

FRANCHISE DISCLOSURE DOCUMENT

2023



Cornwell Quality Tools Company
667 Seville Road
Wadsworth, Ohio 44281
(330) 336-3506
www.cornwelltools.com

The franchise offered in the following disclosure is a mobile tool dealership for which Cornwell Quality Tools Company ("Cornwell") will grant a license to purchase, resell, and service the products that are manufactured, sold and/or distributed by Cornwell.

The franchised dealership ("the Dealership") will be assigned a specific, but *non-exclusive* geographic territory ("the Territory"), which is agreed upon with Cornwell by the Dealership and its owner or owners (together, if applicable, "the Owners"). The Dealership will purchase products from Cornwell and resell them to individual mechanics and businesses throughout the assigned geographic area. The individual Owner who is primarily responsible for the operation of the Dealership ("the Operator") must devote his or her best, full-time efforts to the sale of Cornwell products in the Territory.

If the Dealership is new, it must purchase an initial inventory of Cornwell products in the amount of at least \$55,000 at regular dealer net prices. If the Dealership is converting an existing tool business ("Converttee") and already has a suitable inventory and an approved vehicle, it must purchase an initial inventory in the amount of at least \$40,000 from Cornwell, at regular dealer net prices. Cornwell charges no initial franchise fee or royalty fee. After the purchase of the initial inventory of Cornwell products, the Dealership will be required to maintain a certain level of purchases from Cornwell thereafter. However, the Dealership may also purchase products from other suppliers than Cornwell and may sell other than in the assigned geographic territory.

1. The total investment necessary to begin operation of a Cornwell franchised dealership ranges from \$54,525 to \$298,825 for converttees and \$164,525 to \$293,825 for new dealers. This includes \$55,000 for initial inventory that must be paid to the franchisor (Cornwell) or an affiliate by a new dealership, or at least \$40,000 by a converttee. Refer to Items 5 through 7 inclusive of this Disclosure Document for a further explanation regarding the total investment.

2. This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor (Cornwell) 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 the Franchising Department of Cornwell Quality Tools Company at 667 Seville Road, Wadsworth, Ohio 44281 and 330-336-3506.

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

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

5. There may also be laws on franchising in your state. Ask your state agencies about them. The agency for your state is listed on Exhibit D, if applicable.

Issued on: April 3, 2023.

The Effective Date for this disclosure document in your state is listed on the page immediately before Exhibit J attached hereto.

How to Use this Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the supplier you must have.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Cornwell 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 Cornwell franchisee?	Item 20 lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all exhibits in this disclosure document to better understand this franchise opportunity. See the Table of Contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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 attached as Exhibit D.

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 Ohio. 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 Ohio than in your own State.

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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- J. RECEIPT

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

Cornwell and Its Predecessor. To simplify the language in this Disclosure Document, "Cornwell" means Cornwell Quality Tools Company, an Ohio corporation that was incorporated in 1919. "You" means the franchised dealership and the person or persons who own the franchised dealership, which includes the franchise owners/partners/principals if the franchise is a corporation, partnership or other entity. The franchised dealership's owners are sometimes referred to as "the Owners" in this Disclosure. Cornwell's principal place of business is 667 Seville Road, Wadsworth, Ohio 44281.

Cornwell intends to do business related to this Disclosure under the names: Cornwell Quality Tools and Cornwell. Cornwell's agent for service of process in your state is listed on Exhibit D.

In 1919, the original predecessor to Cornwell was formed in Cuyahoga Falls (a suburb of Akron), Ohio. In 1927, the operations were moved to the facility located in Mogadore, Ohio (also a suburb of Akron). In 1957, a group of investors, headed by R.H.C. Moeller, purchased Cornwell. In 1965, the Moeller family purchased the outstanding stock. Currently, the Raymond M. Moeller family has an 80.49% ownership interest in Cornwell, 19.51% is owned by the Cornwell Employee Stock Ownership Plan.

As of December 31, 2022, there were 809 Franchised Dealerships reselling Cornwell products throughout the United States. Cornwell also has a limited number of industrial distributors, mobile distribution through distributors in Great Britain and West Germany, along with various international accounts that sell to various foreign countries.

Cornwell's Business and Franchise Offered. Cornwell has been selling products to independent dealerships under its present ownership for approximately 58 years, and has modified its program to be a franchise for those who became dealers after December 31, 1996. Previously, its relationship with its dealers consisted simply of agreements with them, which provided essentially only that Cornwell would sell to them and would authorize the use of Cornwell's trademarks and trade dress, with certain buy-back provisions.

As of December 31, 2003, Cornwell has only franchised dealerships and eliminated the program for non-franchised dealers.

You will have to comply with various state and local laws as those related to driver's licensing, vehicle licensing and automobile insurance. In some states, a physical examination may be required to obtain a license to drive a commercial vehicle. Insurability and insurance rates will generally be dependent upon your past driving record.

The following is a description of Cornwell's business and of the franchise to be offered in your state.

Cornwell has manufactured and sold professional-quality mechanics' hand tools and related equipment since 1919. Its principal offices and plants were based in northeast Ohio until the establishment of warehouses in Texas and California in May of 1966 and April of 1967, respectively. In October of 2002, Cornwell opened a new distribution center in Clearfield, Utah and closed the warehouses in Texas and California to better serve its dealers.

On October 1, 2016, CQT Kennedy LLC, an Ohio limited liability company wholly-owned by Cornwell, acquired the assets of and is operating Kennedy Manufacturing in Van Wert, Ohio. In 2017, Kennedy began manufacturing tool boxes, cabinets and related accessories for sale to Cornwell Dealers. It is expected that Kennedy will eventually be the sole source for all such Cornwell products.

Cornwell distributes its products primarily by selling to independent dealerships, who in turn sell directly from a "rolling tool store" truck or van, primarily to mechanics, service managers and owners of auto and truck dealerships, motorcycle dealerships, fleet operations, construction and equipment contractors, independent repair shops, service stations, small manufacturing businesses and body shops in a non-exclusive territory for which they are primarily responsible. You will be assigned a specific, but *non-exclusive* geographic territory, which is agreed upon by you and Cornwell. You will purchase products from Cornwell and resell them to individual mechanics and businesses throughout the assigned geographic area.

Cornwell charges no initial franchise fee or royalty fee. As a new dealership, you must purchase an initial inventory of Cornwell products of at least \$55,000 at regular dealer net prices. If the dealership is converting an existing tool business ("convertee") and already has a suitable inventory and an approved vehicle, you must purchase an initial inventory of at least \$40,000 from Cornwell at regular dealer net prices.

Unless waived by Cornwell, you must also establish a Reserve with Cornwell in the amount of \$20,000, to be applied against the further purchase of inventory during the first 13 weeks of the dealership. Unless waived, you must also verify at the outset of the dealership that there is \$10,000 on deposit in a business account that will only be used for business purposes on or after the first day of training on your route. The estimated initial investment ranges from \$54,525 to \$298,825 for convertees and from \$164,525 to \$293,825 for new dealers. Refer to Items 5 through 7 and 10 inclusive of this Disclosure Document for further explanation regarding the total investment.

Cornwell sells its dealerships' inventory, assists in financing the purchase of the inventory (subject to credit approval), authorizes the use of its trade name and trademark, provides assistance in commencing and maintaining your dealership, and repurchases on

termination certain tools and other merchandise currently sold by Cornwell at the then prevailing dealer prices, less a 15% restocking charge. Certain tools and other merchandise will not be repurchased by Cornwell. Refer to Item 17 for further explanation concerning the repurchase policy.

Cornwell does not engage in any business activities other than the manufacture and sale of tools and equipment, including the Tech-Credit financing program described in Item 10. Currently, Cornwell does not maintain any direct retail sales operation except as described below. Cornwell makes limited sales to certain industrial distributors. Cornwell has initiated direct retail sales to Vo-Tech schools and students. You will receive a credit on your Cornwell open account for 8% of the amount of direct retail Vo-Tech sales made in your territory.

You are assigned a defined operational sales area of responsibility ("Territory"). This Territory, which is designed to allow for sales growth, depending on your efforts, is mapped initially by the Cornwell District Manager, subject to your agreement. No other Cornwell dealers are assigned to the Territory. The Dealership and the Owner who is primarily responsible for the operation of the Dealership ("the Operator") must agree to devote direct, full-time best efforts to serve the Territory fully by the sale of Cornwell products.

Within the Territory, there may be any or all of the following types of businesses: auto and truck dealerships, motorcycle dealerships, fleet operations, construction and equipment contractors, independent repair shops, service stations, small manufacturing businesses and/or body shops. The mechanics, service managers and owners at these types of businesses are your primary potential customers.

While Cornwell operates nationally, not every territory has previously had a Cornwell dealer. Where such a dealer has been in operation recently, there may be a developed market for Cornwell tools. Without a previous dealer in the territory, there may be no such market and Cornwell cannot guarantee that an established customer base exists for any particular dealer or territory. It is also possible that a previous dealer may have adversely affected the market for Cornwell tools.

Whether or not a market has been previously developed by another Cornwell dealer, success depends almost entirely on your dedication, sales ability and business practices as the current dealer. The most important elements are the willingness to work hard (a minimum of 40 hours per week; usually over 60 hours per week in the first six months to establish a new dealership), knowledge of the needs of professional mechanics, detailed knowledge of the tools, and an ability to relate well to the customers and persuade them to make and pay for purchases. Many dealers, including many of the most successful dealers, continue to work in excess of 60 hours per week. There is usually a direct correlation between earnings and hours worked.

Your tool display van or truck is an important key to the business, because it is a "rolling tool store" to the mechanic's door that, along with personalized service and regularly scheduled stops, builds customer loyalty and repeat business. Because it is such an important tool, Cornwell will help you in selecting, and must approve, an appropriate vehicle, will help in selecting an inventory mix to offer good prospects for a successful start-up and sales profits, and will help in creating interior merchandising displays for maximum storage and the best possible merchandising. A Truck Leasing Program through a third-party leasing company has been established for those Cornwell Dealers who qualify and choose to use it. The Truck Leasing Program is further described elsewhere in this Disclosure Document. If you are a converttee, you may be permitted to continue to use an appropriate van or truck you already own or lease, if Cornwell approves it. A Cornwell decal package must be installed to replace existing decals, at your cost.

You will be required to acquire a laptop computer, bar code scanner and credit card signature pad from Cornwell (together, "the Hardware") for use on your truck. Cornwell will sell the Hardware to you at Cornwell's cost, now approximately \$3,500. Cornwell will give you a \$1,500 credit on your open account to offset your Hardware purchase expense. You will also be required to purchase or lease a compatible printer and wireless card.

You will be required to license the "Ironman Business Network (IBN)" Software under a separate License Agreement with Cornwell.

To enable Cornwell to assist you in your business, you will be required to enter data into the computer system on a current basis and submit the data generated by the computer system, including but not limited to the weekly report summaries, as Cornwell directs. You will be required to use the "My Business" function in IBN as directed in order for you and Cornwell to monitor your business properly. Your franchise may be terminated if you do not supply this data or if you do not use IBN and hardware obtained from Cornwell, including, but not limited to, the "My Business" function.

Cornwell dealers have considerable competition in most territories. Three other national companies, Snap-On, Mac Tools, and Matco, and several smaller companies, offer the same kind of tools and equipment, distributed through independent dealers and/or franchised dealers. There are also independent dealers not affiliated with any national companies. In addition, similar tools and equipment are available through retail outlets, such as Sears, and through mail-order catalogs. Your individual sales effort is thus critical to your success or failure, since there are several other potential sources of competition in most territories. While Cornwell enjoys a reputation for the high quality of its products, it is better known in some parts of the country than in others, based upon past distribution. Cornwell focuses its advertising on programs such as promotional literature and catalogs which are available to you. Cornwell does little national advertising.

ITEM 2. BUSINESS EXPERIENCE

Mark R. Moeller, Chairman of the Board and Director

Mark Moeller has been a Director since 1987 and was appointed Secretary effective October 9, 2017, upon the resignation of Dawn L. Moeller as a Director and as Secretary. He became Vice Chairman of the Board on December 14, 2018, then Chairman upon the death of Raymond M. Moeller on March 21, 2020. He is not otherwise active in the operation of the company.

Eileen Moeller, Director and Assistant Secretary

Eileen Moeller has been a Director since September of 2000, but is not active in the operation of the company. She was elected Assistant Secretary on April 13, 2020.

Bill S. Nobley, Director

On February 8, 2003 Bill Nobley became President and Chief Operating Officer. He retired from those positions on January 7, 2013, and has been a Director since then.

Robert A. Studenic, Director, President and Chief Executive Officer

Robert Studenic became a Director in March of 2009, Executive Vice President in March of 2011, President and Chief Operating Officer in January of 2013, and President and Chief Executive Officer effective November 3, 2017.

David A. Nist, Treasurer, Director, Treasurer and Secretary

David Nist was Director of General Accounting from 2006 until January of 2012 when he became Treasurer. He was appointed Assistant Secretary effective October 9, 2017, and appointed to the Board of Directors and elected Secretary on April 13, 2020.

Craig A. Croley, Vice President, Operations

Craig Croley became Vice President of Operations in February of 2001.

Tim House, Director, Operations

Tim House became Director of Operations on October 5, 2020.

William P. Green, Director, Human Resources

William P. Green became Director of Human Resources on March 23, 2020.

Bobbi Jo Templeton, Director, Wholesale Credit

Bobbi Jo Templeton became Wholesale Credit Manager in June of 2007, and Director of Wholesale Credit in April 2016.

Melanie A. Gregory, Director, Customer Service

Melanie A. Gregory become Director of Customer Service in April 2016.

Don Russell, Director, Marketing

Don Russell became Director of Marketing on October 5, 2020.

Andrew Scott, Director, National Sales

Andrew Scott joined Cornwell October 17, 2016, as the National Recruiting Manager. On July 29, 2019, he became the Southeastern Regional Manager. On January 3, 2022, he became the Director of National Sales.

Kevin Cumley, Southeastern Senior Regional Manager

Kevin Cumley was a Cornwell dealer from June 26, 2000 through July 11, 2008. He became a District Manager in Washington on July 28, 2008 through July of 2010. On July 26, 2010, he returned to being a dealer in Colorado. On August 2, 2012, he became a District Manager in Colorado. On August 5, 2019, he became the Northwestern Regional Manager. On January 3, 2022, he became the National Field Operations Manager. In January of 2023, Kevin became the Southeastern Senior Regional Manager.

Charles "Rick" Fitzhugh, Northeastern Regional Sales Manager

Rick Fitzhugh became a District Manager in August of 2006, became Eastern Divisional Sales Manager in January of 2011, Eastern Regional Sales Manager effective January 4, 2016, and Northeastern Regional Manager effective January 29, 2019.

Larry Lyons, South Regional Sales Manager

Larry Lyons was a District Manager for Cornwell from March of 2005 until January of 2012, when he became Southwestern Regional Sales Manager. Larry became the South Regional Manager effective January of 2023.

Tom Prescott, Southwestern Regional Sales Manager

Tom Prescott was a District Manager for Cornwell from March of 2018 until January of 2022, when he became Southeastern Regional Sales Manager. Tom became the Southwestern Regional Sales Manager effective January of 2023.

Lloyd Romriell, Northwestern Regional Sales Manager

Lloyd Romriell was a District Manager for Cornwell from February of 2017 until January of 2022, when he became Northwestern Regional Sales Manager.

Don Rehberger, Midwest Regional Sales Manager

Don Rehberger was a National Recruiting Manager for Cornwell from March of 2020 until January of 2023, when he became Midwest Regional Sales Manager.

R. Robert Grope, Director, Customer Finance

Rob Grope became Director of Customer Finance (Tech-Credit) on March 20, 2017.

ITEM 3. LITIGATION

1. Regulatory actions against Cornwell include the following matters:

In the Matter of The Cornwell Quality Tools Company (Minnesota Department of Commerce Case No. FR1400020) On August 19, 2014, a Consent Order was issued against Cornwell by the Commissioner of Commerce of Minnesota. The Order resolved issues arising from Cornwell's offering and entering into franchise agreements in Minnesota even though the renewal of Cornwell's registration in 2012 had not been submitted for approval and thus had expired. Cornwell paid a civil penalty of \$2,000.00, offered the rescission of franchises entered into after the registration expiration and implemented procedures to reduce the risk of future violations.

2. Litigation against Cornwell includes the following matters:

David Bachrach, et al. v. The Cornwell Quality Tools Company, Case No. 2010 01 0543 in the Court of Common Pleas of Summit County, Ohio, was filed on January 27, 2010. The Complaint was brought by eight former Cornwell dealers as individuals and as claimed representatives of the putative class of all former Cornwell dealers terminated within four years of the filing of the Complaint. The Complaint alleges various theories under which the Cornwell franchise is said to be fraudulent and violates Ohio statutes and common law. It seeks ordinary and punitive damages, not specified above the jurisdictional minimum of \$25,000, but which can reasonably be estimated to be

extensive, if the plaintiffs are successful. The Court of Common Pleas ruled on June 6, 2010, that the case was not subject to arbitration. Cornwell appealed that ruling to the Court of Appeals for the Ninth District of Ohio, Case No. 25444, which reversed in Cornwell's favor on May 25, 2011. The Ohio Supreme Court declined jurisdiction of the matter on October 5, 2011. The Common Pleas Court accordingly entered a stay of the matter on October 24, 2011. The matter was voluntarily dismissed by the plaintiffs on May 6, 2015, without any payment or other consideration from Cornwell.

David Bachrach, et al. v. The Cornwell Quality Tools Company, Case No. 11 114 Y 01759 11 in the American Arbitration Association, was filed on October 21, 2011. The Demand was brought by nine former Cornwell dealers as individuals and as claimed representatives of the putative class of all former Cornwell dealers terminated within four years of the filing of the Complaint in the Common Pleas case reported above, or subsequently. The Demand was substantively the same as the Complaint in the parallel Ohio Common Pleas Court matter described above. On April 10, 2012, the arbitration panel issued a clause construction award, finding that these claims can proceed in class arbitration, if a class should be certified. Cornwell brought a counterclaim in the Common Pleas Court case reported above on May 15, 2012, seeking to overturn the award. The Court vacated the preliminary injunction against class arbitration that it had issued and dismissed Cornwell's counterclaim on October 11, 2013. Cornwell timely appealed to the Ohio Ninth District Court of Appeals on October 16, 2013, which on December 31, 2014, reversed the decision of the Common Pleas Court and remanded to that Court to decide whether the arbitration could proceed on a class basis or could only do so on an individual basis. The Common Pleas Court case was voluntarily dismissed, as described above. The arbitration was voluntarily dismissed by the claimants on May 18, 2015, without any payment or other consideration from Cornwell.

Eric Lange, et al. v. The Cornwell Quality Tools Company, Case No. 5:15-cv-00859-JRA in the United States District Court for the Northern District of Ohio, was filed on May 1, 2015. The lawsuit was brought by the same nine former Cornwell dealers as individuals and as claimed representatives of the putative class of all former Cornwell dealers terminated within four years of the filing of the Complaint in the Common Pleas case reported above, or subsequently, excluding residents of Ohio. The Complaint is substantively the same as the Complaint in the Ohio Common Pleas Court matter described above. Cornwell moved to dismiss the lawsuit on grounds of collateral estoppel on May 21, 2015. The motion was granted on December 31, 2015, and the lawsuit was dismissed.

Randy Salinas v. The Cornwell Quality Tools Company, Case No. RIC 1905144 in the Superior Court for the County of Riverside, California, was filed on October 10, 2019. Cornwell removed the case to the United States District Court for the Central District of California on November 27, 2019, where it was assigned Case No. 5:19-cv-02275-JGB. The Complaint was brought by a former Cornwell dealer as an individual and as the claimed representative of the putative class of all present Cornwell dealers in California

and of all former Cornwell dealers in California who terminated within four years of the filing of the Complaint. Notice was also given of a potential claim under the California Private Attorney General Act. The Complaint alleges various theories under which the plaintiff and the members of the putative class were or are to be considered employees under California law and are being or were denied various protections, compensation and benefits as such. It seeks injunctive relief, compensatory and punitive damages, penalties, interest, costs and attorney fees, not specified in amounts but which can reasonably be estimated to be extensive, if the plaintiffs are successful. A Class was certified on October 17, 2022, and a Notice to go to the members of the Class was approved by the Court on February 27, 2023, giving members 45 days from the date the Notice is sent to opt out of the class. The Notice was sent on March 31, 2023. The case is set for trial to commence on October 24, 2023. Cornwell denies all of the allegations and will vigorously defend the lawsuit.

3. Collection suits brought by Cornwell against former franchisees in the last fiscal year for payment for tools sold to the former franchisees by Cornwell:

Cornwell Quality Tools Company v. Michael J. Bingaman, American Arbitration Association case filed 05/03/2021 (Case No. 01-21-0003-6961); Court of Common Pleas, Summit County, Ohio, case filed 10/22/2021 (Case No. CV 2021-10-3373); Court of Common Pleas, Clinton County, Pennsylvania, case filed 05/05/2022 (Case No. 482-2022).

Cornwell Quality Tools Company v. John P. Clift, Jr., Lilia E. Venegas Gloria and JLAD LLC Cornwell's claim has been settled with an agreement that a judgment may be taken in the Superior Court, Snohomish County, Washington, if there is a default in the payments that are to be made.

Cornwell Quality Tools Company v. Thomas P. Daniels, American Arbitration Association case filed 11/11/22 (Case No. 01-22-0004-7712); Court of Common Pleas, Summit County, Ohio, case filed 03/13/2023 (Case No. 2023-03-0825).

Cornwell Quality Tools Company v. Colin P. Hayes and DDM Tools and Equipment, LLC, American Arbitration Association case filed 09/21/20 (Case No. 01-20-0014-9588); Court of Common Pleas, Summit County, Ohio, case filed 02/11/2021 (Case No. CV 2021-02-0471); Eighth Judicial District, Clark County, Nevada, case filed 05/06/2021 (Case No. A-21-834200-F).

Cornwell Quality Tools Company v. Thomas W. Hayes, Sheena M. Hayes and Vortex Tools & Equipment, LLC, American Arbitration Association case filed 09/13/2022 (Case No. 01-22-0003-8684).

Cornwell Quality Tools Company v. Douglas W. Jones, Jr. and R.A.P. Mobile Tools, LLC, American Arbitration Association case filed 08/17/2022 (Case No. 01-22-0003-5196).

Cornwell Quality Tools Company v. Justin E. Jones and EJ Tools & Supply, LLC, American Arbitration Association case filed 08/17/2022 (Case No. 01-22-0003-5169); Court of Common Pleas, Summit County, Ohio, case filed 02/08/2023 (Case No. CV 2023-02-0453).

Cornwell Quality Tools Company v. Daniel E. Karris, Mary L. Karris and DK Tool Sales, Inc., American Arbitration Association case filed 08/12/2022 (Case No. 01-22-0003-4671).

Cornwell Quality Tools Company v. Ronald M. Knox and Danielle A. Knox, American Arbitration Association case filed 06/15/2021 (Case No. 01-21-0004-2984); Court of Common Pleas, Summit County, Ohio, case filed 10/18/2021 (Case No. CV-2021-10-3305); Superior Court, Maricopa County, Arizona, case filed 01/28/2022 (Case No. CV2022-050306).

Cornwell Quality Tools Company v. David Martinez and Teresita Gomez Lopez, American Arbitration Association case filed 02/17/2023 (Case No. 01-23-0000-7098).

Cornwell Quality Tools Company v. John D. McMahan, Jennifer L. McMahan and Babass Tools LLC, American Arbitration Association case filed 08/17/2022 (Case No. 01-22-0003-5175); Court of Common Pleas, Summit County, Ohio, case filed 01/04/2023 (Case No. CV 2023-01-0033).

Cornwell Quality Tools Company v. Thomas E. Miller and Tommy's Tools, LLC, American Arbitration Association case filed 08/17/2022 (Case No. 01-22-0003-5173); Court of Common Pleas, Medina County, Ohio, filed 12/22/22 (Case No. 22-CIV-1016).

Cornwell Quality Tools Company v. David K. Richter and Linda M. Richter, American Arbitration Association case filed 02/17/2023 (Case No. 01-23-0000-7105).

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.

4. Trademark Suits No trademark litigation is required to be disclosed in this Item.

Other than these actions, no other 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

Cornwell requires a new Dealership to purchase an initial inventory of at least \$55,000 at regular dealer net prices when entering into the Dealer Franchise Agreement. Cornwell must approve the initial inventory. If you meet normal credit requirements, Cornwell will finance the initial inventory of \$55,000 and \$20,000 Reserve, and will finance subsequent inventory purchases, as further described in this Disclosure Document. New Dealerships who have been in the tool business previously ("Convertees") and already have a suitable inventory and an approved vehicle will only be required to purchase an initial inventory of at least \$40,000 from Cornwell, at regular dealer net prices.

Unless Cornwell waives the requirement, you must also establish a Reserve with Cornwell in the amount of \$20,000, to be applied against the further purchase of inventory during

the first 13 weeks of the dealership. If you meet normal credit requirements, Cornwell will finance up to \$20,000 of the Reserve. Any unused Reserve cash balance will be refunded to you or applied against your obligations to Cornwell, at your option. Unless waived, you must also verify at the outset of the dealership that there is \$10,000 on deposit in a business account and that you will only use those funds for business purposes on and after the first day of training on your route. For more information on the initial investment, see Item 7 of this Disclosure. Cornwell does not require that you pay any other franchise fee or other initial payment in order to become a dealer.

Upon termination, Cornwell will purchase certain merchandise from you or your estate at the then prevailing dealer prices, less a 15% restocking charge. These tools must be shipped freight prepaid to Cornwell's distribution center in Wadsworth, Ohio. New tools will be approved for return only if they are in new and saleable condition, are active items, and have not been discontinued by Cornwell. All returns must be of current design and finish. All tools returned must be in their original individual carton or container. Broken packs of Cornwell or Cornwell-Allied tools will not be accepted for return if the tools are normally sold by Cornwell in factory pack quantities. The following items are **not** subject to return under this program: Tool storage, socket trays, clips and rails, vinyl kit bags, air compressors, lifting equipment, large shop equipment, parts washers, sales administration or truck display aids, welders, battery chargers, and serial numbered test equipment.

ITEM 6. OTHER FEES

Name of Fee	Amount	Due Date	Remarks
Royalty	None	N/A	N/A
Advertising	None	N/A	Cornwell provides promotional material to franchisees at no cost
Cooperative Advertising	None	N/A	N/A
Additional Training	None	N/A	Cornwell provides opening training free - see Item 11
Additional Assistance	None	N/A	Cornwell provides opening assistance free - see Item 11
Transfer	None	N/A	N/A
Lease Payments	None	N/A	As a Cornwell franchisee's vehicle is the place of business, fees for the leasing of space are not incurred
Computer Software Fees	\$275 initial fee; \$50 monthly fee	Start and monthly	Ironman Business Network, \$100 to Cornwell for start-up costs and \$175 for credit card servicing vendor software

Cornwell does not require that you pay any other recurring or isolated fees or payments, including but not limited to royalties, service fees, training fees, lease payments or advertising fees or charges.

ITEM 7. ESTIMATED INITIAL INVESTMENT

The following table summarizes your estimated initial investment:

Your Estimated Initial Investment

	Amount	Method of Payment	When Due	To Whom Made
Initial Franchise Fee (1)	\$-0-	N/A	N/A	N/A
Training Expenses (2)	\$0- \$5,000	As Incurred	Prior to start	Third-Parties
Real Estate (3)	\$-0-	N/A	N/A	N/A
Initial Inventory (4)	\$40,000 - \$60,000	Lump Sum/ Note	When invoiced	Cornwell Tools
Vehicle (5)	\$75,000 - \$165,000	Lump Sum/ Down Payment	Upon delivery	Owner/Leasing Company
Insurance (6)	\$250 - \$2,550	Lump Sum	As premium payments become due	Insurance Company
Additional Funds – Three Months (7)	\$10,000 - \$35,000	Lump Sum	Prior to start	Dealer's Business Account
Equipment/Clothing/ Fixtures/Other Fixed Assets (8)	\$0 - \$5,000	As Incurred	As ordered	Supplier
Reserve (9)	\$20,000	Lump Sum	Prior to start	Cornwell Tools
Computer System (10)	\$3,500	Lump Sum	Prior to start	Cornwell Tools and Vendor printer and wireless card
Computer Software (11)	\$275	Lump Sum	Prior to start	\$100 to Cornwell Tools for start-up costs and \$175 for credit card servicing vendor software

	Amount	Method of Payment	When Due	To Whom Made
Security & Utility Deposits/Business Licenses/Other Prepaid Expenses (12)	\$500-\$2,500	As Incurred	Prior to start	Third-Parties

Total: \$54,525 to \$298,825 for converttees; \$164,525 to \$293,825 for new dealers.

These figures are based on Cornwell's over 58-year experience in offering dealerships in the mobile tool industry and may vary based upon your experience in the mobile tool industry, and your personal financial situation.

NOTE 1 - Initial Franchise Fee. If you are a new Dealership, you must purchase an initial inventory of at least \$55,000 at regular dealer net prices when entering into the Dealer Franchise Agreement. If you are a "Converttee" and already have a suitable inventory and an approved vehicle, you must purchase an initial inventory of at least \$40,000 from Cornwell, at regular dealer net prices. Cornwell does not require that you pay any franchise fee or other initial payment in order to become a Dealership.

Only a portion of your initial inventory purchase expenditure may be refundable. See explanation of tool return policy in Item 17, Note 4 of this Disclosure.

NOTE 2 – Travel, Lodging Expenses While Training in Ohio or some other location. The principal Operator and anyone else who will actively participate in the operation of the Dealership on the truck are required to pay travel, food and lodging expenses to attend initial classroom training in Ohio or some other location before operating your Dealership. Travel expenses include the estimated cost of travel to and from the location of the New Dealer Training Program and your home. The actual cost of travel will depend on your home location and your travel mode. Cornwell has negotiated lodging for persons attending the New Dealer Training Program.

Training expenditures are non-refundable.

During the current pandemic, training will be provided via Zoom and by a District Manager or Trainer in your Territory, rather than in person. See Item 11 and Exhibit I.

NOTE 3 - Lease of Real Property. The vehicle is the place of business. No purchase or lease of real estate should be required.

NOTE 4 - Initial Inventory Purchase. Cornwell requires a new Dealership to purchase an initial inventory of at least \$55,000 at regular dealer net prices when entering into the Dealer Franchise Agreement. Cornwell considers such an inventory to be of a reasonable

minimum size for a dealership to begin business. Cornwell must approve the initial inventory. If you meet normal credit requirements, Cornwell will finance the initial inventory of \$55,000, and will finance subsequent inventory purchases, as further described in Item 10 of this Disclosure.

New Dealerships who have been in the tool business previously ("Convertees") and already have a suitable inventory and an approved vehicle will only be required to purchase an initial inventory of at least \$40,000 from Cornwell, at regular dealer net prices.

Unless you are a Convertee for whom Cornwell waives the requirement, you must also establish a Reserve with Cornwell in the amount of \$20,000, to be applied against the further purchase of inventory during the first 13 weeks of the Dealership. If you meet normal credit requirements, Cornwell will finance up to \$20,000 of the Reserve. Unless waived, you must also verify at the outset of the Dealership that there is \$10,000 on deposit in a business account and that you will only use those funds for business purposes on and after the first day of training on your route. Inventory level can vary based on area and the dealership's financial situation. Cornwell expects its dealerships to have sufficient levels of inventory to properly service customers on a continuing basis.

Only a portion of your initial inventory purchase expenditure may be refundable. See explanation of tool return in Item 17, Note 4 of this Disclosure.

NOTE 5 – Vehicle. All Dealerships are also required to purchase or lease a truck or van. Cornwell must approve the truck or van to be obtained. Approved trucks and vans must be equipped so that District Managers or others riding along can sit safely and are protected against injury from objects thrown forward from the rear compartment. Cornwell will recommend sellers or lessors of suitable trucks and vans but does not require that any such truck or van be obtained from a particular source. The estimated range for the cost of a suitable truck or van is \$75,000 to \$165,000, depending on whether the truck or van is new or used, and on its condition and features. A Truck Leasing Program through a third-party leasing company has been established for those Cornwell Dealerships who choose to use it. The Truck Leasing Program is further described below.

Cornwell has entered into an agreement with Trans Lease, Inc., of Denver, Colorado, to establish a Truck Leasing Program, through which Cornwell Dealerships can lease approved trucks and vans on extended terms. Under the Program, new vehicles and vehicles previously used by other Cornwell Dealerships will be available. Vehicles manufactured by Summit Body Works and Herr Display Van are currently offered under the Program.

Cornwell is completely independent of Trans Lease and Cornwell will not receive any revenue from the Truck Lease Program. Trans Lease reserves the exclusive right to set lease terms and to approve or disapprove any Cornwell Dealership for participation in

the Program. Cornwell has no right to require Trans Lease to approve a Dealership or to approve any particular lease terms.

Under the Program, a participating Dealership must authorize Trans Lease to make direct electronic Automatic Clearing House (ACH) deductions from the Dealership's checking account for the weekly truck lease payments. If there are insufficient funds in the Dealership's account to make a payment or if the Dealer withdraws ACH authority then the Dealership will then be considered in default under the truck lease.

Cornwell has agreed to use its best efforts to assist Trans Lease in re-leasing or selling a vehicle that Trans Lease has repossessed, if Trans Lease so requests. Cornwell will have no obligation to the defaulting Dealership to make such efforts.

Vehicle expenditures are normally non-refundable; Cornwell has no control over any such refunds.

If you are a converttee, you may be permitted to continue to use an appropriate van or truck you already own or lease, if Cornwell approves it. A Cornwell decal package must be installed to replace existing decals, at your cost.

NOTE 6 – Insurance. Cornwell further requires you to carry the following minimum insurance coverage: commercial business auto liability insurance with limits of \$1,000,000, general commercial liability insurance under a comprehensive general liability form that includes coverage for bodily harm, property damage, and product liability policies not less than \$1,000,000, and cargo insurance with all risk property coverage for full replacement of your inventory. Insurance policies maintained by you must (a) designate Cornwell Quality Tools Company as "additional insured"; (b) if Cornwell finances your inventory, cargo insurance must designate Cornwell Quality Tool Company as "loss payee" for full replacement of your inventory financed; and provide that Cornwell receive a copy of all notices of cancellation, nonrenewal, or coverage change at least 30 days prior to the effective date. Insurance costs are highly dependent on your past driving record, the geographical area of your franchise, dollar amount of your inventory and type of truck being insured.

Insurance expenditures are normally non-refundable; Cornwell has no control over any such refunds.

NOTE 7 - Additional Funds – Three Months. Additional amount needed to supplement shortfall to carry the personal, vehicle and miscellaneous business expenditures of the Dealership and its Owners during start-up for ninety days. Monthly personal and family expenditures of new Cornwell dealerships are typically not over \$3,000. *You may actually require over \$3,000 per month, dependent upon your personal financial situation or to fund business and personal expenditures for more than three months. The additional amount required will then be greater.* Unless waived by Cornwell for a Converttee, you must

provide verification to Cornwell, at the time payment is made for the Initial Inventory and Reserve, that as of that date you have at least an additional \$10,000 deposited in usable funds in a business checking account at a financial institution of your choice and you must further agree that you will only use those funds for the business purposes of the Dealership, on and after the first day of training on your route, which may include a reasonable draw for Owners' personal living expenses, as agreed upon by Cornwell in advance, while the Franchise Agreement is in force.

Additional amounts you expend for these purposes are non-refundable.

NOTE 8 – Equipment/Clothing/Fixtures/Other Fixed Assets. Your requirements will depend upon whether there are equipment and fixtures already in your truck and their condition and also on the location of your territory. Items you require may include sales aids, such as displays and promotional items. Cornwell dealerships typically do not need to make expenditures for construction, remodeling, leasehold improvements or decorating costs. Cornwell dealership Operators are required to buy and wear approved Cornwell route wear.

Equipment, fixture and other fixed asset expenditures are normally non-refundable. Cornwell has no control over any such refunds.

NOTE 9 – Reserve. This is the estimated initial amount needed to carry customer time payment (TP) accounts (accounts receivable from customers). The Reserve amount may vary, based on the Dealership's financial needs, arrangements which may have been made with an outgoing dealer to purchase accounts and the number of customers to whom the Dealership sells tools or other products on customer time payment. Cornwell's estimate of the Reserve amount is based on Cornwell's experience offering dealerships in the mobile tool industry.

At a minimum, unless waived by Cornwell, in addition to any capital you choose to deposit in your own business account to carry customer TP debt before it is collected, you must establish a Reserve with Cornwell in the amount of \$20,000, to be applied against the further purchase of inventory during the first 13 weeks of the dealership. If you meet normal credit requirements, Cornwell will finance up to \$20,000 of the Reserve.

The Reserve will be applied by Cornwell to your open account, as a credit against your further purchases of inventory, in a weekly amount equal to 65% of the increase in your documented Time Payment (TP) Account balance over the previous high TP balance. The Reserve will be maintained by Cornwell until it is exhausted or the dealership Agreement is terminated, whichever occurs first. If the Reserve is funded with a combination of cash and notes, the cash deposited will be applied first against the further purchases of inventory. The funds remaining in the Reserve will be refunded if paid in cash or, if borrowed, credited at your option to your open account or as a voluntary prepayment under paragraph 1(c) of your note, if the Reserve has not been used in full upon

the termination of the dealership Agreement. When the Reserve is established, it will be credited by Cornwell with a lump-sum amount.

Reserve expenditures are only refundable as outlined above.

NOTE 10 - Computer System.

You are required to acquire a laptop computer, bar code scanner and credit card signature pad from Cornwell (together, "the Hardware") for use on your truck. Cornwell will sell the Hardware to you at Cornwell's cost, now approximately \$3,500. Cornwell will give you a \$1,500 credit on your open account to offset your Hardware purchase expense. You will also be required to purchase or lease a compatible printer and wireless card. Should you wish to obtain additional computers, you are required to contact the IBN Support Desk to obtain specifications and requirements for them.

Cornwell will extend a three-year limited warranty on the Hardware to you, as well as pass through the Hardware manufacturer's limited warranties. Cornwell's warranty will be for support and repair or replacement of the Hardware. Cornwell will attempt to provide support within 2 business hours of report of the issue and to provide loaned Hardware by overnight delivery while repair is attempted or until replacement Hardware is provided.

After the expiration of the Cornwell Hardware warranty period, or if you void the warranty by damage occurring to the Hardware that is not the fault of Cornwell, Cornwell will provide the same support, repair and replacement service, but at your cost. You will have the option of replacing any of the Hardware at your cost during or after the warranty period. The Hardware warranty then being extended by Cornwell will be made to you as to the new Hardware you purchase.

Cornwell will not make any profit on initial Hardware or on Hardware support, repair and replacement provided to you. You must always use Hardware provided by Cornwell on your truck.

You are required to obtain and maintain high speed Internet access via a standalone Network Access Device from a mobile wireless broadband carrier, to be able to communicate electronically with Cornwell.

Computer system expenditures are normally non-refundable. Cornwell has no control over any such refunds of expenditures you make to third-party vendors.

NOTE 11 - Computer Software. You will be required to license the "Ironman Business Network (IBN)" Software under a separate License Agreement with Cornwell. You will be required to use the "My Business" function in IBN as directed in order for you and Cornwell to monitor your business properly.

The License Agreement includes an open-end service plan, which includes the use of the IBN Software, price updates, program updates and software support. There is a one-time \$100.00 set up fee, plus a monthly service contract fee of \$50.00, which is payable to Cornwell and will be billed to your Cornwell open account every month. There will also be a one-time \$175.00 license fee payable to a credit card processing vendor for Credit Card Processing Software that interfaces with the IBN Software. Cornwell has the right to increase the fees. The IBN software will provide you with a basic means of keeping track of certain financial information about your dealership. But the IBN Software is not a complete accounting system and does not replace the need for professional accounting services or advice.

You will agree to use only the IBN Software in the operation of the dealership. You will also agree to obtain and use upgrades and updates of the IBN Software from Cornwell as they become available. You will also agree that Cornwell will have independent access to the information that will be generated and stored on your computer system using the IBN Software. You will agree to use the IBN Software to generate and maintain accurate reports of your activities on a current basis, with complete information being entered at least once per week. Your IBN Software will automatically store and electronically transmit this information to Cornwell. You will agree to submit separately all information generated by the computer system, if requested by Cornwell, including but not limited to the weekly reports. Failure to submit this information on request will be a material breach of the Franchise Agreement.

Computer software expenditures are normally non-refundable. Cornwell has no control over any such refunds of expenditures you make to third-party vendors.

NOTE 12 – Security and Utility Deposits/Business Licenses/Other Prepaid Expenses.

No utility deposits are required since the vehicle is your place of business. There may be costs for business licenses ranging from \$500 to \$2,500 depending on location of Franchise.

Business Licenses/Other Prepaid Expenses expenditures are normally non-refundable. Cornwell has no control over any such refunds.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Other than the initial inventory and computer hardware and software described in Item 7 and minimum inventory purchases, as set forth below, you are under no obligation to purchase or lease from Cornwell or anyone designated by Cornwell, any other goods, services, supplies, fixtures, equipment, inventory or real estate. Cornwell will recommend sellers or lessors of suitable trucks and vans, but does not require that any such truck or van be obtained from a particular source. Cornwell must approve the truck or van to be obtained, however.

Immediately following the first six months after the franchise agreement is signed, you must maintain average weekly purchases from Cornwell equal to at least 90% of the national average of Cornwell franchise dealers' weekly purchases during the current calendar year. Every week, Cornwell calculates the national average franchise dealer weekly purchase amount during the current year. (Total dealer year to date purchases, divided by the number of weeks to date, then divided by the number of dealers at the end of the week prior to the current week.) Each week, you must maintain average weekly purchases (year to date purchases divided by the number of weeks to date) equal to 90% of Cornwell's national weekly average. The continuation of the franchise depends upon continuing required purchase of Cornwell Products. A franchise may be terminated or the territory decreased if the purchase requirements are not met.

The inventory purchased from Cornwell and the lease or purchase of a truck or van will normally constitute at least 70% of the total purchases and leases, which you will make in the establishment and operation of your business. Because of the initial inventory purchase, this figure will be substantially higher in your first year. When the truck or van is paid off, typically in 2-6 years, this figure will decrease. The bulk of the additional costs will relate to interest, insurance, bad debts, fuel and maintenance for the van or truck, and inventory purchases from sources other than Cornwell. The total cost of purchases from Cornwell by a particular dealer will, of course, vary considerably.

The average annual inventory purchases from Cornwell by Cornwell dealerships as of December 31, 2022, were \$332,436.

Cornwell derives a profit from the sale of tools, equipment and sales aids to dealers, but does not otherwise derive income from the franchise. In 2022, Cornwell derived 90.9% or \$230,577,609.60 of its total revenue of \$253,647,567.71 from the required dealership minimum purchase.

There are no purchasing or distribution cooperatives for Cornwell Products. Cornwell has no suppliers in which an officer of the franchisor owns an interest.

