

FRANCHISE DISCLOSURE DOCUMENT

Parker-Anderson Enrichment, Inc., a California corporation
16526 Arminta Street, Van Nuys, California 91406
800-362-8606; www.parker-anderson.org; franchise@parker-anderson.org



This franchise is a business offering children’s education, recreation and entertainment interactive enrichment activities using our system and our trademark: “Parker-Anderson Enrichment.”

The total investment necessary to start a Parker-Anderson business is \$43,702 - \$130,695 for a new Parker-Anderson business that you start. Within this total is \$25,900 to \$71,900 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 the 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 Joshua Parker at Parker-Anderson Enrichment, Inc., 16526 Arminta Street, Van Nuys, California 91406, telephone: 800-362-8606.

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: March 31, 2023.

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit K.
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 I 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 Parker-Anderson Enrichment 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 Parker-Anderson Enrichment franchisee?	Item 20 or Exhibit K 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 agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in California. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in California than in your own state.
2. **Spousal liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Gross Revenue.** You will only receive income from the franchise business after we deduct 8% and other charges from the gross revenue actually received from the customer. The balance is remitted to you within 30 days after receiving payment from your customers.
4. **Minimum Performance Requirement.** You must register a minimum number of accounts for the first year and maintain a minimum amount of gross revenue beginning your third year of operations. Your inability to maintain these levels may result in loss of any territorial rights you are granted, 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

We are Parker-Anderson Enrichment, Inc. We are a corporation. We incorporated in California on March 5, 2013. Our principal address is 16526 Arminta Street, Van Nuys, California 91406. We use the name “Parker-Anderson Enrichment.” We refer to the person who buys the franchise as “you” or “your” in this Disclosure Document. If you are a business entity, “you” or “your” includes each shareholder, member, partner and/or other owner of that entity.

Our agent for service of process in California is: Joshua Parker c/o Parker-Anderson Enrichment, Inc. 16526 Arminta Street, Van Nuys, California 91406. See Exhibit A for our agents in other states.

You will operate a business providing education, recreation and entertainment enrichment programs to children ages 3 to 12 through after school programs, workshops, birthday parties, camps and special events. You will deliver services, presentations and programs at customer sites such as schools, camps, community centers, parties and other venues.

Parker-Anderson Enrichment, Inc. does not operate businesses of the type being franchised. Our affiliate, Parker-Anderson Learning Center, LLC (“PALC”), was organized in California on August 15, 2005 and has the same address as us. PALC is owned by Joshua Parker who also owns us. PALC has operated a business similar to the franchise since it was formed. Our affiliate, Parker-Anderson Childcare & Enrichment (“PACE”), was incorporated in California as a domestic nonprofit on July 10, 2019, and has the same address as us. PACE is 50% owned by Joshua Parker. PACE provides high-quality enrichment, academic support and social-emotional youth programs for children of all income levels, PreK-8th grade. Neither of our affiliates have conducted business in any other line of business and have not and do not offer franchises in any line of business. We have no predecessors.

We began offering franchises in April 2014. We have not offered franchises in any other business and we do not have business activities other than offering these franchises.

There is an existing, still developing market for education, recreation and entertainment enrichment programs for children. We believe that parents, elementary and primary schools, pre-schools, recreation facilities, summer camps, youth organizations like scouting, and non-educational institutions for children all have an interest in and are potentially customers for your services.

The business can be seasonal. Our founders have found that interest in our services tends to align with the public school year, and thus to decline during summer and holidays. Market conditions for the operation of your business may fluctuate due to any pandemics or epidemics affecting the geographic area where you operate. There will likely be adverse consequences from these types of events on this type of business in general and on franchised businesses in particular that are unknown at this time.

You will compete with other businesses that offer children’s education and entertainment services, including other franchises, and with independently-owned companies that offer similar services; programs offered directly by schools and other potential customers; other forms of children’s entertainment, such as camps, and birthday party entertainers and providers; and with other educational, cultural, recreational and leisure time options available for children, such as schools and programs offered at schools, museums, parks, libraries, cultural organizations, athletic programs and programs offered by community organizations.

Your business’s instructors will interact with children. For this reason, you must have criminal background checks on all instructors in your business, as prescribed by state law. Some jurisdictions may restrict individuals from instructor positions who have been convicted of certain kinds of offenses (narcotics, lewd conduct, sex or violent felony, as examples) or who have been found in court to be insane. Some school

districts require instructors to have immunizations and/or pass tests confirming the absence of infection, such as tuberculosis. Some schools require instructors to complete a course on proper conduct in relation to children.

We are not aware of other laws or regulations specific to operating a children’s entertainment education enrichment business. You should consult your attorney and federal, state and local government agencies to determine all legal requirements you must comply with. In some places, local ordinances may restrict or prohibit a home-based business or office. You must comply with federal, state and local laws that apply to operating any business, such as city business tax registration and zoning for the type of business you’ll operate. You must investigate registration, licensing and other requirements that apply where you are located.

ITEM 2
BUSINESS EXPERIENCE

Member of Board of Directors, President, Chief Operating Officer and Secretary - Joshua Parker

Mr. Parker has been a member of our board of directors and has been our President, Chief Operating Officer and corporate Secretary since we incorporated on March 5, 2013. Mr. Parker was our Franchise Director from July 2020 to May 2022. Mr. Parker has been Chief Executive Officer of our affiliate Parker-Anderson Learning Centers, LLC in Van Nuys, California since it was organized in 2005. Mr. Parker has been Chief Executive Officer of our affiliate Parker-Anderson Childcare & Enrichment in Van Nuys, California since it was incorporated in 2019.

Franchise Director – Jennifer Rosenblatt

Ms. Rosenblatt has been our Franchise Director since May 2022. Ms. Rosenblatt was the Sales Director for Brookdale Senior Living in Reseda, California from May 2021 through February 2022. Ms. Rosenblatt was unemployed from March 2022 to April 2022 and September 2020 to April 2021. Ms. Rosenblatt was our Franchise Director from November 2015 to September 2020.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

On signing a Franchise Agreement for one territory, you pay us the following initial franchise fee, depending on the minimum number of public and private schools (covering any combination of pre-school through 8th grade) in your territory:

Franchise Type	Territory Minimum Size	Initial Franchise Fee
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Franchise Type	Territory Minimum Size	Initial Franchise Fee
A Franchise	50 schools	\$25,900
B Franchise	100 schools	\$35,900

Nothing obligates us to grant you an additional territory and you do not obtain rights pursuant to your Franchise Agreement to purchase or operate in more than one territory.

If you are a veteran of the United States Armed Services with supporting credentials (i.e. Veteran ID Card), we will offer you a discount of 10% off the Initial Franchise Fee, currently \$2,590 for an A Franchise and \$3,590 for a B Franchise.

If we terminate the franchise due to you or your manager not completing our training program, or because you choose to operate from an office outside-the-home but do not present an office acceptable to us, we refund all but \$5,000 of the initial fee. Otherwise, the initial franchise fee is deemed to be fully earned by us when paid and is not refundable.

We will train you and one manager at no additional charge. If you ask and we agree to train additional managerial personnel, you must pay us \$500 per day of training for each additional manager.

We may, at our discretion, finance all or part of the initial Franchise Fee. (See Item 10.)

If we reacquire an existing franchisee's operations and resell it to you, then in addition to the initial franchise fee, we can sell the assets of that franchise at a price we mutually agree on which may be payable in one or more installments. See our Asset Sale and Purchase Agreement, attached to this disclosure document as Exhibit F.

ITEM 6 **OTHER FEES**

Name of Fee	Amount	Due Date	Remarks (1)
Compensation to Franchisor/Royalty (Note 2)	8% of Gross Revenues	Weekly, bi-weekly or monthly, as we specify	Gross Revenues includes all revenues from operation, activities, existence and/or sales of the business, whether cash, credit or other, but excludes sales tax shown in receipts/invoices and paid to the taxing agency. Our agreement with you says we keep eight percent of your gross revenues. We return the rest to you (92%) less amounts we deduct for other charges to you.
Marketing Fund (Note 2)	2% of Gross Revenues	Weekly, bi-weekly or monthly, as we specify	We do not currently have a Marketing Fund. If we establish this fund, you will contribute at the rate we set, up to 2% of your Gross Revenues, upon 90 days written notice to you. See above row for description of Gross Revenues.
Local Advertising	3% of Gross Revenues	Monthly	We do not currently require you to spend any amount on local advertising. If we change our policy, we will provide you with 90 days written notice. It is not a fee to us. If you spend less, you pay us the difference.

Name of Fee	Amount	Due Date	Remarks (1)
Advertising Cooperative	Varies	Schedule decided by cooperative	We can designate an area as a cooperative advertising region, including you as a member. You contribute to the cooperative as decided by the majority of its members. We (franchisor) can participate in deliberations of the cooperative or veto any decision. We do not currently require you to contribute to any advertising cooperative, but may do so on written notice.
Advertising/Promotion Materials (Note 2)	Varies	When invoiced	We charge you for advertising materials we provide, approximating our development, materials, printing, handling, distribution, shipping and overhead costs.
Technology Fee (Note 2)	\$46.16	Monthly, as we specify	We charge this for maintaining and improving the computer technology we use, IT/email accounts, website, merchant services accounts, and curriculum. We can increase the amount annually based on the consumer price index.
Conference Fee	\$150 max; \$500 max for non-attendance	Up to once a year, before conference	If we hold a franchisee conference, we can charge you up to \$150 to attend; up to \$500 for non-attendance. You pay your travel, hotel, meals and personal expenses.
Additional Training	\$250 per person ½ day; \$500 per person, per day	In advance or when invoiced	If you ask and we agree to train additional people, or for assistance at your business, or if we decide you need more training. We can increase rates for inflation.
Renewal Fee	\$3,000	180-240 days before expiration	You pay this fee with your notice to us that you want renew the franchise.
Transfer Fee	\$8,000	At time of transfer.	You or the proposed transferee pay this fee for a transfer of the franchise.
Maintenance Fee (Note 2)	Greater of our cost or \$500.	On demand	You pay or reimburse the greater of \$500 or costs we incur if you fail or refuse to correct deficiencies in your franchise within 30 days after we notify you.
Underpayment/Understatement (Note 2)	Amount of your understatement/underpayment; 1½ interest	On demand	You pay us the amount of underpayment or understatement shown by our inspection or audit of your books and records, plus interest at 1½ % per month from the date originally due.
Audit Cost (Note 2)	Our audit cost	On demand	If our inspection or audit of your books and records shows underpayment or understatement of 2% or more in any period, you reimburse our costs and expenses of the inspection or audit (estimated at \$2,000 - \$4,000).
Late Charge (Note 2)	1½% per month on past due amount, not to exceed the maximum interest rate allowed by law, which is currently 10% annually in California.	Immediately when payment is not on time	This is added to any amount not paid to us when due. Interest accrues monthly from the date the amount was due.

Name of Fee	Amount	Due Date	Remarks (1)
Indemnification	Amount incurred.	On demand.	You protect us and people affiliated with us against costs, losses, damages etc. from operation of your franchise; your breach or violation or act or omission.
Supplier Review	0 - \$1,500	When you ask us to review a proposed supplier.	If you propose a new product or new supplier, you or the proposed supplier pay our estimated costs and expenses for the evaluation, such as travel, living, third party inspection and testing.
Insurance (Note 2)	Amount of premiums	On demand	We can obtain insurance if you don't buy, maintain or provide us proof and copies of the policies. You pay all premiums or reimburse the payments we made.
Taxes	Amount of Taxes	On demand	You pay us all taxes imposed on, required to be collected or paid by us on account of services or goods we furnish you and/or us collecting money from you.
Reimbursement of Breach Costs	Amount of Our Expense	On demand	You pay us any costs we incur due to your breach.
Cost of Enforcement	Amount of attorneys' fees and costs.	On demand.	In any arbitration or court proceeding, the prevailing party is entitled to recover attorneys' fees and costs.
Operation of Your Franchise by Us or Our Nominee	Amount of expenses and \$500 per day.	Immediate	We or our nominee can operate your franchise if we think operation may be in jeopardy, or you breach or default, or die or are incapacitated, until a qualified trained manager assumes operational supervision. You reimburse our or our nominee's expenses and pay daily management fee, currently \$500. We can increase the amount based on the consumer price index.
Loan Payments	Will vary	First day of each month	Payable if you finance a purchase from us and enter into the Promissory Note attached to this Disclosure Document as Exhibit G.
Interest on Loans	Will vary, not to exceed the maximum interest rate allowed by law.	First day of each month	Payable if you finance a purchase from us or our affiliate and enter into the Promissory Note attached to this Disclosure Document as Exhibit G.
Credit Card Processing Fee	3% of amount charged for credit card transactions.	On demand	You pay us any fees we incur when your customers make credit card payments to us.

NOTES:

1. All fees are uniformly imposed and paid to us, except that payments for local advertising are made to others (but if you don't spend the required amount, your payments are made to the Marketing Fund), your contributions to a cooperative are paid to the cooperative, and if we designate a nominee to operate your business, payments for that are to the nominee. Older franchise agreements may have different fees in some instances. None of these fees is refundable, except that if an insurance policy is cancelled before it expires, part of the premium may be refundable from the insurance company.
2. All sales are reported and paid to us. We retain a fee (8%) together with other charges owed to us. We return the rest to you. We will pay your percentage usually within 30 days after receiving payment from your customers. Our sole responsibility is to remit to you the agreed amounts actually received from

customers, less amounts you owe to us. We have no responsibility under any circumstances to pay you on amounts not received from customers. If we pay you any amount in error, or make a refund to any customer or if we otherwise overpay you, you must reimburse us for your portion. We can offset any amount paid in error, refund provided or overpayment against payments due to you. We can change the payment arrangement on written notice to you, for example, by requiring you to collect revenues from sales, and pay us royalties on a basis approximately equivalent in amount or rate to amounts or rates that we receive and retain pursuant to the agreement.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT
(PURCHASE OF NEW FRANCHISE)

Item	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (Note 1)	\$25,900 - \$35,900	Cash or check	On signing Franchise Agreement	Us
Materials (Note 2)	\$1,725 - \$6,000	Cash or check	As incurred	Vendors
Office Rent (Note 3)	\$0 - \$6,720	Cash or check	On signing a lease and monthly	Landlord
Office equipment and supplies (Note 4)	\$0 - \$3,600	Cash, check or credit card	Before opening	Approved Suppliers
Office software (Note 5)	\$0 - \$1,725	Cash or check	As incurred	Vendors
Telephone (Note 6)	\$345 - \$1,200	Check or automatic debit	Monthly	Phone Co.
Travel, Salary, Living Expenses During Training (Note 7)	\$575 - \$3,600	Cash, checks, credit card	As incurred	Airlines, Hotels, Restaurants
Background Checks (Note 8)	\$46 - \$575	Cash, check, credit card	As incurred	Third parties
Business licenses and permits (Note 9)	\$161 - \$575	Cash or check	Before opening	Government agencies.
Professional Fees (Note 10)	\$1,725 to \$4,200	Cash, check or credit card	Before signing Franchise Agreement	Your lawyer and/or CPA.
Forming an entity (Note 11)	\$0 - \$4,200	Cash, check or credit card.	Before or near time of signing Franchise Agreement	State and professional advisors
Insurance (Note 12)	\$1,725 to \$8,400	Cash, check or credit card	Before opening or during first three months	Insurance companies

Item	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Additional Sums for purchase of assets of an existing Franchisee's Operations (which we reacquired) (Note 13)	\$0 to \$36,000	Cash, check or credit card	Before opening	Us
Additional Funds – 6 Months (Note 14)	\$11,500 to \$18,000	Varies	As needed	Funds in your possession
Total (Note 15)	\$43,702 - \$130,695			

Note 1 –The initial franchise fee is either \$25,900 for an A Franchise or \$35,900 for a B Franchise. We reduce the fee to \$23,310 for an A Franchise and \$32,310 for a B Franchise for U.S. veterans with supporting credentials. See Item 5 for a description of the Initial Franchise Fee and the terms under which it may be refunded.

Note 2 - You will need to purchase various consumable and non-consumable class materials. The amount will vary depending on which of our range of enrichment courses are chosen by the schools, children, and parents whom your services are offered to.

Note 3 - You can operate from a home office without additional rent. In some places, local ordinances may restrict or prohibit a home-based business or office. If you choose a commercial office, we estimate it will be about 300 to 700 square feet with monthly rent about \$2.4 per square foot, totaling about \$720 to \$1,680. The high estimate is for the first 3 month's rent and a security deposit equal to one month's rent, totaling \$6,720. We expect utilities to be included in rent and no material improvements or signage.

Note 4 - You need a desk, chair, PC computer, printer, fax machine, shredder, file cabinet, internet connection, office supplies such as papers, pens, pencils, stapler, and shelving and storage for enrichment class supplies. The low estimate of \$0 assumes you already have these.

Note 5 - This estimate is for the purchase of office software, including word processing, math spreadsheet, bookkeeping and possibly graphic arts software. The low estimate assumes you already own the needed software.

Note 6 - You need a phone number and separate smartphone for the franchise. The low estimate of \$345 assumes you subscribe for a new phone number. The high estimate of \$1,200 assumes you also purchase a new phone, phone line and service plan.

Note 7 - If you and your manager attend our in-person initial training program in Los Angeles, California, you must pay for travel, lodging, food and miscellaneous costs for both persons, and salary for your manager at or close to minimum wage during training. The estimates assume you do not receive a salary. Your actual costs may be lower if you and your manager live in or near Los Angeles, so you do not need a hotel, air travel or living expenses. If you send additional managerial personnel to training you will have these expenses for the additional managers, and also we charge you \$500 for each additional manager per day of training, so your expenses would then exceed the high estimate. If you and your manager complete our initial training program online, the above travel costs will not apply to you.

Note 8 - The estimates are for charges by a third party company that provides employee screening and background investigations. The low estimate of \$46 assumes you obtain a background check at this price, on

only yourself (you will need to obtain a background check even though you know your own background). The high estimate assumes your background check company charges more and that you obtain background checks on multiple people.

Note 9 - These estimates are for licenses, permits and the like that may be required by your state and localities, such as a business license, tax permit, and filing and publication of a fictitious business name statement. The particular licenses and permits needed in your locality may differ.

Note 10 - You should have a lawyer and/or accountant advise and help you evaluate this franchise offering. The low estimate assumes your fees for this are minimal. The high estimate assumes you have more extensive consultation with your lawyer and accountant.

Note 11 - The low estimate of 0 assumes you do not form a corporation or limited liability company because you sign the Franchise Agreement individually, or already have such an entity. The high estimate assumes you incur professional and government fees to form a corporation or limited liability company to be the franchisee.

Note 12 - We require you to buy and maintain general liability coverage including personal injury, bodily injury, property damage, advertising injury, contractual liability, products and completed operations coverage of at least \$1,000,000.00 per occurrence, \$2,000,000.00 aggregate; automobile liability coverage of at least \$1,000,000.00 including personal injury and property damage to others, and personal injury to occupants of the vehicle(s) of you and your personnel; worker's compensation, employer's liability, unemployment and state disability insurance as required by law; data theft and cybersecurity coverage; and Employment Practices Liability Insurance with a co-defendant endorsement in our favor. The policies must name us as additional insured and provide us at least 30 days prior written notice of the insurer's intent to reduce coverage or policy limits, non-renew, cancel or amend the policy. The low estimate assumes you obtain less expensive policies and pay premiums in monthly or quarterly installments and is for three months' premium payments. The high estimate assumes higher priced policies and that you pay the annual premium in a lump sum.

Note 13 - If we reacquire an existing franchisee's operations and resell it to you, then in addition to the initial franchise fee, we can sell the assets of that franchise at a price we mutually agree on which may be payable in one or more installments. The low estimate assumes you do not acquire an existing franchise location previously operated by a franchisee. The high estimate assumes you purchase a previously owned franchised location with assets valued at \$36,000.

Note 14 - We recommend you have at least these amounts of working capital for business expenses in the first six months of operation, such as payroll, automobile lease or loan charges, and in case of other expenses or expenses in the listed categories being higher than anticipated. We do not assure this amount will be enough. Additional working capital may be needed, particularly if sales are low or expenses are high. We also recommend that you have sufficient personal savings and/or income so you are self-sufficient and need not draw funds from the franchised Parker-Anderson Enrichment business to support your living and other expenses during the initial start-up phase and possibly longer. We relied on our affiliate's prior experience operating a Parker-Anderson Enrichment business in developing this estimate of additional funds needed.

Note 15 - This total estimates your initial investment and expenses during about the first three months of operation and working capital for the first six months of operation. Generally, none of the expenses in this chart are refundable, except the security deposits may be refundable and some premiums may be refunded when an insurance policy is cancelled before its term ends.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must use and offer for sale, only services and merchandise we authorize and that meets standards and specifications we establish. You cannot use or offer services or merchandise that does not meet all our standards and specifications. You cannot use or teach any program, demonstration, product or related activity not authorized by us.

We'll provide you lists of approved suppliers and of approved products and services. We can revise these lists. You must buy or obtain equipment, products and services according to these lists. Your ability to obtain required purchases and other items for operating your business may be delayed due to any pandemics or epidemics affecting the geographic area in which you operate.

For some or potentially all products or services we can designate our self (franchisor) or an affiliate of us as an approved supplier or the only approved supplier. We or the affiliate could charge you prices that include mark-ups and profit. Our officers are owners of us but do not own an interest in any suppliers other than us. Currently, neither we nor our Affiliate is an approved supplier of any goods to Franchisees.

The items we require you to purchase from approved suppliers or according to our specifications include enrichment program materials and Parker-Anderson branded items provided as mementos for program participants.

We or our affiliate receive revenue from your purchases from us. The revenue equals the prices we charge you, and that you pay to us.

Any items we do not require you to buy according to our approved supplies or approved suppliers list, must still conform to any specifications and quality standards we set. We'll state our specifications and standards in the PAE Manual.

You can use, offer or sell only products that we authorize, and that are obtained from us or suppliers we approve.

If you want to sell or use a product, supply or service we have not approved, or to buy from a supplier we have not approved, you tell us in writing and ask our consent. You provide us their name and address, description of product or service, and other information we request. We can require a proposed supplier to enter into a confidentiality agreement and trademark license, satisfy insurance, indemnity, capitalization and other requirements; provide us specifications; prove they meet our standards and specifications; provide us specimens; agree to sell items bearing our marks or made for our franchisees only to our franchisees; satisfy us as to their pricing; provide us duplicate invoices; pay our costs for evaluating them; agree to periodic audits; and comply with our other requirements and requests. We try to tell you our decision within a reasonable time (estimated to be about one to two weeks) after we get all the above items and information.

We have not established specific criteria for approving potential suppliers, beyond that stated above. Therefore, such criteria is not available to you. We expect to develop criteria over time and include the criteria in the PAE Manual. We do not restrict you from contracting with alternative suppliers who meet criteria we set and who we have approved. However, any such contract by you with a supplier is entered into at your own risk as we could change our criteria, revoke or modify approval or change specifications.

There are not currently any purchasing or distribution cooperatives among franchisees.

In the year ended December 31, 2022, we did not receive any revenue from required franchisee purchases or leases of products or services.

We estimate that your costs for items you must buy from suppliers we designate, will be about 10-20% of your total purchases in starting the business and about 5 -15% of your ongoing purchases in operating the business.

In the future we could negotiate purchase arrangements with suppliers for the benefit of our franchisees, but we do not do so yet. We do not have arrangements with any supplier to make payments to us based on your purchases from the supplier. We do not provide or withhold material benefits to you (such as renewal rights or a right to start additional franchises) based on whether or not you buy through suppliers we designate or approve. But purchases of unapproved products or from unapproved suppliers in violation of the Franchise Agreement will entitle us, among other things, to terminate your Franchise Agreement.

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 Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Franchise Agmt. Sec. 26(d)	11
b. Pre-opening purchases/lease	Franchise Agmt. Sec. 26	5, 7, 8 and 11
c. Site development and other pre-opening requirements	Franchise Agmt. Sec. 3, 7, 26	7 and 11
d. Initial and ongoing training	Franchise Agmt. Sec. 27	5, 6, 7 and 11
e. Opening	Franchise Agmt. Sec. 7	11
f. Fees	Franchise Agmt. Sec. 9, 10, 25, 27(c), 27(d), 28(b), 36(b), 36(d), 25(k), 37, 38, 49(c), 52(f). Asset Sale Agmt. Sec. 1.2, 1.3, Promissory Note Sec. Intro, 1, 4, 13 Security Agmt. Sec. 7.3	5, 6, 7 and 11
g. Compliance with standards and policies/operating manual	Franchise Agmt. Sec. 33, 43	8, 11, 14 and 16
h. Trademarks and proprietary information	Franchise Agmt. Sec. 22, 32, 33, 34, 40, 45	13 and 14
i. Restrictions on products/services offered	Franchise Agmt. Sec. 21, 28, 35	8 and 16
j. Warranty and customer service requirements	Franchise Agmt. Sec. 24, 28	None
k. Territorial development and sales quotas	Franchise Agmt. Sec. 8, 12, 17, 18, 19, 20, 21, 23, 48	12
l. On-going product/service purchases	Franchise Agmt. Sec. 28(c), 34, 38, 41	8
m. Maintenance, appearance and remodeling	Franchise Agmt. Sec. 28(d)	None

Obligation	Section in Agreement	Disclosure Document Item
requirements	Security Agmt. Sec. 4.1(b)	
n. Insurance	Franchise Agmt. Sec. 49 Security Agmt. Sec. 4.1(j)	7 and 8
o. Advertising	Franchise Agmt. Sec. 36	6, 7 and 11
p. Indemnification	Franchise Agmt. Sec. 50 Asset Sale Agmt. Sec. 8.2 Security Agmt. Sec. 7.2	6
q. Owner's participation/ management / staffing	Franchise Agmt. Sec. 24, 44	11 and 15
r. Records/reports	Franchise Agmt. Sec. 41, 45, 46	6
s. Inspections and audits	Franchise Agmt. Sec. 26(d), 32(e), 41(e), 52(f)	6
t. Transfer	Franchise Agmt. Sec. 51 Promissory Note Sec. 15 Security Agmt. Sec. 7.5	6 and 17
u. Renewal	Franchise Agmt. Sec. 30	6 and 17
v. Post-termination obligations	Franchise Agmt. Sec. 52(e), 52(g), 53, 54(u) Asset Sale Agmt. Sec. 9.2 Security Agmt. Sec. 5.2	17
w. Non-competition covenants	Franchise Agmt. Sec. 53	17
x. Dispute resolution	Franchise Agmt. Sec. 54(s) Promissory Note 14 Asset Sale Agmt. Sec. 10.3 Security Agmt. Sec.7.14	17
y. Limitation of Damages	Franchise Agmt. Sec. 54(k)	None
z. Franchisor Operation of Franchisee's Business	Franchise Agmt. Sec. 51(j), 52(d), 52(e)	None
aa. Franchisor Right of First Refusal	Franchise Agmt. Sec. 51(d) - (f)	None
bb. Independent Contractor Relationship	Franchise Agmt. Sec. 54(a), 54(b)	None

ITEM 10
FINANCING

We can, at our discretion, finance part of the initial franchise fee payable to us. We do not provide other types of financing.

Summary of Financing Offered

Item Financed (Source)	Amount Financed	Down Payment	Term (MOS)	APR%	Monthly Payment	Prepay Penalty	Security Required	Liability on Default	Loss of Legal Right on Default
Initial	Up to	At least \$0 -	Up to 5	0-12% (4)	Varies	You must	Security	Individual	You waive

Item Financed (Source)	Amount Financed	Down Payment	Term (MOS)	APR%	Monthly Payment	Prepay Penalty	Security Required	Liability on Default	Loss of Legal Right on Default
Franchise Fee(1)	\$35,900(1)	\$17,950(2)	Years (3)	Default APR: Interest rate + 10% per annum on delinquent amount. Interest charges will not exceed maximum rate allowed by law.		reimburse us for any charges we incur due to your prepayment (5)	Agreement (6)	liability (7)	all rights to presentment or notice of non-payment and to release or discharge based on anything other than payment in full (8)

1. We can finance, at our discretion, up to 100% of the initial franchise fee payable to us. The financed amount depends on which franchise type you purchase, your ability to pay and our ability to provide financing at the time.
2. You will pay the initial franchise fee with a down payment and a promissory note. We don't require an application fee.
3. You must sign a promissory note which requires monthly payments of the financed amount and interest. The repayment term is normally 1 year, but can be as long as 5 years. There is no restriction on you repaying the note sooner.
4. Interest is normally at a fixed rate. Most of the time the interest rate we charge is about 5 to 10%. However, we may negotiate rates as low as 0% and up to approximately 12% (or maximum rate allowed by law).
5. See the sample Promissory Note, Exhibit G. It does not have a penalty for early repayment except that you must reimburse us for any prepayment penalties or other charges we incur due to your early repayment.
6. The Promissory Note is secured by a Security Agreement which lets us foreclose the security. The Promissory Note is governed by California law. You must pay our attorneys' fees if we sue to collect. You must also sign our Security Agreement. It gives us a broad security interest in all your business and your personal (non-business) property wherever located, including equipment, inventory, fixtures, all accounts, cash, proceeds, insurance claims, tax refunds and personal property, whether owned when you sign the Security Agreement or acquired later. You must maintain insurance to protect the secured property against fire and other damage. The Security Agreement appoints us as attorney-in-fact to protect, take and sell the secured property if you don't comply. In addition to securing the Promissory Note, the Security Agreement also secures your obligations under the Franchise Agreement and all other agreements with us.
7. The Promissory Note provides a late payment penalty of 10% of the amount overdue and acceleration of the entire amount due if you are more than 5 days late making a payment. If you don't

comply with the Promissory Note, the Security Agreement, or any of the other agreements with us we can accelerate the entire amount remaining due, plus interest and any fees, without notice and we can sell the property secured in the Security Agreement. (Security Agreement Section 5.2). See sample Security Agreement, Exhibit H.

8. You waive all rights to presentment, protest and demand, diligence in collection and notice of protest, presentment, demand, dishonor and nonpayment of the Promissory Note and any release or discharge arising from any extension of time, discharge of any party liable for payment of the Promissory Note, release of any or all security for the Promissory Note or other cause of release or discharge other than actual payment in full of the Promissory Note.

We don't have any intent to sell, assign or discount to a third party all or part of the Promissory Note and Security Agreement; however, we reserve the right to do so.

We don't guarantee your note, leases or other obligations. Neither we nor our affiliates receive compensation for placing financing with any lender.

ITEM 11

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

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

Pre-Opening Obligations

Before you open for business, we will:

1. Identify and state in the Franchise Agreement your territory. (F.A. Secs. 8, 17).
2. Provide our initial training program to you and, if you wish, one manager. (F.A. Sec. 27). You must complete training to our satisfaction. We may waive the initial training requirement if you are or were an existing employee of ours or our affiliate at the time of signing the franchise agreement.
3. Designate start-up equipment you need to obtain. This includes items we deem necessary or appropriate for you to start marketing and conducting parties, programs, classes and related events. (F.A. Sec. 26(c)).
4. Provide you with a printed copy and/or electronic access to our confidential operating manual called the Parker-Anderson Enrichment Manual. (F.A. Sec. 33(a)). The Table of Contents of our Operations Manual is attached as Exhibit J.
5. Identify supplies you need, and approved suppliers and approved supplies. (F.A. Sec. 28(c)). We can be an approved supplier or the sole supplier for any one or more items or services. (F.A. Sec. 42(a)).
6. We anticipate you'll use a home office (F.A. Sec. 26(d)), so we don't assist in locating an office or negotiating a lease. You must make sure to comply with local zoning and other laws. If local laws do not let you operate a business from home, then you must get a separate office. (F.A. Sec. 26(d)). We don't assist in getting permits or hiring employees.
7. If you operate from a separate business office, it must be clean, subject to inspection by us, properly zoned and convenient to your territory, in a facility that presents a satisfactory image in our judgment. We consider the following in evaluating your proposed office location: (i) general location and neighborhood and (ii) physical characteristics of the proposed office building. We'll try to

evaluate the office within two weeks after you identify it and provide all the information we ask for. If after good faith efforts by you and us, you do not select an office satisfactory to us, we can terminate the Franchise Agreement and we'll refund all but \$5,000 of the initial franchise fee. (F.A. Sec. 26(d)).

Length of Time Between Signing Franchise Agreement and Opening Business.

We expect you to open your business within the earlier of 180 days after you sign the Franchise Agreement, or 45 days after completing initial training. Factors that may affect this include how soon you wish to start, how soon you and we schedule training, when you obtain equipment and supplies and insurance, and place advertising, and time needed to get business licenses. Delays, including those caused by pandemics, epidemics or other unforeseen events occurring in the geographic area where you operate your business, may delay your ability to open your business. If you buy an existing business from us or our affiliate, you may be able to open sooner than the timeframe above. The Franchise Agreement requires you to do everything needed to start operating, including getting our approval, all within the earlier of 45 days after completing initial training or 180 days after signing the Franchise Agreement.

