUILDER FRANCHISE ADDENDUM TO SCHOOLEY MITCHELL® FRANCHISE LICENSE AGREEMENT (this "**Addendum**"), dated as of _____, 20__, is by and between **1073355 Ontario Limited**, an Ontario, Canada, corporation ("**we**", "**us**" or "**Licensor**") and _____, a _____ ("**you**" or "**Licensee**").

Licensor and Licensee have entered into a franchise license agreement dated on or about the same date as this Addendum (the "**Franchise License Agreement**"). Licensee qualified for and opted to purchase the rights to Licensor's "Builder" version of the Licensed Business, as opposed to Licensor's standard franchise offering. Licensor and Licensee desire and agree to amend the terms of the Franchise License Agreement accordingly, subject to the terms and conditions set forth in this Addendum.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby covenant and agree to be bound as follows:

1. **Capitalized Terms.** Capitalized terms used and not otherwise defined herein (including in the recitals hereto) shall have the meanings assigned to them in the Franchise License Agreement, unless the context otherwise requires.
2. **Amendments.** The Franchise License Agreement is modified as follows, notwithstanding anything to the contrary therein:
 - a. **Initial Term.** The initial term of the Franchise License Agreement under Section 4.1 is five (5) years commencing on the date of execution of the Franchise License Agreement by both parties.
 - b. **Renewal Fee.** The renewal fee to be paid by Licensee under Section 4.2.g will be \$500.
 - c. **Royalty Fee.** The royalty fee due under Section 6.2 shall be 12% of the Gross Sales in each calendar month; and the minimum monthly royalty fee remittable for the 7th and all subsequent months during the initial term of the Franchise License Agreement will be \$125 per month.
 - d. **Marketing and Promotion Fund.** The continuing monthly advertising and promotion contribution under Section 6.3 shall be equal to 3% of the Gross Sales in each calendar month. There will be no minimum amount due.
 - e. **Management of Location.** The Licensee will devote his, her or its time, labor, skill, efforts and attention to the honest, diligent and faithful operation of the Licensed Business, but may maintain other employment and operate the SCHOOLEY MITCHELL® franchise on a part-time basis.
 - f. **Annual Training Conference.** The Licensee will, at its option, either attend any annual Schooley Mitchell™ licensee conference, which event will be held solely in the Licensor's discretion, or attend a virtual 2-day weekend conference. The Licensee will be responsible

for all travel and accommodation expenses associated with attending such annual training conference.

3. **Convert to Full Time.** The Licensee may convert to a full-time standard Schooley Mitchell® franchise at any time upon 30 days' prior written notice to Licensor. Upon such conversion being effective, (1) this Addendum shall automatically terminate, (2) the amendments herein shall be of no further force or effect, and (3) the Franchise License Agreement, unmodified by the terms of this Addendum, shall govern the relationship of Licensee and Licensor.
4. **Affirmation of Franchise License Agreement, Further References.** Licensor and Licensee each acknowledge and affirm that the Franchise License Agreement, as hereby amended, is hereby ratified and confirmed in all respects and all terms, conditions, and provisions of the Franchise License Agreement, except as amended by this Addendum, shall remain unmodified and in full force and effect. All references in any document or instrument to the Franchise License Agreement are hereby amended to refer to the Franchise License Agreement as amended by this Addendum.

[The next page is the signature page.]

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to be executed as of the date and year first above written.

LICENSOR:

1073355 ONTARIO LIMITED

By: _____

Print Name: _____

Title: _____

LICENSEE:

By: _____

Print Name: _____

Title: _____

GUARANTORS:

By: _____

Print Name: _____

By: _____

Print Name: _____

**DEVELOPMENT FRANCHISE ADDENDUM
TO
SCHOOLEY MITCHELL® FRANCHISE LICENSE AGREEMENT**

This DEVELOPMENT FRANCHISE ADDENDUM TO SCHOOLEY MITCHELL® FRANCHISE LICENSE AGREEMENT (this “**Addendum**”), is between **1073355 Ontario Limited**, an Ontario, Canada, corporation (“**Licensor**”) and _____, a _____ (“**Licensee**”), and amends certain portions of the Franchise License Agreement between the Licensor and the Licensee signed on or about the same date as this Addendum (the “**Franchise Agreement**”).

Licensor and Licensee wish to modify the Franchise Agreement and accordingly agree as follows:

1. Interpretation.

- a. Capitalized Terms.** Capitalized terms used and not otherwise defined herein (including in the recitals hereto) shall have the meanings assigned to them in the Franchise Agreement, unless the context otherwise requires.
- b. Conflict.** In the event of any conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.

2. Amendments. The Franchise Agreement is hereby amended as follows:

- a. License Fee.** Section 6.1 of the Franchise Agreement is amended in its entirety to read as follows:

6.1 License Fee - The Licensee will pay to the Licensor a non-recurring and non-refundable license fee of \$250,000. This fee is payable at the time of signing this Agreement. The Licensee acknowledges that the grant of the license to operate the Licensed Business constitutes the consideration for the payment of this License Fee and that the License Fee is fully-earned by the Licensor upon signature of this Agreement.

- b. Royalty Fee.** Section 6.2 of the Franchise Agreement is amended in its entirety to read as follows:

6.2 Royalty Fee - In return for the ongoing rights and privileges granted to the Licensee under this Agreement, the Licensee agrees to remit a continuing monthly royalty fee to the Licensor equal to 8% of the Gross Sales in each calendar month. The Royalty fee will be reduced to 7% on Gross Sales above \$2,500,000 in each calendar year, and to 6% on Gross Sales above \$5,000,000 in each calendar year. The minimum monthly royalty fee remittable under this section for the 7th through 29th months during the initial term of this agreement will be \$200 per month. The minimum monthly royalty fee remittable under this section for the 30th and all subsequent months during the initial term of this agreement will be \$400 per month.

d. Satellite Offices.

- i. Notwithstanding the restrictions of Sections 3.1 and 3.2 of the Franchise Agreement, and subject to the Licensor's reservation of rights in Section 3.4 of the Franchise Agreement, upon approval from the Licensor, the Licensee may establish and operate, in accordance with the Licensor's specifications set forth in the Manual, up to 10 satellite offices of the Licensed Business (each a "**Satellite Location**") in markets other than where the Location is situated.
- ii. To request approval of any proposed Satellite Location, the Licensee shall submit such demographic and other information regarding the proposed Satellite Location and neighboring areas as the Licensor shall require ("**Location Review Request**"). The Licensor may seek such additional information as it deems necessary, and the Licensee shall respond promptly to each request. The Licensor may accept or reject a proposed Satellite Location in its reasonable discretion if the Licensor believes the market will not support the Satellite Location or the market is saturated with existing Schooley Mitchell® licensees. If the Licensor accepts a proposed Satellite Location it shall notify the Licensee in writing, the location shall be deemed a "Satellite Location" of the Licensee, and the parties shall execute an addendum to Schedule 1 adding the Satellite Location address. The Licensor will respond to any Location Review Request within approximately thirty (30) days of receipt of the Licensee's Location Review Request, or within about fifteen (15) days after receipt of additional requested information, whichever is later, but in no event shall any proposed location be deemed accepted, except as stated in writing by the Licensor. The Licensee shall not construe any assistance the Licensor may provide, or the Licensor's acceptance of any proposed Satellite Location as a guarantee or other assurance that the Satellite Location will be successful.
- iii. The Licensee understands and acknowledges that this Addendum does not grant the Licensee any territorial rights in the Satellite Location or the market in which it is located, and that there are no restrictions that limit where the Licensor can license or operate another Schooley Mitchell® business.

- e. Nationwide Marketing.** Subject to the Licensor's exclusive right set forth in the Franchise Agreement to advertise and market Schooley Mitchell® services on the Internet and related digital platforms (including social media), the Licensee shall be permitted to market for customers located in any market where Licensee has been approved to operate the Licensed Business, including any approved Satellite Location, provided that such marketing is in accordance with the Licensor's standards set forth in the Manual, and in compliance with any approvals of the Licensor required before use of advertising or marketing materials.

- f. Management of Location.** Section 8.4 of the Franchise Agreement is amended in its entirety to read as follows:

8.4 Management of Location - The Licensee or a fully-trained manager who has been approved in writing by the Licensor will devote his, her or its entire and direct time, labor, skill, efforts and attention to the honest, diligent and faithful operation and supervision of the

Licensed Business, except that Licensee may hire or subcontract the provision of services at approved Satellite Locations.

3. **Affirmation of Franchise Agreement, Further References.** The Licensors and the Licensee each acknowledge and affirm that the Franchise Agreement, as hereby amended, is hereby ratified and confirmed in all respects and all terms, conditions, and provisions of the Franchise Agreement, except as amended by this Addendum, shall remain unmodified and in full force and effect. All references in any document or instrument to the Franchise Agreement are hereby amended to refer to the Franchise Agreement as amended by this Addendum.

[The next page is the signature page.]

IN WITNESS WHEREOF, the parties hereto have executed this Addendum on

_____, 20 ____.

LICENSOR:

1073355 ONTARIO LIMITED

By: _____

Print Name: _____

Title: _____

LICENSEE:

By: _____

Print Name: _____

Title: _____

GUARANTORS:

By: _____

Print Name: _____

By: _____

Print Name: _____

EXHIBIT C

SCHOOLEY MITCHELL®

FRANCHISE DISCLOSURE DOCUMENT

**LIST OF FRANCHISEES AND
CERTAIN FORMER FRANCHISEES**

SCHOOLEY MITCHELL®

Franchisees Operating as of February 28, 2023

U.S. Franchisees						
Name	Business Street	Franchisee City	State	Zip	Phone	Email Address
Shadeed, Eddie	51 Wind Chime Lane	Dadeville	AL	36853	205-974-3696	eddie.shadeed@schooleymitchell.com
Strickland, Jerome	P.O. Box 191094	Little Rock	AR	72219	501-274-0720	jerome.strickland@schooleymitchell.com
Strickland, Tavonia	P.O. Box 191094	Little Rock	AR	72219	501-274-0720	tavonia.strickland@schooleymitchell.com
Perraut Jr., Richard E.	33550 N. Dove Lakes Drive #1016	Cave Creek	AZ	85331	480-659-3831	richard.perraut@schooleymitchell.com
Bowles, Robyn S.	1450 South Cooper Road, Unit 1118	Chandler	AZ	85286	480-801-9070	robyn.bowles@schooleymitchell.com
Delles, Dave	11657 W. Tenaza Dr.	Peoria	AZ	85383	602-909-6882	dave.delles@schooleymitchell.com
Madrigal, Zachary	9641 N. 113th Way	Scottsdale	AZ	85259	480-912-5592	zach.madrigal@schooleymitchell.com
Fernandez, Emily	7417 East Fair Meadows Loop	Tucson	AZ	85756	520-276-9420	emily.fernandez@schooleymitchell.com
Fernandez, Louis	7417 East Fair Meadows Loop	Tucson	AZ	85756	520-277-8273	louis.fernandez@schooleymitchell.com
McElroy, Travis	4900 California Ave Tower B, 2nd Floor	Bakersfield	CA	93309	800-361-4578	travis.mcelroy@schooleymitchell.com
Orr, Pam	PO Box 1989 PMB 246	Big Bear Lake	CA	92315	909-308-2880	pam.orr@schooleymitchell.com
Orr, Rich	PO Box 1989 PMB 246	Big Bear Lake	CA	92315	909-308-2880	rich.orr@schooleymitchell.com
Sweasy, Will	701 Palomar Airport Rd., Suite 300	Carlsbad	CA	92011	760-931-4700	will.sweasy@schooleymitchell.com
Boggs, Bryan	1026 White Alder Avenue	Chula Vista	CA	91914	619-746-2544	bryan.boggs@schooleymitchell.com
Madick, Michelle	32565 B Golden Lantern #1002	Dana Point	CA	92629	714-494-9877	michelle.madick@schooleymitchell.com
Gillam, Jay	201 W.Palm Ave #1	El Segundo	CA	90245	310-622-4773	jay.gillam@schooleymitchell.com
Denburg, Matt	5942 Edinger Avenue Suite 113-166	Huntington Beach	CA	92649	714-482-6025	matt.denburg@schooleymitchell.com
Burkholder, Vinton	29382 Avocet Lane	Laguna Niguel	CA	92677	888-970-0246	vinton.burkholder@schooleymitchell.com
Rochester, Dave	29422 Pointe Royale	Laguna Niguel	CA	92677	949-508-1331	dave.rochester@schooleymitchell.com
Rochester, Ina	29422 Pointe Royale	Laguna Niguel	CA	92677	949-508-1331	ina.rochester@schooleymitchell.com
Smith, Adam D.	6114 La Salle Avenue #304	Oakland	CA	94611	510-646-9981	adam.smith@schooleymitchell.com
Sinniah, Sanjay	4145 Illinois St	San Diego	CA	92104	619-888-7535	sanjay.sinniah@schooleymitchell.com
McCoy, Mitch	546 Owen Rd.	Santa Barbara	CA	93108	805-265-4755	mitch.mccoy@schooleymitchell.com
Crockett, Keith	834 S. Perry St., Ste. F644	Castle Rock,	CO	80104	720-799-8311	keith.crockett@schooleymitchell.com
Tankersley, Dave	3900 Templeton Gap Rd.	Colorado Springs	CO	80907	719-266-1098	dave.tankersley@schooleymitchell.com
Kiernan, Jim	1155 South Grant Street	Denver	CO	80210	303-635-6780	jim.kiernan@schooleymitchell.com
Tyagi, Sanjay	16350 E. Arapahoe Rd, Suite 304	Foxfield	CO	80016	303-317-3110	sanjay.tyagi@schooleymitchell.com
Ray, Richard	931 E. Beacon Hill Dr.	Highlands Ranch	CO	80126	303-306-8568	richard.ray@schooleymitchell.com
Rausch, Annette D.	600 Dounce Street	Lafayette	CO	80026	719-800-5193	annette.rausch@schooleymitchell.com
Nagy, Matt	12730 W 19th Pl.	Lakewood	CO	80215	720-640-9499	matt.nagy@schooleymitchell.com
Amalfitano, Andrew	1067 S. Hover St, Suite E-20	Longmont	CO	80501	303-500-3862	andrew.amalfitano@schooleymitchell.com
Delehanty, Patrick	7 Granite Drive	Brookfield	CT	6804	475-289-2325	patrick.delehanty@schooleymitchell.com
Horn, Jonathan	220 Albany Tpke #643	Canton	CT	6019	860-724-2856	jon.horn@schooleymitchell.com
McCarthy, Matthew	31 Bennetts Bridge Road	Sandy Hook	CT	6482	203-304-9886	matthew.mccarthy@schooleymitchell.com
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Chen, Allen	85 NE 58th Ave	Portland	WA	97213	206-899-1741	allen.chen@schooleymitchell.com
Youngman, Trent	683 Isola Vista CT	Richland	WA	99352	509-596-1173	trent.youngman@schooleymitchell.com