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ITEM 9. FRANCHISEE'S OBLIGATIONS

THE FOLLOWING 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.

<u>Obligation</u>	<u>Section in Agreement</u>	<u>Item in Disclosure Document</u>
a. Site selection and acquisition/lease	Not Applicable	Not Applicable
b. Pre-opening purchases/ leases	Sections 3 and 5 (of Franchise Agreement)	Item 7
c. Site development and other pre-opening requirements	Sections 3, 5, 10 (of Franchise Agreement)	Items 6, 7
d. Initial and ongoing training	Section 8 (of Franchise Agreement)	Item 11, Exhibit I
e. Opening	Sections 3, 5, 6 (of Franchise Agreement)	Item 11
f. Fees	Section 3 (of Franchise Agreement)	Items 5, 6 and 7
g. Compliance with standards and policies/Operating Guide	Sections 7 and 9 (of Franchise Agreement)	Item 11
h. Trademarks and proprietary information	Section 10 (of Franchise Agreement)	Item 13, 14
i. Restrictions on products/services offered	Section 7 (of Franchise Agreement)	Items 8, 16
j. Warranty and customer service requirements	Section 12 (of Franchise Agreement)	Item 11

<u>Obligation</u>	<u>Section in Agreement</u>	<u>Item in Disclosure Document</u>
k. Territorial development and sales quotas/Best efforts	Sections 2 and 7 (of Franchise Agreement)	Item 12
l. Ongoing product/service purchases	Section 7 (of Franchise Agreement)	Items 8, 16
m. Maintenance, appearance and remodeling requirements	Section 10 (of Franchise Agreement)	Item 13
n. Insurance	Section 6 (of Franchise Agreement) Section 4 (of Dealer Security Agreement)	Item 6
o. Advertising	Not Applicable	Not Applicable
p. Indemnification	Not Applicable	Not Applicable
q. Owner's participation/management/staffing	Section 9 (of Franchise Agreement)	Item 15
r. Records/reports	Sections 5 and 6 (of Franchise Agreement) Sections 3(b)(c) and 6 (of Dealer Security Agreement)	Item 10, 11
s. Inspections/audits	Sections 5 and 6 (of Franchise Agreement) Sections 3(b)(c), 5, and 6 (of Dealer Security Agreement)	Item 10
t. Transfer	Section 11 (of Franchise Agreement)	Item 17
u. Renewal	Not Applicable	Not Applicable
v. Post-termination obligations	Section 15 (of Franchise Agreement)	Item 17

<u>Obligation</u>	<u>Section in Agreement</u>	<u>Item in Disclosure Document</u>
w. Non-competition covenants	Not Applicable	Not Applicable
x. Dispute resolution	Section 20 (of Franchise Agreement); Section 15 (c) (of Dealer Security Agreement)	Item 17

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ITEM 10. FINANCING

SUMMARY OF FINANCING OFFERED

Item Financed (Source)	Amount Financed	Down Payment	Term (Weeks or Yrs)	APR %	Weekly Payment	Prepay Penalty	Security Required	Liability Upon Default	Loss of Legal Right on Default
Initial Inventory Purchase	Up to \$75,000	Currently -0-	312 weeks or 6 yrs 208 weeks for qualified veterans plus one payment of \$88.80	Up to 17% (annual rate); currently 14.49% where applicable 0% for qualified veterans (1)	Currently \$360.15 by ACH automatic payment deduction	None	Inventory, Accounts Receivables, Personal Guarantee	Loss of Franchise, Attorney's Fees and Costs, Cost of Collection, Cost of Repossession	Waiver of Notice, Presentment and Demand
Comwell Tech-Credit Customer Financing	Up to \$27,000 per Customer	None	Up to 60 mos	19.99 % (credit limit over \$4,500) or 21.9% (credit limit between \$2,500-\$4,499) or 24.99% (credit limit under \$2,500) 19.99% , 21.9% or 24.99% will not be in effect in AK, AR, CT, FL, MD,MN, NE, ND, WV	\$10 per week minimum	None	Products being financed	Attorney's Fees and Costs, Cost of Collection, Cost of Repossession; Dealer suspended from Tech-Credit program	None
Deferred Billing	Up to \$12,000	None	10 Weeks	None	1/10 of Initial Balance of Deferred Invoices	None	None	Loss of Franchise, Attorney's Fees and Costs, Cost of Collection	None
Comwell Box Extended (CBX)	Up to \$15,000	None	20 Weeks	None	1/20 Initial Balance of CBX Invoices	None	None	Loss of Franchise, Attorney's Fees and Costs, Cost of Collection	None

NOTE 1 – Initial Inventory Purchases. Subject to normal credit approval, Cornwell will sell initial inventory on a time-deferred payment basis. You and the Owners will be required to execute the Dealer Purchase Order, Note and Security Agreement (the Note), using the form Note in Exhibit C or Exhibit C-1 for qualified military veterans, C-2 for Franchise Developers or C-3 for Special Representatives, as applicable, and financing statements in conjunction with any such sale. If you qualify for Cornwell financing, Cornwell may loan you up to \$75,000 of the cost of the initial purchase of inventory. The Owners will be required to guarantee personally the timely payment of the Note.

The Note (Note and Security Agreement, Section 1(b)) currently provides for weekly repayment of principal and interest at an annual interest of 14.49%, which is subject to changes in accordance with the Prime Rate reported in the Consumer Money Rates Chart of the online Market Data Center of the Wall Street Journal. The interest rate is fixed over the term of the Note, but is set by adding 6.74% to the current Prime Rate reported in the Consumer Money Rates Chart of the online Market Data Center of the Wall Street Journal. As of February 1, 2023, the Prime Rate was 7.75%. The interest rate on your Note may therefore be higher, lower or the same as it would be at the time of the publication of this Disclosure Document. In some states, the maximum interest rate may be less than the amount stated in the chart due to state lending statutes. All payments are intended to be applied first toward unpaid accrued interest charges and then as a reduction of the unpaid principal balance, but Cornwell reserves the right to apply these payments in any order it determines. (Note and Security Agreement, Section 1(c)). In addition, Cornwell may impose a weekly late charge of \$10.00 each week that you are three or more payments in arrears. (Note and Security Agreement, Section 1(e)). The note may be voluntarily pre-paid in part or in full at any time, without penalty. (Note and Security Agreement, Section 1(c)). The term of the note will be determined by Cornwell, and will be no more than 60 months. If you finance your Reserve, as described below, that amount will be included in the Note for your initial purchase of inventory, on the same terms. The Current Weekly payment on full financing of the initial inventory and Reserve is \$360.15.

The Note further provides that the installments to be paid to Cornwell by you shall be paid by an ACH Debit for automatic payment, which will be automatically processed every Monday until the obligation is paid in full. The Dealership and its Owners must sign an irrevocable ACH Agreement authorizing Cornwell to automatically deduct the weekly payment from the Dealership's bank account until the Note obligation is paid in full. In the event funds are not available to complete the automatic transfer on that date, it will be considered an event of default included in those described below.

You will be in default upon the happening of any of the following events or conditions, as well as the others described in Section 8 of the Note (Exhibit C):

(a) Your failure to make payment or performance on any of your indebtedness to Cornwell, as described in paragraph 3 of the Note and Security Agreement, including but not limited to those arising from the sale of inventory described in this Agreement.

(b) If you default under the Dealer Franchise Agreement or any other agreement or contract between you and Cornwell, or upon the termination of any such agreement.

(c) Your failure to have the Note and Security Agreement fully collateralized at all times.

Upon default, all of your obligations at once become due and payable without any notice or demand, notice and demand having been expressly waived. (Note and Security Agreement, Section 8). Under the Note and Security Agreement, Cornwell retains a security interest in the inventory and in your accounts receivable. (Note and Security Agreement, Section 3(a)).

You waive the right to notice of collection or repossession actions. (Note and Security Agreement, Sections 6(f) and 9). Cornwell can also recover its cost of collection, including court costs and reasonable attorney fees. (Note and Security Agreement, Section 12).

Although it is not the present practice of Cornwell, to sell, assign, or discount to a third-party, in whole or in part, any note, contract or other instrument executed by you, Cornwell retains the right to do so. (Note and Security Agreement, Section 1(f)).

If you are financed as described above by Cornwell, you are required to maintain at your place of business accurate and up-to-date records pertaining to the total inventory, the collateral and the accounts. Every week you are required to submit your Current Weekly Business Report to your District Manager and Cornwell's credit department. Cornwell will have a special property interest in all of your records pertaining to the total inventory, the collateral and the accounts, and Cornwell's agents, representatives and employees shall have the right to inspect them at any reasonable time or times. You are also required to make available to Cornwell upon demand financing statements or other appropriate documentation as may be requested by Cornwell to evidence and perfect the security interest.

A. Military Veteran Incentive Program. Cornwell also offers a Military Veteran Incentive Program. This consists of offering the standard \$75,000 Initial Inventory Purchase loan with no interest for qualified applicants. The saved total interest amount over the 6-year term of the loan, if all of the requirements of the Program continue to be met, would be approximately \$37,000.

Qualifications for Program

- Applicant must have been honorably discharged from the U.S. Military
- Must meet normal credit criteria for obtaining an Initial Inventory Purchase Loan
- Must have \$10,000 of working capital as of the first day of on-truck training
- Must lease or purchase a new tool truck
- Must meet or exceed 90% of the national dealer purchase average over the length of the loan. This will be reviewed every 13 weeks and your compliance will be determined every 52 weeks.
- Dealers on the program will make the same weekly loan payment amount as non-veteran dealers until paid in full (currently 208 payments of \$360.15, instead of 312 such payments, plus one payment of \$88.80)
- Dealers on the program must agree to allow Cornwell to use their story and likeness for advertising purposes
- All other normal franchise requirements apply

B. Franchise Developer Program. Cornwell also offers a Franchise Developer Program to qualified applicants. Up to \$55,000 of inventory can be obtained without the payment of interest, through loan forgiveness if the Program requirements are met. There are two forms of the Franchise Developer Program offered: 1) Reserve financing up to \$20,000 for a total of \$75,000 of eligible inventory (only \$55,000 of which will be eligible for loan forgiveness) and 2) No reserve financing offered for a total of \$55,000 of eligible inventory (all eligible for loan forgiveness). It is in Cornwell's sole discretion whether to require a Reserve and if it is required, whether to offer you Reserve financing or not.

Requirements for Program:

- You must have the potential based on past tool business experience, in Cornwell's sole discretion, to meet the requirements of the Program.
- To remain a Franchise Developer and to enjoy the benefits set forth below, in addition to the interest-free Note described above, you must meet the requirements set forth below.

A. You must (1) Remain a Cornwell Dealer with average purchases of not less than \$7,150 per week for at least 36 months from the date that Dealer first makes sales ("Start Date") or (2) Introduce at least 3 new dealers to Cornwell within 36 months of the Start Date. Your status as a Franchise Developer will be reviewed every 52 weeks. If you both fail to satisfy the average purchase requirement and have not introduced a new dealer during the preceding 52 weeks, your status as a Franchise Developer may be terminated by Cornwell.

B. "Introduction" of new dealers for the purpose of Franchise Developer status means that such new dealers enter into Dealer Franchise Agreements, purchase Starter Inventories and remain Cornwell Dealers for a minimum of 6 months each.

C. You will qualify for all Cornwell programs, except recruitment incentives for you, yourself or for three new dealers.

D. You will qualify immediately for all Tech-Credit programs and for volume discounts for purchases as of the first week of business, not including the Starter Inventory.

E. You must use the IBN program, including My Business and must submit standard weekly reports to the District Sales Manager and to Cornwell's Wadsworth office.

F. You must maintain an inventory of at least \$55,000 net value and must use the perpetual inventory function on IBN. Your inventory level will be inspected at least quarterly by the District Sales Manager and you must perform a physical inventory at least once a year, or more frequently as Cornwell may reasonably request.

G. You must pay your trade account with Cornwell in accordance with Cornwell's policies and procedures, must make the required weekly payments of principal on the Note and must otherwise comply with the terms of this Agreement, the Note, all other agreements between Cornwell and you and Cornwell's other policies and procedures.

H. Following each of the first, three 52-week periods after payments have commenced on the Note, if you have complied with the requirements of the Agreement and the Note during that period, Cornwell will then issue an open account credit to you, to be used only for the purchase of additional inventory. The credit at the end of the first year will be of \$15,000. Following each of the next two 52-week periods after payments have commenced, if you have complied with the requirements of this Agreement and the Note during that period, Cornwell will then issue an open account credit to you of \$20,000.

I. If during the first 104 weeks after the Start Date you have maintained a purchase average of at least \$7,800 per week (not including the Starter Inventory), Cornwell will then issue a further open account credit to you of \$10,000 to be used only for the purchase of additional inventory.

J. If during the first 156 weeks after the Start Date you have maintained a purchase average of at least \$7,800 per week (not including the Starter Inventory or additional inventory purchased with the credit described in subparagraph I above), Cornwell will then issue a further open account credit to you of \$15,000 to be used only for the purchase of additional inventory.

K. If at any time within 36 months of the Start Date you have introduced at least 3 new dealers to Cornwell, the inventory portion of the Note (not the Reserve portion) will be deemed satisfied in full without the requirement of further payments. Any partial-year payments to the date of Note satisfaction will be credited to your open account.

L. If you both fail to satisfy the average purchase requirement and have not introduced a new dealer during the preceding 52 weeks, your status as a Franchise Developer may be terminated by Cornwell. The Note may then be declared in default and accelerated, including accrued time-price charges and late charges.

C. Special Representative Program. Cornwell also offers a Special Representative Program to qualified applicants. Up to \$60,000 of inventory can be obtained without the payment of interest, through loan forgiveness if the Program requirements are met. There are two forms of the Franchise Developer Program offered: 1) Reserve financing up to \$20,000 for a total of \$80,000 of eligible inventory (only \$60,000 of which will be eligible for loan forgiveness) and 2) No reserve financing offered for a total of \$60,000 of eligible inventory (all eligible for loan forgiveness). It is in Cornwell's sole discretion whether to require a Reserve and if it is required, whether to offer you Reserve financing or not.

- You must have the potential based on past history, in Cornwell's sole discretion, to meet the requirements of the Program.
- To remain and to enjoy the benefits set forth below, in addition to the interest-free Note described above, you must meet the requirements set forth below.

A. You must (1) Remain a Cornwell Dealer with average purchases of not less than \$7,150 per week for at least 36 months from the date that Dealer first makes sales ("Start Date") or (2) Introduce at least 3 new dealers to Cornwell within 36 months of the Start Date. Your status as a Special Representative will be reviewed every 52 weeks. If you both fail to satisfy the average purchase requirement and have not introduced a new dealer during the preceding 52 weeks, your status as a Special Representative may be terminated by Cornwell.

B. "Introduction" of new dealers for the purpose of Special Representative status means that such new dealers enter into Dealer Franchise

Agreements, purchase Starter Inventories and remain Cornwell Dealers for a minimum of 6 months each.

C. You will qualify for all Cornwell programs, except recruitment incentives for you, yourself or for three new dealers.

D. You will qualify immediately for all Tech-Credit programs and for volume discounts for purchases as of the first week of business, not including the Starter Inventory.

E. You must use the IBN program, including My Business and must submit standard weekly reports to the District Sales Manager and to Cornwell's Wadsworth office.

F. You must maintain an inventory of at least \$60,000 net value and must use the perpetual inventory function on IBN. Your inventory level will be inspected at least quarterly by the District Sales Manager and you must perform a physical inventory at least once a year, or more frequently as Cornwell may reasonably request.

G. You must pay your trade account with Cornwell in accordance with Cornwell's policies and procedures, must make the required weekly payments of principal on the Note and must otherwise comply with the terms of this Agreement, the Note, all other agreements between Cornwell and you and Cornwell's other policies and procedures. Your total weekly payments will be \$20,000 in each of the three years.

H. Following each of the first, three 52-week periods after the commencement of payments, if you have complied with the requirements of this Agreement and the Note during that period, Cornwell will then issue an open account credit to you in the amount of \$20,000.

I. If during the first 104 weeks after the Start Date you have maintained a purchase average of at least \$7,800 per week (not including the Starter Inventory), Cornwell will then issue a further open account credit to you of \$10,000 to be used only for the purchase of additional inventory.

J. If during the first 156 weeks after the Start Date you have maintained a purchase average of at least \$7,800 per week (not including the Starter Inventory or additional inventory purchased with the credit described in subparagraph I above), Cornwell will then issue a further open account credit to you of \$15,000 to be used only for the purchase of additional inventory.

K. If at any time within 36 months of the Start Date you have introduced at least 3 new dealers to Cornwell, the inventory portion of the Note (not the Reserve portion) will be deemed satisfied in full without the requirement of further payments. Any partial-year payments to the date of Note satisfaction will be credited to your open account.

L. If you both fail to satisfy the average purchase requirement and have not introduced a new dealer during the preceding 52 weeks, your status as a Special Representative may be terminated by Cornwell. The Note may then be declared in default and accelerated, including accrued time-price charges and late charges.

NOTE 2 – Cornwell Tech-Credit Program. Cornwell provides you and your customers with a financing plan (the “Plan”) under the following conditions:

Under the Plan, you would enter into an agreement, whereby you will take purchase money security agreements and promissory notes; (“Notes”) from your automotive technician customers (“Customer or Customers”) for the purchase of high-value merchandise, which Notes will be assigned to Cornwell for an immediate credit to your Cornwell account of a discounted amount from the face value of the Notes. The Notes will be limited-recourse to you, if the Customer receives credit approval from Cornwell. Under the agreement, an independent financial institution may advance funds to Cornwell and if it does, it will be entitled to take a security interest in the Notes, by filing, physical possession, or both, as it chooses.

After a Note is assigned to Cornwell, you will agree, as part of the consideration for the credit to your account, to act as collecting agent for Cornwell from the Customer. Typically, you will collect from the Customer weekly for that purpose; at the same time as you collect for your own account on the Customer’s other purchases. You will be required to remit the collections on the Note to Cornwell within ten days. However, under the terms of the Note, Cornwell will have the option of collecting directly from your Customer by mail, phone or internet which it will do if the event there is no dealer to make the collection in person. The direct collection method will also be used if you go into bankruptcy and under certain other circumstances.

Under these assumptions, Cornwell believes that you would have no further interest in the Notes or their proceeds, including the future stream of payments from the Customer, because you would have assigned all of your rights in the Notes for value to Cornwell. Your status as a collecting agent would give you no right to the funds actually collected for Cornwell’s account, nor to any future payments by the Customer.

If your Customer qualifies for Cornwell financing, Cornwell may finance merchandise up to \$27,000. The Note provides for a repayment of principal and interest at an annual rate up to 24.99% depending on Customer’s credit limit. Cornwell can adjust the interest rate

periodically according to the respective state statutes. All payments are intended to be applied first toward unpaid accrued interest charges, then any/all fees and NSF fees and then as a reduction of the unpaid principal balance, but Cornwell reserves the right to apply these payments in any order it determines. In addition, Cornwell may impose a monthly late charge of \$30.00 each month that the Customer is two or more payments in arrears. The Note may be voluntarily pre-paid in part or in full at any time, without penalty. The term of the Note will be determined by Cornwell, and will be no more than 60 months. There is a weekly payment minimum of \$10 for your Customer.

Cornwell can recover its cost of collection, including court costs, repossession expenses, and reasonable attorney fees in the event of default. Cornwell reserves the right to decline Plan financing for any legally permitted reason, including, but not limited to sales to your Customers outside your assigned territory or if you do not use the "My Business" function of IBN as required.

Cornwell reserves the right to assign (sell) Tech-Credit accounts to third parties that will collect them for their own benefit, whether or not the accounts are then current.

NOTE 3 - Deferred Billing Program. Cornwell allows for deferred billing of a limited amount of purchases under the following conditions: Deferred purchases will be paid for over a 10-week term, without additional charge. The weekly-accumulated deferred payment will be one tenth (1/10) of initial balance of all partially paid deferred invoices. The weekly-accumulated deferred payment will be due under the net terms of the open account statement upon which it initially appears. No deferred billing will be granted unless the open account is current. Cornwell reserves the right to reduce or eliminate any deferred billing limit on goods it deems inappropriate for the program or for any other legally permitted reason, including, but not limited to your not using the "My Business" function of IBN as required. Any action of this nature will be effective immediately upon notification to you.

Deferred billing account limits are based on a dealer's weekly purchase average and creditworthiness. New dealers are offered a \$2,000 deferred limit on starting. New dealers will be reviewed after six (6) months in business. At no time can a dealer exceed the established maximum deferred billing limit of \$12,000. As you pay your weekly-accumulated deferred payment, you may then add new deferred invoices up to the maximum limit. A deferred billing balance may be paid in full at any time if you so desire; this must be done by contacting Cornwell's credit department.

NOTE 4 - Cornwell Extended Box (CBX) Financing. Cornwell allows for extended billing of up to \$15,000 in tool box purchases under the following conditions: CBX purchases will be paid for over a 20-week term, without additional charge. The weekly accumulated deferred payment will be one-twentieth (1/20) of the initial balance of the tool box invoice. The weekly accumulated CBX payment will be due under the net terms of the open account statement upon which it initially appears. No CBX billing will be granted unless

and until the open account is current. Cornwell reserves the right to reduce or eliminate any CBX billing limit for any legally permitted reason, including, but not limited to your not using the "My Business" function of IBN as required. Any action of this nature will be effective immediately upon notification to you.

CBX billing account limits begin at \$6,000 and can increase based on your weekly purchase average and creditworthiness. New dealers are offered a \$6,000 limit on starting. New dealers will be reviewed after six (6) months in business. At no time can you exceed the established maximum CBX billing limit of \$15,000. As you pay your weekly accumulated CBX payment, you may then add new CBX invoices up to the maximum limit. Cornwell limits the availability of CBX billing to its branded tool boxes. A CBX billing balance may be paid in full at any time if you so desire; this must be done by contacting Cornwell's credit department.

NOTE 5 - Customer Account Receivable Financing. Independent lenders may determine whether they will provide accounts receivable financing to any particular dealer or to any particular customer of a dealer and upon what terms it will do so. Cornwell has no control over those decisions by independent lenders. Cornwell does not receive direct or indirect payments for placing financing. Cornwell does not guarantee your obligations to third parties.

NOTE 6 - Ongoing purchase of products/product discounts. Your purchases of tools and other products are charged to an open account. If payment is not received within 12 days of the statement date, the account is deemed delinquent by Cornwell. Such terms are subject to change at any time with no obligation by Cornwell.

A finance charge will be imposed on any portion of the open account balance that remains open after thirty (30) days. The amount of said finance charge will be one and one half (1-1/2) percent per month (the Periodic Rate) of the portion remaining open as described above. There will be a minimum charge of \$.50 for any balances under \$33.00. The Periodic Rate corresponds to an annual percentage rate of eighteen (18) percent. No other charges will be imposed.

Cornwell has a Franchised Dealer Volume Incentive Program. This program is offered only to Cornwell Franchised Dealers whose thirteen (13) week purchase average is \$6,000.00 or above and who pay their statements within 12 days of the statement date. (Payment must always be received within 12 days of the statement date.)

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FRANCHISED DEALER VOLUME INCENTIVE SCHEDULE

<u>AVERAGE WEEKLY PURCHASE</u>	<u>INCENTIVE ALLOWANCE</u>
Less than \$6,000.00	None
\$6,000.00 to \$6,999.99	1.50%
\$7,000.00 to \$7,999.99	2.00%
\$8,000.00 to \$8,999.99	2.50%
\$9,000.00 to \$9,999.99	3.00%
\$10,000.00 to \$10,999.99	3.50%
\$11,000.00 to \$11,999.99	4.00%
\$12,000.00 to \$12,999.99	4.50%
\$13,000.00 and over	5.00%

New Franchised Dealers are not eligible for the Franchised Dealer Volume Incentive until after their 13th week in business. The Franchised Dealer Volume Incentive earned will be applied weekly to the D1-B Statement balance or you may elect to utilize the Dealer Credit Account Program Authorization (DCA). (See Exhibit G for more details). Such incentives are subject to change at any time with no obligation by Cornwell.

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

Except as listed below, **Cornwell need not provide you any assistance.**

1. Pre-Opening Assistance and Training. Before you begin selling Cornwell product from your truck or van, Cornwell will:

- (1) survey your non-exclusive territory (Dealer Franchise Agreement, paragraph 1);
- (2) approve and sell to you the starting inventory (Dealer Franchise Agreement, paragraph 3);
- (3) approve your truck or display van (Dealer Franchise Agreement, paragraph 5a);
- (4) authorize the use of the Cornwell trademark and trade name (Dealer Franchise Agreement, paragraph 10);
- (5) provide financing assistance as described in Item 10 above, if normal credit requirements are met (Dealer Purchase Order, Note and Security Agreement; paragraph 1);

- (6) provide at least 40 hours of mandatory initial classroom training (New Dealer Training Program) near Cornwell's corporate offices in Wadsworth, Ohio, or at some other location. This training will be provided by Zoom and at your location by a District Manager or Trainer, rather than live in Ohio or at some other location during the current pandemic. The primary Dealership Operator and anyone else who will participate actively in the operation of the Dealership on the truck must complete the New Dealer Training Program before operating your dealership. The New Dealer Training Program will include classroom instruction on basic business procedures, computer setup, IBN setup, customer relations, product warranty/repair, Email, Cornwell Website and My Business. (Dealer Franchise Agreement, paragraph 8b) (See Section 7 of this Disclosure for more details and Exhibit I concerning training during the current pandemic.); and
- (7) provide hardware and software. (See Item 7 of this Disclosure for more details.)

Cornwell maintains a district management force, whose function is to assist you in the operation of your Dealership and to provide experience and direction in establishing and continuing your individual business. Since you are a totally independent businessperson, Cornwell and its managers cannot guarantee the success of your business.

2. Start-Up Time. The typical time between the signing of the franchise agreement and your beginning active operation of you dealership by selling tools is four to six weeks. That time period may be affected by delays in obtaining outside financing, obtaining your van or truck, weather conditions, and other demands on your schedule and demands of your District Manager who will provide training.

3. Ongoing Assistance and Training. During the operation of the franchise business, Cornwell will:

- (1) provide two weeks free on-site training to the Primary Operator of the Dealership and anyone else who will participate actively in its operation, through a district manager who will work directly with you, giving advice, support and recommendations (this on-site initial two weeks training will take place in the first month in which you operate the franchise); you are required to participate in the initial training. This on-site training will take place during the first month you operate the franchise and will include training in the following areas (Dealer Franchise Agreement, paragraph 8a):

- a. Merchandising
- b. Product Knowledge
- c. Routing
- d. Warranty
- e. Selling Techniques
- f. Collections
- g. Computer System
- h. Record Keeping
- i. Operation of the Business

The amount of training time you will receive in each of these areas will vary depending on your aptitude and previous work and/or business experience.

During the current pandemic, you will receive additional on-site training. See Exhibit I to this Disclosure.

(2) provide continuous supervision, assistance and services and a district manager will remain in communication with you providing advice, support, assistance, and coordinating meetings, including dealers and vendors (Dealer Franchise Agreement, paragraph 8a); and

(3) provide you with a copy of Cornwell's Dealer Operations Guide (Operations Guide) which includes information regarding your day-to-day operation of the franchise.

Cornwell will make available to you combined informal and formal training opportunities depending on your individual requirements and background. You will not be charged for these training opportunities, but you are responsible for paying for any travel or accommodation expenses that you may incur. You are required to participate in the initial two (2) week training offered by the Cornwell District Manager, as well as the additional on-site training offered during the current pandemic.

Also, optional conferences and seminars are held from time to time, where business and product information is made available. No charge is made by Cornwell to you for participation in such conferences and seminars, but you are expected to pay your own expenses for attending.

Cornwell has divided the various states into what it considers to be suitable territories for dealers. This is based on the estimated number of potential customers for you, together with the size of the territory.

If your customer is the original end-user purchaser of a product manufactured by Cornwell ("Cornwell Hard Line") or of a new Kennedy steel roller cabinet, locker, cart, steel tool chest, or steel canopy for use with a Kennedy cabinet or tool chest ("Kennedy Tool Storage"), then your customer is entitled to a limited lifetime warranty that the

product will be free of defects in material or workmanship under normal use and will conform to the description given them by Cornwell or Kennedy.

This limited lifetime warranty extends only to the repair or replacement of items found by Cornwell or Kennedy upon examination to be defective in material or workmanship and is subject to availability of replacement parts. This limited lifetime warranty covers only parts and materials, not labor, and cannot be assigned by the original end-user purchaser of that product.

This limited lifetime warranty does not cover products that are damaged through any intentional or negligent actions, including but not limited to misuse, mishandling, or modification or to products that reach the ends of their useful lives as a result of normal wear and tear. Misuse and mishandling of Kennedy Tool Storage products include but are not limited to overloading, especially while moving or transporting the item, and to scratching of painted and unpainted tops.

Cornwell and Kennedy are not responsible for any special, punitive, incidental or consequential damages which may arise out of the purchase or use of any Cornwell or Kennedy product. Cornwell's and Kennedy's liability for any breach of warranty shall be limited to the cost of the repair or replacement of the defective items as described above.

THIS WARRANTY IS YOUR CUSTOMER'S EXCLUSIVE CORNWELL HARD LINE/KENNEDY TOOL STORAGE WARRANTY AND REPLACES TO THE FULLEST EXTENT PERMITTED BY LAW ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTIES OR CONDITIONS OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

Cornwell extends the full manufacturer's warranty to your customers, as the original end-user purchaser of products manufactured by others. No special, punitive, incidental or consequential damages of any kind are recoverable from Cornwell by any person from the use of these products. Further, there is no other warranty extended by Cornwell with respect to these products, including but not limited to warranties of merchantability and fitness for a particular purpose. In order to replace a defective item, it must be returned to Cornwell Quality Tools Company, 454 Corporate Parkway, Wadsworth, Ohio 44281.

THIS WARRANTY IS YOUR CUSTOMER'S EXCLUSIVE WARRANTY FROM CORNWELL AS TO PRODUCTS MANUFACTURED BY OTHERS AND REPLACES TO THE FULLEST EXTENT PERMITTED BY LAW ALL OTHER WARRANTIES BY CORNWELL, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTIES OR CONDITIONS OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

Dealer agrees to extend all of the warranties described in this Paragraph to the Dealer's customers.

4. Advertising Program. Cornwell confines its advertising to programs such as promotional literature and catalogs which are made available to you and information on its website, www.cornwelltools.com. Cornwell does little or no national advertising. You need not spend any money for advertising, but you may do so if you wish. Cornwell will not reimburse your advertising expenditures. You may use your own printed advertising materials, as long as they are accurate if they use any Cornwell trademark. There is no advertising council of Cornwell dealerships. You need not participate in any local or regional advertising cooperative or advertising fund. You will receive no accounting of how Cornwell expends funds for advertising. Cornwell expends approximately 92.78% of its advertising funds primarily to solicit new franchise sales.

5. Computer System. You are required to acquire a laptop computer, bar code scanner and credit card signature pad from Cornwell (together, "the Hardware") for use on your truck. Cornwell will sell the Hardware to you at Cornwell's cost, now approximately \$3,500. Cornwell will give you a \$1,500 credit on your open account to offset your Hardware purchase expense. You will also be required to purchase or lease a compatible printer and wireless card. Should you wish to obtain additional computers, you are required to contact the IBN Support Desk to obtain specifications and requirements for them.

Cornwell will extend a three-year limited warranty on the Hardware to you, as well as pass through the Hardware manufacturer's limited warranties. Cornwell's warranty will be for support and repair or replacement of the Hardware. Cornwell will attempt to provide support within 2 business hours of report of the issue and to provide loaned Hardware by overnight delivery while repair is attempted or until replacement Hardware is provided.

After the expiration of the Cornwell Hardware warranty period, or if you void the warranty by damage occurring to the Hardware that is not the fault of Cornwell, Cornwell will provide the same support, repair and replacement service, but at your cost. You will have the option of replacing any of the Hardware at your cost during or after the warranty period. The Hardware warranty then being extended by Cornwell will be made to you as to the new Hardware you purchase.

Cornwell will not make any profit on initial Hardware or on Hardware support, repair and replacement provided to you. You must always use Hardware provided by Cornwell on your truck.

You are required to obtain and maintain high speed Internet access via a standalone Network Access Device from a mobile wireless broadband carrier, to be able to communicate electronically with Cornwell.

Computer system expenditures are normally non-refundable. Cornwell has no control over any such refunds of expenditures you make to third-party vendors.

6. Computer Software. You will be required to license the "Ironman Business Network (IBN)" Software under a separate License Agreement with Cornwell. You will be required to use the "My Business" function in IBN as directed in order for you and Cornwell to monitor your business properly.

The License Agreement includes an open-end service plan, which includes the use of the IBN Software, price updates, program updates and software support. There is a one-time \$100.00 set up fee, plus a monthly service contract fee of \$50.00, which is payable to Cornwell and will be billed to your Cornwell open account every month. There will also be a one-time \$175.00 license fee payable to a credit card processing vendor for Credit Card Processing Software that interfaces with the IBN Software. Cornwell has the right to increase the fees. The IBN software will provide you with a basic means of keeping track of certain financial information about your dealership. But the IBN Software is not a complete accounting system and does not replace the need for professional accounting services or advice.

You will agree to use only the IBN Software in the operation of the dealership. You will also agree to obtain and use upgrades and updates of the IBN Software from Cornwell as they become available. You will also agree that Cornwell will have independent access to the information that will be generated and stored on your computer system using the IBN Software. You will agree to use the IBN Software to generate and maintain accurate reports of your activities on a current basis, with complete information being entered at least once per week. Your IBN Software will automatically store and electronically transmit this information to Cornwell. You will agree to submit separately all information generated by the computer system, if requested by Cornwell, including but not limited to, the weekly reports. Failure to submit this information on request will be a material breach of the Franchise Agreement.

7. Operating Manual (Guide). The table of contents for the Operations Guide is as follows:

a)	ND-Dealer Program	11 pages
b)	DCA-Dealer Credit Account Program Authorization	2 pages
c)	STM090-CNW-Dealer Installment Loan Weekly Statement	1 page
d)	D1-B-EXP-Explanation of Dealer Statement	7 pages
e)	DL-FC-Past Due Accounts Finance Charge	1 page

f)	DBP-Deferred Billing Program	2 pages
g)	WATS/FAX-Telephone, Wats & Fax Directory	1 page
h)	CDL-Cornwell Dealer Link	1 page
i)	WOC-Warning of Cancellation	1 page
j)	NOOC-Notice of Order Cancellation	1 page
k)	BP-1-Backorder Program	1 page
l)	SO-1-Special Order/Special Order Drop Ship Program	1 page
m)	SL-1A – SL-1D-Special Order Drop Ship Supplier List	4 pages
n)	CSI-PLC1-Customer Service Initiative (CSI)	3 pages
o)	ND-2-New Tool Return Policy	1 page
p)	WC-Warranty Code Information Sheet	1 page
q)	DLP-3-“A” Line Warranty Returns and Repairs	3 pages
r)	SP-1 REV3-Sample Program Registration Form	1 page
s)	FCG0101-Shipment Guidelines	2 pages
t)	ACH-Agreement-Authorization Agreement for Automatic Payment	1 page
u)	CBX0103 – Cornwell Tools CBX Account	1 page

The Dealer Operations Guide is comprised of 47 pages.

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8. Training Program.

Item 11 Table

<u>Training Table</u>		
Subject	Virtual or Classroom	Field / On Route
Territory Operations	1.5	15
Business Procedures	11.05	9.5
Route Management	9.1	18
Tool Truck Setup	0	17
Product Knowledge	3.5	10
Sales Training	6.5	13.5
Business Analytics	4.1	8.5
IBN Software	3.5	0
Cornwell History	0.75	0
	40	91.5

A. Training classes are held once or twice a month at Cornwell's corporate headquarters in Wadsworth, Ohio, or some other location. During the current pandemic, Zoom training will be held on a schedule that will be provided to you instead of training in Ohio or some other location. Please see Exhibit I to this Disclosure.

B. Instructional materials consist of a New Dealer Training Guide. Cornwell's National Training Manager has over 36 years of instructing experience in the automotive aftermarket industry and mobile tool business.

Training is provided by Keith McConnell, Franchise Learning & Development Manager. He has 36 years of experience in the mobile tool industry and 3 years with Cornwell Tools. Training is supervised by the Director of National Sales, Andrew Scott. He has 21 years of experience in the mobile tool industry.

C. There is no charge to you for the training. You must, however, pay your own travel and living expenses to receive training offered in Ohio or some other location.

D. The principal Operator of the Dealership and anyone else who will participate actively in the operation of the Dealership on the truck must attend the training and complete it to Cornwell's satisfaction, even if you are a converted dealer from another company. You must complete the training before commencing your dealership, at the earliest time it is offered after you are approved to be a Cornwell dealer.

E. No additional training or refresher courses are required, but you may elect to take them.

ITEM 12. TERRITORY

You will be assigned a specific geographic territory by Cornwell that is designed to allow for sales growth. Cornwell has conditions established by policy for agreeing to a revision of your territory, if you request relocation. Any territory revision must be in your best interests and those of Cornwell, as Cornwell determines. You and the principal Operator of the Dealership must agree to use best, full-time efforts to serve your assigned territory fully by the sale of Cornwell products. Cornwell may require you to agree to a modification of the territory as a condition of waiving a default of your failure to use best efforts to serve the territory fully.

By mutual agreement, your assigned geographic territory may exclude certain stops within it, which may be served by another Cornwell dealer. Likewise, by mutual agreement, certain stops may be assigned to you outside your geographic territory that will not be assigned to another Cornwell dealer.

You may not acquire more than one Cornwell Franchise (a "Second Franchise") except under these conditions: 1) Your Cornwell purchase average must have been at least 150% of the national purchase average during all of at least the 12 months before you seek approval of a Second Franchise. 2) You must be and remain "full equity," which means that you have no outstanding loan from Cornwell or any other lender who takes a security interest in the assets of your Franchise. Approval will be denied or withdrawn if any other lender takes a security interest in the assets of the Franchise. 3) The Second Franchise must be "full equity," which means that investment for the Second Franchise cannot be made with funds you borrowed from Cornwell or any other lender who takes a security interest in the assets of your Franchise. Approval will be denied or withdrawn if any other lender takes a security interest in the assets of the Second Franchise. 4) Both the existing franchisee's territory and the proposed second franchise territory must be surveyed by Cornwell in accordance with Cornwell policies in effect at the time. If there is area in your existing territory that is not being served, Cornwell may require that area to be released and included in the Second Franchisee's territory or released to be included in a future dealership's territory. 5) You must be in good standing with, but not limited to, wholesale credit and tech credit and your original franchise and the Second Franchise must remain that way. 6) If any person who will operate the Second Franchise is not already an Operator (an existing Operator or other Owner who has completed New Dealer Training), that person must be approved by Cornwell and must complete New Dealer Training (as must another Owner who will operate the Second Franchise and did not previously complete New Dealer Training). 7) All of the requirements for a new franchise must be met, including, but not limited to, the purchase of an Initial Inventory amount. A

new dealership must purchase an initial inventory of Cornwell products of at least \$55,000 at regular dealer net prices. If the dealership is converting an existing tool business ("Converttee") and already has an approved suitable inventory, you must purchase an initial inventory of at least \$40,000 from Cornwell at regular dealer net prices, Time Payment Reserve and Working Capital (Unless waived by Cornwell, you must also establish a Reserve with Cornwell in the amount of \$20,000, to be applied against the further purchase of inventory during the first 13 weeks of the Dealership. Unless waived, you must also verify at the outset of the Dealership that there is \$10,000 on deposit in a business account that will only be used for business purposes on and after the first day of training on your route.) and truck approval. 8) Both your existing Franchise and the Second Franchise must use IBN. 9) The territory of the Second Franchise must be fully served without interruption of more than 60 consecutive days, or the Second Franchise will be deemed abandoned and terminated. 10) Both your existing Franchise and the Second Franchise must always meet all Cornwell requirements. 11) The existing Franchise must maintain at least 100% of the national purchase average. The Second Franchise must maintain at least 100% of the national purchase average commencing six months after the Second Franchise begins operation. 12) If your existing Franchise is terminated, the Second Franchise will be terminated as well.

You do not receive an exclusive territory. You may therefore face competition from other franchisees or from other channels of distribution or competitive brands that we control. However, Cornwell has a policy of entering into an agreement with only one dealer for any territory. Typically, there is little, if any, selling by dealers in the territory of others. Cornwell does not have a typical territory in terms of physical size. Your assigned territory will have a minimum of 350 potential customers. Currently, Cornwell does not distribute its products other than through dealers and a limited number of industrial and vocational-technical school distributors. No other form of Cornwell outlet will be established in your territory.

You are permitted to operate only one (1) truck anywhere and no other truck, directly or indirectly, unless Cornwell expressly agrees to let you operate one additional truck (a "Second Truck"). Cornwell will only agree under these conditions: 1) Your Cornwell purchase average must have been at least 150% of the national purchase average during all of at least the 12 months before you seek approval of a Second Truck. 2) You must be and remain "full equity," which means that you have no outstanding loan from Cornwell or any other lender who takes a security interest in the assets of the Franchise. Approval will be denied or withdrawn if any other lender takes a security interest in the assets of your Franchise, including, but not limited to the Second Truck. 3) Your territory must be re-surveyed by Cornwell in accordance with Cornwell policies in effect at the time. If there is area in your territory that is not being served and will not be served by the Second Truck, Cornwell may require that area to be released to be included in a future Dealer's territory. 4) You must be in good standing with, but not limited to, wholesale credit and tech credit and must remain that way. 5) If any person who will operate the Second Truck is not already an Operator (an existing Operator or other Owner who has completed New Dealer

Training), that person must be approved by Cornwell and must complete New Dealer Training (as must another Owner who will operate the Second Truck and did not previously complete New Dealer Training). 6) The requirements for a new franchise must be met by the Second Truck as to an Initial Inventory amount and truck approval. 7) The Second Truck must be operated without interruption of more than 60 consecutive days, or the agreement for the Second Truck will be terminated. 8) Your existing Franchise and the Second Truck must always meet all Cornwell requirements. 9) The combination of your existing Franchise and the Second Truck must maintain at least 200% of the national purchase average commencing six months after the Second Truck begins operation. 10) You will not be eligible for dealer purchase awards and recognition while you have a Second Truck. 11) If your existing Franchise is terminated, the Second Truck authorization will be terminated as well.





Currently, Cornwell will not solicit or accept orders from customers inside your Territory. Cornwell does however reserve the right to use other channels of distribution, such as catalog sales, telemarketing, or other direct marketing sales, to make sales within your Territory using Cornwell's principal trademarks or using other trademarks. Currently, there are accordingly no provisions for Cornwell to pay for soliciting or accepting orders inside your Territory, other than for vocational-technical school sales, as described elsewhere in this Disclosure.