Continuing Obligations

After you open for business we will:

1. Review proposed advertising you submit for our consent, and tell you if we consent to you using that advertising or not. We'll try to respond to you within two weeks. (F.A. Sec. 36(c)).
2. We may make available advertising materials and literature for your use. If so, we can charge you for these, approximately equal to our costs. (F.A. Sec. 36(n)).
3. After a Marketing Fund is established, make a report available to you annually after your request. (F.A. Sec. 36(j)).
4. Designate suppliers and items of supply you must use. (F.A. Sec. 28).
5. Consider, evaluate and let you know our decision on products, supplies or services you propose after you provide us the information and samples we request. (F.A. Secs. 42(c) - (f)). We expect to let you know our decision within one month.
6. We can choose to be a supplier or the only supplier for some or all products or services (F.A. Sec. 42(a)).
7. If we contract with a corporate account that has a location or locations in your territory that will receive Parker-Anderson services, we'll offer you the opportunity to service the location(s) in your territory, at pricing we negotiate with the account. If you decline or do not timely accept, or do not deliver service to our or the customer's satisfaction, we can deliver or arrange to have the service delivered by one or more other franchisee(s) or through other means. (F.A. Sec. 20).
8. We typically will collect payments from your customers, and after retaining amounts payable to us under the Franchise Agreement, turn over the balance to you. (F.A. Sec. 37(b)).
9. Decide if changes are needed to the Parker-Anderson system. You must make any changes we decide. (F.A. Sec. 35).
10. Inspect your operations when we deem appropriate (F.A. Sec. 41(e)).

11. If we believe operation of your business may be in jeopardy, or if a default or breach occurs, or your death, we can elect to operate the business or have our nominee do so. If we do this, you pay us a daily management fee of \$500 in addition to other fees. (F.A. Sec. 51(i); 52(d)).

Advertising

We do not currently require you to pay any amount for grand opening advertising, but may do so in the future, upon 90 days written notice to you. If we so require, you will propose a grand opening marketing plan to us for your business with a budget of at least \$1,000 and spend an additional \$500 on announcements. After we consent to your plan you must implement it. We can waive this requirement in circumstances we deem warranted.

We do not currently require expenditures on local advertising, but may do so in the future, upon 90 days written notice. If and when we implement a local advertising requirement for your business, you must spend at least 3% of your gross revenues on local advertising and promotion of your business. If you spend less, we can require you to pay the shortfall to the marketing fund. You submit written proof of this to us each month. You must submit to us for consent any advertising you propose to use. We will tell you if we consent or not. You may not use any advertising we have not consented to, and you must stop or modify any advertising if we say so.

We may make advertising literature and materials available for your use. We charge you our cost.

We are not obligated to conduct any advertising. We do not need to spend any amount of advertising in your area or territory.

We can establish and administer a Marketing Fund, upon 90 days written notice to you. If and when established you will contribute a fixed amount or percent of your gross sales that we set, up to 2%, to the Marketing Fund. We will contribute on a similar basis for Parker-Anderson Enrichment businesses we operate. Our affiliate, PALC told us that on a voluntary basis, they will contribute on the same basis to the Marketing Fund, for businesses they operate. But they are not obligated to contribute and could stop at any time.

We have sole discretion over how the Marketing Fund money is used, including media and geographic scope and other aspects. The Marketing Fund will be used for advertising, marketing, public relations and related purposes we decide. The Marketing Fund could develop and market promotion items and make them available to you for purchase. We could use advertising agencies or develop advertising in-house.

We do not assure that you or any particular franchisee will be the subject of or will benefit directly, or pro rata, or at all from advertising or marketing funded by the Marketing Plan.

The Marketing Fund need not spend all its funds in the year they are received. We can, but are not required to, have the Marketing Fund audited, at its expense. We will have a report of the Marketing Fund's contributions and expenditures prepared annually and made available to you after your written request.

We can use money in the Marketing Fund to pay or reimburse us or affiliates for expenses in operating a marketing or advertising department, and administration of the fund, up to ten percent (10%) of contributions to the fund.

As of December 2022, no Marketing Fund existed. Therefore, no expenditures were made on production, media, placement or any other purpose. Any funds in the Marketing Fund not used in the fiscal year collected, will be rolled to the next year. We won't use the Marketing Fund to recruit franchisees.

There is no council of franchisees that advises us on advertising. We could establish one or more regional advisory councils. If we do, it will be up to us how members of the council would be selected, and you must participate according to the rules of the council for the region that includes your business. Advertising councils will be advisory only unless we designate otherwise. We can change or dissolve any advertising council.

We can establish one or more local, regional or national advertising areas in which your business and at least one other Parker-Anderson franchise are located, as cooperative advertising region(s). When established, you must participate in and contribute funds to the cooperative according to its rules, as determined by a majority of the cooperative's members. Your contributions are additional to required contributions to the Marketing Fund, but you can count them toward the required expenditures for local advertising. As of December 31, 2022, no advertising cooperative existed.

We can require that proposed organizational documents of the cooperative (articles of incorporation, bylaws, operating agreement, or the like) and operating procedures be consented to by us before adoption, and before any proposed amendment. We can participate in deliberations of the cooperative and veto any decision we object to or considers detrimental. We can require the de-establishment, consolidation and/or reorganization of any one or more areas as cooperative(s). We can require cooperative(s) to prepare and provide us annual or periodic financial statements and other reports at the cooperative's expense.

Computer System

We require you to have or purchase and maintain computer equipment and software according to specifications we provide, and input into the computer all information related to the operation of the business as we designate. We require you to use the computer to record all sales and related activities, by business category (after-school programs, workshops, birthday parties, special events and camps), track revenues and customer information.

You will need a desktop or laptop PC computer with a current, standard operating system, and sufficient memory and data capabilities. We estimate your cost for the computer will be about \$1,000. We can require you to upgrade your computer systems. There are no limits on our right to require this. We do not currently require you to obtain or maintain maintenance, updating, upgrading or support contracts for your computer system. You are required to follow our information technology ("IT") standards and specifications. You are also required to use our approved IT specialist.

We require you to cooperate in providing us independent access to all data and information in the computer system via direct access, either in person or electronically by telephone, Internet or other electronic access or transmission system that we choose. There is no limitation on our right to access the information and data. We will own all the trade secret, intellectual property and other rights in customer and operational data input in and/or generated by the system.

Operating Manual

Attached as Exhibit "K" to this Disclosure Document is the table of contents of the current version of our Operating Manual. By looking at the page references you can determine the approximate number of pages devoted to each subject. As of December 31, 2022, the total number of pages in the Operating Manual was 66.

Training Program

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Parker-Anderson History and Philosophy	1		Online or Los Angeles
Parker-Anderson Enrichment Basics			Online or Los Angeles
-Manual Review -Program Concepts -Marketing Strategy -Local Competition -Staffing -Present Market Research Results	5 - 7		
After School Program			Online or Los Angeles
-Sales and Marketing -Scheduling & Training -Seasonalities -Instructor Meeting -Contact Management -Instructor Training	5 - 7		
Birthday Parties			Online or Los Angeles
-Sales and Marketing -Scheduling and Training -Seasonalities -Instructor Meetings -Contact Management -Instructor Training	3		
Special Events			Online or Los Angeles
-Sales and Marketing -Scheduling and Training -Seasonalities	2		
Camps			Online or Los Angeles
-Sales and Marketing -Scheduling & Training -Seasonalities -Instructor Meeting -Contact Management	2		
Program/Curriculum Training	15-30		Online or Los Angeles
Total	33 - 52	0	

We intend to offer training at various times on an as-needed basis. Unless we exempt you from the initial training program, we expect to require you to attend one of the next two scheduled training programs occurring after you sign the Franchise Agreement. Generally, training will be provided online. We also offer training at our office in Los Angeles, California, should you prefer that option.

The instructional materials consist of our Operations Manual, our website and our class curriculums.

Our training program is overseen by Joshua Parker. Joshua Parker has 21 years of experience with Parker-Anderson and developed the website training program.

You must attend and complete training at least 14 days before starting to operate the business. You can also have one manager complete training. We schedule training as needed. If you ask and we agree to let additional managers enroll in training, you pay for each additional person. If you ask and we agree to provide training at your business, additional to the initial training, or if we determine you and/or your manager need additional training, you pay our standard rates. At the effective date of this Disclosure Document the rate is \$500 per person, per day. You pay all expenses for you and your manager for training, such as compensation, transportation, meals, lodging and other living expenses. We do not pay any compensation, even for services by a trainee that benefits us or our affiliate or other franchisees. We will not provide the initial training program if you or your affiliate currently owns or operates a Parker-Anderson Enrichment business or if the Franchise Agreement is executed as a renewal Franchise Agreement (F.A. Sec. 27(a)).

We can decide (but we are not required) to do additional and/or refresher training programs, conferences, business meetings and/or conventions. These may require your attendance. These could be at our headquarters in Los Angeles, California, or elsewhere. If we do such programs, your costs to attend could range from \$250 per person, for a half day or \$500 per person, for a full day, excluding transportation and lodging costs. Our programs can last from one to 3 days and may consist of half days and/or full days. The Franchise Agreement does not require or restrict us in these matters.

Our training program is provided to protect our brand and the Marks and not to control the day-to-day operation of your business.

ITEM 12 **TERRITORY**

The franchise is for a stated limited territory. Except for the limited territorial rights we grant you in the Franchise Agreement, the franchise is non-exclusive.

The territory will be stated in the Franchise Agreement by a description, map, zip codes or other boundaries. A typical territory is a geographic area with a minimum of 50 or 100 public and private elementary schools, depending on which franchise type you purchase. While at the time we enter into the franchise agreement we will confirm the existence of the number of applicable schools, after the franchise agreement is entered into, we do not assure that the stated number of schools will remain the same. Over time, the number of schools in the territory could be smaller or larger (for example, if schools close or additional schools are opened).

While you are in compliance with the Franchise Agreement, we won't establish or operate or license others to establish or operate a Parker-Anderson Enrichment business in the territory designated in your Franchise Agreement, except as follows:

We can own, operate, and authorize others to own and operate businesses in your territory other than a Parker-Anderson Enrichment franchise, even if it uses the Parker-Anderson trademarks. We can grant licenses or franchises to chains of schools or other regional or national accounts, wherein the chain or account would use our program within its own schools, operating facilities or premises anywhere, including inside the territory designated in your Franchise Agreement. We can own, operate and authorize others to own and operate Parker-Anderson franchises and any other business outside your territory. We can sell products and services under the Parker-Anderson trademarks (educational materials, toys and other products) and/or other marks, even if competitive with you, to customers anywhere, including in your territory, but we will only sell to such customers in your territory if we had a pre-existing relationship with such customers. We can develop or be associated with other concepts, whether or not using the Parker-Anderson system and marks, which may involve enrichment or other programs for children. We can grant franchises under other

concepts for locations anywhere even in your territory. We can acquire, be acquired, merge, affiliate with or engage in any transactions with others, even if competitive with you and even if in your territory.

We can service corporate or institutional accounts that contract with us, regardless of where located or where services or goods are provided. Corporate accounts may include entities located in multiple geographies, academic institutions, publishers, resorts, vacation programs, theatrical productions, distributors of products through retail, wholesale, internet or other electronics-based distribution organizations and other categories of entities we define. If a corporate account we contract with has locations in your territory, we'll offer you the opportunity to service those locations in your territory, at pricing we negotiate with the account. If you decline or do not timely accept, or do not deliver service to our or the customer's satisfaction, we can deliver or arrange to have the service delivered by one or more other franchisee(s) or through other means.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. We do not pay you any compensation for soliciting or accepting orders or doing business in your territory.

You must not solicit business outside the territory. You cannot deliver services at school locations or conduct camps located outside the territory, without first getting our written consent. We are not obligated to consent, but may be willing to consent when the location outside the territory, is an affiliate of a location you already service in the territory. Among our other choices is to require you to cooperate in arrangements for the services be delivered by another of our franchisees, in the territory encompassing the other location.

You can operate from a home office that is in or convenient to the territory, in our judgment. Where you choose to operate from an out-of-home office, or must do so because local laws do not let you operate from home, the office must be clean, subject to inspection by us, properly zoned and convenient to the territory, in a facility that presents, in our discretion, a satisfactory image of our business. We'll try to evaluate proposed locations within two weeks of you providing the information we request. If after good faith efforts by both sides, we cannot agree on a site location, we reserve the right, in our sole discretion, to terminate the Franchise Agreement.

You need our prior written consent to relocate. The Franchise Agreement does not require us to consent. We expect to tell you if we approve within about two weeks. We can withhold consent if the proposed new office location would not be acceptable to us as described in the preceding paragraph, or if you are not in compliance with the Franchise Agreement or other agreement, or if we believe the relocation may adversely affect your business.

You must use best efforts to operate, develop and grow the business.

The Franchise Agreement does not give you any option or right of first refusal for another franchise. The Franchise Agreement does not give us the right to modify your territory rights from those described above.

In your first twelve months of operation, you must sign-up and obtain a minimum of six accounts. If you fail to reach the minimum of six accounts in your first twelve months of operation, we can terminate the Franchise Agreement.

In your third year of operation, you must achieve an amount of gross revenues that will be stated in the Franchise Agreement. In your 4th and each later year, your cumulative average growth rate for the four years ending and inclusive of that year must be at least 5% per year. If you do not meet these requirements, we can take action we deem appropriate. For example, we can notify you of breach and that you must achieve the required minimum in that 12-month period. We can work with you to establish an improvement plan you must implement. We can provide other assistance, including, but not limited to, on-site



consultations, meetings at our offices (which you must attend in person, on request), retraining, and any other assistance we deem appropriate, all at your cost. If your cumulative gross revenues are again less than these requirements, we can terminate the Franchise Agreement.

You are not restricted from servicing customers at locations in your territory who come there from outside your territory.

ITEM 13
TRADEMARKS

We grant you permission to use certain trademarks, according to our instructions, rules and procedures, in operating and advertising your business.

The following table provides information regarding trademark registrations owned by our affiliate PALC:

Mark	Goods/Services (Summary)	Registration Number	Registration Date
Parker-Anderson Learning Centers	Educational services, namely, conducting courses of instruction, workshops, and seminars relating to the fields of math, reading, test preparation, the sciences, history, chess, robotics and engineering.	3,396,146	March 11, 2008 Renewed: May 17, 2017
PARKER-ANDERSON	Educational services, namely, conducting courses of instruction, workshops, seminars and enrichment programs in the fields of math, reading, test preparation, the sciences, history, chess, robotics and engineering.	4,840,860	October 27, 2015
	Educational services, namely, conducting courses of instruction, workshops, seminars and enrichment programs in the fields of math, reading, test preparation, the sciences, history, chess, robotics and engineering; Organizing, conducting and operating children tournaments; providing summer camp programs for children; summer camps; Arranging, organizing, conducting and hosting birthday parties.	5,523,465	July 24, 2018
	Education services, namely, providing live and on-line instruction, workshops, seminars and enrichment programs in the field of math, reading, test preparation, the sciences, history, chess, robotics and engineering; Education services, namely, providing on-line instruction, workshops,	6,627,019	January 25, 2022

Mark	Goods/Services (Summary)	Registration Number	Registration Date
	seminars and enrichment programs in the field of math, reading, test preparation, the sciences, history, chess, robotics and engineering; Education services, namely, providing instruction, workshops, seminars and enrichment programs in the field of math, reading, test preparation, the sciences, history, chess, robotics and engineering; Educational services, namely, conducting programs in the field of math, reading, test preparation, the sciences, history, chess, robotics and engineering; Educational services, namely, conducting instruction, workshops, seminars and enrichment programs in the field of math, reading, test preparation, the sciences, history, chess, robotics and engineering; Educational services, namely, providing on-line instruction, workshops, seminars and enrichment programs in the field of math, reading, test preparation, the sciences, history, chess, robotics and engineering; Educational services, namely, providing courses of instruction, workshops, seminars and enrichment programs in the fields of instruction, workshops, seminars and enrichment programs; Organizing, conducting and operating children chess and robotics tournaments; Summer camps; Arranging, organizing, conducting and hosting birthday parties.		

The above registrations are on the Principal Register of the United States Patent and Trademark Office. Our affiliate, PALC, has registered the trademarks referred to above. They filed and/or plan to file the required affidavits of use of the trademarks.

PALC claims common law rights to all trade and service marks we license to you.

PALC granted us a license permitting our use and licensing of the trademarks to you as part of the Franchise Agreement. The license has no specified term but provides that termination will not affect rights under franchise agreements that we have entered into and if terminated the rights granted continue in effect until the expiration or termination of each of our franchise agreements. Other than the license agreement with PALC, there are no currently effective agreements that significantly limit our rights to use or license the use of the trademarks listed in this section in a manner material to the franchise.

We are not aware of any currently effective material determination of the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or court; any pending infringement, opposition or cancellation proceeding; or pending material litigation, involving any of

the trademarks listed above. We are not aware of any infringement of our marks or anyone having superior rights to us in our marks.

You must notify us of any claim or demand arising from use of our marks or similar marks, who you suspect is not authorized to use them; or claiming your use infringes or is improper. You must notify us within 3 days. We are not obligated by the Franchise Agreement to take any particular action or to protect you. We can take action we deem appropriate or take no action or defend using counsel we select, or seek to settle. We have the right to control all litigation, administrative and other proceedings. You must cooperate with us. You appoint us as your attorney-in-fact to defend or settle.

If we decide it is advisable to stop or modify use of or change or adopt additional or substitute trademarks, you must comply with our request. We do not have any liability to you for this.

ITEM 14 **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

We claim and will claim copyright ownership in our manual, various advertising and marketing materials, our Internet web site and other original works used in our business and made available for your use. These copyrights currently are not and may not be registered in the Copyright Office of the Library of Congress.

We do not have any patents.

There are no current determinations of the Copyright Office or any court, any pending interference, opposition or cancellation proceedings, or any pending material litigation involving the copyrighted materials or information we regard as proprietary or our trade secrets, which are relevant to your use of such materials or trade secrets.

You must notify us of any claim or demand arising from use of our copyrights, who you suspect is not authorized to use them; or claiming your use infringes or is improper. You must notify us within 3 days. We are not obligated by the Franchise Agreement to take any particular action or to protect you. We can take action we deem appropriate or take no action or defend using counsel we select, or seek to settle. We have the right to control all litigation, administrative and other proceedings. You must cooperate with us. You appoint us as your attorney-in-fact to defend or settle.

If we decide it is advisable to stop or modify use of or change or adopt additional or substitute copyrighted materials, you must comply with our request. We do not have any liability to you for this.

We claim trade secret ownership in the Parker-Anderson Manual, customer lists and customer data maintained by you, other confidential information and materials designated by us, your knowledge of the operation of the Parker-Anderson franchise, sales techniques, pricing, advertising, accounting systems, operation systems, policies, procedures, systems, compilations of information, records, specifications, exclusively designed signage and materials prior to public disclosure, specially scripted and outlined interactive enrichment activities for children, and specially developed course materials. Improvements to these, even if developed by you, are also our trade secrets. We anticipate that additional information will also be trade secret.

We'll disclose trade secrets to you. You must keep our trade secrets confidential. You must not use our trade secrets in any other venture or any way not authorized in writing by us. You must not make any unauthorized copy of trade secrets. You must have your personnel sign non-disclosure/noncompetition agreements that we prescribe. You must follow procedures we state to protect our trade secrets.

You must submit to us any program, project, experiment, demonstration, artwork, or other material relating or proposed to relate to the Parker-Anderson System, for our review and possible approval. If approved, it becomes our property. We can approve or decline approval and decide whether or not to incorporate your proposal or part of it into the Parker-Anderson System, without payment or other consideration to you.

As between you and us, we are the sole owner of the following domain names:

www.parker-anderson.org
www.parkerandersonfranchise.com

and other domain names we or our affiliates may establish. You must use only the domain name stated in the Franchise Agreement. We can change the domain name you must use. You must make sure that all web pages meet our specifications and are developed within our website. You must not use or authorize use of any other means of referring to your business on the internet without our prior written consent.

You must not register or acquire a registration for any domain name that contains the phrase “Parker-Anderson” or similar words or phrases. If you do so, you must immediately assign it to us.

You cannot be in a competing business anywhere while the Franchise Agreement is in effect, and for one year after it ends, anywhere in a one (1) mile radius of a Parker-Anderson Enrichment business.

ITEM 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION
OF THE FRANCHISE BUSINESS

You must successfully complete our training. We do not require you to actively manage or personally participate in the operation of the franchise.

We require you to have your employees sign nondisclosure and noncompetition agreements to protect our trade secrets.

If you are an entity, then whoever signs the Franchise Agreement, also agrees personally and individually to accept the duties and obligations of the franchisee.

If you are an entity, we require you to have each owner sign a guaranty in substantially the form attached as Exhibit D to this Disclosure Document.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer at the business all services, programs and products we designate, and must not offer and must discontinue offering any service, program or product that we restrict or prohibit. The Franchise Agreement does not restrict us from making changes to products and/or services to be provided. There are no limits on our right to make changes.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the franchise and related agreements pertaining to renewal, termination, transfer and dispute resolution. You should read these provisions in the agreements attached to this disclosure document.

THE FRANCHISE RELATIONSHIP

Provision	Sections in Franchise Agreement	Summary (1)
a. Term of the franchise	5, 6, 29	Term is 5 years.
b. Renewal or extension of the term	30	If you fully comply with agreement and meet our conditions, you can renew up to 2 times, 5 years each.
c. Requirements for you to renew or extend	30	Notify us in writing 180 - 240 days before expiration, that you wish to renew; accompany notice with renewal fee (\$3,000); sign our then Franchise Agreement (terms may differ from current Franchise Agreement, and be modified to allow only the remaining number of renewals); sign all other documents we require (including a release); be in compliance with Franchise Agreement and all our requirements and policies; have timely paid all amounts to us and others; upgrade all hardware, software, equipment and materials to our then standards. You may be asked to sign agreements that contain materially different terms and conditions than your current agreements.
d. Termination by you	52(a)	You can't terminate for breach by us. If you claim breach or other basis for terminating, you must give us written notice and 30 days to cure. If not cured in 30 days, the agreement's dispute resolution provisions (arbitration) apply.
e. Termination by us without cause	None	The agreement does not have any provision for us to terminate without having cause to do so.
f. Termination by us with cause	52(b)-(c)	We can terminate effective on notifying you, for the causes stated in the franchise agreement.
g. "Cause" defined - defaults which can be cured	52(c)	Nonpayment of any amount due to us or our affiliate within 5 days after we notify you; failure to cure annual minimum performance requirement from third year of operation or after; breach of agreement or standard or operating procedure or policy not corrected within 30 days after we notify you.

Provision	Sections in Franchise Agreement	Summary (1)
h. "Cause" defined - defaults which cannot be cured	52(b)	You or your owner, member, director, partner, officer or manager: not completing our training; not starting to operate in the agreement's time limit, misrepresentation or omission in applying to be a franchisee or in or during operation; criminal conviction we believe may hurt our reputation; misuse/unauthorized use of our intellectual property; disclosure of our confidential information; abandonment or failure to operate 5 days; unauthorized transfer; failure to transfer after death/incapacity; two reports with understatements exceeding 2%; bankruptcy or insolvency; two failures in 12 months to submit reports or pay us; violation of health/safety law; become a subject of negative media attention; accused of or alleged unlawful conduct with a minor; repeated breach; failure to sign-up and obtain a minimum of 6 accounts in the first year of operation.
i. Your obligations on termination/non-renewal	52(g), 53(b)-(e), FA Addendum Sec. 1	You must stop operating the business, not indicate you are or were our franchisee; stop using our advertising, trademarks, copyrights, confidential information, procedures, techniques; we have option to have your lease and agreements and business assets assigned to us; cancel dba (fictitious name) and prove to us you've done so; pay all amounts due to us and all damages and attorneys' fees; return all manuals, lists, records, files, instructions, brochures, agreements and other materials we provided; assign to us the phone number internet and email addresses relating to the business; cooperate in our option to buy all assets of the business we select; comply with the post term restrictive covenant (described in row r below). Other obligations during the agreement remain in effect (such as indemnification of us, as an example).
j. Assignment of contract by us	None	There is no restriction on us assigning the agreement.
k. "Transfer" by you - definition	51(b)	The Franchise Agreement prohibits transfer of the Franchise Agreement or any interest in the Franchise Agreement, or in the Parker-Anderson franchise, or any or all of the ownership of you, without our prior written consent. A purported transfer or attempted transfer without our prior written consent is a breach, and conveys no right or interest and is void.
l. Our approval of transfer by you	51(b)	You must first get our written approval to make any transfer described in the preceding row.

Provision	Sections in Franchise Agreement	Summary (1)
		<p>prepare for closing. We are entitled to receive written representations and warranties from you that you own clear title to all assets being sold, transferred or assigned; all are in good working condition; there is no breach of any agreement, and no liabilities that have not been disclosed to us in writing.</p> <p>If we do not buy, we will tell you if the proposed transfer is approved. Declining to exercise the right of first refusal does not require us to consent to the transfer.</p>
o. Our option to purchase your business	51(g)	<p>On and after termination or expiration of the Franchise Agreement we can (but are not obligated to) receive, and on demand by us within 10 days after expiration or termination, you must deliver to us, a written assignment of your interest in any lease, supply agreements and assets of the business we chose. We can, by notifying you within 30 days after expiration or termination (but we are not obligated to), buy any or all assets of the business we select, at lesser of your cost or fair market value.</p>
p. Your death or disability	51(h) - (i) 51(j)	<p>If you die or become permanently incapacitated, we'll give your surviving spouse, heirs, or estate or incapacitated person's legal representative, an opportunity to own the franchise for up to 180 days provided they maintains all our standards, performs all obligations, satisfy all then- qualifications for a purchaser of a franchise or, according to the agreement's terms, sell the deceased/incapacitated person's interest to one who satisfies our then standards.</p> <p>From the date of death or incapacity until we are satisfied that a qualified, trained manager is supervising the business, we or our nominee can enter and operate the business. We don't assure it will be operated profitably. We aren't responsible for results. You must reimburse our or our nominee's expenses and pay a management fee of \$500 per day.</p>
q. Non-competition covenants during the term of the franchise	53(a)	<p>You and all 25% or more owners and immediate family of each must not engage in or do service for a competitive business; have an interest in a competitive business or any entity that grants franchises or licenses for a competitive business or solicit a customer of a Parker-Anderson business.</p>
r. Non-competition covenants after the franchise is terminated or expires	53(b)	<p>For 1 year you and any 25% or more owner, and immediate family, must not engage in, do service for, or own an interest in a competitive business or entity granting franchises for a competitive business in or touching the geographic territory of a Parker-Anderson business or a one (1) mile radius from the office of a Parker-Anderson business; and must not solicit any customer of a Parker-Anderson business. You can own up to 2% of the stock of a publicly traded company even if it is competitive.</p>

Provision	Sections in Franchise Agreement	Summary (1)
s. Modification of the agreement	54(o)	Agreement can be modified only by a written agreement signed by the parties.
t. Integration/merger clause	54(o)	Only the terms of the franchise agreement are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	54(s)	Arbitration in Los Angeles before JAMS, subject to applicable state law.
v. Choice of forum	54(s)	Arbitration in Los Angeles before JAMS (subject to applicable state law). See also State Specific Addenda (Exhibit B) attached to this Disclosure Document.
w. Choice of law	54(l)	California law. See also State Specific Addenda (Exhibit B) attached to this Disclosure Document.

(1) Each of the above summaries is only a summary. Please see the actual provision in the Agreement.

THIS TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE ASSET SALE AND PURCHASE AGREEMENT. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENT ATTACHED TO THIS DISCLOSURE DOCUMENT.

Provision	Sections In Asset Sale and Purchase Agreement	Summary
a. Length of Franchise Term	Not Applicable	Not Applicable
b. Renewal or extension of the term	Not Applicable	Not Applicable
c. Requirements for you to renew or extend	Not Applicable	Not Applicable
d. Termination by you	Secs. 6 & 9.1	You can terminate the Asset Purchase Agreement if the parties do not comply with the Bulk Sales Laws and this requirement has not been waived by you.
e. Termination by us without cause	Sec. 2.1	If the parties are not able to close the sale by the agreed on date we can terminate the Agreement.
f. Termination by us with cause	Secs. 7 & 9.1	We can terminate the Asset Purchase Agreement if your representations and warranties in the Agreement are incorrect, if you have not complied with all requirements and conditions of the Agreement, if you fail to provide information we require prior to closing, or if there are any actions or proceedings pertaining to the transactions contemplated by the agreement, and not waived by us.
g. "Cause" defined – defaults which can be cured	Not Applicable	Not Applicable
h. "Cause" defined – defaults which cannot be cured:	Not Applicable	Not Applicable
i. Your obligations on termination/non-renewal	Not Applicable	Not Applicable

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Provision	Sections In Asset Sale and Purchase Agreement	Summary
j. Assignment of contract by Us	Not Applicable	Not Applicable
k. "Transfer" by you – defined	Not Applicable	Not Applicable
l. Our approval of your transfer	Not Applicable	Not Applicable
m. Conditions for our approval of transfer	Not Applicable	Not Applicable
n. Our right of first refusal to buy your business	Not Applicable	Not Applicable
o. Our option to buy your business	Not Applicable	Not Applicable
p. Your death or disability	Not Applicable	Not Applicable
q. Non-competition covenants during term of franchise	Not Applicable	Not Applicable
r. Non-competition covenants after franchise is terminated or expires	Not Applicable	Not Applicable
s. Modification of the agreement	Sec. 10.9	No modification except in writing signed by you and us.
t. Integration/merger clause	Sec. 10.5	Only terms of the Agreement and Exhibits are binding, subject to state law. Other promises and representations are not enforceable. Nothing in the agreement is intended to disclaim our representations made in the franchise disclosure document.
u. Dispute resolution by arbitration or mediation	Sec. 10.3	Arbitration in Los Angeles before JAMS, subject to applicable state law.
v. Choice of forum	Sec. 10.3	Arbitration to be held in Los Angeles, California (subject to applicable state law). See also State Specific Addenda (Exhibit B) attached to this Disclosure Document.
w. Choice of law	Sec. 10.4	California law applies. See also State Specific Addenda (Exhibit B) attached to this Disclosure Document.

THIS TABLE LISTS IMPORTANT PROVISIONS IN THE PROMISSORY NOTE IF YOU FINANCE FROM US. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENT ATTACHED TO THIS DISCLOSURE DOCUMENT.

Provision	Section in Promissory Note	Summary
a. Length of the Note term	Sec. 1	The repayment term varies. You may pay off the Note earlier than its term.
b. Renewal or extension of the term	Not Applicable	Not Applicable
c. Requirements for franchisee to renew or extend	Not Applicable	Not Applicable
d. Termination by franchisee	Sec. 2	The Note is pre-payable on 30 days' notice. You must pay any prepayment penalties or other charges we incur with our lender because of your prepayment.

Provision	Section in Promissory Note	Summary
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Not Applicable	Not Applicable
g. "Cause" defined – curable defaults	Sec. 5	Failure to make any payment within 5 days after due date.
h. "Cause" defined – non-curable defaults	Not Applicable	Not applicable
i. Franchisee's obligations on termination/ nonrenewal	Sec.5	You must immediately pay remaining balance.
j. Assignment of contract by franchisor	Sec. 15	No restrictions on our right to assign.
k. "Transfer" by franchisee - defined	Sec.15	You may not transfer or assign your obligations under the Note.
l. Franchisor approval of transfer by franchisee	Sec.15	You may not transfer or assign your obligations under the Note.
m. Conditions for franchisor approval of transfer	Sec. 15	You may not transfer or assign your obligations under the Note.
n. Franchisor's right of first refusal to acquire franchisee's business	Not Applicable	Not Applicable
o. Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
p. Death or disability of franchisee	Not Applicable	Not Applicable
q. Non-competition covenants during the term of the Note	Not Applicable	Not Applicable
r. Non-competition after the Note is terminated or expires	Not Applicable	Not Applicable
s. Modification of the Note	Sec. 16	The Note cannot be modified or amended unless both parties agree in writing.

Provision	Section in Promissory Note	Summary
t. Integration/merger clause	Sec. 16	Only the terms of the Note are binding. You can't claim there are any other promises. Nothing in the Note is intended to disclaim our representations made in the franchise disclosure document.
u. Dispute resolution by arbitration or mediation	Not Applicable	Not Applicable.
v. Choice of forum	Sec. 14	Litigation may be brought in Los Angeles, California (subject to applicable state law). We are not precluded from bringing an action in another court. See also State Specific Addenda (Exhibit B) attached to this Disclosure Document.
w. Choice of law	Sec. 11	California State Law applies. See also State Specific Addenda (Exhibit B) attached to this Disclosure Document.
x. Acceleration	Sec. 5	If you fail to pay any installment within 5 days after its due date, or if you are in default under any of your other agreements with us, we can accelerate the Note and require you to pay entire unpaid balance and interest.

THIS TABLE LISTS IMPORTANT PROVISIONS IN THE SECURITY AGREEMENT IF YOU FINANCE FROM US. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENT ATTACHED TO THIS DISCLOSURE DOCUMENT.