U.S. Franchisees						
Name	Business Street	Franchisee City	State	Zip	Phone	Email Address
Schulz, Don	4580 Klahanie Dr. SE Suite 150	Sammamish	WA	98029	425-464-5030	don.schulz@schooleymitchell.com
Jones, Rick	4500 9th Ave NE Suite 300	Seattle	WA	98105	206-452-2926	rick.jones@schooleymitchell.com
Salazar, Mike	1534 Magnolia Way	Seattle	WA	98199	206-775-7798	mike.salazar@schooleymitchell.com
Garnier, Mario	37943 23rd Pl South	Federal Way	WA	98003	206-309-1450	mario.garnier@schooleymitchell.com
Price, Rob	18430 SE 44th Ln	Vancouver	WA	98683	360-448-7767	rob.price@schooleymitchell.com
Krupp, William	N8017 County Road M	Hawkins	WI	54530	715-585-2451	william.krupp@schooleymitchell.com
Caspar, Allan	5218 Summer Ridge Dr	Madison	WI	53704	608-234-5789	allan.caspar@schooleymitchell.com
Tan, Denis	P.O. Box 1212	Wausau	WI	54402	715-318-6555	denis.tan@schooleymitchell.com

Canadian Franchisees						
Name	Business Street	Franchisee City	Province	Code	Phone	Email Address
Dryden, Ryan	#405, 830 Centre Ave. N.E.	Calgary	AB	T2E 9C3	403-818-1925	ryan.dryden@schooleymitchell.com
Pendergast, Mickey	1925-18th Ave NE, #115	Calgary	AB	T2E 7T8	403-875-4777	mickey.pendergast@schooleymitchell.com
Ryskine, Oleg	54 Valley Pointe Bay NW	Calgary	AB	T3B 6B6	800-870-7006	oleg.ryskine@schooleymitchell.com
Warring, Richard	10520 35a Ave	Edmonton	AB	T6J 2H2	825-510-8100	richard.warring@schooleymitchell.com
Smith, Darren	16 Bluefox Place	Lethbridge	AB	T1H 6E6	403-942-5151	darren.smith@schooleymitchell.com
Gibbons, Mark	3132 Dayanee Springs Suite 501	Coquitlam	BC	V3E 0B5	604-757-3977	mark.gibbons@schooleymitchell.com
Berks, Davey	620 E. 28th Ave	Vancouver	BC	V5V 2N5	604-727-9480	davey.berks@schooleymitchell.com
Farkas, Eszter	1731 Denman Street	Victoria	BC	V8R 1Y3	250-598-6991	eszter.farkas@schooleymitchell.com
Farkas, Victor	1731 Denman Street	Victoria	BC	V8R 1Y3	250-598-6991	victor.farkas@schooleymitchell.com
Popper, Hernan	49 Bessboro St North	Winnipeg	MB	R3Y 1Y6	204-816-1500	hernan.popper@schooleymitchell.com
Nafthal, Axel	213 Fox Hill Ave	Kentville	NS	B4N 5B2	902-365-3046	axel.nafthal@schooleymitchell.com
Thompson, Cindy	66 Mukwa Bay Estates	Buckhorn	ON	K0L 1R0	705-304-1069	cindy.thompson@schooleymitchell.com
Lafreniere, Stephan	Suite 113, 5-200 Green Lane East	East Gillimbury	ON	L9N 0Z7	289-903-0147	stephan.lafreniere@schooleymitchell.com
Hostein, Neil	P.O. Box 24021	Guelph	ON	N1E 6V7	905-547-1380	neil.hostein@schooleymitchell.com
Hiltz, Grace	161 Confederation St.	Halton Hills	ON	L7G 4S8	289-642-2864	grace.hiltz@schooleymitchell.com
Cardenas, Miguel	504050 Grey Road 12, RR#6	Markdale	ON	N0C 1H0	519-904-5577	miguel.cardenas@schooleymitchell.com
Baznick, Michael	567 Hood Terrace	Milton	ON	L9T 0H2	647-578-6990	michael.baznick@schooleymitchell.com
Baznick, Shaila	567 Hood Terrace	Milton	ON	L9T 0H2	647-578-6990	shaila.baznick@schooleymitchell.com
Arneja, Kabir	77 City Centre Drive, Suite 501, East Tower	Mississauga	ON	L5B 1M5	877-255-7720	kabir.arneja@schooleymitchell.com
Wehbeh, Sam	5807 Raftsman Cove	Mississauga	ON	L5M 7H2	647-535-8555	sam.wehbeh@schooleymitchell.com
Day, Peter	164 Trafalgar Rd	Oakville	ON	L6J 3G6	416-823-0220	peter.day@schooleymitchell.com
Rajesh, Bhargavi	1282 Hilton Lane	Oakville	ON	L6M 2V2	226-499-4420	bhargavi.rajesh@schooleymitchell.com
DeGiacomo, Kris	2150 Nantes Street	Ottawa	ON	K4A 4E6	343-803-5523	kris.degiacomo@schooleymitchell.com
Shorrocks, Mark	56 Richvalley Crescent	Richmond Hill	ON	L4E 4C8	647-363-7741	mark.shorrocks@schooleymitchell.com
Smith, Cassandra	4 Ridgewood Crescent	St Marys	ON	N4X 1E8	519-800-4433	cassandra.smith@schooleymitchell.com
Smith, Jesse	4 Ridgewood Crescent	St Marys	ON	N4X 1E8	519-800-4433	jesse.smith@schooleymitchell.com
Don, David	1717 Avenue Road #310	Toronto	ON	M5M 0A2	647-598-3712	david.don@schooleymitchell.com
Lopez, Eva	11 Lofty Hill Way	Toronto	ON	M2H 2Z8	647-932-5173	eva.lopez@schooleymitchell.com
Shermon, Ganesh	1018 - 130 Queens Quay East	Toronto	ON	L6L 0A6	289-997-5184	ganesh.shermon@schooleymitchell.com
Shermon, Kavita	1018 - 130 Queens Quay East	Toronto	ON	L6L 0A6	289-997-5184	kavita.shermon@schooleymitchell.com
Gallant, Shane	11 Roan Drive	Whitby	ON	L1P 1L5	647-503-0245	shane.gallant@schooleymitchell.com
Falomo, Anne	19 Jackman Cr	Woodbridge	ON	L4L 6P3	647-361-2786	anne.falomo@schooleymitchell.com
Chevrier, Amanda	351 Delainey Manor	Saskatoon	SK	S7V 0N2	306-912-9906	amanda.chevrier@schooleymitchell.com

SCHOOLEY MITCHELL®

Certain Former Franchisees

The following franchisees had a Franchised Business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a Franchise License Agreement during the fiscal year ended February 28, 2023:

U.S. Franchisees				
Name	City	State	Code	Phone
Ken Crawford	Lakeville	AR	55044	952-456-0090
Eric Ballester	Gilbert	AZ	85299	480-604-8080
Jeff Davis	Scottsdale	AZ	85255	480-725-8824
Randy Redcay	Eloy	AZ	85131	520-413-5853
Gary Crabtree	Fullerton	CA	92834	714-525-5234
Joshua Martin	Santa Maria	CA	93458	805-348-3101
Warren Dale	Monument	CO	80132	719-203-6906
Brad Schmelzer	Castle Pines	CO	80108	303-660-1765
Dave Delacatto	Monroe	CT	06468	203-442-1311
Christina Grenga	Delray Beach	FL	33445	561-953-4455
Leonardo Luna	Doral	FL	33178	786-796-7949
Richard Blahnik	Peachtree City	GA	30269	470-465-9515
Bill Cullo	Atlanta	GA	30339	770-282-1788
Brian Breedlove	Wayne	IN	60184	844-877-5567
Greg Cassidy	Noblesville	IN	46062	317-669-9521
Mike Jessop	Golden Valley	MN	55422	952-949-4990
Marco Strom	Shakopee	MN	55403	952-456-8379
Paul Nashawaty	Apex	NC	27502	919-267-6700
Ken Schwertner	High Point	NC	27265	336-340-7970
Thom Grace	Stratham	NH	3885	603-779-9096
Tom Muldowney	North Hampton	NH	3862	781-507-4563
Jeff Mahalik	Holmdel	NJ	7733	646-459-4265
Ari O'Brien	Las Vegas	NV	89128	702-440-8828
Steve Telford	Blue Ash	OH	45242	513-745-9234
Libby Villavicencio	Columbus	OH	43202	614-568-3748
Andy Rohrbough	Pottstown	PA	19465	484-524-8467
Mike Edwards	Nashville	TN	37217	615-953-2434
Nikki Webb	Thompsons Station	TN	37179	615-589-9799
Keegan Kukowski	Richmond	TX	77406	254-271-5005
Paul O'Banion	Garland	TX	75043	214-516-4455
Lance Spracklen	Austin	TX	78744	512-354-4607
Duane Harter	Sammamish	WA	98075	877-578-9544

Canadian Franchisees				
Name	City	Prov	Code	Phone
Mohammed Fareeq	Burnaby	BC	V3N 3R7	778-897-2500
John Campbell	Dartmouth	NS	B2X 3H4	902-435-4578
Marcel St Pierre	Ottawa	ON	K1T 3X2	613-695-3590

EXHIBIT D

SCHOOLEY MITCHELL®

FRANCHISE DISCLOSURE DOCUMENT

OPERATIONS MANUAL TABLE OF CONTENTS

Operations Manual Table of Contents

Operations Manual Contents

Section A - Ethics and Mission

- A1 – Scope of Operations Manual – 1 Page
- A2 – Confidentiality – 1 Page
- A3 – Independence & Objectivity – 1 Page
- A4 – Code of Professional Conduct – 2 Pages
- A5 – Transfer of Interest – 1 Page
- A6 – Our Mission – 1 Page
- A7 – Core Values – 2 Pages
- A8 – Inclusions – 1 Page

Section B – Start Up

- B1 – Identification – 2 Pages
- B2 – Registration – 1 Page
- B3 – Franchise Location Address – 1 page
- B4 – Multiple Locations – 1 Page
- B5 – Franchise Footprint – 1 Page

Section C – Set Up

- C1 – Equipment & Services – 1 Page
- C2 – Supplies – 1 Page
- C3 – Telephone Answering and Email Templates – 1 Page
- C4 – Employees & Contracted Employees – 1 Page
- C5 – Training – 4 Pages
- C6 – Schooley Mitchell Intranet Access – 1 Page
- C7 – Biographies – 1 Page
- C8 – Accounting Policies – 3 Pages
- C9 – Monthly Payments – 1 Page
- C10 – Summary of Start Up & Recurring Expenses – 3 Pages
- C11 – Tax Recovery – 3 Pages

Section D – Operation

- D1 – Basic Services – 2 Pages
- D2 – Value Report Preparation – 2 Pages
- D3 – Advertising – 1 Page
- D4 – Head Office Sales on Behalf of Franchisees – 1 Page
- D5 – Temporary Client Registry – 1 Page
- D6 – Permanent Client Registry – 1 Page

D7 – Telemarketing and/or Cold Calling Lists – 1 Page
D8 – Client Engagement Documents – 4 Pages
D9 – Quick Start Program – 3 Pages
D10 – Invoicing – 1 Page
D11 – Client Documents to be Submitted to Head Office - 1 Page
D12 – Schedule for Submitting Client Information – 1 Page
D13 – Payment Schedule for Purchases and Fees – 1 Page
D14 – Franchisee Recognition – 1 Page
D15 – Handling of Public Tenders – 1 Page
D16 – Supplier Contracts – 1 Page
D17 – Urban Center Identification – 1 Page
D18 – Joint Ventures with Other SM Offices – 1 Page
D19 – Clients Listed on SM Website – 4 Pages
D20 – Production Services of Third Parties – 1 Page
D21 – Social Media and Internet Policy – 6 Pages
D22 – Pulse Program Procedures – 2 Pages

Section E – Advice and Business Development

E1 – Schooley Mitchell – Contact Staff & Support - 1 Page
E2 – Advisory Council – 3 Pages

Total Pages in Operations Manual as of February 28, 2019: 78 Pages

EXHIBIT E

SCHOOLEY MITCHELL®
FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

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

1073355 Ontario Limited

Balance Sheet
As At June 30, 2023

June 30
2023

Assets

Current Assets

Accounts Receivable	\$6,238,971
Work In Process	1,083,218
Due from shareholder	24,376
Inventory	6,243
Prepaid expenses	33,254
	<u>\$7,386,062</u>

Equipment and leasehold improvements	160,435
Deferred Broker Commissions	986,754
	<u><u>\$8,533,251</u></u>

Liabilities and Shareholders' Equity

Current Liabilities

Bank overdraft	\$21,346
Accounts payable and accrued liabilities	472,825
Payroll remittances payable	1,987,640
HST payable	13,245
Income taxes payable	143,568
Deferred revenue	3,967,433
	<u>\$6,606,057</u>

Deferred Taxes	\$655,477
Capital lease obligation	131,254
	<u>\$7,392,788</u>

Shareholders' Equity

Share capital	\$100
Accumulated equity	1,140,363
	<u>\$1,140,463</u>
	<u><u>\$8,533,251</u></u>

1073355 Ontario Limited

Statement of Operations

For The Four Months Ended June 30, 2023

	June 30 2023
Revenue	
Franchise sales	\$1,500,501
Royalties	590,021
Telemarketing and service revenue	27,489
Production Income	<u>1,149,537</u>
	<u>\$3,267,548</u>
Expense	
Salaries and wages	\$1,832,546
Franchise commissions, training and mentoring	633,492
Office and administrative	421,801
Rent	102,392
Bank charges and interest	<u>37,564</u>
	<u>\$3,027,795</u>
Income before the undernoted items	<u>\$239,753</u>
Other expenses	
Depreciation and amortization	<u>\$19,876</u>
	<u>\$19,876</u>
Net income	<u><u>\$219,877</u></u>

1073355 Ontario Limited

Statement of Shareholders' Equity

For The Four Months Ended June 30, 2023

	June 30 2023
Equity, beginning of the period	\$920,486
Net earnings	219,877
Dividends	0
	<u>\$1,140,363</u>

Financial Statements of

1073355 ONTARIO LIMITED

And Independent Auditor's Report thereon

Year ended February 28, 2023



KPMG LLP
120 Victoria Street South
Suite 600
Kitchener ON N2G 0E1
Canada
Tel 519-747-8800
Fax 519-747-8811

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of 1073355 Ontario Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of 1073355 Ontario Limited (the Company), which comprise the balance sheet as of February 28, 2023, and the related statement of accumulated deficit, statement of operations, and statement of cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of February 28, 2023, and the results of its operations and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit 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 the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, 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 the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.



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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 the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

May 1, 2023

1073355 ONTARIO LIMITED

Balance Sheet

February 28, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash	\$ –	\$ 2,615
Accounts receivable (note 4)	1,253,390	706,952
Income tax receivable	15,036	–
Work in progress	1,172,556	958,248
Current portion of contract receivable	2,723,584	2,167,893
Current portion of term notes receivable (note 5)	366,190	208,645
Inventory	6,910	5,456
Prepaid expenses	36,306	36,306
	5,573,972	4,086,115
Contract receivable	2,462,946	2,491,019
Contract asset	1,226,623	1,006,652
Right-of-use asset (note 7)	997,633	–
Term notes receivable (note 5)	188,072	137,340
Equipment and leasehold improvements (note 6)	42,703	201,578
	\$ 10,491,949	\$ 7,922,704
Liabilities and Shareholder's Equity		
Current liabilities:		
Bank overdraft	\$ 84,586	\$ –
Line of credit	500,000	15,000
Accounts payable and accrued liabilities	599,911	232,526
Payroll remittances payable	3,058,678	2,030,407
Income taxes payable	–	45,251
Current portion of deferred revenue	769,851	948,369
Due to shareholder	1,385	1,316
Current portion of lease liabilities (note 7)	250,763	60,747
	5,265,174	3,333,616
Deferred revenue	2,506,949	2,014,428
Deferred tax liability (note 11)	1,028,942	931,203
Lease liabilities (note 7)	770,298	70,622
	9,571,363	6,349,869
Shareholder's equity		
Share capital (note 9)	100	100
Accumulated surplus	920,486	1,572,735
	920,586	1,572,835
	\$ 10,491,949	\$ 7,922,704

See accompanying notes to financial statements.