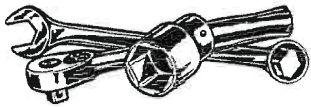

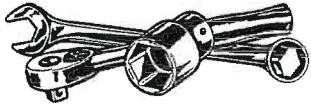



There are no restrictions on your right to solicit or accept direct orders from customers at their places of business or employment outside your Territory, or on your right to use other channels of distribution, such as catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory. You are not permitted to use any Cornwell trademarks for the purpose of internet sales other than to customers located within your Territory. Cornwell strongly discourages sales outside your Territory. Cornwell reserves the right to decline Tech Credit Plan financing for sales to your Customers outside your assigned Territory.

The continuation of your franchise depends on you continuing to purchase reasonable amounts of Cornwell products. Subject to requirements of state law, Cornwell may terminate a dealership whose purchases are limited, so that the territory may be offered to another dealership who may perform better. Cornwell requires you to maintain annual purchases at a volume of at least 90% of the national purchase average for dealerships, as described in Item 8 above, in order to avoid termination and the offer of the territory to another dealership. Cornwell may also propose to alter your territory, rather than to terminate you altogether, if portions of it are not being serviced adequately, so as to provide more adequate service through another dealership.

ITEM 13. TRADEMARKS

Cornwell has registered its trademark and trade name with the registration date and numbers as follows:

<u>Mark</u>	<u>Registration No.</u>	<u>Registration Date</u>	<u>Date of First Use in Interstate Commerce</u>
 Cornwell	747,209	3/26/1963	1962
CORNWELL	747,210	3/26/1963	1920
	1,139,026	8/26/80	1963
	1,150,695	4/7/81	1966
	1,163,457	8/4/81	1972
The Choice of Professionals	1,276,492	5/1/84	1966
The Choice of Professionals	1,276,565	5/1/84	1966
The Choice of Professionals	2,497,549	10/16/01	1968
TECH-CREDIT	2,514,179	12/04/2010	2001

<u>Mark</u>	<u>Registration No.</u>	<u>Registration Date</u>	<u>Date of First Use in Interstate Commerce</u>
	2,533,695	1/29/02	1996
	3,456,834	7/1/08	1979
	3,470,727	7/22/08	1996
The Choice of Professionals	3,494,755	9/2/08	1979
Cornwell	3,548,901	12/23/08	1979
	3,855,015	6/1/09	2009
	3,920,502	6/1/09	2010
Pro Series	4,449,249	12/10/2013	2013
IBN	4,645,512	11/25/2014	2014
IRON MAN BUSINESS NETWORK	4,649,553	12/2/14	2014
	4,898,747	2/9/2016	1995

<u>Mark</u>	<u>Registration No.</u>	<u>Registration Date</u>	<u>Date of First Use in Interstate Commerce</u>
CORNWELL CUSTOM	4,926,021	3/29/2016	2009

Cornwell has filed all required affidavits for continuing trademark use. There are no presently effective determinations of the Patent and Trademark Office, the trademark administrator of this state or any court, any pending interference, opposition or cancellation proceeding or any pending material litigation involving such trademarks or trade names, which are relevant to their use in this state or any other state.

Likewise, there are no agreements currently in effect which significantly limit the right of Cornwell to use or license the use of such trademarks or trade names in any manner material to the franchise.

You must display the Cornwell Trademarks ("Marks") in the location, style and manner specified by Cornwell. No other trademarks shall be used or employed by you on or in connection with the Cornwell products except as specified in writing by Cornwell. Cornwell's Marks are not to be included in your trade name or trade style at any time during or after your operation of a franchise.

Your use of any of the Marks shall not create any right, title, or interest in any of the Marks. Specifically, Cornwell prohibits the use of the Marks outside the scope of the Franchise Agreement. You are not permitted to use any Cornwell trademarks for the purpose of internet sales other than to customers located with your Territory.

You must notify Cornwell immediately when you learn about an infringement of or challenge to your use of Cornwell's trademark. Cornwell will take the action it thinks appropriate. While Cornwell is not required to defend you against a claim against your use of the trademark, Cornwell will reimburse you for liability and reasonable costs you incur in connection with defending Cornwell's trademark. To receive reimbursement, you must have notified Cornwell immediately upon learning about the infringement or challenge.

You must modify or discontinue the use of a trademark if Cornwell modifies or discontinues it. If this happens, Cornwell will reimburse you for tangible costs of compliance (for example, changing decals or signs). You must not directly or indirectly contest Cornwell's right to its trademarks, trade secrets or business techniques that are a part of Cornwell's business.

Upon termination of your dealership for any reason, all of your rights pertaining to the trademarks will automatically revert to Cornwell. Upon termination, you must

immediately discontinue use of the trademarks and – at your own expense – you must immediately remove all of the trademarks appearing on decals, signs or otherwise, and any terms confusingly similar to them, from your truck, clothing, business cards, documents and other property. You must also discontinue any use of the trademarks or any reference to them in your advertising.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Cornwell owns United States Patent No. 10,443,271, issued on October 15, 2019, for a drawer latch system. Cornwell owns no rights in or to any other patents that are material to the operation of the franchise. Cornwell publishes promotional literature, which is copyrighted, and which is made available to you at low or no cost. Although Cornwell has not filed an application for a copyright registration for the Operations Guide and IBN Software, it claims a copyright and the information is proprietary. The Operations Guide is described in Item 11. You must promptly tell us when you learn about unauthorized use of this proprietary information. Cornwell is not obligated to take any action, but will respond to this information, as it deems appropriate.

There is no pending interference, opposition, cancellation proceeding or litigation concerning such copyrighted material, nor do any agreements limit the rights of Cornwell to publish such material.

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

The Dealer Franchise Agreement requires you and the principal Operator of the Dealership personally to engage full time in the business of selling Cornwell's products and to use best efforts to serve your assigned Territory fully. In Cornwell's experience, if you do not work full time it is unlikely that you will be able to meet the required purchase level of 90% of the national franchised dealer weekly average. The principal Operator must participate personally in the direct operation of the Dealership. You are not permitted to hire employees or independent contractors in lieu of the obligation of an Owner personally to provide full-time, best efforts as the Operator of the Dealership. This obligation continues even if you have a Second Franchise or Second Truck, as described in Item 12.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

So long as you meet your merchandise purchase requirements (See Items 8 and 12), Cornwell does not restrict the type of goods or services that you may offer. Cornwell has the right to change the types of authorized goods and services, without limitation.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP		
<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
a. Term of the franchise	Section 10	No set term
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	Section 13	30 days' written notice, subject to state law
e. Termination by Cornwell without cause	Section 13, 16	Five years from the date of the Franchise Agreement, if Cornwell ceases selling its products in the state. Cornwell will give one year notice.
f. Termination by Cornwell with cause	Section 13	Cornwell may terminate if you default in any obligation under the Franchise Agreement.
g. "Cause" defined – defaults which can be cured	Section 13	You have thirty days to cure default due to non-payment, failure to maintain inventory purchase level or other reasons not set forth in subsection h below. Cornwell may agree to waive any default.

THE FRANCHISE RELATIONSHIP

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
h. "Cause" defined – defaults which cannot be cured	Section 13	You have no right to cure default caused by bankruptcy or similar proceedings against you, the appointment of a receiver, assignment for benefit of creditors or a felony conviction. Cornwell may agree to waive any default on such terms as Cornwell determines.
i. Your obligations on termination/nonrenewal	Section 15	Obligation includes payment of amount due, discontinuance of use of marks, and shipment merchandise to be purchased by Cornwell within 30 days of termination date
j. Assignment of contract by Cornwell	Section 11	No restriction on Cornwell's right to assign
k. "Transfer" by you – definition	Section 11	Includes transfer of franchise or assets
l. Cornwell's approval of transfer by franchisee	Section 11	Cornwell has full right of approval of franchise transfer, which will not be unreasonably withheld. You may transfer assets freely, subject to Cornwell's security interest.

THE FRANCHISE RELATIONSHIP		
<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
m. Conditions for Cornwell approval of transfer	Section 11	Active family member, in Cornwell's sole discretion, for transfer of franchise on death or disability; satisfaction of debt, for assets
n. Cornwell's right of first refusal to acquire your business	Not Applicable	Not Applicable
o. Cornwell's option to purchase your business	Not Applicable	Not Applicable
p. your death or disability	Sections 11, 14	Terminates franchise; transfer possible to active family member
q. Non-competition covenants during the term of the franchise	Not Applicable	Subject to state law
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	Subject to state law
s. Modification of the agreement	Section 18	Only in writing signed by Cornwell and You
t. Integration/merger clause	Section 19	Only terms of agreement are binding (subject to state law). Any other promise may not be enforceable

THE FRANCHISE RELATIONSHIP		
<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
u. Dispute resolution by arbitration or mediation	Section 20	Except for injunctive relief by Cornwell, all claims must be arbitrated, subject to state law
v. Choice of forum	Section 20	Arbitration must be in Ohio, subject to state law
w. Choice of law	Section 20	Ohio law applies, subject to state law

NOTE 1 - You may be terminated by Cornwell because of default caused by the following: (1) breach of promises contained in the Agreement, including but not limited to your failure to promptly pay for merchandise delivered by Cornwell or to maintain the inventory purchase levels described in Item 8, to display Cornwell's trademarks and to refrain from their misuse, to supply weekly data required described in Item 11, Note 5; (2) failure to maintain full collateralization of any promissory note and security agreement; (3) failure to use best full-time efforts to serve the Territory fully; (4) a voluntary or involuntary proceeding is instituted against you in bankruptcy or other similar laws (this provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.); (5) a Receiver is appointed for your assets; (6) you make an assignment for the benefit of your creditors; or (7) you are convicted of a felony. You have thirty (30) days to cure default caused by nonpayment for merchandise and failure to maintain inventory purchase levels, unless the laws of your state provide for a longer time. No action or failure to act on the part of Cornwell will operate as a waiver or otherwise of the subsequent right to terminate you, unless expressly so stated in writing.

NOTE 2 - You may terminate the Dealer Franchise Agreement at any time after mailing written notice thirty (30) days before the effective date to Cornwell. After five (5) years, Cornwell may exercise a similar right of termination if Cornwell ceases generally from the business of selling the Products in the State in which the Territory is located. Cornwell shall give at least one (1) year's notice in writing of such termination, and shall not offer franchises again to sell the Products in the State for at least five (5) years thereafter.

NOTE 3 - Following termination, you must cease from and may not use the Cornwell trademark or trade names in any fashion and – at your own expense – you must remove the trademarks and trade names and all reference to the trademarks and trade names by

way of truck decals, signs or otherwise from your truck, clothing and other property and discontinue reference to the trademarks and trade names from your advertising.

NOTE 4 - Upon termination, Cornwell will purchase certain merchandise from you or your estate at the then prevailing dealer prices, less a 15% restocking charge. These tools must be shipped freight prepaid to Cornwell's distribution center in Wadsworth, Ohio. Only new tools and other merchandise will be approved for return. New tools will be approved for return only if they are in new and saleable condition, are active items, and have not been discontinued by Cornwell. All returns must be of current design and finish. All tools returned must be in their original individual carton or container. Broken packs of Cornwell or Cornwell-Allied tools will not be accepted for return if the tools are normally sold by Cornwell in factory pack quantities. The following items are **not** subject to return under this program: Tool storage, socket trays, clips and rails, vinyl kit bags, air compressors, lifting equipment, large shop equipment, parts washers, sales administration or truck display aids, welders, battery chargers, and serial numbered test equipment.

NOTE 5 - Upon termination, Cornwell will refund any credit balance remaining after all outstanding loan and open account balances are satisfied. Cornwell does not retain any right of first refusal concerning the purchase of your dealership or any of its inventory or other property.

NOTE 6 - Your dealership is not transferable or assignable by you, either voluntarily or by operation of law, without Cornwell's written approval, which will not be unreasonably withheld. Cornwell may always transfer or assign its rights and obligations under the Franchise Agreement, however. You retain the right to assign or transfer your assets, subject to Cornwell's security interest. Cornwell may also in its sole discretion waive the prohibition against assignment of the dealership, to permit a succession of ownership within your family upon your death or disability, when the proposed successor has been active previously in the business.

NOTE 7 - The Franchise Agreement may only be modified in writing by both parties. However, Cornwell reserves the right to establish the prices and terms at which it will sell to dealers and repurchase inventory from them, in its sole discretion.

NOTE 8 - Any claim or controversy in connection with, arising out of, or relating to the Agreement between you and Cornwell shall be settled by binding arbitration in accordance with the rules pertaining to commercial dispute arbitration then existing with the American Arbitration Association. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction. Such arbitration will take place in such locations as the parties mutually agree, and in the absence of such agreement, in Akron, Ohio, unless the laws of your state provide otherwise. The laws applicable to the arbitration procedure will be the laws of the State of Ohio, unless the laws of your state provide otherwise.

NOTE 9 - The award of the arbitrator(s) shall be the sole remedy between the parties regarding any claims, counterclaims, issues presented or pled to the arbitrator(s). Cornwell reserves the right to seek injunctive relief from the act or omission of any activity prohibited by the Agreement in any court having jurisdiction.

NOTE 10 - Any notice required to be given under the Franchise Agreement or the Dealer Purchase Order, Note and Security Agreement, or service of process for the purposes of arbitration or litigation of issues arising out of the dealership, shall be given to Cornwell at 667 Seville Road, Wadsworth, Ohio 44281, and to First Dealer and Second Dealer, if applicable, at the address or addresses last provided by them to Cornwell. Service on Cornwell, First Dealer, or Second Dealer shall conclusively be deemed to have been completed for all purposes if made by regular U.S. mail or any other usual and reliable form of delivery to the address last given. The parties will continue to have the obligation to notify one another of any change of address during and after the termination of the dealership, if they wish to be assured of the receipt of notices and service of process, and they expressly waive any objection to notice provided or service made to the last address they have given.

These states have statutes, which may supersede the franchise agreement in your relationship with the franchisor, including the areas of termination and renewal of your franchise: ARKANSAS [Stat. Section 70-807], CALIFORNIA [Bus. & Profd. Code Sections 20000-20043], CONNECTICUT [Gen. Stat. Section 42-133e et seq.], DELAWARE [Code tit. 6 Sections 2551-2556], HAWAII [Rev. Stat. Section 482E-1], ILLINOIS [Rev. Stat. Chapter 121 ½ par 1719-1720], INDIANA [Stat. Section 23-2-2.7], IOWA [Code Sections 523H.1-523H.17], MICHIGAN [Stat. Section 19.854 (27)], MINNESOTA [Stat. Section 80C.14], MISSISSIPPI [Code Section 75-24-51], MISSOURI [Stat. Section 407.400], NEBRASKA [Rev. Stat. Section 87-401], NEW JERSEY [Stat. Section 56:10-1], SOUTH DAKOTA [Codified Laws Sections 37-5B-5], VIRGINIA [Code 13.1-557-574-13.1-564], WASHINGTON [Code Section 19.100.180], WISCONSIN [Stat. Section 135.03]. These and other states may have court decisions, which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

ITEM 18. PUBLIC FIGURES

Public figures have from time to time promoted Cornwell products and franchise by use of the products and otherwise on Stacey David's GearZ® TV show and by John Force Racing, Inc., and at national auto racing events and otherwise. Under license, Cornwell offers products bearing Stacey David's GearZ® and John Force Racing, Inc., and related trademarks and copyrights. No public figure using Cornwell products is involved in the actual management or control of Cornwell. No public figure has invested any amount in Cornwell or in a franchise offered by Cornwell.

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Cornwell's Franchising Department at 667 Seville Road, Wadsworth, OH 44281, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

1. FRANCHISED AND COMPANY OWNED OUTLETS. The following table gives the total number of Cornwell franchisees in the last three years. There are no Cornwell-owned outlets, nor does Cornwell intend to establish any company-owned outlets.

**TABLE NO. 1
SYSTEM-WIDE OUTLET SUMMARY
FOR THE 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	689	729	40
	2021	729	776	47
	2022	776	809	33
Company Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Outlets	2020	689	729	40
	2021	729	776	47
	2022	776	809	33

2. CHANGES IN NUMBER OF OUTLETS. The following table gives the total number of transfers of ownership of franchises from one franchisee to another. Cornwell does not acquire franchises. The “transfer” of a franchise for this purpose means that Cornwell approved a new franchised dealer in some or all of the same territory as a former dealer. Ownership of a Cornwell franchise, as such, cannot be transferred except upon the death or disability of a franchisee, to an active member of his or her family. Any transfer of assets from an outgoing dealer to a new dealer, such as a truck, inventory and accounts receivable, is arranged directly between them, without any involvement by Cornwell, other than to approve the truck for further use or to facilitate the process of asset transfer if the parties so request. Cornwell reserves the right to advise the new dealer concerning the terms of the transfer, if it believes that the terms would have a significant negative effect on the financial position of the new dealer.

**TABLE NO. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR YEARS 2020 TO 2022**

State	Year	Number of Transfers
Alabama	2020	0
	2021	0
	2022	0
Arizona	2020	0
	2021	0
	2022	0
Arkansas	2020	0
	2021	0
	2022	0
California	2020	2
	2021	5
	2022	1
Colorado	2020	2
	2021	4
	2022	11
Connecticut	2020	0
	2021	0
	2022	0
Delaware	2020	0
	2021	0
	2022	0

State	Year	Number of Transfers
Florida	2020	1
	2021	0
	2022	2
Georgia	2020	0
	2021	1
	2022	0
Idaho	2020	0
	2021	0
	2022	0
Illinois	2020	2
	2021	0
	2022	1
Indiana	2020	0
	2021	0
	2022	0
Iowa	2020	1
	2021	1
	2022	0
Kansas	2020	0
	2021	0
	2022	0
Kentucky	2020	0
	2021	0
	2022	0
Louisiana	2020	0
	2021	0
	2022	0
Maine	2020	0
	2021	0
	2022	0
Maryland	2020	0
	2021	1
	2022	0
Massachusetts	2020	1
	2021	0
	2022	0

State	Year	Number of Transfers
Michigan	2020	0
	2021	0
	2022	1
Minnesota	2020	0
	2021	0
	2022	0
Mississippi	2020	0
	2021	1
	2022	0
Missouri	2020	0
	2021	0
	2022	0
Montana	2020	1
	2021	0
	2022	0
Nebraska	2020	1
	2021	1
	2022	0
Nevada	2020	0
	2021	0
	2022	0
New Hampshire	2020	0
	2021	0
	2022	0
New Jersey	2020	0
	2021	0
	2022	0
New Mexico	2020	0
	2021	1
	2022	0
New York	2020	0
	2021	0
	2022	0
North Carolina	2020	3
	2021	3
	2022	2

State	Year	Number of Transfers
North Dakota	2020	0
	2021	0
	2022	0
Ohio	2020	0
	2021	1
	2022	1
Oklahoma	2020	2
	2021	1
	2022	0
Oregon	2020	1
	2021	0
	2022	2
Pennsylvania	2020	1
	2021	1
	2022	1
Rhode Island	2020	1
	2021	0
	2022	0
South Carolina	2020	1
	2021	2
	2022	0
South Dakota	2020	0
	2021	1
	2022	0
Tennessee	2020	1
	2021	1
	2022	1
Texas	2020	2
	2021	0
	2022	3
Utah	2020	1
	2021	1
	2022	5
Vermont	2020	0
	2021	0
	2022	0

State	Year	Number of Transfers
Virginia	2020	0
	2021	1
	2022	1
Washington	2020	0
	2021	3
	2022	2
West Virginia	2020	0
	2021	0
	2022	0
Wisconsin	2020	1
	2021	1
	2022	2
Wyoming	2020	1
	2021	0
	2022	0
Totals	2020	26
	2021	31
	2022	36

3. STATUS OF FRANCHISEE-OWNED OUTLETS. The following table gives the status of Cornwell franchises in each state in the last three years. Cornwell franchises are not subject to non-renewal, nor are Cornwell franchises ever acquired or re-acquired by the company. "Termination" for this purpose means that Cornwell terminated the franchise without providing any compensation to the franchisee (whether by payment or forgiveness or assumption of debt.)

**TABLE NO. 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS 2020 TO 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Alabama	2020	3	1	0	0	0	0	4
	2021	4	2	0	0	0	0	6
	2022	6	2	0	0	0	2	6
Arizona	2020	18	3	1	0	0	1	19
	2021	19	1	0	0	0	1	19
	2022	19	7	0	0	0	5	21

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Arkansas	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	1	2
	2022	2	0	0	0	0	0	2
California	2020	56	8	0	0	0	3	61
	2021	61	13	1	0	0	9	64
	2022	64	7	0	0	0	7	64
Colorado	2020	38	5	0	0	0	4	39
	2021	39	6	0	0	0	5	40
	2022	40	11	0	0	0	11	40
Connecticut	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	1	0	0	0	0	4
Delaware	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Florida	2020	24	4	0	0	0	5	23
	2021	23	2	0	0	0	7	18
	2022	18	12	0	0	0	4	26
Georgia	2020	8	2	0	0	0	1	9
	2021	9	1	0	0	0	3	7
	2022	7	2	0	0	0	1	8
Idaho	2020	8	1	0	0	0	1	8
	2021	8	2	0	0	0	1	9
	2022	9	3	0	0	0	0	12
Illinois	2020	20	2	0	0	0	4	18
	2021	18	5	0	0	0	2	21
	2022	21	2	0	0	0	2	21
Indiana	2020	18	5	1	0	0	1	21
	2021	21	2	0	0	0	2	21
	2022	21	0	0	0	0	4	17
Iowa	2020	10	1	0	0	0	1	10
	2021	10	2	0	0	0	1	11
	2022	11	1	0	0	0	2	10
Kansas	2020	12	0	0	0	0	0	12
	2021	12	4	0	0	0	0	16
	2022	16	0	0	0	0	4	12
Kentucky	2020	4	2	1	0	0	2	3
	2021	3	1	0	0	0	0	4
	2022	4	3	0	0	0	1	6

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Louisiana	2020	11	0	1	0	0	1	9
	2021	9	1	0	0	0	0	10
	2022	10	4	0	0	0	1	13
Maine	2020	4	1	0	0	0	0	5
	2021	5	2	1	0	0	0	6
	2022	6	0	0	0	0	0	6
Maryland	2020	11	1	0	0	0	1	11
	2021	11	3	0	0	0	2	12
	2022	12	1	0	0	0	0	13
Massachusetts	2020	16	3	0	0	0	2	17
	2021	17	2	0	0	0	2	17
	2022	17	0	0	0	0	2	15
Michigan	2020	17	2	0	0	0	1	18
	2021	18	7	0	0	0	1	24
	2022	24	7	2	0	0	2	27
Minnesota	2020	9	0	0	0	0	1	8
	2021	8	4	0	0	0	2	10
	2022	10	3	0	0	0	1	12
Mississippi	2020	6	1	0	0	0	0	7
	2021	7	4	0	0	0	1	10
	2022	10	0	0	0	0	2	8
Missouri	2020	12	2	0	0	0	4	10
	2021	10	1	0	0	0	1	10
	2022	10	1	0	0	0	1	10
Montana	2020	3	2	0	0	0	0	5
	2021	5	0	0	0	0	1	4
	2022	4	1	0	0	0	0	5
Nebraska	2020	15	3	0	0	0	1	17
	2021	17	2	0	0	0	2	17
	2022	17	0	0	0	0	0	17
Nevada	2020	8	1	0	0	0	1	8
	2021	8	2	0	0	0	0	10
	2022	10	3	0	0	0	0	13
New Hampshire	2020	8	2	0	0	0	0	10
	2021	10	2	1	0	0	0	11
	2022	11	3	0	0	0	0	14
New Jersey	2020	6	2	0	0	0	0	8
	2021	8	1	0	0	0	1	8
	2022	8	2	0	0	0	0	10

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
New Mexico	2020	9	0	0	0	0	1	8
	2021	8	1	0	0	0	0	9
	2022	9	1	0	0	0	2	8
New York	2020	2	1	0	0	0	0	3
	2021	3	0	0	0	0	1	2
	2022	2	0	0	0	0	1	1
North Carolina	2020	27	8	0	0	0	2	33
	2021	33	5	0	0	0	6	32
	2022	32	9	2	0	0	2	37
North Dakota	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	0	1	0	0	0	4
Ohio	2020	28	1	0	0	0	0	29
	2021	29	2	1	0	0	3	27
	2022	27	5	0	0	0	2	30
Oklahoma	2020	13	5	0	0	0	3	15
	2021	15	3	0	0	0	4	14
	2022	14	2	0	0	0	0	16
Oregon	2020	10	3	0	0	0	1	12
	2021	12	3	0	0	0	0	15
	2022	15	3	0	0	0	4	14
Pennsylvania	2020	35	4	0	0	0	4	35
	2021	35	6	2	0	0	1	38
	2022	38	8	0	0	0	5	41
Rhode Island	2020	0	1	0	0	0	1	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
South Carolina	2020	8	2	0	0	0	1	9
	2021	9	3	1	0	0	1	10
	2022	10	2	0	0	0	2	10
South Dakota	2020	1	0	0	0	0	0	1
	2021	1	3	0	0	0	1	3
	2022	3	0	0	0	0	0	3
Tennessee	2020	22	3	0	0	0	3	22
	2021	22	5	0	0	0	1	26
	2022	26	6	1	0	0	2	29
Texas	2020	97	15	1	0	0	6	105
	2021	105	23	2	0	0	8	118
	2022	118	12	0	0	0	12	118

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Utah	2020	20	2	0	0	0	2	20
	2021	20	3	0	0	0	1	22
	2022	22	4	0	0	0	4	22
Vermont	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Virginia	2020	15	0	0	0	0	1	14
	2021	14	3	0	0	0	1	16
	2022	16	2	1	0	0	1	16
Washington	2020	23	4	0	0	0	1	26
	2021	26	3	0	0	0	5	24
	2022	24	3	0	0	0	3	24
West Virginia	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	2	1
Wisconsin	2020	19	2	0	0	0	1	20
	2021	20	2	0	0	0	3	19
	2022	19	3	0	0	0	4	18
Wyoming	2020	2	1	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Totals	2020	689	107	5	0	0	62	729
	2021	729	137	9	0	0	81	776
	2022	776	138	7	0	0	98	809

4. **COMPANY-OWNED OUTLETS.** Cornwell has not owned any outlets, nor does it have any intention of doing so.

**TABLE NO. 4
STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS 2020 to 2022**

State	Year	Outlets at start of the Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Totals	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

5. PROJECTED FRANCHISED OUTLETS. The following table gives the number of projected new franchised outlets in the coming year. Cornwell does not have company-owned outlets and does not project opening any such outlets.

**TABLE No. 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2022**

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISE OUTLETS IN 2023	PROJECTED NEW COMPANY-OWNED OUTLETS IN 2023
Alabama	0	3	0
Arizona	0	2	0
Arkansas	0	2	0
California	0	10	0
Colorado	0	4	0
Connecticut	0	2	0
Delaware	0	1	0
Florida	0	8	0
Georgia	0	4	0
Idaho	0	1	0
Illinois	0	8	0
Indiana	0	4	0
Iowa	0	4	0
Kansas	0	1	0
Kentucky	0	2	0
Louisiana	0	2	0
Maine	0	1	0
Maryland	0	2	0
Massachusetts	0	2	0
Michigan	0	8	0
Minnesota	0	2	0
Mississippi	0	2	0
Missouri	0	2	0
Montana	0	1	0
Nebraska	0	1	0
Nevada	0	2	0
New Hampshire	0	2	0
New Jersey	0	3	0
New Mexico	0	2	0
New York	0	2	0
North Carolina	0	8	0
North Dakota	0	1	0

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISE OUTLETS IN 2023	PROJECTED NEW COMPANY-OWNED OUTLETS IN 2023
Ohio	0	5	0
Oklahoma	0	2	0
Oregon	0	2	0
Pennsylvania	0	3	0
Rhode Island	0	1	0
South Carolina	0	3	0
South Dakota	0	1	0
Tennessee	0	4	0
Texas	0	10	0
Utah	0	1	0
Vermont	0	1	0
Virginia	0	2	0
Washington	0	1	0
West Virginia	0	1	0
Wisconsin	0	3	0
Wyoming	0	1	0
TOTALS	0	140	0

6. EXISTING FRANCHISEES. The following table lists the names, home addresses, and telephone numbers of at least 100 or more existing Cornwell franchised dealers operating in the state in which this Disclosure Document is being delivered (and where appropriate in contiguous states), as of January 1, 2023.

EXISTING FRANCHISEES					
DEALER NAME	ADDRESS	CITY	ST	ZIP	PHONE
AYERS, THOMAS RANDALL	169 KENMORE RD.	ARAB	AL	35016	(615) 668-4684
BOURDON, TRACY A.	335 MONTCLAIR DRIVE	KILLEN	AL	35645	(256) 648-6778
GREEN, JASON L.	205 TIGER LN.	HELENA	AL	35080	(205) 368-6735
JARRELL, DANIEL J.	12685 WOODLAND LAKE RD	MCCALLA	AL	35111	(205) 239-8739
OSBORN, JASON A.	216 E. HAWTHORNE ST.	FLORENCE	AL	35630	(662) 419-7002
WILSON, JOE G.	560 EXECUTIVE DR. APT. 140	HUNTSVILLE	AL	35816	(504) 335-8828
		AL COUNT	6		
ANDERSON, SCOTT E.	16094 HICKORY DRIVE	FAYETTEVILLE	AR	72704	(479) 966-0402
DABBS, MARK T.	2807 QUAIL RUN PLACE	GREENWOOD	AR	72936	(479) 650-2031
		AR COUNT	2		
BRIBIESCAS JR., RAYMOND	8102 N. 106TH AVE.	PEORIA	AZ	85345	(602) 680-8671
BRIBIESCAS, JOSEPH A.	10329 W ROYAL PALM RD	PEORIA	AZ	85345	(602) 541-8028
BURRIS, JOSEPH C.	2422 W. GAMBIT TRAIL	PHOENIX	AZ	85085	(623) 680-7355
CRUZ, ARMANDO	9302 E. PLATA AVE.	MESA	AZ	85212	(310) 988-5670
DIXON, ALAN P.	6723 NORTH 175TH AVE	WADDELL	AZ	85355	(520) 483-9911
DOUGHERTY, JR., JAMES F.	2383 W CORONADO AVE	FLAGSTAFF	AZ	86001	(928) 380-8458
FIBROW, TIMOTHY A.	2229 RUNABOUT DR.	LAKE HAVASU CITY	AZ	86403	(760) 221-0346
GARRISON, JOHN F	27072 N 175TH DR	SURPRISE	AZ	85387	(602) 910-9177
GIBBONS, WILLIAM L.	21204 W. ELLIOT RD.	BUCKEYE	AZ	85326	(623) 261-1754
GILSTRAP, JAMES A.	1323 SKYLINE AVE.	SIERRA VISTA	AZ	85635	(425) 361-6016
HARAWAY, ADAM A.	4914 CALLE CUMBRE	SIERRA VISTA	AZ	85635	(480) 329-5024

EXISTING FRANCHISEES					
DEALER NAME	ADDRESS	CITY	ST	ZIP	PHONE
JESSEE, MICHAEL D.	17627 W. GOLDEN EYE AVE	GOODYEAR	AZ	85338	(541) 728-8816
LEE, CODY HALL M.	6317 S. LEBANON LOOP RD.	SAFFORD	AZ	85546	(928) 651-8897
LONG, WILLIAM T.	7770 W. FLOWER ST.	PHOENIX	AZ	85033	(602) 750-2203
MERRITT, JEREMY C.	14628 WEST REDBIRD RD	SURPRISE	AZ	85387	(623) 695-1185
MURILLO, CHRISTIAN J.	11840 N. 42ND DRIVE	PHOENIX	AZ	85029	(602) 446-9120
OSUNA GOMEZ, ELIAS ENGELS	1104 W. 9TH PLACE	MESA	AZ	85201	(480) 203-5143
PIEL, SAMUEL B.	1085 W. MAGMA RD.	SAN TAN VALLEY	AZ	85143	(480) 729-9279
SOPHER, EDWARD A.	4022 E GREENWAY RD SUITE 11-191	PHOENIX	AZ	85032	(480) 444-2191
STIVING, WILLIAM B.	11829 N. 65TH AVE.	GLENDALE	AZ	85304	(623) 810-9346
VERNO, WILLIAM P.	25825 N. 1ST PLACE	PHOENIX	AZ	85085	(623) 694-7353
		AZ COUNT	21		
AMENDE, MAX L.	440 W. BUFFINGTON ST.	UPLAND	CA	91784	(909) 821-4224
ANDERSON, MATTHEW D.	5003 THOMAS DR	AUBURN	CA	95602	(916) 223-0766
ARRUDA, KEVIN G.	655 CORNELL DR	TURLOCK	CA	95382	(209) 585-5723
ARTER, JAMES F.	160 MICHIGAN AVE	RIVERSIDE	CA	92507	(909) 454-4506
BARKER, TIMOTHY R.	5855 LUPINE AVE.	TWENTYNINE PALMS	CA	92277	(760) 218-6190
BAZAN, OSVALDO R.	1532 CAMPUS AVENUE	REDLANDS	CA	92374	(951) 423-0976
BOHANNON, GLENN A.	1244 TOURMALINE AVE	MENTONE	CA	92359	(909) 809-6156
BOTTRELL, JUSTIN A.	8402 BARNWOOD LANE	RIVERSIDE	CA	92508	(951) 703-9442
BRAY, KELLY B.	38955 OAK GLEN ROAD	YUCAIPA	CA	92399	(909) 730-9343
BROWNELL, BROOK O.	12449 REATA RD.	APPLE VALLEY	CA	92308	(760) 987-6610
BUERER, GERALD E.	4308 CAMINITO DEL ZAFIRO	SAN DIEGO	CA	92121	(858) 735-4200
CAMPOS, JAIME	25243 CORTE SOMBRERO	MURRIETA	CA	92563	(951) 415-0629
CARTA, BRIAN P.	1738 FALLBROOK STREET	FALLBROOK	CA	92028	(760) 963-0733
CHRISTY, CHRISTOPHER J.	2707 ORTEGA ROAD	RAMONA	CA	92065	(619) 370-0422
DIAZ, FRANCISCO A.	45651 VICTORIA AVENUE	LANCASTER	CA	93534	(661) 754-5154
DUGAN, CHUCK A.	14780 BUTTERFLY CT.	VICTORVILLE	CA	92394	(760) 985-1625
ESPARZA, ALEJANDRO	3353 ROMFORD WAY	SACRAMENTO	CA	95827	(916) 470-9440
FELIX, GABRIEL	7671 TONNER CIRCLE	HIGHLAND	CA	92346	(909) 816-2832
FERNANDEZ, JOSE J.	389 N. FERN ST.	ORANGE	CA	92867	(714) 396-0321
FLOREA, GEORGE G.	PO BOX 68	ANGELUS OAKS	CA	92305	(909) 648-8063
FLORES, NEIL D.	27300 HEMET ST.	HEMET	CA	92544	(951) 445-1250
FRYDMAN, DAVIS L.	659 N. GORDON STREET	POMONA	CA	91768	(626) 385-9390
GALVAN, JR., JOAQUIN	9360 HEALON WAY	ELK GROVE	CA	95624	(916) 730-8884
HEINEMAN, ALBERT E.	3105 GOSHAWK WAY	PERRIS	CA	92571	(951) 208-8668
HEINER, RICHARD S.	1076 RANCHITO VISTA	ALPINE	CA	91901	(619) 933-8699
JACKSON, KEVIN M.	10721 VISTA CAMINO	LAKESIDE	CA	92040	(619) 672-9726
JACQUOT, DAVID L.	630 MINOT AVENUE	CHULA VISTA	CA	91910	(619) 456-7444
JOHNSON, CHRISTOPHER E.	611 IRIS STREET	REDLANDS	CA	92373	(909) 735-1021
LAVER, DAVID L.	P.O BOX 567	JACKSON	CA	95642	(209) 256-0118
LEARNER, MARTY	11174 SQUANAN RIVER COURT	RANCHO CORDOVA	CA	95670	(916) 203-7353
LEON, JAVIER	21650 TEMESCAL CANYON RD. #91	CORONA	CA	92883	(714) 757-1249
LOPEZ HERNANDEZ, VICTOR M.	2726 PARKWAY DR.	EL MONTE	CA	91733	(626) 975-4921
LOPEZ, ADOLFO	10343 S AIRPORT WAY	MANTECA	CA	95336	(209) 564-7042
MACRAE, TROY G.	13622 MELISSA LANE	POWAY	CA	92064	(858) 837-3492
MCLEAN, GAYLE	10285 CARDINAL AVE.	FOUNTAIN VALLEY	CA	92708	(714) 968-6777
MEDINA, RICARDO A.	25511 FLATCREEK ST.	LANCASTER	CA	93536	(661) 478-9615
MENDEZ, MARIO	8339 EDWIN STREET	RANCHO CUCAMONGA	CA	91729	(909) 969-1049
MISZKLEVITZ, ANTHONY T.	28110 BRAEBURN DR.	TEHACHAPI	CA	93561	(661) 916-1238
MOODY, RANDALL D.	245 SOUTH WELLS RD T202	VENTURA	CA	93004	(805) 861-0900
MORENO JR., FREDDIE	11846 TERRACINA LN.	FONTANA	CA	92337	(909) 786-5013
MUELLER, JARED R.	2022 262ND ST	LOMITA	CA	90717	(612) 876-1592
NEILSON, KURTIS W.	266 MARTOS COURT	LINCOLN	CA	95648	(530) 933-2100
OLGUIN CALDERON, ALFREDO	2329 SERRANO ROAD	SAN BERNARDINO	CA	92405	(909) 816-6846
OLOCKI, DEVYN J.	1420 GOLDFIELD LN	DIXON	CA	95620	(707) 718-2586
ORTIZ, ANDREW D.	1200 E. JOHNSTON AVENUE	HEMET	CA	92543	(951) 902-4657

EXISTING FRANCHISEES					
DEALER NAME	ADDRESS	CITY	ST	ZIP	PHONE
PAISLEY, ROBERT W.	288 E LIVE OAK AVE SUITE A #101	ARCADIA	CA	91006	(562) 686-3614
PEREA, RYAN J.	2514 55TH ST.	SAN DIEGO	CA	92105	(619) 701-5000
PEREZ, ARMANDO	123 SALINAS COURT	HEMET	CA	92545	(951) 757-0685
PETTY, RICHARD S.	PO BOX 611	RIO LINDA	CA	95673	(916) 719-7566
PISHNY, KEVIN S.	981 WEST ARROW HIGHWAY # 158	SAN DIMAS	CA	91773	(909) 815-6293
PUTITS, DAVID J.	30447 REDDING AVE	MURRIETA	CA	92563	(951) 265-0309
QUIGLEY, JOHN J.	5061 SPARROW DRIVE	HUNTINGTON BEACH	CA	92649	(714) 655-5931
RANGEL, GILBERT	14515 SAN DIEGUITO DR.	LA MIRADA	CA	90638	(714) 936-8504
SETTEMBER, DAVID J.	126 E. ROSEWOOD CT	ONTARIO	CA	91764	(909) 418-1908
SIMMONS, CURTIS	1835 WALSH AVE	SANTA CLARA	CA	95050	(408) 221-4539
TELLEZ VILLEDA, JUAN	1787 HERRINGTON AVE.	SAN BERNARDINO	CA	92411	(951) 497-1215
TODARO, EDWARD L.	7141 SEINE AVE.	HIGHLAND	CA	92346	(909) 834-2113
TODD, ALEX M.	10056 ZINFANDEL LN	RIVERSIDE	CA	92509	(909) 294-9961
TOMSUN, TROY F.	1575 FERRERO DR.	DIXON	CA	95620	(707) 564-7946
TORRES, LUIS A.	1250 RIVER STONE COURT	HEMET	CA	92545	(562) 206-6677
VALENZUELA, OMAR E.	16377 HARVEY DR.	FONTANA	CA	92336	(909) 277-0147
VANG, TOU N.	2119 HUDSON AVE	MERCED	CA	95348	(209) 756-5861
VIGIL, KENNETH A.	17420 ANASTASIA AVE	FONTANA	CA	92335	(951) 675-0075
WRIGHT, JASON K.	22707 SAN JOAQUIN DR EAST	CANYON LAKE	CA	92587	(951) 764-2675
		CA COUNT	64		
ALBRECHT, MAURICE J.	7094 W. HINSDALE DR.	LITTLETON	CO	80128	(720) 660-7033
ALTERGOTT, BRADLEY D.	2109 YOSEMITE RD.	GRAND JUNCTION	CO	81507	(970) 433-4992
BAUMGARTNER, BARRY D.	15398 HWY 140	HESPERUS	CO	81326	(970) 422-2390
BENTON, BRIAN B.	14560 WEST 46TH DRIVE	GOLDEN	CO	80403	(303) 204-8552
BOWLES, SCOTT M.	389 LOCKWOOD ST.	CASTLE ROCK	CO	80104	(303) 551-4726
BRADLEY, ERIC L.	P O BOX 1201	KREMMLING	CO	80459	(970) 531-6450
BRUNTZ, WILLIAM H.	9681 E 145TH AVE	THORNTON	CO	80602	(303) 204-4102
CAREY, ALEXANDER M.	1631 W. CANAL CIRCLE-UNIT 831	LITTLETON	CO	80120	(303) 324-3436
CHILDERS, WILLIAM L.	45 PARK AVENUE	MEEKER	CO	81641	(970) 274-9142
ESPINOZA, BOBBY J.	915 SAWATCH DRIVE	LEADVILLE	CO	80461	(970) 389-5044
FICCO, CHANCE M.	620 CLAYTON ST.	BRUSH	CO	80723	(970) 768-2373
GARCIA, SHANE A.	3446 STARRY NIGHT LOOP	CASTLE ROCK	CO	80109	(720) 884-6499
GARTNER, MATTHEW A.	11841 CR 39	FORT LUPTON	CO	80621	(720) 771-0051
GENTRY, CHRISTOPHER A.	1531 URBAN ST	LAKEWOOD	CO	80215	(719) 351-2483
GRANSEE, CAMERON P.	PO BOX 451	PLATTEVILLE	CO	80651	(720) 394-3970
HERGEMUELLER, CLIFFORD W.	795 COUNTY RD. 39	BRIGHTON	CO	80603	(303) 829-7491
JACKSON, QUENTIN O.	101 FORDHAM STREET	COLORADO SPRINGS	CO	80911	(661) 435-2955
JANKOVSKY, DAVID B.	2748 SUSAN DR.	LOVELAND	CO	80537	(970) 203-4692
JENNINGS, JESSE R.	1963 S. WOLCOTT CT.	DENVER	CO	80219	(303) 887-0450
JOHNSON, KASEY L.	8874 WAGNER STREET	WESTMINSTER	CO	80031	(303) 919-3425
KRUMPFER, DENNIS M.	3839 COUNTY RD 335	NEW CASTLE	CO	81647	(970) 989-3385
KURYS, KORY K.	10130 HERITAGE PARK TRAIL	PEYTON	CO	80831	(719) 237-9237
MARTINEZ, DAVID A.	5810 MURR RD	PEYTON	CO	80831	(719) 322-6446
MCCLENDON, JACOB	20002 E. BELLEWOOD DRIVE	CENTENNIAL	CO	80015	(720) 301-1903
NEWTON, GREGORY A.	2308 THOREAU DR.	FORT COLLINS	CO	80524	(970) 593-8240
NEWTON, JR., RICHARD E.	P.O. BOX 112	WHITEWATER	CO	81527	(970) 210-1530
NILES, MARK A.	2281 SPRINGSIDE DR.	COLORADO SPRINGS	CO	80951	(719) 660-0135
PEDRETT, TROY M.	5076 PEREGRINE RD	DACONO	CO	80514	(720) 635-6891
PHILLIPS, RICKY D.	511 N. JACKSON GAP WAY	AURORA	CO	80018	(720) 281-0485
PINKNEY, FRED M.	172 ENCANTADO LN.	DURANGO	CO	81303	(970) 946-8594
RUSSELL II, JAMES B.	10101 W 72ND AVE	ARVADA	CO	80005	(303) 548-5531
SABIN, MATHEW T.	352 34 1/2 ROAD	PALISADE	CO	81526	(970) 730-7092
SHEETS, THOMAS J.	890 MILLER ST	LAKEWOOD	CO	80215	(970) 389-5222
SIGLER, MICHAEL C.	5958 S MALTA WAY	CENTENNIAL	CO	80015	(303) 514-2238
SMITH, CANON D.	739 W CALLE DE CABALLOS	PUEBLO WEST	CO	81007	(720) 244-8027
SWENSON, BRYAN D.	4265 MILBURN SOUTH	COLORADO SPRINGS	CO	80906	(719) 209-4996