Provision	Section in Security Agreement	Summary
a. Length of the Security Agreement term	Not Applicable	The Security Agreement will remain in effect until all secured obligations have been performed.
b. Renewal or extension of the term	Not Applicable	Not Applicable
c. Requirements for franchisee to renew or extend	Not Applicable	Not Applicable
d. Termination by franchisee	Not Applicable	Not Applicable
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Not Applicable	Not Applicable
g. "Cause" defined – curable defaults	Section 5.1 (c)	You fail to perform any requirement not covered by Section 5.1 and the failure remains unremedied for 5 days after notice.

Provision	Section in Security Agreement	Summary
h. "Cause" defined – non-curable defaults	Sec. 5.1	Non-Curable: non-cured defaults under Promissory Note or other agreements with us; misrepresentations; dissolution; proceedings against your business; failure to provide requested financial information; you fail to take action to give us a perfected security interest in the collateral; involuntary proceedings are instituted against you; inability to pay debts or related proceedings.
i. Franchisee's obligations on termination/nonrenewal	Sec. 5.2	All secured amounts owed to us are accelerated. You must allow us to foreclose on your assets and enter the premises and immediately surrender collateral for sale.
j. Assignment of contract by franchisor	Not Applicable	Not Applicable
k. "Transfer" by franchisee - defined	Sec. 7.5	You may not transfer or assign the Security Agreement without our prior written consent.
l. Franchisor approval of transfer by franchisee	Sec. 7.5	You may not transfer or assign the Security Agreement without our prior written consent.
m. Conditions for franchisor approval of transfer	Not Applicable	Not Applicable
n. Franchisor's right of first refusal to acquire franchisee's business	Not Applicable	Not Applicable
o. Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
p. Death or disability of franchisee	Not Applicable	Not Applicable
q. Non-competition covenants during the term of the Agreement	Not Applicable	Not Applicable
r. Non-competition after Agreement terminates or expires	Not Applicable	Not Applicable
s. Modification of the agreement	Sec. 7.15	The Security Agreement cannot be modified or amended unless both parties agree in writing.
t. Integration/merger clause	Sec. 7.15	Only the terms of the Security Agreement are binding. You can't claim there are any other promises. Nothing in the agreement is intended to disclaim our representations made in the franchise disclosure document.
u. Dispute resolution by arbitration or mediation	Not Applicable	Not Applicable.

Provision	Section in Security Agreement	Summary
v. Choice of forum	Sec. 7.14	Litigation may be brought in Los Angeles, California (subject to applicable state law). We are not precluded from bringing an action in another court. See also State Specific Addenda (Exhibit B) attached to this Disclosure Document.
w. Choice of law	Sec. 7.13	California State Law applies. See also State Specific Addenda (Exhibit B) attached to this Disclosure Document.

ITEM 18
PUBLIC FIGURES

No compensation or other benefit is given or promised to a public figure arising from the use of a public figure in the name of the franchise or the endorsement or recommendation of the franchise to prospective franchisees.

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 this Item 19 may be given only if: (1) a franchisor provides the actual records or an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Joshua Parker, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table 1

Systemwide Outlet Summary For Years 2020 to 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	19	18	-1
	2021	18	20	+2
	2022	20	14	-6
Company Owned and Affiliate Owned Outlets	2020	1	1	0
	2021	1	1	0
	2022	1	1	0
Total Outlets	2020	20	19	-1
	2021	19	21	+2
	2022	21	15	-6

Table 2

Transfers for Years 2020 to 2022

State	Year	Number of Transfers
CA	2020	1
	2021	1
	2022	0
GA	2020	0
	2021	0
	2022	0
NY	2020	2
	2021	0
	2022	0
All Other States	2020	0
	2021	0
	2022	0
Total	2020	3
	2021	1
	2022	0

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Table 3
Status of Franchised Outlets For Years 2020 to 2022

State	Year	Outlets at Star of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
CA	2020	7	0	0	0	0	0	7
	2021	7	2	0	0	0	0	9
	2022	9	0	0	0	0	0	9
CO	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	1	0
FL	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	1	0	0	0
GA	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	1	1	0	0	0
IL	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	1	0	0	0
LA	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
MD	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	1	0	0	0
NC	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
NJ	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
NY	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
TN	2020	1	0	0	1	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
TOTAL	2020	19	0	0	1	0	0	18
	2021	18	2	0	0	0	0	20
	2022	20	0	1	4	0	1	14

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Table 4**Status of Parker-Anderson Affiliate-Owned Outlets for Years 2020 to 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
California	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Totals	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1

Table 5**Projected New Franchised Outlets as of December 31, 2022**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Parker-Anderson Affiliate – Owned Outlets In the Next Fiscal Year
California	0	1	0
Florida	0	1	0
Illinois	0	0	0
Louisiana	0	0	0
Maryland	0	0	0
New York	0	1	0
Total	0	3	0

No confidentiality agreements have been signed restricting any of our franchisees from speaking with you about their experience.

If you buy a franchise, your contact information may be disclosed to other buyers when you are a franchisee and also when you leave the franchise system.

There are no trademark-specific franchisee organizations associated with the franchise system which we created, sponsored or endorsed as of December 31, 2022.

See Exhibit “L” for our list of locations as of December 31, 2022. In the past fiscal year there was 1 transfer of a franchised outlet, and no franchised outlet was terminated, not renewed, reacquired, or stopped operating.

ITEM 21
FINANCIAL STATEMENTS

Our fiscal year is a calendar year, ending December 31. Attached to this Disclosure Document as Exhibit “J” are our audited financial statements for the period ending December 31, 2022, 2021, and 2020.

ITEM 22
CONTRACTS

The State Addenda is attached to this Disclosure Document as Exhibit “B.”

The Franchise Agreement is attached to this Disclosure Document as Exhibit “C.”

The Personal Guaranty is attached to this Disclosure Document as Exhibit “D.”

The General Release is attached to this Disclosure Document as Exhibit “E.”

The Asset Sale and Purchase Agreement is attached to this Disclosure Documents as Exhibit “F”.

The Secured Promissory Note is attached to this Disclosure Document as Exhibit “G”.

The Security Agreement is attached to this Disclosure Document as Exhibit “H”.

ITEM 23
RECEIPTS

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document. Please return one signed copy to us and retain the other for your records.

EXHIBIT A

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

LIST OF STATE ADMINISTRATORS AND STATE AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, California 90013 (213) 576-7505 (866) 275-2677	Joshua Parker Parker-Anderson Enrichment, Inc. 16526 Arminta Street Van Nuys, California 91406 (800) 362-8606 Commissioner of Financial Protection and Innovation of the State of California 320 West 4 th Street, Suite 750 Los Angeles, California 90013 (866) 275-2677
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street Room 203 Honolulu, Hawaii 96813 (808) 586-2722	Commissioner of Securities, Department of Commerce & Consumer Affairs 335 Merchant Street Room 203 Honolulu, Hawaii 96813 (808) 586-2722
ILLINOIS	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
INDIANA	Indiana Secretary of State Securities Division 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360	Maryland Securities Commissioner at the Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Attn: Franchise Section G. Mennen Williams Building, 1 st Floor 525 West Ottawa Lansing, Michigan 48933 (517) 335-7567	Michigan Department of Commerce Corporations and Securities Bureau P.O. Box 30054 6546 Mercantile Way Lansing, Michigan 48909 (517) 241-6345
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600	Minnesota Commissioner of Commerce Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 st Floor New York, New York 10005 (212) 416-8285 (Phone) (212) 416-6042 (Fax)	New York Department of State One Commerce Plaza 99 Washington Ave., 6 th Floor Albany, New York 12231-0001 (518) 473-2492

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol Fifth Floor, Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-4712	North Dakota Securities Commissioner 600 East Boulevard Avenue State Capitol Fifth Floor, Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-4712
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387
RHODE ISLAND	Securities Division State of Rhode Island Department of Business Regulation, Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue, Cranston, Rhode Island 02920 (401) 462 9582	Director, Securities Division Department of Business Regulation, Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue, Cranston, Rhode Island 02920 (401) 462 9582
SOUTH DAKOTA	Department of Labor and Regulation Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	Director, Department of Labor and Regulation Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, First Floor Richmond, Virginia 23219 (804) 371-9733	Clerk of the State Corporation Commission 1300 East Main Street, First Floor Richmond, Virginia 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, Washington 98501 (360) 902-8760	Director, Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, Washington 98501 (360) 902-8760
WISCONSIN	Franchise Registration Division of Securities Wisconsin Department of Financial Institutions 201 W. Washington Avenue, Suite 300 Madison, Wisconsin 53703 (608) 266-0644	Securities and Franchise Registration Wisconsin Securities Commission 201 W. Washington Avenue, Suite 300 Madison, Wisconsin 53703

EXHIBIT B
STATE ADDENDA

STATE SPECIFIC DISCLOSURE REQUIREMENTS

The laws of several states require that we provide this Franchise Disclosure Document to you at the following earlier dates:

1. Iowa requires that we give you this disclosure document at the earlier of the first personal meeting or 14 calendar-days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.
2. New York requires that we give you a copy of this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.
3. Michigan requires that we give you this Franchise 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.

For franchises that we sell for locations in CALIFORNIA, ILLINOIS, MICHIGAN, and NEW YORK, applicable state law requires us to disclose additional information. Please refer to the separate state addendum pages in this Exhibit for the additional disclosures that may apply to you.

ADDENDUM TO PARKER-ANDERSON ENRICHMENT, INC.

DISCLOSURE DOCUMENT - REQUIRED BY THE STATE OF CALIFORNIA

The California Franchise Investment law requires a copy of all proposed agreements relating to the sale of the franchise to be delivered together with the disclosure document 14 days prior to the execution of any agreement.

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

The Franchise Agreement requires binding arbitration. The arbitration will occur at Los Angeles, California with the costs being borne by the losing party.

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

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 et. seq.).

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

Section 31125 of the franchise investment law requires us to give to you a disclosure document approved by the commissioner of business oversight before we ask you to consider a material modification of your franchise agreement.

You must sign a general release if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516).

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 may control.

Our website www.parker-anderson.org has not been reviewed or approved by the Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the Department of Financial Protection and Innovation at www.dfpi.ca.gov.

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

**ADDENDUM TO THE PARKER-ANDERSON ENRICHMENT, INC.
FRANCHISE AGREEMENT – CALIFORNIA**

For the purposes of Cal. Bus. & Prof. Code Section 20022, Franchisor and Franchisee agree that:

1. The parties will use the declining-balance depreciation method to calculate the value of Franchisee’s assets (inventory, supplies, equipment, fixtures, and furnishings) for the purposes of a purchase by Franchisor under Section 20022. The purchase price by franchisor for these assets will not include the cost of removal and transportation of those assets, which will be Franchisee’s responsibility.
2. For purposes of Section 20022, Franchisee is not able to provide to Franchisor “clear title and possession” to Franchisee’s assets if those assets are subject to liens or encumbrances including: (i) purchase money security interests; (ii) blanket security interests; (iii) rights of first refusal; (iv) liens by Franchisee’s landlord; or (v) tax liens.
3. For the purposes of Section 20022(h), franchisor’s right of offset will include the following amounts owed by Franchisee to Franchisor or Franchisor’s affiliates: (i) royalty fees; (ii) marketing fund fees; (iii) liquidated damages; (iv) transfer fees; and (v) any other type of fee or amounts owed by Franchisee to Franchisor or Franchisor’s affiliates.

For the purposes of Cal. Bus. & Prof. Code Section 20035, Franchisor and Franchisee agree that:

1. **“Fair Market Value of the Franchise Assets”** means the value of Franchisee’s assets, valued according to the declining-balance method of depreciation. The purchase price by Franchisor for the assets will not include the cost of removal and transportation of those assets, which will be Franchisee’s responsibility.
2. **“Fair Market Value of the Franchised Business”** means the **“Fair Market Value of the Franchise Assets”** as defined above, plus goodwill. The parties agree that the value of goodwill is the amount of royalty fees paid by Franchisee to Franchisor within the twelve (12) month period immediately before Franchisor’s termination or failure to renew if Franchisor is in violation of the California Franchise Relations Act.

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee’s investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee’s understanding of the law and facts as of the time of the franchisee’s investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

Dated this ____ day of _____ 20__.

FRANCHISEE

FRANCHISOR

PARKER-ANDERSON ENRICHMENT, INC.

Signature: _____

By: _____

Print Name: _____

Print Name: _____

**ADDENDUM TO THE PARKER-ANDERSON ENRICHMENT, INC.
FRANCHISE DISCLOSURE DOCUMENT - REQUIRED BY THE STATE OF ILLINOIS**

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, as amended (the “Act”), the Disclosure Document is amended as follows for franchises located in the state of Illinois:

1. Illinois law governs the agreements between the parties to the Franchise Agreement for franchises located in the state of Illinois.
2. Section 4 of the Act provides that any provision in the Franchise Agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a Franchise Agreement may provide for arbitration outside of Illinois.
3. Section 41 of the Illinois Franchise Disclosure Protection Act provides that any condition, stipulation or provision that purports to bind a person acquiring any franchise to waive compliance with the Act or any other law of Illinois is void.
4. Your rights upon termination and non-renewal of the Franchise Agreement are set forth in sections 19 and 20 of the Act.
5. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition. Item 5, “**Initial Fees**” is amended by adding the following:

“Despite the payment provisions in this Item 5, all initial fees and payments due to us will be deferred until the first business day following the date that we have completed our material initial obligations to you under the Franchise Agreement and you begin operations, at which time all initial fees and payments will become immediately due and payable.”

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

**ADDENDUM TO THE PARKER-ANDERSON ENRICHMENT, INC.
FRANCHISE AGREEMENT - REQUIRED BY THE STATE OF ILLINOIS**

1. Illinois law governs the agreements between the parties to the Franchise Agreement for franchises located in the state of Illinois.
2. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the Franchise Agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a Franchise Agreement may provide for arbitration outside of Illinois.
3. Section 41 of the Illinois Franchise Disclosure Protection Act provides that any condition, stipulation or provision that purports to bind a person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
4. Franchisee's rights upon termination and non-renewal of the Franchise Agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
5. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition. Article 9 of the Franchise Agreement is amended as follows:

“Despite the payment provisions in this Article 9, all initial fees and payments due to Franchisor will be deferred until the first business day following the date that Franchisor has completed Franchisor's material initial obligations to Franchisee under the Franchise Agreement and Franchisee begins operations, at which time all initial fees and payments will become immediately due and payable.

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

Dated this ____ day of _____ 20__.

FRANCHISEE

FRANCHISOR

PARKER-ANDERSON ENRICHMENT, INC.

Signature: _____

By: _____

Print Name: _____

Print Name: _____

**ADDENDUM TO THE PARKER-ANDERSON ENRICHMENT, INC.
ASSET SALE AND PURCHASE AGREEMENT - REQUIRED BY THE STATE OF ILLINOIS**

1. Illinois law governs the agreements between the parties to the Asset Purchase Agreement for franchises located in the state of Illinois.
2. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the Asset Purchase Agreement that designates jurisdiction or venue outside the State of Illinois is void. However, an Asset Purchase Agreement may provide for arbitration outside of Illinois.
3. Section 41 of the Illinois Franchise Disclosure Protection Act provides that any condition, stipulation or provision that purports to bind a person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
4. Your rights upon termination and non-renewal of the Asset Purchase Agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
7. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Dated this ____ day of _____ 20__.

FRANCHISEE

FRANCHISOR

PARKER-ANDERSON ENRICHMENT, INC.

Signature: _____

By: _____

Print Name: _____

Print Name: _____

**ADDENDUM TO THE PARKER-ANDERSON ENRICHMENT, INC.
PROMISSORY NOTES AND SECURITY AGREEMENTS
REQUIRED BY THE STATE OF ILLINOIS**

The following is added to Section 11 of the Promissory Note and 7.13 of the Security Agreement in Illinois:

Illinois law shall govern this Note/Agreement.

The following is added to Section 14 of the Promissory Note and 7.14 of the Security Agreement in Illinois:

To the extent that the Note/Agreement designates jurisdiction or venue in a forum outside of the State of Illinois, the provision shall not be effective for a Promissory Note and Security Agreement entered into with an Illinois resident for a Parker-Anderson franchise in the State of Illinois.

Dated this ____ day of _____ 20__.

FRANCHISEE

FRANCHISOR

PARKER-ANDERSON ENRICHMENT, INC.

Signature: _____

By: _____

Print Name: _____

Print Name: _____

**ADDENDUM TO THE PARKER-ANDERSON ENRICHMENT, INC.
FRANCHISE DISCLOSURE DOCUMENT - REQUIRED BY THE STATE OF MICHIGAN**

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

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

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

- (iv) The failure of the Franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the Franchise agreement existing at the time of the proposed transfer.

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

- (i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the Franchisee unless provision has been made for providing the required contractual services.

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:

State of Michigan / Department of Attorney General
Consumer Protection Agency
Attention: Franchise
670 Law Building
525 West Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 335-7567

NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NYS DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a

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

3. The following is added to the end of Item 4:

Except as disclosed in Item 4, neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

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

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 that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. 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.

7. The following is added to the end of the “Summary” section of Item 17(j), titled “**Assignment of contract by franchisor**”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

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

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

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

NEW YORK
ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM TO FRANCHISE AGREEMENT (this “**Addendum**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Franchise Agreement**”) dated _____, by and between PARKER-ANDERSON ENRICHMENT, INC., a California corporation, as franchisor (“**Franchisor**”) and _____, as franchisee (“**Franchisee**”). Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Addendum shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Addendum.

The parties to the Franchise Agreement hereby acknowledge and agree that:

1. To the extent required by applicable law, all rights the franchisee enjoys and any causes of action arising in the franchisee’s favor under 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 that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.
2. Franchisee may terminate the Franchise Agreement on any grounds available by law.
3. Irrespective of any rights granted to Franchisor to assign the Franchise Agreement, no assignment shall be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume Franchisor’s obligations under the Franchise Agreement.
4. No choice of law or choice of forum provision in the Franchise Agreement should be considered a waiver of any right conferred on Franchisor or on Franchisee by Article 33 of the General Business Law of the State of New York.
5. In the event of any conflict between the terms of this Addendum and the terms of the Franchise Agreement, the terms of this Addendum shall control.
5. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the General Business Law of the State of New York are met independently without reference to this Addendum.
6. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

(Signature Page Follows)

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

FRANCHISEE

FRANCHISOR

PARKER-ANDERSON ENRICHMENT, INC.

Signature: _____

By: _____

Print Name: _____

Print Name: _____

EXHIBIT C
FRANCHISE AGREEMENT

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OF
PARKER-ANDERSON ENRICHMENT, INC.

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PARKER-ANDERSON™ FRANCHISE AGREEMENT

This Franchise Agreement (this “Agreement”) is between Parker –Anderson Enrichment, Inc., a California corporation whose address is 16526 Arminta Street, Van Nuys, California 91406 (“Franchisor”) and the Franchisee named below.

RECITALS

Franchisor developed a unique method and program for operating a business that provides interactive educational, recreational and entertainment enrichment activities for children (the “PAE System”). The PAE System uses Franchisor’s methods, trade secrets, trademarks, original copyrighted materials and other intellectual property of Franchisor. Franchisee wants to conduct a business providing such interactive activities for children. Franchisor is willing to permit Franchisee to operate a business using the PAE System (a “Parker-Anderson Franchise”), on the terms in this Agreement.

INITIAL TERMS

1. Franchisee Name: _____
2. Franchisee is a(n): ___ Individual ___ Corporation ___ Limited Liability Co.
3. Franchisee Location: _____
4. Franchise Type: (check or circle one)
 ___ “A” Franchise (territory contains a minimum of 50 public and private schools as of date of this Agreement)
 ___ “B” Franchise: (territory contains a minimum of 100 public and private schools as of date of this Agreement)
5. Agreement Start Date: _____
6. Initial End Date (fifth anniversary of start date): _____
7. Date Franchisee Shall Start Operating by: _____
8. Territory (Sec. 17): _____

9. Initial Franchise Fee Payable on Signing this Agreement: (check or circle one)
- _____ “A” Franchise: \$25,900
- _____ “B” Franchise: \$35,900
10. Technology Fee: \$46.16 per month
11. Franchisee Domain Name: _____ [www.Parker-Anderson.org/franchisename].
12. Minimum Gross Revenues in third (3rd) Year - \$_____ (See Section 48).
13. Notice address for Franchisee: _____
14. Notice address for Franchisor: 16526 Arminta Street, Van Nuys, California 91406.
15. These Sections 1 - 15, together with the accompanying pages, containing Sections 16 through 55, form the Franchise Agreement agreed to between the parties.

Franchisee:

Franchisor:
Parker-Anderson Enrichment, Inc.,
a California corporation

Signed _____

Signed _____

Printed Name _____

Printed Name _____

Title _____

Title _____

16. *Grant:* Franchisor grants Franchisee a non-exclusive license to operate a business providing interactive educational, recreational and entertainment enrichment activities for children, according to the PAE System, and PAE Manual, and to use the PAE Marks (defined in Section 22) and PAE Copyrights (defined in Section 22) in operating the business within the Territory identified in Section 8.

17. *Limited Exclusivity:* The Territory identified in Section 8 includes the approximate number of public and private elementary schools identified in Section 4. While Franchisee is in full compliance with this Agreement and the PAE Manual, Franchisor shall not operate or grant another person or entity the right to operate a PAE business including all or any portion of the geographic area described in Section 8 (the "Territory"). Franchisor does not assure that the stated number of schools will remain the same throughout the term of this Agreement. Over time, the number of schools in the Territory could be smaller or larger (for example, if schools close or additional schools are opened).

18. *Reserved Rights:* Franchisor reserves the rights to: (a) own, operate, and/or authorize others to own and/or operate any kind of business in the Territory, other than a PAE franchise, whether or not using the PAE Marks and PAE Copyrights; (b) grant licenses or franchises to chains of schools or other regional or national accounts, wherein the chain or account would use Franchisor's program within its own schools, operating facilities or premises anywhere, including inside the Territory; (c) own, operate and/or authorize others to own and/or operate PAE franchises and any other kind of business outside the Territory; (d) sell products and services under the PAE Marks and/or other marks, whether or not competitive with Franchisee, to customers anywhere, including within the Territory, but Franchisor will only sell to customers in the Territory if Franchisor had a pre-existing relationship with such customers; (e) develop or be associated with other concepts, whether or not using the PAE System, PAE Marks and/or PAE Copyrights, which may involve enrichment or other programs for children, also including dual branding and/or other franchise systems; (f) grant franchises under other concepts for locations anywhere; and (g) acquire, be acquired by, merge, affiliate with or engage in any transactions with others, whether competitive or not, inside or outside the Territory. This could include, but is not limited to, competing locations and brand conversions to or from Parker-Anderson; and Franchisee shall participate at its expense in any such conversion instructed by Franchisor. Any and all rights in the Territory not expressly granted to Franchisee are reserved to Franchisor.

19. *Franchisor Distribution:* Franchisee acknowledges the term "Parker-Anderson Franchise" does not include non-Parker-Anderson franchises, businesses or other distribution opportunities. A non-Parker Anderson franchise, business concept or distribution opportunity may include, but is not limited to, sales at retail or wholesale of educational materials, toys or other products to the public or otherwise from any retail location, including department stores, school supply stores, toy stores, markets and supermarkets, discount stores, or by direct mail, internet, television, and other media and channels.

20. *Corporate Accounts:* Franchisor and affiliates of Franchisor may service corporate or institutional accounts ("Corporate Accounts") that contracted or may contract with Franchisor or its affiliate(s), regardless of where located or where services or goods are provided. Corporate Accounts may include entities with locations in multiple geographies, academic institutions, publishers, resorts, vacation programs, theatrical productions, distributors of products through retail, wholesale, internet or other electronics-based distribution organizations and other categories of entities that Franchisor defines from time to time. For this Agreement, affiliates of Franchisor means entities under full or partial common ownership or control with Franchisor. Franchisor shall offer Franchisee the opportunity to provide service to locations of Corporate Accounts in the Territory, at pricing Franchisor negotiated with the Corporate Account. If Franchisee declines or does not timely accept, or does not deliver service to Franchisor's or the Corporate Account's satisfaction, then Franchisor can deliver or arrange to have the service delivered by one or more other franchisee(s) or through other means.

21. *Territory-Based Operation:*

a. *Promotion.* Franchisee shall not solicit customers or advertise or promote outside the Territory. But this restriction shall not prohibit Franchisee from advertising or promoting in the Territory in media that also has incidental out-of-territory circulation.

b. *Delivery of Services.* Franchisee shall not deliver services at public or private school locations or conduct camps located outside the Territory, without first obtaining Franchisor's written consent. Franchisor shall not be obligated to consent, but may be willing to consent when the school location outside the Territory, is an affiliate of a location in the Territory already serviced by Franchisee. Among Franchisor's other alternatives shall be to require that Franchisee cooperate in arrangements for the services be delivered by a Parker-Anderson franchisee in the geographic territory encompassing the other location. This provision does not restrict franchisee from delivering services at birthday parties or special events outside the Territory.

22. *Marks; Copyrights:* "PAE Marks" means "Parker-Anderson," the logo on the first page of this Agreement, and other trademarks, service marks, logos and commercial symbols adopted or authorized by Franchisor for use by Franchisee. For this Agreement "PAE Copyrights" means the PAE Manual, as revised from time to time, advertisements, promotion materials, signage, posters, design elements of the PAE Marks, materials used in delivering services, other expressive elements of the PAE System, and other materials Franchisor creates, acquires or obtains licenses for, that are protected by copyright law, that Franchisor authorizes Franchisee to use in operating the business.

23. *Restrictions:* Franchisee shall not: (a) use or permit use of the PAE System, PAE Marks or PAE Copyrights, except in the Territory, according to the terms of this Agreement and the PAE Manual; (b) use or permit use of any trade name, trade mark, service mark or commercial symbol other than the PAE Marks, except as authorized by Franchisor; (c) create, produce, distribute or offer for sale any good, service, program or activity, except those provided, prescribed or authorized by Franchisor; (d) create, produce, distribute or offer for sale any program or activity via tv, video, dvd, cd-rom, internet, or other media or channel; or any Parker-Anderson branded product or merchandise, except as authorized by Franchisor; (e) publish or use a website in operating the business, other than a website provided, supported by or consented to by Franchisor; (f) distribute or offer for sale any product, service or marketing materials to other Parker-Anderson franchisees or others in the same or similar business; or (g) open a location-based facility, retail store, party store, party or event center, pre-school, daycare, or other childcare facility.

24. *Best Efforts:* Franchisee shall continuously use Franchisee's best efforts to operate, develop and grow the Parker-Anderson business and Franchisee's Gross Revenues. Franchisee shall always operate in compliance with this Agreement, the PAE Manual and other written policies provided by Franchisor. Franchisee shall always operate in a first class manner, delivering high quality services with honesty and integrity.

25. *Franchise Fee:* On signing this Agreement, Franchisee shall pay Franchisor the applicable initial fee indicated in Section 9. This fee is deemed to be fully earned when paid and is nonrefundable.

26. *Starting Operation:*

a. *Time to Start Operation:* Franchisee shall start operating the business of the Parker-Anderson Franchise by marketing and soliciting potential customers within the earlier of one hundred eighty (180) days after the date of this Agreement, or forty-five (45) days after completing initial training, and in any event not later than the date stated in Section 6.

b. *Steps to Open:* Before opening for business, Franchisee shall obtain all necessary licenses, permits and approvals and all insurance required by Section 49; hire and train personnel in accordance with the PAE Manual; and purchased the equipment described below.

c. *Start-Up Equipment:* Franchisee shall purchase the start-up equipment designated by Franchisor. The start-up equipment includes items that Franchisor deems necessary or appropriate for Franchisee to start marketing and conducting parties, programs, classes and related events.

d. *Office.* Franchisee may elect to operate the business from an office in Franchisee's home, located within or reasonably convenient to the Territory in Franchisor's judgment. Franchisee is solely responsible to comply with applicable laws including zoning that permit or restrict operating from home. Franchisee's home office, or any separate business office used by Franchisee, shall be clean, subject to inspection by Franchisor, properly zoned and reasonably convenient to the Territory in a physical facility that presents a satisfactory image of the business in Franchisor's judgment. Franchisor shall try to evaluate any proposed outside-the-home business office within two (2) weeks after Franchisee identifies the office for Franchisor's consideration and provides all information that Franchisor requests. If after good faith efforts by both sides, Franchisee does not select an office outside-the-home satisfactory to Franchisor, so that Franchisor does not consent to Franchisee's proposed business office, then Franchisor shall have the right to terminate this Agreement. On termination under this Section 26(d) Franchisor shall refund the initial franchise fee received from Franchisee less five thousand dollars (\$5,000), which Franchisor shall retain .

e. *Relocation.* Franchisee shall not relocate the office, whether from Franchisee's home or an out-of-home office, without first obtaining Franchisor's written consent. Franchisor may withhold consent if the proposed new office location would not be acceptable to Franchisor pursuant to Section 26(d); or if Franchisee is not in compliance with this or any agreement, or if Franchisor believes the relocation may adversely affect Franchisee's business. Franchisee acknowledges being aware that this Section 27I could in some circumstances have the effect of hindering Franchisee from relocating a personal residence.

27. *Training:*

a. *Initial Training:* Before Franchisee starts operating the business, Franchisor shall provide an initial training program to Franchisee and if Franchisee wishes to Franchisee's manager. Franchisee, and Franchisee's manager shall diligently attend and complete the initial training to Franchisor's satisfaction at least fourteen (14) days before starting to operate the business. Franchisor may, at Franchisor's election and discretion, waive the initial training requirement if Franchisee is or was an employee of Franchisor or Franchisor's affiliate prior to signing this Agreement. The initial training program shall not be provided if (i) Franchisee or any affiliate of Franchisee owns or operates a Parker-Anderson Enrichment business as of the date of this agreement, or (ii) this Agreement is executed as a renewal franchise agreement.

b. *Completion:* If Franchisor determines a trainee did not attend or successfully complete initial training, Franchisor may elect whether or not to let the individual re-enroll. Franchisor shall have the right to terminate this Agreement if Franchisor comes to believe, based on performance in training or otherwise, and whether Franchisor's belief is correct or incorrect, that a trainee is not suitable to be a Parker-Anderson franchisee, or is not able to complete training in a manner satisfactory to Franchisor. In a termination on this basis, Franchisor shall refund the initial franchise fee received from Franchisee less five thousand dollars (\$5,000), which Franchisor shall retain.

c. *Fees For Additional Training.* If Franchisee requests and Franchisor agrees to provide training or assistance additional to the initial training, or to allow additional managers to enroll in initial training, or if Franchisor determines that Franchisee is in need of or otherwise deems it appropriate to provide this assistance, then Franchisee shall pay Franchisor's then standard daily rate for training or assistance. At the time of signing this Agreement the rate is five hundred dollars (\$500) per day.

d. *Ongoing Training:* Franchisor shall have the right, but no obligation to conduct additional training programs or conferences. Franchisor may make any such program or conference optional, or mandatory. Franchisee and Franchisee's manager designated by Franchisor, shall attend and participate in those that Franchisor designates as mandatory.

e. *Conferences:* Franchisee shall attend all conferences that Franchisor designates as mandatory. At least of one management level person shall attend on behalf of Franchisee. Franchisee shall bear all costs of attending including but not limited to transportation, lodging, meals and personal expenses. Franchisor may elect to charge a conference fee up to one hundred fifty dollars (\$150) per franchise; and a non-attendance fee up to five hundred dollars (\$500) per franchise. The non-attendance fee does not excuse failure to attend.

f. *Scope:* Franchisor has the right to decide the duration, timing, location(s), subjects to be covered, composition, number, mix of trainees who may participate and all other aspects of trainings and conferences.

g. *Expenses:* Franchisee shall pay all expenses for Franchisee and Franchisee's personnel for training and conferences, including, but not limited to, compensation, transportation, meals, lodging and other living and personal expenses. Franchisor has no obligation to, and shall not, pay compensation even for services performed by a trainee or other attendee for or beneficial to Franchisor or other franchisees.

h. *Training Personnel:* To impart to Franchisee's personnel the latest procedures, techniques, standards and other information relating to the PAE System, Franchisee shall conduct in-house training, meetings and other programs as Franchisor specifies from time to time.

28. *Services and Products:*

a. *All Services.* Franchisee shall offer and sell services and products in all the business categories offered by Franchisor. Franchisor shall always deliver services only of the highest quality, always in a professional, courteous manner. Franchisee need not offer those particular services and products that Franchisor designates as optional or consents in writing to Franchisee not offering.

b. *Services Not Offered.* Franchisee shall use and/or offer for sale, only services and merchandise authorized by and which meet standards and specifications established from time to time by Franchisor, and only in the manner prescribed by Franchisor. Franchisee shall not use or offer any services or merchandise which do not meet all standards and specifications established by Franchisor from time to time. Franchisee shall not use or teach any program, demonstration, product or other related activity not authorized by Franchisor.

c. *Supplies and Suppliers.* From time to time, Franchisor may provide Franchisee lists of approved suppliers authorized to supply equipment and products and services for the business ("Approved Suppliers List") and a list of products and services approved for use in the business ("Approved Supplies List"). Franchisor may revise these lists from time to time. Franchisee shall purchase or obtain all designated equipment, products and services in accordance with the Approved Supplies List and Approved Suppliers List.