On behalf of the Board:

Director

1073355 ONTARIO LIMITED

Statement of Accumulated Deficit

Year ended February 28, 2023, with comparative information for 2022

	2023	2022
Accumulated surplus (deficit), beginning of year	\$ 1,572,735	\$ (1,320,742)
Net earnings	(152,249)	1,075,418
Dividends	(500,000)	(260,000)
Change in accounting policy	—	2,078,059
Accumulated surplus, end of year	\$ 920,486	\$ 1,572,735

See accompanying notes to financial statements.

1073355 ONTARIO LIMITED

Statement of Operations

Year ended February 28, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Production sales	\$ 2,342,665	\$ 2,986,201
Franchise sales	3,637,566	3,522,989
Royalty	1,580,400	2,098,570
Marketing fund and conference collections (note 10)	784,614	339,680
Telemarketing and service revenue	265,306	193,061
	8,610,551	9,140,501
Expense:		
Salaries and wages	4,994,428	4,744,753
Franchise commissions, training and mentoring	1,736,443	1,716,738
Office and administrative	1,066,159	951,040
Bank charges and interest	436,875	146,619
Other	172,133	223,830
	8,406,038	7,782,980
Earnings before the undernoted items and taxes	204,513	1,357,521
Other expenses:		
Depreciation and amortization	288,454	92,864
Income (loss) before income taxes	(83,941)	1,264,657
Income tax expense (note 11)	68,308	189,239
Net income (loss)	\$ (152,249)	\$ 1,075,418

See accompanying notes to financial statements.

1073355 ONTARIO LIMITED

Statement of Cash Flows

Year ended February 28, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Net income (loss)	\$ (152,249)	\$ 1,075,418
Items not involving cash:		
Depreciation and amortization	288,454	92,864
Deferred tax expense	97,739	310,329
Interest expense on lease liabilities	102,735	—
Net change in non-cash operating assets and liabilities:		
Accounts receivable	(546,438)	(62,143)
Contract receivable	(527,618)	(2,346,808)
Contract asset	(219,971)	7,356
Work in progress	(214,308)	(190,338)
Net repayments (advances) of term notes receivable	(208,277)	509,764
Inventory	(1,454)	384
Prepaid expenses	—	38,593
Accounts payable and accrued liabilities	367,385	(21,749)
Payroll remittances payable	1,028,271	350,569
Income taxes payable	(60,287)	(118,686)
Deferred revenue	314,003	739,056
Cash provided by operating activities	267,985	384,609
Investing activities:		
Purchase of equipment and leasehold improvements	(1,294)	—
Cash used in investing activities	(1,294)	—
Financing activities:		
Payments on lease liabilities	(338,961)	(65,528)
Advances from shareholders' loan payable	69	(1,496)
Dividends paid	(500,000)	(260,000)
Cash used in financing activities	(838,892)	(327,024)
Decrease (increase) in bank overdraft	(572,201)	57,585
Bank overdraft, beginning of year	(12,385)	(69,970)
Bank overdraft, end of year	\$ (584,586)	\$ (12,385)
Bank overdraft includes:		
Cash	\$ (84,586)	\$ 2,615
Bank overdraft	(500,000)	(15,000)
	\$ (584,586)	\$ (12,385)

See accompanying notes to financial statements.

1073355 ONTARIO LIMITED

Notes to Financial Statements

Year ended February 28, 2023

1. Reporting entity:

1073355 Ontario Limited (the "Company") is a private company incorporated under the laws of the Province of Ontario, Canada.

The principal business of the Company is to sell and support franchises under the "Schooley Mitchell" trademark. The address of the Company's registered office is 1030 Erie Street Stratford, Ontario, Canada.

All the common shares are held by Dennis Schooley, Founder.

2. Basis of preparation:

(a) Basis of presentation:

The Company prepares its financial statements in accordance with generally accepted accounting principles in the United States of America ("US GAAP").

(b) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

(c) Use of estimates and judgments:

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful life of equipment and leasehold improvements, and trademarks; provisions for impairment of trade accounts receivable; fair value calculations of term notes with a 0% interest rate; and the determination of performance obligations for revenue in contracts with customers, allocation of the transaction price to those obligations, and the timing of related revenue recognition. Actual results could differ from those estimates.

1073355 ONTARIO LIMITED

Notes to Financial Statements (continued)

Year ended February 28, 2023

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all years presented in these financial statements:

(a) Cash and cash equivalents:

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

(b) Trade accounts receivable:

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. Amounts collected on trade accounts receivable are included in net cash provided by operating activities in the statement of cash flows. The Company maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions and customers' financial condition, the amount of receivables in dispute, and the current receivables aging and current payment patterns. The Company reviews its allowance for doubtful accounts periodically. The Company does not have any off-balance-sheet credit exposure related to its customers.

(c) Financial instruments:

For assets and liabilities measured at fair value, such amounts are based on an expected exit price representing the amount that would be received on the sale of an asset or paid to transfer a liability, as the case may be, in an orderly transaction between market participants. As such, fair value may be based on assumptions that market participants would use in pricing an asset or liability. The authoritative guidance on fair value measurements establishes a consistent framework for measuring fair value on either a recurring or nonrecurring basis whereby inputs used in valuation techniques are assigned a hierarchical level. The following methods were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities.

1073355 ONTARIO LIMITED

Notes to Financial Statements (continued)

Year ended February 28, 2023

3. Significant accounting policies (continued):

(d) Equipment and leasehold improvements:

Computer equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Costs include all expenditures directly related to the acquisition of the asset. Depreciation is based on the cost of an asset less its residual value. Depreciation is provided for using the following methods and annual rates:

Asset	Basis	Rate
Computer equipment	Declining-balance	50%
Furniture and fixtures	Declining-balance	20%
Leasehold improvements	Straight-line	10 years

During the pre-operating period, these assets are reported as not in use, with no depreciation until such a time as the assets are available or ready for use.

Depreciation methods, useful lives and residual values are reviewed upon changes in circumstances and adjusted, if appropriate.

(e) Intangible assets:

Limited life intangible assets, such as patents, trademarks, software, and customer application software, are stated at cost less accumulated amortization. Amortization is based on the estimated useful life of the assets and is calculated as follows:

Asset	Basis	Rate
Trademarks - American	Straight-line	5 years
Trademarks - Canadian	Straight-line	15 years

Intangible assets still in development are not amortized until the assets are available or ready for use.

Amortization methods, useful lives and residual values are reviewed upon changes in circumstances and adjusted, if appropriate.

1073355 ONTARIO LIMITED

Notes to Financial Statements (continued)

Year ended February 28, 2023

3. Significant accounting policies (continued):

(f) Revenue recognition:

The Company's revenue streams consist primarily of fees from franchised cost reduction consulting centers operated by traditional franchisees, including the initial licensing fee and royalties based on a percentage of sales. Revenue also includes sales of telemarketing, service and SMARRT programs to franchisees, marketing fund and conference collections, as well as cost reduction consulting services completed from Company operated franchises.

Under ASC 606, revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the consideration expected to be received for those goods or services.

i) Franchise sales, royalties and marketing fees:

The Company has identified two performance obligations being the initial franchise set up activities, which includes the provision of the initial franchisee training program and the operating manual, initial system set-up and site selection and access to standardized templates, and the ongoing support and services provided over the franchise term. The initial performance obligation has been allocated 80% of the initial fee and is recognized upon completion of the program. The second performance obligation has been allocated 20% of the initial fee, which is recognized as the Company satisfies the performance obligation over the franchise term, which is generally 10 years. The second performance obligation has also been allocated the consideration in the form of royalties from franchisees, including management information system fees, and marketing fees. These are variable consideration based on a percentage of sales. Royalty and production sales revenue are recognized as the Company of a franchisee implements a cost reduction plan for the Company's of franchisee's customer. Standard payment terms require the initial franchisee fee to be paid in advance of the training course, however in certain cases the Company will provide financing alternatives which have been included as notes receivable within the financial statements. Refer to Note 5 for details. All monthly payments are due by the 24th day of the month for the preceding calendar month.

A contract asset has been recognized for the directly related commission expense paid to acquire certain franchise arrangements. This contract asset will be amortized over the term of the franchise agreement acquired.

1073355 ONTARIO LIMITED

Notes to Financial Statements (continued)

Year ended February 28, 2023

3. Significant accounting policies (continued):

(f) Revenue recognition (continued):

ii) Telemarketing and SMARRT revenue:

Revenue for telemarketing and service revenue is recognized when control of the service is transferred to the customer. This is generally the point in time in which the services have been completed, whether that be telemarketing days or SMARRT program delivery. Therefore, there is only a single performance obligation. Payment on telemarketing and the smart program is typically required in advance of the service being provided.

iii) Corporate office sales:

A single performance obligation has been identified which is the cost reduction services performed by the head office. This is satisfied when the cost reduction plan is implemented by the customer. Standard payment terms are 30 days subsequent to the completion of the post-audit.

Revenue has been disaggregated by source within the statement of operations.

(h) Inventories:

Inventories are stated at the lower-of-cost or market value using the first-in-first-out inventory method, and consist of equipment and supplies.

(i) Unbilled revenue:

Unbilled revenue is valued at the lower of cost and the estimated net realizable value of the work-in-progress. Cost is determined based on actual expenses incurred.

(j) Income taxes:

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgement occurs.

1073355 ONTARIO LIMITED

Notes to Financial Statements (continued)

Year ended February 28, 2023

3. Significant accounting policies (continued):

(k) Long-lived assets:

Long-lived assets, such as intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying amount. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying amount exceeds its fair value. Fair value is determined using various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary. No impairment losses were recognized in the year ended February 28, 2023.

(l) Commitments and contingencies:

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

(m) Foreign currency translation:

Transactions in currencies other than the functional currency are translated into the functional currency using exchange rates prevailing at the dates of the transaction. Monetary assets and liabilities denominated in the functional currency are translated using the exchange rate at the balance sheet date. Foreign exchange gains and losses are recognized in the statement of operations.

(n) Leases:

The Company leases offices, computer equipment and furniture and fixtures. The Company determines if an arrangement is a lease at inception and evaluates the lease classification (i.e., operating lease or financing lease) at that time. Both operating and financing leases are included in right-of-use assets, lease liabilities, and current portion lease liabilities on the Company's balance sheet.

Right-of-use assets represent the Company's right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments arising from the lease. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

1073355 ONTARIO LIMITED

Notes to Financial Statements (continued)

Year ended February 28, 2023

3. Significant accounting policies (continued):

(n) Leases (continued):

The Company considers the likelihood of exercising options to extend or terminate the lease when determining the lease term.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the shorter of the end of the lease term or the useful life

Lease obligations is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

Finance lease interest expense is included within Bank charges and interest expense in the statements of operations. Operating lease and variable lease costs are included in Office Administration in the statements of operations. Variable lease costs are the portion of lease payments that are not fixed over the lease term. Variable lease costs include real estate payments that are adjusted periodically for inflation or other variables as well as payments for taxes, insurance, maintenance and other expenses. The Company expenses variable lease costs as incurred.

Lease arrangements with an initial term of 12 months or less are considered short-term leases and are not recorded on the balance sheet. The Company recognizes lease expense for these leases on a straight-line basis over the term of the lease.

(o) Recently issued accounting pronouncements:

A number of new standards are effective for annual periods beginning after January 1, 2023 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements. Further, the Company is currently evaluating the impact of adoption.

ASU 2020-06—Debt—Debt with Conversion and Other Options

The update simplifies the accounting for convertible debt instruments and convertible preferred stock by reducing the number of accounting models and limiting the number of embedded conversion features separately recognized from the primary contract. The guidance also includes targeted improvements to the disclosures for convertible instruments and earnings per share. ASU 2020-06 takes effect for private companies for fiscal years beginning after Dec. 15, 2023.

1073355 ONTARIO LIMITED

Notes to Financial Statements (continued)

Year ended February 28, 2023

3. Significant accounting policies (continued):

(o) Recently issued accounting pronouncements (continued):

ASU 2016-13—Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended by 2019-10

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update No. 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASU 2016-13), which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. ASU 2016-13 replaces the existing incurred loss impairment model with a forward-looking expected credit loss model which will result in earlier recognition of credit losses. Codification improvements were issued through 2018-19, 2019-4, 2019-5, 2019-11 and 2020-03 which are to be adopted concurrently with ASU 2016-13. For non-listed entities, the amendment date was postponed and are effective for fiscal years beginning after December 15, 2022.

ASU 2017-04—Intangibles—Goodwill and Other - Simplifying the Test for Goodwill Impairment

In January 2017, the FASB issued ASU 2017-04 which simplifies the accounting for goodwill impairments by eliminating the requirement to compare the implied fair value of goodwill with its carrying amount as part of step two of the goodwill impairment test referenced in Accounting Standards Codification (“ASC”) 350, Intangibles - Goodwill and Other (“ASC 350”). As a result, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An impairment charge should be recognized for the amount by which the carrying amount exceeds the reporting unit’s fair value. However, the impairment loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. ASU 2017-04 is effective for annual reporting periods beginning after December 15, 2023.

ASU 2022-03—Fair Value Measurement

On June 30, 2022, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2022-03, “Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions,” which clarifies how the fair value of equity securities subject to contractual sale restrictions is determined. ASU 2022-03 clarifies that a contractual sale restriction should not be considered in measuring fair value. It also requires entities with investments in equity securities subject to contractual sale restrictions to disclose certain qualitative and quantitative information about such securities. ASU 2022-03 takes effect for private companies for fiscal years beginning after Dec. 15, 2024.

1073355 ONTARIO LIMITED

Notes to Financial Statements (continued)

Year ended February 28, 2023

3. Significant accounting policies (continued):

(p) Newly adopted accounting pronouncements

Leases

In 2016, the Financial Accounting Standards Board ("FASB") issued guidance on leases, Accounting Standards Updates 2016-02, Leases ("ASU 2016-02"), with amendments issued in 2018 and 2019 (collectively, "ASC 842"). ASC 842 requires lessees to recognize assets and liabilities related to lease arrangements on the balance sheet; leases are to be recorded as a lease liability (on a discounted basis) with a corresponding right-of-use ("ROU") asset. Leases will be classified as finance or operating, with the classification affecting the pattern and classification of expense recognition over the lease term. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous GAAP. This guidance also expands the required quantitative and qualitative disclosures for leasing arrangements and gives rise to other changes impacting certain aspects of lessee and lessor accounting. The two permitted transition methods under the guidance are the modified retrospective transition approach, which requires application of the guidance for all comparative periods, and the cumulative effect adjustment approach, which requires prospective application the adoption date.