EXISTING FRANCHISEES					
DEALER NAME	ADDRESS	CITY	ST	ZIP	PHONE
TALavera, PATRICK S.	1336 S. KENDALL ST.	LAKEWOOD	CO	80232	(303) 870-0058
TRIMINIO, XAVIER A.	23577 E. ROCKY TOP AVE.	AURORA	CO	80016	(720) 351-9122
WHYTE, GEOFFREY C.	1093 S MOBILE STREET	AURORA	CO	80017	(720) 841-1474
WILLIAMSON, ZACHARY M.	1862 PEPPERWOOD PLACE	COLORADO SPRINGS	CO	80910	(719) 201-8707
		CO COUNT	40		
CHAPMAN, DAVID A.	803 HILLCREST RD.	ORANGE	CT	06477	(203) 913-4822
FLYNN, KEVIN M.	3782 OLD MOUNTAIN RD.	WEST SUFFIELD	CT	06093	(860) 716-4234
PRATT, LINCOLN L.	8 LUCINDA LANE	MIDDLETOWN	CT	06457	(860) 338-7627
WADE, JEHU S.	68 SUNDANCE CIRCLE	WEST HAVEN	CT	06516	(203) 376-7398
		CT COUNT	4		
PIERCE, III., WILLIAM J.	328 GREYBULL DR.	BEAR	DE	19701	(302) 293-1926
		DE COUNT	1		
ASTIN, PRESTON B.	5223 PALE MOON DRIVE	PENSACOLA	FL	32507	(850) 525-4773
BORTOFF, PAUL J.	4029 NE 8TH PLACE	CAPE CORAL	FL	33909	(239) 233-4835
		SOUTHWEST			
BREAM, STEVEN M.	16710 SW 52ND PLACE	RANCHES	FL	33331	(954) 850-3311
CORTES JIMENEZ, ISRAEL A.	74 SW 15TH TERRACE	HOMESTEAD	FL	33030	(787) 396-6225
DALY JR., DANIEL J.	4007 BAY POINTE DR	GULF BREEZE	FL	32563	(850) 454-5758
DINUNNO, VINCENZO C.	5801 LORING DR	MILTON	FL	32583	(724) 777-7009
DOOLITTLE, MARK J.	8320 N.W. 46TH STREET	LAUDERHILL	FL	33351	(954) 547-3029
DUSKA, DEVIN L.	8395 W. ANTHONY RD	OCALA	FL	34479	(352) 363-8208
FRANCIS, THOMAS R.	P.O. BOX 391	SCOTTSMOOR	FL	32775	(321) 289-2702
GASSMAN, GEORGE R.	5414 LESLIE CANYON DR.	WIMAUMA	FL	33598	(813) 893-4876
JAMES, GARY C.	514 BOITNOTT LANE	BUSHNELL	FL	33513	(352) 603-9008
KENNEDY, MARDY C.	651 N. STATE RD. 21	HAWTHORNE	FL	32640	(678) 858-4563
MIHELIC, JAMI PAUL J.	3145 PINE TOP DRIVE	VALRICO	FL	33594	(309) 229-3128
MOSS, SHAI H.	2917 NE 10TH STREET	GAINESVILLE	FL	32609	(352) 281-8854
O'CONNOR, EDWARD J.	11933 NW 28TH STREET	POMPANO BEACH	FL	33065	(954) 695-2810
ORTIZ, WILFREDO S.	25855 SW 145TH AVE	NARANJA	FL	33032	(787) 407-3221
PEREZ SANTANA, CARLOS J.	2523 SE 14TH AVE.	HOMESTEAD	FL	33035	(787) 408-6084
SANTANA HERNANDEZ, FABIAN	PO BOX 902047	HOMESTEAD	FL	33090	(305) 240-7275
SANZ VERGER, FRANCISCO	13601 SW 281 TERRACE	HOMESTEAD	FL	33033	(786) 390-9347
SHEETS, JOHN R.	2217 MO HO DRIVE	ORLANDO	FL	32839	(321) 261-2506
STEVENS, ERIC J.	281 SE HAPPY VALLEY GLEN	HIGH SPRINGS	FL	32643	(352) 226-5125
STINE, JORGE P.	6850 SW 106TH WAY	HAMPTON	FL	32044	(904) 826-5258
TARBOX, RONALD	36213 POINSETTIA AVE	FRUITLAND PARK	FL	34731	(978) 846-0246
VANCE, CHAD A.	20056 PEABODY ST.	ORLANDO	FL	32833	(412) 638-1206
WHALEY, JAMES R.	14714 OLD SPIKES RD.	SOUTHPORT	FL	32409	(850) 614-4441
WILLIAMS, SCOT J.	7421 DOUGLAS ST.	HOLLYWOOD	FL	33024	(954) 483-3767
		FL COUNT	26		
BAGWELL, MARK W.	3622 HOWELL WOOD TRL	DULUTH	GA	30096	(404) 557-3894
FUNK, NICHOLAS M.	204 KEATON COURT	ALTO	GA	30510	(678) 773-3790
KEYES, JULIAN L.	305 DUCK DRIVE	HAMPTON	GA	30228	(678) 463-1715
MCKERN, KEVIN F.	2049 EMILY DRIVE	SOCIAL CIRCLE	GA	30025	(404) 723-0891
MOORE, MICHAEL D.	469 FIRETOWER ROAD	JASPER	GA	30143	(770) 883-8518
NOLL, CHARLES E.	3015 PADDOCK RD.	COVINGTON	GA	30014	(678) 859-8579
SCROGGINS II, STEPHEN D.	2325 HAWTHORNE TRACE	MONROE	GA	30655	(404) 597-7424
TURNER, MARTY A.	365 MCCART RD.	MCDONOUGH	GA	30252	(678) 447-2148
		GA COUNT	8		
DAVIS, ERIC D.	931 LONGVIEW DR	MISSOURI VALLEY	IA	51555	(402) 980-4881
HERMAN, TREVOR J.	3604 KATIE DRIVE	COUNCIL BLUFFS	IA	51501	(712) 269-6958
HIMMEL, NATHAN A.	505 W JEFFERSON AVE	URBANA	IA	52345	(319) 929-1068
LOERTS, DOUGLAS A.	1777 260TH STREET	MILFORD	IA	51351	(712) 330-3459
MONAHAN, DEAN J.	1309 SOUTHRIDGE RD	HARLAN	IA	51537	(712) 579-4112
PARBS, JASON A.	3125 CARRIAGE DR. SW	CEDAR RAPIDS	IA	52404	(319) 721-0866
POSTMA, DELWYN D.	205 7TH ST.	IRETON	IA	51027	(712) 540-3577

EXISTING FRANCHISEES					
DEALER NAME	ADDRESS	CITY	ST	ZIP	PHONE
ROSENER, MARK A.	10264 NUTMEG AVE	RODNEY	IA	51051	(712) 635-2780
SCHRITTER, JARROD R.	8500 SOUTH EAST 26TH AVE	RUNNELLS	IA	50237	(720) 548-7687
VORE, TODD E.	PO BOX 350	ALTON	IA	51003	(712) 441-5856
		IA COUNT	10		
ANDERSEN, COLIN J.	1963 N. COOL SPRINGS AVE.	KUNA	ID	83634	(208) 901-0018
ARNOLD, DUSTIN E.	16155 SETTLEMENT AVE.	CALDWELL	ID	83607	(208) 841-1462
BOLL, JONATHAN A.	6661 E PANORAMA DR	IDAHO FALLS	ID	83401	(208) 520-1649
BRITZ, JASON R.	2439 E LAGRANGE DR.	MERIDIAN	ID	83642	(208) 850-0808
CAMPING, RYAN M.	3083 E 3400 N	TWIN FALLS	ID	83301	(951) 532-5716
DEJONG, DWAIN M.	PO BOX 54	BASALT	ID	83218	(208) 710-9070
GRANDEN, ROBERT C.	24200 DAVENPORT LANE	CALDWELL	ID	83607	(208) 941-3913
HENRIE, DAVID E.	14890 KENSINGTON LANE	CHUBBUCK	ID	83202	(208) 240-2337
MERRICK, BRIAN H.	7311 WILD HORSE WAY	NAMPA	ID	83686	(208) 550-2015
ODIERNA, JUSTIN N.	1248 WEST BRENTWOOD LOOP	COEURD' ALENE	ID	83815	(714) 471-2541
PAMPLONA, JOSHUA C.	1798 GLENDALE AVENUE	TWIN FALLS	ID	83301	(208) 358-1636
WORKMAN, BRIAN W.	4515 CEDAR GROVE DR.	MERIDIAN	ID	83646	(208) 371-7203
		ID COUNT	12		
ABBINANTE, VITO M.	840 WILDWOOD DR.	PINGREE GROVE	IL	60140	(224) 489-1560
COSTLEY, DANIEL F.	1565 DRIFTWOOD LANE	CRYSTAL LAKE	IL	60014	(847) 800-5212
CREWS, COLLIN J.	1870 BALCOM RD	ANNA	IL	62906	(618) 697-2457
DAVIS, NATHAN G.	243 OAKWOOD RD	EAST PEORIA	IL	61611	(309) 264-6382
FLOOD, RANDY G.	673 US ROUTE 40 E	MONTROSE	IL	62445	(217) 621-2014
HALWIX, BRIAN A.	13628 METRIC RD	ROSCOE	IL	61073	(224) 430-7923
JAROS, KENNETH R.	25553 TAMARACK DR	WAUCONDA	IL	60084	(847) 962-0112
JENNINGS, MICHAEL P.	516 GERRY ST.	WOODSTOCK	IL	60098	(815) 575-0025
KENDRICK, ROBERT J.	543 N. MAIN STREET	JONESBORO	IL	62952	(618) 697-0681
LOEHR, MATTHEW D.	228 W 12TH STREET	FLORA	IL	62839	(618) 231-2352
MAGNUSON, KEITH R.	5408 AMBY LN.	MCHENRY	IL	60051	(847) 660-0978
MCGINNIS, SEAN	231 LONGBEACH ROAD	LAKEMOOR	IL	60051	(815) 505-4299
MILLER, THOMAS O.	338 ELMWOOD LANE	ANTIOCH	IL	60002	(847) 208-1987
PURPURA, CHRIS N.	7150 BLACKSTONE AVE	JUSTICE	IL	60458	(708) 612-7979
RICHER, DOUG	11500 S. NATCHEZ AVE.	WORTH	IL	60482	(708) 567-7441
SMITH, LANE A.	1230 S. CHENEY ST	TAYLORVILLE	IL	62568	(217) 824-5212
SPENCER, WAYNE G.	420 E. DEPOT ST.	ANTIOCH	IL	60002	(224) 588-6980
STREET, TREVOR W.	24826 W. MILLER RD	BARRINGTON	IL	60010	(847) 814-1804
THEODOSSOPOULOS, JAMES J.	23718 S CENTER RD	FRANKFORT	IL	60423	(708) 800-6869
WARD, CALEB A.	905 EAST MAIN ST.	STEELEVILLE	IL	62288	(618) 615-3187
		IL COUNT	20		
BORNTRAGER, HARLEY H.	55535 COUNTY RD 31	BRISTOL	IN	46507	(574) 238-1493
CHERRY, RODGER W.	3775 COUNTRY LANE	BROWNSBURG	IN	46112	(317) 258-5166
CLAYWELL, ADAM P.	8094 DALTON ROAD	HAGERSTOWN	IN	47346	(765) 730-6972
DEAN, TODD A.	2151 E 850 N	ROME CITY	IN	46784	(260) 385-4089
DEVRIES, STEVEN	51474 IRONWOOD	GRANGER	IN	46530	(574) 339-6642
DOWNS, MARK W.	7265 PEPPE PKWY.	MICHIGAN CITY	IN	46360	(219) 898-7510
ENDERS, DAVID	51340 IRONWOOD	GRANGER	IN	46530	(574) 210-1150
ESTES, TY A.	13700 W COUNTY ROAD 700 N	GASTON	IN	47342	(765) 631-3433
FLAUGH, TIMOTHY A.	10612 NORTH TURKEY CREEK RD	SYRACUSE	IN	46567	(574) 518-1028
HAMMOND, STEVEN D.	17936 LINCOLN HWY E	MONROEVILLE	IN	46773	(260) 452-5956
HARVEY, JACK S.	4044 NORTH 100 EAST	DECATUR	IN	46733	(260) 433-0418
MICHAEL, DAWSON D.	5920 HINSDALE LANE	FORT WAYNE	IN	46835	(260) 385-0595
MILLER, LANCE W.	18254 US HWY 6	NEW PARIS	IN	46553	(574) 322-1656
PHILLIPS, TIMOTHY E.	1350 EAST MAPLE TURN RD	MARTINSVILLE	IN	46151	(317) 694-8230
POWELL, ANDREW M.	4457 W 200 S	ANDERSON	IN	46011	(765) 623-5226
SCHMITT, ERIC J.	12122 WAYLAND COURT	EVANSVILLE	IN	47725	(812) 228-9287
THEODOSSOPOULOS, TIM	427 OAK BREEZE DR	VALPARAISO	IN	46383	(708) 932-3942
WEST, JAMES T.	4504 W. 900 S.	PENDLETON	IN	46064	(765) 623-1630

EXISTING FRANCHISEES					
DEALER NAME	ADDRESS	CITY	ST	ZIP	PHONE
		IN COUNT	18		
ANDERSON, DAVID L.	20901 S. CLARE RD.	SPRING HILL	KS	66083	(913) 271-6109
BATEMON, BRADLY J.	15026 114TH STREET	OSKALOOSA	KS	66066	(913) 360-0249
BJERKE, BRIAN E.	1744 E. SLEEPY HOLLOW	OLATHE	KS	66062	(913) 238-2108
COX, CASEY M.	5911 S.103RD ST. E.	DERBY	KS	67037	(316) 218-5408
DOONAN, WADE C.	2138 LEWIS AVE	SALINA	KS	67401	(620) 282-1132
FULLERTON, LISA	1906 ARLINGTON ST.	EL DORADO	KS	67042	(316) 244-1539
HANIKA, TIMOTHY J.	6355 SW 11TH ST.	TOPEKA	KS	66615	(785) 215-4514
HARRIS, JEFFREY S.	119 ROCK CREEK LOOP	LANSING	KS	66043	(913) 547-1884
HURT, MICHAEL L.	945 E. CHARLOTTE TOWN ROAD	OLATHE	KS	66061	(913) 530-7601
RUMPEL, AARON R.	301 S. 7TH ST.	WA KEENEY	KS	67672	(785) 726-1013
SCRIPP, BRAD A.	13011 E. LAGUNA	WICHITA	KS	67230	(316) 644-9525
SPAIN, BRANDON L.	1017 E 5TH ST.	GALENA	KS	66739	(417) 438-2834
		KS COUNT	12		
ABBOTT, LYLE S.	2217 FOX TRAIL COURT	LA GRANGE	KY	40031	(502) 639-7721
FIELDS, JOSHUA G.	104 VENETIAN WAY	BARDSTOWN	KY	40004	(717) 881-5572
JOBE, MICAH S.	3693 STATE ROUTE 3306	ARGILLITE	KY	41121	(606) 254-7768
MASLINE, ERIC H.	44 KINGSVIEW LANE	SOMERSET	KY	42501	(606) 350-0066
MORGAN, DAVE	1945 SCOTTSVILLE RD B-2 178	BOWLING GREEN	KY	42104	(270) 201-4404
VENNEMAN, JOHN D.	485 SOUTH GRAND AVE	FORT THOMAS	KY	41075	(859) 409-3664
		KY COUNT	6		
AYO, SHANE G.	971 HWY 20	THIBODAUX	LA	70301	(985) 637-7882
BOGDAN, DAVID M.	7329 BARKRIDGE DR	SHREVEPORT	LA	71119	(318) 426-2709
CLINE, ANGEL S.	1075 DOMINGUE ST.	BREAUX BRIDGE	LA	70517	(337) 453-7415
DOBARD, JEREMY L.	402 CARROLL STREET	MANDEVILLE	LA	70448	(985) 520-7405
GILLESPIE, CHAD M.	651 AVENUE G	WESTWEGO	LA	70094	(504) 360-5625
GIOVINGO, NICHOLAS J.	1801 MANHATTAN BLVD. SUITE J	HARVEY	LA	70058	(504) 329-9924
NGUYEN, TAN V.	106 LIVE OAK LN.	LULING	LA	70070	(504) 319-9020
ROGERS, JEFFREY A.	41 SAYES RD	PINEVILLE	LA	71360	(318) 447-2657
ROMERO, AUDIE J.	6215 NORRIS BRANCH RD.	NEW IBERIA	LA	70560	(337) 278-5286
SEAUX JR., DENNIS J.	PO BOX 1328	YOUNGSVILLE	LA	70592	(337) 577-2927
STEIN, DONALD L.	78264 BOOTH RD.	FOLSOM	LA	70437	(228) 229-4463
WARREN, EDWIN B.	PO BOX 2211	DENHAM SPRINGS	LA	70727	(225) 938-6804
WATSON, JIMMY E.	313 JADE CT	MADISONVILLE	LA	70447	(985) 867-6773
		LA COUNT	13		
ARSENAULT, ANDRE D.	28 PEARSON DR.	BYFIELD	MA	01922	(978) 866-3450
BALMAIN, CAMERON J.	45 WORCESTER ST.	TAUNTON	MA	02780	(774) 223-4946
BERUBE, JOSEPH L.	121 SWANSOM ROAD	SWANSEA	MA	02777	(774) 930-2773
HAMDI, THAER R.	1226 BOSTON RD	HAVERTHILL	MA	01835	(978) 885-0622
INDECK, ALEXANDER	91 LAKESIDE AVE	LAKEVILLE	MA	02347	(774) 226-0028
JOHNSON, DAVID S.	4 STONE WALL LANE	BILLERICA	MA	01821	(781) 589-7189
LANG, COREY F.	69 TREBLE COVE ROAD	NORTH BILLERICA	MA	01862	(978) 758-1786
LEBLANC, LAWRENCE	1 JOHNATHAN LANE	TOWNSEND	MA	01474	(978) 729-5028
MAILHOT, JR., PAUL R.	523 TURKEY STREET	GILBERTVILLE	MA	01031	(413) 362-5895
MILLER, CHRISTOPHER M.	422 DIGHTON AVE	TAUNTON	MA	02780	(508) 562-7577
PALUMBO, KENNETH J.	31 GOVERNOR FULLER RD.	BILLERICA	MA	01821	(617) 240-8644
RICCI, ANDREW J.	180 HIGHLAND ST.	HOLDEN	MA	01520	(508) 509-3525
SILVIA, JORDAN D.	210 MUDDY COVE LANE	DIGHTON	MA	02715	(774) 226-5283
TRIMPER, JASON W.	9 HAWTHORNE ROAD	NEWBURYPORT	MA	01950	(781) 718-0107
WALKER, ANDREW M.	28 MINOT AVENUE	WAREHAM	MA	02571	(774) 260-0327
		MA COUNT	15		
CAMPBELL, DAVID A.	1235 COOL MINT COURT	WESTMINSTER	MD	21157	(443) 622-7244
COLLINS, CHARLES R.	1351 SUDLERSVILLE ROAD	SUDLERSVILLE	MD	21668	(410) 490-6190
DECKERT, LOUIS J.	1355 JORDAN DRIVE	SHADY SIDE	MD	20764	(410) 562-7284
FLYE, KYLE M.	219 MAIN AVE. SW	GLEN BURNIE	MD	21061	(410) 209-7135
HUETHER, RICHARD D.	5301 FORGE RD	WHITE MARSH	MD	21162	(443) 506-2581

EXISTING FRANCHISEES					
DEALER NAME	ADDRESS	CITY	ST	ZIP	PHONE
ING, ANNEX	18151 KITCHEN HOUSE COURT	GERMANTOWN	MD	20874	(240) 441-9081
MILLER, JUSTIN C.	115 N. HOUCKSVILLE ROAD	HAMPSTEAD	MD	21074	(410) 596-8589
NEWLON, TIMOTHY P.	727 MAHAN RD	ABERDEEN	MD	21001	(410) 206-5322
PATTERSON JR, JOHN E.	6136 ROLLING VIEW DRIVE	SYKESVILLE	MD	21784	(443) 254-3192
PEAY, WILLIAM D.	695 VERDA LANE	HUNTINGTOWN	MD	20639	(240) 876-9467
PHELPS, ANDREW R.	1555 SOUTH PLEASANT VALLEY DR	WESTMINSTER	MD	21158	(410) 596-2037
STROUD, MICHAEL W.	27127 ERIN DRIVE	MECHANICSVILLE	MD	20659	(301) 481-8517
WALSH, JAMES T.	2370 EAGLE WOOD DRIVE	MOUNT AIRY	MD	21771	(443) 605-2810
		MD COUNT	13		
ARSENAULT, SEAN J.	306 BRIDGTON RD.	EAST BALDWIN	ME	04024	(207) 415-4197
DUNHAM, KEVIN K.	8 MARCHO ROAD	CARMEL	ME	04419	(207) 944-3543
HORST, SHAWN E.	226 CORNER RD	BRIDGEWATER	ME	04735	(207) 551-9859
LAPOINTE, WAYNE G.	4 MADELYN AVE.	TOPSHAM	ME	04086	(207) 632-6803
MADRUGA, ALEXANDER J.	31 HICKORY LANE	EAST WATERBORO	ME	04030	(207) 229-0016
MESERVE, DUSTIN R.	18 MESERVE LANE	CORNISH	ME	04020	(207) 432-5379
		ME COUNT	6		
ANES, JOSHUA R.	151 ARTHUR ST.	MARNE	MI	49435	(616) 438-8727
BECK, ANDREW S.	14325 132ND AVE.	GRAND HAVEN	MI	49417	(616) 550-2497
BROWN, MAXCEY M.	6085 DEXTER- ANN ARBOR RD.	DEXTER	MI	48130	(734) 216-1072
BURMEISTER, STEVEN C.	9827 SIL ST.	TAYLOR	MI	48180	(313) 729-2759
EDDS, MICHAEL S.	26211 PARKINGTON ST.	ROSEVILLE	MI	48066	(586) 649-8418
FARLEY, JAMES D.	21171 ARMADA RIDGE ROAD	ARMADA	MI	48005	(586) 746-9281
FINCH, ZACHARY T.	10215 PULASKI RD	HANOVER	MI	49241	(517) 425-0772
GIBSON, DUSTIN A.	258 N FISKE ROAD	COLDWATER	MI	49036	(517) 990-2886
GROSSHANS, GARRISON G.	10619 N. CLINTON TRAIL	SUNFIELD	MI	48890	(517) 256-2329
GURKIN, CLIFTON W.	48615 WILLIS RD.	BELLEVILLE	MI	48111	(734) 218-5763
HACKERT, JR., ARTHUR W.	2900 WILLIAMSTON RD	LESLIE	MI	49251	(517) 749-5365
HEDGES, MICHAEL J.	3156 SERVICE RD.	CLINTON	MI	49236	(734) 301-0819
KELLY, NOLAN R.	1118 BARNESWOODS CRT	ROCHESTER HILLS	MI	48306	(313) 585-4010
KLENOSKI, AMELIA A.	6812 EAST V AVE.	VICKSBURG	MI	49097	(269) 762-3959
LELLO, VINCENT W.	1583 FENNER RD	OWOSSO	MI	48867	(810) 623-9776
MANDERS, DAVID	21180 MARTINSVILLE RD	BELLEVILLE	MI	48111	(734) 624-4569
MICALLEF, JR., ALFRED A.	4800 E. ALLEN RD.	HOWELL	MI	48855	(734) 718-7338
MILLAGE, MARK E.	776 EAST GRAND BLVD.	YPSILANTI	MI	48198	(734) 262-2676
RUDOLFI, KEVIN E.	8283 JANIS STREET	SHELBY TWP	MI	48317	(586) 980-9750
RURKA, BRADLEY L.	383 CHRISTOPHER CT	HOLLAND	MI	49424	(517) 398-6530
SCHUELKE, KARL J.	9099 RAMSDELL DR.	ROCKFORD	MI	49341	(616) 430-1758
SHERMAN, MARK D.	12735 W. PINE LAKE ROAD	PLAINWELL	MI	49080	(269) 808-6491
STATTLER, BRANDON L.	94083 M 51 N	DOWAGIAC	MI	49047	(269) 308-9831
VANESSEN, MICHAEL N.	3335 FILLMORE STREET	JENISON	MI	49428	(616) 218-3403
VINECKI, JERALD E.	2010 LONE PINE ROAD	GAYLORD	MI	49735	(989) 370-6963
WATSON, JAMES C.	2243 S PERKEY RD	CHARLOTTE	MI	48813	(517) 303-9400
WHITE, THEODORE B.	4900 KELSO RD	NORTH ADAMS	MI	49262	(517) 607-1035
		MI COUNT	27		
BOYLES, SAM P.	13573 NEVADA AVE	SAVAGE	MN	55378	(612) 306-8626
DILLEY, NATHAN L.	1031 5TH ST	ALBANY	MN	56307	(320) 428-4495
DZIENGEL, JOSHUA J.	13575 96TH ST SE	BECKER	MN	55308	(320) 282-8010
GARDNER, RICHARD M	PO BOX 252	ROCKVILLE	MN	56369	(320) 420-2311
HAGE, ADAM G.	8265 HWY 95 NW	PRINCETON	MN	55371	(218) 428-7767
JOLICOEUR, CORY M.	14885 191ST AVE. NW	ELK RIVER	MN	55330	(763) 333-6168
LARSON, JAY W.	38566 BRANCH AVE.	NORTH BRANCH	MN	55056	(763) 360-2780
LUDWIG, JUSTIN S.	6900 30TH ST W	ELKO	MN	55020	(651) 500-6603
PALERMO, TIMOTHY W.	13222 OAKWOOD RD.	ZIMMERMAN	MN	55398	(409) 540-2141
PICKUS, JEREMY M.	3525 CREEK ROAD	CHASKA	MN	55318	(612) 702-9118
THEIS, MATTHEW D.	1515 WOOD DUCK TRAIL	SHAKOPEE	MN	55379	(612) 964-9227

EXISTING FRANCHISEES					
DEALER NAME	ADDRESS	CITY	ST	ZIP	PHONE
WATSON, BRIAN M.	248 15TH STREET	FARMINGTON	MN	55024	(612) 247-0446
		MN COUNT	12		
BECKER, PHILLIP A.	17306 E. BUNDSCHU RD	INDEPENDENCE	MO	64056	(913) 626-9568
DAVIS JR, DONALD E.	# 9 MEADOW LAKE DR.	ST. LOUIS	MO	63146	(314) 954-5546
HIMES, BOBBY R.	209 HARRISON ST	SIKESTON	MO	63801	(573) 380-8301
HURT, RAYMOND C.	643 SUNSET INN RD	BRANSON	MO	65616	(913) 788-0173
KALLAS, CHRIS M.	974 SICKLEBAR DRIVE	PECULIAR	MO	64078	(816) 686-7079
KELLER, EDWIN O.	3696 WHITETAIL RD	DE SOTO	MO	63020	(314) 570-0818
KONDRACKI, ALAN E.	6421 KLONDIKE RD	HILLSBORO	MO	63050	(636) 795-3476
POUSH, RICKY D.	609 OAK ST	BUCKLIN	MO	64631	(660) 216-7768
TEITLER, BRADLEY K.	20431 MINK DR	NEOSHO	MO	64850	(417) 572-1410
TURCOTTE, KENNETH R.	315 E SPRINGFIELD ST	AURORA	MO	65605	(417) 437-6125
		MO COUNT	10		
ALFORD, DANNY D.	1012 DEAR COURT LN.	CRYSTAL SPRING	MS	39059	(601) 906-3010
DEAVER, KENNETH A.	PO BOX 835	CLINTON	MS	39060	(601) 942-3205
IRWIN, JR., LYNN D.	6930 POPLAR CORNER ROAD	WALLS	MS	38680	(901) 238-8250
KENDALL, THOMAS COLE	228 ROLLING HILLS BLVD.	FLORENCE	MS	39073	(601) 906-5243
RUSSELL, BOBBY J.	406 PINEBROOK CIRCLE	BRANDON	MS	39047	(601) 941-1891
SMITH, LANCE B.	432 GUM SWAMP RD	SUMRALL	MS	39482	(601) 502-4147
TAYLOR, EDWIN E.	172 JOHNSON LANE	CANTON	MS	39046	(601) 502-6189
YOUNG, MICHAEL R.	123 DOUGLAS ROAD	BYHALIA	MS	38611	(901) 832-5794
		MS COUNT	8		
CERNOK, GRANT D.	1672 ROYAL RD.	BELGRADE	MT	59714	(406) 600-5807
SUTTON, SCOTT C.	1555 RIVER EDGE RD. UNIT 2	BILLINGS	MT	59101	(701) 210-2866
TORCZON, CLINTON T.	819 WEST G RD.	HUNTLEY	MT	59037	(406) 591-3952
TUCKER, ROBERT E.	P.O. BOX 944	HOT SPRINGS	MT	59845	(307) 699-4724
WOODBURY, BRADLEY J.	152 E TOBIANO TRAIL	BELGRADE	MT	59714	(406) 551-5634
		MT COUNT	5		
ATWELL, PATRICK H.	3831 PEARL AVE	SOPHIA	NC	27350	(336) 442-2196
BALOGH, MONTE	1125 FOURWHEEL DRIVE	WAKEFOREST	NC	27587	(919) 880-3439
BARROW JR, CHARLES	4804 EASON RD.	LA GRANGE	NC	28551	(252) 560-4142
BELL JR, ELDREDGE	1224 PEACH ORCHARD ROAD	LOUISBURG	NC	27549	(919) 215-8894
BREIDENBACH, FRANK J.	103 TUCKERS LAIR	GRANDY	NC	27939	(252) 207-1899
BRYAN, RICK L.	2923 CATHERINE LAKE ROAD	RICHLANDS	NC	28574	(910) 330-5150
CAPUTO, DAVID A.	PO BOX 757	DREXEL	NC	28619	(828) 443-5536
CHERRY, ZACHARY A.	994 ELLIOT FARM RD.	FAYETTEVILLE	NC	28311	(910) 578-3077
COCHRAN, JOSHUA A.	628 ANGEL COVE RD.	FRANKLIN	NC	28734	(828) 371-2275
COX, ANTHONY A.	1662 STEED RD.	RANDLEMAN	NC	27317	(336) 991-6707
CRADDOCK, CARL A.	2313 POND RIDGE CT.	KANNAPOLIS	NC	28083	(980) 621-4695
DEAL, DON	560 OAKLAND AVE EXT	MORGANTON	NC	28655	(828) 443-7273
DOBSON, GARY W.	404 VIRGINIA DR.	SPRING LAKE	NC	28390	(910) 489-8117
DUNN, JOSEPH P.	601 N 23RD STREET	WILMINGTON	NC	28405	(910) 987-5603
FARRELL, JEFFREY T.	5508 DEER HUNTER CT	GARNER	NC	27529	(919) 524-1812
FINCK, DYLAN S.	219 NEWBERN DR.	KNOTTS ISLAND	NC	27950	(757) 335-1322
GERBER, CHRISTOPHER M.	100 GRAY FOX ROAD	FRANKLIN	NC	28734	(828) 421-2469
GIBSON, STEPHEN L.	119 PINE LAKE RD	CAPE CARTERET	NC	28584	(252) 503-7306
HARVEY, DALE RYAN	2597 CEDAR LN.	OXFORD	NC	27565	(919) 339-0750
JOHNSON, JEREMY N.	1662 STEED RD	RANDLEMAN	NC	27317	(336) 870-6015
LINCOLN, LUCAS S.	165 W. MAPLE DRIVE	MILLERS CREEK	NC	28651	(828) 964-3931
LITTLE, DANIEL S.	5834 MONARCH PASS	CLAREMONT	NC	28610	(828) 310-8496
MCCANN, PETER	1296 FENCE POST LANE	CAROLINA SHORES	NC	28467	(919) 333-2394
MILLS, ZACHARY T.	702 HAZEL AVE	KANNAPOLIS	NC	28083	(704) 213-6865
PATTON, COLLIN D.	5890 OXFORD SCHOOL RD	CLAREMONT	NC	28610	(573) 300-0341
PRICE, SEAN C.	2319 GRAYSON PKWY	MONROE	NC	28110	(980) 328-1822
RHEW, VICTOR K.	60 OLDE OAKS LANE	PITTSBORO	NC	27312	(919) 796-4456
RUSSELL, TRAVIS E.	122 ST. LAWRENCE WAY	CLAYTON	NC	27520	(919) 455-7887

EXISTING FRANCHISEES					
DEALER NAME	ADDRESS	CITY	ST	ZIP	PHONE
SEDBERRY, JUSTIN D.	1866 OPHIR RD.	TROY	NC	27371	(910) 220-2014
SENA, ANTHONY J.	74 ETTA DRIVE	CANTON	NC	28716	(505) 730-8690
SMITH, BRANDON K.	181 DIANNA AVE.	THOMASVILLE	NC	27360	(336) 442-2215
STEPHENS, JEFF K.	1801 JENKS CARPENTER RD	CARY	NC	27519	(858) 967-7773
STUTTS, JEFFREY LEE	5425 ZOO PARKWAY	ASHEBORO	NC	27205	(336) 953-7787
SUGGS, GARTHA	1925 OLD GREENFIELD ROAD	RALEIGH	NC	27604	(919) 818-4831
THOMAS, DAVID B.	5509 NC HWY 16	CLAREMONT	NC	28610	(980) 318-2121
TYNDALL, JR., DONALD R.	107 COCKRELL AVE.	KENLY	NC	27542	(252) 245-2481
VENTERS, DANIEL D.	5916 STEVENS MILL RD.	MATTHEWS	NC	28104	(704) 560-1630
		NC COUNT	37		
BADER, TIMOTHY A.	8400 29TH AVE NW	BURLINGTON	ND	58722	(701) 500-5824
BEETER, BRANDON R.	140 4TH ST SE	GARRISON	ND	58540	(701) 833-2462
KRAFT, COREY A.	4325 KODIAK PLACE	BISMARCK	ND	58503	(701) 400-5992
SHIPLEY JR, KIRK D.	6669 55TH AVE SOUTH	FARGO	ND	58104	(701) 730-3982
		ND COUNT	4		
BRAUN, MARK O.	14024 PATRICK AVE	OMAHA	NE	68164	(402) 305-5623
COLE, GAGE M.	240066 HWY 92	GERING	NE	69341	(308) 765-8688
FREUDENBURG, BRIAN C.	82861 547TH AVENUE	MADISON	NE	68748	(402) 920-3282
GUGAT, MATTHEW C.E.	814 ELDON DRIVE	LINCOLN	NE	68510	(402) 560-7773
GYDESEN, KYLE H.	2419 WEST 11TH ST	HASTINGS	NE	68901	(308) 850-0892
HALSEY, BARRY A.	4070 DACK AVE	GRAND ISLAND	NE	68803	(308) 750-2120
HEIM, JEFF S.	4250 CO ROAD F	TEKAMAH	NE	68061	(402) 659-6426
HOWELL, JACOB L.	2266 HICKORY CIRCLE	BLAIR	NE	68008	(712) 355-2624
JEWETT, BRIAN R.	721 7TH ST	GOTHENBURG	NE	69138	(308) 440-5578
JOHNSON, BRADLEY L.	7931 KEYSTONE DR	OMAHA	NE	68134	(402) 660-3862
JURANEK, TANNER S.	652 3RD ST	SYRACUSE	NE	68446	(402) 209-1666
MENTINK, KYLE J.	460 RIDGE ST.	OSCEOLA	NE	68651	(402) 366-1053
OLSUFKA, ROBERT P.	1017 WEST 7TH STREET	OGALLALA	NE	69153	(308) 383-1600
ST. ANDRE, RYAN L.	137 CEDAR STREET	CHADRON	NE	69337	(308) 430-1386
WALTER, MARK	745 N. GRANT	FREMONT	NE	68025	(402) 680-1490
WILSON, BRENT B.	55316 JOANN DRIVE	NORFOLK	NE	68701	(402) 750-9095
WOLVERTON, BRAD A.	11702 S 201ST STREET	GRETNA	NE	68028	(402) 689-4965
		NE COUNT	17		
ALVES, CHARLES R	32 COBURN AVE	NASHUA	NH	03063	(603) 809-9921
BACHAND, JON W.	4 COLONIAL DRIVE	EPSOM	NH	03234	(603) 856-5873
BACHAND, JONATHAN M.	291 PROVINCE RD	GILMANTON	NH	03237	(603) 856-5308
COLUMBUS, DANIEL C.	39 HANSOM DR	MERRIMACK	NH	03054	(603) 566-6257
CREAN, GREGG W.	153 RAYMOND ROAD	DEERFIELD	NH	03037	(978) 337-3320
DAVIS, GARY R.	4 FELLOWS LANE	SALISBURY	NH	03268	(603) 455-6386
FROST, ADAM R.	49 BUSH HILL RD	HUDSON	NH	03051	(617) 653-4885
HEIMBERGER, JEFFREY D.	P.O. BOX 660	ROLLINSFORD	NH	03869	(717) 676-6679
LABBE, DAVID J.	225 ASH ST.	MANCHESTER	NH	03104	(603) 674-7409
LIBBY, GABRIELLE N.	286 AMORY ST.	MANCHESTER	NH	03102	(603) 930-2510
MORTON, BRIAN F.	46 CRESTWOOD CIRCLE	SALEM	NH	03079	(603) 401-1332
OSTLER, SEAN M.	98 DUGGIN RD	WILTON	NH	03086	(603) 321-2384
SHERMAN, JAMES P.	85 SUMMIT VIEW DR.	MOULTONBOROUGH	NH	03254	(603) 998-3253
STEPHENSON, KEVIN M.	7 JULIA DRIVE	HOOKSETT	NH	03106	(857) 492-4335
		NH COUNT	14		
BUGDON, ALYSIA D.	6209 PINE ST.	MAYS LANDING	NJ	08330	(609) 816-3113
CHRISTIAN, DAVID M.	15 ADAMS ST	LOGAN	NJ	08085	(856) 510-6006
ERRICETTI, STEVEN C.	12 AVON DRIVE	MADISON	NJ	07940	(201) 715-2946
FROITZHEIM, STEPHEN J.	10 MARTIN AVE	LAKE HOPATCONG	NJ	07849	(973) 219-0201
ISRAEL, RICHARD J.	29 CREEK LANE	MOUNT ROYAL	NJ	08061	(856) 478-8400
KNAPP, RICHARD E.	5 DEER LANE	SUCCASUNNA	NJ	07876	(201) 317-4708
LURKER, II., JOHN G.	201 STRYKER RD. SUITE 19 #329	PHILLIPSBURG	NJ	08865	(201) 317-3630
MEJIAS, GABRIEL	83 WESTVILLE AVE.	CALDWELL	NJ	07006	(973) 614-4991