29. *Initial Term:* The initial term starts on the date of execution of this Agreement and ends at the close of business on the date stated or referred to in Section 6.

30. *Renewal:* If Franchisee complied fully with all of this Agreement, and is in full compliance at the time of seeking to renew and at the time of renewal (if any), and subject to satisfying all the conditions in this Section 30, Franchisee shall have the option to renew this Agreement for up to two (2) periods, each five (5) years. As conditions to renewal, Franchisee shall:

a. Provide Franchisor written notice of intent to renew between one hundred eighty (180) days and two hundred forty (240) days before expiration of the term of this Agreement stated or referred to in Section 6;

b. Accompany the written notice of intent to renew with payment to Franchisor of the renewal fee in the amount of three thousand dollars (\$3,000);

c. Sign Franchisor's then-current form of Franchise Agreement for a renewing Parker-Anderson franchise, which may have financial and other terms materially different from this Agreement, with modifications to limit the number of further renewals in accordance with the applicable remaining number of renewals, and otherwise reflect that it is for a renewal franchise;

d. Sign all other documents required by Franchisor, including but not limited to a release in favor of Franchisor, its affiliates and related individuals and entities, and any form of renewal addendum;

e. Be in full compliance with this Agreement and all requirements of the PAE Manual and all policies of Franchisor;

f. Have timely paid all amounts due to Franchisor, its affiliates and all third parties;

g. Upgrade all hardware, software, equipment and materials used by the Parker-Anderson Franchise, to comply with Franchisor's then-current standards.

31. *Month-to-Month Agreement:* If Franchisee does not sign Franchisor's then-current Franchise Agreement prior to the expiration date and Franchisee continues to accept the benefits of this Agreement after it expires, then at Franchisor's option, this Agreement may be treated either as (i) expired as of the expiration date with Franchisee then operating without a license to do so and in violation of Franchisor's rights; or (ii) continued on a month-to-month basis ("Month-to-Month Agreement") until one party provides the other with written notice of such party's intent to terminate the Month-to-Month Agreement, in which case the Month-to-Month Agreement will terminate thirty (30) days after receipt of the notice to terminate the Month-to-Month Agreement, or such longer notice period as is required by applicable law. In the latter case, all of Franchisee's obligations shall remain in full force and effect during the Month-to-Month Agreement as if this Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement shall be deemed to take effect upon termination of the Month-to-Month Agreement.

32. *Trademarks; Copyrights:*

a. *Use:* Franchisee's right to use the PAE Marks and PAE Copyrights comes solely from this Agreement, is non-exclusive and is limited to conducting the business pursuant to and in compliance with this Agreement, the PAE Manual and all standards, specifications and procedures prescribed by Franchisor from time to time. Any unauthorized use of the PAE Marks or PAE Copyrights by Franchisee constitutes breach of this Agreement and infringement of Franchisor's rights. Franchisee acknowledges that all Franchisee's use of the PAE Marks and PAE Copyrights, and any resulting goodwill, inures to the exclusive benefit of Franchisor and that this Agreement does not confer any goodwill or other interests in the PAE Marks or PAE Copyrights on Franchisee. Franchisee shall not, whether during the term of this Agreement, or after it expires or terminates, contest the validity or ownership of any PAE Marks or PAE Copyrights or assist any other person to do so. The provisions of this Agreement concerning the PAE Marks and PAE Copyrights also apply, as applicable, to additional trademarks, service marks, commercial symbols and copyrights created, adopted by or licensed to Franchisor or authorized by Franchisor for use by Franchisee, after signing this Agreement.

b. *Restrictions:* Franchisee shall not use any of the PAE Marks, or portion of any PAE Marks, as part of a corporate or trade name; with any prefix, suffix or other modifying words, terms, designs or symbols; or in any modified form. Franchisee shall not use any PAE Mark in selling any unauthorized products or services or in any manner not expressly authorized in writing by Franchisor. Franchisee shall give notices of trademark and service mark ownership and registrations as Franchisor specifies and register and give public notice of fictitious or assumed name usage as required by law.

c. *Claims:* Franchisee shall notify Franchisor of any claim, demand or cause of action based on or arising from use by any person or entity of any of the PAE Marks or confusingly similar marks, or PAE Copyrights who Franchisee suspects is not authorized to use these; and/or any action, claim or demand relating to the PAE Marks or PAE Copyrights, or that alleges infringement or other impropriety by Franchisee regarding use of the PAE Marks or PAE Copyrights. Franchisee shall notify Franchisor in writing within three (3) days after Franchisee is aware or receives notice of the matter. Franchisor shall have the right to take action that Franchisor deems appropriate; to control all litigation and administrative and other proceedings; to take no action; defend using counsel selected by Franchisor; and/or seek to settle. Franchisee shall cooperate with Franchisor in such actions. Franchisee irrevocably appoints Franchisor as Franchisee's attorney-in-fact to defend or settle such matters. Franchisee shall not purport to settle or compromise any such claim or suit without Franchisor's prior written consent. Franchisee shall have the right to participate at Franchisee's own expense in the defense or settlement of a claim or suit, provided that Franchisor shall have the right to control the defense and any settlement. Franchisee shall have no right to make any demand or prosecute any claim regarding such use of the PAE Marks or PAE Copyrights or infringement thereof.

d. *Stopping Use:* If and when it becomes advisable at any time or from time to time, in Franchisor's discretion, for Franchisor or Franchisee to modify or stop using any one or more of the PAE Marks and/or PAE Copyrights, and/or adopt one or more additional or substitute trade names, trademarks, service marks or commercial symbols or copyrighted materials, Franchisee shall comply with Franchisor's directions in connection with any such change. Franchisor shall have no liability or obligation with respect to such modification or stopping use of any PAE Marks or PAE Copyrights.

e. *Inspection:* To preserve the validity and integrity of the PAE Marks and PAE Copyrights, and ensure Franchisee is properly using these in operating the business, ceasing use and modifying use as required, and complying fully with this Agreement, Franchisor or its representatives shall have the right from time to time to enter and inspect Franchisee's business location and operations. Inspection can be any time during normal business hours and without prior notice. Franchisor shall have the right to observe how Franchisee delivers services and conducts operations; to confer with Franchisee's personnel and customers; and Franchisee's materials, products, supplies and equipment.

33. *PAE Manual:*

a. *Loan:* Franchisor will provide Franchisee access to the PAE Manual. Franchisor may elect to provide access to Franchisee on-line or in any manner that Franchisor deems appropriate.

b. *Contents:* The PAE Manual may include, but need not be limited to, some or all standards, procedures, policies and specifications pertaining to a Parker-Anderson business and its operation, including recordkeeping and accounting systems; advertising and marketing; materials, supply and equipment specifications; authorized services; delivery and performance of services; suggested prices/suggested pricing; mandatory prices/mandatory pricing (when permitted or not prohibited by law); standards and rules for use of the PAE Marks and PAE Copyrights, and other matters Franchisor deems appropriate. Franchisee acknowledges that its compliance with the PAE Manual is vitally important to Franchisor and the PAE System and is necessary to protect Franchisor's reputation and the goodwill of the PAE Marks and to maintain the uniform quality of operation throughout the PAE System. However, while the PAE Manual is designed to protect Franchisor's reputation and the goodwill of the PAE Marks, it is not designed to control the day-to-day operation of Franchisee's business.

c. *Revisions:* Franchisor may make additions to, deletions from or other revisions of, the PAE Manual. References in this Agreement to the PAE Manual shall be deemed to also refer to the PAE Manual as revised by Franchisor from time to time. Franchisee shall comply with amendments to the PAE Manual at the time they take effect as announced by Franchisor. In any dispute about contents of the PAE Manual, a master copy maintained by Franchisor shall control.

d. *Operation:* Franchisee shall operate the business in compliance with the contents of the PAE Manual. If Franchisor informs Franchisee that all or part of the PAE Manual or other communications are posted electronically, Franchisee shall be responsible to access the material electronically and to monitor the electronic location of such material to stay informed of changes, additions or deletions in the information provided.

e. *Ownership:* Any copy of the PAE Manual accessed by or loaned to Franchisee remains at all times the property of Franchisor. On expiration or termination of this Agreement, for any reason(s) Franchisee shall return the PAE Manual to Franchisor.

34. *Confidential Information:*

a. *Acknowledgement:* Franchisee acknowledges that the PAE Manual, customer lists and customer data maintained by Franchisee, other confidential information and materials designated by Franchisor, and all Franchisee's knowledge of the operation of the Parker-Anderson franchise, come from information disclosed to Franchisee by Franchisor and are proprietary, confidential trade secrets constituting the property solely of Franchisor. Confidential information shall be deemed to also include, but is not limited to, the following when designated by Franchisor as confidential or when in the circumstances Franchisee should recognize that such information is confidential: sales techniques, pricing, advertising, accounting systems, operation systems, policies, procedures, systems, compilations of information, records, specifications, exclusively designed signage and materials prior to public disclosure, specially scripted and outlined interactive enrichment activities for children, and specially developed course materials. Any improvements to these, even if developed by Franchisee, shall also constitute proprietary, confidential trade secrets of Franchisor.

b. *Trade Secret Protection:* Franchisee shall maintain absolute confidentiality of all Franchisor's confidential information during and after the term of this Agreement. Franchisee shall keep the PAE Manual and Franchisor's other trade secrets and confidential information confidential, during the term of this Agreement and after its expiration or termination. Franchisee shall not permit others to copy or use any part of the PAE Manual or Franchisor's other trade secrets and confidential information. Franchisee shall comply with any additional procedures Franchisor may announce from time to time to protect the trade secrets.

c. *Use Limitations:* Franchisee shall not reveal Franchisor's confidential information or trade secrets, except only to Franchisee's employees who must have access to that information to operate the Parker-Anderson franchise, and only to the extent needed for the performance of this Agreement. Franchisee shall not use any such information in any other business or venture or in any manner not authorized or approved in writing by Franchisor.

d. *Confidentiality Exceptions:* The restrictions in this Agreement on disclosure or use of the confidential information and trade secrets shall not apply to information that was lawfully in Franchisee's possession before disclosure by Franchisor; or which, at the time of disclosure by Franchisor to Franchisee, was lawfully in the public domain.

e. *Agreements by Personnel:* Franchisee shall obtain from all shareholders, unit holders, owners, managers, directors, officers, partners, independent contractors and employees of Franchisee having access to the confidential information and trade secrets of Franchisor, non-disclosure and noncompetition agreements in a form prescribed by Franchisor.

f. *Equitable Relief:* Due to the special and unique nature of Franchisor's confidential information, trade secrets and other proprietary information, the PAE Manual, PAE Marks and PAE Copyrights, Franchisee consents, acknowledges and agrees Franchisor shall be entitled to immediate equitable relief including, but not limited to, restraining orders and injunctive relief, without bond, to safeguard the intellectual property of Franchisor, and that money damages alone would be an insufficient remedy to compensate Franchisor for

breach by Franchisee of any provision(s) of Sections 32, 33, this Section 34, and/or Section 51 or 52 of this Agreement. This provision is not intended to be exhaustive as to circumstances in which equitable relief may be appropriate.

g. *Franchisee-Developed Works:* Franchisee shall submit to Franchisor any program, project, experiment, demonstration, artwork, or other material relating or proposed to relate to the PAE System, for Franchisor's review and possible approval (the proposed "Addition"). If approved, the Addition shall automatically become the property solely of Franchisor as if solely Franchisor developed the Addition. The Addition will be deemed to be a work-for-hire made for Franchisor. Franchisor shall have the right to approve the Addition and/or decline approval, in whole or in part, and to elect whether or not to incorporate into the PAE System, any part(s) or all of the Addition, for use by some or all franchisees, all without payment or other consideration to Franchisee beyond the consideration embodied in this Agreement.

35. *Changes:*

a. *Franchisor Right to Change:* Franchisee agrees and acknowledges it is important to the parties and to franchisees that Franchisor have flexibility to anticipate and respond to opportunities, competitive developments, and changing needs and conditions; Franchisor must have the ability to develop and implement changes in the PAE System; and changes may require additional costs and investments by Franchisee, and/or changes in operations and other aspects of the PAE Franchise. Franchisor shall have the right from time to time to modify, add to and/or delete any elements of the PAE System and PAE Manuals, in major and minor ways, whether in response to or anticipation of opportunities, competitive developments changing needs and conditions; or seeking to improve the operation of the business. This could require Franchisee to incur costs and expenses for additional materials, training, equipment or other matters and/or discontinue programs despite their success for Franchisee. Franchisee shall, at Franchisee's expense, implement and comply with all modifications, additions and deletions as and when requested by Franchisor.

b. *No Franchisee Changes:* Franchisee shall operate the business according to the PAE System and shall not deviate from any element of the PAE System, nor purport to modify, add to or delete any aspect of the PAE System without Franchisor's prior written consent.

c. *Quality:* Franchisee acknowledges and agrees that quality and consistency are and may remain important to the PAE System. Franchisee shall not use branded products or marketing material obtained from any source other than Franchisor or Franchisor-approved sources nor use unapproved content without prior written consent from Franchisor.

36. *Advertising:*

a. *Franchisee Initial Advertising.* If requested by Franchisor, Franchisee shall engage in grand opening advertising prior to opening. At least twenty (20) days before starting operations, Franchisee shall propose for Franchisor's approval a grand opening marketing and advertising plan for the period one month before opening through at least the initial thirty (30) days of operation. If Franchisor requires grand opening advertising, Franchisee shall budget and spend at least one thousand dollars (\$1,000) on grand opening marketing and advertising and \$500 on announcements. Franchisee shall revise or modify the plan as Franchisor requests. Franchisee shall implement the plan that Franchisor approves. Franchisor may exempt Franchisee from all or a portion of the initial advertising requirement at Franchisor's election and sole discretion.

b. *Franchisee Ongoing Advertising.* Franchisor may require Franchisee to engage in local advertising on ninety (90) days written notice. If and when Franchisor implements a local advertising requirement, Franchisee shall spend for advertising the business each month an amount equal to at least three percent (3%) of Franchisee's Gross Revenue of the prior month. Franchisee shall provide a report in the form specified by Franchisor, together with proof of expenditures satisfactory to Franchisor, within ten (10) days after the end

of each month. If Franchisee fails to make the required expenditure, then in addition to Franchisor's other rights and remedies, and without waiving the breach, Franchisor can require Franchisee to pay the shortfall from the required expenditure to the Marketing Fund.

c. *Advertising Compliance:* Franchisee shall comply with marketing and advertising standards established from time to time by Franchisor. Franchisee shall submit for Franchisor's consent, any advertising and marketing that Franchisee proposes to use that was not provided by or previously approved for use by Franchisor. Franchisee may use only those marketing or advertising materials consented to by Franchisor in writing prior to use. Franchisee shall not use and shall stop using any materials as to which Franchisor has not consented or withdrawn consent. Franchisor shall try to respond to Franchisee's submission of proposed advertising within two weeks after receipt of the submission.

d. *Marketing Fund:* Franchisor shall have the right to establish and administer a Marketing Fund ("Fund"), upon ninety (90) days written notice. When established, Franchisee shall contribute to the Fund a fixed dollar amount per week or month, or percentage of Gross Revenues per week or month, as Franchisor specifies. Franchisor shall have the right to designate and from time to time modify the fixed amount and/or percentage that Franchisee must contribute, but the required contributions will not exceed two percent (2%) of Franchisee's Gross Revenues in a calendar year. Franchisor can require different bases for contributions by other franchisees. Contributions to the Fund shall be made at the same times and same manner as provided for in Section 36.

e. *Other Contributions:* For Parker-Anderson businesses operated by Franchisor, Franchisor shall contribute to the Fund on a basis similar to the requirements of this Agreement, but Franchisor contributions will not necessarily be at the same rate or time schedule required of Franchisee. Franchisor shall have the right, but is not obligated, to collect and contribute to the Fund any advertising or other rebates from suppliers or others.

f. *Uses of Fund:* If and when established, the Fund shall be used to create and conduct advertising, marketing, public relations and for related purposes that Franchisor deems appropriate. As examples, the Fund could be used to pay for marketing surveys, research, production and purchasing advertising art, commercials, point-of-sale materials, media advertising, outdoor advertising, direct mail, public relations; Internet; preparing and producing video, audio and written materials; buying Internet, TV, radio, social media, magazine, billboard, newspaper and other media advertising; promotional items to be purchased by Franchisee for give-away to others; advertising agencies; market research; testing products or services; supporting advertising and marketing in particular regions; paying or reimbursing Franchisor or affiliates for internal expenses in operating a marketing or advertising department, and administration of the Fund up to but not exceeding ten percent (10%) of the total contributions to the Fund, providing or selling marketing materials to Parker-Anderson businesses; conventions and meetings; co-branding activities, other arrangements where Parker-Anderson services or products are offered with other trademarks or through alternative distribution channels, and paying costs to account for and report on contributions, expenditures and activities of the Fund.

g. *Administration:* Franchisor shall have sole discretion over creative concepts, materials, media and placement of advertising and all other matters funded by the Fund. Franchisor does not assure that Franchisee, or any particular franchisee, will benefit directly, pro rata or at all, from any advertising or other matters funded by the Fund.

h. *Maintenance:* Contributions to the Fund may but need not be maintained in accounts separate from Franchisor's other funds and may be commingled with Franchisor's other funds. The Fund will not be used to defray Franchisor's general operating expenses, except for administrative costs and overhead reasonably allocable to administering the Fund.

i. *Timing*: Franchisor need not expend all Fund contributions in the year or other period when received. Franchisor can accumulate funds to facilitate larger future expenditures, or borrow funds against anticipated future contributions.

j. *Accounting*: A report of contributions and expenditures of the Fund shall be prepared annually and shall be made available to Franchisee on written request. Franchisor shall have the right but no obligation to have the Fund's contributions and expenditures independently audited. Franchisor shall have the right to cause the Fund to pay for preparation of the report and audit.

k. *Termination*: Franchisor shall have the right to terminate the Fund. After electing to terminate, Franchisor shall cause all amounts in the Fund to be expended for the Fund's purposes. Franchisor shall have the right to restart the Fund, or a new Fund, any time after terminating it. Any new or restarted Fund shall be subject to the provisions of Sections 36(d) through this Section 36(k).

l. *Co-Op*. Franchisor shall have the right from time to time, to establish one or more local, regional or national advertising areas in which Franchisee's business and at least one (1) other Parker-Anderson business are located, as cooperative advertising region(s). Franchisee shall participate in and contribute to the cooperative according to rules, decisions and procedures of the cooperative, as determined by a majority of its members. Franchisor shall have the right at any time to require any one or more cooperatives to be formed, reorganized, de-established, dissolved, merged with others, and/or to modify procedures or contents of organizational documents. Franchisor shall have the right to require any cooperative(s) to prepare and provide Franchisor with annual or periodic financial statements and other reports at the cooperative's expense. Franchisee's contributions to the cooperative shall be additional to required contributions to the Fund. Franchisee's contributions to the cooperative may be counted by Franchisee toward the requirements in Section 36(b), so long as the cooperative expends such funds in a manner reasonably satisfactory to Franchisor.

m. *Cooperative Documents*. Franchisor shall have the right to require that proposed organizational documents of the cooperative (such as articles of incorporation and bylaws or the like) and operating procedures be consented to by Franchisor before adoption and conform to specifications and guidelines established by Franchisor. Franchisor shall have the right but no obligation, to participate in deliberations of the cooperative and to veto any decision of the cooperative that Franchisor objects to or considers detrimental to or not in the best interests of the PAE System.

n. *Advertising/Marketing Materials*. Franchisor shall have the right to charge Franchisee for advertising and/or marketing materials/activities at prices approximating Franchisor's development, production, manufacture, printing, distribution, shipping, placement, overhead and other costs.

o. *Advisory Councils*. Franchisor shall have the right to establish, and on Franchisor's request Franchisee shall participate actively in one or more Parker-Anderson Enrichment Regional Franchisee Advisory Councils. The purposes of the Advisory Council(s) shall be designated by Franchisor and may include, without limitation, exchanging ideas, exploring solutions to problems, and/or advising Franchisor on advertising matters. Franchisor shall have the right to designate whether and when to establish any such council(s), area(s) encompassed, number of members or participants, and other aspects. Franchisee shall participate in the advisory council in the manner Franchisor designates and/or according to rules, requirements and procedures the Advisory Council establishes. Franchisee shall be responsible for Franchisee's expenses to participate.

37. *Payments*:

a. *Customer Payments*: Franchisee acknowledge that under the PAE System's initial structure, Franchisee shall not receive payments for sales of goods and services direct from customers; and that all

payments will be made directly or indirectly from Franchisee's customers (for example, schools, parents, and/or any other categories) to Franchisor wherein Franchisor will apply and withhold amounts due and payable to Franchisor and remit balances to Franchisee. Franchisee shall not collect any payments from customers without the prior written consent of Franchisor. Franchisor shall have the right to deduct from payments due to Franchisee credit card processing fees imposed on payments received by Franchisor on account of Franchisee's business. Franchisor shall have the right to designate alternative procedures and manner for payment, as provided in Sections 37(e) and 37(f).

b. *Franchisee's Commission:* Franchisor shall return to Franchisee ninety-two percent (92%) of the Gross Revenues paid by customers of Franchisee and collected by Franchisor on account of Franchisee's business less other charges imposed on Franchisee pursuant to this Agreement including, but not limited to, the Technology Fee, Marketing Fund Fee, credit card processing fee, late charges and other charges provided in this Agreement. Franchisor shall pay the amounts due to Franchisee, within 30 days after receiving the payment for the applicable period from customers.

c. *Payments to Franchisee:* Franchisor shall have the right to deduct all amounts owed by Franchisee to Franchisor from payments due to Franchisee, either as lump sum deductions or partial deductions made over time, until such deductions equal the full amounts owed to Franchisor. Franchisee acknowledges that Franchisor's sole responsibility shall be to remit to Franchisee the agreed amounts actually received from customers, less amounts owed to Franchisor. Franchisor shall have no responsibility to pay Franchisee on amounts not received from customers. If Franchisor pays Franchisee before receiving payment from any customer and the customer does not pay Franchisor as required, or if Franchisor makes a refund to a customer, Franchisee shall reimburse Franchisor for the applicable amount. Franchisee shall also reimburse Franchisor any amounts paid to Franchisee in error or any overpayments. At Franchisor's discretion, Franchisor shall have the right to offset any of the above against payments due to Franchisee.

d. *Gross Revenues.* For this Agreement, "Gross Revenues" means the total of all revenues derived from the operation, activities, existence and/or sales of the business including revenues from sales of services or products, whether for cash, or credit or otherwise; proceeds of insurance; and any other fees, commissions, rents, payments or receipts received by Franchisee related to the business. For barter or exchange or similar transactions the value of the goods or services received by Franchisee shall be deemed to be part of Gross Revenues. There is no reduction for costs or expenses of operating the business, collection agency or credit card charges, litigation costs or for income or other taxes. Gross Revenues do not include sales tax, credits or refunds.

e. *Royalty:* Franchisor shall have the right at any time to revise the PAE System so that Franchisee collects revenues from sales, and pays Franchisor royalties on a basis approximately equivalent in amount or rate to amounts or rates that Franchisor receives and retains pursuant to this Agreement. Any such revisions made from time to time shall be deemed to occur pursuant to this Agreement and shall not constitute a modification of the Franchise or of this Agreement.

f. *Electronic or Other Payment Procedure:* Franchisor shall have the right to designate the manner and procedure of payments of any or all fees and amounts due from Franchisee to Franchisor. As examples, and not limitations on the procedures that Franchisor could designate Franchisor could require Franchisee to pay by electronic transfer of funds from an account of Franchisee satisfactory to Franchisor, to Franchisor's designated account, and/or by credit card, check, money order, wire transfer or other method or procedure Franchisor designates. Franchisor shall have the right to modify payment manner and procedures. Franchisee shall comply with such manner and procedures. Franchisee shall bear costs of compliance with the payment manner procedures established by Franchisor.

g. *Late Payment:* Any amount not paid to Franchisor when due shall bear a service charge at the rate of one-and-one-half percent (1½%) per month (equivalent to 18% per year), but not to exceed the highest rate allowed by applicable law, from the date payment was due, until paid. This provision is not consent to any

failure to pay on time, and this provision and any acceptance of late payment and/or interest do not waive or excuse the breach.

h. *Application of Payments:* Franchisor shall have the right to apply payments from Franchisee to any due or past due debt of Franchisee, even to favor the interests of Franchisor and despite additional cost, expense or interest to Franchisee, regardless of designation by Franchisee.

38. *Technology Fee:* Franchisee shall pay Franchisor a monthly technology fee in the amount indicated in Section 10, which shall be deducted from amounts payable to Franchisee pursuant to Section 37(c). Franchisor shall aggregate and use this fee and equivalent fees paid by other franchisees, for any one or more of developing, adopting, implementing, testing, maintaining, and servicing computer network record-keeping systems and/or other technology-related tools, for use by Parker-Anderson franchises, allowing on-line access to records, and/or for other business purposes, including but not limited to, IT/email accounts, merchant services accounts, website, and curriculum. There is no assurance as to timing or results of expenditures, achieving any particular level of effectiveness, or that any technology will meet particular objectives, or will benefit Franchisee equivalently to the benefit to other franchisees, or at all. Franchisee shall comply with Franchisor's information technology standards and specifications and use Franchisor's approved IT specialist.

39. *Computer and Other Equipment:* Franchisee shall purchase and maintain equipment and software according to specifications provided by Franchisor from time to time, including a PC computer; and input into computer hardware and software systems all information related to the operation of the business as Franchisor designates from time to time. Franchisee shall provide Franchisor independent access to all data and information stored on Franchisee's computer related to the operations of the business. Each party to this Agreement acknowledges and agrees that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that Franchisor will have the right to establish, in writing, reasonable new standards for the implementation of technology in the PAE System; and Franchisee agrees to comply with those reasonable new standards that Franchisor establishes.

40. *Domain Name:* Franchisee shall use and advertise only the internet domain name specified in Section 11. Franchisee acknowledges and agrees that, regardless of its registration status or designation, the domain name is, and shall remain, the property solely of Franchisor. Franchisor shall have the right to change the domain name Franchisee must use. Franchisee shall assure that all web pages meet Franchisor's specifications and are developed within Franchisor's website. Franchisee shall not use, or authorize use of any other means of referring to Franchisee's business on the Internet, whether by meta tags, frames, links, or other reference devices, without Franchisor's prior written consent. Franchisee shall comply with Franchisor policies and requirements regarding Internet key word purchases, social network pages, videos, and other forms and aspects of advertising, marketing and publication via the Internet, social media and other new technologies now existing or hereafter developed. Franchisee shall not register or acquire a registration for any Internet domain name in any class or category that contains the phrase "Parker-Anderson" or any abbreviation, acronym, variation or word or phrase similar to either or both of these words. If, whether in breach of this provision or otherwise, Franchisee registers or obtains registration of such a domain name, Franchisee shall immediately assign that registration to Franchisor.

41. *Records:*

a. *Maintenance:* Franchisee shall maintain complete, accurate books, records and accounts according to any bookkeeping and accounting system prescribed by Franchisor. Franchisee shall maintain such records and all sales records, customer receipts, customer lists, invoices, payroll records, check stubs, tax records and returns, cash receipts and disbursement journals, bank statements, general ledgers and all records required by law, for the longer of four (4) years after creation or the length of time required by law. This obligation to maintain records shall continue in effect after expiration or termination of this Agreement. Franchisee shall

provide Franchisor records, reports and forms that Franchisor requests from time to time. Franchisee shall create and provide Franchisor other reports, forms and records, containing information that Franchisor requests from time to time.

b. *Accounting:* Franchisee shall record sales by business category (for example, after-school programs, workshops, birthday parties, camps, special events) and related activities on computer hardware and software fully compatible with any accounting system that Franchisor now or in the future employs or prescribes. Franchisee shall obtain a computer system and/or accounting system meeting the specifications and standards prescribed from time to time by Franchisor. All records of sales and revenues shall be recorded on such equipment, using such system. Franchisee shall take all action needed to provide Franchisor full access, electronic or via internet or otherwise in whatever manner(s) Franchisor specifies (in person, via internet or by other media or procedure, or otherwise), to all Franchisee's data, system and information.

c. *Updated Accounting System:* If Franchisor introduces or designates a new accounting program or system, Franchisee shall have ninety (90) days to adopt and fully integrate the new program/system in Franchisee's operation. Franchisor reserves the right to require Franchisee to pay a fee for any accounting program/system provided or designated by Franchisor, which Franchisor can collect in advance on a periodic basis or on other terms prescribed by Franchisor.

d. *Tax Returns:* Within thirty (30) days after Franchisee's year end, Franchisee shall provide Franchisor, in a form approved by Franchisor, a profit and loss statement and balance sheet for the twelve (12) months just ended. Franchisee shall provide Franchisor with copies of each and all federal and state income, sales and other categories of tax returns, extension requests and other tax filings, concurrently with filing these with the taxing authorities.

e. *Access:* Franchisor or its representative shall have the right, without notice and at all time during normal business hours, to observe operations and examine and copy the books, records and tax returns of Franchisee and to access all electronic data of Franchisee. Franchisor shall have the right, at any time, to have an independent audit made of Franchisee's books and records. If an inspection or audit reveals that any payments due to Franchisor were understated in a report to Franchisor, or underpaid, then Franchisee shall immediately pay to Franchisor the amount understated and/or underpaid, plus interest from the date the amount was due until paid. If an inspection discloses an understatement or underpayment of two percent (2%) or more for any month, Franchisee shall also reimburse Franchisor for all costs and expenses connected with the inspection, including, without limitation, accounting and attorneys' fees. These remedies do not waive or excuse the breach and shall be additional to all Franchisor's other remedies.

f. *Authorization to Release Records and Use of Images.* Franchisee hereby authorizes (and agrees to execute any other documents deemed necessary to effect the authorization) (i) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors and other persons or entities with whom Franchisee does business to disclose to Franchisor any financial information in their possession relating to Franchisee or the Parker-Anderson Franchise which Franchisor may request; (ii) Franchisor to disclose to prospective franchisees or other third parties data from Franchisee's reports if Franchisor determines, in Franchisor's sole discretion, that the disclosure is necessary or advisable; (iii) Franchisor to photograph and film Franchisee, its employees, the public and all areas of the Parker-Anderson Franchise, without further authorization from, or compensation to, Franchisee and to use the images for marketing and promotion of the Parker-Anderson Franchise, other Parker-Anderson franchises and the PAE System; and (iv) Franchisor to disclose to third parties, including but not limited to Franchisee's landlord or bank, information about Franchisee relating to Franchisee's obligations or performance under this Agreement if Franchisor determines, in Franchisor's sole discretion, that the disclosure is necessary or advisable.

42. *Supplier:*

a. *Franchisor as Supplier:* For some or potentially all products or services it is possible that sometimes or at all times Franchisor will elect to designate itself or an affiliate of Franchisor or another source as an approved supplier or as the sole approved supplier for one or more particular products or services. Franchisor or the affiliate shall have the right to charge prices to Franchisee for products and services that include mark-ups and profit to Franchisor or the affiliate.

b. *Quality:* All items used in operating the business which are not specifically required to be purchased according to the Approved Supplies List or Approved Suppliers List shall conform to specifications and quality standards that Franchisor establishes from time to time.

c. *Other Supplies and Suppliers:* If Franchisee proposes to use or offer for sale any product or service which is not then approved by Franchisor, or to purchase from a supplier not designated as an approved supplier, Franchisee shall first notify Franchisor in writing and request Franchisor's consent. Franchisee shall provide in writing the proposed supplier's name and address, description of product or service proposed to be purchased, and other information Franchisor requests specifically or in the PAE Manual.

d. *Requirements for Proposed Supplier:* Franchisor may require a proposed supplier to enter into a confidentiality agreement and trademark license agreement satisfactory to Franchisor, satisfy requirements regarding insurance, indemnification and capitalization; provide specifications for products and services; demonstrate the ability to supply equipment, products or services meeting Franchisor's standards and specifications, also including reliability of delivery and quality of equipment, products and services; furnish at no cost to Franchisor, specimens of products and services; sell any product or service bearing the PAE Marks or made for Parker-Anderson franchisees only to authorized franchisees and only pursuant to the trademark license agreement; satisfy Franchisor as to pricing; provide Franchisor duplicate purchase invoices; pay or reimburse Franchisor's estimate of or actual costs and expenses for evaluation, including but not limited to travel and living costs, costs of third party inspection and testing agencies, and costs of inspection or re-inspection, auditing of facilities, equipment and products; comply with other Franchisor requirements and requests; and subject itself to periodic compliance audits by Franchisor or Franchisor's representatives. Franchisor or its designee shall be permitted to inspect facilities of the proposed supplier and establish delivery terms, service and other requirements.

e. *Notice of Decision:* Franchisor will use reasonable efforts to notify Franchisee of Franchisor's decision within a reasonable time after Franchisor's receipt of all information and items requested by Franchisor. Franchisor shall have the right to reevaluate any products, services or supplier despite prior consent, and to revoke prior consent when Franchisor deems appropriate.

f. *Acknowledgement:* Franchisee acknowledges that cost and service factors may militate against having more than one supplier or multiple or additional suppliers in a market and among the factors Franchisor may consider in evaluating a proposed supplier are the effect of approval on obtaining lower costs and quality and uniformity of services and products offered. Franchisor may determine that any products or services shall be limited to a designated brand or brands determined by Franchisor.