The Company adopted ASC 842 effective March 1, 2022 under the modified retrospective transition method. Under this method, financial statements for periods after the adoption date are presented in accordance with ASC 842 and prior-period financial statements continue to be presented in accordance with ASC 840, the accounting standard originally in effect for such periods. The package of practical expedients included that the Company was not required to reassess under the new standard its prior conclusions about lease identification, lease classification and initial direct costs. Also, as part of the adoption, the Company elected to not recognize short-term leases (those with lease terms less than a year) on the consolidated balance sheets, not separate lease and non-lease components and did not use hindsight to determine lease term. The most significant impact was the recognition of ROU assets and lease liabilities for our operating leases. The ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent an obligation to make lease payments arising from the lease at lease commencement date.

1073355 ONTARIO LIMITED

Notes to Financial Statements (continued)

Year ended February 28, 2023

3. Significant accounting policies (continued):

(p) Newly adopted accounting pronouncements

The Company's operating leases resulted in the recognition of additional assets and the corresponding liabilities on its balance sheet, however it did not have a material impact on the statements of operations or cash flows as of March 1, 2022. The Company recognized ROU assets and lease liabilities of \$1,069,910 for operating leases as follows:

	2022	2022
	Right-of-use Asset	Lease liability
Cana Vac Property lease contract, 9.2% ¹ payable \$5,000 monthly until October 2023, \$5,200 monthly thereafter, due September 2025	\$ 183,593	\$ 183,593
Feltz Warehousing Ltd Property lease contract, 9.2% ¹ payable \$9,800 monthly, due September 2025	358,821	358,821
Hurlbut Corporation property lease contract, 9.2% ¹ payable \$6,920 monthly until February 2023, and payable \$7,221 monthly subsequently, due February 2031.	527,496	527,496
	\$ 1,069,910	\$ 1,069,910

The accounting for finance leases (capital leases under ASC 840) was substantially unchanged on the date of adoption. Accordingly, upon adoption, these assets were reclassified from property, plant and equipment to right-of-use assets. The adjusted balances have been restated as follows:

Pre-adoption:

		2022	2022
Property, Plant and Equipment	Cost	Accumulated depreciation	Net book value
Computer equipment	\$ 328,715	\$ 240,761	\$ 87,954
Furniture and fixtures	177,689	110,161	67,528
Leasehold improvements	101,935	55,839	46,096
	\$ 608,339	\$ 406,761	\$ 201,578

1073355 ONTARIO LIMITED

Notes to Financial Statements (continued)

Year ended February 28, 2023

3. Significant accounting policies (continued):

(p) Newly adopted accounting pronouncements

Post-adoption:

		2022	2022
Property, Plant and Equipment	Cost	Accumulated depreciation	Net book value
Computer equipment	\$ 33,307	\$ 32,800	\$ 507
Furniture and fixtures	41,245	33,799	7,446
Leasehold improvements	101,935	55,839	46,096
	\$ 176,487	\$ 122,438	\$ 54,049

Right-of-use assets	Cost	Accumulated depreciation	Net book value
Computer equipment	\$ 295,408	\$ 207,961	\$ 87,447
Furniture and fixtures	136,444	76,362	60,082
Property Leases ¹	1,069,910	—	1,069,910
	\$ 1,501,762	\$ 284,323	\$ 1,217,439

¹ The property leases were those previously classified as operating leases as noted above

Other new or amended standards

In addition, the Company has adopted several new or amended standards effective March 1, 2022. These other new or amended standards had material impact to the financial statements:

ASU 2020-01 Investments—Equity Securities (Topic 321),

In January 2020, the FASB issued ASU 2020-01 “Investments-Equity Securities (Topic 321), Investments-Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815)-Clarifying the Interactions between Topic 321, Topic 323, and Topic 815” (“ASU 2020-01”). ASU 2020-01 clarifies that a company should consider observable transactions that require a company to either apply or discontinue the equity method of accounting under Topic 323, Investments-Equity Method and Joint Ventures, for the purposes of applying the measurement alternative in accordance with Topic 321 immediately before applying or upon discontinuing the equity method. Additionally, it clarifies that, when determining the accounting for certain forward contracts and purchased options a company should not consider, whether upon settlement or exercise, if the underlying securities would be accounted for under the equity method or fair value option.

1073355 ONTARIO LIMITED

Notes to Financial Statements (continued)

Year ended February 28, 2023

3. Significant accounting policies (continued):

(p) Newly adopted accounting pronouncements

ASU 2019-12—Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes ("ASU 2019-12"). ASU 2019-12 removes certain exceptions for recognizing deferred taxes for investments and calculating income taxes in interim periods. Additionally, the standard adds guidance to reduce complexity in certain areas, including recognizing taxes for tax goodwill and allocating taxes to members of a group. ASU 2019-12 is effective for annual periods beginning after December 15, 2021 on a prospective basis.

ASU 2020-08—Codification Improvements to Subtopic 310-20, Receivables - Nonrefundable Fees and Other Costs

This ASU states that an entity should reevaluate whether a callable debt security is within the scope of the Accounting Standards Codification (ASC) for each reporting period. The amendments stated in this ASU are intended to make ASC 310-20 easier to understand and apply. This ASU is effective for fiscal years beginning after December 15, 2021.

ASU 2020-10—Codification Improvements

This ASU is intended to conform, clarify, simplify, and/or provide technical corrections to a wide variety of codification topics, including moving certain presentation and disclosure guidance to the appropriate codification section. This ASU is effective for fiscal years beginning after December 15, 2021. The amendments should be applied retrospectively and at the beginning of the period that includes the adoption date.

ASU 2021-07— Stock Compensation (Topic 718): Stock Compensation

On July 2021, the FASB issued ASU 2021-07, to address the concerns from stakeholders about the cost and complexity of determining the fair value of equity-classified share-based awards for private companies. It specifically permits private companies to use 409A valuations prepared under US Treasury regulations to estimate the fair value of certain awards under ASC 718. The Update is effective for private companies in fiscal years starting after December 15, 2021.

ASU 2021-10—Government Assistance

In November 2021, the FASB issued ASU 2021-10. This ASU requires disclosures for material government assistance transactions during annual reporting periods. The disclosures include information about the nature of the transaction, the related accounting policies used to account for the government assistance, the effect of government assistance on the entity's financial statements, and any significant terms and conditions.

1073355 ONTARIO LIMITED

Notes to Financial Statements (continued)

Year ended February 28, 2023

4. Accounts receivable:

Accounts receivable is net of allowance for doubtful accounts of \$ 66,740 (2022 - \$203,785).

During the period, the Company had impairment losses of \$288,814 (2022 - \$105,164) related to receivables from contracts with customers.

5. Term notes receivable:

Term notes receivable is comprised of loans to various franchisees for financing of the initial franchise fee. All term notes are issued at a 0% interest rate, and recalculated using an implied interest rate of 3% for purposes of calculating the fair value of the term notes. The balance is net of allowance for doubtful accounts of \$ nil (2022 - \$nil).

6. Equipment and leasehold improvements:

		2023		Opening
	Cost	Accumulated depreciation	Net book value	Net book value
Computer equipment	\$ 34,601	\$ 33,758	\$ 843	\$ 87,954
Furniture and fixtures	41,245	35,288	5,957	67,528
Leasehold improvements	101,935	66,032	35,903	46,096
	\$ 177,781	\$ 135,078	\$ 42,703	\$ 201,578

Depreciation for the year amounted to \$12,640

7. Leases

Right-of-use assets

		2023		2022
	Cost	Accumulated depreciation	Net book value	Net book value
Computer equipment	\$ 331,572	\$ 257,852	\$ 73,720	\$ –
Furniture and fixtures	156,288	90,365	65,923	–
Property leases	1,069,910	211,920	857,990	–
	\$ 1,557,770	\$ 560,137	\$ 997,633	\$ –

Depreciation for the year amounted to \$275,814

1073355 ONTARIO LIMITED

Notes to Financial Statements (continued)

Year ended February 28, 2023

7. Leases (continued)

Lease liabilities

	2023	2022
HP lease contracts, rates ranging from 4.75% - 10.84%, payable \$5,325 monthly, including principal and interest, due July 2022 to January 2026, purchase option of \$nil at maturity.	\$ 72,362	\$ 86,736
EquiLease lease contracts, 10%, payable \$635 monthly, including principle and interest, due August 2025, purchase option of \$nil at maturity.	16,935	—
EquiLease lease contracts, 8%, payable \$598 monthly, including principle and interest, due May 2026, purchase option of \$10 at maturity.	21,538	26,806
Office equipment lease contracts, 8.00%, payable \$332 monthly, including principal and interest, due June 2023, purchase option of \$nil at maturity.	1,326	6,617
Office equipment lease contracts, 8.35% to 8.60%, payable \$268 monthly, including principal and interest, due August 2025 to July 2026.	8,188	11,210
Cana Vac Property lease contract, 9.2% ¹ payable \$5,000 monthly until October 2023, \$5,200 monthly thereafter, due September 2025	138,649	—
Feltz Warehousing Ltd Property lease contract, 9.2% ¹ payable \$9,800 monthly, due September 2025	270,571	—
Hurlbut Corporation property lease contract, 9.2% ¹ payable \$6920 monthly until February 2023, and payable \$7,221 monthly thereafter, due February 2031.	491,492	—
	1,021,061	131,369
Less current portion of lease liabilities	250,763	60,747
	\$ 770,298	\$ 70,622

¹ These lease obligations were calculated using the Company's incremental borrowing rate

1073355 ONTARIO LIMITED

Notes to Financial Statements (continued)

Year ended February 28, 2023

7. Leases (continued)

Principal reductions of lease liabilities are as follows:

2024	\$	325,766
2025		301,648
2026		207,917
2027		90,018
2028		86,650

9. Share capital:

	2023	2022
Authorized:		
Unlimited number of common shares		
Unlimited number of Class A special shares		
Unlimited number of Class B special shares		
Issued:		
Common shares	\$ 100	\$ 100

The Class A special shares are redeemable, retractable, non-cumulative voting shares. Each Class A special share is convertible into one common share at the option of the Class A special shareholder. As of February 28, 2023, no Class A special shares have been issued.

The Class B special shares are redeemable, retractable, non-cumulative, non-voting shares. As of February 28, 2023, no Class B special shares have been issued.

During the year, there were no issuance or redemptions of share capital.

1073355 ONTARIO LIMITED

Notes to Financial Statements (continued)

Year ended February 28, 2023

10. Marketing fund:

The Company collects funds from franchisees on a monthly basis for the purpose of maintaining a joint marketing program (the "Marketing Fund"). This program is operated on a cost recovery basis. Gross collections for the year are \$784,614 (2022 - \$339,680), and gross expenditures for marketing on behalf of the franchisees are \$403,494 (2022 - \$312,050). As at February 28, 2023, the gross asset and liability related to the cash that the Company manages on behalf of the franchisees and the corresponding obligation the Company has to each of the franchisees for the cash is \$nil.

11. Income taxes:

Income tax expense differs from the amount that would be computed by applying the federal and provincial statutory tax rates of 12.2% (2022 - 12.2%) to the income before income taxes. The reasons for the differences and related tax effects are as follows:

	2023	2022
Income (loss) before income taxes	\$ (83,941)	\$ 1,264,657
Income tax expense (recovery), at above basic rate	\$ (10,241)	\$ 154,288
Income tax expense (recovery) exceeding small business rate	23,704	21,727
Increase (decrease) in taxes resulting from:		
Effect of permanent differences	54,845	13,224
	\$ 68,308	\$ 189,239

1073355 ONTARIO LIMITED

Notes to Financial Statements (continued)

Year ended February 28, 2023

11. Income taxes (continued):

	2023	2022
Current income tax expense (recovery)	\$ (29,431)	\$ (28,816)
Deferred income tax expense	97,739	96,366
	<u>\$ 68,308</u>	<u>\$ 67,550</u>

The significant components of deferred income tax assets (liabilities) are as follows:

	2023	2022
Equipment and leasehold improvements	\$ (19,312)	\$ (25,695)
Obligations under capital leases	31,888	26,274
Contract receivable	(1,041,518)	(931,782)
	<u>\$(1,028,942)</u>	<u>\$ (931,203)</u>

12. Financial risk management:

(a) Fair value:

The Company measures certain financial assets at fair value on a recurring basis based on a fair value hierarchy that requires it to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The fair value of the Company's financial instruments measured at fair value has been segregated into three levels. (1) Fair value of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. (2) Fair value of assets included in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. (3) Fair value of assets and liabilities included in Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

1073355 ONTARIO LIMITED

Notes to Financial Statements (continued)

Year ended February 28, 2023

12. Financial risk management (continued):

(a) Fair value (continued):

The Company's financial instruments include the following:

February 28, 2023	Level	Fair value	Carrying value
Cash (bank overdraft)	1	\$ (584,586)	\$ (584,586)
Accounts receivable	2	1,253,390	1,253,390
Term notes receivable	2	554,262	554,262
Accounts payable and accrued liabilities	2	(599,911)	(599,911)
Payroll remittances payable	2	(3,058,678)	(3,058,678)
Income taxes receivable (payable)	2	15,056	15,056
Lease liabilities	2	(1,021,061)	(1,021,061)

February 28, 2022	Level	Fair value	Carrying value
Cash	1	\$ 2,615	\$ 2,615
Accounts receivable	2	706,952	706,952
Term notes receivable	2	345,985	345,985
Accounts payable and accrued liabilities	2	(232,526)	(226,893)
Payroll remittances payable	2	(2,030,407)	(2,030,407)
Income taxes receivable (payable)	2	(45,251)	(45,251)
Lease liabilities	2	(131,369)	(131,369)
Bank overdraft	1	(15,000)	(15,000)

(b) Credit risk:

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss being incurred by the Company. The Company is exposed to credit risk in its accounts receivable, term notes receivable, unbilled revenue, and accounts payable and accrued liabilities. The Company minimizes the credit risk of balances with banks by depositing with or transacting with Schedule 1 banks in Canada. The Company minimizes its credit risk of its accounts receivable and other receivables by routinely reviewing the status of individual accounts receivable balances and contacting customers who have overdue balances.

1073355 ONTARIO LIMITED

Notes to Financial Statements (continued)

Year ended February 28, 2023

12. Financial risk management (continued):

(c) Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. All contractual cash flows related to the Company's financial liabilities are expected to be settled within one year except for those amounts due to shareholders which will be settled over a period in excess of one year after the date of the financial statements.

(d) Market risk:

Market risk is the risk that changes in market conditions will affect the Company's income or the value of its financial instruments. The objective of market risk management is to manage and control exposures within acceptable parameters. The majority of the Company's franchisees are currently located in the United States of America, therefore the economic impact of changes in this market could be significant, including changes in exchange rates and interest rates impacting the ability of customers to make required payments. This is mitigated by the fact that the Company directly sells production services independently within Canada, and has some franchisees within the Country as well, diversifying the sources of revenue.

Financial Statements of

1073355 ONTARIO LIMITED

And Independent Auditors' Report thereon

Year ended February 28, 2022



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of 1073355 Ontario Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of 1073355 Ontario Limited (the Company), which comprise the balance sheet as of February 28, 2022, and the related statement of accumulated deficit, statement of operations, and statement of cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of February 28, 2022, and the results of its operations and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

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

Emphasis of Matter

As discussed in note 3(o) to the financial statements, the Company has elected to change its method of accounting for contracts with customers and costs to fulfil contracts in the current year. Our opinion is not modified with respect to this matter.



Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, 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 the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.



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- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a long, horizontal, slightly wavy line.

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada

April 29, 2022

1073355 ONTARIO LIMITED

Balance Sheet

February 28, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash	\$ 2,615	\$ –
Accounts receivable (note 4)	706,952	644,809
Income tax receivable	–	–
Work in progress	958,248	383,955
Current portion of contract receivable	2,167,893	–
Current portion of term notes receivable (note 5)	208,645	402,627
Inventory	5,456	5,840
Prepaid expenses	36,306	74,899
	4,086,115	1,512,130
Contract receivable	2,491,019	–
Contract asset	1,006,652	1,014,008
Term notes receivable (note 5)	137,340	453,122
Equipment and leasehold improvements (note 6)	201,578	125,961
Trademarks (note 7)	–	886
	\$ 7,922,704	\$ 3,106,107
Liabilities and Shareholder's Equity (Deficiency)		
Current liabilities:		
Bank overdraft	\$ 15,000	\$ 69,970
Accounts payable and accrued liabilities	232,526	254,275
Payroll remittances payable	2,030,407	1,679,838
Income taxes payable	45,251	163,937
Current portion of deferred revenue	948,369	1,075,537
Due to shareholder	1,316	2,812
Current portion of capital lease obligation (note 8)	60,747	23,601
	3,333,616	3,269,970
Deferred revenue	2,014,428	1,148,204
Deferred tax liability (note 12)	931,203	2,874
Capital lease obligation (note 8)	70,622	5,701
	6,349,869	4,426,749
Shareholder's equity (deficiency)		
Share capital (note 9)	100	100
Accumulated surplus (deficit)	1,572,735	(1,320,742)
	1,572,835	(1,320,642)
Commitments (note 10)		
Impact of COVID-19 (note 14)		
	\$ 7,922,704	\$ 3,106,107

See accompanying notes to financial statements.

On behalf of the Board:

Director

1073355 ONTARIO LIMITED

Statement of Accumulated Deficit

Year ended February 28, 2022, with comparative information for 2021

	2022	2021
Accumulated deficit, beginning of year	\$ (1,320,742)	\$ (2,274,267)
Net earnings	1,075,418	1,303,525
Dividends	(260,000)	(350,000)
Change in accounting policy (note 3(o))	2,078,059	–
Accumulated surplus (deficit), end of year	\$ 1,572,735	\$ (1,320,742)

See accompanying notes to financial statements.

1073355 ONTARIO LIMITED

Statement of Operations

Year ended February 28, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Production sales	\$ 2,986,201	\$ 1,337,840
Franchise sales	3,522,989	5,134,657
Royalty	2,098,570	1,185,409
Marketing fund and conference collections (note 11)	339,680	190,481
Telemarketing and service revenue	193,061	532,807
	9,140,501	8,381,194
Expense:		
Salaries and wages	4,744,753	3,907,578
Franchise commissions, training and mentoring	1,716,738	1,662,034
Office and administrative	951,040	865,268
Bank charges and interest	146,619	103,111
Other	223,830	234,311
	7,782,980	6,772,302
Earnings before the undernoted items and taxes	1,357,521	1,608,892
Other expenses:		
Depreciation and amortization	92,864	39,683
Interest income	—	(7,501)
Foreign exchange gain	—	131,566
	92,864	163,748
Income before income taxes	1,264,657	1,445,144
Income tax expense (note 12)	189,239	141,619
Net income	\$ 1,075,418	\$ 1,303,525

See accompanying notes to financial statements.

1073355 ONTARIO LIMITED

Statement of Cash Flows

Year ended February 28, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Net income	\$ 1,075,418	\$ 1,303,525
Items not involving cash:		
Depreciation and amortization	92,864	39,683
Deferred tax expense	310,329	2,874
Accrued interest on term note payable	—	20,019
Net change in non-cash operating assets and liabilities:		
Accounts receivable	(62,143)	128,245
Contract receivable	(2,346,808)	—
Contract asset	7,356	(497,702)
Work in progress	(190,338)	(123,047)
Net repayments (advances) of term notes receivable	509,764	(565,066)
Inventory	384	5,366
Prepaid expenses	38,593	(65,799)
Accounts payable and accrued liabilities	(21,749)	(237,805)
Payroll remittances payable	350,569	(121,830)
Income taxes payable	(118,686)	166,300
Deferred revenue	739,056	435,441
Cash provided by operating activities	384,609	510,937
Investing activities:		
Purchase of equipment and leasehold improvements	—	(19,000)
Cash used in investing activities	—	(19,000)
Financing activities:		
Principal payments on capital lease obligations	(65,528)	(54,706)
Payments on term note payable	—	(151,799)
Advances from shareholders' loan payable	(1,496)	2,779
Dividends paid	(260,000)	(350,000)
Cash used in financing activities	(327,024)	(553,726)
Decrease (increase) in bank overdraft	57,585	(61,789)
Bank overdraft, beginning of year	(69,970)	(8,181)
Bank overdraft, end of year	\$ (12,385)	\$ (69,970)
Bank overdraft includes:		
Cash	\$ 2,615	\$ —
Bank overdraft	(15,000)	(69,970)
	\$ (12,385)	\$ (69,970)
Non-cash investing activities:		
Equipment acquired under capital lease	\$ 167,595	\$ —

See accompanying notes to financial statements.

1073355 ONTARIO LIMITED

Notes to Financial Statements

Year ended February 28, 2022

1. Reporting entity:

1073355 Ontario Limited (the "Company") is a private company incorporated under the laws of the Province of Ontario, Canada.

The principal business of the Company is to sell and support franchises under the "Schooley Mitchell" trademark. The address of the Company's registered office is 1030 Erie Street Stratford, Ontario, Canada.

All the common shares are held by Dennis Schooley, Founder.

2. Basis of preparation:

(a) Basis of presentation:

The Company prepares its financial statements in accordance with generally accepted accounting principles in the United States of America ("US GAAP").

(b) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

(c) Use of estimates and judgments:

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful life of equipment and leasehold improvements, and trademarks; provisions for impairment of trade accounts receivable; fair value calculations of term notes with a 0% interest rate; and the determination of performance obligations for revenue in contracts with customers, allocation of the transaction price to those obligations, and the timing of related revenue recognition. Actual results could differ from those estimates.

1073355 ONTARIO LIMITED

Notes to Financial Statements (continued)

Year ended February 28, 2022

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all years presented in these financial statements:

(a) Cash and cash equivalents:

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

(b) Trade accounts receivable:

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. Amounts collected on trade accounts receivable are included in net cash provided by operating activities in the statement of cash flows. The Company maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions and customers' financial condition, the amount of receivables in dispute, and the current receivables aging and current payment patterns. The Company reviews its allowance for doubtful accounts periodically. The Company does not have any off-balance-sheet credit exposure related to its customers.

(c) Financial instruments:

For assets and liabilities measured at fair value, such amounts are based on an expected exit price representing the amount that would be received on the sale of an asset or paid to transfer a liability, as the case may be, in an orderly transaction between market participants. As such, fair value may be based on assumptions that market participants would use in pricing an asset or liability. The authoritative guidance on fair value measurements establishes a consistent framework for measuring fair value on either a recurring or nonrecurring basis whereby inputs used in valuation techniques are assigned a hierarchical level. The following methods were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities.

1073355 ONTARIO LIMITED

Notes to Financial Statements (continued)

Year ended February 28, 2022

3. Significant accounting policies (continued):

(d) Equipment and leasehold improvements:

Computer equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Costs include all expenditures directly related to the acquisition of the asset. Depreciation is based on the cost of an asset less its residual value. Depreciation is provided for using the following methods and annual rates:

Asset	Basis	Rate
Computer equipment	Declining-balance	50%
Furniture and fixtures	Declining-balance	20%
Leasehold improvements	Straight-line	10 years

During the pre-operating period, these assets are reported as not in use, with no depreciation until such a time as the assets are available or ready for use.

Depreciation methods, useful lives and residual values are reviewed upon changes in circumstances and adjusted, if appropriate.

(e) Intangible assets:

Limited life intangible assets, such as patents, trademarks, software, and customer application software, are stated at cost less accumulated amortization. Amortization is based on the estimated useful life of the assets and is calculated as follows:

Asset	Basis	Rate
Trademarks - American	Straight-line	5 years
Trademarks - Canadian	Straight-line	15 years

Intangible assets still in development are not amortized until the assets are available or ready for use.

Amortization methods, useful lives and residual values are reviewed upon changes in circumstances and adjusted, if appropriate.

1073355 ONTARIO LIMITED

Notes to Financial Statements (continued)

Year ended February 28, 2022

3. Significant accounting policies (continued):

(f) Revenue recognition:

The Company's revenue streams consist primarily of fees from franchised cost reduction consulting centers operated by traditional franchisees, including the initial licensing fee and royalties based on a percentage of sales. Revenue also includes sales of telemarketing, service and SMARRT programs to franchisees, marketing fund and conference collections, as well as cost reduction consulting services completed from Company operated franchises.

Under ASC 606, revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the consideration expected to be received for those goods or services.

i) Franchise sales, royalties and marketing fees:

The Company has identified two performance obligations being the initial franchise set up activities, which includes the provision of the initial franchisee training program and the operating manual, initial system set-up and site selection and access to standardized templates, and the ongoing support and services provided over the franchise term. The initial performance obligation has been allocated 80% of the initial fee and is recognized upon completion of the program. The second performance obligation has been allocated 20% of the initial fee, which is recognized as the Company satisfies the performance obligation over the franchise term, which is generally 10 years. The second performance obligation has also been allocated the consideration in the form of royalties from franchisees, including management information system fees, and marketing fees. These are variable consideration based on a percentage of sales. Royalty and production sales revenue are recognized as the Company of a franchisee implements a cost reduction plan for the Company's of franchisee's customer. Standard payment terms require the initial franchisee fee to be paid in advance of the training course, however in certain cases the Company will provide financing alternatives which have been included as notes receivable within the financial statements. Refer to Note 5 for details. All monthly payments are due by the 24th day of the month for the preceding calendar month.

A contract asset has been recognized for the directly related commission expense paid to acquire certain franchise arrangements. This contract asset will be amortized over the term of the franchise agreement acquired.

1073355 ONTARIO LIMITED

Notes to Financial Statements (continued)

Year ended February 28, 2022

3. Significant accounting policies (continued):

(f) Revenue recognition (continued):

ii) Telemarketing and SMARRT revenue:

Revenue for telemarketing and service revenue is recognized when control of the service is transferred to the customer. This is generally the point in time in which the services have been completed, whether that be telemarketing days or SMARRT program delivery. Therefore, there is only a single performance obligation. Payment on telemarketing and the smart program is typically required in advance of the service being provided.

iii) Corporate office sales:

A single performance obligation has been identified which is the cost reduction services performed by the head office. This is satisfied when the cost reduction plan is implemented by the customer. Standard payment terms are 30 days subsequent to the completion of the post-audit.

Revenue has been disaggregated by source within the statement of operations.

(h) Inventories:

Inventories are stated at the lower-of-cost or market value using the first-in-first-out inventory method, and consist of equipment and supplies.

(i) Unbilled revenue:

Unbilled revenue is valued at the lower of cost and the estimated net realizable value of the work-in-progress. Cost is determined based on actual expenses incurred.

(j) Income taxes:

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgement occurs.

1073355 ONTARIO LIMITED

Notes to Financial Statements (continued)

Year ended February 28, 2022

3. Significant accounting policies (continued):

(k) Long-lived assets:

Long-lived assets, such as intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying amount. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying amount exceeds its fair value. Fair value is determined using various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary. No impairment losses were recognized in the year ended February 28, 2022.

(l) Commitments and contingencies:

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

(m) Foreign currency translation:

Transactions in currencies other than the functional currency are translated into the functional currency using exchange rates prevailing at the dates of the transaction. Monetary assets and liabilities denominated in the functional currency are translated using the exchange rate at the balance sheet date. Foreign exchange gains and losses are recognized in the statement of operations.

(n) Recently issued accounting pronouncements:

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update No. 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASU 2016-13), which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. ASU 2016-13 replaces the existing incurred loss impairment model with a forward-looking expected credit loss model which will result in earlier recognition of credit losses. For non-listed entities, the amendments are effective for fiscal years beginning after December 15, 2022. The Company is currently evaluating the impact the adoption of ASU 2016-13 will have on its consolidated financial statements.

In December 2020, the FASB issued Accounting Standard Update No. 2020-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes (ASU 2020-12), which simplifies the accounting for income taxes. For non-listed entities, the amendments are effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. We are currently evaluating the impact of the new guidance on our financial statements.

1073355 ONTARIO LIMITED

Notes to Financial Statements (continued)

Year ended February 28, 2022

3. Significant accounting policies (continued):

(n) Recently issued accounting pronouncements (continued):

In February 2016, the FASB released Accounting Standard Update ASU No. 2016-02, Leases (Topic 842). Among several changes to the lease guidance, it will require that lessees record nearly all leases on the balance sheet. Lessors will see some changes as well, largely made to align with the revised lessee model and FASB's new revenue recognition guidance. In June 2020, FASB issued ASU No. 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities. The amendments in FASB ASU No. 2020-05 defer the effective date for one year for entities in the "all other" category for fiscal years beginning on or after December 31, 2021. For the Company, this will mean that Topic 842 is applicable in its year ended February 28, 2023.

(o) Change in accounting policy:

During 2022, the Company changed its accounting policy for recognition of revenue for royalties and production sales. Formerly, it had recognized these revenues at the point in time when the underlying cost reductions were achieved by the Company's or a franchisee's customer. Under the new policy, the revenue is recognized at the time the cost reduction plan is implemented by the Company's or a franchisee's customer. The changed policy is preferable to the former policy as it better reflects the Company's timing of revenue recognition based on satisfaction of its performance obligations.

During 2022, the Company changed its methodology for recording of work in progress, representing costs to fulfil contracts, by increasing the estimated time to completion of a customer value report from 4 months to 6 months. The changed policy is preferable to the former policy as it better reflects the Company's activities and accumulation of costs to fulfill contracts.

These changes to accounting policies have been adopted on a retrospective basis, without restatement of the prior year, as it was not practicable to determine the effects of the changes to the balances at February 28, 2019.

The impacts are as follows:

Accumulated deficit, February 28, 2021, as previously stated	\$ (1,320,742)
Change to revenue recognition	2,312,104
Change to work in progress	383,955
Tax effect	(618,000)
<hr/>	
Accumulated deficit, February 28, 2021, restated	\$ 757,317

1073355 ONTARIO LIMITED

Notes to Financial Statements (continued)

Year ended February 28, 2022

4. Accounts receivable:

Accounts receivable is net of allowance for doubtful accounts of \$203,785 (2021 - \$151,222).

During the period, the Company had impairment losses of \$105,164 (2021 - \$355,323) related to receivables from contracts with customers.

5. Term notes receivable:

Term notes receivable is comprised of loans to various franchisees for financing of the initial franchise fee. All term notes are issued at a 0% interest rate, and recalculated using an implied interest rate of 3% for purposes of calculating the fair value of the term notes. The balance is net of allowance for doubtful accounts of \$nil (2021 - \$nil).