EXISTING FRANCHISEES					
DEALER NAME	ADDRESS	CITY	ST	ZIP	PHONE
SANDELLI, MARCUS R.	29 CONTINENTAL AVE.	MORRISTOWN	NJ	07960	(973) 936-3456
SCHIEDLO, CHRISTOPHER J.	25 RIPPLEWOOD DR.	LAKE HOPATCONG	NJ	07849	(973) 945-0123
		NJ COUNT	10		
ADDIS, MARK C.	1676 ANGEL RD	CORRALES	NM	87048	(505) 573-5758
CALKINS, MICHAEL A.	1604 A. FAIRVIEW RD.	TULAROSA	NM	88352	(575) 443-3400
GURULE, NORMAN V.	1043 ORTEGA RD. NW	ALBUQUERQUE	NM	87114	(505) 239-4640
KEARNS, PHILIP A.	1406 W. BONITA DR.	ROSWELL	NM	88203	(480) 371-4520
ORPHEY, FRANK W.	2418 E HWY 66 #480	GALLUP	NM	87301	(575) 546-1902
ROGNSVOOG, JASON M.	54 ARROWHEAD TRAIL	TIJERAS	NM	87059	(505) 908-7173
SCHNAKENBERG, LOUIE M.	2704 LERMA ROAD NE	RIO RANCHO	NM	87144	(505) 385-2520
SIMPKINS, RAYMOND G.	714 ANGEL RD	CORRALES	NM	87048	(505) 238-7110
		NM COUNT	8		
BARTHOLOMEW, MARK D.	152 CECILIA COURT	SPANISH SPRINGS	NV	89441	(775) 223-4054
CASTANEDA JR., JIM A.	180 E CYPRESS DRIVE	HENDERSON	NV	89015	(702) 528-9986
CASTANEDA, HUNTER N.	180 E. CYPRESS DR.	HENDERSON	NV	89015	(702) 292-0377
ENRIQUEZ, JERRY S.	508 LA QUINTA COURT	DAYTON	NV	89403	(775) 291-8442
FLORES, EDGAR	10617 MOUNTAIN STREAM CT.	LAS VEGAS	NV	89129	(702) 472-1973
GARIBAY, ALEJANDRO R.	5755 EL PARQUE AVE	LAS VEGAS	NV	89146	(702) 882-7487
GUTIERREZ-ZARAGOZA, HECTOR A.	5928 ARMIDE ST.	NORTH LAS VEGAS	NV	89081	(702) 752-0515
MARTINS, OLEGARIO C.	3221 SOLUTARE CT.	NORTH LAS VEGAS	NV	89031	(702) 217-6638
MORI, LOUIE T.	537 SUNSHINE LOOP	FALLON	NV	89406	(775) 426-8156
SCHOCH, MICHAEL L	1838 LEONOR CT.	NORTH LAS VEGAS	NV	89031	(702) 343-3217
SKEEM, MARK A.	3300 SKYLINE BLVD. #214	RENO	NV	89509	(775) 800-3957
TAN, VINCENT P.	9264 ROMANCE DIAMOND ST.	LAS VEGAS	NV	89178	(702) 767-5195
VANDEPUT, ROGIER T.	6935 ALIENTE PARKWAY STE 104-134	N. LAS VEGAS	NV	89084	(702) 832-9942
		NV COUNT	13		
HEDDEN, HENRY E.	506 WALTON PL.	SCOTIA	NY	12302	(973) 713-9851
		NY COUNT	1		
ALSOBROOK, DANIEL J.	46160 CRABAPPLE RD.	SAINT CLAIRSVILLE	OH	43950	(740) 312-4038
BRICKER, DONALD D.	249 TOWNSHIP RD 2150	JEROMESVILLE	OH	44840	(419) 564-1055
CALAI, ROBERT J.	3772 AYSHIRE DRIVE	YOUNGSTOWN	OH	44511	(330) 519-8127
DONALDSON, PHILLIP B.	1868 STANHOPE DRIVE UNIT 1	NEWARK	OH	43055	(740) 334-1134
DUNLAP, THOMAS A.	4245 TWP RD. 115	MCCOMB	OH	45858	(419) 722-6345
ELLINGER, NATHAN F.	707 HURLESS RD	FRANKFORT	OH	45628	(740) 689-7035
GEORGE, ADAM G.	1044 CAYUGA TRAIL SW	HARTVILLE	OH	44632	(330) 704-1215
GREER JR, WILLIAM J.	4792 WALLINGTON DRIVE	HILLIARD	OH	43026	(614) 205-1158
HARDIN, AUSTIN J.	102 E. SUGAR ST.	CRIDERSVILLE	OH	45806	(419) 302-7272
HERSHBERGER, EVAN L.	6825 TOWNSHIP RD 522	MILLERSBURG	OH	44654	(330) 243-1525
HUTSON, CLYDE R.	4900 ORCHARD RD.	MENTOR	OH	44060	(440) 376-7870
LAMBERT, JEFFREY E.	PO BOX 537	UTICA	OH	43080	(419) 565-8350
LEWIS, SHAWN M.	2966 KEW DRIVE	AKRON	OH	44319	(330) 352-1675
LINDSEY, KENNETH J.	4378 FAIRGROUNDS RD	ATWATER	OH	44201	(330) 608-7245
LUDWIG, LAWRENCE C.	1944 COMPTON ROAD	CINCINNATI	OH	45231	(513) 939-5453
MUFFLEY, DONALD W.	31914 SCHNEIDER ROAD	HANOVERTON	OH	44423	(330) 853-6449
NAGY, WILLIAM A.	1877 FLINT AVE	AKRON	OH	44305	(330) 515-0934
NIGN, CHAD EW	687 KERR AVE.	CADIZ	OH	43907	(740) 381-9934
ROSS, NATHANIEL L.	44832 COUNTY ROAD 75	CONESVILLE	OH	43811	(740) 610-6740
RYAN, CHRISTIAN R.	284 US HIGHWAY 250	JEROMESVILLE	OH	44840	(567) 215-3582
SIATRAS, DEMETRIUS J.	214 GRANDVIEW AVE.	WADSWORTH	OH	44281	(330) 703-7055
SMITH, TIMOTHY A.	403 S. WALNUT ST.	BALTIMORE	OH	43105	(740) 415-5047
SOMMER, WILLIAM W.	556 MORRVUE DR.	CINCINNATI	OH	45238	(513) 372-2483
SPOHR, FRITZ R.	7990 GLENBROOK CT	CINCINNATI	OH	45224	(513) 505-6279
STINSON, DAVE	4370 HAMILTON EATON ROAD	HAMILTON	OH	45011	(513) 200-0934
STROCK, THOMAS B.	4902 EMALENE RD.	WOOSTER	OH	44691	(330) 464-2123
STUMP, JEFFREY L.	283 GRANT ST	FREDERICKTOWN	OH	43019	(740) 694-7947

EXISTING FRANCHISEES					
DEALER NAME	ADDRESS	CITY	ST	ZIP	PHONE
TODARO, CAMILLO J.	1405 HIGHTOWER DR	UNIONTOWN	OH	44685	(330) 603-1838
TRENTAM JR., RALPH H.	2790 US ROUTE 52	FELICITY	OH	45120	(513) 910-9263
YERKEY, TIMOTHY D.	185 LINVALE DRIVE	NORWICH	OH	43767	(419) 889-2551
		OH COUNT	30		
EVANS, DALE M.	1437 SOUTH 117TH EAST AVE	TULSA	OK	74128	(918) 639-7909
FERGUSON, JASON R.	12850 SE 158TH ST.	OKLAHOMA CITY	OK	73165	(405) 476-4865
FERNANDEZ, JR., LOUIS X.	9239 S 86TH EAST AVE	TULSA	OK	74133	(918) 829-6609
GURLEY, STEVEN R.	3613 W. GOLDEN ROD ST.	SKIATOOK	OK	74070	(918) 397-2429
HARGES, JAMES W.	6535 W. CAMERON STREET	TULSA	OK	74127	(539) 525-8403
HASLEY, CHRISTOPHER L.	8420 N 121ST E AVENUE	OWASSO	OK	74055	(918) 810-5327
JOHNSON, DAVID D.	125 N. MARKET AVE	SHAWNEE	OK	74801	(405) 517-1031
NEUGEBAUER, EDDIE (A522 2ND FRN)	20 SW 50TH STREET	LAWTON	OK	73505	(580) 284-9122
NEUGEBAUER, JON M.	2848 NW 115TH PLACE	OKLAHOMA CITY	OK	73120	(405) 209-2976
PILCHER, JOSHUA R.	23404 E 136TH ST. S	COWETA	OK	74429	(918) 951-7381
RIEFF, RYAN G.	8509 E. MADISON ST.	BROKEN ARROW	OK	74014	(918) 810-2088
SELEMENT, ALAN D.	4700 SE 41ST ST	OKLAHOMA CITY	OK	73165	(405) 496-0378
SINGLETON, WARREN F.	209 S. 79TH STREET	BROKEN ARROW	OK	74014	(918) 289-7499
SUTTON, SHANE C.	301 SW 40TH	MOORE	OK	73160	(405) 401-2059
WEST, JR., MICHAEL G.	597 ETCHISON ROAD	QUINTON	OK	74561	(918) 839-5146
WEST, STEVEN L.	103 ETCHISON ROAD	QUINTON	OK	74561	(918) 710-0674
		OK COUNT	16		
BARTALINI, CHRISTOPHER R.	2562 NORTH KEENE WAY	MEDFORD	OR	97504	(541) 210-2515
CHARGIN, MARK K.	901 BRUTSCHER ST STE D #351	NEWBERG	OR	97132	(971) 246-0435
COOPER, NATHANIEL B.	PO BOX 11	INDEPENDENCE	OR	97351	(503) 409-0562
FAHLGREN, BRIAN C.	6767 NW 19TH ST.	TERREBONNE	OR	97760	(541) 310-0500
GOULD, TIMOTHY J.	4961 TRAILS END CT.	SALEM	OR	97317	(503) 689-0467
HOPPE, JOHN P.	1640 EUGENE COURT NE	KEIZER	OR	97303	(503) 851-9310
KUTZ, MICHAEL J.	1085 E ELLENDALE AVE	DALLAS	OR	97338	(503) 508-6343
LIVINGSTON III, JOHN W.	2085 BAYVIEW AVE. W	TILLAMOOK	OR	97141	(541) 678-4963
NEUENSCHWANDER, TYLER S.	P O BOX 3336	CENTRAL POINT	OR	97502	(541) 821-6967
NIX, PAUL T.	128 W. NICHOLAS WAY	NEWBERG	OR	97132	(503) 502-8945
REEDER, BENJAMIN A.	1348 OSTRANDER LANE	COTTAGE GROVE	OR	97424	(503) 812-7357
REIF, RYAN C.	P.O. BOX 3872	SUNRIVER	OR	97707	(541) 280-4649
WELLE, DANIEL P.	56580 NW STRASSEL RD	FOREST GROVE	OR	97116	(503) 812-2237
WETZEL, KYLE V.	720 W 18TH AVE	EUGENE	OR	97402	(503) 812-7673
		OR COUNT	14		
AULT, JUSTIN L.	778 LAKEVIEW DR.	MUNCY VALLEY	PA	17758	(570) 916-2269
BAKER, KEVIN D.	235 E. POPLAR ALLEY	BLAIRSVILLE	PA	15717	(724) 467-0422
BARR, BRANDON R.	279 BEURYS RD.	ASHLAND	PA	17921	(570) 985-0015
BAUER, ROBERT J.	242 NORTH BOUNDARY ST	BUTLER	PA	16001	(724) 355-9135
BEGONIA, MATTHEW L.	3029 SCOTTDAL SMITHTON RD.	SCOTTDAL	PA	15683	(724) 610-8083
BROCIOUS, CHAD E.	202 OAK HILL RD.	MAYPORT	PA	16240	(814) 221-1932
BUTZ, DANIEL R.	1060 MEADOW LANE	MIDDLETOWN	PA	17057	(717) 537-8756
CALL, JEFFREY T.	29 MICHELLE CIRCLE	GILBERTSVILLE	PA	19525	(267) 261-2898
CONLEY, JASON R.	716 FIRESIDE ROAD	YORK	PA	17404	(717) 650-7757
CRIST, JOHN M.	6007 SOMMERTON DRIVE	MECHANICSBURG	PA	17050	(717) 364-0967
DOULTS, JEFFREY S.	126 STREET RD.	HOLTWOOD	PA	17532	(717) 799-6772
FRANKS, JEREMY E.	291 HILLTOP VIEW WAY	ELIZABETHTOWN	PA	17022	(717) 344-0843
GILL, BRIAN E.	108 HIGHLAND AVE	NEW KENSINGTON	PA	15068	(724) 575-2705
HARTMAN, LEVI N.	725 MENDES MILLS ROAD	SPRING GROVE	PA	17362	(717) 968-9476
HOLMAN, DAVID B.	150 SPRING HILL LANE	LITTLESTOWN	PA	17340	(410) 977-2791
HOUP, BRIAN C.	688 BOWMAN RD	CHAMBERSBURG	PA	17202	(717) 440-3713
HOWSARE, IAN R.	227 DUTCH GLORY RD	AMITY	PA	15311	(724) 809-3040
KERN, ORAN E.	80 STATE ROUTE 235	LIVERPOOL	PA	17045	(717) 636-0580
KIRBY, LARRY J.	1159 MAINSVILLE RD	SHIPPENSBURG	PA	17257	(717) 554-0296
LUCAS, SCOTT M.	918 SUNRISE LANE	WRIGHTSVILLE	PA	17368	(717) 817-3897

EXISTING FRANCHISEES					
DEALER NAME	ADDRESS	CITY	ST	ZIP	PHONE
MCCONNELL, PATRICK T.	301 ROARING RUN RD.	HUGHESVILLE	PA	17737	(570) 979-6868
MUMMERT, TIMOTHY S.	121 TIMBER LANE	HANOVER	PA	17331	(717) 377-7636
PARK, CODY W.	447 CONESTOGA BLVD.	CONESTOGA	PA	17516	(717) 917-9594
POKROY, CHRISTOPHER L.	14 SOMERSET DR.	NOTTINGHAM	PA	19362	(610) 761-3291
REED, BRIAN E.	1050 SUSQUE ROAD	TROUT RUN	PA	17771	(570) 220-9172
ROSSI, RICHARD M.	218 NEW PHILADELPHIA ROAD	KASKA	PA	17959	(570) 573-9605
SHAFFER, ROBERT	44 SOUTH ALLWOOD DR.	HANOVER	PA	17331	(443) 277-5170
SNYDER, MASON A.	6 SNYDER LANE	LEWISTOWN	PA	17044	(717) 437-0916
SOUDER, GRANT R.	15217 SHIMPSTOWN RD.	MERCERSBURG	PA	17236	(717) 446-6977
STOECKER, KEVIN J.	50 KIRKLAND DRIVE	RED LION	PA	17356	(717) 968-7589
STRUBINGER, WILLIAM A.	475 NORTH 8TH STREET	LEHIGHTON	PA	18235	(610) 577-5231
TORCHIA, DANIEL C.	8 BULGER ARCH RD.	BULGER	PA	15019	(724) 961-2829
TORCHIA, ROBERT L.	76 LO BELL DRIVE	WASHINGTON	PA	15301	(412) 352-9390
VAN SCHAICK, MARK C.	3379 EDISON FURLONG RD	FURLONG	PA	18925	(215) 519-5516
VESCHIO, WILLIAM	1101 FAYETTE AVE.	BELLE VERNON	PA	15012	(724) 989-3862
WENTLING, BRETT M.	17270 HWY 86	SAEGERTOWN	PA	16433	(803) 917-2101
WENTLING, KATELYN M.	17270 STATE HIGHWAY 86	SAEGERTOWN	PA	16433	(814) 504-3430
WILKES, CORY (57Y9 2ND FRN)	600 PENNDAL LN.	DUNCANSVILLE	PA	16635	(814) 889-1899
WILKES, JEFF S.	600 PENNDAL LANE	DUNCANSVILLE	PA	16635	(814) 414-2118
WOESSNER, JOHN	526 WILSON AVE.	AMBRIDGE	PA	15003	(412) 759-1463
WOJNAROWSKI, DREW S.	5165 NORTH GEORGE ST. EXT.	MANCHESTER	PA	17345	(717) 891-5539
		PA COUNT	41		
DUFFY, JARROD W.	454 S UNION RD	WESTMINSTER	SC	29693	(864) 400-8008
GOODWIN, STEVEN B.	5007 ROBERTS ROAD	HOPKINS	SC	29061	(803) 269-3997
LEWIS, TYRONE	162 RIVENDALE DR.	COLUMBIA	SC	29229	(803) 318-8638
MASSEY III, CLAUDE W.	124 FRENNIE STREET	FOUNTAIN INN	SC	29644	(864) 704-3812
MINTZ, RAYMOND A.	410 HARMON RD.	HOPKINS	SC	29061	(803) 638-0247
RASNAK, STEVE M.	309 MCCLAIN ST.	CHARLESTON	SC	29407	(843) 412-9542
SHAVER, JAMES E.	157 SHORE HEIGHTS DR	INMAN	SC	29349	(864) 504-9922
SHORTT, KENDALL R.	5308 ENCLAVE PARIS DR.	GREENVILLE	SC	29609	(864) 651-6650
SNOW, CHIP D.	2007 W. SANDHURST DR	FLORENCE	SC	29505	(253) 961-5767
TAYLOR, TODD	43 BERMUDA POINTE CR.	HILTON HEAD ISLAND	SC	29926	(843) 301-1893
		SC COUNT	10		
HABERMAN, BROCH J.	605 MIAH ST	HARRISBURG	SD	57032	(605) 660-7143
HOFER, AUSTIN G.	389 N. WALNUT AVE	PARKER	SD	57053	(832) 331-4114
SCHUT, BRADLEY D.	1913 E SYLVAN CIRCLE	BRANDON	SD	57005	(605) 270-3157
		SD COUNT	3		
ANDERSON, KEVIN R.	121 TWIN COVE DRIVE	LEBANON	TN	37087	(615) 337-9671
BRACE, KYLE F.	2243 STONBROOK RD	LOUISVILLE	TN	37777	(615) 419-3130
CALVERT, BRADLEY F.	100 WALNUT STREET	SMYRNA	TN	37167	(615) 714-9394
CRUM JR., WILLIAM W	238 CROSS VALLEY DR.	COLUMBIA	TN	38401	(330) 717-2797
DA COSTA, DAMIEN	3153 STEWARTS CREEK ROAD	MURFREESBORO	TN	37129	(615) 337-8893
DANIEL, JACK W.	102 SPRING VALLEY DRIVE	COTTONTOWN	TN	37048	(615) 519-3093
DUNCAN, ALEX E.	10517 PETROS HWY	OLIVER SPRINGS	TN	37840	(865) 360-0221
ELLIS, BRUCE L.	P.O. BOX 154	ETHRIDGE	TN	38456	(931) 619-4736
FILLINGHAM, RICHARD F.	1548 CHERRYBROOK DR	KNOXVILLE	TN	37912	(865) 599-9133
HARSHMAN, STACEY C.	PO BOX 1294	TRACY CITY	TN	37387	(931) 273-0376
HOLLAND, RUSSEL Z.	270 CAMBRIDGE PASS	OAKLAND	TN	38060	(901) 355-5221
HOOD, DARRELL L	2790 HWY 411	OLD FORT	TN	37362	(423) 241-9219
JONES, TAYLOR J.	6229 PLEASANT TOP DR	ARLINGTON	TN	38002	(901) 459-8612
MAST, DAVID R.	475 BOOHER DR.	BRISTOL	TN	37620	(423) 416-5853
NEIGHBORS JR., KENNETH D.	9200 ROYAL VIEW LANE	SODDY DAISY	TN	37379	(423) 653-7977
PERKINS, DONIVIN B.	2364 CUBA MILLINGTON RD	MILLINGTON	TN	38053	(901) 721-8661
PERKINS, JASON L.	2364 CUBA MILLINGTON RD	MILLINGTON	TN	38053	(901) 413-0600
PORTER, RANDY D.	125 MARAUDER CT	MURFREESBORO	TN	37127	(615) 496-1704
PYRDOM, JARED K.	705 UNION RIDGE ROAD	WARTRACE	TN	37183	(931) 588-9520

EXISTING FRANCHISEES					
DEALER NAME	ADDRESS	CITY	ST	ZIP	PHONE
ROCHELLE, TIMOTHY N.	8220 GREENVALE COURT	NASHVILLE	TN	37221	(615) 418-3368
SCRAFIELD, DANIEL R.	1108 MERCER DRIVE	MARYVILLE	TN	37801	(719) 492-6623
STALLINGS, JOHN S.	4331 BANKS STREET	MURFREESBORO	TN	37129	(615) 585-7666
TAYLOR, ANTHONY R.	137 VINTAGE CIRCLE	HENDERSONVILLE	TN	37075	(615) 568-8225
TAYLOR, KENNETH A.	5527 MAPLE LANDING DR.	ARLINGTON	TN	38002	(731) 697-3211
TIDWELL, CHRISTOPHER E.	1758 NORTH SOULES CHAPEL RD	CUMBERLAND FURNACE	TN	37051	(615) 504-5021
TRUAX, BERT J.	3921 ELLISTOWN RD.	KNOXVILLE	TN	37924	(607) 242-2514
WALTON, JOHN H.	9264 CONCORD RD.	ROCKVALE	TN	37153	(615) 533-1006
WILLIAMS JR., CHRISTOPHER A.	453 CLOVER CIRCLE	JACKSBORO	TN	37757	(423) 377-5544
WOODARD, ANTHONY A.	1571 HWY 360	VONORE	TN	37885	(207) 252-4268
		TN COUNT	29		
ALVARADO, BRUCE M.	2701 LAZY PINE LN	ARLINGTON	TX	76001	(682) 351-7728
ANDERSON, ROBERT W.	3502 W LAMBERT	WEATHERFORD	TX	76088	(817) 304-1053
ANNELLA, TERRY L.	27585 RIO BLANCO DR.	SPLENDORA	TX	77372	(281) 806-8778
BAKER, JOHN F.	P.O. BOX 207	KINGSBURY	TX	78638	(830) 305-0079
BARNETT, BRADLEY H.	1811 SUNSET DRIVE	JOSHUA	TX	76058	(817) 713-6753
BAYS, ADIN	2516 RANDOLPH RD. STE 09	PASADENA	TX	77503	(832) 710-6040
BELTRAMINI, BRUCE	P.O. BOX 820664	FT. WORTH	TX	76182	(817) 925-7923
BENITEZ, RICHARD	1241 SHENANDOAH DR.	NEW BRAUNFELS	TX	78130	(830) 708-1188
BENITEZ, RICHARD	1241 SHENANDOAH DR.	NEW BRAUNFELS	TX	78130	(830) 660-6641
BERNAL, ROBERT J.	4011 SHADYCREST	PEARLAND	TX	77581	(281) 793-9433
BOGDAN, PHILLIP W.	891 CHEYENNE TRAIL	TRENTON	TX	75490	(214) 784-4667
BORTH, JONATHAN R.	PO BOX 743	BOERNE	TX	78006	(210) 724-8009
BROWN JR., RAYMOND L.	408 INDEPENDENCE DR	FRIENDSWOOD	TX	77546	(713) 539-8232
BUSH, LESLIE KENNETH	3721 DEANN LANE	JOSHUA	TX	76058	(817) 269-8312
CALLENDER, BOBBY A.	302 WROUGHT IRON DRIVE	HARKER HEIGHTS	TX	76548	(512) 541-8152
CARRICK, TERRY L.	97 SILVER ROCK DRIVE	TROPHY CLUB	TX	76262	(214) 500-9375
CASTRO, CRISTIAN A.	400 S CASTILLO Y DIAMANTES	MISSION	TX	78572	(956) 342-6908
CHAVEZ, GASPER E.	970 GRANDEVOLE	EL PASO	TX	79932	(915) 471-1175
CHAVEZ, STEVEN R.	8407 BANDERA STE #103-464	SAN ANTONIO	TX	78250	(210) 316-3952
CHENEY, DENNIS W.	19300 FM 317	CHANDLER	TX	75758	(619) 322-2852
CHISUM, DENNIS C.	6060 CROW WRIGHT RD	SANGER	TX	76266	(509) 750-6641
COLE, HOWARD K.	1104 HWY 2214	EASTLAND	TX	76448	(682) 228-1042
COSME, ELVIN	13748 CR 282	ALVIN	TX	77511	(281) 755-1323
CROWE, JR., HOMER D.	2452 COUNTY ROAD 602	DAYTON	TX	77535	(832) 995-8665
D'AMBRA, JAMES M.	3512 SHADYCREST	PEARLAND	TX	77581	(409) 256-3464
DAVIS, BLAINE L.	3573 E. FM 1550	LADONIA	TX	75449	(214) 883-2658
DE LA GARZA, ELADIO	11814 DERWENT LANE	HOUSTON	TX	77064	(832) 275-6346
DELAHOYA, JESUS H.	605 CHAD ST.	ITALY	TX	76651	(469) 285-2538
DOSDALL, ALEX S.	4549 LAWNSDALE AVE.	GROVES	TX	77619	(409) 300-2003
DUFFEE, CLAYTON S.	239 CR 1915	TALCO	TX	75487	(305) 923-5201
ELTOUKHY, HATEM	3005 ASPEN WAY	MELISSA	TX	75454	(817) 454-8493
ERWIN, WILLIAM C.	3910 FILMORE LANE	DEER PARK	TX	77536	(832) 835-7085
EVANS, BARRI O.	2305 SEABOARD AVE.	MIDLAND	TX	79705	(432) 559-1259
EVANS, BRYANT E.	650 COUNTY ROAD 221	KILLEEN	TX	76549	(512) 293-6663
FENLEY, ZACHARY K.	1039 COUNTY LINE CHURCH RD.	WHITESBORO	TX	76273	(940) 367-3355
FITZSIMMONS, FRANK D.	2064 TRAILWOOD DR. W.	BURLESON	TX	76028	(817) 992-9687
FLYNT, JOSHUA A.	3431 RAYFORD RD. BOX #574	SPRING	TX	77386	(832) 948-5789
FORD, BRYON K.	6211 KINCER RD.	DAMON	TX	77430	(281) 455-4043
FREEMAN, TRAMPAS W.	135 FAWN CREEK RD	KILGORE	TX	75662	(903) 279-3136
GARCIA, JUAN D.	313 ROSLYN DR.	HORIZON CITY	TX	79928	(915) 319-3419
GARZA, ALONSO	33126 FM 1421	SAN BENITO	TX	78586	(956) 589-4740
GIBSON, PHILLIP R.	P.O. BOX 747	ABERNATHY	TX	79311	(972) 768-1602
GIVENS, DAVID	6518 WESLEY WAY	CORPUS CHRISTI	TX	78415	(361) 877-5024
GONZALEZ, JR., MANUEL R.	402 GROVE BEND	SAN ANTONIO	TX	78253	(254) 338-7731
GRANADOS, GARY J.	1337 AMISTAD DR.	ROUND ROCK	TX	78664	(512) 783-7768

EXISTING FRANCHISEES					
DEALER NAME	ADDRESS	CITY	ST	ZIP	PHONE
GRANADOS, JONATAN	300 COMANCHE CIR	HUTTO	TX	78634	(951) 219-7834
GRANT, PATRICK W.	2203 LOC LOMA LANE	LA PORTE	TX	77571	(832) 803-3373
GUERRA, MARK A.	1918 ESTONIA GREY	SAN ANTONIO	TX	78251	(361) 227-4386
GUZMAN, RICHARD A.	100 TATE CIRCLE	SHERMAN	TX	75090	(214) 551-2947
HARTIN, JASON R.	28968 LLANO RIVER LOOP	SPRING	TX	77386	(832) 797-3346
HAURY JR., THOMAS L.	108 KOLOIKI LANE	BASTROP	TX	78602	(432) 556-1357
HEMBREE, JONATHAN D.	2823 E. UNIVERSITY BLVD.	ODESSA	TX	79762	(432) 310-6465
HERNANDEZ, ROGELIO	148 OXFORD RANCH RD.	WAXAHACHIE	TX	75167	(214) 693-0692
HIDALGO, LUIS I.	20211 EDWORTHY RD.	CYPRESS	TX	77433	(281) 300-7251
HIGGINS, GREGORY P.	5973 FM 23 W	RUSK	TX	75785	(936) 240-5688
HOSTLER, SERINA M.	19171 ALFORD RD.	MAGNOLIA	TX	77355	(832) 557-7522
HUDSON, CHRISTOPHER E.	6518 WESLEY WAY	CORPUS CHRISTI	TX	78415	(361) 850-0834
HULL, JARED A.	8085 JOHN HENRY DR.	BURLESON	TX	76028	(319) 290-6326
INGRAM, JIM B.	P. O. BOX 455	SIMONTON	TX	77476	(281) 797-5233
JOHNSON, BRIAN E.	341 WESTFIELD WAY	WHITEWRIGHT	TX	75491	(903) 819-7043
JONES, JOHN C.	PO BOX 2977	SPRING	TX	77383	(903) 576-4242
KEITH, ANTHONY J.	20 TIKI DRIVE	SEADRIFT	TX	77983	(361) 480-3833
KLEIN, CHRISTOPHER H.	165 CANYON OAKS DRIVE	ARGYLE	TX	76226	(469) 442-7379
LAWRENCE, DAVID M.	2122 CIAS TRAIL LN	SPRING	TX	77386	(832) 722-5624
LEBRON, MATTHEW B.	111 NINOLE CT.	BASTROP	TX	78602	(512) 627-5109
LEUNG, ERIC W.	21366 QUAIL POINT LANE	PORTER	TX	77365	(281) 253-3107
LINDSAY, DANIEL C.	818 BALTIC LANE	HOUSTON	TX	77090	(281) 703-8862
LOWE, DENNIS W.	1934 7TH STREET	PORT NECHES	TX	77651	(409) 767-5354
LOZANO, PHILLIP M.	906 ASHBURY BLUFF	SAN ANTONIO	TX	78245	(210) 322-4451
MANGHAM, JACK D.	150 S. BEAR CREEK RD.	LIBERTY HILL	TX	78642	(737) 777-0626
MANN, ERIC A.	4822 MORNING DR.	AMARILLO	TX	79108	(580) 530-1428
MARCIAL, ANTHONY M.	528 BARNHART DR.	SOCORRO	TX	79927	(915) 244-0565
MCCLUNEY, MICHAEL L.	1417 COUNTRY CLUB RD	ENNIS	TX	75119	(903) 422-5496
MCELYEA, MICHAEL E.	1215 RIVER HILLS RD.	STEPHENVILLE	TX	76401	(817) 739-1261
MCGILVRAY, JEFFREY G.	13978 RIDGE TOP RD.	ROANOKE	TX	76262	(817) 637-5857
MENA JR., BENEDICTO	925 ALEXANDRA AVE	MERCEDES	TX	78570	(956) 258-6955
MILLER, DAVID R.	800 JANE LANE	WEATHERFORD	TX	76085	(916) 715-6792
MOORE, DARRELL T.	3815 SE CR 2360	STREETMAN	TX	75859	(281) 433-2370
MOORE, JOSEPH W.	12022 HASTINGS GREEN DR.	HOUSTON	TX	77065	(281) 691-5724
NEELEY, JERRY R.	1207 CEDER PINE LANE	OAKPOINT	TX	75068	(972) 741-8308
NEWCOMB III, WALDO	20127 RAINGATE LANE	KATY	TX	77449	(713) 530-7384
ORNELAS, DANIEL	6001 BROOK FOREST DR.	ARLINGTON	TX	76018	(817) 999-9398
ORSAG, JERRY W.	12753 FRANCES ANN CT.	HASLET	TX	76052	(817) 992-3726
OSBORNE II, CLIFF	911 ELM POINTE	LEAGUE CITY	TX	77573	(832) 287-2533
PARKER, JR., RICHARD N.	61 KATHRYN DRIVE	HUNTSVILLE	TX	77320	(936) 577-1341
PENA, RICARDO	11908 MESQUITE CIRCLE	WESLACO	TX	78599	(956) 533-2812
PIERCE, DOUGLAS W.	264 CR 2415	ALTO	TX	75925	(936) 675-0290
PITTMAN, BRIAN S.	14436 DOVE LN.	NEEDVILLE	TX	77461	(281) 450-9822
POUNCEY, SCOTTIE W.	387 N LINNWOOD DR	NEW CANEY	TX	77357	(281) 761-4573
PRESLEY III, WILLIAM E.	1108 KIRBY AVE	LUBBOCK	TX	79416	(813) 590-9594
PRIOR, TRAVIS W.	202 SKYLINE DRIVE	LONGVIEW	TX	75605	(903) 576-1881
RAMIREZ, RUBEN A.	10004 WOODTRAIL	SAN ANTONIO	TX	78250	(210) 632-0657
RANKIN JR., PERCY P.	799 TREYS CREEK RD.	FLORESVILLE	TX	78114	(830) 391-5637
RIVERA, RYAN (A444 2ND FRN)	25311 GLEN LOCH DR.	SPRING	TX	77380	(832) 418-7346
RIVERA, RYAN (A444 3RD FRN)	25311 GLEN LOCH DR.	SPRING	TX	77380	(832) 418-7346
RIVERA, RYAN K.	25311 GLEN LOCH DR.	SPRING	TX	77380	(832) 418-7346
RODRIGUEZ, FRANCISCO L.	4648 LOMA DE PLATA DR	EL PASO	TX	79934	(915) 247-1061
ROSS, BILLY J.	1333 HACKAMORE STREET	MESQUITE	TX	75149	(214) 641-9344
SALDANA, ROGELIO	11142 FERNDAL WAY DR.	HOUSTON	TX	77064	(281) 635-8907
SANCHEZ, TEDDY H.	15481 CARLS AVE	EL PASO	TX	79938	(915) 472-9883
SANSO, JR., RICHARD L.	3209 BUFFALO SPRINGS TRAIL	GEORGETOWN	TX	78628	(512) 663-4814

EXISTING FRANCHISEES					
DEALER NAME	ADDRESS	CITY	ST	ZIP	PHONE
SAUCEDA, FRANCISCO	608 ESTERINE RD.	DALLAS	TX	75217	(469) 238-6349
SCHLEY, KENNETH W.	1127 FM 2718	CUERO	TX	77954	(361) 564-4470
SCHULTZ, JAMES M.	9006 ENCHANTED FOREST DRIVE	HOUSTON	TX	77088	(832) 643-3383
SHANNON, MICHAEL P.	21514 RIO VALLEY COURT	PORTER	TX	77365	(832) 401-4940
SHARPE, CONNIE S.	3066 GREENWOOD CIRCLE	KAUFMAN	TX	75142	(469) 595-1235
SPICELAND, MICHAEL R.	808 LIPAN DR.	GRANBURY	TX	76048	(817) 219-0596
STECKER, TRAVIS L.	14103 PARKHURST ST	SAN ANTONIO	TX	78232	(425) 314-8122
VARGAS, JOSE F.	12129 ALEX GUERRERO CIRCLE	EL PASO	TX	79936	(915) 929-6804
VON DER GRUEN, MICHAEL L.	500 RED TAILS DR.	AUSTIN	TX	78725	(512) 806-9767
VRANA, CHAD A.	9938 DRACHENBERG RD	BEASLEY	TX	77417	(979) 549-8275
WALD, STEVEN F.	4203 ANGELICO LANE	ROUND ROCK	TX	78681	(512) 663-8798
WALKER, GARY D.	2551 SOUTHLINE ROAD	CONROE	TX	77384	(281) 224-6570
WEST, CHARLES H.	28106 CAMILLE DRIVE	TOMBALL	TX	77375	(713) 376-3316
WESTBROOK, ROBERT G.	109 DEARING CREEK	GLADEWATER	TX	75647	(903) 720-7025
WILLIAMS, DONDI L.	220 MCKINLEY CIRCLE	WAXAHACHIE	TX	75167	(713) 247-9466
WILSON, TERRY DON	20232 BAT CAVE RD	GARDEN RIDGE	TX	78266	(210) 848-3454
WING, BRIAN M.	380 ABREGO LAKE DR	FLORESVILLE	TX	78114	(520) 909-4907
		TX COUNT	118		
ANDERSON, PRESTON S.	2351 W 2650 N	CLINTON	UT	84015	(385) 279-1937
BAKER, JARED M.	4671 W 5215 S	KEARNS	UT	84118	(801) 870-8239
BERTELSEN, WILLIAM G.	324 W 1850 S	CLEARFIELD	UT	84015	(801) 870-8400
BOTT, JUSTIN D.	15515 NORTH 400 WEST	BEAVERDAM	UT	84306	(435) 720-0676
CHRISTENSEN, NICHOLAS K.	1553 E. 1240 S.	SPANISH FORK	UT	84660	(801) 358-0510
CROOKSTON, SPENCER F.	5362 SOUTH 4700 WEST	HOOPER	UT	84315	(801) 663-3778
HALL, TODD	70 N HWY 22	ANTIMONY	UT	84712	(435) 669-2612
HARMS, SCOTT A.	65 W PARKSIDE LOOP	ELK RIDGE	UT	84651	(801) 301-4174
ISON, DANIEL F.	P.O. BOX 781	MORONI	UT	84646	(435) 469-1196
KOFOED, TYLER J.	4296 W. 5850 S.	ROY	UT	84067	(801) 837-6030
MARKHAM, TIM L.	4985 WEST 7770 SOUTH	WEST JORDAN	UT	84081	(801) 349-6934
MILLARD, MARK O.	2392 W 1125 S	SYRACUSE	UT	84075	(801) 529-7701
RASMUSSEN, KELLY J.	298 NORTH 1400 WEST	SPRINGVILLE	UT	84663	(435) 313-3440
RASMUSSEN, SCOT A.	PO BOX 643	JENSEN	UT	84035	(435) 621-8665
SHORT, MITCHEL W.	3330 SOUTH 2600 WEST	WEST HAVEN	UT	84401	(801) 814-0160
SISSON, JAYSON A.	5068 E. RED RIVER DRIVE	EAGLE MOUNTAIN	UT	84005	(801) 368-5949
SMITH, GREG	787 E 200 S	GENOLA	UT	84655	(801) 360-2311
SMITH, MITCHELL S.	1495 N 2720 W	PROVO	UT	84601	(801) 376-6912
STEPHENSON, DAVID JOSHUA	1008 S 550 E	CLEARFIELD	UT	84015	(801) 540-9434
WHITE, TYSON M.	345 N. MAIN	MONA	UT	84645	(435) 660-0762
WIGREN, CHAD J.	4624 W. SOUTH JORDAN PARKWAY	SOUTH JORDAN	UT	84009	(801) 455-0271
WOODS, SHANE A.	4534 S. TOULOUSE ST.	WEST VALLEY CITY	UT	84120	(801) 750-3234
		UT COUNT	22		
COOK JR., GARY A.	18 TWIN SPRINGS DR.	FREDERICKSBURG	VA	22407	(571) 259-4938
CRIGHTON, CHRISTOPHER J.	4231 CHARITY NECK RD.	VIRGINIA BEACH	VA	23457	(757) 735-1612
DAVITT, RONALD G.	2100 PRINCESS ANNE CT.	VIRGINIA BEACH	VA	23457	(757) 477-2131
DYE JR., IAN B.	19491 PLEASANT VIEW DR.	ABINGDON	VA	24211	(276) 608-7359
FUENTES, KYLE C.	2602 COLUMBIA AVE	NORFOLK	VA	23509	(757) 895-6747
ISELL, JAMES C.	1095 SOUTH FOREST DR.	ARLINGTON	VA	22204	(757) 358-5578
KERN, STEPHEN V.	1200 RED MAPLE AVE	GROTTOES	VA	24441	(540) 476-0321
MURRISKY, STEPHEN E.	9050 PUMPKIN NECK RD	KING GEORGE	VA	22485	(410) 610-6330
MUSSER, JUSTIN A.	561 ORCHARD DALE DR.	CLEAR BROOK	VA	22624	(540) 409-1729
PAYNE, MONTY W.	1271 LOVING RD.	GORDONSVILLE	VA	22942	(434) 531-4636
PLATT, WILLIAM E.	114 OAK VIEW DR SE	LEESBURG	VA	20175	(703) 727-3372
PRITCHETT, DANNY L.	905 ROUGEMONT AVE	CHARLOTTESVILLE	VA	22902	(434) 760-3832
PRUNEDA, ALEJANDRO A.	10605 PINEVIEW RD.	MANASSAS	VA	20111	(571) 882-3564
WALSH, PAUL T.	11904 ZIYAD DRIVE	FREDERICKSBURG	VA	22407	(540) 538-5926

EXISTING FRANCHISEES					
DEALER NAME	ADDRESS	CITY	ST	ZIP	PHONE
WARD, JASON W.	503 19TH ST	GROTTOES	VA	24441	(540) 421-4806
WENGER, ROBERT B.	6820 DINA LEIGH CT.	SPRINGFIELD	VA	22152	(703) 401-0593
		VA COUNT	16		
PARKER, THOMAS R.	755 VINCENT FLATS RD.	EAST MONTPELIER	VT	05651	(802) 522-8634
		VT COUNT	1		
BAKER, RYAN J.	4454 MOSQUITO LAKE RD.	DEMING	WA	98244	(360) 441-9600
CALONDER, JOSHUA THOMAS LEE	273 FLEMING DRIVE	SEQUIM	WA	98382	(360) 460-6879
CAMPOS, URIEL JOSE	10305 CHAPEL HILL BLVD APT N2076	PASCO	WA	99301	(509) 361-0959
COAN, BRADY M.	320 WALBRUN RD.	SULTAN	WA	98294	(425) 330-5144
COBB, AARON L.	4926 BRIDLE TREE DR. NW	BREMERTON	WA	98312	(928) 707-4314
ESTES, WAYNE K.	4601 NE 112TH CIRCLE	VANCOUVER	WA	98686	(971) 563-3595
FENTON, SEAN A.	P. O. BOX 731564	PUYALLUP	WA	98373	(253) 221-7137
HANSEN, NORMAN S.	46280 CONCRETE SAUK VALLEY RD	CONCRETE	WA	98237	(360) 420-8547
HASHAGEN, CAMERON J.	509 CHERRY RD	MONTESANO	WA	98563	(360) 304-3085
HASHAGEN, JAY G.	130 GLEASON RD	CENTRALIA	WA	98531	(360) 304-0050
KETTELS, JONATHAN W.	17813 77TH ST EAST	BONNEY LAKE	WA	98391	(206) 452-9417
KOLBET, JESSE W.	100 ANDOVER PARK W SUITE 150-340	TUKWILA	WA	98188	(206) 753-8425
MCLAUGHLIN, II., WILLIAM S.	471 PALOMINO RD.	YAKIMA	WA	98908	(509) 961-1717
MORGAN, JIM	5508 47TH AVENUE E.	TACOMA	WA	98443	(253) 310-2121
NEIL, JAMESON D.	2602 96TH AVE CT E	EDGEWOOD	WA	98371	(425) 240-4995
NEIL, JASON S.	2519 96TH AVE. CT E	EDGEWOOD	WA	98371	(253) 455-4336
RAMOS VIVEROS, JUVENTINO	900 2ND AVENUE	GRANGER	WA	98932	(208) 360-9148
REASON, CASEY R.	3285 N. WENAS RD.	SELAH	WA	98942	(509) 823-0413
SEGURA, MIGUEL A.	485 NELSON ST.	BUCKLEY	WA	98321	(206) 818-6363
SMITH, TODD L.R.	13620 107TH ST. E.	PUYALLUP	WA	98374	(253) 973-9119
SWEENEY, BRADLEY G.	7206 281ST PLACE NW	STANWOOD	WA	98292	(425) 449-9227
THOMAS JR., MARION H.	2208 NE 91ST ST	VANCOUVER	WA	98665	(360) 270-6441
TRONSON, KENNETH G.	14200 NE 102ND STREET	VANCOUVER	WA	98682	(360) 566-7089
TURNER, JOHN W.	122-8 HEIGHTS LANE	ONALASKA	WA	98570	(360) 520-6688
		WA COUNT	24		
DRAEGER, ADAM R.	24 TALCOTT COURT	FORT ATKINSON	WI	53538	(920) 723-1261
EDWARDS, DAVID M.	30522 76TH STREET	SALEM	WI	53168	(815) 355-2379
EPPING, PAUL T.	629 SOUTH ST.	PLYMOUTH	WI	53073	(920) 797-4484
FISHER, GREG J.	W4918 COUNTY RD N	WALDO	WI	53093	(920) 946-8626
GILL, GORDON	P.O. BOX 683	BURLINGTON	WI	53105	(262) 206-2585
HERBISON, BRIAN S.	3993 MAYER RD	FALL CREEK	WI	54742	(715) 829-2732
HOLLEY, KEITH	313 HARSHMAN DR	HUDSON	WI	54016	(651) 587-3057
HUFF, THOMAS J.	W10575 ROLOFF RD	NEW LONDON	WI	54961	(815) 790-5495
KNULL, CHRISTOPHER E.	W340 N6621 BREEZY POINT RD.	OCONOMOWOC	WI	53066	(414) 507-1529
KOSTUCH, SCOTT F.	5010 W WABASH AVE	BROWN DEER	WI	53223	(414) 651-7319
LAUSTEN, JOHN A.	1615 ORIOLE DR.	HARTFORD	WI	53027	(414) 254-6136
LIND, ERIC D.	11330 N. GLENWOOD DR.	MEQUON	WI	53097	(414) 391-0340
LUI, JEFF A.	5012 CYNTHIA LANE	RACINE	WI	53406	(262) 770-2242
PANZER, CRAIG A.	W3397 SPRING DRIVE	CAMPBELLSPORT	WI	53010	(920) 602-0956
PARKER, TIMOTHY E.	W8041 23RD STREET W	NECEDAH	WI	54646	(608) 547-7241
RICHARDT, KEVIN L.	6803 56TH COURT	KENOSHA	WI	53142	(262) 351-9720
ROSKOPF, CHAD D.	982 PLEASANT VALLEY DR	WEST BEND	WI	53095	(414) 745-8519
WEBER, TERRY A.	W529 HIGHLAND AVE.	GENOA CITY	WI	53128	(815) 482-9000
		WI COUNT	18		
EDGAR, WESLEY N.	993 BUNNY LANE	HARPERS FERRY	WV	25425	(843) 534-6870
		WV COUNT	1		
BLACKETT, MARK S.	3900 TEN MILE RD.	CASPER	WY	82604	(307) 262-4525
BOOTHE, DENNIS D.	1031 MONROE AVENUE	CHEYENNE	WY	82001	(970) 381-8513
LIEBELT, TODD R.	2255 HITCHING POST DRIVE	GREEN RIVER	WY	82935	(970) 217-5069
		WY COUNT	3		

NOTE 1 As of December 31, 2022, Cornwell has entered into 806 Dealer Franchise Agreements described in this Disclosure Document for dealerships that are operational or that will become operational within one year from January 1, 2023. Cornwell estimates that 140 new Dealer Franchise Agreements will be entered into on a nationwide basis during the one-year period following January 1, 2023. As of December 31, 2022, Cornwell did not have any company-owned dealerships in operation, and does not expect to establish any company-owned dealerships in the one-year period following December 31, 2022.