43. *Legal Compliance:*

a. *Compliance:* Franchisee shall obtain and maintain, and assure that Franchisee's personnel have, all licenses, permits, certificates and insurance required by law to operate the Parker-Anderson Franchise. Franchisee shall operate the franchise in compliance with all applicable laws and regulations including, without limitation, those relating to interactions with children, occupational hazards and health, consumer protection, privacy, trade regulation, labor laws, workers' compensation, unemployment insurance, and withholding and payment of taxes. Franchisor shall have the right to adopt and require Franchisee to comply with codes of conduct and/or ethics either created by Franchisor or by third parties and designated by Franchisor.

b. *Background Checks:* Due to interactions by Franchisee's employees with children, Franchisee shall arrange to conduct criminal record checks, fingerprinting and other background investigation concerning all instructors, in a manner that complies fully with applicable laws. Franchisee shall not employ or continue to employ any instructor or applicant who, under applicable law, is not permitted to be employed in such capacity. Franchisee acknowledges this may require not employing or continuing to employ persons who have been convicted of certain or any: sex offense, narcotic offense, certain other criminal offenses, found to be insane or mentally disordered, or not employable in such a position for other reasons established by applicable law. Nothing in this provision encourages, requires or permits Franchisee to refuse or terminate employment for any unlawful reason.

44. *Supervision:* The Parker-Anderson Franchise shall at all times be under the direct supervision of Franchisee, or if Franchisee is an entity, Franchisee's day-to-day manager. If Franchisee operates more than one (1) Parker-Anderson franchise, then at least one (1) trained and competent employee of Franchisee shall serve as full-time manager to perform the on-premises supervision.

45. *Customer Lists:* Franchisee shall maintain an up-to-date listing of names, addresses, ages and activity data of all customers, including children and their parents or guardians. Franchisor may specify software Franchisee must use for this purpose. Franchisee shall provide this data to Franchisor from time to time as Franchisee specifies, and Franchisor shall have the right to access and copy the data when Franchisor elects. Additionally or alternatively, Franchisor shall have the right to require Franchisee to input the data into a computerized or other information storage system or database designated by Franchisor. Franchisee acknowledges and agrees the lists and data shall at all times be deemed to be the property solely and exclusively of Franchisor. Franchisee shall maintain confidentiality of the list and data, and shall not sell, disclose, provide or loan the list or data to any person or entity other than Franchisor. Franchisor may use the information as Franchisor deems fit, but not to Franchisee's detriment while Franchisee is a franchisee of Franchisor.

46. *Franchisee Personnel:*

a. *Employment Decisions:* Franchisee shall be solely responsible for recruiting, hiring, all responsibilities of employment, determining compensation for personnel, terms of employment and working conditions for personnel, when and how to discipline personnel and for decisions whether to retain or terminate each and all personnel of Franchisee. The personnel Franchisee retains to work in Franchisee's business will be Franchisee's agents and employees. They are not Franchisor's agents or employees and Franchisor is not a joint employer of those persons. Franchisee shall take all action necessary to ensure that Franchisee's employees understand and acknowledge that they are not employees of Franchisor, including, without limitation, requiring Franchisee's employees to sign a written acknowledgement that Franchisee is an independently owned and operated franchise and their sole employer in a form specified by Franchisor in the PAE Manuals or otherwise in writing from time to time. Franchisee shall at all times comply with all applicable employment laws.

b. *Meeting Locations:* Franchisee shall conduct any interviews of prospective personnel and meetings with personnel only in public places and not in Franchisee's home office.

c. *Confidentiality of Personnel:* To protect the PAE Marks and System, Franchisee shall require all employees to sign a "Confidentiality and Non-Competition Agreement" in a form specified by Franchisor.

47. *Notice of Legal Actions:* Franchisee shall notify Franchisor in writing within three (3) days of learning of any action, suit or proceeding and/or the issuance of any order, writ, injunction, award or decree of any court or government agency which may adversely affect the operation or financial condition of the Parker-Anderson Franchise.

48. *Ongoing Performance:*

a. *Minimums:*

i. Franchisee must sign-up and obtain a minimum of six (6) accounts in the first twelve (12) months of operation, calculated from the Agreement Start Date in Section 5. If Franchisee fails to meet the minimum of six (6) accounts in the first twelve (12) months of operation, Franchisor shall have to right to terminate the Franchise Agreement as described in Sections 48(c)(i) and 52(b)(xiv).

ii. Franchisee's Gross Revenues for the one year period between the second (2nd) and third (3rd) anniversary date of opening the Parker-Anderson Franchise (the third year) must exceed the amount stated in Section 12. In the fourth (4th) and each later year, Franchisee's cumulative average growth rate for the four (4) years ending and inclusive of that year must be at least five percent (5%) per year. In case of breach, Franchisor shall have the right, but no obligation, to take action that Franchisor deems appropriate, which may include but is not limited to the actions described in Section 48(b).

b. *Actions:* For breach of Section 48(a)(ii), Franchisor may notify Franchisee of the breach, and that Franchisee must achieve the required minimum Gross Revenue in the then-applicable twelve (12) month period ("Correction Period"). Franchisor may, but is not required to, work with Franchisee to establish an improvement plan which Franchisee must implement, and/or provide other assistance to Franchisee including, but not limited to, on-site consultations, meetings at Franchisor's offices (which Franchisee shall attend in person, on request), retraining at times and places set by Franchisor, and any other assistance Franchisor deems appropriate, all at Franchisee's cost.

c. *Termination:*

i. If Franchisee fails to sign-up and obtain the minimum of six (6) accounts in the first twelve (12) months of operation pursuant to Section 48(a)(i), Franchisor shall have to right to terminate the Franchise Agreement, effective on delivery of written notice of termination to Franchisee.

ii. If, pursuant to Sections Section 48(a)(ii) and 48(b), cumulative Gross Revenues for the Correction Period are again less than the performance obligation, Franchisor shall have the right to terminate this Agreement, effective on delivery of written notice of termination to Franchisee. The existence of any correction process will be deemed not to prevent Franchisor from exercising these or any other rights and/or remedies, including any right to terminate this Agreement for breach.

d. *No Assurance.* Nothing in this Section 48 is a representation that Franchisee can or will achieve such Gross Revenues.

49. *Insurance:*

a. *Requirements:* Franchisee shall obtain and maintain at least the following insurance coverages through carriers acceptable to Franchisor: comprehensive general liability coverage including personal injury, bodily injury, property damage, advertising injury, contractual liability, products and completed operations coverage of at least \$1,000,000.00 per occurrence, \$2,000,000.00 aggregate; automobile liability coverage of at least \$1,000,000.00 including coverage for personal injury and property damage to others, and for personal injury to occupants of the vehicle(s) of Franchisee and Franchisee's personnel, worker's compensation, employer's liability, data theft and cybersecurity coverage, unemployment and state disability insurance as required by law; and employment practices liability insurance with a co-defendant endorsement in favor of Franchisor. These policies shall also name Franchisor as additional insured. Each policy shall state that Franchisor shall receive at least thirty (30) days prior written notice of any intent by the insurer to

reduce coverage or policy limits, nonrenew, cancel or otherwise amend the policy. Franchisor shall have the right from time to time to revise coverages, types of coverage and coverage amounts that Franchisee must obtain and maintain and Franchisee shall comply with all revised requirements.

b. *Proof:* Franchisee shall provide Franchisor with certificates for the insurance described in Section 49(a) before the business starts operating. Franchisee shall deliver to Franchisor a complete copy of each insurance policy within twenty (20) days after delivery of the certificates of insurance, and of each new or renewal policy on receipt of the policy. Franchisor shall have the right at any time(s) to require Franchisee to provide Franchisor full copies of any or all Franchisee's insurance policies and certificates of insurance.

c. *Franchisor Right to Obtain:* If Franchisee fails to purchase, maintain or provide proof of insurance and copies of policies, then Franchisor shall have the right, but no obligation, to obtain any or all of that insurance, or other insurance that Franchisor elects to obtain for this purpose. Franchisee shall, at Franchisor's election, pay all premiums for the insurance or reimburse premium payments made by Franchisor. Franchisor's right under this Section 49(c) and any action taken by Franchisor do not excuse Franchisee's breach.

d. *Disclaimer:* Franchisor shall have no obligation to obtain or maintain insurance for or on behalf of Franchisee. Nothing in this Agreement is an undertaking or representation that any insurance Franchisee is required to obtain and maintain will be sufficient for any purpose.

e. *Claims:* Franchisee shall notify Franchisor in writing of any and all claims or demands against Franchisee, the business or Franchisor within three (3) days after Franchisee receives actual notice of the claim or demand. Franchisee shall respond to all claims within the time required by law. Franchisee shall cooperate with Franchisor or Franchisor's designee in defending Franchisor and Franchisee against any and all claims.

50. *Indemnification:* Franchisee shall indemnify, defend and hold harmless Franchisor, Franchisor's shareholders, members, partners, directors, officers, employees and agents, from and against any and all losses, costs, expenses, damages, liabilities and investigations, resulting from or pertaining to: (a) operation of the Parker-Anderson franchise; (b) operations, services or sales by Franchisee; (c) claims for personal injury, disease or other loss, damage or injury arising from services by Franchisee; (d) claims for injury, death or loss to the person or property of any customer or potential customer; (e) claims from any other aspect of, from or concerning the business; (f) Franchisee's breach of this or any agreement or allegation that, if true would be a breach of any Agreement; (g) infringement, alleged infringement or other violation or alleged violation by Franchisee of any intellectual property or other rights of any third party; (h) violation, breach or asserted violation or breach by Franchisee of any contract, law or regulation; (i) labor or employment law violations and other claims against Franchisor by Franchisee's personnel; or (j) actual or alleged act, error or omission of Franchisee or Franchisee's personnel. This Section 50 survives termination of this Agreement.

51. *Transfer:*

a. *Transfer by Franchisor:* This Agreement is transferable by Franchisor without restriction.

b. *Transfer by Franchisee:* Franchisee acknowledges and agrees the rights and obligations in this Agreement are personal to Franchisee and that Franchisor entered into this Agreement in reliance on individual or collective character, skill, aptitude, attitude, business ability and financial capacity of Franchisee (or, if Franchisee is an entity, on these qualities of Franchisee's ownership). Accordingly, neither this Agreement nor any interest in it, nor in the Parker-Anderson Franchise, nor any or all of the ownership of Franchisee, may be transferred without Franchisor's prior written consent. A purported transfer or attempted transfer without Franchisor's prior written consent constitutes breach of this Agreement, and will convey no right or interest and will be void.

c. *Conditions for Approval:* Franchisor will not unreasonably withhold approval of a proposed transfer that meets all the following requirements:

- i. Franchisee must be in full compliance with this Agreement and all agreements with Franchisor;
- ii. The transferee and its owners must have business experience, aptitude and financial resources, all satisfactory to Franchisor to operate the Parker-Anderson franchise, be of good moral character and meet all other then-applicable standards for a Parker-Anderson franchisee;
- iii. Franchisee must provide Franchisor at least sixty (60) days prior written notice of the proposed transfer, including all terms and conditions and all other information pertaining to the proposed transfer and must provide any additional information that Franchisor requests;
- iv. The terms and other aspects of transfer cannot, in Franchisor's judgment, be so burdensome as to potentially adversely affect the future operations of the Parker-Anderson Franchise by the transferee;
- v. Franchisor shall have had the opportunity to exercise the right of first refusal provided for in Section 51(d), and elected not to exercise that right;
- vi. The transfer of the Franchise or the Parker-Anderson Franchise business assets (or substantial portion) may be made only together with the transfer of this Agreement;
- vii. The transferee must assume all obligations to Franchisor and affiliates of Franchisor, by Franchisee and any by entity affiliated with and/or related to Franchisee;
- viii. All royalties/commissions, advertising, marketing and technology fees, and all other amounts owed to Franchisor and/or any entity affiliated with Franchisor, by Franchisee (also including any entity affiliated with and/or related to Franchisee), which are then unpaid (also including acceleration of amounts under promissory notes and other unpaid amounts owed to Franchisor or affiliates), and all obligations to third parties arising out of the Parker-Anderson Franchise, must be paid in full;
- ix. The Parker-Anderson Franchise and its operations must be in or brought into full compliance with the specifications and standards then applicable for new and/or renewing Parker-Anderson franchises;
- x. Franchisee must submit all required reports, financial statements and other documents due to Franchisor up to the effective date of the transfer;
- xi. The transferee and its personnel must complete or agree to complete training to Franchisor's satisfaction and pay Franchisor's then applicable charges for training;
- xii. The transferee shall obtain within time limits set by Franchisor, and maintain, all permits and licenses required to operate the Parker-Anderson Franchise;
- xiii. Franchisee (the transferor) shall remain liable for all obligations to Franchisor and its affiliates occurring through and including the effective date of the transfer, and shall execute instruments reasonably required by Franchisor to reaffirm such liability;
- xiv. The transferee must purchase from approved suppliers, such equipment, products and services as Franchisor deems necessary to meet then-current System standards;
- xv. The transferee shall execute Franchisor's form of franchise agreement and ancillary documents (also including guarantees) then used by Franchisor to grant Parker-Anderson franchises, which may differ

materially from this Agreement, for example by providing for higher or additional fees, and materially different obligations compared to this Agreement, but no new initial franchise fee will be required;

xvi. Franchisee or the transferee must pay Franchisor a non-refundable transfer fee in the amount of eight thousand dollars (\$8,000);

xvii. Franchisee and its owners must execute a general release, in a form satisfactory to Franchisor, of any and all claims, liabilities and obligations, of every nature, known or unknown, against Franchisor and any affiliates of Franchisor;

xviii. Franchisee's obligation to pay any amount owed to Franchisor (if for any reason not paid-in-full prior to transfer) and Sections 32(a), 32(d), 33(e), 34, 45, 50, 53(b) - (e) and 54 of this Agreement and any other obligations of Franchisee arising prior to transfer, shall survive any transfer by Franchisee.

d. *Right of First Refusal:* If Franchisee wants to transfer any interest in the Parker-Anderson Franchise or in Franchisee, Franchisee shall, at least sixty (60) days before the proposed transfer, notify Franchisor in writing. The notice shall state the name of the proposed transferee, a description of the offered property, all terms and conditions of the proposed transfer, and be accompanied by a fully executed purchase and sale agreement and all related documents and instruments. The purchase and sale agreement must expressly state that its effectiveness is conditioned on Franchisor waiving its right of first refusal and Franchisor granting written consent to the transaction. The sixty (60) day notice period shall start on receipt by Franchisor of all documents described in this Section 51(d) and any additional documents and information that Franchisor reasonably requests.

e. *Franchisor Exercises Right:* Within the sixty (60) day notice period, Franchisor may elect to purchase the offered property on the terms and conditions in the purchase and sale agreement. If Franchisor exercises this right of first refusal, then: (a) Franchisor shall have the right to substitute cash for any form of payment proposed in the offer; (b) Franchisor shall have the right to limit the scope of the offer and purchase and sale agreement to only the franchise-related assets and adjust the price and terms accordingly; (c) Franchisor's credit-worthiness shall be deemed to be at least as good as the proposed purchaser; (d) Franchisor shall have at least sixty (60) days after notifying Franchisee of its election to exercise the right of first refusal, to prepare for closing; and (e) Franchisor shall be entitled to receive written representations and warranties from Franchisee that Franchisee owns clear title to all assets being sold, transferred or assigned; all tangible assets are in good working condition; there is no breach of this Agreement or any agreement affecting the business; and that there are no liabilities of Franchisee that have not been disclosed to Franchisor in writing.

f. *Franchisor Declines:* If franchisor does not exercise its right of first refusal, Franchisor shall notify franchisee whether the proposed transfer has been approved. Declining to exercise the right of first refusal does not obligate Franchisor to consent to the transfer.

g. *Entity Franchisee:* If Franchisee is an entity; or if Franchisee is an individual who wants to transfer all the rights and obligations under this Agreement and assets of the business to a corporation or LLC to be owned by Franchisee, then the following shall be satisfied at all times with regard to the entity (and these are among the conditions Franchisor may impose, to giving consent to the transfer to an entity):

i. the entity must execute such documents as Franchisor may require, including but not limited to, an assumption by the entity of all Franchisee's obligations under this Agreement;

ii. all owners of the entity owning twenty-five percent (25%) or more of the entity's securities, must personally guarantee and covenant to ensure compliance by the entity of all provisions of this Agreement

iii. in connection with a proposed transfer to the entity, you and each and all owners of the entity

must execute a general release in a form satisfactory to Franchisor, of any and all claims, liabilities and obligations, known or unknown, against Franchisor and persons and entities affiliated with Franchisor;

iv. Franchisee shall provide Franchisor certified copies of the articles of incorporation, bylaws, articles of organization, and/or comparable formation/governing documents of the entity and such documents shall contain provisions noting that transfer of ownership of shares/unites or other securities are restricted and are subject to the restrictions in this Agreement;

v. Franchisee shall not use: "Parker-Anderson" or any other Mark, in whole or in part, or any variation or derivative thereof whether alone or in combination with any other words in the name of the entity.

h. *Death or Incapacity:* If Franchisee is an individual who dies, or becomes permanently incapacitated, then Franchisor shall allow the deceased's surviving spouse, heirs, or estate or the incapacitated person's legal representative, the opportunity to participate in ownership of Franchisee or the Parker-Anderson Franchise during up to one hundred eighty (180) days after the death or incapacity, provided during that time the surviving spouse, heirs or estate or legal representative: (a) maintains all standards of the franchise, performs all obligations of Franchisee and satisfies all then-current qualifications for a purchaser of a franchise or, (b) in accordance with all provisions of this Agreement, sells the person's ownership interest in Franchisee or, if applicable, this Agreement and the business to a person who satisfies Franchisor's then-current standards for new franchisees.

i. *Entity:* If Franchisee is an entity, then the death or incapacitation of a shareholder, member, partner, director, manager or principal officer of Franchisee shall not automatically constitute an assignment or transfer of this Agreement under Section 51, provided that during one hundred eighty (180) days after the death or incapacitation the surviving spouse, heirs or estate or the incapacitated person's legal representative (a) maintains all standards of the franchise, performs all obligations of Franchisee and satisfies all then-current qualifications for a purchaser of a franchise or, (b) in accordance with the all provisions of this Agreement, sells such person's ownership interest in Franchisee or, if applicable, this Agreement and the business to a person who satisfies Franchisor's then-current standards for new franchisees.

j. *Operation:* From the date of death or incapacity until satisfied that a qualified and trained manager has assumed full time operational supervision of the business, Franchisor or its nominee shall have the right, but no obligation, to enter and operate the business. A decision by Franchisor in this regard shall be deemed to be an accommodation to assist Franchisee. Accordingly, Franchisor or the nominee makes no representation regarding ability to operate profitably, and Franchisor or the nominee shall not be responsible for results of such operation. Franchisee shall reimburse all Franchisor's or the nominee's expenses incurred in operating the business pursuant to this Section including but not limited to travel, lodging, meals, and personnel compensation; and shall pay Franchisor or the nominee, in addition to all other amounts provided for in this Agreement, a management fee equal to five hundred dollars (\$500) per day for the period of operation. Franchisor or the nominee shall have the right to cause itself to be paid and reimbursed any or all these amounts from revenues of the business, as well as all other amounts required to be paid under this Agreement.

52. *Termination:*

a. *Termination by Franchisee:* Franchisee is not permitted to terminate this Agreement for breach by Franchisor. If Franchisee claims breach by Franchisor, or other basis for terminating this Agreement or making a claim against Franchisor, Franchisee shall give Franchisor written notice and thirty (30) days to cure the alleged act or omission. If not cured within thirty (30) days of receipt of notice, the dispute resolution provisions in Section 54(s) shall apply.

b. *Termination By Franchisor Without Opportunity to Cure:* This Agreement shall, at Franchisor's option, terminate immediately on delivery of notice of termination to Franchisee, without opportunity to cure, if Franchisee or any of its owners, members, directors, partners, officers or managers:

- i. fails to satisfactorily complete training required by Section 27;
- ii. fails to start operating within the time stated in Sections 7 and 26;
- iii. made any material misrepresentation or omission to Franchisor in applying to become a franchise or in or during the operation of the business;
- iv. is convicted of or pleads no contest to a felony or other crime or offense that Franchisor believes is likely to hurt the reputation of Franchisor, Franchisee, the System, the PAE Marks or the business, even if Franchisor's belief is incorrect;
- v. misuses or makes unauthorized use of any of the PAE Marks PAE Copyrights, or trade secrets or commits any other act which Franchisor reasonably expects to materially impair the goodwill or value associated with any of these, or makes any unauthorized use, disclosure or duplication of any portion of the PAE Manual or duplicates or discloses or makes any unauthorized use of any trade secret or confidential information;
- vi. abandons, fails or refuses to actively operate the business for five (5) or more consecutive days;
- vii. surrenders or transfers control of the business, makes or attempts to make an unauthorized direct or indirect assignment of the franchise or an ownership interest in Franchisee or any assets, or fails or refuses to assign the franchise or interest in Franchisee of a deceased or incapacitated controlling owner as required;
- viii. submits to Franchisor on two (2) or more occasions any reports or other information which understate revenues, royalties or any fees owed to Franchisor by more than two percent (2%);
- ix. is adjudicated bankrupt, becomes insolvent, commits any act of insolvency or files an action or petition of insolvency; a permanent or temporary receiver is appointed by a court over Franchisee's property; makes a general assignment for the benefit of creditors; if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless supersedes bond is filed); execution is levied against Franchisee's business or property; suit to foreclose any lien or mortgage against the business is instituted against Franchisee and not dismissed within thirty (30) days, or is not within such time in the process of being dismissed;
- x. fails on two (2) or more separate occasions within any period of twelve (12) months to submit reports or other information or supporting records when due, to pay royalties/commissions or any other fees or amounts due to Franchisor or Franchisor's affiliates, or otherwise fails to comply with this Agreement, whether or not the failures to comply are corrected after notice is delivered to Franchisee;
- xi. violates any safety or health law, ordinance or regulation or operates in a manner that presents a safety or health hazard to customers or the public.
- xii. Franchisee becomes a subject of media attention suggesting that Franchisee may have, or is accused or charged by a prosecuting agency of having, or pleads no contest to or is adjudged to have, engaged in unlawful or improper conduct involving any individual who is a minor.
- xiii. Franchisee repeatedly breaches this Agreement, regardless of whether the breaches are of the same or different provisions and regardless of whether cured after notice.

xiv. Franchisee fails to sign-up and obtain a minimum of six (6) accounts in the first twelve (12) months of operation pursuant to Section 48(a)(i).

c. *Termination by Franchisor With Opportunity to Cure:* This Agreement shall terminate, at Franchisor's option, without further action by Franchisor, with termination to be effective at a date stated in a notice of breach and termination, if Franchisee or Franchisee's owner:

i. Fails or refuses to pay any amount due to Franchisor or any related entity of Franchisor, whether for royalties/commissions or other fees or charges, and does not correct the failure or refusal within five (5) days after written notice of the failure is delivered to Franchisee; or

ii. fails to cure the minimum performance requirement, as provided in Sections 12 and 48;

iii. fails or refuses to comply with any provision of this Agreement, or any standard or operating procedure or policy prescribed in the PAE Manual or otherwise in writing, and does not correct the failure within thirty (30) days after delivery of notice or such longer period required by law.

d. *Franchisor Right to Operate:* If Franchisor believes operation of the business may be in jeopardy or if a default or breach occurs, or if Franchisor believes Franchisee's operation may injure the reputation of Franchisor or the PAE Marks, then in addition to all Franchisor's other rights and remedies, Franchisor shall have the right, but no obligation, to enter into and operate or for its nominee to enter into and operate the business for as long as Franchisor or such nominee believes necessary or practical. Any decision by Franchisor in this regard shall be deemed to be an accommodation to assist Franchisee. Franchisor makes no representation regarding its or the nominee's ability to operate the business profitably, and Franchisor and the nominee shall not be responsible for results of operation. Franchisee shall reimburse all Franchisor's or the nominee's expenses incurred to operate the business pursuant to this Section 52(d), including but not limited to travel, lodging, meals, and personnel compensation; and shall pay Franchisor or the nominee, in addition to all other amounts provided for in this Agreement, a management fee equal to five hundred dollars (\$500) per day for the period of operation by Franchisor or the nominee. Franchisor or the nominee shall have the right to cause itself to be paid and reimbursed any or all these amounts from revenues of the business, as well as all other amounts required to be paid under this Agreement.

e. *Right to Operate After Termination:* Franchisor or its nominee shall have the right, but no obligation, at any time after termination of this Agreement, to operate the business. Franchisor or the nominee shall also have the right to communicate directly with Franchisee's landlord (if any) and other suppliers and obtain assignment of the lease (if any). Franchisee shall not be entitled to compensation from operation of the business after termination of this Agreement. Alternatively, and in lieu of continued operation of the business, Franchisor or the nominee shall have the right to take steps to wind down the business if Franchisee fails to do so. Franchisee shall reimburse Franchisor or the nominee for all expenses incurred in winding down the business.

f. *Additional Remedies:* In addition to Franchisor's remedies under law and in this Agreement, in the event of a breach by Franchisee, Franchisor shall have the right but not the obligation, to take any one or more of the following actions, each of which is additional to all other rights and remedies at law, equity or otherwise, and is/are not an exclusive remedy(s):

i. suspend any service to Franchisee;

ii. suspend any computer or online service to Franchisee;

iii. arrange with any supplier to Franchisee to withhold service or products;

iv. audit the franchise for compliance, at Franchisee's expense;

- v. suspend, reduce or eliminate territorial rights;
- vi. discontinue selling and/or providing any goods and/or services to Franchisee;
- vii. require Franchisee to pay COD (cash on delivery) or pre-pay by certified check;
- viii. impose a reasonable fine for each infraction of this Agreement and/or the Manual, up to five hundred dollars (\$500) per occurrence; and/or
- ix. require Franchisee to pay or reimburse Franchisor's costs and expenses incurred on account of Franchisee's failure to cure the breach.

g. *Effects of Termination.* On termination or expiration of this Agreement:

- i. Franchisee shall stop operating the business and shall not, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor.
- ii. Franchisee shall permanently stop using, by advertising or in any manner, all trade secrets, PAE Trademarks, PAE Copyrights; confidential information, procedures and techniques, and all other forms, slogans, signs, symbols, logos or devices associated with the PAE System.
- iii. Franchisor shall have the right and option (but no obligation) to receive, and on demand by Franchisor made within ten (10) days after expiration or termination, Franchisee shall immediately deliver to Franchisor in writing, a written assignment of Franchisee's interest in any lease, supply agreements and assets of the business selected by Franchisee. Franchisor shall have no obligation to elect to demand any such assignment.
- iv. Franchisee shall take all action needed to cancel or assign to Franchisor or Franchisor's designee, at Franchisor's option, any assumed name or equivalent registration filed with government authorities which contains the name "Parker-Anderson" or any portion of this phrase or any of the PAE Marks. Franchisee shall furnish Franchisor with proof of compliance with this obligation within ten (10) days after termination or expiration.
- v. Franchisee shall immediately pay all sums owing to Franchisor, including but not limited to, all damages, costs and expenses, including reasonable attorneys' fees and lost royalties/commissions incurred by Franchisor as a result of Franchisee's breach. Expiration or termination of this Agreement does not constitute an election of remedies and does not waive or release Franchisor's claims for lost future royalties/commissions or other amounts.
- vi. Franchisee shall pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor after termination or expiration in obtaining injunctive or other relief for enforcement of any provisions of this Agreement.
- vii. Franchisee shall immediately return to Franchisor all manuals, lists, records, files, instructions, brochures, agreements and all other materials provided by Franchisor to Franchisee relating to the business.
- viii. Franchisee shall assign to Franchisor or its designee, all Franchisee's right, title and interest in and to Franchisee's right to use and receive service for telephone and facsimile numbers, Internet addresses and electronic mail addresses and domain names relating to the business, and shall cooperate in notifying phone companies, internet service providers, social media provides and other similar providers of the termination or expiration of Franchisee's rights, and of the transfer to Franchisor of the right to use such numbers, addresses and domain names and any regular, classified or other directory listing associated with the PAE Marks, and authorize a transfer of same to or at the direction of Franchisor. Franchisee shall execute

all documents, including, but not limited to, authorization forms, prescribed by Franchisor to assign these on termination or expiration of this Agreement.

ix. Franchisor shall have the right (but not the obligation) to be exercised by written notice to Franchisee of Franchisor's intent to do so, within thirty (30) days after termination or expiration, to purchase, any or all assets of the business that Franchisor selects, including equipment, supplies, advertising materials and any or all items bearing the PAE Marks, at Franchisee's cost or fair market value, whichever is less. If Franchisor elects to exercise this option to purchase, Franchisor shall have the right to set off all amounts due from Franchisee to Franchisor against any payment to be made under this Section 52(g)(ix).

x. Franchisee shall comply with the covenants contained in Section 53(b) (inclusive of Sections 53(b) - (e)) of this Agreement.

h. *Failure of Franchisee to Act:* Franchisee appoints Franchisor and Franchisor's personnel and/or Franchisor's nominee as attorney-in-fact with authorization to take any action(s) necessary or convenient in Franchisor's judgment, all at Franchisee's risk and expense, which Franchisee is obligated but fails to take pursuant to Section 52(g) and 53(b).

53. *Non-Competition Restrictions:*

a. *During Term of Agreement:* Franchisee acknowledges and agrees that Franchisor could not protect its trade secrets and other confidential information against unauthorized use or disclosure and could not achieve the freest and fullest exchange and development of ideas and information among Parker-Anderson franchise owners if franchise owners held an interest in any Competitive Business during the term of this Agreement. Franchisee acknowledges that Franchisor entered into this Agreement partly in consideration of and reliance on Franchisee's agreement to deal exclusively with Franchisor. Franchisee agrees that during the term of this Agreement Franchisee shall assure that Franchisee and all persons who own directly or indirectly twenty-five percent (25%) or more of the equity or voting interest in Franchisee, and each member of the immediate family of Franchisee and of each such person, shall not:

i. engage in or perform services for a Competitive Business, directly or indirectly, as a director, owner, proprietor, officer, manager, employee, consultant, representative, agent, independent contractor or otherwise, except under a franchise agreement with Franchisor;

ii. have a direct or indirect legal or beneficial ownership interest in a Competitive Business, except under a franchise agreement with Franchisor;

iii. have a direct or indirect legal or beneficial ownership interest in any entity which is granted or is granting franchises or licenses to others to operate a Competitive Business, except under a franchise agreement with Franchisor;

iv. knowingly engage in any activity to solicit away, encourage or induce any customer doing business with a Parker-Anderson business, to instead do business with Franchisee.

b. *Post-Term Restriction:* Franchisee acknowledges and agrees that Franchisor could not protect its trade secrets and other confidential information against unauthorized use or disclosure, could not achieve the freest and fullest exchange and development of ideas and information among Parker-Anderson franchise owners, and would be exposed to unfair forms of competition by Franchisee if Franchisee or franchise owners held an interest in any Competitive Business following the expiration or termination of this Agreement. Franchisee agrees that for a period of one (1) year after expiration or termination of this Agreement, Franchisee shall assure that Franchisee and all persons who own directly or indirectly twenty-five percent (25%) or more of the equity or voting interest in Franchisee, and each member of the immediate family of Franchisee and of each such person, shall not:

i. engage in or perform services for a Competitive Business that has any operations in or touching the Restricted Zone, whether directly or indirectly, as a director, owner, proprietor, officer, manager, employee, consultant, representative, agent, independent contractor or otherwise, except under a franchise agreement with Franchisor;

ii. have a direct or indirect legal or beneficial ownership interest in a Competitive Business that has operations in or touching the Restricted Zone, except under a franchise agreement with Franchisor;

iii. have a direct or indirect legal or beneficial ownership interest in any entity which is granted or is granting franchises or licenses to others to operate a Competitive Business in or touching the Restricted Zone, except under a franchise agreement with Franchisor;

iv. knowingly engage in any activity to solicit away, encourage or induce any customer doing business with a Parker-Anderson business, to instead do business with Franchisee.

c. *Competitive Business:* For this Agreement “Competitive Business” means a business or other venture that develops, engages in or provides interactive education, recreation entertainment enrichment activities for children or grants franchises or licenses to others to operate or be involved in providing interactive education, recreation or entertainment enrichment programs for children.

d. *Restricted Zone:* For this Agreement “Restricted Zone” means the larger of the geographic territory serviced by, or a one (1) mile radius from, the office of a company-owned, affiliate owned, licensed or franchised Parker-Anderson business.

e. *Owning Listed Securities:* This Section 53 shall be deemed not to prohibit Franchisee from owning up to two percent (2%) of the issued and outstanding shares of a class of stock of a publicly traded company.