6. Equipment and leasehold improvements:

		2022		2021
		Cost	Accumulated depreciation	Net book value
Computer equipment	\$	177,689	\$ 110,161	\$ 67,528
Furniture and fixtures		328,715	240,761	87,954
Leasehold improvements		101,935	55,839	46,096
	\$	608,339	\$ 406,761	\$ 201,578
				\$ 125,961

Depreciation for the year amounted to \$92,864 (2021 - \$39,585). Included in the net book value is \$155,482 (2021 - \$42,720) relating to equipment under capital lease.

7. Trademarks:

Acquired intangible assets:

		2022		2021
		Cost	Accumulated amortization	Net book value
Trademarks - Canadian	\$	1,475	\$ 1,475	\$ —
Trademarks - American		8,963	8,963	—
	\$	10,438	\$ 9,552	\$ —
				\$ 886

Amortization for the year amounted to \$886 (2021 - \$98).

1073355 ONTARIO LIMITED

Notes to Financial Statements (continued)

Year ended February 28, 2022

7. Capital lease obligations:

	2022	2021
Bluewater Office Equipment Ltd. lease contract, 5.54%, payable \$1,057 monthly, including principle and interest, due March 2021, purchase option of \$10 at maturity	\$ —	\$ 13,373
Bluewater Office Equipment Ltd. lease contract, 8.19%, payable \$160 monthly, including principal and interest, due December 2021, purchase option of nil at maturity	—	1,547
HP lease contracts, rates ranging from 7.275% - 9.67%, payable \$4,606 monthly, including principal and interest, due July 2022 to September 2024, purchase option of nil at maturity	86,736	20,357
EquiLease lease contracts, 9.50%, payable \$671 monthly, including principle and interest, due May 2026, purchase option of \$10 at maturity	26,806	1,302
Office equipment lease contracts, 7.95% to 8.00%, payable \$643 monthly, including principal and interest, due July 2022 to June 2023, purchase option of nil at maturity	6,617	5,029
Office equipment lease contracts, 8.35% to 8.60%, payable \$268 monthly, including principal and interest, due October 2025 to August 2026	11,210	—
	131,369	84,008
Less current portion of capital lease obligation	60,747	23,601
	\$ 70,622	\$ 5,701

1073355 ONTARIO LIMITED

Notes to Financial Statements (continued)

Year ended February 28, 2022

8. Capital lease obligations (continued):

Principal reductions of capital lease obligations are as follows:

2023	\$	60,747
2024		42,608
2025		15,112
2026		8,946
2027		3,956

9. Share capital:

	2022	2021
Authorized:		
Unlimited number of common shares		
Unlimited number of Class A special shares		
Unlimited number of Class B special shares		
Issued:		
Common shares	\$ 100	\$ 100

The Class A special shares are redeemable, retractable, non-cumulative voting shares. Each Class A special share is convertible into one common share at the option of the Class A special shareholder. As of February 28, 2022, no Class A special shares have been issued.

The Class B special shares are redeemable, retractable, non-cumulative, non-voting shares. As of February 28, 2022, no Class B special shares have been issued.

During the year, there were no issuance or redemptions of share capital.

1073355 ONTARIO LIMITED

Notes to Financial Statements (continued)

Year ended February 28, 2022

10. Commitments:

The Company's other contractual commitments not otherwise disclosed, include amounts under various operating leases for occupied premises, and other contractual obligations. Future commitments are as follows:

2022	\$	73,377
	\$	73,377

11. Marketing fund:

The Company collects funds from franchisees on a monthly basis for the purpose of maintaining a joint marketing program (the "Marketing Fund"). This program is operated on a cost recovery basis. Gross collections for the year are \$339,680 (2021 - \$190,481), and gross expenditures for marketing on behalf of the franchisees are \$312,050 (2021 - \$253,998). As at February 28, 2022, the gross asset and liability related to the cash that the Company manages on behalf of the franchisees and the corresponding obligation the Company has to each of the franchisees for the cash is \$nil.

12. Income taxes:

Income tax expense differs from the amount that would be computed by applying the federal and provincial statutory tax rates of 12.2% (2021 - 12.2%) to the income before income taxes. The reasons for the differences and related tax effects are as follows:

	2022	2021
Income before income taxes	\$ 1,264,657	\$ 1,445,144
Income tax expense (recovery), at above basic rate	\$ 154,288	\$ 176,308
Income tax expense exceeding small business rate	21,727	47,500
Increase (decrease) in taxes resulting from:		
Effect of permanent differences	13,224	(3,711)
Valuation allowance (reversal)	—	(56,368)
Other	—	(22,110)
	\$ 189,239	\$ 141,619

1073355 ONTARIO LIMITED

Notes to Financial Statements (continued)

Year ended February 28, 2022

12. Income taxes (continued):

	2022	2021
Current income tax expense (recovery)	\$ (121,090)	\$ 138,745
Deferred income tax expense	310,329	2,874
	<u>\$ 189,239</u>	<u>\$ 141,619</u>

The significant components of deferred income tax assets (liabilities) are as follows:

	2022	2021
Equipment and leasehold improvements	\$ (25,695)	\$ (6,449)
Obligations under capital leases	26,274	3,575
Contract receivable	(931,782)	—
	<u>\$ (931,203)</u>	<u>\$ (2,874)</u>

13. Financial risk management:

(a) Fair value:

The Company measures certain financial assets at fair value on a recurring basis based on a fair value hierarchy that requires it to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The fair value of the Company's financial instruments measured at fair value has been segregated into three levels. (1) Fair value of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. (2) Fair value of assets included in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. (3) Fair value of assets and liabilities included in Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

1073355 ONTARIO LIMITED

Notes to Financial Statements (continued)

Year ended February 28, 2022

13. Financial risk management (continued):

(a) Fair value (continued):

The Company's financial instruments include the following:

February 28, 2022	Level	Fair value	Carrying value
Cash	1	\$ 2,615	\$ 2,615
Accounts receivable	2	706,952	706,952
Term notes receivable	2	345,985	345,985
Accounts payable and accrued liabilities	2	(232,526)	(226,893)
Payroll remittances payable	2	(2,030,407)	(2,030,407)
Income taxes receivable (payable)	2	(45,251)	(45,251)
Capital lease obligation	2	(131,369)	(131,369)

February 28, 2021	Level	Fair value	Carrying value
Bank overdraft	1	\$ (69,970)	\$ (69,970)
Accounts receivable	2	644,809	644,809
Term notes receivable	2	855,749	855,749
Accounts payable and accrued liabilities	2	(254,275)	(254,275)
Payroll remittances payable	2	(1,679,838)	(1,679,838)
Income taxes receivable (payable)	2	(163,937)	(163,937)
Capital lease obligation	2	(29,302)	(29,302)

(b) Credit risk:

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss being incurred by the Company. The Company is exposed to credit risk in its accounts receivable, term notes receivable, unbilled revenue, and accounts payable and accrued liabilities. The Company minimizes the credit risk of balances with banks by depositing with or transacting with Schedule 1 banks in Canada. The Company minimizes its credit risk of its accounts receivable and other receivables by routinely reviewing the status of individual accounts receivable balances and contacting customers who have overdue balances.

1073355 ONTARIO LIMITED

Notes to Financial Statements (continued)

Year ended February 28, 2022

13. Financial risk management (continued):

(c) Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. All contractual cash flows related to the Company's financial liabilities are expected to be settled within one year except for those amounts due to shareholders which will be settled over a period in excess of one year after the date of the financial statements.

(d) Market risk:

Market risk is the risk that changes in market conditions will affect the Company's income or the value of its financial instruments. The objective of market risk management is to manage and control exposures within acceptable parameters. The majority of the Company's franchisees are currently located in the United States of America, therefore the economic impact of changes in this market could be significant, including changes in exchange rates and interest rates impacting the ability of customers to make required payments. This is mitigated by the fact that the Company directly sells production services independently within Canada, and has some franchisees within the Country as well, diversifying the sources of revenue.

14. Impact of COVID-19:

During March 2021, the COVID-19 outbreak was declared a pandemic by the World Health Organization. Several measures were implemented in Canada and the United States of America in response to the increased impact from COVID-19. The Company continued to serve its customers and franchisees during this time. While the impact of COVID-19 is expected to be temporary the current challenging economic climate may lead to adverse changes in cash flows, working capital and debt requirements, which may also have a direct impact on the Company's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our business are not known at this time.

15. Comparative information:

Certain comparative information has been reclassified to conform to the current year presentation.

EXHIBIT F

SCHOOLEY MITCHELL®

FRANCHISE DISCLOSURE DOCUMENT

**STATE ADDENDA TO
FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE LICENSE AGREEMENT,
AND RELATED AGREEMENTS**

**STATE SPECIFIC ADDENDA
TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE LICENSE AGREEMENT**

The following are state specific changes for certain franchise registration states and are applicable to you only if you are covered by the franchise law of the referenced state.

**CALIFORNIA ADDENDUM
TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE LICENSE AGREEMENT
OF 1073355 ONTARIO LIMITED**

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

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

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

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

The Franchise License Agreement requires arbitration to occur in Detroit Michigan, and you must travel to Detroit Michigan and pay the expenses you incur in this arbitration proceeding. This provision may not be enforceable under California law. However, we and you acknowledge and agree that we intend to enforce fully the provisions of the arbitration section contained in the Franchise License Agreement. We believe that the Federal Arbitration Act preempts any state law purporting to limit arbitration.

The Franchise License Agreement requires application of the laws of Delaware. This provision may not be enforceable under California law, but we will enforce it to the extent enforceable.

YOU MUST SIGN A GENERAL RELEASE OF CLAIMS IF YOU RENEW OR 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).

3. Neither the franchisor or any person in Item 2 of the UFOC is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

4. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF CORPORATIONS BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

5. The highest interest rate allowed by law in California is 10% annually.
6. The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.
7. OUR WEBSITE www.schooleymitchell.com HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION at www.dfpi.ca.gov.
8. 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.
9. California franchisees shall not answer or complete the Disclosure Acknowledgement Statement in Exhibit H to the Disclosure Document as attached.
10. Sections 1.5, 21.10, and 21.11 of the Franchise License Agreement are deleted.

ACKNOWLEDGMENT:

It is agreed that the foregoing state law addendum supersedes any inconsistent portion of the Franchise License Agreement dated the ____ day of _____, 20__, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as the state law remains in effect.

Dated this ____ day of _____, 20__

Prospective Franchisee's Name (PLEASE PRINT)

1073355 Ontario Limited

By: _____ By: _____

Title: _____ Title: _____

**HAWAII ADDENDUM
TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE LICENSE AGREEMENT
OF 1073355 ONTARIO LIMITED**

1. The cover page to this Franchise Disclosure Document is amended to add the following:

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

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

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

2. Items 5 and 7 of the Disclosure Document and Section 6.1 of the Franchise License Agreement are amended to provide that payment of initial fees shall be deferred until such time as we complete our pre-opening obligations to you under the Franchise License Agreement and you are open for business.

3. The following list reflects the status of our franchise registrations in the states which have franchise registrations and/or disclosure laws:

1. The states in which this proposed registration is effective or where an offering has been filed: None
2. The states in which this proposed registration is or will shortly be on file: California, Hawaii, Illinois, Indiana, Maryland, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.
3. The states, if any, which have refused, by order or otherwise, to register these franchises: None
4. The states, if any, which have revoked or suspended the right to offer these franchises: None

5. The states, if any, in which the proposed registration of these franchises has been withdrawn: None

ACKNOWLEDGMENT:

It is agreed that the foregoing state law addendum supersedes any inconsistent portion of the Franchise License Agreement dated the ____ day of _____, 20__, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as the state law remains in effect.

Dated this ____ day of _____, 20__

Prospective Franchisee's Name (PLEASE PRINT)

1073355 Ontario Limited

By: _____

By: _____

Title: _____

Title: _____

**ILLINOIS ADDENDUM
TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE LICENSE AGREEMENT
OF 1073355 ONTARIO LIMITED**

The following modifications are to the 1073355 ONTARIO LIMITED Franchise Disclosure Document and may supersede certain portions of the Franchise License Agreement dated _____, 20__.

Illinois law governs the Franchise License Agreement, except that the Illinois Franchise Disclosure Act shall not apply unless such statutes would apply independent of this choice of law provision.

Payment of Initial Franchise Fees will be deferred until such time as the franchisor has met its initial obligations, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to the franchisor's financial condition.

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

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

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

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

[signatures on following page]

ACKNOWLEDGMENT:

It is agreed that the foregoing state law addendum supersedes any inconsistent portion of the Franchise License Agreement dated the _____ day of _____, 20____, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as the state law remains in effect.

Dated this _____ day of _____, 20____

Prospective Franchisee's Name (PLEASE PRINT)

1073355 Ontario Limited

By: _____

By: _____

Title: _____

Title: _____

**KANSAS RIDER
TO THE 1073355 ONTARIO LIMITED FRANCHISE LICENSE AGREEMENT
BETWEEN 1073355 ONTARIO LIMITED
AND**

Date

The Franchise License Agreement is amended as set out below.

1. Section 20.3 of the Franchise License Agreement states that you will indemnify and hold us harmless from and against all liabilities, obligations, and consequential damages, taxes, costs, losses, and actual legal expenses incurred by them in connection with any claim, litigation or other action or proceeding arising out of the operation of the Franchised Business. This provision may not be enforceable in Kansas unless separately negotiated and reasonable. By signing this Addendum, you hereby agree that you separately considered and had an opportunity to consult legal counsel concerning this indemnity, and that you consider it reasonable.

2. Section 14.1 of the Franchise License Agreement requires that you name us as an additional named insured on certain insurance policies. This provision may not be enforceable in Kansas unless separately negotiated and reasonable. By signing this Addendum, you hereby agree that you separately considered and had an opportunity to consult legal counsel concerning this insurance clause, and that you consider it reasonable.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this ____ day of _____, 20____

Prospective Franchisee's Name (PLEASE PRINT)

1073355 Ontario Limited

By: _____

By: _____

Title: _____

Title: _____

**MARYLAND ADDENDUM
TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE LICENSE AGREEMENT
OF 1073355 ONTARIO LIMITED**

1. Items 5 and 7 of the Disclosure Document and Section 6.1 of the Franchise License Agreement are amended to adding the following:

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

2. The "Summary" sections of Items 17(c) and (m) of the Disclosure Document and sections 4.2(e) and 15.3(e) of the Franchise License Agreement are amended by adding the following:

, except that such release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. The "Summary" section of Item 17(g) of the Disclosure Document is amended by adding the following:

The Franchise License Agreement provides for termination upon your bankruptcy. This provisions might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.

4. The "Summary" section of Item 17(w) of the Disclosure Document is amended by adding the following:

, except as otherwise required by the Maryland Franchise Registration and Disclosure Law.

5. The "Summary" section of Item 17(v) of the Disclosure Document and section 21.7 of the Franchise License Agreement are amended by adding the following:

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

6. This Franchise License Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

7. 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.

8. The Disclosure Acknowledgement Statement attached as Exhibit H to the Disclosure Document does not apply to Maryland franchisees and should not be signed by Maryland franchisees.

9. Sections 1.5, 21.10, and 21.11 of the Franchise License Agreement are deleted.

ACKNOWLEDGMENT:

It is agreed that the foregoing state law addendum supersedes any inconsistent portion of the Franchise License Agreement dated the ____ day of _____, 20__, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as the state law remains in effect.