7. FORMER FRANCHISEES.

The following table lists the name, last known address and telephone number of every Cornwell franchisee who had an outlet terminated, cancelled, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year, or who has not communicated with Cornwell within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. No franchisees signed confidentiality clauses during the last three years.

FORMER FRANCHISEES					
DEALER NAME	ADDRESS	CITY	ST	ZIP	PHONE
ALLEN, JAMES L.	1350 NORDAHL ROAD	ESCONDIDO	CA	92026	(760) 212-7254
ANDREWS, CHRISTOPHER D.	PO BOX 2236	BUCKLEY	WA	98321	(253) 886-2779
ARANDA, JOSEPH	5465 WAR PAINT PL.	COLORADO SPRINGS	CO	80922	(719) 369-0276
BARUTHA, MATTHEW J.	773 NELSON HILL LANE	CRAWFORD	TX	76638	(254) 652-4391
BENJAMIN, ERIC J.	175 SUNSET LN.	TILLAMOOK	OR	97141	(503) 812-5926
BISHOP, STEVEN A.	338 MILLER SCHOOL ROAD	CHARLOTTESVILLE	VA	22903	(434) 242-2031
BLACKBURN, JAMES C.	17 TRAILS END SOUTH	TAYLORSVILLE	KY	40071	(502) 643-4336
BOYD, JR., MICHAEL R.	20423 N 31ST PLACE	PHOENIX	AZ	85050	(602) 513-9053
BROWN, TIM	12078 STONE GATE LN	GARDEN GROVE	CA	92840	(562) 972-2176
BRUNTZ, RONALD L.	1480 BOYDS KNOB RD	MUNFORDVILLE	KY	42765	(720) 272-9079
BURKE II, PHILLIP K.	474 CHARLESTON COVE	HERNANDO	MS	38632	(901) 494-8742
BURKE, KEVIN	7505 BERWICK ST	NORTH PORT	FL	34287	(941) 769-2041
CAMPBELL, BARTON ALLEN JOE	179 CEDAR GROVE PARKWAY	ALABASTER	AL	35114	(205) 447-4150
CASTRO ALANIS, LUIS A.	122 ALBERTO TREVINO ST	MISSION	TX	78572	(956) 960-9782
CHAMBERS, JR., ROBERT T.	1301 NEIL DR	LOUISBURG	KS	66053	(913) 544-6776
CHAVEZ, FREDRIC A.	624 PLAYFUL MEADOWS DR. NE	RIO RANCHO	NM	87144	(505) 459-8850
DANIELS, THOMAS P.	809 W 9TH ST	BAXTER SPRINGS	KS	66713	(951) 977-0296
DODSON, JOHN K.	4640 TIN TOP RD.	WEATHERFORD	TX	76087	(214) 212-4411
ELDRIDGE, RYAN D.	13182 W FARGO DRIVE	SURPRISE	AZ	85374	(623) 826-5849
FINK, PETER J.	1201 SHAGBARK LN.	UNION GROVE	WI	53182	(262) 902-4343
FLANAGAN, PAUL	541 BURTON ST SW DOOR 6	GRAND RAPIDS	MI	49507	(616) 454-2268
FLOOK, BRYAN N.	8514 N 300 W	ALEXANDRIA	IN	46001	(765) 620-2167
FONK, JAMES C.	164 N KENDRICK	BURLINGTON	WI	53105	(262) 758-4946
FORE, DARYLE E.	12521 TAMARAC ST.	THORNTON	CO	80602	(720) 813-0109
FOX, TYREL D.	991 N. SMITH DRIVE	PRICE	UT	84501	(435) 650-6446
GATES, KENDALL L.	1311 W. 5TH STREET	COFFEYVILLE	KS	67337	(620) 205-8286
GERKEN, DONALD F.	10542 SILVERTON ROAD NE	SILVERTON	OR	97381	(503) 551-2737
GOCHENOUR, RICHARD A.	2259 LIBERTY AVENUE	MISSOURI VALLEY	IA	51555	(402) 960-8199
GOODHALL, NICHOLAS J.	805 SW PRESCOTT LANE	GRIMES	IA	50111	(515) 380-2254

FORMER FRANCHISEES					
DEALER NAME	ADDRESS	CITY	ST	ZIP	PHONE
GRANIERI, MICHAEL	158 W CALLICUTT TRAIL	MOORESVILLE	NC	28117	(704) 728-6772
GRAVES, TYLER J.	626 AVE D	WESTWEGO	LA	70094	(504) 472-8164
GREEN, ROBERT W.	5944 WILLARD DR.	HANAHAN	SC	29410	(843) 901-3244
GRISS, ALEXANDER C.	6869 PINEY RIVER RD N	BON AQUA	TN	37025	(954) 439-8520
GRUBA, JOSEPH A.	15805 S. LODER ROAD	OREGON CITY	OR	97045	(503) 519-8970
GUMBARDO, JASON D.	8611 LAGUNA RIO	SAN ANTONIO	TX	78251	(210) 461-8303
HARGETT, KRISTIAN B.	736 S 100 W	LEHI	UT	84043	(801) 376-3212
HART, JR., RONALD P.	120 DOGWOOD STREET	BELLEFONTE	PA	16823	(814) 404-9870
HICKS, III., GARLAND A.	14747 ESS ROAD	ATASCOSA	TX	78002	(830) 741-0691
HREHA, PAUL M.	560 LONGWOOD LOOP NE	RIO RANCHO	NM	87124	(505) 480-8766
HUBER, RICHARD A.	2012 W. CALEB ROAD	PHOENIX	AZ	85085	(602) 405-3860
HUMES, JOEL M.	117 BAPTIST ST.	SWANSEA	MA	02777	(508) 989-5819
HUSPEN III, JAMES G	412 RIBIERO DR.	SUMMERVILLE	SC	29486	(262) 206-1043
IHRKE, ROBERT K.	3803 DRYDEN ROAD	DRYDEN	MI	48428	(810) 542-2001
JAMES, RONALD A.	P O BOX 827	PIPE CREEK	TX	78063	(830) 688-3949
JOHNSON, JR., DONALD W.	8480 NC 171	WILLIAMSTON	NC	27892	(252) 661-5954
JOHNSTON, CHARLES S.	4506 MARSHALL	LUBBOCK	TX	79416	(806) 620-3092
JONES, JR., DOUGLAS W.	2478 GRAND AVENUE	NIAGARA FALLS	NY	14301	(716) 201-6966
JONES, JUSTIN E.	12249 W TRIPLE CROWN DR	ODESSA	TX	79763	(432) 202-9627
KAMAKELE, DAVID H.	3421 LEOPARD PLACE	LOVELAND	CO	80537	(970) 420-3263
KAMPHAUS, DAVID L.	126 DEMMEL DRIVE	MCMURRAY	PA	15317	(724) 554-2134
KARRIP, DANIEL E.	1655 HALL ST SE	GRAND RAPIDS	MI	49506	(616) 581-4234
KATCHUR, MICHAEL	102 WEST END AVE	LITITZ	PA	17543	(610) 451-2777
KING, WILLIAM B.	9500 HWY 601	MIDLAND	NC	28107	(704) 995-3025
KOBERTZ, BRYAN A.	49750 WHITE FEATHER LN	SAINT CLAIRSVILLE	OH	43950	(724) 986-3088
KUNTZ, JAMES A.	1208 N MESSICK RD	NEW CASTLE	IN	47362	(765) 729-7863
KUSHNER, ANDREW J.	3937 MAGNOLIA ST	COLORADO SPRINGS	CO	80909	(719) 355-0050
LIPPY, TODD A.	802 LINGG RD.	NEW OXFORD	PA	17350	(717) 451-6177
LOVATO, TONY D	31305 E. 166TH AVE.	HUDSON	CO	80642	(303) 921-3321
MADERIA, RONALD A.	129 FOREST LANE	FOLLANSBEE	WV	26037	(304) 914-1191
MARTINEZ, DAVID	1104 W. 9TH PL.	MESA	AZ	85201	(602) 668-3798
MCMAHAN, JOHN D.	4404 CASCADE FALLS CT	ROYSE CITY	TX	75189	(925) 303-9597
MEIER, MICHAEL H.	7200 112TH STREET	BLUE GRASS	IA	52726	(480) 600-4669
MILLER, MICHAEL D.	13131 WELD COUNTY RD. 108	CARR	CO	80612	(970) 301-1103
NESMITH, JACQUELINE L.	4658 GREEN ISLAND RD	VALDOSTA	GA	31602	(614) 783-0196
NESMITH, NATHAN G.	4658 GREEN ISLAND RD	VALDOSTA	GA	31602	(614) 946-2748
OGDEN JR., LEROY G.	3033 HOODOO LOOP	OLD TOWN	ID	83822	(720) 220-9437
OSTERLUND, MATTHEW A.	405 8TH ST. SE UNIT #10	LOVELAND	CO	80537	(970) 968-3746
PALMER, RICHARD E.	1104 CONTENDER DRIVE	CLAYTON	NC	27520	(919) 720-2432
PARKER, RICHARD N.	120 CRESTWAY ST.	BAYTOWN	TX	77520	(281) 428-6428
PARR, MICHAEL K.	570 CARSON ROAD	COMMERCE	GA	30530	(706) 983-0070
PHARIS, TEJAY	803 BAKER DRIVE	TOMBALL	TX	77375	(713) 478-8079
POINTER, JONATHAN E.	5944 DE LA VISTA	JURUPA VALLEY	CA	92509	(951) 220-0402
RAMOS ALVAREZ, JOSE DE LA PAZ	9508 EVELYN AVENUE	CALIFORNIA CITY	CA	93505	(661) 208-7297
RELLER, JONATHAN W.	1205 WARD NEAL RD	BELLS	TX	75414	(940) 595-8311
RICHTER, DAVID K.	924 CRYSTAL DRIVE	MACHESNEY PARK	IL	61115	(815) 721-4018
RIVERA ACOSTA, ALBERTO J.	2207 NW 15TH PLACE	HOMESTEAD	FL	33030	(787) 934-0630
SANDERS, WAYNE	9091 S. NACHES RD.	NACHES	WA	98937	(509) 653-2795
SCHATTSCHEIDER, CRAIG L.	4001 BRIGGS LN.	HELPS	WI	54554	(414) 303-8265
SCHUGK, ROY M.	4137 BIG BEEF CROSSING NW	BREMERTON	WA	98312	(385) 204-7165
SMITH, JR. WILLIAM S.	4833 CAMPGROUND ROAD	MUNFORD	TN	38058	(901) 289-7077
SOMERVILLE, KATHERINE A.	6712 JOHNNIE CT.	WATAUGA	TX	76148	(817) 908-9105
STAFFORD, DERRICK A.	360 OLD HOLDERFORD RD	KINGSTON	TN	37763	(865) 755-0432
STEELE, ERIC R.	12 MADERA DR.	MARTINSBURG	WV	25405	(304) 685-3111
STICKNEY JR, BOB	2807 WINTERS DR	TUSCALOOSA	AL	35404	(205) 799-4134

FORMER FRANCHISEES					
DEALER NAME	ADDRESS	CITY	ST	ZIP	PHONE
SWISHER, SHAWN M.	1335 CARA CT. NW	SALEM	OR	97304	(503) 409-6710
TAPIA, ANGEL	17979 YUCCA ST.	HESPERIA	CA	92345	(909) 287-5792
TEETS, JEFFREY M.	441 ROCKY MOUNT RD.	LINDEN	VA	22642	(540) 305-7759
TEITLER, BRADLEY (99J9 2ND FRN)	20431 MINK DRIVE	NEOSHO	MO	64850	(417) 312-7305
THOMAS, RYAN D.	323 LOGAN ST.	SEYMOUR	TN	37865	(865) 244-5556
THOMPSON, MICHAEL L.	4705 LOGGERS RUN RD.	EAGLE RIVER	WI	54521	(715) 617-9059
TURGEON, BRIAN D.	1 SHIRWOOD DRIVE	SEEKONK	MA	02771	(774) 930-1920
WALTER, KELLY A.	6634 DEER CREEK PKWY	FARGO	ND	58104	(701) 541-5569
WARE, MICHAEL R.	6590 S. AMES COURT	LITTLETON	CO	80123	(303) 916-5159
WATSON, NICHOLAS R.	8342 183RD AVE SW	ROCHESTER	WA	98579	(360) 481-7109
WRIGHT, JAMES A.	2447 7TH ST.	SHELBYVILLE	MI	49344	(269) 509-7278
WRIGHT, TROY J.	524 N. 360 W.	LA VERKIN	UT	84745	(435) 467-0812
WYNN, MARK A.	1951 E. DUTCH CREEK RD.	PEKIN	IN	47165	(812) 620-7502
YAHR, KARL J.	3914 STATE 371 NW	HACKENSACK	MN	56452	(218) 507-1402

8. DEALER ORGANIZATIONS. To the best of Cornwell's knowledge, there are no organizations of current or former Cornwell franchised dealers, nor have there ever been any such organizations. At least two Facebook sites exist where Cornwell franchised dealers have online discussions. The "Cornwell Idea Exchange" is not hosted by Cornwell. The "Cornwell Corporate Communications" Facebook page is hosted by Cornwell and is open to Cornwell employees and any Cornwell dealer who wishes to participate.

In 2022, Cornwell created a Cornwell Dealer Advisory Council ("CDAC"), which consists of 5 franchisees appointed by Cornwell. It meets periodically throughout the year to discuss issues of importance to franchisees and to bring them to management's attention, including at least one live meeting in Ohio (if circumstances permit).

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ITEM 21. FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit A, are the following financial statements of Cornwell, that show at least the franchisor's balance sheet for the previous three fiscal year-ends before the Disclosure Document issuance date and statements of operations, stockholders equity and cash-flows for each of the franchisor's previous three fiscal years:

The audited financial statements of Cornwell Quality Tools Company an Ohio corporation, for the fiscal years ended December 31, 2020, 2021 and 2022.

ITEM 22. CONTRACTS

The following contracts are offered in this state:

- Exhibit B. Dealer Franchise Agreement
- Exhibit B-1. Addendum to Dealer Franchise Agreement (Second Franchise, if applicable)
- Exhibit B-2. Addendum to Dealer Franchise Agreement (Second Truck, if applicable)
- Exhibit B-3. Franchise Developer Dealer Franchise Agreement (if applicable)
- Exhibit B-4. Special Representative Dealer Franchise Agreement (if applicable)
- Exhibit C. Dealer Purchase Order, Note and Security Agreement
- Exhibit C-1. Dealer Purchase Order, Note and Security Agreement – Veterans Incentive Program (if applicable)
- Exhibit C-2. Dealer Purchase Order, Note and Security Agreement – Franchise Developer (if applicable)
- Exhibit C-3. Dealer Purchase Order, Note and Security Agreement – Special Representative (if applicable)
- Exhibit D. Appendix with State Specific Information
- Exhibit E. Tech-Credit Dealer Credit Assignment Agreement

- Exhibit F. ACH Agreement – Authorization Agreement for Automatic Payment
- Exhibit G. DCA Authorization- Dealer Credit Account Program Authorization
- Exhibit H. Ironman Business Network (IBN)-End User License Agreement

These are the only contracts, which Cornwell will enter into with prospective dealers in this state, or by which your rights and obligations under the Dealer Franchise Agreement may be affected.

ITEM 23. RECEIPT

THE LAST PAGE OF THIS OFFERING CIRCULAR IS A DETACHABLE DOCUMENT ACKNOWLEDGING RECEIPT OF THE OFFERING CIRCULAR BY THE PROSPECTIVE FRANCHISEE. FRANCHISEE MUST SIGN AND RETURN THE RECEIPT LOCATED AT EXHIBIT J OF THIS FRANCHISE DISCLOSURE DOCUMENT.

EXHIBIT A



**CORNWELL QUALITY TOOLS COMPANY
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

For the Years Ended December 31, 2020 and 2019



SIKICH.COM

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Cornwell Quality Tools Company and Subsidiary:

We have audited the accompanying consolidated financial statements of Cornwell Quality Tools Company and Subsidiary (the Company), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of operations, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matters

As discussed in Note 2 to the consolidated financial statements, in 2019, the Company adopted the provisions of Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, as amended by ASU 2015-14, which supersedes or replaces nearly all accounting principles generally accepted in the United States of America revenue recognition guidance. The adoption of this ASU resulted in a change to the accounting for the Company's revenue; however, it did not result in a cumulative effect adjustment. Our opinion is not modified with respect to this matter.

Sikich LLP

Akron, Ohio
March 26, 2021

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 24,904,341	\$ 1,788,148
Accounts receivable, trade, net	7,293,342	6,271,724
Notes receivable, net	2,295,218	1,939,114
Finance receivables, net	17,446,649	15,750,629
Inventories	19,364,528	27,125,380
Prepaid expenses and other assets	1,491,404	684,033
Refundable income taxes	-	761,000
	<u>72,795,482</u>	<u>54,320,028</u>
NONCURRENT ASSETS		
Notes receivable, net of current portion	8,816,253	7,864,558
Finance receivables, net of current portion	55,122,095	48,180,584
Investments, designated	158,498	157,810
Property, plant and equipment, net	14,342,935	14,250,244
Goodwill, net	4,878,158	5,726,533
Deferred income tax asset	3,558,000	3,393,000
Other assets	-	758,670
	<u>86,875,939</u>	<u>80,331,399</u>
TOTAL ASSETS	<u>\$ 159,671,421</u>	<u>\$ 134,651,427</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 14,880,613	\$ 9,209,064
Current maturities of capital lease obligation	10,278	10,981
Current maturities of long-term debt	1,654,671	1,888,004
Accrued expenses	3,133,213	2,752,202
Deferred compensation	109,194	101,924
Accrued taxes	294,401	189,620
	<u>20,082,370</u>	<u>14,151,795</u>
LONG-TERM LIABILITIES		
Capital lease obligation, less current maturities	1,177	11,455
Long-term debt, less current maturities	2,968,663	4,623,330
Deferred compensation, less current portion	1,291,116	1,320,310
	<u>4,260,956</u>	<u>5,955,095</u>
Total long-term liabilities	<u>4,260,956</u>	<u>5,955,095</u>
Total liabilities	<u>24,343,326</u>	<u>20,106,890</u>
SHAREHOLDERS' EQUITY	<u>135,328,095</u>	<u>114,544,537</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 159,671,421</u>	<u>\$ 134,651,427</u>

See accompanying notes to consolidated financial statements.

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS
for the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
SALES	\$ 207,918,492	\$ 190,338,874
Less: Dealer weekly volume incentives	<u>3,747,048</u>	<u>3,855,847</u>
Sales, net	204,171,444	186,483,027
COST OF GOODS SOLD	<u>147,920,051</u>	<u>133,812,854</u>
Gross profit	<u>56,251,393</u>	<u>52,670,173</u>
EXPENSES		
Shipping and warehousing	3,721,692	3,423,745
Selling	16,929,590	17,418,938
General and administrative	11,453,722	11,694,103
Employee stock ownership plan contribution	4,000,000	3,000,000
Goodwill amortization expense	<u>848,375</u>	<u>848,375</u>
Total expenses	<u>36,953,379</u>	<u>36,385,161</u>
Income before financing operations	<u>19,298,014</u>	<u>16,285,012</u>
FINANCING OPERATIONS		
Revenues	17,208,434	15,299,898
Other financing income	<u>724,295</u>	<u>927,528</u>
Total financing income	17,932,729	16,227,426
Expenses	<u>7,092,884</u>	<u>7,593,910</u>
Income from financing operations	<u>10,839,845</u>	<u>8,633,516</u>
Income from operations	<u>30,137,859</u>	<u>24,918,528</u>
OTHER INCOME (EXPENSE)		
Interest expense	(341,083)	(424,753)
Interest income	7,085	4,406
Other income, net	<u>322,425</u>	<u>381,752</u>
Other expense, net	<u>(11,573)</u>	<u>(38,595)</u>
Income before taxes	30,126,286	24,879,933
PROVISION FOR INCOME TAXES	<u>7,438,000</u>	<u>6,205,000</u>
NET INCOME	<u>\$ 22,688,286</u>	<u>\$ 18,674,933</u>

See accompanying notes to consolidated financial statements.

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
for the years ended December 31, 2020 and 2019**

	* Voting Common Stock		Additional Paid-In Capital	Retained Earnings	Total Shareholders' Equity
	Shares Issued	Amount			
BALANCES, DECEMBER 31, 2018	10,635	\$ 106,350	\$ 1,644,189	\$ 96,352,415	\$ 98,102,954
Net income	-	-	-	18,674,933	18,674,933
Dividends paid	-	-	-	(2,233,350)	(2,233,350)
BALANCES, DECEMBER 31, 2019	10,635	106,350	1,644,189	112,793,998	114,544,537
Net income	-	-	-	22,688,286	22,688,286
Dividends paid	-	-	-	(1,904,728)	(1,904,728)
BALANCES, DECEMBER 31, 2020	<u>10,635</u>	<u>\$ 106,350</u>	<u>\$ 1,644,189</u>	<u>\$ 133,577,556</u>	<u>\$ 135,328,095</u>

* Common stock, voting, \$10 par value, 25,000 shares authorized with 10,635 shares issued and outstanding at December 31, 2020 and 2019.

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
for the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 219,789,132	\$ 206,093,692
Cash paid to suppliers and employees	(171,308,252)	(176,566,952)
Cash paid to related party	(445,788)	(445,788)
Interest paid, net	(329,860)	(437,144)
Income taxes paid	(6,691,950)	(7,827,250)
Net cash from operating activities	<u>41,013,282</u>	<u>20,816,558</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Finance receivables originated	(46,488,132)	(45,863,909)
Finance receivables repaid	32,602,601	31,264,029
Deposits in investments, designated	(688)	(3,269)
Capital expenditures	(1,481,407)	(1,146,623)
Proceeds on cash surrender value life insurance	1,251,746	-
Proceeds on disposal of property and equipment	22,500	1,000
Net cash from investing activities	<u>(14,093,380)</u>	<u>(15,748,772)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of capital lease obligation	(10,981)	(14,332)
Repayments of long-term debt	(1,888,000)	(1,771,333)
Cash dividends paid	(1,904,728)	(2,233,350)
Net cash from by financing activities	<u>(3,803,709)</u>	<u>(4,019,015)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	23,116,193	1,048,771
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,788,148</u>	<u>739,377</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 24,904,341</u></u>	<u><u>\$ 1,788,148</u></u>

See accompanying notes to consolidated financial statements.

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS, Continued
for the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
RECONCILIATION OF NET INCOME TO NET CASH		
FROM OPERATING ACTIVITIES:		
Net income	\$ 22,688,286	\$ 18,674,933
ADJUSTMENTS TO RECONCILE NET INCOME TO NET		
CASH FROM OPERATING ACTIVITIES:		
Provision for finance credit losses	5,248,000	5,762,000
Provision for uncollectible accounts and notes receivables	308,049	509,621
Change in LIFO reserve	913,962	391,215
Change in inventory obsolescence reserve	(83,568)	79,213
Increase in cash surrender value of officer's life insurance value	-	(11,846)
Gain on settlement of cash surrender value of officer's life insurance policies	(525,576)	-
Depreciation and amortization	1,495,619	1,606,792
Goodwill amortization	848,375	848,375
Gain on disposal of property and equipment	(6,903)	(1,000)
Change in deferred income tax asset	(165,000)	(765,000)
(Increase) decrease in operating assets:		
Accounts receivable, trade	(1,329,667)	3,238,441
Notes receivable	(1,307,799)	(236,954)
Inventories	6,930,458	(7,022,280)
Prepaid expenses and other assets	(897,371)	463,396
Refundable income taxes	761,000	(761,000)
Increase (decrease) in operating liabilities:		
Accounts payable	5,671,549	(1,589,758)
Accrued expenses	381,011	(117,113)
Accrued taxes	104,781	(201,007)
Deferred compensation	(21,924)	(51,470)
Total adjustments	<u>18,324,996</u>	<u>2,141,625</u>
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 41,013,282</u>	<u>\$ 20,816,558</u>

See accompanying notes to consolidated financial statements.

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS

for the years ended December 31, 2020 and 2019

1. NATURE OF OPERATIONS

Cornwell Quality Tools Company and Subsidiary (the Company) is a manufacturer and distributor of hand-held tools, toolboxes, diagnostic equipment and other related products for mechanics, primarily in the automotive business. The Company sells its products to independent dealers and other industrial users throughout the United States of America and parts of Europe. Purchased parts account for approximately 92% of sales in 2020 and 91% of sales in 2019. The Company maintains manufacturing facilities in Ohio and Pennsylvania and distribution centers in Ohio and Utah.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation – The accompanying consolidated financial statements of Cornwell Quality Tools Company and Subsidiary include the accounts of Cornwell Quality Tools and its wholly-owned subsidiary, CQT Kennedy, LLC, collectively referred to as the Company. Effective September 30, 2016, Cornwell Quality Tools purchased an existing business that manufactures toolboxes and carts to form CQT Kennedy, LLC. The consolidated financial statements include the assets and liabilities for CQT Kennedy, LLC at December 31, 2020 and 2019, along with operating activity for the years then ended. All significant intercompany transactions have been eliminated in consolidation.

Basis of Accounting – The accompanying consolidated financial statements have been prepared in accordance with GAAP.

Variable Interest Entity – The Company is the primary beneficiary of an affiliated leasing entity that was formed for the purpose of holding real estate which is leased to the Company. The affiliated leasing entity generates substantially all of its revenue from the Company. The Company accounts for the variable interest entity (VIE) under the alternative accounting guidance issued by the Financial Accounting Standards Board (FASB). This alternative accounting treatment permits privately held companies meeting certain criteria from having to apply existing VIE consolidation guidance to common control leasing arrangements while maintaining compliance with accounting principles generally accepted in the United States of America (GAAP). This alternative accounting guidance still requires certain disclosures pertaining to its relationship with the VIE entity, which have been disclosed in Note 10.

Cash and Cash Equivalents – For purposes of the consolidated statements of cash flows, cash and cash equivalents include cash on hand, cash held in banks and all highly liquid investments purchased with original maturities of three months or less.

The Company maintains its cash and cash equivalents with banks, which, at times, may exceed the federally insured limit of \$250,000. Cash and cash equivalents with banks exceeded the limit by approximately \$26,494,000 at December 31, 2020 and \$1,994,000 at December 31, 2019. Management of the Company believes it is not exposed to any significant credit risk on its cash and cash equivalents. The Company has not experienced any significant losses in such accounts.

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Accounts Receivable – The Company extends unsecured credit to its customers during the ordinary course of business but mitigates the associated risk by performing ongoing credit evaluations and actively pursuing past due accounts. Trade accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible accounts through a charge to earnings and a credit to the allowance for doubtful accounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to trade accounts receivable.

Notes Receivable – During the ordinary course of business, customers may refinance their trade accounts receivable and create an installment loan. These loan terms are from one to five years with payments due weekly ranging between \$100 and \$480 including interest ranging between 10% and 17%. Interest is recorded on the loans as payments are received. Management provides for probable uncollectible accounts through a charge to earnings and a credit to the allowance for doubtful accounts based on its assessment of the current status of individual accounts.

Receivables are considered to be past due based on the various contractual terms.

On December 31, 2020, contractual maturities of notes receivables were as follows:

2021	\$	2,545,218
2022		3,348,187
2023		2,779,972
2024		1,843,495
2025		<u>844,599</u>
	\$	<u>11,361,471</u>

Finance Receivables – Finance receivables, that management has the intent and ability to hold for the foreseeable future or until maturity or payoff, are reported at their outstanding unpaid principal balances reduced by any charge off or specific valuation accounts and net of any deferred financing fees or costs on originated loans. Deferred financing fees are amortized on a straight-line basis over a 36-month period which approximates the life of the finance receivables.

Allowance for loan losses is increased by charges to income and decreased by charge-offs (net of recoveries). Management's periodic evaluation of the adequacy of the allowance is based on the Company's past loan loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral and current economic conditions. Commercial loans are charged off when they are one hundred twenty days contractually past due.

From time to time, the Company sells finance receivables that have been previously charged off. Proceeds from sales of the loans were \$209,477 in 2020 and \$182,955 in 2019, and are included in the income from financing operations in the consolidated statements of operations.

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Inventories – Inventories are valued at the lower of cost or market with cost determined by the last-in, first-out (LIFO) method. If the first-in, first-out (FIFO) method was used to value inventories, reported inventories would have been increased by \$4,499,501 and \$3,585,539 at December 31, 2020 and 2019, respectively, and net income after taxes would have increased by \$666,962 in 2020 and increased by \$285,215 in 2019.

Special Dealer Program – Deferred financing incentive expense for the special dealer program is amortized on a straight-line basis over a 36-month period. The amortization expense totaled \$110,000 in 2020 and \$235,000 in 2019 and for the remaining year will be:

2021	\$ <u>26,250</u>
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Investments, Designated – The Company designated investments to be used at a future date for the purpose of funding a portion of the deferred compensation liability. Designated investments have been deposited in a separate account during 2020 and 2019.

Goodwill – The Company holds \$8,483,782 of goodwill related to Cornwell Quality Tools' acquisition of CQT Kennedy, LLC on September 30, 2016. The Company accounts for goodwill in accordance with alternative accounting guidance issued by the FASB. This alternative accounting treatment permits privately held companies to amortize goodwill on a straight-line basis over a period not to exceed 10 years while maintaining compliance with GAAP. Goodwill is reviewed for possible impairment at least annually or more frequently upon the occurrence of an event or when circumstances indicate that the carrying amount is greater than its fair value. Amortization expense totaled \$848,375 in 2020 and 2019, respectively, and accumulated amortization totaled \$3,605,594 at December 31, 2020 and \$2,757,219 at December 31, 2019. Goodwill will amortize at the annual amount of \$848,375 through September 2026.

Property, Plant and Equipment – Property, plant and equipment are recorded at cost. Major additions and improvements are charged to the property accounts while replacements, maintenance, and repairs which do not improve or extend the lives of the respective assets, are expensed currently. When property is retired or otherwise disposed of, the cost of the property is removed from the asset account, accumulated depreciation is charged with an amount equivalent to the depreciation provided, and any resulting gain or loss is charged or credited to operations.

Depreciation has been provided using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	4 to 35 years
Machinery and equipment	5 to 20 years
Office furniture and fixtures	3 to 10 years
Transportation equipment	3 to 5 years

Depreciation expense totaled \$1,373,119 in 2020 and \$1,371,792 in 2019.

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Advertising – Advertising primarily consists of the Company’s catalog, bulletins, flyers, sponsorships and advertising in national publications for the Company’s products, which are amortized over one year or less. Advertising expense was \$1,141,646 in 2020 and \$1,750,821 in 2019.

Estimates – The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. While actual results could differ from those estimates, management does not expect those differences to be significant to the consolidated financial statements.

Income Taxes – The Company is taxed as a C-Corporation and, accordingly, a provision (benefit) for federal and state taxes has been recorded in the consolidated financial statements.

The Company recognizes deferred tax assets and liabilities for future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which the temporary differences are expected to be recovered or settled. The effect of deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred tax assets are reduced by a valuation allowance when management determines a portion or all of the deferred tax assets will more likely than not be recognized.

Revenue Recognition – The FASB issued new guidance, ASU 2014-09, that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (“ASC”). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The Company adopted the requirements of Topic 606 as of January 1, 2019, utilizing the full retrospective method of transition.

The impact of adopting the new guidance was a decrease in the Company’s 2019 revenues by \$3,855,847, respectively, with a corresponding decrease in cost of goods sold for the reclassification of dealer weekly volume incentives on the consolidated statement of operations. There was no impact to the consolidated balance sheets as of December 31, 2019. At January 1, 2019, receivables were comprised of the following:

Accounts receivable, trade, net	\$ 9,961,036
Notes receivable, net	9,566,718
Finance receivables, net	<u>63,931,213</u>
	<u>\$ 83,458,967</u>

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS, Continued for the years ended December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Revenue Recognition, (continued) –The Company generates revenue from various financing programs that include: (i) installment sales contracts arising from tool dealers wishing to provide financing to their customers on an extended-term payment plan; and (ii) business loans to tool dealers for inventory. Interest income from finance receivables is recognized using the interest method. Accrual of interest income on finance receivables is suspended when a loan is contractually delinquent for one hundred twenty days or more. The accrual is resumed when the loan becomes contractually current, and past-due interest income is recognized at that time.

The decision to finance through the Company or another financing source is solely at the election of the customer. When assessing customers for potential financing, the Company considers various factors regarding ability to pay, including the customers' financial condition, debt-servicing ability, past payment experience, and credit bureau and proprietary credit model information, as well as the value of the underlying collateral. See Note 5 for information on credit quality indicators and monitoring.

The Company enters into contracts with customers related to the selling of products. At contract inception, an assessment of the products promised in the contracts with customers is performed and a performance obligation is identified for each distinct promise to transfer to the customer a product (or bundle of products). To identify the performance obligations, the Company considers all of the products promised in the contract regardless of whether they are explicitly stated or are implied by customary business practices. Contracts with customers are comprised of customer purchase orders, invoices and written contracts.

Revenue from the sale of products is recognized at a point in time when the Company's performance obligations are satisfied, which generally occurs at a point in time when title and control of the product is transferred to the customer at shipping point. Once a product has shipped, the customer is able to direct the use of, and obtain substantially all of the remaining benefits from the asset. Customer payments are typically due within 30 days of billing or over the terms set out in the financing program, depending on the contract.

In some cases, the nature of the Company's contracts give rise to variable consideration, including weekly dealer volume discounts, rebates, credits, allowances for returns or other similar items that generally decrease the transaction price. These variable amounts generally are credited to the customer, based on achieving certain levels of sales activity or product returns.

In the normal course of business, the Company allows dealers to return product per the provisions in the franchise agreement that allow for the return of product in a saleable condition. For other customers, product returns are generally not accepted unless the item is defective as manufactured. Estimated product returns are recorded as a reduction in reported revenues at the time of sale based upon historical product return experience and is adjusted for known trends to arrive at the amount of consideration to which the Company expects to receive.

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Revenue Recognition, (continued) – Variable consideration is estimated at the most likely amount that is expected to be earned. Estimated amounts are included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of the anticipated performance and all information (historical, current and forecasted) that is reasonably available.

Disaggregation of Revenue: All revenue results from product sales and is recognized at a point in time. Products are sold primarily to independent tool dealers and other industrial users throughout the United States of America and parts of Europe.

Performance Obligation: The Company's contracts for the sale of products contain a single performance obligation. The performance obligation is satisfied when the product is shipped to the customer.

Significant Judgments and Estimates: Other than variable consideration previously noted there are no significant judgments involved in the recognition of revenue from the sale of products.

Shipping and Handling Costs – The Company has elected to treat shipping and handling costs as contract fulfillment activities. Shipping and handling revenue is included in sales and the related costs are included in cost of goods sold in the accompanying consolidated statements of operations.

Returned Goods – The Company sells both manufactured tools and products purchased from other manufacturers. For purchased products, it is the Company's policy to extend the full manufacturer's guarantee to the Company's customers. For manufactured items, the Company will, at its sole discretion, replace or repair an item if it is determined that the item has not given the user a fair value in terms of length of useful life. This policy is considered a promotional expense that generates goodwill with the customer and, as consistent with standard practices in this industry, these amounts are expensed as incurred. The Company's policy is also considered an assurance warranty and therefore does not constitute variable consideration under Topic 606.

Fair Value – The Company applies fair value measurements in accordance with GAAP, which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Included in investments designated on the consolidated balance sheets, are money market funds with a fair value of \$158,498 and \$157,810 at December 31, 2020 and 2019, respectively. The designated investments are measured on a Level 1 basis at December 31, 2020 and 2019 as defined by GAAP.

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS, Continued for the years ended December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Concentrations of Credit Risk – The Company performs ongoing credit evaluations of its customers and generally requires collateral only on financing and notes receivables with extended credit terms. The Company maintains reserves for potential credit losses and such losses have been within management's expectations.

New Accounting Pronouncements – In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, to increase the transparency and comparability about leases among entities. The new guidance requires lessees to recognize a lease liability and a corresponding lease asset for virtually all lease contracts. It also requires additional disclosures about leasing arrangements. ASU 2016-02, as amended by ASU No. 2020-05, is effective for non-public entities for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. ASU 2016-02 originally specified a modified retrospective transition method which requires the entity to initially apply the new lease standard at the beginning of the earliest period presented in the financial statements. In July 2018, FASB issued ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*, providing a second, optional transition method which allows the entity to apply the new standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The Company is currently assessing the impact of this new standard, including the two optional transition methods.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)*, to require the measurement of expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions and reasonable forecasts. The main objective of this ASU is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. ASU No. 2016-13, as amended by ASU No. 2019-11, is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years; the ASU allows for early adoption as of the beginning of an interim or annual reporting period beginning after December 15, 2018. The Company is currently assessing the impact this ASU will have on its consolidated financial statements.

COVID Uncertainty – Beginning around March 2020, the COVID-19 virus has been declared a global pandemic as it continues to spread rapidly. Business continuity, including supply chains and consumer demand, across a broad range of industries and countries could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Subsequent Events – Subsequent events are events or transactions that occur after year end but before financial statements are issued or are available to be issued. These events and transactions either provide additional evidence about conditions that existed at year end, including the estimates inherent in the process of preparing financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at year end but arose after that date (that is, non-recognized subsequent events).

Management of the Company has evaluated subsequent events through March 26, 2021, which was the date that these consolidated financial statements were available for issuance, and determined there are no significant non-recognized subsequent events through that date.

3. CHANGES IN THE VALUATION ALLOWANCE FOR TRADE ACCOUNTS RECEIVABLE AND NOTES RECEIVABLE

Changes in the valuation allowance for trade accounts receivable and notes receivable were as follows at December 31:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 328,000	\$ 341,000
Provision for bad debts	308,049	509,621
Write-offs	(356,656)	(569,348)
Recoveries	<u>54,607</u>	<u>46,727</u>
Balance, end of year	<u>\$ 334,000</u>	<u>\$ 328,000</u>

The allowance for doubtful accounts is presented net in the Company's consolidated financial statements as follows at December 31:

	<u>2020</u>	<u>2019</u>
Accounts receivable, trade	\$ 84,000	\$ 78,000
Notes receivable	<u>250,000</u>	<u>250,000</u>
	<u>\$ 334,000</u>	<u>\$ 328,000</u>

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2020 and 2019

4. FINANCE RECEIVABLES

The Company engages in providing commercial financing services to tool dealers wishing to provide financing to their customers. The Company's finance receivables, which are comprised primarily of contracts with a maximum of 60 monthly installments, are as follows at December 31:

	<u>2020</u>	<u>2019</u>
Finance receivables	\$ 86,814,485	\$ 76,844,784
Deductions:		
Reserve for finance credit losses	(7,553,000)	(6,714,000)
Deferred financing fees	<u>(6,692,741)</u>	<u>(6,199,571)</u>
	72,568,744	63,931,213
Less current maturities	<u>17,446,649</u>	<u>15,750,629</u>
Long-term finance receivables	<u>\$ 55,122,095</u>	<u>\$ 48,180,584</u>

On December 31, 2020, contractual maturities of finance receivables were as follows:

2021	\$ 28,687,098
2022	27,068,793
2023	21,055,181
2024	9,129,548
2025	<u>873,865</u>
	<u>\$ 86,814,485</u>

Current maturities of finance receivables as reported on the consolidated balance sheet consist of gross receivables of \$28,687,098 less the reserve for finance credit losses of \$7,553,000 less the current portion of deferred financing fees of \$3,687,449.

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2020 and 2019

4. FINANCE RECEIVABLES, (Continued)

It is the Company's experience that a substantial portion of the commercial loan portfolio generally is renewed or repaid before the contractual maturity dates. The above tabulation, therefore, is not regarded as a forecast of future cash collections. Cash collections of principal amounts of commercial loans totaled \$32,602,601 in 2020 and \$31,264,029 in 2019 and the ratios of these cash collections to average principal balances were approximately 40% in 2020 and 44% in 2019. Changes in the allowance for credit losses for finance receivables were as follows:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 6,714,000	\$ 5,622,000
Provision for credit losses	5,248,000	5,762,000
Loans charged off	(5,018,000)	(5,175,000)
Recoveries	<u>609,000</u>	<u>505,000</u>
Balance, end of year	<u>\$ 7,553,000</u>	<u>\$ 6,714,000</u>

5. CREDIT QUALITY OF FINANCE AND NOTES RECEIVABLES

The Company actively monitors the credit quality of finance and notes receivables by performing a credit worthiness analysis at the borrowing date, and at predetermined intervals throughout the time finance and notes receivables are outstanding. Credit for purchases under notes receivable is granted based on a review of the customer's Beacon credit score. Credit for purchases under finance receivables is granted based on an internally developed scoring method termed a Scorecard. The Scorecard was initially developed in June 2004 and has been revalidated in September 2008, 2012, 2016, and February 2018. The Scorecard takes into account various credit quality indicators such as job history, public record information, collections, and prior delinquent accounts and then assigns a weighted score which is used in determining the customer's credit. In the February 2018 revalidation, the introduction of FICO scores as an additional qualifier was added. Before June 2004, the Company granted credit based on a customer's Beacon score or internally determined Blue Ribbon rating.