54. *Additional Terms:*

a. *Independent Contractors:* The parties desire to be and shall be deemed to be independent contractors. The parties shall be deemed not to have any form of fiduciary or special relationship, any principal-agent, legal representative, joint venture, partnership, employer-employee or other relationship, for any purpose. Franchisee shall not represent or imply that it is an agent of Franchisor. Franchisee has no right, power or authority to and shall not purport to make any contract, agreement, warranty or representation on behalf of Franchisor or create any obligation, express or implied, on behalf of Franchisor. Neither this Agreement nor Franchisor’s course of conduct is intended, nor may anything in this Agreement (nor Franchisor’s course of conduct) be construed, to state or imply that Franchisor is the employer of Franchisee’s employees.

b. *Independent Ownership:* Franchisee shall place conspicuous notices on Franchisee’s letterhead, business cards, publicity inserts, brochures, agreements and all other printed documents and communications used by Franchisee, and in any office or location used by Franchisee, that the Parker-Anderson Franchise is independently owned and operated by Franchisee and stating Franchisee’s true name.

c. *Price Adjustments:* Franchisor shall have the right to adjust upward for inflation on an annual basis, any fees or charges set, provided for or described in this Agreement or otherwise as a dollar amount or fixed amount. Any such adjustment shall be based on increases reflected by a reasonable inflation index published by the U.S. Government.

d. *Taxes and Regulations:* Franchisor shall not be liable for any sales, service, use, excise, income, gross receipts, property, payroll or other tax levied against Franchisee or Franchisee’s assets or against Franchisor in connection with the business Franchisee conducts or any payments Franchisee makes pursuant to this Agreement or any agreement (except for Franchisor’s own income taxes and any taxes Franchisor is required by law to collect from Franchisee on purchases from Franchisor). If any amount to be paid or reimbursed

under this Agreement to Franchisor, or any affiliate of Franchisor, becomes subject to a gross receipts tax, value added tax, sales tax, use tax, personal property tax or similar tax imposed on or required to be collected or paid by Franchisor, then Franchisee must pay or reimburse an additional amount to Franchisor or to Franchisor's affiliate, as the case may be, so the amount actually received by Franchisor or the affiliate after such deduction, payment or withholding will equal the full amount due from Franchisee under this Agreement. If laws applicable in the Territory require Franchisee to withhold tax on any payment which Franchisee is obligated to make to Franchisor, Franchisee shall timely pay to the appropriate taxing authorities all withholding and/or other taxes and provide Franchisor with proof of payment five (5) days after payment. Franchisee shall do all such other things and take such other steps as may be reasonably required to enable Franchisor to obtain any tax credit which may be available.

e. *Legal Compliance:* Franchisor shall not be liable or responsible for Franchisee's compliance or failure to comply with any and all laws, rules, and regulations imposed by any government agency. It is Franchisee's obligation to ensure compliance with all laws and regulations.

f. *Severability:* Except as otherwise stated in this Agreement, each provision of this Agreement and any portion is severable. The remainder of this Agreement shall remain in full force and effect. To the extent any provision restricting Franchisee's competitive activities is deemed unenforceable, Franchisor and Franchisee agree that such provision shall be enforced to the fullest extent permissible under applicable law.

g. *Waivers:* Franchisor shall be deemed not to have waived any right to demand exact compliance with any provision of this Agreement. Franchisor's waiver of any particular breach or series of breaches or of any similar terms in any other agreement between the parties or between the parties and any other franchisee, shall not affect Franchisor's rights regarding any later breach by Franchisee or any other franchisee. The rights and remedies in this Agreement are cumulative and neither Franchisor nor Franchisee will be prohibited from exercising any other right or remedy under this Agreement or law or equity.

h. *Force Majeure:* A party shall not be liable for loss or damage and shall be deemed not to be in breach of this Agreement, for a failure to perform that results from required or attempted compliance with an applicable law, rule, order, regulation, requirement or instruction of a federal, state or municipal government or department or agency or act of God. However, the foregoing shall not excuse timely payment of amounts owed. FRANCHISOR SHALL HAVE NO LIABILITY FOR ANY CLAIM, LOSS OR OTHER DAMAGE OR INJURY WHATSOEVER TO FRANCHISEE OR ANY CUSTOMER(S) OR OTHER(S) FOR OR FROM OR ON ACCOUNT OF: BUG, ERROR OR FLAW IN OR INTRODUCED TO ANY COMPUTER PROGRAM, ONE OR MORE INTERRUPTIONS IN, TEMPORARY OR EXTENDED UNAVAILABILITY OF, OR OTHER TECHNICAL DIFFICULTY(S), THAT IN ANY WAY AFFECT OR DISRUPT THE OPERATION OF OR ACCESS TO, OR AFFECT OR DISRUPT ANY PERSON'S OR ENTITY'S RECEIPT OF COMMUNICATION OR OTHER TRANSMISSION TO OR FROM ANY WEBSITE, DATABASE, HOST COMPUTER OR OTHER COMPUTER, SERVER OR INTERNET-BASED SERVICE OR CONNECTION, OR THAT AFFECT OR DISRUPT ANY PART OF THE CHAIN-OF-COMMUNICATION OR ANY PROCESS IN THE CONDUCT OF TRANSACTIONS OVER THE INTERNET, OR THAT AFFECT OR DISRUPT ANY PROCESS IN THE CHAIN OF CREDIT CARD PROCESSING; DISRUPTION OR OTHER PROBLEM ARISING FROM HACKING OR OTHER MALICIOUS ACTIVITY; DOWN-TIME OR OTHER DISRUPTION DUE TO MAINTENANCE OR REPAIR, OR ANY OTHER OCCURRENCE OR EVENT THAT IS FULLY OR PARTLY OUTSIDE OF FRANCHISOR'S CONTROL.

i. *Approvals:* Whenever this Agreement requires Franchisor's prior approval, or consent, Franchisee shall make a timely written request for it. Franchisor's approval or consent shall not be valid unless it is in writing. Franchisor has the right to refuse any request made by Franchisee or to withhold approval or consent.

j. *No Assumption of Liability:* Franchisor shall not, by virtue of any approval, consent, advice or services, assume responsibility or liability to Franchisee or any third party.

k. *Damages Limitation:* BOTH PARTIES AGREE THAT IN A DISPUTE, THE PARTY MAKING THE CLAIM SHALL BE LIMITED TO EQUITABLE RELIEF AND RECOVERY OF ACTUAL DAMAGES. BOTH PARTIES WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHTS TO, OR CLAIMS FOR, INCIDENTAL, SPECIAL, CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER.

l. *Law:* This Agreement takes effect upon its acceptance and execution by Franchisor in California, and shall be interpreted and construed under the laws of California. In the event of any conflict of law, the laws of California shall prevail, without regard to the application of California conflict of law rules. If, however, any provision of this Agreement would not be enforceable under the laws of California, and if the Business is located outside of California and such provision would be enforceable under the laws of the state in which the Business is located, then such provision shall be interpreted and construed under the laws of the state. Nothing in this Section 54(l) is intended by the parties to subject this Agreement to any franchise or similar law, rules, or regulation of any state to which it would not otherwise be subject.

m. *Costs and Attorney Fees:* The party prevailing in any arbitration or court proceeding between the parties shall be entitled to recover its reasonable attorneys' fees and court costs.

n. *Binding Effect:* This Agreement binds and benefits the parties and their respective permitted successors and assigns.

o. *Entire Agreement:* This Agreement, including its introduction any addendums and exhibits, is the parties' entire Agreement. Any oral or written discussions, understandings or agreements are merged into and superseded by this Agreement. However, this Section 54(o) does not disclaim or require Franchisee to waive reliance on any statement in the Franchise Disclosure Document provided to Franchisee. This Agreement may be modified only by written agreement signed by both parties. Franchisor's revisions to the PAE Manual and/or policy announcements and the like are deemed to be made pursuant to this Agreement and do not constitute modifications of this Agreement.

p. *Entity Franchisee:* If Franchisee is a business organization like a corporation, limited liability company or partnership. Franchisee represents, warrants and agrees that: (a) Franchisee is duly organized or incorporated, validly existing and in good standing under the laws of the state of its incorporation or formation; (b) Franchisee has full authority to execute, deliver and perform this Agreement; and (c) Franchisee shall cause each direct and indirect owner of at least twenty-five percent (25%) of the equity and/or voting securities of Franchisee and the spouse/domestic partner of each such person to sign and deliver Franchisor's standard form of personal guaranty.

q. *Construction:* Headings and section numbers in this Agreement are only for convenience and shall not be used to interpret or construe this Agreement. If two or more persons are the franchisee hereunder, whether as partners, joint venturers or otherwise, their promises, obligations, liabilities, representations and warranties shall be joint and severable among them. This Agreement may be signed in multiple copies, each of which shall be deemed to be an original and all, when taken together, shall comprise one and the same instrument. The singular use of a pronoun also includes the plural; the masculine, feminine and neuter usages each include the others.

r. *Time of Essence:* Franchisee shall be obligated to perform all obligations within the time stated in this Agreement; the time for performance of each obligation of Franchisee is part of the essence of this Agreement.

s. *Solving Disputes:* All disputes arising out of or in connection with this Agreement, or in respect of any legal relationship associated with or derived from this Agreement, shall be resolved by final and binding arbitration before a single arbitrator of and according to the then applicable rules of JAMS in Los Angeles, California. At the time of entering into this Agreement the rules can be viewed at: www.jamsadr.com. If JAMS is not in existence at the time then references in this Section to JAMS shall instead refer to the American Arbitration Association. The arbitration shall be conducted in Los Angeles, California. The arbitrator shall be a retired judge who has significant experience in franchising law either as a practitioner or having decided franchise law disputes. Each party shall initially bear its own fees and costs of arbitration. The arbitration shall have authority to award fees and costs to the prevailing party. Judgment on the award of the arbitrator may be entered in any court having jurisdiction.

t. *Provisional/Equitable Relief:* Section 54(s) shall not prevent a party from obtaining temporary restraining orders, temporary or preliminary injunctive relief, writs of attachment and/or other provisional relief in aid of arbitration in any court having jurisdiction.

u. *Survival.* Sections 32(a), 32(d), 32(e), 33(e), 34, 45, 50, 52(e), 52(g), 53(b) - (e), this Section 54 and all other provisions which expressly or by nature survive expiration or termination of this Agreement shall continue in full force and effect after and notwithstanding expiration or termination and until they are satisfied or by their nature expire. Franchisee remains liable for any and all obligations of the business incurred prior to and following the effective date of expiration or termination of this Agreement.

v. *Notices:* Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by certified mail, return receipt requested, or by overnight delivery service (such as FedEx or UPS or the like) to the party's address stated on the first page of this Agreement, or other address of which a party has given notice.

55. *Acknowledgements:* Franchisee acknowledges, represents and warrants that each of the following statements is true:

a. Franchisee and each of Franchisee's owners, if Franchisee is an entity, was encouraged to consult a professional advisor like a lawyer or accountant and had the opportunity to do so before entering into this Agreement;

b. Franchisee read, understood, and agrees to each provision of this Agreement;

c. Franchisee is not under any compulsion, obligation or pressure from Franchisor or other person or entity to sign this Agreement;

d. Franchisee is aware the Franchise Agreement and ancillary agreement terms available to Franchisee are not necessarily the same as or as good as terms offered or agreed to by Franchisor with others. In the past, at present or in the future others may have received or may receive more favorable terms.

INITIAL

EXHIBIT D
PERSONAL GUARANTY

PERSONAL GUARANTY

This Personal Guaranty is executed with reference to that certain Franchise Agreement dated _____, 20__ (the "Franchise Agreement") between Parker-Anderson Enrichment, Inc., a California corporation ("Franchisor") and _____ ("Franchisee").

1. *Scope:* In consideration of and to induce Franchisor to sign the Franchise Agreement or consent to assignment of the Franchise Agreement, as applicable, each individual who signs this Guaranty personally and unconditionally: (a) guarantees to Franchisor and Franchisor's successors and assigns that Franchisee will fully and timely pay and perform each and every undertaking, agreement, obligation and covenant in the Franchise Agreement; (b) guarantees that each and every representation and warranty of Franchisee in the Franchise Agreement is true and correct; and (c) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Agreement.

2. *Waivers:* Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of obligations under this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligation guaranteed ; (c) protest and notice of default to any party regarding indebtedness or nonperformance of any obligations guaranteed ; (d) any right to require that an action be brought against Franchisee or any other person as a condition to liability; (e) all rights to payments and claims for reimbursement or subrogation which the undersigned may have against Franchisee arising as a result of signing and performing this Guaranty; and (f) all other notices and legal or equitable defenses to which the undersigned may be entitled as a guarantor.

3. *Consent and Agreements:* Each individual who signs this Guaranty consents and agrees that: (a) the individual's direct and immediate liability under this Guaranty is joint and several with each other guarantor, whether the other guarantor signed this or another guaranty; (b) the undersigned must render any payment or performance required under the Franchise Agreement on demand if Franchisee fails or refuses to do so; (c) the undersigned's liability will not be contingent or conditioned on Franchisor's pursuit of any remedies against Franchisee or any other person or entity; (d) the undersigned's liability shall not be diminished, relieved, or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person, including, without limitation, acceptance of any partial payment or performance or compromise or release of any claim and no indulgence shall in any way modify or amend this Guaranty; (e) this Guaranty shall continue and is irrevocable during the term of the Franchise Agreement and after its expiration or termination.

4. *Enforcement Costs:* If Franchisor takes action to enforce this Guaranty in any judicial or arbitration proceeding or appeal, the undersigned must reimburse Franchisor for Franchisor's legal fees and other enforcement costs including but not limited to accountants and experts fees, arbitration and court costs.

5. *Dispute Resolution:* All disputes arising out of or in connection with this Guaranty, or in respect of any legal relationship associated with or derived from this Guaranty, shall be resolved by final and binding arbitration before a single arbitrator of and according to the then applicable rules of Judicial Arbitration and Mediation Services (JAMS). If JAMS is not in existence and has no successor-in-interest that performs arbitrations at the time then references in this Section to JAMS shall instead refer to the Commercial Rules of Arbitration of the American Arbitration Association. The arbitration shall be conducted in Los Angeles, California. Each party shall initially bear its own fees and costs of arbitration. The arbitration shall have authority to award fees and costs to the prevailing party. Judgment on the award of the arbitrator may be entered in any court having jurisdiction.

6. *Provisional Relief*: Section 5 shall not prevent a party from obtaining temporary restraining orders, temporary or preliminary injunctive relief, writs of attachment and/or other provisional relief in aid of arbitration in any court having jurisdiction.

Effective Date: _____, 20__

GUARANTORS:

PERCENTAGE OWNERSHIP
OF FRANCHISEE:

Signature: _____

Printed name: _____

_____ %

Signature: _____

Printed name: _____

_____ %

Signature: _____

Printed name: _____

_____ %

Signature: _____

Printed name: _____

_____ %

Signature: _____

Printed name: _____

_____ %

EXHIBIT E
GENERAL RELEASE

GENERAL RELEASE BY FRANCHISEE

In consideration of and as provided in the Franchise Agreement (“Franchise Agreement”) between the undersigned Franchisee or individual or entity affiliated with Franchisee, and Parker-Anderson Enrichment, Inc., a California corporation (“Franchisor”), the undersigned makes and grants the following general release of claims in favor of Franchisor and related persons and entities identified or described below:

The undersigned waives, releases, acquits and discharges Franchisor and its predecessors, successors, assigns, affiliated entities, stockholders, directors, officers, members, managers, employees, attorneys, accountants, agents and representatives (collectively “Released Parties”) of and from any and all manner of action or actions, cause or causes of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liabilities, claims, demands, damages, losses or expenses, of any and every nature whatsoever, known or unknown, fixed or contingent, by reason of any matter, cause or thing whatsoever from the beginning of time to the date of this instrument, which the undersigned now has, or may ever have had, against any Released Parties occurring or arising any time before, through and including the Effective Date of this General Release (“Claims”).

If this General Release is required as a condition to granting a franchise agreement, the release shall be deemed to exclude Claims arising from representations in the particular Franchise Disclosure Document related to the grant of the franchise agreement and claims for violations of any applicable federal or state franchise registration and pre-sale disclosure law, to the extent a release is precluded by applicable law.

The undersigned intends this Release as it pertains to Claims by the undersigned or to anyone claiming through or under the undersigned, to cover, encompass, relinquish and extinguish all Claims, including, without limitation, all Claims under all franchise laws, securities laws, unfair and deceptive practices laws and similar laws, against the Released Parties, excepting only those Claims excluded under the immediately preceding paragraph.

If the undersigned or any person or entity commences, joins in, or in any manner seeks relief through any suit or other proceeding arising out of, based on, or relating to any of the Claims released hereunder or in any manner asserts against all or any of the Released Parties any of the Claims released hereunder, the undersigned agrees to pay all attorneys’ fees incurred by the Released Parties in defending or otherwise responding to such suit or assertion directly to the Released Parties incurring such costs.

The releases granted hereunder will be deemed effective as of the date of this instrument. The liabilities and obligations of each and all persons signing this General Release will be joint and several.

The undersigned acknowledges that he or she or it is familiar with California Civil Code Section 1542 (or the provisions of any similar law of any other state having jurisdiction over this Agreement and the transactions contemplated hereby), and intends the General Release to cover, encompass, release, and extinguish all claims and matters which might otherwise be reserved by California Civil Code section 1542, which provides as follows:

“A General Release does not extend to claims that creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release, and that if known by him or her would have materially affected his or her settlement with the debtor or released party.”

The undersigned, being aware of this Code section, expressly waive(s) all of his or her or its rights thereunder as well as under any other statutes or common law principles of similar effect of any applicable jurisdiction.

The undersigned acknowledges being aware that if the facts relied on in signing this General Release are discovered later to be other than or different from the facts now believed to be true, or if additional facts are discovered, the undersigned expressly accepts the risk of such possible different or additional facts and agrees this General Release shall remain effective despite any such discoveries. The undersigned is not deciding to make this General Release based on any factual representations of Franchisor except for material representations expressly contained in this General Release and in the Franchise Agreement.

The undersigned represents, warrants, agrees and acknowledges that,

i) he or she or it had sufficient time and opportunity to consult legal counsel in making this General Release and read and understands the terms of this General Release and voluntarily and freely signs this General Release, and

ii) the validity of this General Release is a condition to and essential consideration for the execution of the Franchise Agreement or other matter that was the basis on which the undersigned is entering into this General Release.

CAUTION: THIS AGREEMENT CONTAINS A RELEASE OF CLAIMS. READ CAREFULLY BEFORE SIGNING.

Signed: _____

Printed name: _____

Date signed: _____

Signed: _____

Printed name: _____

Date signed: _____

Signed: _____

Printed name: _____

Date signed: _____

EXHIBIT F
ASSET SALE AND PURCHASE
AGREEMENT

Notice to Buyer and Seller
This is a streamlined, basic form of Agreement
It may not cover all circumstances of your transaction.
You can edit, add to or delete from this Agreement to fit your transaction.

PLEASE REMOVE THIS SENTENCE AND ABOVE PARAGRAPH BEFORE SIGNING

ASSET SALE AND PURCHASE AGREEMENT

This ASSET SALE AND PURCHASE AGREEMENT is entered into this ____ day of _____, 20__, by and between _____ (“Buyer”), and Parker-Anderson Enrichment, Inc., a California corporation, its Designee or Affiliate (“Seller”).

RECITALS

Seller owns a Parker-Anderson Enrichment business located at _____ (the “Location”). These include the assets for the business, equipment and value of the established market of the business listed on Exhibit A to this Agreement (collectively, the “Assets”). Seller desires to sell, assign and transfer to Buyer, and Buyer desires to purchase and acquire from Seller, the Assets of the Location. Accordingly, the parties have agreed as follows:

AGREEMENT

1. Purchase and Sale

1.1 Purchase and Sale. Seller agrees to sell, transfer, assign and convey to Buyer, and Buyer agrees to purchase and acquire from Seller, on the Closing Date (as hereinafter defined), the Assets of the Location listed in Exhibit A attached to this Agreement and incorporated here by this reference.

1.2 Purchase Price. The total purchase price for the Assets will be of the sum of \$ _____, together with the assumption by Buyer of the following liabilities and obligations

1.3 Payment. The purchase price stated in Section 1.2 shall be payable as follows:

A. \$ _____ shall be payable on closing. The balance of the Purchase Price in the amount of _____ Dollars (\$ _____) shall be paid by Buyer on the Closing Date (as hereafter defined): (i) in cash or other immediately available funds; or (ii) if Seller elects in writing to finance such amount, in the form of a promissory note payable in consecutive monthly installments until such time as all unpaid principal and accrued interest shall be paid in full. The promissory note shall be secured by a security agreement which creates a first priority lien on the Assets and any other assets owned by Buyer. The promissory note and the security agreement described above shall contain terms and conditions reasonably required by Seller.

B. Any trade inventory shall be paid for by Buyer in cash at the closing, which amount shall be in addition to the amounts paid by Buyer pursuant to paragraph 1.3(A) above. The amount of payment included under this paragraph 1.3(B) shall be determined by a physical inventory taken by Seller and Buyer on the Closing Date. The Trade Inventory shall be valued at Seller’s cost.

1.4 Allocation of Purchase Price. The allocation of the purchase price among the Assets for purposes of federal and state income and franchise tax shall be as follows:

\$_____ to Equipment; \$_____ to Value of Established Market; and \$_____ Other.

1.5 Further Assurances. From time to time at a party's request, whether at or after the Closing Date, the other party shall execute and deliver such instruments and documents and take such other action as the requesting party reasonably requests to more completely convey and transfer the Assets intended to be transferred hereunder.

1.6 Limitation. Buyer shall have no obligation to assume any obligation of Seller, whether under any contract, lease or other instrument, or arising by law or otherwise, other than as expressly stated in this Agreement.

2. Closing

2.1 Closing Date. The closing will take place at the offices of _____, on _____, 20__ at _____m., or at such other time and place as may be agreed by Seller and Buyer, provided, however at Seller's sole discretion, that this Agreement shall terminate and be of no force and effect if the closing date shall not have occurred prior to _____, 201____; and provided, further, that such termination shall not affect the rights or remedies of either party under this Agreement with respect to a breach of, or default under, this Agreement by the other party. On consummation, the closing shall be deemed to take place as of the close of business on the closing date. The time and date of the closing are herein referred to as the "Closing Date."

2.2 Deliveries. At the closing, Seller will deliver to Buyer, against receipt of the purchase price referred to in Section 1.2, a bill of sale and other instruments of transfer and conveyance as reasonably requested by Buyer. At the closing, Buyer will deliver to Seller such instruments of assumption as reasonably requested by Seller.

3. Seller's Representations and Warranties.

Seller represents and warrants to Buyer as follows:

3.1 Organization and Good Standing. Seller is duly organized, validly existing and in good standing under the laws of the State of California and has all requisite power and authority to own, operate and lease its properties and to carry on its business as now being conducted.

3.2 Ownership. Seller owns all right, title and interest in and to the Assets, free and clear of liens and encumbrances other than as provided herein, and has the full right and power to transfer and assign the Assets to Buyer pursuant to this Agreement.

3.3 Authorization. Seller has full power and authority to sign, deliver and perform this Agreement and sell the Assets to Buyer. The signing, delivery and performance by Seller of this Agreement and the transactions contemplated by this Agreement have been duly authorized by all necessary and proper corporate action. This Agreement is a legal, valid and binding obligation of Seller, and each instrument contemplated by this Agreement when executed and delivered by Seller in accordance with the provisions hereof, will be a legal, valid and binding obligation of Seller, in each case enforceable against Seller in accordance with its terms.

4. Buyer's Representations and Warranties.

Buyer represents and warrants to Seller as follows:

4.1 Organization and Good Standing. If Buyer is identified in this Agreement as a corporation or limited liability company or other form of entity, Buyer is duly organized, validly existing and in good standing under the laws of the State of _____, has all requisite power and authority to own, operate and lease its properties and to carry on its business as now being conducted.

4.2 Authorization. Buyer has full power and authority to sign, deliver and perform this Agreement and buy the Assets from Seller. The signing, delivery and performance by Buyer of this Agreement and the transactions contemplated by this Agreement have been, duly authorized by all necessary and proper corporate action. This Agreement is a legal, valid and binding obligation of Buyer and each instrument contemplated by this Agreement when signed and delivered by Buyer in accordance with the provisions hereof, will be a legal, valid and binding obligation of Buyer, in each case enforceable against Buyer in accordance with its terms.

4.3 No Breach or Violation. Neither the signing nor delivery of this Agreement nor the consummation of the transactions contemplated hereby will conflict with or result in a violation or breach of, or constitute a default under, any mortgage, lease or agreement, pursuant to which Buyer is a party or violate any judgment, order, permit, or decree binding on Buyer.

4.4 Documents and Records. Any documents and records being delivered to Seller are true, complete and correct.

5. Covenants.

5.1 Sales Tax. Buyer shall be responsible for the payment of any sales tax which may become due by virtue of the sale of the Assets contemplated by this Agreement.

5.2 Bulk Transfer Laws. [_____] [_____] [Both parties initial if applicable or delete if not applicable. If neither initialed nor deleted, this provision shall apply.] The parties mutually agree to waive compliance with the bulk sales provisions of the Uniform Commercial Code of the State of _____, or any other applicable "bulk transfer" law in connection with the sale of the Assets, and Seller agrees to indemnify Buyer against all claims, losses, expenses, obligations, damages or liabilities occurring or arising from such waiver of compliance. Nothing herein contained shall be construed as an acknowledgment by any person that any such law is applicable to such sale.

5.3 Obligations to Personnel. Seller shall be solely responsible for payment of and shall pay all compensation and benefits due or to become due to personnel of the Parker Anderson Enrichment business for services performed through the Closing Date.

5.4 Monies Collected After Closing for Services Rendered To Customers Prior to Closing. Seller shall be entitled to receive all revenue for services provided to customers prior to the Closing Date, even if payments are only made and/or received after the Closing Date. Seller shall also be entitled to retain all revenue collected and/or invoiced on account of programs that Seller started before the Closing Date and ended after the Closing Date.

6. Conditions to Buyer's Obligations. Buyer's obligations to consummate the transactions contemplated by this Agreement are subject to the performance or satisfaction of the following condition on the Closing Date:

6.1 Bulk Transfer Law. If Section 5.2 has been deleted then Buyer and Seller shall have taken all such action as may be required to comply with all provisions of the Uniform Commercial Code - Bulk Transfer Law applicable to the transactions contemplated by this Agreement.

7. Conditions to Seller's Obligations. Seller's obligation to consummate the transactions contemplated by this Agreement are subject to the performance or satisfaction of the following conditions on or before the Closing Date:

7.1 Representations and Warranties. Buyer's representations and warranties in this Agreement or in any certificate, document or instrument delivered pursuant hereto or in connection with the transactions contemplated hereby shall be true and correct in all material respects as of the Closing Date as if made on and as of the Closing Date.

7.2 Covenants. Buyer shall have performed and complied with all the covenants, agreements and conditions required by this Agreement to be performed or complied with by Buyer, on or before the Closing Date.

7.3 Officers' Certificate. Seller shall have been furnished with a certificate executed on behalf of Buyer by its President or a Vice President, and its Secretary or Assistant Secretary, and by each other person constituting the Buyer, dated the Closing Date, representing and certifying in such detail as Seller may reasonably request, as to the satisfaction of the conditions set forth in Sections 7.1 and 7.2.

7.4 No Actions or Proceedings. There will not be pending or threatened any action or proceeding before any court of governmental body or agency which would seek to restrain, prohibit or invalidate any transaction contemplated by this Agreement.

8. Survival and Indemnification.

8.1 Survival. The representations and warranties of Seller and Buyer in this Agreement and any provision of this Agreement intended, by its terms, to be observed and performed after the closing, shall survive the execution of this Agreement and the Closing Date.

8.2 Buyer's Indemnification. Buyer shall indemnify and hold Seller harmless from and against any damages, losses, liabilities, claims or expenses (including court costs and reasonable attorneys' fees) (the "Damages") arising from the use of the Assets or operation of the Parker-Anderson Enrichment business located at _____ after the Closing Date.

9. Termination.

9.1 Events of Termination. This Agreement and the transactions contemplated hereby may be terminated at any time prior to the Closing Date: (a) by Buyer, if any of the conditions in Section 6 shall have become incapable of satisfaction or shall not have been satisfied or performed in the manner and within the time required on or before the Closing Date; and shall not have been waived by Buyer; or (b) by Seller, if any of the conditions in Section 7 shall have become incapable of satisfaction or shall not have been satisfied or performed in the manner and within the time required on or before the Closing Date; and shall not have been waived by Seller.

9.2 Effects of Termination. In the event of termination pursuant to this Section 9, or by virtue of the closing not having occurred by _____, 20____, other than as a result of a breach by Seller or Buyer of its covenants contained herein, or the non-fulfillment by Seller or Buyer of a condition in Section 6 or 7 to be fulfilled by Seller or Buyer, in each case solely within its control, this Agreement shall thereafter become void and of no further force and effect.

10. Miscellaneous.

10.1 Headings; Meanings. Section numbers and headings in this Agreement are for convenience only and shall not affect in any way the meaning or interpretation of this Agreement. The provisions of this Agreement shall be interpreted in accordance with their fair meanings, and shall not be strictly construed for or against either party.

10.2 Severability. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions, and this Agreement shall be construed in all respects as if any invalid or unenforceable provision were omitted.

10.3 Arbitration: Except as precluded by applicable law, any controversy or claim that arises out of or relates to this Agreement, or any breach of this Agreement, including without limitation any claim that any of this Agreement (including this Paragraph 10.3) is invalid, illegal, voidable or void, shall be submitted to arbitration before a single arbitrator of and according to the then applicable rules of JAMS. At the time of entering into this Agreement the rules can be viewed at: www.jamsadr.com. If JAMS is not in existence at the time then references in this Section to JAMS shall instead refer to the American Arbitration Association. The arbitration shall be conducted in Los Angeles, California. Judgment on the award may be entered in any court with jurisdiction thereof. Unless applicable law requires otherwise, arbitration shall occur in Los Angeles, California. This arbitration provision shall be self-executing, and shall remain in effect after and regardless of expiration or termination of this Agreement. If a party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party regardless of such failure to appear. The prevailing party in any arbitration or other proceeding shall be entitled to recover its reasonable attorney's fees and costs.

10.4 Governing Law. The validity, construction and performance of this Agreement shall be governed by the laws, without regard to the laws as to choice or conflict of laws, of the State of California.

10.5 Entire Agreement. This Agreement, including its Exhibits is the entire agreement between the parties on its subject matter, and supersede all prior agreements, understandings, negotiations, representations and discussions, whether verbal or written pertaining to the subject. There are no promises, terms, conditions or obligations of the parties pertaining to that subject matter other than as contained in this Agreement. Nothing in this Agreement is intended to disclaim the representations made to Buyer in the Franchise Disclosure Document.

10.6 Binding Effect. This Agreement shall bind and benefit the parties and their successors and permitted assigns.

10.7 Parties in Interest. Nothing in this Agreement, expressed or implied, is intended to confer on any person or entity other than the parties any right or remedy under or by reason of this Agreement.

10.8 Notices. Any notice or communication required or permitted by this Agreement shall be deemed sufficiently given if in writing and when delivered personally or 48 hours after deposit with the U.S. Postal Service as registered or certified mail, postage prepaid, and addressed as follows:

If to Buyer:

Attention: _____

If to Seller:

Parker-Anderson Enrichment, Inc.
Attention: Joshua Parker
16526 Arminta Street
Van Nuys, California 91406

or such other address as a party to whom notice is to be given has furnished to the other party in the manner provided above.

10.9 Amendments and Waiver. This Agreement may be amended, modified or supplemented only by a writing executed by each of the parties.

10.10 Buyer's Acknowledgment. Buyer acknowledges that the Assets purchased hereunder do not include any trademarks owned by Seller and that this Agreement does not purport to transfer any trademark or goodwill associated with any trademark to Buyer.

Signed as of the date first written above.

BUYER

By _____

Its _____

SELLER

Parker-Anderson Enrichment, Inc.

By _____

Its _____

EXHIBIT A

ASSETS

EXHIBIT G
SECURED PROMISSORY NOTE

SECURED PROMISSORY NOTE

\$ _____

_____, 20__

FOR VALUE RECEIVED, _____ (“Maker”), hereby promises to pay to Parker-Anderson Enrichment, Inc. a California corporation (“Holder”), at 16526 Arminta Street, Van Nuys, California 91406, or at such other place as Holder may from time to time designate in writing, the principal sum of _____ Dollars (\$ _____), with interest on the unpaid principal balance of this Secured Promissory Note (“Note”) from the date of this Note until paid in full at the rate of ___ percent (___%) per annum (“Interest Rate”).

1. Payment. Principal and interest under this Note are payable in ___ equal monthly installments, each in the amount of _____ Dollars (\$ _____). Maker shall make each payment to Holder on the first day of each month following the date of this Note. On _____, the entire unpaid principal balance of this Note, together with accrued interest, shall be due and payable.