Dated this ____ day of _____, 20____

Prospective Franchisee's Name (PLEASE PRINT)

1073355 Ontario Limited

By: _____

By: _____

Title: _____

Title: _____

**MICHIGAN DISCLOSURE
TO THE FRANCHISE DISCLOSURE DOCUMENT
OF 1073355 ONTARIO LIMITED**

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

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

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

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) You or your proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise License Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants us the right to acquire the assets of a franchise for the market or appraised value of the assets if you have breached the lawful provisions of the Franchise License Agreement and have failed to cure the breach in the manner provided in subdivision (c).

(i) A provision that permits us to directly or indirectly convey, assign, or otherwise transfer our obligations to fulfill contractual obligations to you unless provision has been made for providing the required contractual services.

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

Any questions regarding this notice should be directed to:

Michigan Department of Attorney General
Consumer Protection Division
Attn: Franchise Section
525 W. Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, Michigan 48933
Telephone Number: (517) 373-7117

Any provision in the Franchise License Agreement specifying that litigation between us and you is to take place outside of Michigan is amended to provide instead that litigation will be brought either in the forum designated in the Franchise License Agreement or in the state or federal courts located in Detroit, Michigan, and the parties consent to the jurisdiction of those courts; provided, however, that we reserve the right to seek relief in any other jurisdiction as may be necessary or desirable to obtain declaratory, injunctive, or other relief to enforce the provisions and restrictions of the Franchise License Agreement. This amendment will have no effect on the forum or venue of any arbitration proceeding between us and you.

**MINNESOTA ADDENDUM
TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE LICENSE AGREEMENT**

The following modifications are to the 1073355 ONTARIO LIMITED Franchise Disclosure Document and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise License Agreement dated _____, 20__.

Items 5 and 7 of the Disclosure Document and Section 6.1 of the Franchise License Agreement are amended to provide that all initial fees shall be deferred until such time as we complete our pre-opening obligations to you under the Franchise License Agreement and you are open for business.

Pursuant to Minn. Stat. Sec. 80C.12, Subd. 1(g), to the extent required by law, the Franchise License Agreement and Item 13 of the Disclosure Document are amended to state that we will protect your right to use the primary trademark, service mark, trade name, logotype or other commercial symbol or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of our primary trade name.

We will comply with Minnesota Statute 80C.14 subdivisions 3, 4, and 5, which require, except in certain specific cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise License Agreement; and that consent to the transfer will not be unreasonably withheld.

Any limitations of claims must comply with Minnesota Statutes, Section 80C.17, Subdivision 5.

Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, may prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise License Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a general release. The Disclosure Document and Franchise License Agreement are modified accordingly, to the extent required by Minnesota law.

In accordance with Minnesota Rule 2860.4400J, to the extent required by law, the Disclosure Document and the Franchise License Agreement are modified so that we can not require you to waive your rights to a jury trial or to waive rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties, or judgment notes; provided that this part shall not bar an exclusive arbitration clause.

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.

ACKNOWLEDGMENT:

It is agreed that the foregoing state law addendum supersedes any inconsistent portion of the Franchise License Agreement dated the _____ day of _____, 20____, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as the state law remains in effect.

Dated this _____ day of _____, 20____

Prospective Franchisee's Name (PLEASE PRINT)

1073355 Ontario Limited

By: _____

By: _____

Title: _____

Title: _____

**NEW YORK ADDENDUM
TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE LICENSE AGREEMENT
OF 1073355 ONTARIO LIMITED**

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

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

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

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or

national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

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

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

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

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

6. Franchise Questionnaires and Acknowledgements — 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.

7. Receipts — Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

[signatures on following page]

ACKNOWLEDGMENT:

It is agreed that the foregoing state law addendum supersedes any inconsistent portion of the Franchise License Agreement dated the _____ day of _____, 20____, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as the state law remains in effect.

Dated this _____ day of _____, 20____

Prospective Franchisee's Name (PLEASE PRINT)

1073355 Ontario Limited

By: _____

By: _____

Title: _____

Title: _____

**NORTH DAKOTA ADDENDUM
TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE LICENSE AGREEMENT
OF 1073355 ONTARIO LIMITED**

1. The first paragraph of the Risk Factors is deleted in its entirety and replaced with the following:

1. THE FRANCHISE LICENSE AGREEMENT PERMITS YOU TO ARBITRATE DISPUTES ONLY IN MICHIGAN. OUT OF STATE ARBITRATION MIGHT FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MIGHT ALSO COST YOU MORE TO ARBITRATE WITH US IN MICHIGAN THAN IN YOUR HOME STATE.

2. Items 5 and 7 of the Disclosure Document and Section 6.1 of the Franchise License Agreement are amended to provide that all initial fees shall be deferred until such time as we complete our pre-opening obligations to you under the Franchise License Agreement and your franchise is operational.

3. The “Summary” sections of Items 17(c) and (m) of the Disclosure Document are amended by adding the following:

Any release executed will not apply to the extent prohibited by applicable law with respect to claims arising under the North Dakota Franchise Investment Law.

The Securities Commissioner for the State of North Dakota has determined provisions such as Section 4.2 of the Franchise License Agreement to be unfair, unjust and inequitable within the intent to Section 51-19-09 of the North Dakota Franchise Investment Law. However, we will seek to enforce them to the extent enforceable.

4. Item 17(i) of the Disclosure Document and Section 18.1.e of the Franchise License Agreement require franchisee to consent to termination or liquidated damages. The Securities Commissioner for the State of North Dakota has determined such provisions to be unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law, and therefore the Disclosure Document and Franchise Agreement are amended accordingly. However, we intend to enforce this provision to the extent enforceable.

5. The “Summary” section of Item 17(r) of the Disclosure Document is amended by adding the following:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the state of North Dakota. However, we will seek to enforce them to the extent enforceable.

6. The “Summary” section of Item 17(u) of the Disclosure Document and Section 19.14 of the Franchise License Agreement are amended by adding the following:

, except for arbitration (which will take place in Michigan) and except as otherwise required by the North Dakota Franchise Investment Law (unless such law is preempted by federal law).

7. The "Summary" section of Item 17 (w) of the Disclosure Document and Section 21.7 of the Franchise License Agreement are amended by adding the following:

, except for federal law and except as otherwise required by North Dakota law.

8. The "Summary" section of Item 17(v) of the Disclosure Document and Section 21.7 of the Franchise License Agreement provides that franchisees must consent to the jurisdiction of courts in the city of Detroit, Michigan. The Securities Commissioner for the State of North Dakota has held that requiring franchisees to consent to the jurisdiction of courts outside of North Dakota is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. However, we intend to enforce this provision to the extent enforceable.

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

ACKNOWLEDGMENT:

It is agreed that the foregoing state law addendum supersedes any inconsistent portion of the Franchise License Agreement dated the ____ day of _____, 20__, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as the state law remains in effect.

Dated this ____ day of _____, 20____

Prospective Franchisee's Name (PLEASE PRINT)

1073355 Ontario Limited

By: _____

By: _____

Title: _____

Title: _____

**RHODE ISLAND ADDENDUM
TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE LICENSE AGREEMENT
OF 1073355 ONTARIO LIMITED**

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." The Disclosure Document and Franchise License Agreement are amended accordingly to the minimum extent required by law. However, we intend to enforce this provision to the extent enforceable.

ACKNOWLEDGMENT:

It is agreed that the foregoing state law addendum supersedes any inconsistent portion of the Franchise License Agreement dated the ____ day of _____, 20__, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as the state law remains in effect.

Dated this ____ day of _____, 20__

Prospective Franchisee's Name (PLEASE PRINT)

1073355 Ontario Limited

By: _____

By: _____

Title: _____

Title: _____

**SOUTH DAKOTA ADDENDUM
TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE LICENSE AGREEMENT
OF 1073355 ONTARIO LIMITED**

1. Items 5 and 7 of the Disclosure Document and Section 6.1 of the Franchise License Agreement are amended to provide that all initial fees and payments shall be deferred until such time as we complete our pre-opening obligations to you under the Franchise License Agreement and your franchise is operational.

2. The "Summary" section of Item 17(r) of the Disclosure Document is amended by adding the following:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of South Dakota. However, we will seek to enforce them to the extent enforceable.

3. The "Summary" section of Item 17(w) is amended by adding the following:

, except for federal law and except as otherwise required by South Dakota law.

ACKNOWLEDGMENT:

It is agreed that the foregoing state law addendum supersedes any inconsistent portion of the Franchise License Agreement dated the ____ day of _____, 20__, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as the state law remains in effect.

Dated this ____ day of _____, 20__

Prospective Franchisee's Name (PLEASE PRINT)

1073355 Ontario Limited

By: _____

By: _____

Title: _____

Title: _____

**VIRGINIA ADDENDUM
TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE LICENSE AGREEMENT
OF 1073355 ONTARIO LIMITED**

1. The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise license agreement. Items 5 and 7 of the Disclosure Document and Section 6.1 of the Franchise License Agreement are amended accordingly.

2. 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.

ACKNOWLEDGMENT:

It is agreed that the foregoing state law addendum supersedes any inconsistent portion of the Franchise License Agreement dated the ____ day of _____, 20__, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as the state law remains in effect.

Dated this ____ day of _____, 20__

Prospective Franchisee's Name (PLEASE PRINT)

1073355 Ontario Limited

By: _____

By: _____

Title: _____

Title: _____

**WASHINGTON ADDENDUM
TO THE FRANCHISE DISCLOSURE DOCUMENT,
FRANCHISE LICENSE AGREEMENT, AND RELATED AGREEMENTS
OF 1073355 ONTARIO LIMITED**

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

RCW 19.100.180 may supersede the franchise license 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 license agreement in your relationship with us including the areas of termination and renewal of your franchise. However, you acknowledge and agree that we intend to enforce our Franchise License Agreement to the extent allowed under the Act.

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

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable. However, you acknowledge and agree that we intend to enforce our Franchise License Agreement to the extent allowed under the Act.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

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

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

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.

In lieu of an impound of franchise fees, the franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the Franchise License Agreement or offering circular, and (b) is open for business.

Sections 1.5, 21.10, and 21.11 of the Franchise License Agreement are deleted.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this ____ day of _____, 20____

Prospective Franchisee's Name (PLEASE PRINT)

1073355 Ontario Limited

By: _____

By: _____

Title: _____

Title: _____

**WISCONSIN ADDENDUM
TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE LICENSE AGREEMENT
OF 1073355 ONTARIO LIMITED**

1. With respect to franchise agreements governed by Wisconsin law, the following shall supersede any inconsistent provision:

The Wisconsin Fair Dealership Law applies to most franchise agreements in the state and prohibits termination, cancellation, nonrenewal or substantial change in the competitive circumstances of a dealership agreement without good cause. The Law further provides that 90 days' prior written notice of the proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is so cured the notice is void. The Disclosure Document and Franchise License Agreement are hereby modified to state that the Wisconsin Fair Dealership Law, to the extent applicable, supersedes any provisions in the Franchise License Agreement that are inconsistent with that Law. Wis. Stats. Ch. 135, The Wisconsin Fair Dealership Law. SEC 32.06(3), Wis. Adm. Code.

2. With respect to franchise agreements governed by Wisconsin law, the following shall supersede any inconsistent provision:

ACKNOWLEDGMENT:

It is agreed that the foregoing state law addendum supersedes any inconsistent portion of the Franchise License Agreement dated the ____ day of _____, 20__, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as the state law remains in effect.

Dated this ____ day of _____, 20__

Prospective Franchisee's Name (PLEASE PRINT)

1073355 Ontario Limited

By: _____

By: _____

Title: _____

Title: _____

EXHIBIT G

SCHOOLEY MITCHELL®
FRANCHISE DISCLOSURE DOCUMENT

SBA FRANCHISE ADDENDUM

FOR SBA FUNDED FRANCHISES ONLY:

ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM (“Addendum”) is made and entered into on _____, 20 ____, by and between _____ (“Franchisor”), located at _____, and _____ (“Franchisee”), located at _____.

Franchisor and Franchisee entered into a Franchise Agreement on _____, 20 ____, (such Agreement, together with any amendments, the “Franchise Agreement”). Franchisee is applying for a loan (“Loan”) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration (“SBA”). SBA requires the execution of this Addendum as a condition for obtaining the SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement or any other document Franchisor requires Franchisee to sign:

CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor’s consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee.

FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional renewals) for fair market value.

COVENANTS

- If the Franchisee owns the real estate where the franchise location is operating, Franchisor may not record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions.

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees.

This Addendum automatically terminates on the earlier to occur of the following: (i) the Loan is paid in full; or (ii) SBA no longer has any interest in the Loan.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

FRANCHISOR:

FRANCHISEE:

By: _____

By: _____

Print Name: _____

Print Name: _____

Note to Parties: This Addendum only addresses “affiliation” between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements.

EXHIBIT H

SCHOOLEY MITCHELL®

FRANCHISE DISCLOSURE DOCUMENT

DISCLOSURE ACKNOWLEDGEMENT STATEMENT

This Disclosure Acknowledgement Statement is not applicable to and shall not be used as to any franchise offer and/or sale involving any California resident and/or franchisee as the Acknowledgement violates of California Corporations Code sections 31512 and 31512.1.

Do not sign this Disclosure Acknowledgement Statement if you are a resident of Maryland, or the business is to be operated in Maryland.

Disclosure Acknowledgement Statement

As you know, you are preparing to enter into a Franchise License Agreement for the operation of a Schooley Mitchell franchise. The purpose of this questionnaire is to determine whether any statements or promises were made to you that 1073355 Ontario Limited operating as SCHOOLEY MITCHELL (the "Licensor") has not authorized and may be untrue, inaccurate or misleading. Please review each statement carefully and provide your initials if you agree with the statement. If you do not agree with the statement, please provide honest and complete information regarding that statement in the space provided under each question.

No.	Statement	Your initials
1.	I understand that all individuals employed in any manner with my franchise, as well as any individual with an ownership interest in any entity that is licensed to operate my franchise, must remain independent of all companies that supply products or services similar or related to the products and services subject to the cost reduction consulting services of the franchised business. I understand that one of the main values that Schooley Mitchell delivers is independent and objective advice, whereby there is no commission, kickback, residual or income derived by any member of the Schooley Mitchell franchise system from any supplier of products or services subject to the cost reduction consulting services of the franchised business.	
2.	I acknowledge that no oral, written or any other claim was made to me by any representative of the Licensor which contradicted the Franchise Disclosure Document ("FDD") (in the case of franchises located in the United States)/Disclosure Document (in the case of franchises located in Canada) and Exhibits provided to me.	
3.	I acknowledge that no oral, written or any other promise was made to me by any representative of the Licensor other than promises contained in the Franchise License Agreement provided to me.	
4.	I acknowledge that nobody has guaranteed my business will be successful. I acknowledge that my success is highly dependent upon my own skills and abilities, upon my own efforts, upon competition, upon my abilities and efforts to get, keep, satisfy and grow clients and upon other economic factors. I hereby acknowledge my willingness to undertake these business risks.	