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2020 and 2019

5. CREDIT QUALITY OF FINANCE AND NOTES RECEIVABLES, (Continued)

The finance receivables and notes receivable balances are based on the following credit quality indicators at December 31:

	<u>2020</u>	<u>2019</u>
Notes receivable:		
Beacon score > 650	<u>\$ 11,361,471</u>	<u>\$ 10,053,672</u>
Finance receivables:		
Blue Ribbon rating	<u>\$ 396,297</u>	<u>\$ 426,829</u>
Scorecard:		
415 - 419 – High risk	284,388	1,003,166
420 - 429	7,614,203	6,035,709
430 - 439	7,985,473	5,054,162
440 - 449	16,028,903	9,495,265
450 - 459	25,992,565	13,555,268
>= 460 – Low risk	<u>28,512,656</u>	<u>41,274,385</u>
Subtotal Scorecard	<u>86,418,188</u>	<u>76,417,955</u>
Total finance receivables	<u>\$ 86,814,485</u>	<u>\$ 76,844,784</u>

An aging analysis of the finance and notes receivables portfolio, based on customer repayment status is as follows at December 31:

	<u>2020</u>	<u>2019</u>
Current (not past due) notes receivable	<u>\$ 11,361,471</u>	<u>\$ 10,053,672</u>
Finance receivables:		
Current (not past due)	\$ 81,924,997	\$ 72,603,108
30-59 days past due	2,245,770	1,763,926
60-89 days past due	1,334,146	1,298,958
Greater than 90 days past due	<u>1,309,572</u>	<u>1,178,792</u>
Total finance receivables	<u>\$ 86,814,485</u>	<u>\$ 76,844,784</u>

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

**NOTES TO FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2020 and 2019**

6. INVENTORIES

Inventories consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Raw materials	\$ 3,335,892	\$ 2,862,718
Work in process	2,418,961	2,662,619
Finished goods	<u>18,209,176</u>	<u>25,369,150</u>
	23,964,029	30,894,487
Less:		
Obsolescence reserve	100,000	183,568
LIFO reserve	<u>4,499,501</u>	<u>3,585,539</u>
Total inventories	<u>\$ 19,364,528</u>	<u>\$ 27,125,380</u>

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Land	\$ 692,495	\$ 692,495
Buildings and improvements	9,063,754	9,023,279
Machinery and equipment	12,099,339	10,180,082
Office furniture and fixtures	4,981,192	5,078,678
Transportation equipment	94,093	94,093
Construction in progress	<u>25,876</u>	<u>619,871</u>
	26,956,749	25,688,498
Less accumulated depreciation	<u>12,613,814</u>	<u>11,438,254</u>
Property, plant and equipment, net	<u>\$ 14,342,935</u>	<u>\$ 14,250,244</u>

Leasehold improvements are amortized over 4-35 years, which is the shorter of the useful life of the leasehold improvement or the lease term including renewal periods that are reasonably assured. The Company leases its office from a related party under a ten-year operating lease, ending November 2025. If the lease is not extended to equal the life of the leasehold improvements, the landlord has represented to the Company that it will be reimbursed for the remaining unamortized cost of the leasehold improvements.

Included in construction in progress at December 31, 2020 are costs related to the purchase of machinery and equipment.

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2020 and 2019

8. OTHER ASSETS

Other assets consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Cash surrender value of officer's life insurance policies	\$ -	\$ 726,170
Deferred incentive expense for special dealer program, net of amortization of \$468,750 in 2020 and \$616,250 in 2019	<u>-</u>	<u>32,500</u>
Total other assets	<u>\$ -</u>	<u>\$ 758,670</u>

9. FINANCING

The Company has a line of credit agreement with a bank. Under the terms of the agreement, the Company can borrow the lesser of \$8,000,000 or the borrowing base, collateralized by substantially all owned assets of the Company. The agreement, which expires July 31, 2022, requires monthly interest payments at one-month LIBOR (London Interbank Offered Rate) plus 1.25%, with a LIBOR rate floor of .25% (one-month LIBOR was .15% at December 31, 2020). There were no advances outstanding on this line of credit at December 31, 2020 and December 31, 2019.

The Company also has an agreement with a bank that is collateralized by substantially all owned assets of the Company that features a \$5,500,000 line of credit for the construction of a new warehouse and \$7,000,000 term note for the acquisition of a business. On January 5, 2018, the outstanding balance on the line of credit agreement for the construction of a new warehouse was converted into a \$4,880,000 term note. The term note feature is payable in monthly principal installments of \$40,667 plus interest at a fixed rate of 3.77%, with a balloon payment for the remaining principal owed on February 5, 2023. The amount outstanding on this term note totaled \$3,456,667 and \$3,944,667 at December 31, 2020 and 2019, respectively.

The \$7,000,000 term note for the acquisition of a business is payable in monthly principal installments of \$116,667 plus interest at one-month LIBOR (.15% at December 31, 2020) plus 1.25%, through October 5, 2021. The amount outstanding on this term note totaled \$1,166,667 and \$2,566,667 at December 31, 2020 and 2019, respectively.

The following schedule of future maturities of long-term debt reflects the payment terms applicable under the term note agreements.

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2020 and 2019

9. FINANCING, (Continued)

Year ending December 31:

2021	\$	1,654,671
2022		488,004
2023		<u>2,480,659</u>
		4,623,334
Less current maturities of long-term debt		<u>1,654,671</u>
	\$	<u>2,968,663</u>

The line of credit and term debt agreements contain various covenants, the most restrictive of which requires the Company to maintain a minimum level of fixed charge coverage. The Company is in compliance with those covenants at December 31, 2020.

10. OPERATING LEASES

The Company leases from unrelated parties various equipment and facilities under cancelable and non-cancelable operating leases with terms varying from less than one year to five years. Rent expense for these leases totaled \$308,497 in 2020 and \$299,116 in 2019. The following is a schedule of future minimum lease payments for operating leases with remaining terms of one year or more:

2021	\$	311,194
2022		213,848
2023		61,524
2024		8,510
2025		<u>2,084</u>
	\$	<u>597,160</u>

The Company leases its warehouse and office facilities in Wadsworth, Ohio from a related party. The Company pays all insurance and operating costs associated with the real estate. Rent payments for these facilities totaled \$445,788 in 2020 and 2019. The following is a schedule of future minimum lease payments for these leases with remaining terms of one year or more:

2021	\$	445,788
2022		445,788
2023		445,788
2024		445,788
2025		<u>382,341</u>
	\$	<u>2,165,493</u>

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2020 and 2019

11. CAPITAL LEASES

The Company leases various manufacturing equipment under capital leases. The net book value of the manufacturing equipment under capital leases at December 31, 2020 and 2019 totaled \$30,582 and \$36,723, respectively. An obligation under capital leases has been recorded in the consolidated financial statements at the present value of future minimum lease payments.

Future minimum payments under the capital leases are as follows:

2021	\$ 10,278
2022	<u>1,177</u>
	<u>\$ 11,455</u>

12. INCOME TAXES

The net income tax provision is comprised of the following:

	<u>2020</u>	<u>2019</u>
Current tax provision, federal	\$ 6,040,000	\$ 5,615,000
Current tax provision, state	1,563,000	1,355,000
Deferred tax benefit, federal and state	<u>(165,000)</u>	<u>(765,000)</u>
	<u>\$ 7,438,000</u>	<u>\$ 6,205,000</u>

The difference between the effective tax rate for financial reporting of 27% in 2020 and 2019 and the federal and state statutory tax rates is due to applying actual state statutory tax rates and nondeductible items not included for financial reporting purposes.

Deferred income taxes are provided for the temporary differences between the tax basis and the financial reporting basis of the Company's assets and liabilities. The tax effects of temporary differences that give rise to significant portions of deferred tax assets (liabilities) consist of the following:

	<u>2020</u>	<u>2019</u>
Accounts and finance receivable allowance	\$ 2,185,000	\$ 1,957,000
Inventories	242,000	377,000
Accumulated depreciation on property	(1,981,000)	(1,656,000)
Accumulated amortization on goodwill	325,000	248,000
Liabilities and reserves	2,409,000	2,083,000
Deferred compensation	<u>378,000</u>	<u>384,000</u>
Total deferred tax asset, net	<u>\$ 3,558,000</u>	<u>\$ 3,393,000</u>

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2020 and 2019

13. RETIREMENT PLANS

The Company maintains a profit-sharing plan covering substantially all salaried and hourly employees, having at least one year of service with the Company and attaining a certain age requirement. The amount of the contribution each year is at the sole discretion of the Board of Directors of the Company limited by Internal Revenue Service restrictions. There were no profit sharing contributions made to the plan in 2020 and 2019. The Plan includes 401(k) provisions. Under these provisions, employees may elect to contribute a portion of their compensation on a tax-deferred basis within the guidelines prescribed by the Internal Revenue Code. The Company may also make discretionary contributions to the plan each year. There were no discretionary contributions made to the plan in 2020 and 2019.

The Company also has a deferred compensation plan with officers that provides for the annual accrual of a portion of their salary until retirement. The agreements are contingent upon their continued employment with the Company and payable upon retirement. It also provides for payments to beneficiaries in the event of death. The Company is funding the future obligation by restricting investments, in an amount necessary to approximate the liability at retirement. In addition, during 2020, proceeds were received in settlement of the cash surrender value of an officer's life insurance policy. Expenses related to these agreements were \$80,000 in 2020 and \$44,745 in 2019.

14. EMPLOYEE STOCK OWNERSHIP PLAN

The Company has an employee stock ownership plan (ESOP) that covers substantially all salaried and hourly employees, who have obtained at least 1,000 hours of service. The contributions are determined at the sole discretion of the Board of Directors of the Company limited by Internal Revenue Service restrictions. Under the provisions of the ESOP, terminated participants may require the Company to repurchase their vested shares at fair market value. As of December 31, 2020 and 2019, the ESOP held 2,075 shares of stock, which have been fully allocated to participants and valued at \$21,892 and \$15,800 per share, respectively. As of December 31, 2020 and 2019, the fair value of these shares were approximately \$45,425,900 and \$32,785,000, respectively. ESOP contribution expense was \$4,000,000 in 2020 and \$3,000,000 in 2019.

15. CONTINGENCIES

During the normal course of business, the Company is involved in routine legal matters that management intends to aggressively defend. Management believes the likelihood of any material adverse outcome to be remote.

The Company's past and present daily operations include activities which are subject to federal and state environmental regulations. Compliance with these regulations has not had, nor does the Company expect such compliance to have, a material effect upon net income, financial condition or competitive position of the Company.

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2020 and 2019

16. MAJOR SUPPLIERS

Purchases from the Company's two largest suppliers accounted for approximately 46% and 40% of purchases during 2020 and 2019, respectively. Any disruptions in the supply chain from these suppliers could be substituted with purchases of similar products from other suppliers.

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

The Board of Directors of
Cornwell Quality Tools Company and Subsidiary:

We have audited the consolidated financial statements of Cornwell Quality Tools Company and Subsidiary as of and for the years ended December 31, 2020 and 2019, and our report thereon dated March 26, 2021, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1-2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements on pages 26-29 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The consolidated statements and accompanying note on pages 30-33 using the first-in, first-out (FIFO) method to value inventories are also presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Adoption of New Accounting Standard

As discussed in Note 2 to the consolidated financial statements, in 2019, the Company adopted the provisions of Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, as amended by ASU 2015-14, which supersedes or replaces nearly all accounting principles generally accepted in the United States of America revenue recognition guidance. The adoption of this ASU resulted in a change to the accounting for the Company's revenue; however, it did not result in a cumulative effect adjustment. Our opinion on these supplemental schedules is not modified with respect to these matters.

Sikich LLP

Akron, Ohio
March 26, 2021

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

SUPPLEMENTAL CONSOLIDATING BALANCE SHEET

December 31, 2020

	Cornwell Quality Tools Company	CQT Kennedy, LLC	Eliminations	Consolidated
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 24,447,075	\$ 457,266	\$ -	\$ 24,904,341
Accounts receivable, trade, net	6,820,877	472,465	-	7,293,342
Accounts receivable, subsidiary	14,116,260	6,067,787	(20,184,047)	-
Notes receivable, net	2,295,218	-	-	2,295,218
Finance receivables, net	17,446,649	-	-	17,446,649
Inventories	15,295,412	4,069,116	-	19,364,528
Prepaid expenses and other assets	1,452,406	38,998	-	1,491,404
	<u>81,873,897</u>	<u>11,105,632</u>	<u>(20,184,047)</u>	<u>72,795,482</u>
NONCURRENT ASSETS				
Notes receivable, net of current portion	8,816,253	-	-	8,816,253
Finance receivables, net of current portion	55,122,095	-	-	55,122,095
Note receivable, subsidiary	12,435,791	-	(12,435,791)	-
Investment, subsidiary	1,000,000	-	(1,000,000)	-
Investments, designated	158,498	-	-	158,498
Property, plant and equipment, net	7,270,425	7,072,510	-	14,342,935
Goodwill, net	-	4,878,158	-	4,878,158
Deferred income tax asset	3,558,000	-	-	3,558,000
	<u>88,361,062</u>	<u>11,950,668</u>	<u>(13,435,791)</u>	<u>86,875,939</u>
TOTAL ASSETS	<u>\$ 170,234,959</u>	<u>\$ 23,056,300</u>	<u>\$ (33,619,838)</u>	<u>\$ 159,671,421</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Accounts payable	\$ 13,964,623	\$ 915,990	\$ -	\$ 14,880,613
Accounts payable, parent	6,067,787	14,116,260	(20,184,047)	-
Current maturities of capital lease obligation	-	10,278	-	10,278
Current maturities of long-term debt	1,654,671	-	-	1,654,671
Accrued expenses	2,902,907	230,306	-	3,133,213
Deferred compensation	109,194	-	-	109,194
Accrued taxes	228,585	65,816	-	294,401
	<u>24,927,767</u>	<u>15,338,650</u>	<u>(20,184,047)</u>	<u>20,082,370</u>
LONG-TERM LIABILITIES				
Capital lease obligation, less current maturities	-	1,177	-	1,177
Long-term debt, less current maturities	2,968,663	-	-	2,968,663
Note payable, parent	-	12,435,791	(12,435,791)	-
Deferred compensation, less current portion	1,291,116	-	-	1,291,116
	<u>4,259,779</u>	<u>12,436,968</u>	<u>(12,435,791)</u>	<u>4,260,956</u>
Total long-term liabilities	<u>4,259,779</u>	<u>12,436,968</u>	<u>(12,435,791)</u>	<u>4,260,956</u>
Total liabilities	<u>29,187,546</u>	<u>27,775,618</u>	<u>(32,619,838)</u>	<u>24,343,326</u>
SHAREHOLDERS' EQUITY (DEFICIT)	<u>141,047,413</u>	<u>(4,719,318)</u>	<u>(1,000,000)</u>	<u>135,328,095</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 170,234,959</u>	<u>\$ 23,056,300</u>	<u>\$ (33,619,838)</u>	<u>\$ 159,671,421</u>

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

SUPPLEMENTAL CONSOLIDATING BALANCE SHEET

December 31, 2019

ASSETS	Cornwell Quality Tools Company	CQT Kennedy, LLC	Eliminations	Consolidated
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,788,148	\$ -	\$ -	\$ 1,788,148
Accounts receivable, trade, net	5,976,820	294,904	-	6,271,724
Accounts receivable, subsidiary	9,939,774	3,149,637	(13,089,411)	-
Notes receivable, net	1,939,114	-	-	1,939,114
Finance receivables, net	15,750,629	-	-	15,750,629
Inventories	23,433,410	3,691,970	-	27,125,380
Prepaid expenses and other assets	684,033	-	-	684,033
Refundable income taxes	761,000	-	-	761,000
Total current assets	<u>60,272,928</u>	<u>7,136,511</u>	<u>(13,089,411)</u>	<u>54,320,028</u>
NONCURRENT ASSETS				
Notes receivable, net of current portion	7,864,558	-	-	7,864,558
Finance receivables, net of current portion	48,180,584	-	-	48,180,584
Note receivable, subsidiary	12,435,791	-	(12,435,791)	-
Investment, subsidiary	1,000,000	-	(1,000,000)	-
Investments, designated	157,810	-	-	157,810
Property, plant and equipment, net	7,826,388	6,423,856	-	14,250,244
Goodwill, net	-	5,726,533	-	5,726,533
Deferred income tax asset	3,393,000	-	-	3,393,000
Other assets	758,670	-	-	758,670
Total noncurrent assets	<u>81,616,801</u>	<u>12,150,389</u>	<u>(13,435,791)</u>	<u>80,331,399</u>
TOTAL ASSETS	<u>\$ 141,889,729</u>	<u>\$ 19,286,900</u>	<u>\$ (26,525,202)</u>	<u>\$ 134,651,427</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Accounts payable	\$ 8,942,905	\$ 266,159	\$ -	\$ 9,209,064
Accounts payable, parent	3,151,943	9,937,468	(13,089,411)	-
Current maturities of capital lease obligation	-	10,981	-	10,981
Current maturities of long-term debt	1,888,004	-	-	1,888,004
Accrued expenses	2,488,273	263,929	-	2,752,202
Deferred compensation	101,924	-	-	101,924
Accrued taxes	138,108	51,512	-	189,620
Total current liabilities	<u>16,711,157</u>	<u>10,530,049</u>	<u>(13,089,411)</u>	<u>14,151,795</u>
LONG-TERM LIABILITIES				
Capital lease obligation, less current maturities	-	11,455	-	11,455
Long-term debt, less current maturities	4,623,330	-	-	4,623,330
Note payable, parent	-	12,435,791	(12,435,791)	-
Deferred compensation, less current portion	1,320,310	-	-	1,320,310
Total long-term liabilities	<u>5,943,640</u>	<u>12,447,246</u>	<u>(12,435,791)</u>	<u>5,955,095</u>
Total liabilities	<u>22,654,797</u>	<u>22,977,295</u>	<u>(25,525,202)</u>	<u>20,106,890</u>
SHAREHOLDERS' EQUITY (DEFICIT)	<u>119,234,932</u>	<u>(3,690,395)</u>	<u>(1,000,000)</u>	<u>114,544,537</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 141,889,729</u>	<u>\$ 19,286,900</u>	<u>\$ (26,525,202)</u>	<u>\$ 134,651,427</u>

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

**SUPPLEMENTAL CONSOLIDATING STATEMENT OF OPERATIONS
for the year ended December 31, 2020**

	Cornwell Quality Tools Company	CQT Kennedy, LLC	Eliminations	Consolidated
SALES	\$ 200,502,634	\$ 16,628,148	\$ (9,212,290)	\$ 207,918,492
Less: Dealer weekly volume incentives	<u>3,747,048</u>	-	-	<u>3,747,048</u>
Sales, net	196,755,586	16,628,148	(9,212,290)	204,171,444
COST OF GOODS SOLD	<u>141,997,342</u>	<u>15,134,999</u>	<u>(9,212,290)</u>	<u>147,920,051</u>
Gross profit	<u>54,758,244</u>	<u>1,493,149</u>	-	<u>56,251,393</u>
EXPENSES				
Shipping and warehousing	3,721,692	-	-	3,721,692
Selling	16,379,179	550,411	-	16,929,590
General and administrative	10,418,172	1,035,550	-	11,453,722
Employee stock ownership plan contribution	4,000,000	-	-	4,000,000
Goodwill amortization expense	-	<u>848,375</u>	-	<u>848,375</u>
Total expenses	<u>34,519,043</u>	<u>2,434,336</u>	-	<u>36,953,379</u>
Income (loss) before financing operations	<u>20,239,201</u>	<u>(941,187)</u>	-	<u>19,298,014</u>
FINANCING OPERATIONS				
Revenues	17,208,434	-	-	17,208,434
Other financing income	<u>724,295</u>	-	-	<u>724,295</u>
Total financing income	17,932,729	-	-	17,932,729
Expenses	<u>7,092,884</u>	-	-	<u>7,092,884</u>
Income from financing operations	<u>10,839,845</u>	-	-	<u>10,839,845</u>
Income (loss) from operations	<u>31,079,046</u>	<u>(941,187)</u>	-	<u>30,137,859</u>
OTHER INCOME (EXPENSE)				
Interest expense	(267,277)	(73,806)	-	(341,083)
Interest income	7,085	-	-	7,085
Other income, net	<u>315,793</u>	<u>6,632</u>	-	<u>322,425</u>
Other income (expense), net	<u>55,601</u>	<u>(67,174)</u>	-	<u>(11,573)</u>
Income (loss) before taxes	31,134,647	(1,008,361)	-	30,126,286
PROVISION FOR INCOME TAXES	<u>7,417,438</u>	<u>20,562</u>	-	<u>7,438,000</u>
Net income (loss)	<u>\$ 23,717,209</u>	<u>\$ (1,028,923)</u>	<u>\$ -</u>	<u>\$ 22,688,286</u>

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

**SUPPLEMENTAL CONSOLIDATING STATEMENT OF OPERATIONS
for the year ended December 31, 2019**

	Cornwell Quality Tools Company	CQT Kennedy, LLC	Eliminations	Consolidated
SALES	\$ 182,332,496	\$ 17,939,098	\$ (9,932,720)	\$ 190,338,874
Less: Dealer weekly volume incentives	<u>3,855,847</u>	<u>-</u>	<u>-</u>	<u>3,855,847</u>
Sales, net	178,476,649	17,939,098	(9,932,720)	186,483,027
COST OF GOODS SOLD	<u>127,556,670</u>	<u>16,188,904</u>	<u>(9,932,720)</u>	<u>133,812,854</u>
Gross profit	<u>50,919,979</u>	<u>1,750,194</u>	<u>-</u>	<u>52,670,173</u>
EXPENSES				
Shipping and warehousing	3,417,791	5,954	-	3,423,745
Selling	16,143,594	1,275,344	-	17,418,938
General and administrative	10,630,481	1,063,622	-	11,694,103
Employee stock ownership plan contribution	3,000,000	-	-	3,000,000
Goodwill amortization expense	<u>-</u>	<u>848,375</u>	<u>-</u>	<u>848,375</u>
Total expenses	<u>33,191,866</u>	<u>3,193,295</u>	<u>-</u>	<u>36,385,161</u>
Income (loss) before financing operations	<u>17,728,113</u>	<u>(1,443,101)</u>	<u>-</u>	<u>16,285,012</u>
FINANCING OPERATIONS				
Revenues	15,299,898	-	-	15,299,898
Other financing income	<u>927,528</u>	<u>-</u>	<u>-</u>	<u>927,528</u>
Total financing income	16,227,426	-	-	16,227,426
Expenses	<u>7,593,910</u>	<u>-</u>	<u>-</u>	<u>7,593,910</u>
Income from financing operations	<u>8,633,516</u>	<u>-</u>	<u>-</u>	<u>8,633,516</u>
Income (loss) from operations	<u>26,361,629</u>	<u>(1,443,101)</u>	<u>-</u>	<u>24,918,528</u>
OTHER INCOME (EXPENSE)				
Interest expense	(294,257)	(130,496)	-	(424,753)
Interest income	4,406	-	-	4,406
Other income, net	<u>380,752</u>	<u>1,000</u>	<u>-</u>	<u>381,752</u>
Other income (expense), net	<u>90,901</u>	<u>(129,496)</u>	<u>-</u>	<u>(38,595)</u>
Income (loss) before taxes	26,452,530	(1,572,597)	-	24,879,933
PROVISION FOR INCOME TAXES	<u>6,172,901</u>	<u>32,099</u>	<u>-</u>	<u>6,205,000</u>
Net income (loss)	<u>\$ 20,279,629</u>	<u>\$ (1,604,696)</u>	<u>\$ -</u>	<u>\$ 18,674,933</u>

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

SUPPLEMENTAL CONSOLIDATED BALANCE SHEETS - FIFO BASIS

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 24,904,341	\$ 1,788,148
Accounts receivable, trade, net	7,293,342	6,271,724
Notes receivable, net	2,295,218	1,939,114
Finance receivables, net	17,446,649	15,750,629
Inventories	23,864,029	30,710,919
Prepaid expenses and other assets	1,491,404	684,033
Refundable income taxes	-	761,000
	<u>77,294,983</u>	<u>57,905,567</u>
NONCURRENT ASSETS		
Notes receivable, net of current portion	8,816,253	7,864,558
Finance receivables, net of current portion	55,122,095	48,180,584
Investments, designated	158,498	157,810
Property, plant and equipment, net	14,342,935	14,250,244
Goodwill, net	4,878,158	5,726,533
Deferred income tax asset	2,171,000	2,253,000
Other assets	-	758,670
	<u>85,488,939</u>	<u>79,191,399</u>
TOTAL ASSETS	<u>\$ 162,783,922</u>	<u>\$ 137,096,966</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 14,880,613	\$ 9,209,064
Current maturities of capital lease obligation	10,278	10,981
Current maturities of long-term debt	1,654,671	1,888,004
Accrued expenses	3,133,213	2,752,202
Deferred compensation	109,194	101,924
Accrued taxes	294,401	189,620
	<u>20,082,370</u>	<u>14,151,795</u>
LONG-TERM LIABILITIES		
Capital lease obligation, less current maturities	1,177	11,455
Long-term debt, less current maturities	2,968,663	4,623,330
Deferred compensation, less current portion	1,291,116	1,320,310
	<u>4,260,956</u>	<u>5,955,095</u>
Total long-term liabilities	<u>4,260,956</u>	<u>5,955,095</u>
Total liabilities	<u>24,343,326</u>	<u>20,106,890</u>
SHAREHOLDERS' EQUITY	<u>138,440,596</u>	<u>116,990,076</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 162,783,922</u>	<u>\$ 137,096,966</u>

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

SUPPLEMENTAL CONSOLIDATED STATEMENTS OF OPERATIONS - FIFO BASIS
for the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
SALES	\$ 207,918,492	\$ 190,338,874
Less: Dealer weekly volume incentives	<u>3,747,048</u>	<u>3,855,847</u>
Sales, net	204,171,444	186,483,027
 COST OF GOODS SOLD	 <u>147,006,089</u>	 <u>133,421,639</u>
Gross profit	<u>57,165,355</u>	<u>53,061,388</u>
 EXPENSES		
Shipping and warehousing	3,721,692	3,423,745
Selling	16,929,590	17,418,938
General and administrative	11,453,722	11,694,103
Employee stock ownership plan contribution	4,000,000	3,000,000
Goodwill amortization expense	<u>848,375</u>	<u>848,375</u>
Total expenses	<u>36,953,379</u>	<u>36,385,161</u>
Income before financing operations	<u>20,211,976</u>	<u>16,676,227</u>
 FINANCING OPERATIONS		
Revenues	17,208,434	15,299,898
Other financing income	<u>724,295</u>	<u>927,528</u>
Total financing income	17,932,729	16,227,426
Expenses	<u>7,092,884</u>	<u>7,593,910</u>
Income from financing operations	<u>10,839,845</u>	<u>8,633,516</u>
Income from operations	<u>31,051,821</u>	<u>25,309,743</u>
 OTHER INCOME (EXPENSE)		
Interest expense	(341,083)	(424,753)
Interest income	7,085	4,406
Other income, net	<u>322,425</u>	<u>381,752</u>
Other expense, net	<u>(11,573)</u>	<u>(38,595)</u>
Income before taxes	31,040,248	25,271,148
 PROVISION FOR INCOME TAXES	 <u>7,685,000</u>	 <u>6,311,000</u>
Net income	<u>\$ 23,355,248</u>	<u>\$ 18,960,148</u>

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

**SUPPLEMENTAL CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY - FIFO BASIS
for the years ended December 31, 2020 and 2019**

	* Voting Common Stock		Additional Paid-In Capital	Retained Earnings	Total Shareholders' Equity
	Shares Issued	Amount			
BALANCES, DECEMBER 31, 2018	10,635	\$ 106,350	\$ 1,644,189	\$ 98,512,739	\$ 100,263,278
Net income	-	-	-	18,960,148	18,960,148
Dividends paid	-	-	-	(2,233,350)	(2,233,350)
BALANCES, DECEMBER 31, 2019	10,635	106,350	1,644,189	115,239,537	116,990,076
Net income	-	-	-	23,355,248	23,355,248
Dividends paid	-	-	-	(1,904,728)	(1,904,728)
BALANCES, DECEMBER 31, 2020	<u>10,635</u>	<u>\$ 106,350</u>	<u>\$ 1,644,189</u>	<u>\$ 136,690,057</u>	<u>\$ 138,440,596</u>

* Common stock, voting, \$10 par value, 25,000 shares authorized with 10,635 shares issued and outstanding at December 31, 2020 and 2019.

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

**NOTE TO SUPPLEMENTAL CONSOLIDATED FINANCIAL STATEMENTS – FIFO BASIS
for the years ended December 31, 2020 and 2019**

1. BASIS OF PRESENTATION

The accompanying supplemental consolidated balance sheets, statements of operations and changes in shareholders' equity as of December 31, 2020 and 2019 and for the years then ended have been prepared in accordance with accounting principles generally accepted in the United States of America as applied by the Company in its historical financial statements, adjusted for the following:

Inventories – are valued at the lower of cost or net realizable value with costs determined by the first-in, first-out (FIFO) method.

Inventories stated on the basis referred to in the preceding paragraph are as follows:

	<u>2020</u>	<u>2019</u>
Raw materials	\$ 3,335,892	\$ 2,862,718
Work in process	2,418,961	2,662,619
Finished goods	<u>18,209,176</u>	<u>25,369,150</u>
	23,964,029	30,894,487
Less obsolescence reserve	<u>100,000</u>	<u>183,568</u>
	<u>\$ 23,864,029</u>	<u>\$ 30,710,919</u>

The income tax effect has been provided on the increase/decrease in inventory value at the statutory federal and state tax rates. The tax effect decreased the deferred tax assets by \$1,387,000 in 2020 and \$1,140,000 in 2019. The tax effect increased the provision for income taxes by \$247,000 in 2020 and \$106,000 in 2019.

The Company uses the LIFO (last-in, first-out) method for its historical consolidated financial statements because it better matches costs and revenues.



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CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS
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CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We agree to the inclusion in the franchise offering circular of our report, dated March 26, 2021, on our audit of the consolidated financial statements of Cornwell Quality Tools Company and Subsidiary.

Sikich LLP

Akron, Ohio
April 2, 2021



**CORNWELL QUALITY TOOLS COMPANY
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

For the Years Ended December 31, 2021 and 2020



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CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Cornwell Quality Tools Company and Subsidiary:

Opinion

We have audited the accompanying consolidated financial statements of Cornwell Quality Tools Company and Subsidiary (an Ohio corporation), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of operations, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cornwell Quality Tools Company and Subsidiary 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 Consolidated Financial Statements section of our report. We are required to be independent of Cornwell Quality Tools Company and Subsidiary 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cornwell Quality Tools Company and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Cornwell Quality Tools Company and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cornwell Quality Tools Company and Subsidiary'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.

Sikich LLP

Akron, Ohio
March 25, 2022

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 24,472,455	\$ 24,904,341
Accounts receivable, trade, net	9,121,706	7,293,342
Notes receivable, net	2,609,030	2,295,218
Finance receivables, net	19,007,487	17,446,649
Inventories	33,158,175	19,364,528
Prepaid expenses and other assets	1,344,706	1,491,404
Refundable income taxes	294,000	-
Total current assets	<u>90,007,559</u>	<u>72,795,482</u>
NONCURRENT ASSETS		
Notes receivable, net of current portion	9,718,752	8,816,253
Finance receivables, net of current portion	59,693,453	55,122,095
Investments, designated	158,562	158,498
Property, plant and equipment, net	14,237,297	14,342,935
Goodwill, net	4,029,783	4,878,158
Deferred income tax asset	4,064,000	3,558,000
Total noncurrent assets	<u>91,901,847</u>	<u>86,875,939</u>
TOTAL ASSETS	<u>\$ 181,909,406</u>	<u>\$ 159,671,421</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 15,732,912	\$ 14,880,613
Current maturities of capital lease obligation	1,476	10,278
Current maturities of long-term debt	488,004	1,654,671
Accrued expenses	2,904,748	3,133,213
Deferred compensation	116,950	109,194
Accrued taxes	198,227	294,401
Total current liabilities	<u>19,442,317</u>	<u>20,082,370</u>
LONG-TERM LIABILITIES		
Capital lease obligation, less current maturities	-	1,177
Long-term debt, less current maturities	2,480,663	2,968,663
Deferred compensation, less current portion	1,255,166	1,291,116
Total long-term liabilities	<u>3,735,829</u>	<u>4,260,956</u>
Total liabilities	<u>23,178,146</u>	<u>24,343,326</u>
SHAREHOLDERS' EQUITY	<u>158,731,260</u>	<u>135,328,095</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 181,909,406</u>	<u>\$ 159,671,421</u>

See accompanying notes to consolidated financial statements.

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY**CONSOLIDATED STATEMENTS OF OPERATIONS**
for the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
SALES	\$ 250,650,874	\$ 207,918,492
Less: Dealer weekly volume incentives	<u>4,967,398</u>	<u>3,747,048</u>
Sales, net	245,683,476	204,171,444
COST OF GOODS SOLD	<u>179,443,910</u>	<u>147,920,051</u>
Gross profit	<u>66,239,566</u>	<u>56,251,393</u>
EXPENSES		
Shipping and warehousing	5,130,452	3,721,692
Selling	18,860,426	16,929,590
General and administrative	13,846,472	11,453,722
Employee stock ownership plan contribution	5,000,000	4,000,000
Goodwill amortization expense	<u>848,375</u>	<u>848,375</u>
Total expenses	<u>43,685,725</u>	<u>36,953,379</u>
Income before financing operations	<u>22,553,841</u>	<u>19,298,014</u>
FINANCING OPERATIONS		
Revenues	18,962,777	17,208,434
Other financing income	<u>1,015,094</u>	<u>724,295</u>
Total financing income	19,977,871	17,932,729
Expenses	<u>6,784,722</u>	<u>7,092,884</u>
Income from financing operations	<u>13,193,149</u>	<u>10,839,845</u>
Income from operations	<u>35,746,990</u>	<u>30,137,859</u>
OTHER INCOME (EXPENSE)		
Interest expense	(283,379)	(341,083)
Interest income	8,660	7,085
Other income (expense), net	<u>(141,289)</u>	<u>322,425</u>
Other expense, net	<u>(416,008)</u>	<u>(11,573)</u>
Income before taxes	35,330,982	30,126,286
PROVISION FOR INCOME TAXES	<u>8,799,000</u>	<u>7,438,000</u>
NET INCOME	<u>\$ 26,531,982</u>	<u>\$ 22,688,286</u>

See accompanying notes to consolidated financial statements.

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
for the years ended December 31, 2021 and 2020

	* Voting Common Stock		Additional Paid-In Capital	Retained Earnings	Total Shareholders' Equity
	Shares Issued	Amount			
BALANCES, DECEMBER 31, 2019	10,635	\$ 106,350	\$ 1,644,189	\$ 112,793,998	\$ 114,544,537
Net income	-	-	-	22,688,286	22,688,286
Dividends paid	-	-	-	(1,904,728)	(1,904,728)
BALANCES, DECEMBER 31, 2020	10,635	106,350	1,644,189	133,577,556	135,328,095
Net income	-	-	-	26,531,982	26,531,982
Dividends paid	-	-	-	(3,128,817)	(3,128,817)
BALANCES, DECEMBER 31, 2021	<u>10,635</u>	<u>\$ 106,350</u>	<u>\$ 1,644,189</u>	<u>\$ 156,980,721</u>	<u>\$ 158,731,260</u>

* Common stock, voting, \$10 par value, 25,000 shares authorized with 10,635 shares issued and outstanding at December 31, 2021 and 2020.

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
for the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 262,033,263	\$ 219,789,132
Cash paid to suppliers and employees	(234,869,277)	(171,308,252)
Cash paid to related party	(445,788)	(445,788)
Interest paid, net	(272,281)	(329,860)
Income taxes paid	<u>(9,680,000)</u>	<u>(6,691,950)</u>
Net cash from operating activities	<u>16,765,917</u>	<u>41,013,282</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Finance receivables originated	(48,450,878)	(46,488,132)
Finance receivables repaid	37,396,682	32,602,601
Deposits in investments, designated	(64)	(688)
Capital expenditures	(1,352,426)	(1,481,407)
Proceeds on cash surrender value life insurance	-	1,251,746
Proceeds on disposal of property and equipment	<u>2,346</u>	<u>22,500</u>
Net cash from investing activities	<u>(12,404,340)</u>	<u>(14,093,380)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of capital lease obligation	(9,979)	(10,981)
Repayments of long-term debt	(1,654,667)	(1,888,000)
Cash dividends paid	<u>(3,128,817)</u>	<u>(1,904,728)</u>
Net cash from by financing activities	<u>(4,793,463)</u>	<u>(3,803,709)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(431,886)	23,116,193
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>24,904,341</u>	<u>1,788,148</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 24,472,455</u>	<u>\$ 24,904,341</u>

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS, Continued
for the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
RECONCILIATION OF NET INCOME TO NET CASH		
FROM OPERATING ACTIVITIES:		
Net income	\$ 26,531,982	\$ 22,688,286
ADJUSTMENTS TO RECONCILE NET INCOME TO NET		
CASH FROM OPERATING ACTIVITIES:		
Provision for finance credit losses	4,922,000	5,248,000
Provision for uncollectible accounts and notes receivables	442,120	308,049
Change in LIFO reserve	1,432,065	913,962
Change in inventory obsolescence reserve	180,000	(83,568)
Gain on settlement of cash surrender value of officer's life insurance policies	-	(525,576)
Depreciation and amortization	1,484,314	1,495,619
Goodwill amortization	848,375	848,375
Gain on disposal of property and equipment	(2,346)	(6,903)
Change in deferred income tax asset	(506,000)	(165,000)
(Increase) decrease in operating assets:		
Accounts receivable, trade	(2,270,484)	(1,329,667)
Notes receivable	(1,216,311)	(1,307,799)
Inventories	(15,405,712)	6,930,458
Prepaid expenses and other assets	120,448	(897,371)
Refundable income taxes	(294,000)	761,000
Increase (decrease) in operating liabilities:		
Accounts payable	852,299	5,671,549
Accrued expenses	(228,465)	381,011
Accrued taxes	(96,174)	104,781
Deferred compensation	(28,194)	(21,924)
Total adjustments	<u>(9,766,065)</u>	<u>18,324,996</u>
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 16,765,917</u>	<u>\$ 41,013,282</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the years ended December 31, 2021 and 2020

1. NATURE OF OPERATIONS

Cornwell Quality Tools Company and Subsidiary (the Company) is a manufacturer and distributor of hand-held tools, toolboxes, diagnostic equipment and other related products for mechanics, primarily in the automotive business. The Company sells its products to independent dealers and other industrial users throughout the United States of America and parts of Europe. Purchased parts account for approximately 93% of sales in 2021 and 92% of sales in 2020. The Company maintains manufacturing facilities in Ohio and Pennsylvania and distribution centers in Ohio and Utah.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation – The accompanying consolidated financial statements of Cornwell Quality Tools Company and Subsidiary include the accounts of Cornwell Quality Tools and its wholly-owned subsidiary, CQT Kennedy, LLC, collectively referred to as the Company. All significant intercompany transactions have been eliminated in consolidation.

Basis of Accounting – The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Variable Interest Entity – The Company is the primary beneficiary of an affiliated leasing entity that was formed for the purpose of holding real estate which is leased to the Company. The affiliated leasing entity generates substantially all of its revenue from the Company. The Company accounts for the variable interest entity (VIE) under the alternative accounting guidance issued by the Financial Accounting Standards Board (FASB). This alternative accounting treatment permits privately held companies meeting certain criteria from having to apply existing VIE consolidation guidance to common control leasing arrangements while maintaining compliance with GAAP. This alternative accounting guidance still requires certain disclosures pertaining to its relationship with the VIE entity, which have been disclosed in Note 9.

Cash and Cash Equivalents – Cash and cash equivalents include cash on hand, cash held in banks and all highly liquid investments purchased with original maturities of three months or less.

The Company maintains its cash and cash equivalents with banks, which, at times, may exceed the federally insured limit of \$250,000. Cash and cash equivalents with banks exceeded the limit by approximately \$26,256,000 at December 31, 2021 and \$26,494,000 at December 31, 2020. Management of the Company believes it is not exposed to any significant credit risk on its cash and cash equivalents. The Company has not experienced any significant losses in such accounts.

Accounts Receivable – The Company extends unsecured credit to its customers during the ordinary course of business but mitigates the associated risk by performing ongoing credit evaluations and actively pursuing past due accounts. Trade accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible accounts through a charge to earnings and a credit to the allowance for doubtful accounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to trade accounts receivable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Notes Receivable – During the ordinary course of business, customers may refinance their trade accounts receivable and create an installment loan. These loan terms are from one to five years with payments due weekly ranging between \$100 and \$480 including interest ranging between 10% and 17%. Interest is charged and recognized on the loans as payments are received. Management provides for probable uncollectible accounts through a charge to earnings and a credit to the allowance for doubtful accounts based on its assessment of the current status of individual accounts.

Receivables are considered to be past due based on the various contractual terms.

On December 31, 2021, contractual maturities of notes receivables were as follows:

2022	\$ 2,859,030
2023	3,704,381
2024	3,026,727
2025	2,038,758
2026	<u>948,886</u>
	<u>\$ 12,577,782</u>

Finance Receivables – Finance receivables, that management has the intent and ability to hold for the foreseeable future or until maturity or payoff, are reported at their outstanding unpaid principal balances reduced by any charge off or specific valuation accounts and net of any deferred financing fees or costs on originated loans. Deferred financing fees are amortized on a straight-line basis over a 36-month period which approximates the life of the finance receivables.

Allowance for loan losses is increased by charges to income and decreased by charge-offs (net of recoveries). Management's periodic evaluation of the adequacy of the allowance is based on the Company's past loan loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral and current economic conditions. Commercial loans are charged off when they are one hundred twenty days contractually past due.

From time to time, the Company sells finance receivables that have been previously charged off. Proceeds from sales of the loans were \$204,814 in 2021 and \$209,477 in 2020, and are included in the income from financing operations in the consolidated statements of operations.

Inventories – Inventories are valued at the lower of cost or market with cost determined by the last-in, first-out (LIFO) method. If the first-in, first-out (FIFO) method was used to value inventories, reported inventories would have been increased by \$5,931,566 and \$4,499,501 at December 31, 2021 and 2020, respectively, and net income after taxes would have increased by \$1,045,065 in 2021 and by \$666,962 in 2020.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Special Dealer Program – Deferred financing incentive expense for the special dealer program is amortized on a straight-line basis over a 36-month period. The amortization expense totaled \$26,250 in 2021 and \$110,000 in 2020. There are no remaining fees to be amortized in future years, and this program has ended as of December 31, 2021.

Investments, Designated – The Company designated investments to be used at a future date for the purpose of funding a portion of the deferred compensation liability. Designated investments have been deposited in a separate account during 2021 and 2020.

Goodwill – The Company recognized \$8,483,752 of goodwill related to Cornwell Quality Tools Company’s acquisition of CQT Kennedy, LLC on September 30, 2016. The Company accounts for goodwill in accordance with alternative accounting guidance issued by the FASB. This alternative accounting treatment permits privately held companies to amortize goodwill on a straight-line basis over a period not to exceed 10 years while maintaining compliance with GAAP. Goodwill is reviewed for possible impairment at least annually or more frequently upon the occurrence of an event or when circumstances indicate that the carrying amount is greater than its fair value. Management has determined that there is no impairment of goodwill for the years ended December 31, 2021 and 2020. Amortization expense totaled \$848,375 in 2021 and 2020, respectively, and accumulated amortization totaled \$4,453,969 at December 31, 2021 and \$3,605,594 at December 31, 2020. Goodwill will amortize at the annual amount of \$848,375 through September 2026.