2. Prepayment. This Note is prepayable, in whole or in part, at any time by Maker upon thirty (30) days’ written notice to Holder; provided, however, that, concurrently with such prepayment, Maker shall pay Holder any prepayment penalties and other charges that will be incurred by Holder under any loan arrangements with its lenders as a result of any corresponding prepayment by Holder of any such loans.

3. Security. This Note is secured by a Security Agreement dated _____, 20__ (“Security Agreement”) which encumbers certain personal property described therein.

4. Late Charge and Default Rate. Maker recognizes that any default in the payment of any installment of principal or interest due hereunder will result in losses and additional expenses to Holder in servicing the indebtedness evidenced hereby, handling such delinquent payments and meeting its financial obligations, and that the damages caused thereby would be extremely difficult and impractical to ascertain. Therefore, if any installment of principal or interest due hereunder becomes overdue for a period more than five (5) days, a late charge of ten percent (10%) of the delinquent amount may be charged by Holder, at its option, to defray such losses and expenses. If applicable law requires a lesser charge, the maximum rate permitted by law may be charged. Any late charge that accrues during a month shall be payable on the next monthly payment date. Maker agrees that the payment of the late charge set forth in this Paragraph 4 is a reasonable estimate of the damage to Holder in the event of a late payment. The late fee provided in this Paragraph shall be payable in addition to all other remedies of Holder hereunder, at law or in equity.

5. Acceleration. If Maker fails to pay any installment of principal or interest within five (5) days after the same is due, or if any other default occurs under this Note, the Security Agreement or any other Franchise Document (as defined in the Security Agreement), the entire unpaid principal balance, accrued interest and other sums payable hereunder shall, at the option of Holder, become immediately due and payable without demand or notice.

6. Application of Payments; No Setoffs. Each payment hereunder shall be credited first upon interest then accrued and the remainder, if any, upon principal; interest shall cease to accrue upon principal so credited. All sums payable hereunder or under the Security Agreement shall be payable without offset, demand, abatement or counterclaim of any kind or nature whatsoever, all of which are hereby waived by Maker. Principal and interest shall be payable in lawful money of the United States of America.

7. Calculation of Interest Rate. All agreements between Maker and Holder are expressly limited so that in no event whatsoever, whether by reason of advancement of the proceeds hereof, acceleration of the maturity of the unpaid principal balance hereof, or otherwise, shall the amount paid or agreed to be paid to Holder for the use, forbearance or detention of the money to be advanced hereunder exceed the highest lawful rate permissible under applicable usury laws. In the event performance of any obligation of Maker under this Note, the Security Agreement or any other document referred to herein shall require the payment of interest in excess of such highest lawful rate, then such obligation shall, automatically and retroactively to the date of this Note, be deemed reduced to the highest lawful rate permissible under applicable usury laws. If Holder ever receives as interest an amount which would exceed such highest lawful rate, the amount of excessive interest shall not be applied to the payment of interest, but shall, automatically and retroactively to the act of payment, be applied to the reduction of the unpaid principal balance due hereunder, and, if and to the extent such amount of excessive interest exceeds such principal balance, be immediately returned by Holder to Maker without interest. This provision shall control every other provision of all agreements between Maker and Holder.

8. Waiver. Maker and all other parties who may be directly or indirectly liable hereunder waive (a) presentment, protest and demand, diligence in collection and notice of protest, presentment, demand, dishonor and nonpayment of this Note and (b) any release or discharge arising from any extension of time, discharge of any party liable for payment of this Note, release of any or all of the security for this Note, or other cause of release or discharge other than actual payment in full of this Note.

9. No Waiver. Holder shall not be deemed, by any act or omission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by Holder and then only to the extent specifically set forth in such writing. A waiver with reference to one event shall not be construed as a bar to or waiver of any right or remedy as to any subsequent event. No delay or omission of Holder to exercise any right, whether before or after a default hereunder, shall impair any such right or shall be construed to be a waiver of any right or default, and the acceptance at any time by Holder of any past-due amount shall not be deemed to be a waiver of the right to require prompt payment when due of any other amounts then or thereafter due and payable.

10. Severability. Any provision of this Note which may be prohibited by law or otherwise held invalid shall be ineffective only to the extent of such prohibition or invalidity and shall not invalidate or otherwise render ineffective the remaining provisions of this Note.

11. Choice of Law. This Note, and the rights and obligations hereunder of each of the parties hereto, shall be governed by and construed in accordance with the laws of the State of California, without reference to principles of conflicts of law.

12. Successors and Assigns. The terms, covenants and conditions contained herein shall be binding upon the heirs and successors of Maker and shall inure to the benefit of the successors and assigns of Holder.

13. Costs and Expenses. If any amount under this Note is not paid when due, Maker promises to pay immediately upon demand all costs and expenses of collection, including without limitation actual attorneys' fees, incurred by Holder to enforce the terms of this Note and/or the Security Agreement.

14. Venue and Jurisdiction. Maker agrees that any suit, action or proceeding arising out of or relating to this Note, or the interpretation, performance or breach of this Note, may be instituted in the United States District Court for the Central District of California or any court of the State of California

located in Los Angeles County, and Maker irrevocably submits to the jurisdiction of those courts and waives any and all objections to jurisdiction or venue that it may have under the laws of the State of California or otherwise in those courts in any such suit, action or proceeding. The provisions of this paragraph shall not be deemed to preclude Holder from filing any suit, action or proceeding in any other appropriate forum.

15. Assignment. Holder may assign this Note and any security for this Note (or any interest therein) without notice to Maker or the consent of Maker. Maker shall have no right or power to assign or delegate any obligations under this Note.

16. Entire Agreement. This Note contains all of the terms and conditions agreed on by Maker and Holder with respect to the subject matter of this Note. This Note supersedes all prior negotiations, discussions, correspondence and agreements between Maker and Holder on its subject. This Note cannot be modified or changed except by written instrument signed by Maker and Holder.

17. Miscellaneous. If this Note is executed by more than one person or entity as Maker, the obligations of each such person or entity shall be joint and several. Each right, power and remedy of Holder provided in this Note, the Security Agreement, any other document securing this Note or at law, in equity or otherwise shall be cumulative and may be pursued singularly, successively or together at the sole discretion of Holder, and the failure to exercise any such right, power or remedy shall in no event be construed as a waiver or a release thereof.

(Signature Page Follows)

Time is of the essence with respect to each and every provision hereof in which time is a factor.

MAKER

By: _____

Print Name

Title

EXHIBIT H
SECURITY AGREEMENT

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (“Security Agreement”) is made and entered into as of _____, 20__, by and between _____, as debtor (the “Franchisee”), and Parker-Anderson Enrichment, Inc., a California corporation, as secured party (the “Franchisor”).

RECITALS

A. Franchisor has agreed to enter into a Franchise Agreement (the “Franchise Agreement”) dated _____, 20__ with Franchisee pertaining to the operation of a Parker-Anderson Enrichment business located at _____ (the “Premises”).

B. In connection with the transactions contemplated under the Franchise Agreement, the Franchisor has agreed to loan the Franchisee \$_____ and the Franchisee has agreed to execute a Secured Promissory Note dated _____, 20__ in favor of the Franchisor to evidence its obligation to repay the loan.

C. In order to induce the Franchisor to enter into the Franchise Agreement and to make such loan, the Franchisee has agreed to enter into this Security Agreement with Franchisor to secure its payment and performance obligations under the Franchise Agreement and all other Franchise Documents (as defined in Section 5.1(d) of this Security Agreement).

AGREEMENT

Accordingly, in consideration of the mutual covenants contained herein, the parties agree as follows:

1. GRANT OF SECURITY INTEREST

1.1 Grant of Security Interest. The Franchisee hereby grants, assigns and transfers to Franchisor a continuing security interest in all of the Franchisee’s right, title and interest in and to the property described in Exhibit A attached hereto and incorporated herein, whether presently held or owned by the Franchisee or hereafter acquired (the “Collateral”), to secure the Secured Obligations (as defined in Section 2.1).

2. SECURED OBLIGATIONS

2.1 Secured Obligations. This Security Agreement secures, and the Collateral is collateral security for, the prompt payment and performance in full when due of all obligations and indebtedness of the Franchisee to the Franchisor under the Franchise Agreement and all other Franchise Documents, whether for principal, interest, fees, expenses, or otherwise, whether now existing or hereafter owing or incurred or created, whether voluntary or involuntary, whether due or not due, or whether absolute or contingent (all such obligations of the Franchisee to the Franchisor are referred to herein as the “Secured Obligations”).

3. REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Franchisee. The Franchisee hereby represents and warrants to the Franchisor that the following statements are true, correct and complete as of the date of this Security Agreement:

(a) The Franchisee's Address. The Franchisee's place of business or, if it has more than one place of business its chief executive office, is located at _____.

(b) Owner of Collateral. The Franchisee is the true and lawful owner of the Collateral free from any adverse lien, security interest or encumbrance of any kind whatsoever.

(c) Validity and Priority of Security Interest. This Security Agreement creates a valid security interest in favor of the Franchisor in the Collateral which security interest shall, when perfected, be and remain superior and prior in right to all claims of creditors of the Franchisee and to all other security interests, liens and encumbrances in respect of the Collateral.

(d) Name of the Franchisee. Unless the Franchisee notifies the Franchisor in writing to the contrary, the Franchisee does not presently conduct, and has not conducted, its business under any name or style other than its name set forth on the first page of this Security Agreement.

(e) Condition of Collateral. As of the date of this Security Agreement, the Collateral is in good repair, working order and condition and is located at the Premises.

(f) Genuineness of Accounts. Each Account (as defined in Exhibit A) and all documents pertaining thereto are genuine in all respects and reflect a correct statement of bona fide indebtedness incurred by the account debtor and the amount thereof is not subject to any offset, counterclaim or any contingency whatever.

4. COVENANTS

4.1 Covenants by the Franchisee. Until the payment in full of all the Secured Obligations due and owing, the Franchisee hereby covenants with the Franchisor that:

(a) Change of Address. The Franchisee shall notify the Franchisor prior to changing (i) its place of business or its chief executive office from the location set forth in Section 3.1(a) of this Security Agreement, or (ii) its name from the name set forth on the first page of this Security Agreement or its trade name or style, if any.

(b) Condition of Collateral. The Franchisee at all times shall maintain the Collateral in good repair, working order and condition, normal wear and tear excepted, and shall, from time to time, make or cause to be made, all needed and proper replacements, repairs, renewals and improvements so that the efficiency and value of the Collateral shall not be impaired.

(c) Collateral List. The Franchisee at all times shall keep accurate and complete records with respect to the Collateral, including an up-to-date list describing all items of the Collateral in reasonable detail and incorporating serial numbers or other available forms of identification of such items, if available, and agrees that the representatives of the Franchisor shall have the right, at any time during normal business hours or any other reasonable time, and from time to time, to call at the Franchisee's place or places of business where the Collateral or any part thereof may be held or located or the records pertaining to the Collateral may be kept and to inspect the Collateral and/or examine or cause to be examined such records and to make abstracts therefrom or copies thereof. In addition, the Franchisee shall furnish the Franchisor with periodic reports as to the Collateral, in such form and detail and at such times as the Franchisor may reasonably require.

(d) Additional Filings. The Franchisee shall cooperate with the Franchisor in preparing, executing and filing all financing statements, continuation statements and instruments necessary to provide the Franchisor continuously with a prior perfected security interest in the Collateral. In

addition, the Franchisee shall prepare, execute and file certificates of legal ownership and all other required instruments with the California Department of Motor Vehicles pursuant to Sections 6300, et seq., of the California Vehicle Code (the "Vehicle Code") with respect to all items of Collateral which constitute motor vehicles within the meaning of such Vehicle Code evidencing the lien hereof for the purpose of providing the Franchisor with a prior perfected security interest in such items of Collateral and shall obtain such documentation of title as may be issued by the California Department of Motor Vehicles with respect to such items of Collateral and shall deliver the same to the Franchisor. The Franchisee shall furnish to the Franchisor upon request copies of any financing statements, certificates of legal ownership or other instruments creating and perfecting a security interest of the Franchisor in the Collateral.

(e) Collateral Removal or Sale. The Franchisee shall not (i) remove or permit the removal of any item or portion of the Collateral from the Premises, or (ii) sell, trade-in, exchange or otherwise dispose of any item or portion of the Collateral without the prior written consent of the Franchisor.

(f) Collateral Transfer. During the term of this Security Agreement, the Franchisee shall neither assign nor otherwise transfer any of the Collateral to any other person or entity.

(g) Further Encumbrances. During the term of this Security Agreement, the Franchisee shall neither create nor permit to be created any lien, encumbrance or security interest of any kind on any of the Collateral, other than such liens, encumbrances or security interests as may be agreed to by Franchisor in writing.

(h) Collateral to Remain Personal Property. The Franchisee acknowledges and agrees that all of the Collateral is and will remain personal property, notwithstanding the manner of its annexation to any real property and its adaptability to the uses and purposes for which any such real property is now or may hereafter be used, and no present or future real property lease entered into by the Franchisee as lessee will grant the lessor therein any rights to the Collateral or prohibit its removal, whether or not the Franchisee is in default under the lease, and the Franchisee, upon the Franchisor's request, will deliver to the Franchisor such waivers and consents from any such lessor and from any encumbrancer of any real property on which any Collateral may be located as the Franchisor may request.

(i) Defense of Title. The Franchisee, at its sole expense, will appear in and defend any and all actions and proceedings affecting title to the Collateral or any part thereof, or affecting the security interest of the Franchisor therein.

(j) Insurance. The Franchisee shall maintain at all times with respect to the Collateral insurance against risks of fire, so-called extended coverage, sprinkler leakage, and other risks customarily insured against by companies engaged in similar business to that of the Franchisee in amounts, containing such terms, in such form, for such periods and written by such companies as may be satisfactory to the Franchisor with loss payable solely to the Franchisor. All policies of insurance shall provide for a 20-day written cancellation notice to the Franchisor. In the event of failure to maintain such insurance, the Franchisor may, at its option, obtain such insurance as the Franchisor may require at the expense of the Franchisee. The Franchisee shall furnish to the Franchisor certificates or other evidence satisfactory to the Franchisor of compliance with the foregoing provisions. In the event the Franchisor takes possession of the Collateral, the insurance policy or policies and any unearned or returned premium thereon and the proceeds thereof, shall, at the option of the Franchisor become the sole property of the Franchisor, such policies and the proceeds thereof being hereby assigned to the Franchisor.

(k) Further Assurances. The Franchisee will execute and deliver to the Franchisor any and all additional instruments or documents and do all things which the Franchisor from time to

time may reasonably deem necessary or convenient to carry into effect the provisions of this Security Agreement.

5. EVENTS OF DEFAULT AND REMEDIES

5.1 Events of Default. The occurrence of any of the following events is an “Event of Default” hereunder:

(a) Failure to Pay. The Franchisee fails to pay when due any of the Secured Obligations secured by this Security Agreement.

(b) Misrepresentation. Any representation or warranty made by the Franchisee (or any of its officers) in any certificate, instrument, financial statement or other document delivered in connection with this Security Agreement or in this Security Agreement shall be false or misleading in any material respect on or as of the date deemed made.

(c) Default Under Security Agreement. The Franchisee fails to perform or observe any term, covenant or condition contained in this Security Agreement and not otherwise identified as an Event of Default in this Section 5.1, and such failure remains unremedied for 5 days after notice thereof is given to the Franchisee by the Franchisor.

(d) Default Under Other Agreements. The Franchisee fails to perform or observe any of the covenants, terms, provisions, conditions, agreements or obligations arising under the Franchise Agreement or any lease, sublease, contract for sale of assets, promissory note, security agreement or other document or instrument relating in any manner to the transactions contemplated under the Franchise Agreement or the sale of any business related thereto (as such documents and instruments may be amended or modified from time to time), whether between Franchisee and Franchisor or executed by Franchisee in favor of Franchisor or otherwise, and whether now in existence, executed concurrently herewith, or executed in the future (collectively, the “Franchise Documents”).

(e) Dissolution; Termination of Business. The election by the Franchisee to dissolve or liquidate the Franchisee or the termination of the business of the Franchisee.

(f) Judgments. Any money judgment, writ of attachment or similar process shall be entered or filed against the Franchisee or any of its properties or other assets which, in the Franchisor’s opinion, materially impairs the ability of the Franchisee to meet its obligations to the Franchisor.

(g) Financial Information. The Franchisee fails to provide the Franchisor any financial information within a reasonable time after the request of the Franchisor.

(h) Validity of Security Agreement Contested. This Security Agreement shall cease to be in full force and effect or shall be declared null and void, or the validity or enforceability thereof shall be contested by the Franchisee, or the Franchisee shall deny that it has any or further liability or obligation under this Security Agreement.

(i) Security Interest. The Franchisee fails to take such action as is necessary to provide the Franchisor continuously with a prior perfected security interest in the Collateral.

(j) Involuntary Proceedings. Without the application or consent of the Franchisee, (i) a receiver, trustee, custodian or similar officer is appointed for the Franchisee or for any substantial part of its property, or (ii) any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt,

dissolution, liquidation or similar proceedings under the laws of any jurisdiction is instituted (by petition, application or otherwise) against the Franchisee and such appointment or proceedings remain unstayed or undismissed for a period of 60 days.

(k) Voluntary Proceedings. The Franchisee (i) admits in writing its inability to pay its debts when due, or (ii) makes an assignment for the benefit of creditors, or (iii) applies for or consents to the appointment of any receiver, trustee, custodian, or similar officer for the Franchisee or for any substantial part of its property, or (iv) institutes (by petition, application, or otherwise) or consents to any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, liquidation, or similar proceedings under the laws of any jurisdiction against the Franchisee or (v) approves or adopts any resolution or otherwise authorizes action to approve any of the foregoing.

5.2 Remedies upon Event of Default.

(a) Acceleration. Upon the occurrence and during the continuance of an Event of Default under Section 5.1(j) or (k), without further act, all Secured Obligations and all amounts owing under this Security Agreement shall automatically accelerate and become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived, anything herein or in any other Franchise Document to the contrary notwithstanding. Upon the occurrence and during the continuance of an Event of Default under Section 5.1(a), (b), (c), (d), (e), (f), (g), (h) or (i), unless such Event of Default shall have been waived in writing by Franchisor, all Secured Obligations and all amounts owing under this Security Agreement, shall automatically accelerate and become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived, anything herein or in any other Franchise Document to the contrary notwithstanding.

(b) Other Remedies. In addition to the foregoing and all other rights and remedies that the Franchisor may have under applicable law or in equity, upon the occurrence and during the continuance of an Event of Default, the Franchisor shall have, in any jurisdiction where enforcement hereof is sought, all rights and remedies of a secured party under the California Uniform Commercial Code (the "Code") and, in addition, the following rights and remedies, all of which, except as otherwise specified herein or required by law, may be exercised with or without notice to the Franchisee and without affecting the Secured Obligations of the Franchisee or the enforceability of the security interest created hereby:

(i) to foreclose the liens and security interests created hereunder or under any other agreement relating to any Collateral by any available judicial procedure or without judicial process;

(ii) to secure, protect, insure, inventory, appraise, inspect, repair, preserve, store, prepare, and process, the Collateral and enter upon any premises where any Collateral may be located for any such purpose;

(iii) to require the Franchisee to assemble the Collateral and make it available to the Franchisor at places that the Franchisor may reasonably designate, whether at the premises of the Franchisee or elsewhere;

(iv) to sell, assign, lease or otherwise dispose of any Collateral, or any part thereof, either at public or private sale, in lot or in bulk, for cash, on credit or otherwise, with or without representations or warranties and upon such terms as shall be acceptable to the Franchisor;

(v) to enter upon any premises where the same may be located and remove therefrom any and all Collateral, and the Franchisor may, at the cost and expense of the Franchisee, use such of its supplies, equipment, facilities and space at the Franchisee's place of business as may reasonably be

necessary or appropriate to properly administer, process, store, repair, control, prepare for sale or disposition and/or sell or dispose of the Collateral or to properly administer and control the handling of collections and realizations thereon, and the Franchisor shall be deemed to have a rent-free tenancy of any premises of the Franchisee for such purposes and for such periods of time as reasonably required by the Franchisor;

(vi) to make such payments and do such acts as the Franchisor may deem necessary to protect its security interest in the Collateral and perform any obligation of the Franchisee under this Security Agreement; and

(vii) to exercise all other rights, powers, privileges, and remedies of an owner of the Collateral, all at the Franchisor's sole option and as the Franchisor in its sole discretion may deem advisable.

(c) Possession of Collateral. Upon the occurrence and during the continuance of an Event of Default, the Franchisor shall have the right, without notice or demand, either in person, by agent or by a receiver to be appointed by a court (and the Franchisee hereby expressly consents upon the occurrence of an Event of Default to the appointment of such a receiver), and without regard to the adequacy of any security for the Secured Obligations, to take possession of the Collateral or any part thereof and to collect and receive the rents, revenues, income and proceeds therefrom. Taking possession of the Collateral shall not cure or waive any Event of Default or notice thereof or invalidate any act done pursuant to such notice. The rights, remedies and powers of any receiver appointed by a court shall be as ordered by such court.

(d) Sale of the Collateral. Any public or private sale or other disposition of the Collateral may be held at any office of the Franchisor where such sale may be commercially reasonable, or at the Franchisee's place of business, or at any other place permitted by applicable law, and without the necessity of the Collateral being within the view of prospective purchasers. The Franchisor may direct the order and manner of sale of the Collateral, or portions thereof, as it in its sole and absolute discretion may determine, and the Franchisee expressly waives any right to direct the order and manner of sale of any Collateral. The Franchisor or any person on the Franchisor's behalf may bid and purchase at any such sale or other disposition.

(e) Notice of Sale. Unless the Collateral threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Franchisor will send to the Franchisee reasonable written notice of the date, time and place of any public sale thereof or of the time and date on or after which any private sale thereof is to be made. The requirement of sending reasonable notice conclusively shall be met if such notice is given by any of the methods set forth in Section 7.21 at least 5 days before the date of the sale. The Franchisee expressly waives any right to receive notice of any public or private sale of any Collateral or other security for the Secured Obligations (other than any publication required by applicable law) except as expressly provided for in this Section 5.2(e).

(f) Nature of Sale. Upon the consummation of any sale of Collateral, the Franchisor shall have the right to assign, transfer and deliver to the purchaser or purchasers thereof the Collateral so sold. Each such purchaser at any such sale shall hold the Collateral so sold absolutely free from any claim or right upon the part of the Franchisee or any other person, and the Franchisee hereby waives (to the extent permitted by applicable law) all rights of redemption, stay and appraisal that it now has or may at any time in the future have under any rule of law or statute now existing or hereinafter enacted. If the sale of all or any part of the Collateral is made on credit or for future delivery, the Franchisor shall not be required to apply any portion of the sale price to the Secured Obligations until such amount actually is received by the Franchisor, and any Collateral so sold may be retained by the Franchisor until the sale price is paid in full by the purchaser or purchasers thereof. The Franchisor shall not incur any liability in case any such purchaser or purchasers shall fail to pay for the Collateral so sold, and, in case of any such failure, the Collateral may be sold again.

(g) Cumulative Remedies. The Franchisor shall have the right to enforce one or more remedies hereunder successively or concurrently, and any such action shall not estop or prevent the Franchisor from pursuing any further remedy that it may have hereunder or by law.

5.3 Application of Proceeds. The net cash proceeds resulting from the collection (including any collection of insurance proceeds), liquidation, sale, lease or other disposition of the Collateral shall be applied, first to the reasonable expenses (including, without limitation, attorneys' fees and disbursements) of retaking, holding, storing, processing, repairing and preparing for sale or lease, selling, leasing, collecting, liquidating and the like, and then to the satisfaction of the other Secured Obligations in such order as shall be determined by the Franchisor in its sole and absolute discretion. The Franchisee shall pay to the Franchisor on demand any deficiency with regard thereto that may remain after any sale, disposition, collection or liquidation of the Collateral. Any surplus held by the Franchisor after payment in full of all Secured Obligations shall be remitted to the Franchisee.

6. THE FRANCHISOR APPOINTED ATTORNEY-IN-FACT

6.1 Appointment. The Franchisee hereby irrevocably nominates and appoints the Franchisor as its attorney-in-fact with full power of substitution, for all or any of the following purposes:

(a) Protection of Collateral. To do all acts and things that the Franchisor may deem necessary or advisable to perfect and continue to perfect the security interest created by this Security Agreement and, upon the occurrence of an Event of Default, to preserve, process, develop, maintain, repair and protect the Collateral.

(b) Acts Under This Security Agreement. Upon the occurrence of an Event of Default, to do any and every act that the Franchisee is obligated to do under this Security Agreement, at the expense of the Franchisee and without any obligation to do so.

(c) Collateral Documentation. To prepare, sign, file and/or record, for the Franchisee, in the name of the Franchisee, any financing statement, continuation statement, application for registration or like paper, and to take any other action deemed by Franchisor necessary or desirable to perfect or maintain perfected its security interest in the Collateral.

(d) Title Transfer. Upon the occurrence of an Event of Default, to sign any certificate of ownership, registration card, application therefor, affidavits or documents necessary to transfer title to any of the Collateral and to receive and acknowledge receipt of all licenses, registration cards and certificates of ownership.

(e) Sign Name of the Franchisee; Other Acts. Upon the occurrence of an Event of Default, to receive, open and dispose of all mail addressed to the Franchisee; to endorse the name of the Franchisee on any notes, acceptances, checks, drafts, money orders or other remittances; to endorse the name of the Franchisee on any invoice, freight or express bill or bill of lading, storage receipt, warehouse receipt or other instrument or document in respect to any account or invoice; to sign the name of the Franchisee to drafts against debtors, assignments or verifications of accounts and notices to account debtors; to station a representative of the Franchisor on the premises of the Franchisee for the purpose of taking any of the actions described in this paragraph, including, but not limited to, taking possession of books and records relating to the accounts referred to herein, and to do all other acts and things necessary or desirable to carry out the intent of this Security Agreement and to preserve and protect the Collateral and the Franchisor's security interest therein; provided, however, that the Franchisor shall be under no obligation whatsoever to take any of the foregoing actions, and, absent bad faith or actual malice, the Franchisor shall have no liability or responsibility for any act taken or omitted to be taken with respect thereto.

7. MISCELLANEOUS

7.1 Expenses. The Franchisee will upon demand pay to the Franchisor the amount of any and all reasonable advances, charges, costs and expenses, including the fees and expenses of its counsel (including the allocated costs of in-house counsel) and of any experts or agents, that the Franchisor may incur in connection with (a) the creation, perfection and continuation of the Franchisor's security interest in the Collateral and the protection of the Collateral, including, without limitation, the discharging of any prior or subsequent lien or adverse claim against the Collateral or any part thereof, (b) the custody or preservation or sale of, collection from, or other realization upon, any of the Collateral, (c) the exercise or enforcement of any of the rights, powers or remedies of the Franchisor under this Security Agreement, or in equity or by law (including, but not limited to, counsel fees and expenses incurred by the Franchisor in connection with the operation, maintenance or foreclosure of any and all of the Collateral), (d) any workout, restructuring or similar arrangement of the Franchisee, or (e) the failure by the Franchisee to perform or observe any of the provisions of this Security Agreement. Any such amounts payable as provided hereunder or thereunder shall be payable, with interest to the extent provided in Section 7.3, on demand, and shall be additional Secured Obligations secured by the Collateral.

7.2 Indemnity. In addition to the payment of expenses pursuant to Section 7.1, the Franchisee agrees to indemnify, defend, exonerate, pay and hold the Franchisor and the agents of the Franchisor (the "Indemnitees") harmless from and against any and all transfer taxes, documentary taxes, assessments or charges made by any governmental authority by reason of the execution and delivery of this Security Agreement, and any and all liabilities, obligations, losses, damages, penalties, actions, causes of action, judgments, suits, claims, and reasonable costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, the reasonable fees and disbursements of counsel, including the allocated costs of in-house counsel, to the Franchisor and expert witness fees and disbursements) for such Indemnitees in connection with any investigative, administrative or judicial proceeding, whether or not such Indemnitee shall be designated a party thereto, that may be imposed on, incurred by or asserted against such Indemnitee, in any manner arising out of or in connection with this Security Agreement (the "Indemnified Liabilities"). Notwithstanding the foregoing, "Indemnified Liabilities" shall not include liabilities, obligations, losses, damages, penalties, actions, causes of action, judgments, suits, claims, costs, expenses and disbursements to the extent caused by or resulting from the willful misconduct or negligence of any Indemnitee.

Each Indemnitee will promptly notify the Franchisee of each event of which it has knowledge that may give rise to a claim under this Section 7.2. If any investigative, judicial or administrative proceeding arising from any of the foregoing is brought against any Indemnitee indemnified or intended to be indemnified pursuant to this Section 7.2, the Franchisee, to the extent and in the manner directed by the Indemnitee or intended Indemnitee, will resist and defend such action, suit or proceeding or cause the same to be resisted and defended by counsel designated by the Franchisee (which counsel shall be satisfactory to the Indemnitee or intended Indemnitee). Each Indemnitee will use its best efforts to cooperate in the defense of any such action, writ or proceeding. To the extent that the undertaking to indemnify, pay and hold harmless set forth in the preceding sentence may be unenforceable because it is violative of any law or public policy, the Franchisee shall make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities that is permissible under applicable law.

The obligations of the Franchisee under this Section 7.2 shall survive the termination of this Security Agreement and the discharge of the Franchisee's other obligations under the Franchise Documents.

7.3 Interest. All amounts required to be paid to the Franchisor by the Franchisee pursuant to the provisions of this Security Agreement (including, without limitation, pursuant to Sections 7.1 and

7.2 hereof) shall bear interest from and including the date on which such amounts are due, to and excluding the date of payment thereof, at the rate of 10 percent per annum. All payments of such amounts by the Franchisee shall include any such accrued interest.

7.4 Security Interest Absolute. All rights of the Franchisor hereunder, the security interest, and all obligations of the Franchisee hereunder, shall be absolute and unconditional irrespective of:

(a) Invalidity or Unenforceability. Any lack of validity or enforceability of the Franchise Documents, any agreement with respect to any of the Secured Obligations or any other agreement or instrument relating to any of the foregoing.

(b) Amendments or Waivers. Any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations, or any renewal or extension of all or any of the Secured Obligations or any other amendment or waiver of or any consent to any departure from the Franchise Documents or any other agreement or instrument.

(c) Other Circumstances. Any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Franchisee in respect of the Secured Obligations or in respect of this Security Agreement.

7.5 Assignment. Neither this Security Agreement nor any rights or obligations under this Security Agreement may be assigned by the Franchisee without the prior written consent of the Franchisor.

7.6 Parties in Interest. Nothing in this Security Agreement, expressed or implied, is intended to confer on any person or entity other than the parties any right or remedy under or by reason of this Security Agreement.

7.7 Prompt Action. Time is of the essence with respect to each provision of this Security Agreement.

7.8 Specific Performance. If any party should default in any of its obligations under this Security Agreement, the parties each acknowledge that it would be impracticable to measure the resulting damages and that it may not be possible to adequately compensate the injured party by monetary damages. Accordingly, without prejudice to the right to seek and recover monetary damages, each nondefaulting party shall be entitled to sue in equity for specific performance of this Security Agreement or other injunctive relief, and each party hereby waives any defense that a remedy in damages would be adequate.

7.9 Further Action. Each party agrees to perform any further acts and to execute and deliver any other documents which may be reasonably necessary to effect the provisions of this Security Agreement.

7.10 Survival of Representations and Warranties. All representations and warranties of the parties contained in this Security Agreement shall survive the execution and delivery of this Security Agreement and shall continue until any and all Secured Obligations have been paid and performed in full.

7.11 Successors and Assigns. Except as otherwise expressly provided in this Security Agreement, this Security Agreement shall be binding on and shall benefit the parties and their respective heirs, executors, administrators, successors and assigns.

7.12 Joint and Several Liability. If Franchisee consists of more than one person or entity, then the obligations and liabilities of each such person or entity to Franchisor shall be joint and several among them.

7.13 Governing Law. This Security Agreement and the legal relations among the parties shall be interpreted, construed and governed by the laws of California, without giving effect to any conflicts of laws.

7.14 Venue and Jurisdiction. The parties agree that any suit, action or proceeding arising out of or relating to this Security Agreement, or the interpretation, performance or breach of this Security Agreement, may be instituted in the United States District Court for the Central District of California or any court of the State of California located in Los Angeles County, and each party irrevocably submits to the jurisdiction of those courts and waives any and all objections to jurisdiction or venue that it may have under the laws of the State of California or otherwise in those courts in any such suit, action or proceeding. The provisions of this Section shall not be deemed to preclude Franchisor from filing any suit, action or proceeding in any other appropriate forum.

7.15 Entire Security Agreement. This Security Agreement contains all of the terms and conditions agreed on by the parties on its subject matter. This Security Agreement supersedes all prior negotiations, discussions, correspondence and agreements between the parties on its subject. This Security Agreement cannot be modified or changed except by written instrument signed by all the parties hereto.

7.16 Headings. Paragraph and section numbers and headings are used in this Security Agreement for convenience only and shall not affect the meaning or construction of any provision of this Security Agreement.