No.	Statement	Your initials
5.	I acknowledge that in entering into the Franchise License Agreement, I am not relying upon any oral representations, assurances, warranties, guarantees or promises from the Licensor or any of its representatives, but rather, I am relying only upon my own investigation and the information contained in the FDD or Disclosure Document, which I confirm having carefully read and understood.	
6.	I understand that all employees and subcontractors of mine must attend the approved Schooley Mitchell initial training course.	
7.	I understand that either myself as the franchisee, or an approved manager of the franchise, must spend full-time and attention operating the franchise.	
8.	I understand that at least one person from my franchise must attend the annual training conference each year.	
9.	I understand that the goal of the Licensor is to penetrate and dominate the North American marketplace in the business of cost reduction consulting and that they have a specific business strategy through franchising to achieve that goal. I understand that I will be an integral part of that strategy and I agree to participate in executing the Licensor's evolving business plan through my franchise.	
10.	I understand that I will sign the Franchise License Agreement as an individual, or that all partners will sign the Agreement as individuals. If the Franchise is to be operated through a corporation, then the rights of the Franchise License for the purposes of operating the Franchise may be transferred to a corporation owned by the individuals that signed the Franchise License Agreement.	
11.	a) I acknowledge that I have received the FDD or Disclosure Document.	
	b) I acknowledge that I signed a receipt for the document.	
	c) I acknowledge that I had the document in my hands for a minimum of 14 calendar days before forwarding deposits, cash or signed agreements to the Licensor or any representative of the Licensor regarding a Franchise License.	
	d) I acknowledge that I discussed the document with a representative of the Licensor.	

No.	Statement	Your initials
	e) I acknowledge that I was encouraged by the Licensor to obtain independent legal advice and was provided with an adequate opportunity to do so.	
12.	I acknowledge that I received a completed copy (other than signatures) of the actual Franchise License Agreement that I am now proposing to sign and that seven days have passed prior to my signature on that document.	

I understand that my answers are important to the Licensor and that the Licensor will rely upon them. By signing this Confirmation and Acknowledgement, I am acknowledging that I have responded truthfully and fully to all statements.

This Disclosure Acknowledgement Statement does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

Acknowledged this _____ day of _____, _____.

Licensee's Name:

EXHIBIT I

SCHOOLEY MITCHELL®
FRANCHISE DISCLOSURE DOCUMENT

**APPLICATION AND
CONFIDENTIAL QUALIFICATION REPORT**

Application for SCHOOLEY MITCHELL Franchise License

_____ (the "Applicant") has made application for a SCHOOLEY MITCHELL Franchise. Receipt is hereby acknowledged of the sum of \$2,000, which the Applicant hereby deposits as an indication of the Applicant's good faith intent to enter into a SCHOOLEY MITCHELL Franchise License Agreement with 1073355 Ontario Limited.

The Applicant understands that, in reliance upon this application, a substantial amount of time and expenses may be exerted in seeking, surveying and in undertaking various other steps preliminary to the granting of a License.

In the event that a SCHOOLEY MITCHELL Franchise License is entered into between Applicant and 1073355 Ontario Limited, the entire amount of this deposit without any deduction whatsoever will be applied towards the initial Franchise Fee.

In the event that the Applicant desires to cancel this application or in the event that 1073355 Ontario Limited, in its absolute discretion, elects not to grant a Franchise License to the Applicant and on conditions that the Applicant returns all materials provided by 1073355 Ontario Limited and executes a release in 1073355 Ontario Limited standard form, this deposit shall be returned less expenses incurred and a reasonable charge for time expended in reliance upon this application.

In consideration of the services to be rendered to the Applicant hereunder, the Applicant agrees not to disclose or to make use of any trade secrets or information disclosed to him in reliance upon this application, including, but not limited to, contemplated locations for SCHOOLEY MITCHELL, sources of supply, promotion techniques and operating methods. It is intended that this paragraph shall survive termination, abandonment or cancellation of this application and shall be effective whether or not a SCHOOLEY MITCHELL Franchise License is entered into between the parties.

The Applicant hereby authorizes 1073355 Ontario Limited, to make inquiries of the Applicant's bankers and creditors as to their dealings with the Applicant and the Applicant's credit worthiness and hereby authorizes that such bankers and creditors disclose such information to 1073355 Ontario Limited.

The Applicant acknowledges and confirms that no Franchise License or other agreement shall be deemed to have arisen between the Applicant and 1073355 Ontario Limited (except as herein provided) by virtue only of the Applicant executing this application or making such deposit. Such agreements shall only arise upon the execution by the Applicant and 1073355 Ontario Limited, of final written agreements.

Name

Applicant's Signature

Date

1073355 Ontario Limited

Representative

Date

SCHOOLEY MITCHELL



Confidential Qualification Report

To: SCHOOLEY MITCHELL

Date: _____

The following confidential information is the basis for my franchise application. The submission of this application does not obligate SCHOOLEY MITCHELL or myself in any way or manner.

(Please Print or Type)

Personal Information

Name: _____
Last First Middle

Telephone Numbers: _____
Residence Business

Email Address: _____

Current Address: _____
Street City Province/State Postal/Zip Code

Residence: Own _____ Rent _____ Other _____ How long have you lived at this residence _____

Previous Address: _____
Street City Province/State Postal/Zip Code

Marital Status: _____ Applicant's Social Insurance/Security Number: _____

Spouse's Name: _____ Spouse's Social Insurance/Security Number: _____

Occupation of Spouse and Employer: _____

What languages do you speak fluently?: _____

Health Status: _____ Illness/Disability: _____

Are you now, or have you been in the last 36 months a Plaintiff or Defendant in any type of litigation? _____
If Yes, please give details _____

Have you been convicted of an offense for which you have not received a pardon? _____
If Yes, please give details _____

Have you or any company with which you were associated ever been involved in a bankruptcy proceeding? _____
If Yes, please give details _____

Are you related to any Officer, Director, Supplier, Employee or Franchisee of Schooley Mitchell? _____
If so, who and what is the relationship? _____

What geographical areas are you interested in?
1. _____ 2. _____ 3. _____

Education

"X" Last year completed

High
School

9	10	11	12

College/
University

1	2	3	4	5+

Designation or Degree obtained: _____

Describe any training in sales,
management or telecommunications:

--

Additional Information

How or why did you become
interested in SCHOOLEY
MITCHELL?

--

What other businesses have
you investigated?

--

What do you like about our
concept?

--

What does the term
"franchising" mean to you?

--

How would you
describe the roles of
the franchisor and the
franchisee?

--

There are some basic
ingredients to every
successful business. If
you were awarded a
franchise, what would
you do to make it
successful?

--

How many hours per week are you willing to devote to the business? _____

When would you be able to start this venture? _____

If information is available, please provide:

Lawyer's Name: _____

Telephone No.: _____

Accountant's Name: _____

Telephone No.: _____

Biographical Profile

Describe in your own words those factors which may be relevant to SCHOOLEY MITCHELL in considering your application for a franchise (i.e. lifestyle, intellectual pursuits, community involvement, business experience, personal history, etc...)

--

Personal Financial Statement

I make the following statement of all my assets and liabilities as of the _____ day of _____, 20____.

ASSETS – List and Describe all Assets	\$
Cash on Hand and in Banks	
Account, Loans and Notes Receivable	
Marketable Securities, Stocks and Bonds	
Real Estate Owned	
Real Estate Mortgage Receivable	
Retirement Accounts (i.e. Registered Retirement Savings Plan)	
Automobile(s)	
Other Assets (please itemize)	
TOTAL ASSETS	

LIABILITIES – List and describe all liabilities	Balance Owing \$	Monthly Payment \$
Bank Loans		
Amounts Payable to Friends and Relatives (include alimony and child support)		
Credit Cards (please itemize)		
Mortgages on Real Estate Owned		
Unpaid Income Tax and Other Taxes and Interest		
Other Debts (please itemize)		
TOTAL MONTHLY PAYMENT	*****	
TOTAL LIABILITIES		*****

NET WORTH (TOTAL ASSETS – TOTAL LIABILITIES)**\$**

Applicant's Salary: _____

Spouse's Salary: _____

Bonus & Commissions: _____

Dividends: _____

Net Real Estate Income: _____

Other Income: _____

Total Annual Income: _____

Please itemize other sources of income:

References

Name	Address & Telephone	Position/Relationship

Do you currently have a source of financing? _____

How much unencumbered cash do you have available for this investment? _____

Which specific assets do you intend to use to meet the cash requirements?

a) _____ b) _____

c) _____ d) _____

How much capital, if any, will you have to borrow? _____

Will you require assistance to obtain financing? _____

What is the minimum income you need during the first year in business? _____

Do you understand that the success or failure of your business is primarily your responsibility? _____

Have you ever applied for a SCHOOLEY MITCHELL franchise before? _____

For the purpose of securing credit and other considerations, the undersigned furnished the foregoing statement and information which fully and truly sets forth the true and accurate financial conditions of the applicant. The undersigned agrees to notify the Franchisor in writing of any change in its financial condition. The undersigned agrees that a report as to credit and other information is to be obtained for credit now applied for and consent to the disclosure of any such information to any credit grantor or consumer reporting agency with whom we and/or the applicant may transact. The applicant acknowledges that SCHOOLEY MITCHELL have many criteria for accepting a franchise, and reserve the right to reject any applicant without itemizing the reasons for such rejection.

Dated this _____ day of _____, 20 ____.

(Witness)

(Applicant)

Please return completed applications to:

SCHOOLEY MITCHELL
1030 Erie Street
Stratford, Ontario
N4Z 0A1

EXHIBIT J

SCHOOLEY MITCHELL®

FRANCHISE DISCLOSURE DOCUMENT

RECEIPT OF COMPLETED AGREEMENTS

EXHIBIT J

ACKNOWLEDGMENT OF RECEIPT
OF COMPLETED AGREEMENTS

The undersigned, personally and as an officer of or manager in the proposed franchisee, if applicable, does hereby acknowledge receipt of the following agreements:

Exhibit B Franchise Agreement, with Builder Franchise Addendum and Development Franchise Addendum
Exhibit F State Specific Addendum
Exhibit G SBA Franchise Addendum
Exhibit H Disclosure Acknowledgment Statement
Exhibit I Application and Confidential Qualification Report
Exhibit J Acknowledgment of Receipt of Completed Agreements

with all blanks completely filled in and any and all exhibits or addendums in the completed form in which they are intended to be executed by the undersigned. (Note: This receipt must be signed and dated at seven calendar days (or longer in some states) before the undersigned executes the Franchise Agreement and related agreements. Do not sign and return documents until at least seven calendar days (or longer in some states) have elapsed from the date of this receipt.)

I acknowledge that I should review all such documents personally or have my attorney or other advisor review such documents so that I am fully familiar with the franchise and documents prior to signing them or paying any money.

I hereby agree that all information and materials given to me will be used only in conjunction with my consideration of the franchise. All such information and materials shall not be disseminated other than to my advisors, and will be returned to SCHOOLEY MITCHELL® promptly if I decide not to purchase a SCHOOLEY MITCHELL® franchise.

DATE I RECEIVED THE COMPLETED AGREEMENTS: _____, 20__.

SIGNED: _____

SIGNED: _____

NAME (Please print)

NAME (Please print)

Address

Address

(Attach additional signatures if necessary. If franchise is to be owned jointly or as community property by husband and wife, both must review all documents and sign. All owners of an entity franchisee must review all documents and sign individually and on behalf of the entity.)

EXHIBIT K

SCHOOLEY MITCHELL®
FRANCHISE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

State Effective Dates

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

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

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	August 30, 2023
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

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.

EXHIBIT L

SCHOOLEY MITCHELL®

FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE DISCLOSURE DOCUMENT RECEIPTS

Franchise Disclosure Document

Receipt (Your Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If SCHOOLEY MITCHELL® offers you a franchise, it must provide this disclosure document to you 14 calendar-days (or longer in some states) before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York also requires that SCHOOLEY MITCHELL® give you this disclosure document at the earlier of the first personal meeting or 10 business days before the signing of any agreement or the payment of any consideration. Iowa also requires that SCHOOLEY MITCHELL® give you this disclosure document at the earlier of the first personal meeting or 14 days before the signing of any agreement or the payment of any consideration. Michigan also requires that SCHOOLEY MITCHELL® give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If SCHOOLEY MITCHELL® does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency listed on Exhibit A.

The following franchise seller(s) has/have offered this franchise on behalf of SCHOOLEY MITCHELL:

<u>Name</u>	<u>Principal Business Address</u>	<u>Telephone Number</u>
Dennis Schooley	1030 Erie Street, Stratford, ON Canada N4Z 0A1	888-311-6477
Mike DeBoer	1030 Erie Street, Stratford, ON Canada N4Z 0A1	888-311-6477
Teighan Morris	1030 Erie Street, Stratford, ON Canada N4Z 0A1	888-311-6477
Joanne Sales	1030 Erie Street, Stratford, ON Canada N4Z 0A1	888-311-6477

In certain regions, an independent broker may also be a franchise seller. If the principle franchise seller that you have contact with is other than listed above, you should write in the name address and phone of the principle franchise seller here: _____

Issuance date: August 18, 2023. (Exhibit N is a list of Effective Dates for Registration States.)

Exhibit A is a list of our registered agents authorized to receive service of process.

I received a disclosure document dated August 18, 2023 that included the following Exhibits:

- A. State Agencies - Agents for Service of Process
- B. Franchise Agreement
- C1. List of Franchisees
- C2. List of Former Franchisees
- D. Operating Manual Table of Contents
- E. Financial Statements
- F. State Addenda
- G. SBA Franchise Addendum
- H. Disclosure Acknowledgment Statement
- I. Application and Confidential Qualification Report
- J. Receipt of Completed Agreements
- K. State Effective Dates
- L. Franchise Disclosure Document Receipt

DATE DISCLOSURE DOCUMENT RECEIVED: _____

SIGNED: _____

SIGNED: _____

DATE SIGNED: _____

DATE SIGNED: _____

NAME (Please print)

NAME (Please print)

Address

Address

DATE DISCLOSURE DOCUMENT RECEIVED: _____

SIGNED: _____

SIGNED: _____

DATE SIGNED: _____

DATE SIGNED: _____

NAME (Please print)

NAME (Please print)

Address

Address

Please sign and date this Receipt (with the date that you received the disclosure document), and if you received it electronically via email, also:

1. Open the attached disclosure document, to verify that you can download it; then immediately Reply to All, with a cc to the email address listed on the cover page of this disclosure document, stating that you received and downloaded this disclosure document; AND:

2. Print, sign, and date a copy of the Receipt (with the date that you received this disclosure), and return via mail to us at the address on the cover page of this disclosure document.

Attach additional signatures or use additional receipts if necessary. All owners of an entity franchisee, or two authorized officers, must review all documents and sign individually and on behalf of any legal entity.

KEEP THIS COPY FOR YOUR RECORDS

Franchise Disclosure Document

Receipt (Our Copy)

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- L. Franchise Disclosure Document Receipt

DATE DISCLOSURE DOCUMENT RECEIVED: _____

SIGNED: _____

SIGNED: _____

DATE SIGNED: _____

DATE SIGNED: _____

NAME (Please print)

NAME (Please print)

Address

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2. Print, sign, and date a copy of the Receipt (with the date that you received this disclosure), and return via mail to us at the address on the cover page of this disclosure document.

Attach additional signatures or use additional receipts if necessary. All owners of an entity franchisee, or two authorized officers, must review all documents and sign individually and on behalf of any legal entity.

RETURN THIS COPY TO US