7.17 Gender. All terms used in any one number or gender shall mean and include any other number and gender as the facts, context or sense of this Security Agreement or any provision may require.

7.18 Construction. The provisions of this Security Agreement shall be interpreted and construed according to their fair meaning and not strictly for or against any party.

7.19 Severability. If any provision of this Security Agreement is invalid or unenforceable in a jurisdiction, either in its entirety or by virtue of its scope or application to a circumstance, that provision shall be deemed modified to the extent necessary to be valid or, if such modification is not possible, that provision shall be deemed to be excised from this Security Agreement. This Security Agreement shall be construed and enforced as if that provision were included as modified or were not included, as the case may be. If the invalidity or unenforceability of a provision exists under the laws of only a particular jurisdiction, this paragraph shall operate on that provision only to the extent that the laws of that jurisdiction apply to the provision.

7.20 Counterparts. This Security Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

7.21 Notices. All notices and reports permitted or required to be delivered by a party shall be deemed delivered: (i) when delivered in person; (ii) one business day after transmission by facsimile or other electronic system, or after submission to an overnight carrier such as FedEx or UPS; or (iii) three business days after deposit in the United States Mail by Registered or Certified Mail, return receipt requested, postage prepaid and addressed as follows:

If to Franchisor: Parker-Anderson Enrichment, Inc.
16526 Arminta Street
Van Nuys, California 91406

If to Franchisee: _____

or to any other address for Franchisee in Franchisor's books and records. Either party shall have the right to change the address for notice by delivering a notice to the other party in accordance with the provisions of this paragraph.

7.22 Review of Security Agreement. Franchisee acknowledges, represents and warrants that:

(a) Franchisee has read and understands all of this Security Agreement and all of the other related documents, if any, to be executed by Franchisee concurrently or in conjunction with the execution of this Security Agreement; and

(b) Franchisee has had the opportunity to obtain advice and consult with professional advisors, like attorneys and accountants, concerning this Security Agreement, the risks of this Security Agreement and whether or not to enter into this Security Agreement.

7.23 Rights Cumulative. All rights, options, elections, powers and remedies of Franchisor under the provisions of this Security Agreement are cumulative of each other and of every other right, option, election, power or remedy which Franchisor may otherwise have at law, in equity, under the Franchise Agreement and under any other Franchise Documents. The exercise of one or more rights, options, elections, powers or remedies shall not prejudice or impair the concurrent or subsequent exercise of other rights or remedies Franchisor may have upon a default by Franchisee under this Security Agreement.

7.24 Waiver. No delay or omission in the exercise of any right or remedy of Franchisor upon any default by Franchisee shall impair such right or remedy or be construed as a waiver of such default.

(Signature Page Follows)

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

FRANCHISEE:

By: _____

Print Name

Title

FRANCHISOR:

Parker-Anderson Enrichment, Inc.

By: _____

Print Name

Title

EXHIBIT A

Collateral Description

1. Equipment. All equipment (as defined in the California Uniform Commercial Code (the "Code")), machinery, tools, furniture, furnishings, plant fixtures, business fixtures and other fixtures and other storage and office equipment, now owned, leased or held, or hereafter acquired by the Franchisee, wherever located, and all parts thereof and all additions and accessions thereto and replacements thereof and documents therefor, including any documents of title representing any of the above (any and all of the foregoing being the "Equipment");

2. Inventory. All inventory (as defined in the Code) in all of its forms, now owned or held, or hereafter acquired by the Franchisee, wherever located, including, but not limited to (i) all goods (wherever located and whether in the possession of the Franchisee or a bailee or other person for storage, transit, or otherwise) manufactured or assembled or held for sale or lease or to be furnished under any contract of service, or so leased or furnished, and raw materials and work in process, finished and unfinished goods, and materials used or consumed in the Franchisee's business, (ii) all goods which are returned to or repossessed by the Franchisee, and (iii) all additions and accessions thereto and replacements and products thereof, including, without limitation, any documents of title representing any of the above (any and all of the foregoing being the "Inventory");

3. Accounts. All accounts, general intangibles, chattel paper, instruments (each as defined in the Code), and other obligations of any kind, now owned or held or hereafter acquired by the Franchisee, including, without limitation, insurance claims, insurance settlement proceeds, tax refund claims and tax refunds, arising out of or in connection with the sale or lease of goods or the rendering of services, and all rights in and to all security agreements, leases, and other contracts securing or otherwise relating to any such accounts, general intangibles, chattel paper, instruments or obligations, and all books and records relating to any of the foregoing (any and all of the foregoing being the "Accounts");

4. Instruments. All notes and other instruments and any instrument which constitutes a part of chattel paper, and other evidences of indebtedness in which the Franchisee now or hereafter has any interest, to the extent of that interest;

5. Documents. All documents (as defined in the Code) in which the Franchisee now or hereafter has any interest, to the extent of that interest;

6. Chattel Paper. All chattel paper in which the Franchisee now or hereafter has any interest;

7. General Intangibles. All General Intangibles (as hereinafter defined) in which the Franchisee now or hereafter has any interest, to the extent of that interest. "General Intangibles" means any "general intangibles," as such term is defined in the Code, and shall include, without limitation, (a) all patents, patent applications, trademarks, trademark registrations, trade names and trademark applications; (b) license agreements with any other party, whether the Franchisee is a licensor or licensee under any such license agreement, and the right to prepare for sale, sell and advertise for sale all inventory now or hereafter covered by such licenses; (c) all of the Franchisee's books, records and files, including computer software and electronic storage thereof and all other forms of electronic information storage; (d) copyrights and other rights in intellectual property; (e) interests in partnerships, joint ventures and other business associations; (f) licenses and permits; (g) trade secrets, proprietary or confidential information, customer lists, inventions (whether or not patented or patentable), technical information, procedures, designs, knowledge, know-how, software, data bases, data, skill, expertise, experience, processes, models, drawings, materials and records,

and goodwill; (h) claims in or under insurance policies, including unearned premiums; (i) uncertificated securities; (j) deposit accounts; (k) rights to receive tax refunds and other payments; (l) rights of indemnification; and (m) all of the Franchisee's rights under any warranties or guaranties of any kind, including equipment, machinery or services;

8. Contracts. All of the Franchisee's rights under all contracts, undertakings or agreements (other than rights evidenced by chattel paper, documents or instruments) in or under which the Franchisee may now or hereafter have any right, title or interest, including, without limitation, with respect to an Account, any agreement relating to the terms of payment or the terms of performance thereof;

9. Money and Other Personal Property. All money (as defined in the Code) and all other goods and personal property in which the Franchisee has any interest, to the extent of that interest, whether now or hereafter owned or existing, leased, consigned by or to or acquired by the Franchisee and wherever located; and

10. Proceeds and Products. All proceeds and products of the foregoing (including, without limitation, cash proceeds and noncash proceeds resulting from the sale or other voluntary or involuntary disposition thereof or any other realization in respect thereof) and including, but not limited to, all property of any type that is acquired with any cash proceeds, and all guarantees, insurance and rights against sureties the Franchisee may have in connection therewith and all proceeds and products relating thereto or therefrom, and all the Franchisee's right, title and interest in and to additions, accessions, replacements and substitutions to and for the foregoing, and all documents, ledger sheets and files of the Franchisee relating thereto. The term "proceeds" as used herein shall include, without limitation, all accounts, chattel paper, deposit accounts, instruments, equipment, inventory, documents, general intangibles and other proceeds that arise from the sale, lease, transfer or other use or disposition of any kind of any of the Collateral described in the foregoing paragraphs 1 through 9, inclusive, or proceeds, and all proceeds of any type described above acquired with cash proceeds.

EXHIBIT I
FINANCIAL STATEMENTS

**AUDITED FINANCIAL STATEMENTS AS
OF DECEMBER 31, 2022, 2021, AND 2020**

PARKER ANDERSON ENRICHMENT, INC.

FINANCIAL STATEMENTS

December 31, 2022 and December 31, 2021

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GORDON & GORDON

A LIMITED LIABILITY PARTNERSHIP

Independent Auditor's Report

To the Board and Shareholders'
Parker Anderson Enrichment, Inc.

Opinion

We have audited the accompanying financial statements of Parker Anderson Enrichment, Inc, which comprise the balance sheets as of December 31, 2022, and 2021 the related statements of income, retained earnings, and cash flows for the years then ended and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

G & G

CERTIFIED PUBLIC ACCOUNTANTS

GORDON & GORDON

A LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS

- 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 Parker Anderson Enrichment'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 Parker Anderson enrichment'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.

Gordon & Gordon, LLP

A handwritten signature in black ink that reads "GORDON & GORDON, LLP." The signature is written in a cursive, slightly slanted style.

Encino, Ca
March 31, 2023

PARKER ANDERSON ENRICHMENT, INC.
BALANCE SHEET
December 31, 2022 and 2021

	<u>ASSETS</u>	
	<u>2022</u>	<u>2021</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 860,628	\$ 77,365
Miscellaneous Receivables	-	59,293
Total Current Assets	<u>860,628</u>	<u>136,658</u>
 Total Assets	 <u>\$ 860,628</u>	 <u>\$ 136,658</u>
 <u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable & Accrued Expenses	\$ 8,406	\$ 6,140
Accrued Interest	1,480	2,790
Due to Franchisees	658,247	-
Current Portion of Long-Term Debt	2,480	2,480
Total Current Liabilities	<u>670,613</u>	<u>11,410</u>
 <u>NOTES PAYABLE, net of current portion</u>	 72,020	 71,920
 <u>SHAREHOLDERS' EQUITY</u>		
Common Stock, \$1 par value, 500 shares authorized, 200 shares issued and outstanding	 200	 200
Additional Paid-In Capital	134,941	164,941
Accumulated Deficit	(17,146)	(111,813)
Total Shareholders' Equity	<u>117,995</u>	<u>53,328</u>
 Total Liabilities and Shareholders' Equity	 <u>\$ 860,628</u>	 <u>\$ 136,658</u>

See accompanying Independent Auditors' Report.
The footnotes are an integral part of these financial statements.

PARKER ANDERSON ENRICHMENT, INC.
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

	2022	2021
Fee Revenue, net	\$ 346,420	\$ 68,311
Advertising	3,192	-
Bad Debt	59,293	-
Operating Expenses	185,678	82,234
<i>Total Expenses</i>	248,163	82,234
Net Operating Income/(Loss)	98,257	(13,923)
Other Income - PPP Loan and EIDL Grant	-	13,750
Other Expense - Interest	(2,790)	(2,790)
Other Expense - Taxes	(800)	(800)
Net Income/(Loss)	94,667	(3,763)
Accumulated Deficit, beginning of year	(111,813)	(108,050)
Distributions	-	-
Accumulated Deficit, end of year	\$ (17,146)	\$ (111,813)

See accompanying Independent Auditors' Report.
The footnotes are an integral part of these financial statements.

PARKER ANDERSON ENRICHMENT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Net Income/(Loss)	\$ 94,667	\$ (3,763)
Adjustments to reconcile net income to cash provided by operating activities:		
(Increases) / Decreases in:		
Trade Receivables	68,200	516
Reserve for Bad Debt on Receivables	(8,907)	3,410
Increases / (Decreases) in:		
Accrued Expenses	956	2,630
Due to Franchisees	658,247	-
	813,163	2,793
Cash Flows from Financing Activities		
Proceeds from Notes Payable	100	-
Shareholder Distributions and Repayment of Capital	(30,000)	(12,500)
	(29,900)	(12,500)
Net (decrease) increase in cash and cash equivalents	783,263	(9,707)
Cash and cash equivalents at beginning of period	77,365	87,072
Cash and cash equivalents at end of period	\$ 860,628	\$ 77,365
Supplemental disclosure of cash flow information		
Cash paid during the year for:		
Interest	\$ 4,100	\$ -
Income Taxes	\$ 800	\$ 800

See accompanying Independent Auditors' Report.
The footnotes are an integral part of these financial statements.

Parker Anderson Enrichment, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

1 Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Parker Anderson Enrichment, Inc. (“PAE” or the “Company”), a California S Corporation, was formed on March 5, 2013. The Company was organized to provide franchising opportunities for education programs for students 5-13 years of age. The programs are part of a school and after-school model developed and implemented by the officers of PAE that has had successful results. Primarily, revenue is generated from selling of franchises, licensing of programs, and royalties on gross sales of franchisees. PAE sold its first franchise in January 2015. Through 2022, the Company had franchises in California, Colorado, Georgia, New York, New Jersey, Florida, Maryland, Louisiana, Illinois, North Carolina, and Tennessee. The Company is also registered in Hawaii.

Use of Estimates

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclose contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

The Company recognizes initial franchise fees upon substantial completion of the services required of the Company as stated in the franchise agreement, which is generally upon opening of the franchise and execution of the franchise agreement. Fees collected in advance are deferred until earned.

Royalty income is based on a percentage of franchisee gross sales and is recognized when earned, which generally occurs as cash is collected by the franchisee.

The Company also licenses its programs to third parties. Licensing income is recorded and amortized over the licensing term.

The Company also collects certain amounts for technology and marketing funds per the franchise agreements.

The Company began to recognize revenues in January 2015.

Reclassifications

Certain prior period amounts were reclassified to conform to current period presentation, none of which changed total assets, members’ equity, or net income.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of cash and interest bearing deposits. The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Fair Value

The carrying amounts reflected in the balance sheet for cash, prepaid expenses, organization costs, accounts payable, and accrued expenses, approximate the respective fair values.

Parker Anderson Enrichment, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

1 Nature of Operations and Summary of Significant Accounting Policies (cont.)

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$3,192 and \$-0- for the years ended December 31, 2022 and 2021, respectively.

Income Tax

The Company, with the consent of its shareholders, has elected under the Internal Revenue Code to be an S Corporation. In lieu of corporation income taxes, the shareholders of an S Corporation are taxed on their proportionate share of the Company's taxable income. However, California imposes an income tax of 1.5%. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

2 Franchise Revenue

During 2022, the Company did not sell any new franchises.

During 2021, the Company sold one franchise in 2021 located in California.

During 2020, the Company did not sell any new franchises.

During 2019, the Company sold a total of 3 franchises located in California, Colorado, and North Carolina.

During 2018, the Company sold a total of 6 franchises located in New Jersey, New York, Illinois, and California, including a sale of an existing franchise to a new franchisee. The Company also entered into agreements for other services to non-franchisees.

During 2017, the Company sold a total of 5 franchises located in Louisiana, Maryland, New York, Florida, and California. Also, in 2017, the Company resold an existing franchise to an existing franchisee.

During 2016, the Company sold a total of three franchises-- one in California and two in Georgia. The Company also entered into an agreement to license certain programs and technologies.

During 2015, the Company sold a total of three franchises located in California, New York and Tennessee. The company refunded the initial franchise fee of one of the new franchises and cancelled the franchise agreement. The franchise was then resold to a new franchisee along with the supplies and goodwill of the reposessed franchise.

The Company collects the gross receipts of its franchisees and retains a certain percentage as royalties and other fees. The difference is remitted back to the franchisees on a weekly basis. The amounts due back to the Franchisees are included in Due to Franchisees.

Parker Anderson Enrichment, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

2 Franchise Revenue (con't)

Gross revenue consists of the following for the year ended December 31, 2022 and 2021:

	2022	2021
Initial Franchsie Fees, less discounts	-	-
Royalties and Other Franchise Fee Revenue	346,420	68,311
Licensing Revenue	-	-
<i>Total Revenue</i>	<u>346,420</u>	<u>68,311</u>

3 Miscellaneous Receivables and Bad Debt

During 2022, the Company discharged the remaining franchise fee receivables for six franchises during 2022. The total amount discharged was \$68,200. The balance at December 31, 2022 was \$-0-. The Company had previously reserved for \$8,907 of uncollectible receivables. Bad debt expense in 2022 was \$59,293.

Miscellaneous receivables at December 31, 2021 consist of amounts due in 2021 for initial franchise fees receivable and licensing fees for agreements. The balance consists of six franchisees with no one accounting for more than 26%. The Company has reserved \$8,907 as uncollectible against the receivables.

4 Other Income – Covid Related Stimulus

During 2021, the Company received a loan for \$13,750 under the Payroll Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“Cares Act”), provides for loans to qualifying business for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable as long as the borrower uses the proceeds for certain eligible expenses, including payroll, benefits, rent and utilities, and maintains its payroll levels. The Company used all of its proceeds on eligible business expenses and expects full forgiveness of the loan. The amount is included in other income.

Parker Anderson Enrichment, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

5 Notes Payable

Notes Payable at December 31, 2022 consist of:

Due December 2050, interest at 3.75% [er annum, Payments deferred for one year	\$ 74,500
Less: Current Portion	<u>(2,480)</u>
Total Notes Payable	<u><u>\$ 72,020</u></u>

Notes Payable at December 31, 2021 consist of:

Due December 2050, interest at 3.75% [er annum, Payments deferred for one year	\$ 74,400
Less: Current Portion	<u>(2,480)</u>
Total Notes Payable	<u><u>\$ 71,920</u></u>

6 Shareholders' Equity

During 2022 the Company returned capital contributions to its shareholders of \$30,000.

During 2021, the Company returned capital contributions to its shareholders of \$12,500.

Parker Anderson Enrichment, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

7 Subsequent Events

Management has evaluated subsequent events through March 31, 2023 which is the date the financial statements were available to be issued. The company did not experience any other material subsequent events requiring financial statement disclosure.

PARKER ANDERSON ENRICHMENT, INC.

FINANCIAL STATEMENTS

December 31, 2021 and December 31, 2020

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GORDON & GORDON

A LIMITED LIABILITY PARTNERSHIP

Independent Auditor's Report

To the Board and Shareholders'
Parker Anderson Enrichment, Inc.

Opinion

We have audited the accompanying financial statements of Parker Anderson Enrichment, Inc, which comprise the balance sheets as of December 31, 2021, and 2020 the related statements of income, retained earnings, and cash flows for the years then ended and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

G & G

CERTIFIED PUBLIC ACCOUNTANTS

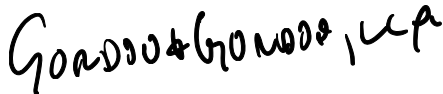
GORDON & GORDON

A LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS

- 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 Parker Anderson Enrichment'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 Parker Anderson enrichment'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.

Gordon & Gordon, LLP



Encino, Ca
April 12, 2022

PARKER ANDERSON ENRICHMENT, INC.
BALANCE SHEET
December 31, 2021 and 2020

	<u>ASSETS</u>	
	2021	2020
<u>CURRENT ASSETS</u>		
Cash	\$ 77,365	\$ 87,072
Miscellaneous Receivables	59,293	63,219
Total Current Assets	136,658	150,291
Total Assets	\$ 136,658	\$ 150,291
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable & Accrued Expenses	\$ 6,140	\$ 6,300
Accrued Interest	2,790	-
Current Portion of Long-Term Debt	2,480	-
Total Current Liabilities	11,410	6,300
<u>NOTES PAYABLE, net of current portion</u>	71,920	74,400
<u>SHAREHOLDERS' EQUITY</u>		
Common Stock, \$1 par value, 500 shares authorized, 200 shares issued and outstanding	200	200
Additional Paid-In Capital	164,941	177,441
Accumulated Deficit	(111,813)	(108,050)
Total Shareholders' Equity	53,328	69,591
Total Liabilities and Shareholders' Equity	\$ 136,658	\$ 150,291

See accompanying Independent Auditors' Report.
The footnotes are an integral part of these financial statements.

PARKER ANDERSON ENRICHMENT, INC.
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

	2021	2020
Fee Revenue, net	\$ 68,311	\$ 42,441
Operating Expenses	82,234	127,631
<i>Total Expenses</i>	82,234	127,631
Net Operating Income Loss	(13,923)	(85,190)
Other Income - PPP Loan and EIDL Grant	13,750	17,958
Other Expense - Interest	(2,790)	-
Other Expense - Taxes	(800)	(800)
Net Loss	(3,763)	(68,032)
Accumulated Deficit, beginning of year	(108,050)	(40,018)
Distributions	-	-
Accumulated Deficit, end of year	\$ (111,813)	\$ (108,050)

See accompanying Independent Auditors' Report.
The footnotes are an integral part of these financial statements.

PARKER ANDERSON ENRICHMENT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Net Income/(Loss)	\$ (3,763)	\$ (68,032)
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and Amortization	-	-
(Increases) / Decreases in:		
Trade Receivables	516	5,680
Reserve for Bad Debt on Receivables	3,410	5,497
Increases / (Decreases) in:		
Accrued Expenses	2,630	1,146
	2,793	(55,709)
Net cash provided/(used) by operating activities		
 Cash Flows from Financing Activities		
Proceeds from Notes Payable	-	74,400
Shareholder Distributions and Repayment of Capital	(12,500)	(3,000)
	(12,500)	71,400
Net cash provided/(used) by financing activities		
Net (decrease) increase in cash and cash equivalents	(9,707)	15,691
Cash and cash equivalents at beginning of period	87,072	71,381
Cash and cash equivalents at end of period	\$ 77,365	\$ 87,072
 Supplemental disclosure of cash flow information		
Cash paid during the year for:		
Interest	\$ -	\$ -
Income Taxes	\$ -	\$ 800

See accompanying Independent Auditors' Report.
The footnotes are an integral part of these financial statements.

Parker Anderson Enrichment, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

1 Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Parker Anderson Enrichment, Inc. (“PAE” or the “Company”), a California S Corporation, was formed on March 5, 2013. The Company was organized to provide franchising opportunities for education programs for students 5-13 years of age. The programs are part of a school and after-school model developed and implemented by the officers of PAE that has had successful results. Primarily, revenue is generated from selling of franchises, licensing of programs, and royalties on gross sales of franchisees. PAE sold its first franchise in January 2015. Through 2021, the Company had franchises in California, Colorado, Georgia, New York, New Jersey, Florida, Maryland, Louisiana, Illinois, North Carolina, and Tennessee.

Use of Estimates

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclose contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

The Company recognizes initial franchise fees upon substantial completion of the services required of the Company as stated in the franchise agreement, which is generally upon opening of the franchise and execution of the franchise agreement. Fees collected in advance are deferred until earned.

Royalty income is based on a percentage of franchisee gross sales and is recognized when earned, which generally occurs as cash is collected by the franchisee.

The Company also licenses its programs to third parties. Licensing income is recorded and amortized over the licensing term.

The Company also collects certain amounts for technology and marketing funds per the franchise agreements.

The Company began to recognize revenues in January 2015.

Reclassifications

Certain prior period amounts were reclassified to conform to current period presentation, none of which changed total assets, members’ equity, or net income.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of cash and interest bearing deposits. The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Fair Value

The carrying amounts reflected in the balance sheet for cash, prepaid expenses, organization costs, accounts payable, and accrued expenses, approximate the respective fair values.

Parker Anderson Enrichment, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

1 Nature of Operations and Summary of Significant Accounting Policies (cont.)

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$-0- and \$-0- for the years ended December 31, 2021 and 2020, respectively.

Income Tax

The Company, with the consent of its shareholders, has elected under the Internal Revenue Code to be an S Corporation. In lieu of corporation income taxes, the shareholders of an S Corporation are taxed on their proportionate share of the Company's taxable income. However, California imposes an income tax of 1.5%. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

2 Franchise Revenue

During 2021, the Company sold one franchise in 2021 located in California.

During 2020, the Company did not sell any new franchises.

During 2019, the Company sold a total of 3 franchises located in California, Colorado, and North Carolina.

During 2018, the Company sold a total of 6 franchises located in New Jersey, New York, Illinois, and California, including a sale of an existing franchise to a new franchisee. The Company also entered into agreements for other services to non-franchisees.

During 2017, the Company sold a total of 5 franchises located in Louisiana, Maryland, New York, Florida, and California. Also, in 2017, the Company resold an existing franchise to an existing franchisee.

During 2016, the Company sold a total of three franchises-- one in California and two in Georgia. The Company also entered into an agreement to license certain programs and technologies.

During 2015, the Company sold a total of three franchises located in California, New York and Tennessee. The company refunded the initial franchise fee of one of the new franchises and cancelled the franchise agreement. The franchise was then resold to a new franchisee along with the supplies and goodwill of the repossessed franchise.

The Company collects the gross receipts of its franchisees and retains a certain percentage as royalties and other fees. The difference is remitted back to the franchisees on a weekly basis. The amounts due back to the Franchisees are included in miscellaneous liabilities.

Parker Anderson Enrichment, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

2 Franchise Revenue (con't)

Gross revenue consists of the following for the year ended December 31, 2021 and 2020:

	2021	2020
Initial Franchise Fees, less discounts	-	-
Royalties and Other Franchise Fee Revenue	68,311	42,441
Licensing Revenue	-	-
<i>Total Revenue</i>	<u>68,311</u>	<u>42,441</u>

3 Miscellaneous Receivables

Miscellaneous receivables at December 31, 2021 consist of amounts due in 2021 for initial franchise fees receivable and licensing fees for agreements. The balance consists of six franchisees with no one accounting for more than 26%. The Company has reserved \$8,907 as uncollectible against the receivables

Miscellaneous receivables at December 31, 2020 consist of amounts due in 2020 for initial franchise fees receivable and licensing fees for agreements. The balance consists of six franchisees with no one accounting for more than 26%. The Company has reserved \$5,497 as uncollectible against the receivables.

4 Other Income – Covid Related Stimulus

During 2021, the Company received a loan for \$13,750 under the Payroll Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“Cares Act”), provides for loans to qualifying business for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable as long as the borrower uses the proceeds for certain eligible expenses, including payroll, benefits, rent and utilities, and maintains its payroll levels. The Company used all of its proceeds on eligible business expenses and expects full forgiveness of the loan. The amount is included in other income.

During May 2020, the Company received a loan for \$15,958 under the Payroll Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“Cares Act”), provides for loans to qualifying business for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable as long as the borrower uses the proceeds for certain eligible expenses, including payroll, benefits, rent and utilities, and maintains its payroll levels. The Company used all of its proceeds on eligible business expenses and expects full forgiveness of the loan. The amount is included in other income.

Parker Anderson Enrichment, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

During July 2020, the Company received \$2,000 as a grant as part of the SBA's Economic Injury Disaster Loan (EIDL) program. The amount is included in other income.

5 Notes Payable

Notes Payable at December 31, 2021 consist of:

SBA EIDL Loan, December 31, 2020

Due December 2050, interest at 3.75% per annum,

Payments deferred for one year	\$ 74,400
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Less: Current Portion	<u>(2,480)</u>
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Total Notes Payable	<u><u>\$ 71,920</u></u>
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6 Shareholders' Equity

During 2021, the Company returned capital contributions to its shareholders of \$12,500.

During 2020, the Company returned capital contributions to its shareholders of \$3,000.

7 Subsequent Events

Management has evaluated subsequent events through April 12, 2022 which is the date the financial statements were available to be issued. The company did not experience any other material subsequent events requiring financial statement disclosure.

8 COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The Company incurred a decrease in sales directly due to the Pandemic during 2020. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of

Parker Anderson Enrichment, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

operations, financial condition, or liquidity for fiscal year 2022. However, if restrictions due to the pandemic continue, it may have an adverse effect on the Company's results of future operations, financial position, and liquidity in fiscal year 2022.

EXHIBIT J
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MANUAL

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**PAE has the right to update the Operations Manual at Any Time.

EXHIBIT K

**LIST OF FRANCHISED AND COMPANY-
AFFILIATED LOCATIONS**

**CURRENT PARKER-ANDERSON ENRICHMENT, INC.
FRANCHISEES AS OF DECEMBER 31, 2022**

CALIFORNIA

Cheryl Frye (El Cajon)
1640 Camino Del Rio N, Suite 230
San Diego, CA 92108
(619) 905-3645

Laurelinda Hauksson (Orange County - North)
108 Sequoia Tree Lane
Irvine, CA 92612
(714) 292-0023

Laurelinda Hauksson (Orange County - South)
108 Sequoia Tree Lane

Irvine, CA 92612
(714) 292-0023

Matt Reischling (Marin County)
604 8th Street
Petaluma, CA 94952
(415) 606-7477

Karen "Jazzi" McFadden (Inland Empire)
3593 Cashmere Circle
Perris, CA 92571
(951) 809-6378

Mike Romero (Sacramento)
500 Peace Water Ct.
Roseville, CA 95747
(669) 208-2683

Lisa Nadasdy and Evan Balmain (Central-LA)
27911 Harwood Dr.
Santa Clarita, CA 91350
(310) 844-6996

Lisa Nadasdy and Evan Balmain (Ventura County)
27911 Harwood Dr.
Santa Clarita, CA 91350
(310) 844-6996

Lisa Nadasdy and Evan Balmain (San Diego)
27911 Harwood Dr.
Santa Clarita, CA 91350
(310) 844-6996

LOUISIANA

Rodney Wilson (Baton Rouge)
7350 Jefferson Hwy
Baton Rouge, LA 70806
(225) 385-3970

NEW JERSEY

Stacy Russo (Hudson – Bergen County)
P.O. Box 3232
Guttenberg, NJ 07093
(862) 283-1169

NEW YORK

Stacey Russo and Maria Andrade (Brooklyn)
P.O. Box 3232
Guttenberg, NJ 07093
(862) 283-1169

Stacey Russo and Maria Andrade (Manhattan)
P.O. Box 3232
Guttenberg, NJ 07093
(862) 283-1169

NORTH CAROLINA

Morris Summers (Charlotte)
39 Greenwich Blvd., #119
Clover, SC 29710
(704) 502-8292

IF YOU BUY THIS FRANCHISE, YOUR CONTACT INFORMATION MAY BE DISCLOSED TO OTHER BUYERS WHEN YOU LEAVE THE FRANCHISE SYSTEM.

**COMPANY/COMPANY AFFILIATE OWNED OUTLETS
AS OF DECEMBER 31, 2022**

CALIFORNIA

Parker-Anderson Learning Centers, LLC
16526 Arminta Street
Van Nuys, CA 91406
(818) 249-5599

**FRANCHISEES WHO TRANSFERRED THEIR FRANCHISE IN THE YEAR ENDING
DECEMBER 31, 2022**

NONE

**FRANCHISEES WHO WERE TERMINATED
CANCELED OR NOT RENEWED, OR WHO OTHERWISE
CEASED DOING BUSINESS
IN THE YEAR ENDING DECEMBER 31, 2022**

COLORADO

Armani Aburto
2103 Decatur Street
Denver, CO 80211
(720) 815-7770

FLORIDA

Marshall Cohen & Jennifer Rose
112 Wild Fern Drive
Longwood, Florida 32779
(407) 607-0014

GEORGIA

Lakesia Dixon (Atlanta - West)
P.O. Box 580
Atlanta, GA 30291
(404) 493-6698

Lakesia Dixon (Atlanta - East)
P.O. Box 580
Atlanta, GA 30291
(404) 493-6698

ILLINOIS

Amy Ray
318 Vine Street West
Chicago, IL 60185
(312) 505-2370

MARYLAND

Leila Hasemzadeh
15630 Barnesville Road
Boys, Maryland 20841
(818) 795-4264

**FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED
AS OF DECEMBER 31, 2022**

NONE

IF YOU BUY THIS FRANCHISE, YOUR CONTACT INFORMATION MAY BE DISCLOSED TO OTHER BUYERS WHEN YOU LEAVE THE FRANCHISE SYSTEM.

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
Illinois	Pending
Indiana	Pending
New York	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
RECEIPT

RECEIPT
(KEEP THIS COPY FOR YOUR RECORDS)

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 Parker-Anderson Enrichment, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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

The name, principal address and phone number of each franchise seller offering the franchise is:

<u>Franchisor</u>	<u>Franchise Sellers</u>	<u>Additional Franchise Sellers (If Applicable)</u>
Parker-Anderson Enrichment, Inc. 16526 Arminta Street Van Nuys, CA 91404 (800) 362-8606 franchise@parker-anderson.org	Joshua Parker Jennifer Rosenblatt Parker-Anderson Enrichment, Inc. 16526 Arminta Street Van Nuys, CA 91404 (800) 362-8606	_____ _____ _____ _____

FDD Issuance date: March 31, 2023.

Parker-Anderson Enrichment, Inc.'s agent authorized to receive service of process in California is: Joshua Parker, 16526 Arminta Street, Van Nuys, California 91406. In other states, see Exhibit A.

I received a disclosure document dated March 31, 2023, that included the following Exhibits:

- A Agents for Service of Process/ State Administrators
- B State Addenda
- C Franchise Agreement
- D Personal Guaranty
- E General Release
- F Asset Sale and Purchase Agreement
- G Secured Promissory Note
- H Security Agreement
- I Financial Statements
- J Table of Contents to Operation Manual
- K List of Franchised and Company-Affiliated Locations
- L Receipt

Date: _____

Signature of Prospective Franchisee

Print Name

Please return one copy of the signed receipt by mailing it to Parker-Anderson Enrichment, Inc. at 16526 Arminta Street, Van Nuys, California 91406 or by faxing it to us at (818) 249-5551 or emailing it as an attachment to us at: franchise@parker-anderson.org.

RECEIPT
(RETURN THIS COPY TO US)

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

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

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- L Receipt

Date: _____

Signature of Prospective Franchisee

Print Name

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