Property, Plant and Equipment – Property, plant and equipment are recorded at cost. Major additions and improvements are charged to the property accounts while replacements, maintenance, and repairs which do not improve or extend the lives of the respective assets, are expensed currently. When property is retired or otherwise disposed of, the cost of the property is removed from the asset account, accumulated depreciation is charged with an amount equivalent to the depreciation provided, and any resulting gain or loss is charged or credited to operations.

Depreciation has been provided using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	4 to 35 years
Machinery and equipment	5 to 20 years
Office furniture and fixtures	3 to 10 years
Transportation equipment	3 to 5 years

Depreciation expense totaled \$1,458,064 in 2021 and \$1,373,119 in 2020.

Estimates – The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. While actual results could differ from those estimates, management does not expect those differences to be significant to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Advertising – Advertising primarily consists of the Company’s catalog, bulletins, flyers, sponsorships and advertising in national publications for the Company’s products, which are amortized over one year or less. Advertising expense was \$2,170,068 in 2021 and \$1,141,646 in 2020.

Income Taxes – The Company is taxed as a C-Corporation and, accordingly, a provision (benefit) for federal and state taxes has been recorded in the consolidated financial statements.

The Company recognizes deferred tax assets and liabilities for future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which the temporary differences are expected to be recovered or settled. The effect of deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred tax assets are reduced by a valuation allowance when management determines a portion or all of the deferred tax assets will more likely than not be recognized.

Revenue Recognition – The Company generates revenue from various financing programs that include: (i) installment sales contracts arising from tool dealers wishing to provide financing to their customers on an extended-term payment plan; and (ii) business loans to tool dealers for inventory. Interest income from finance receivables is recognized using the interest method. Accrual of interest income on finance receivables is suspended when a loan is contractually delinquent for one hundred twenty days or more. The accrual is resumed when the loan becomes contractually current, and past-due interest income is recognized at that time.

The decision to finance through the Company or another financing source is solely at the election of the customer. When assessing customers for potential financing, the Company considers various factors regarding ability to pay, including the customers’ financial condition, debt-servicing ability, past payment experience, and credit bureau and proprietary credit model information, as well as the value of the underlying collateral. See Note 5 for information on credit quality indicators and monitoring.

The Company enters into contracts with customers related to the selling of products. At contract inception, an assessment of the products promised in the contracts with customers is performed and a performance obligation is identified for each distinct promise to transfer to the customer a product (or bundle of products). To identify the performance obligations, the Company considers all of the products promised in the contract regardless of whether they are explicitly stated or are implied by customary business practices. Contracts with customers are comprised of customer purchase orders, invoices and written contracts.

Revenue from the sale of products is recognized at a point in time when the Company’s performance obligations are satisfied, which generally occurs at a point in time when title and control of the product is transferred to the customer at shipping point. Once a product has shipped, the customer is able to direct the use of, and obtain substantially all of the remaining benefits from the asset. Customer payments are typically due within 30 days of billing or over the terms set out in the financing program, depending on the contract.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Revenue Recognition, (continued) – In some cases, the nature of the Company’s contracts give rise to variable consideration, including weekly dealer volume discounts, rebates, credits, allowances for returns or other similar items that generally decrease the transaction price. These variable amounts generally are credited to the customer, based on achieving certain levels of sales activity or product returns.

In the normal course of business, the Company allows dealers to return product per the provisions in the franchise agreement that allow for the return of product in a saleable condition. For other customers, product returns are generally not accepted unless the item is defective as manufactured. Estimated product returns are recorded as a reduction in reported revenues at the time of sale based upon historical product return experience and is adjusted for known trends to arrive at the amount of consideration to which the Company expects to receive.

Variable consideration is estimated at the most likely amount that is expected to be earned. Estimated amounts are included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of the anticipated performance and all information (historical, current and forecasted) that is reasonably available.

Disaggregation of Revenue: All sales revenue results from product sales and is recognized at a point in time. Products are sold primarily to independent tool dealers and other industrial users throughout the United States of America and parts of Europe. Qualitative factors that affect revenue recognition and cash flows include, uninterrupted supply chain for components used to manufacture products, purchased products, availability of labor, and prompt payment by customers.

Performance Obligation: The Company’s contracts for the sale of products contain a single performance obligation. The performance obligation is satisfied when the product is shipped to the customer.

Significant Judgments and Estimates: Other than variable consideration previously noted there are no significant judgments involved in the recognition of revenue from the sale of products.

Shipping and Handling Costs – The Company has elected to treat shipping and handling costs as contract fulfillment activities. Shipping and handling revenue is included in sales and the related costs are included in cost of goods sold in the accompanying consolidated statements of operations.

Returned Goods – The Company sells both manufactured tools and products purchased from other manufacturers. For purchased products, it is the Company's policy to extend the full manufacturer's guarantee to the Company's customers. For manufactured items, the Company will, at its sole discretion, replace or repair an item if it is determined that the item has not given the user a fair value in terms of length of useful life. This policy is considered a promotional expense that generates goodwill with the customer and, as consistent with standard practices in this industry, these amounts are expensed as incurred. The Company’s policy is also considered an assurance warranty and therefore does not constitute variable consideration under Topic 606.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Fair Value – The Company applies fair value measurements in accordance with GAAP, which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Included in investments designated on the consolidated balance sheets, are money market funds with a fair value of \$158,562 and \$158,498 at December 31, 2021 and 2020, respectively. The designated investments are measured on a Level 1 basis at December 31, 2021 and 2020 as defined by GAAP.

Concentrations of Credit Risk – The Company performs ongoing credit evaluations of its customers and generally requires collateral only on financing and notes receivables with extended credit terms. The Company maintains reserves for potential credit losses and such losses have been within management's expectations.

New Accounting Pronouncements – In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, to increase the transparency and comparability about leases among entities. The new guidance requires lessees to recognize a lease liability and a corresponding lease asset for virtually all lease contracts. It also requires additional disclosures about leasing arrangements. ASU 2016-02, as amended by ASU No. 2020-05, is effective for non-public entities for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. ASU 2016-02 originally specified a modified retrospective transition method which requires the entity to initially apply the new lease standard at the beginning of the earliest period presented in the financial statements. In July 2018, FASB issued ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*, providing a second, optional transition method which allows the entity to apply the new standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The Company is currently assessing the impact of this new standard, including the two optional transition methods.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)*, to require the measurement of expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions and reasonable forecasts. The main objective of this ASU is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. ASU No. 2016-13, as amended by ASU No. 2019-11, is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years; the ASU allows for early adoption as of the beginning of an interim or annual reporting period beginning after December 15, 2018. The Company is currently assessing the impact this ASU will have on its consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Subsequent Events – Subsequent events are events or transactions that occur after year end but before financial statements are issued or are available to be issued. These events and transactions either provide additional evidence about conditions that existed at year end, including the estimates inherent in the process of preparing financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at year end but arose after that date (that is, non-recognized subsequent events).

Management of the Company has evaluated subsequent events through March 25, 2022, which was the date that these consolidated financial statements were available for issuance, and determined there are no significant non-recognized subsequent events through that date.

3. CHANGES IN THE VALUATION ALLOWANCE FOR TRADE ACCOUNTS RECEIVABLE AND NOTES RECEIVABLE

Changes in the valuation allowance for trade accounts receivable and notes receivable were as follows at December 31:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 334,000	\$ 328,000
Provision for bad debts	442,120	308,049
Write-offs	(530,401)	(356,656)
Recoveries	<u>87,281</u>	<u>54,607</u>
Balance, end of year	<u>\$ 333,000</u>	<u>\$ 334,000</u>

The allowance for doubtful accounts is presented net in the Company's consolidated balance sheets as follows at December 31:

	<u>2021</u>	<u>2020</u>
Accounts receivable, trade	\$ 83,000	\$ 84,000
Notes receivable	<u>250,000</u>	<u>250,000</u>
	<u>\$ 333,000</u>	<u>\$ 334,000</u>

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2021 and 2020

4. FINANCE RECEIVABLES

The Company engages in providing commercial financing services to tool dealers wishing to provide financing to their customers. The Company's finance receivables, which are comprised primarily of contracts with a maximum of 60 monthly installments, are as follows at December 31:

	<u>2021</u>	<u>2020</u>
Finance receivables	\$ 94,135,342	\$ 86,814,485
Deductions:		
Reserve for finance credit losses	(8,212,000)	(7,553,000)
Deferred financing fees	<u>(7,222,402)</u>	<u>(6,692,741)</u>
	78,700,940	72,568,744
Less current maturities	<u>19,007,487</u>	<u>17,446,649</u>
Long-term finance receivables	<u>\$ 59,693,453</u>	<u>\$ 55,122,095</u>

On December 31, 2021, contractual maturities of finance receivables were as follows:

2022	\$ 31,196,087
2023	29,338,749
2024	22,553,113
2025	9,952,331
2026	<u>1,095,062</u>
	<u>\$ 94,135,342</u>

Current maturities of finance receivables as reported on the consolidated balance sheet consist of gross receivables of \$31,196,087 less the reserve for finance credit losses of \$8,212,000 less the current portion of deferred financing fees of \$3,976,600.

It is the Company's experience that a substantial portion of the commercial loan portfolio generally is renewed or repaid before the contractual maturity dates. The above tabulation, therefore, is not regarded as a forecast of future cash collections. Cash collections of principal amounts of commercial loans totaled \$37,396,682 in 2021 and \$32,602,601 in 2020 and the ratios of these cash collections to average principal balances were approximately 41% in 2021 and 40% in 2020. Changes in the allowance for credit losses for finance receivables were as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 7,553,000	\$ 6,714,000
Provision for credit losses	4,922,000	5,248,000
Loans charged off	(4,754,000)	(5,018,000)
Recoveries	<u>491,000</u>	<u>609,000</u>
Balance, end of year	<u>\$ 8,212,000</u>	<u>\$ 7,553,000</u>

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2021 and 2020

5. CREDIT QUALITY OF FINANCE AND NOTES RECEIVABLES

The Company actively monitors the credit quality of finance and notes receivables by performing a credit worthiness analysis at the borrowing date, and at predetermined intervals throughout the time finance and notes receivables are outstanding. Credit for purchases under notes receivable is granted based on a review of the customer's Beacon credit score. Credit for purchases under finance receivables is granted based on an internally developed scoring method termed a Scorecard. The Scorecard was initially developed in June 2004 and has been revalidated in September 2008, 2012, 2016, February 2018, and September 2021. The Scorecard takes into account various credit quality indicators such as job history, public record information, collections, and prior delinquent accounts and then assigns a weighted score which is used in determining the customer's credit. In the February 2018 revalidation, the introduction of FICO scores as an additional qualifier was added. Before June 2004, the Company granted credit based on a customer's Beacon score or internally determined Blue Ribbon rating.

The finance receivables and notes receivable balances are based on the following credit quality indicators at December 31:

	<u>2021</u>	<u>2020</u>
Notes receivable:		
Beacon score > 650	<u>\$ 12,577,782</u>	<u>\$ 11,361,471</u>
Finance receivables:		
Blue Ribbon rating	<u>\$ 279,332</u>	<u>\$ 396,297</u>
Scorecard:		
415 - 419 – High risk	259,867	284,388
420 - 429	8,790,201	7,614,203
430 - 439	8,281,361	7,985,473
440 - 449	17,490,710	16,028,903
450 - 459	29,198,116	25,992,565
>= 460 – Low risk	<u>29,835,755</u>	<u>28,512,656</u>
Subtotal Scorecard	<u>93,856,010</u>	<u>86,418,188</u>
Total finance receivables	<u>\$ 94,135,342</u>	<u>\$ 86,814,485</u>

An aging analysis of the finance and notes receivables portfolio, based on customer repayment status is as follows at December 31:

	<u>2021</u>	<u>2020</u>
Current (not past due) notes receivable	<u>\$ 12,577,782</u>	<u>\$ 11,361,471</u>
Finance receivables:		
Current (not past due)	\$ 90,103,054	\$ 81,924,997
30-59 days past due	1,782,010	2,245,770
60-89 days past due	997,733	1,334,146
Greater than 90 days past due	<u>1,252,545</u>	<u>1,309,572</u>
Total finance receivables	<u>\$ 94,135,342</u>	<u>\$ 86,814,485</u>

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2021 and 2020

6. INVENTORIES

Inventories consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Raw materials	\$ 6,198,060	\$ 3,335,892
Work in process	3,427,525	2,418,961
Finished goods	<u>29,744,156</u>	<u>18,209,176</u>
	39,369,741	23,964,029
Less:		
Obsolescence reserve	280,000	100,000
LIFO reserve	<u>5,931,566</u>	<u>4,499,501</u>
Total inventories	<u>\$ 33,158,175</u>	<u>\$ 19,364,528</u>

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Land	\$ 692,495	\$ 692,495
Buildings and improvements	9,104,853	9,063,754
Machinery and equipment	12,555,920	12,099,339
Office furniture and fixtures	5,063,804	4,981,192
Transportation equipment	182,305	94,093
Construction in progress	<u>654,604</u>	<u>25,876</u>
	28,253,981	26,956,749
Less accumulated depreciation	<u>14,016,684</u>	<u>12,613,814</u>
Property, plant and equipment, net	<u>\$ 14,237,297</u>	<u>\$ 14,342,935</u>

Leasehold improvements are amortized over 4-35 years, which is the shorter of the useful life of the leasehold improvement or the lease term including renewal periods that are reasonably assured. The Company leases its office from a related party under a ten-year operating lease, ending November 2025. If the lease is not extended to equal the life of the leasehold improvements, the landlord has represented to the Company that it will be reimbursed for the remaining unamortized cost of the leasehold improvements.

Included in construction in progress at December 31, 2021 are costs related to the purchase of machinery and equipment with a total estimated cost of completion for approximately \$1,985,000.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2021 and 2020

8. FINANCING

The Company has a line of credit agreement with a bank. Under the terms of the agreement, the Company can borrow up to \$8,000,000, collateralized by substantially all owned assets of the Company. The agreement, which expires July 31, 2022, requires monthly interest payments at one-month LIBOR (London Interbank Offered Rate) plus 1.25%, with a LIBOR rate floor of 0.25% (one-month LIBOR was 0.07% at December 31, 2021). There is \$8,000,000 availability on this line of credit with no advances outstanding at December 31, 2021 and December 31, 2020.

The Company also has an agreement with a bank that is collateralized by substantially all owned assets of the Company that features a \$5,500,000 line of credit for the construction of a new warehouse and \$7,000,000 term note for the acquisition of a business. On January 5, 2018, the outstanding balance on the line of credit agreement for the construction of a new warehouse was converted into a \$4,880,000 term note. The term note is payable in monthly principal installments of \$40,667 plus interest at a fixed rate of 3.77%, with a balloon payment for the remaining principal owed on January 5, 2023. The amount outstanding on this term note totaled \$2,968,667 and \$3,456,667 at December 31, 2021 and 2020, respectively.

The \$7,000,000 term note for the acquisition of a business was payable in monthly principal installments of \$116,667 plus interest at one-month LIBOR (.07% at December 31, 2021) plus 1.25%, through October 5, 2021. The term note payable was paid in full as of December 31, 2021. The amount outstanding on this term note totaled \$1,166,667 as of December 31, 2020.

The following schedule of future maturities of long-term debt reflects the payment terms applicable under the term note agreements.

Year ending December 31:

2022	\$ 488,004
2023	<u>2,480,663</u>
	2,968,667
Less current maturities of long-term debt	<u>488,004</u>
	<u>\$ 2,480,663</u>

The line of credit and term debt agreements contain various covenants, the most restrictive of which requires the Company to maintain a minimum level of fixed charge coverage. The Company is in compliance with those covenants at December 31, 2021.

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2021 and 2020

9. OPERATING LEASES

The Company leases from unrelated parties various equipment and facilities under cancelable and non-cancelable operating leases with terms varying from less than one year to four years. Rent expense for these leases totaled \$358,016 in 2021 and \$308,497 in 2020. The following is a schedule of future minimum lease payments for operating leases with remaining terms of one year or more:

2022	\$ 297,215
2023	73,291
2024	20,703
2025	<u>3,697</u>
	<u>\$ 394,906</u>

The Company leases its warehouse and office facilities in Wadsworth, Ohio from a related party. The Company pays all insurance and operating costs associated with the real estate. Rent payments for these facilities totaled \$445,788 in 2021 and 2020. The following is a schedule of future minimum lease payments for these leases with remaining terms of one year or more:

2022	\$ 445,788
2023	445,788
2024	445,788
2025	<u>382,341</u>
	<u>\$ 1,719,705</u>

10. CAPITAL LEASES

The Company leases various manufacturing equipment under capital leases. The net book value of the manufacturing equipment under capital leases at December 31, 2021 and 2020 totaled \$25,562 and \$30,582, respectively. An obligation under capital leases has been recorded in the consolidated financial statements at the present value of future minimum lease payments.

Future minimum payments under the capital leases are as follows:

2022	<u>\$ 1,476</u>
------	-----------------

11. INCOME TAXES

The net income tax provision is comprised of the following:

	<u>2021</u>	<u>2020</u>
Current tax provision, federal	\$ 7,460,000	\$ 6,040,000
Current tax provision, state	1,845,000	1,563,000
Deferred tax benefit, federal and state	<u>(506,000)</u>	<u>(165,000)</u>
	<u>\$ 8,799,000</u>	<u>\$ 7,438,000</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2021 and 2020

11. INCOME TAXES, (Continued)

The difference between the effective tax rate for financial reporting of 27% in 2021 and 2020 and the federal and state statutory tax rates is due to applying actual state statutory tax rates and nondeductible items not included for financial reporting purposes.

Deferred income taxes are provided for the temporary differences between the tax basis and the financial reporting basis of the Company's assets and liabilities. The tax effects of temporary differences that give rise to significant portions of deferred tax assets (liabilities) consist of the following:

	<u>2021</u>	<u>2020</u>
Accounts and finance receivable allowance	\$ 2,367,000	\$ 2,185,000
Inventories	428,000	242,000
Accumulated depreciation on property	(1,898,000)	(1,981,000)
Accumulated amortization on goodwill	401,000	325,000
Liabilities and reserves	2,396,000	2,409,000
Deferred compensation	<u>370,000</u>	<u>378,000</u>
Total deferred tax asset, net	<u>\$ 4,064,000</u>	<u>\$ 3,558,000</u>

12. RETIREMENT PLANS

The Company maintains a profit-sharing plan covering substantially all salaried and hourly employees, having at least one year of service with the Company and attaining a certain age requirement. The amount of the contribution each year is at the sole discretion of the Board of Directors of the Company limited by Internal Revenue Service restrictions. There were no profit sharing contributions made to the plan in 2021 and 2020. The Plan includes 401(k) provisions. Under these provisions, employees may elect to contribute a portion of their compensation on a tax-deferred basis within the guidelines prescribed by the Internal Revenue Code. The Company may also make discretionary contributions to the plan each year. There were no discretionary contributions made to the plan in 2021 and 2020.

The Company also has a deferred compensation plan with officers that provides for the annual accrual of a portion of their salary until retirement. The agreements are contingent upon their continued employment with the Company and payable upon retirement. It also provides for payments to beneficiaries in the event of death. The Company is funding the future obligation by restricting investments, in an amount necessary to approximate the liability at retirement. In addition, during 2020, proceeds were received in settlement of the cash surrender value of an officer's life insurance policy. Expenses related to these agreements were \$81,000 in 2021 and \$80,000 in 2020.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2021 and 2020

13. EMPLOYEE STOCK OWNERSHIP PLAN

The Company has an employee stock ownership plan (ESOP) that covers substantially all salaried and hourly employees, who have obtained at least 1,000 hours of service. The contributions are determined at the sole discretion of the Board of Directors of the Company limited by Internal Revenue Service restrictions. Under the provisions of the ESOP, terminated participants may require the Company to repurchase their vested shares at fair market value.

As of December 31, 2020, the ESOP held 2,075 shares of stock, which have been fully allocated to participants and valued at \$23,930 per share by an independent and qualified appraisal firm (the "Appraiser"). Based on this value, the aggregate fair market value of the ESOP's shares was approximately \$49,655,000.

As of December 31, 2021, the ESOP held 2,075 shares of stock, which have been fully allocated to participants. The shares have an estimated value of \$28,050 per share as of December 31, 2021, or approximately \$58,204,000 in aggregate, subject to revision upon receipt of the final valuation from the Appraiser, which relies on this audit for financial and other data.

ESOP contribution expense was \$5,000,000 in 2021 and \$4,000,000 in 2020.

14. CONTINGENCIES

During the normal course of business, the Company is involved in routine legal matters that management intends to aggressively defend. Management believes the likelihood of any material adverse outcome to be remote.

The Company's past and present daily operations include activities which are subject to federal and state environmental regulations. Compliance with these regulations has not had, nor does the Company expect such compliance to have, a material effect upon net income, financial condition or competitive position of the Company.

15. MAJOR SUPPLIERS

Purchases from the Company's two largest suppliers accounted for approximately 41% and 46% of purchases during 2021 and 2020, respectively. Any disruptions in the supply chain from these suppliers could be substituted with purchases of similar products from other suppliers.

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

The Board of Directors of
Cornwell Quality Tools Company and Subsidiary:

We have audited the consolidated financial statements of Cornwell Quality Tools Company and Subsidiary as of and for the years ended December 31, 2021 and 2020, and our report thereon dated March 25, 2022, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1-2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements on pages 25-28 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The consolidated statements and accompanying note on pages 29-32 using the first-in, first-out (FIFO) method to value inventories are also presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

SiKich LLP

Akron, Ohio
March 25, 2022

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

SUPPLEMENTAL CONSOLIDATING BALANCE SHEET

December 31, 2021

ASSETS	Cornwell Quality Tools Company	CQT Kennedy, LLC	Eliminations	Consolidated
CURRENT ASSETS				
Cash and cash equivalents	\$ 24,468,881	\$ 3,574	\$ -	\$ 24,472,455
Accounts receivable, trade, net	8,665,002	456,704	-	9,121,706
Accounts receivable, subsidiary	22,032,569	8,513,823	(30,546,392)	-
Notes receivable, net	2,609,030	-	-	2,609,030
Finance receivables, net	19,007,487	-	-	19,007,487
Inventories	27,812,344	5,345,831	-	33,158,175
Prepaid expenses and other assets	1,310,393	34,313	-	1,344,706
Refundable income taxes	294,000	-	-	294,000
	<u>106,199,706</u>	<u>14,354,245</u>	<u>(30,546,392)</u>	<u>90,007,559</u>
NONCURRENT ASSETS				
Notes receivable, net of current portion	9,718,752	-	-	9,718,752
Finance receivables, net of current portion	59,693,453	-	-	59,693,453
Note receivable, subsidiary	12,435,791	-	(12,435,791)	-
Investment, subsidiary	1,000,000	-	(1,000,000)	-
Investments, designated	158,562	-	-	158,562
Property, plant and equipment, net	7,386,687	6,850,610	-	14,237,297
Goodwill, net	-	4,029,783	-	4,029,783
Deferred income tax asset	4,064,000	-	-	4,064,000
	<u>94,457,245</u>	<u>10,880,393</u>	<u>(13,435,791)</u>	<u>91,901,847</u>
TOTAL ASSETS	<u>\$ 200,656,951</u>	<u>\$ 25,234,638</u>	<u>\$ (43,982,183)</u>	<u>\$ 181,909,406</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Accounts payable	\$ 15,106,368	\$ 626,544	\$ -	\$ 15,732,912
Accounts payable, parent	8,513,823	22,032,569	(30,546,392)	-
Current maturities of capital lease obligation	-	1,476	-	1,476
Current maturities of long-term debt	488,004	-	-	488,004
Accrued expenses	2,680,265	224,483	-	2,904,748
Deferred compensation	116,950	-	-	116,950
Accrued taxes	141,910	56,317	-	198,227
	<u>27,047,320</u>	<u>22,941,389</u>	<u>(30,546,392)</u>	<u>19,442,317</u>
LONG-TERM LIABILITIES				
Long-term debt, less current maturities	2,480,663	-	-	2,480,663
Note payable, parent	-	12,435,791	(12,435,791)	-
Deferred compensation, less current portion	1,255,166	-	-	1,255,166
	<u>3,735,829</u>	<u>12,435,791</u>	<u>(12,435,791)</u>	<u>3,735,829</u>
Total liabilities	<u>30,783,149</u>	<u>35,377,180</u>	<u>(42,982,183)</u>	<u>23,178,146</u>
SHAREHOLDERS' EQUITY (DEFICIT)	<u>169,873,802</u>	<u>(10,142,542)</u>	<u>(1,000,000)</u>	<u>158,731,260</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 200,656,951</u>	<u>\$ 25,234,638</u>	<u>\$ (43,982,183)</u>	<u>\$ 181,909,406</u>

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

SUPPLEMENTAL CONSOLIDATING BALANCE SHEET

December 31, 2020

ASSETS	Cornwell Quality Tools Company	CQT Kennedy, LLC	Eliminations	Consolidated
CURRENT ASSETS				
Cash and cash equivalents	\$ 24,447,075	\$ 457,266	\$ -	\$ 24,904,341
Accounts receivable, trade, net	6,820,877	472,465	-	7,293,342
Accounts receivable, subsidiary	14,116,260	6,067,787	(20,184,047)	-
Notes receivable, net	2,295,218	-	-	2,295,218
Finance receivables, net	17,446,649	-	-	17,446,649
Inventories	15,295,412	4,069,116	-	19,364,528
Prepaid expenses and other assets	1,452,406	38,998	-	1,491,404
Total current assets	<u>81,873,897</u>	<u>11,105,632</u>	<u>(20,184,047)</u>	<u>72,795,482</u>
NONCURRENT ASSETS				
Notes receivable, net of current portion	8,816,253	-	-	8,816,253
Finance receivables, net of current portion	55,122,095	-	-	55,122,095
Note receivable, subsidiary	12,435,791	-	(12,435,791)	-
Investment, subsidiary	1,000,000	-	(1,000,000)	-
Investments, designated	158,498	-	-	158,498
Property, plant and equipment, net	7,270,425	7,072,510	-	14,342,935
Goodwill, net	-	4,878,158	-	4,878,158
Deferred income tax asset	3,558,000	-	-	3,558,000
Total noncurrent assets	<u>88,361,062</u>	<u>11,950,668</u>	<u>(13,435,791)</u>	<u>86,875,939</u>
TOTAL ASSETS	<u>\$ 170,234,959</u>	<u>\$ 23,056,300</u>	<u>\$ (33,619,838)</u>	<u>\$ 159,671,421</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Accounts payable	\$ 13,964,623	\$ 915,990	\$ -	\$ 14,880,613
Accounts payable, parent	6,067,787	14,116,260	(20,184,047)	-
Current maturities of capital lease obligation	-	10,278	-	10,278
Current maturities of long-term debt	1,654,671	-	-	1,654,671
Accrued expenses	2,902,907	230,306	-	3,133,213
Deferred compensation	109,194	-	-	109,194
Accrued taxes	228,585	65,816	-	294,401
Total current liabilities	<u>24,927,767</u>	<u>15,338,650</u>	<u>(20,184,047)</u>	<u>20,082,370</u>
LONG-TERM LIABILITIES				
Capital lease obligation, less current maturities	-	1,177	-	1,177
Long-term debt, less current maturities	2,968,663	-	-	2,968,663
Note payable, parent	-	12,435,791	(12,435,791)	-
Deferred compensation, less current portion	1,291,116	-	-	1,291,116
Total long-term liabilities	<u>4,259,779</u>	<u>12,436,968</u>	<u>(12,435,791)</u>	<u>4,260,956</u>
Total liabilities	<u>29,187,546</u>	<u>27,775,618</u>	<u>(32,619,838)</u>	<u>24,343,326</u>
SHAREHOLDERS' EQUITY (DEFICIT)	<u>141,047,413</u>	<u>(4,719,318)</u>	<u>(1,000,000)</u>	<u>135,328,095</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 170,234,959</u>	<u>\$ 23,056,300</u>	<u>\$ (33,619,838)</u>	<u>\$ 159,671,421</u>

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

SUPPLEMENTAL CONSOLIDATING STATEMENT OF OPERATIONS
for the year ended December 31, 2021

	Cornwell Quality Tools Company	CQT Kennedy, LLC	Eliminations	Consolidated
SALES	\$ 242,301,828	\$ 19,737,165	\$ (11,388,119)	\$ 250,650,874
Less: Dealer weekly volume incentives	4,967,398	-	-	4,967,398
Sales, net	237,334,430	19,737,165	(11,388,119)	245,683,476
COST OF GOODS SOLD	168,190,455	22,641,574	(11,388,119)	179,443,910
Gross profit	69,143,975	(2,904,409)	-	66,239,566
EXPENSES				
Shipping and warehousing	5,126,690	3,762	-	5,130,452
Selling	18,320,568	539,858	-	18,860,426
General and administrative	12,789,722	1,056,750	-	13,846,472
Employee stock ownership plan contribution	5,000,000	-	-	5,000,000
Goodwill amortization expense	-	848,375	-	848,375
Total expenses	41,236,980	2,448,745	-	43,685,725
Income (loss) before financing operations	27,906,995	(5,353,154)	-	22,553,841
FINANCING OPERATIONS				
Revenues	18,962,777	-	-	18,962,777
Other financing income	1,015,094	-	-	1,015,094
Total financing income	19,977,871	-	-	19,977,871
Expenses	6,784,722	-	-	6,784,722
Income from financing operations	13,193,149	-	-	13,193,149
Income (loss) from operations	41,100,144	(5,353,154)	-	35,746,990
OTHER INCOME (EXPENSE)				
Interest expense	(245,217)	(38,162)	-	(283,379)
Interest income	8,660	-	-	8,660
Other income (expense), net	(141,193)	(96)	-	(141,289)
Other income (expense), net	(377,750)	(38,258)	-	(416,008)
Income (loss) before taxes	40,722,394	(5,391,412)	-	35,330,982
PROVISION FOR INCOME TAXES	8,767,188	31,812	-	8,799,000
Net income (loss)	\$ 31,955,206	\$ (5,423,224)	\$ -	\$ 26,531,982

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

SUPPLEMENTAL CONSOLIDATING STATEMENT OF OPERATIONS
for the year ended December 31, 2020

	Cornwell Quality Tools Company	CQT Kennedy, LLC	Eliminations	Consolidated
SALES	\$ 200,502,634	\$ 16,628,148	\$ (9,212,290)	\$ 207,918,492
Less: Dealer weekly volume incentives	<u>3,747,048</u>	-	-	<u>3,747,048</u>
Sales, net	196,755,586	16,628,148	(9,212,290)	204,171,444
COST OF GOODS SOLD	<u>141,997,342</u>	<u>15,134,999</u>	<u>(9,212,290)</u>	<u>147,920,051</u>
Gross profit	<u>54,758,244</u>	<u>1,493,149</u>	-	<u>56,251,393</u>
EXPENSES				
Shipping and warehousing	3,721,692	-	-	3,721,692
Selling	16,379,179	550,411	-	16,929,590
General and administrative	10,418,172	1,035,550	-	11,453,722
Employee stock ownership plan contribution	4,000,000	-	-	4,000,000
Goodwill amortization expense	<u>-</u>	<u>848,375</u>	<u>-</u>	<u>848,375</u>
Total expenses	<u>34,519,043</u>	<u>2,434,336</u>	<u>-</u>	<u>36,953,379</u>
Income (loss) before financing operations	<u>20,239,201</u>	<u>(941,187)</u>	<u>-</u>	<u>19,298,014</u>
FINANCING OPERATIONS				
Revenues	17,208,434	-	-	17,208,434
Other financing income	<u>724,295</u>	<u>-</u>	<u>-</u>	<u>724,295</u>
Total financing income	17,932,729	-	-	17,932,729
Expenses	<u>7,092,884</u>	<u>-</u>	<u>-</u>	<u>7,092,884</u>
Income from financing operations	<u>10,839,845</u>	<u>-</u>	<u>-</u>	<u>10,839,845</u>
Income (loss) from operations	<u>31,079,046</u>	<u>(941,187)</u>	<u>-</u>	<u>30,137,859</u>
OTHER INCOME (EXPENSE)				
Interest expense	(267,277)	(73,806)	-	(341,083)
Interest income	7,085	-	-	7,085
Other income, net	<u>315,793</u>	<u>6,632</u>	<u>-</u>	<u>322,425</u>
Other income (expense), net	<u>55,601</u>	<u>(67,174)</u>	<u>-</u>	<u>(11,573)</u>
Income (loss) before taxes	31,134,647	(1,008,361)	-	30,126,286
PROVISION FOR INCOME TAXES	<u>7,417,438</u>	<u>20,562</u>	<u>-</u>	<u>7,438,000</u>
Net income (loss)	<u>\$ 23,717,209</u>	<u>\$ (1,028,923)</u>	<u>\$ -</u>	<u>\$ 22,688,286</u>

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

SUPPLEMENTAL CONSOLIDATED BALANCE SHEETS - FIFO BASIS

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 24,472,455	\$ 24,904,341
Accounts receivable, trade, net	9,121,706	7,293,342
Notes receivable, net	2,609,030	2,295,218
Finance receivables, net	19,007,487	17,446,649
Inventories	39,089,741	23,864,029
Prepaid expenses and other assets	1,344,706	1,491,404
Refundable income taxes	294,000	-
	<u>95,939,125</u>	<u>77,294,983</u>
NONCURRENT ASSETS		
Notes receivable, net of current portion	9,718,752	8,816,253
Finance receivables, net of current portion	59,693,453	55,122,095
Investments, designated	158,562	158,498
Property, plant and equipment, net	14,237,297	14,342,935
Goodwill, net	4,029,783	4,878,158
Deferred income tax asset	2,290,000	2,171,000
	<u>90,127,847</u>	<u>85,488,939</u>
TOTAL ASSETS	<u>\$ 186,066,972</u>	<u>\$ 162,783,922</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 15,732,912	\$ 14,880,613
Current maturities of capital lease obligation	1,476	10,278
Current maturities of long-term debt	488,004	1,654,671
Accrued expenses	2,904,748	3,133,213
Deferred compensation	116,950	109,194
Accrued taxes	198,227	294,401
	<u>19,442,317</u>	<u>20,082,370</u>
LONG-TERM LIABILITIES		
Capital lease obligation, less current maturities	-	1,177
Long-term debt, less current maturities	2,480,663	2,968,663
Deferred compensation, less current portion	1,255,166	1,291,116
	<u>3,735,829</u>	<u>4,260,956</u>
Total long-term liabilities	<u>3,735,829</u>	<u>4,260,956</u>
Total liabilities	<u>23,178,146</u>	<u>24,343,326</u>
SHAREHOLDERS' EQUITY	<u>162,888,826</u>	<u>138,440,596</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 186,066,972</u>	<u>\$ 162,783,922</u>

See accompanying notes to consolidated financial statements.

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

SUPPLEMENTAL CONSOLIDATED STATEMENTS OF OPERATIONS - FIFO BASIS
for the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
SALES	\$ 250,650,874	\$ 207,918,492
Less: Dealer weekly volume incentives	4,967,398	3,747,048
Sales, net	245,683,476	204,171,444
COST OF GOODS SOLD	<u>178,011,845</u>	<u>147,006,089</u>
Gross profit	<u>67,671,631</u>	<u>57,165,355</u>
EXPENSES		
Shipping and warehousing	5,130,452	3,721,692
Selling	18,860,426	16,929,590
General and administrative	13,846,472	11,453,722
Employee stock ownership plan contribution	5,000,000	4,000,000
Goodwill amortization expense	<u>848,375</u>	<u>848,375</u>
Total expenses	<u>43,685,725</u>	<u>36,953,379</u>
Income before financing operations	<u>23,985,906</u>	<u>20,211,976</u>
FINANCING OPERATIONS		
Revenues	18,962,777	17,208,434
Other financing income	<u>1,015,094</u>	<u>724,295</u>
Total financing income	19,977,871	17,932,729
Expenses	<u>6,784,722</u>	<u>7,092,884</u>
Income from financing operations	<u>13,193,149</u>	<u>10,839,845</u>
Income from operations	<u>37,179,055</u>	<u>31,051,821</u>
OTHER INCOME (EXPENSE)		
Interest expense	(283,379)	(341,083)
Interest income	8,660	7,085
Other income (expense), net	<u>(141,289)</u>	<u>322,425</u>
Other expense, net	<u>(416,008)</u>	<u>(11,573)</u>
Income before taxes	36,763,047	31,040,248
PROVISION FOR INCOME TAXES	<u>9,186,000</u>	<u>7,685,000</u>
Net income	<u>\$ 27,577,047</u>	<u>\$ 23,355,248</u>

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

SUPPLEMENTAL CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY - FIFO BASIS
for the years ended December 31, 2021 and 2020

	* Voting Common Stock		Additional Paid-In Capital	Retained Earnings	Total Shareholders' Equity
	Shares Issued	Amount			
BALANCES, DECEMBER 31, 2019	10,635	\$ 106,350	\$ 1,644,189	\$ 115,239,537	\$ 116,990,076
Net income	-	-	-	23,355,248	23,355,248
Dividends paid	-	-	-	(1,904,728)	(1,904,728)
BALANCES, DECEMBER 31, 2020	10,635	106,350	1,644,189	136,690,057	138,440,596
Net income	-	-	-	27,577,047	27,577,047
Dividends paid	-	-	-	(3,128,817)	(3,128,817)
BALANCES, DECEMBER 31, 2021	<u>10,635</u>	<u>\$ 106,350</u>	<u>\$ 1,644,189</u>	<u>\$ 161,138,287</u>	<u>\$ 162,888,826</u>

* Common stock, voting, \$10 par value, 25,000 shares authorized with 10,635 shares issued and outstanding at December 31, 2021 and 2020.

NOTE TO SUPPLEMENTAL CONSOLIDATED FINANCIAL STATEMENTS – FIFO BASIS
for the years ended December 31, 2021 and 2020

1. BASIS OF PRESENTATION

The accompanying supplemental consolidated balance sheets, statements of operations and changes in shareholders' equity as of December 31, 2021 and 2020 and for the years then ended have been prepared in accordance with accounting principles generally accepted in the United States of America as applied by the Company in its historical financial statements, adjusted for the following:

Inventories – are valued at the lower of cost or net realizable value with costs determined by the first-in, first-out (FIFO) method.

Inventories stated on the basis referred to in the preceding paragraph are as follows:

	<u>2021</u>	<u>2020</u>
Raw materials	\$ 6,198,060	\$ 3,335,892
Work in process	3,427,525	2,418,961
Finished goods	<u>29,744,156</u>	<u>18,209,176</u>
	39,369,741	23,964,029
Less obsolescence reserve	<u>280,000</u>	<u>100,000</u>
	<u>\$ 39,089,741</u>	<u>\$ 23,864,029</u>

The income tax effect has been provided on the increase/decrease in inventory value at the statutory federal and state tax rates. The tax effect decreased the deferred tax assets by \$1,774,000 in 2021 and \$1,387,000 in 2020. The tax effect increased the provision for income taxes by \$387,000 in 2021 and \$247,000 in 2020.

The Company uses the LIFO (last-in, first-out) method for its historical consolidated financial statements because it better matches costs and revenues.



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CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

Members of American Institute of Certified Public Accountants

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We agree to the inclusion in the franchise offering circular of our report, dated March 25, 2022, on our audit of the consolidated financial statements of Cornwell Quality Tools Company and Subsidiary.

Sikich LLP

Akron, Ohio
April 4, 2022



Cornwell Quality Tools Company and Subsidiary

Consolidated Financial Statements
December 31, 2022 and 2021

Cohen & Co

cohenpa.com

CORNWELL QUALITY TOOLS COMPANY AND SUBSIDIARY

DECEMBER 31, 2022 AND 2021

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Independent Auditor's Report

Board of Directors of
Cornwell Quality Tools Company and Subsidiary

Opinion

We have audited the accompanying consolidated financial statements of Cornwell Quality Tools Company and Subsidiary (an Ohio corporation), which comprise the consolidated balance sheet as of December 31, 2022, and the related consolidated statements of operations, changes in shareholders' equity and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cornwell Quality Tools Company and Subsidiary as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Consolidated Financial Statements section of our report. We are required to be independent of Cornwell Quality Tools Company and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Adoption of New Accounting Standard

As discussed in Note 2 to the consolidated financial statements, in 2022, the Company adopted Accounting Standards Codification 842, *Leases*. Our opinion is not modified with respect to this matter.

Prior Period Consolidated Financial Statements

The consolidated financial statements of Cornwell Quality Tools Company and Subsidiary as of December 31, 2021, were audited by other auditors whose report dated March 25, 2022, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cornwell Quality Tools Company and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Cornwell Quality Tools Company and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cornwell Quality Tools Company and Subsidiary'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.

Cohen & Company Ltd.

Cleveland, Ohio
March 29, 2023

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 19,433,675	\$ 24,472,455
Accounts receivable, trade - Net	10,017,373	9,121,706
Notes receivable - Net	2,920,164	2,609,030
Finance receivables - Net	21,249,210	19,007,487
Inventories - Net	41,061,681	33,158,175
Prepaid expenses and other assets	1,949,173	1,344,706
Refundable income taxes	205,000	294,000
Total current assets	<u>96,836,276</u>	<u>90,007,559</u>
NONCURRENT ASSETS		
Notes receivable, net of current portion	11,429,113	9,718,752
Finance receivables, net of current portion	65,818,519	59,693,453
Investments, designated	161,109	158,562
Property, plant and equipment - Net	17,536,620	14,237,297
Operating lease right-of-use assets	6,308,869	-
Goodwill - Net	3,181,407	4,029,783
Deferred income tax asset	4,010,000	4,064,000
Total noncurrent assets	<u>108,445,637</u>	<u>91,901,847</u>
TOTAL ASSETS	<u>\$ 205,281,913</u>	<u>\$ 181,909,406</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 14,661,121	\$ 15,732,912
Current maturities of capital lease obligation	-	1,476
Current maturities of long-term debt	-	488,004
Current portion of operating lease liabilities	562,857	-
Accrued expenses	3,462,293	2,904,748
Deferred compensation	125,226	116,950
Accrued taxes	233,605	198,227
Total current liabilities	<u>19,045,102</u>	<u>19,442,317</u>
LONG-TERM LIABILITIES		
Long-term debt, less current maturities	-	2,480,663
Long-term portion of operating lease liabilities	5,755,118	-
Deferred compensation, less current portion	1,202,553	1,255,166
Total long-term liabilities	<u>6,957,671</u>	<u>3,735,829</u>
TOTAL LIABILITIES	<u>26,002,773</u>	<u>23,178,146</u>
CONTINGENCIES		
SHAREHOLDERS' EQUITY		
	<u>179,279,140</u>	<u>158,731,260</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 205,281,913</u>	<u>\$ 181,909,406</u>

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF OPERATIONS

YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
SALES	\$ 261,700,918	\$ 250,650,874
Less: Dealer weekly volume incentives	<u>4,853,504</u>	<u>4,967,398</u>
Sales - Net	256,847,414	245,683,476
 COST OF GOODS SOLD	 <u>189,302,096</u>	 <u>179,443,910</u>
Gross profit	<u>67,545,318</u>	<u>66,239,566</u>
 EXPENSES		
Shipping and warehousing	6,303,177	5,130,452
Selling	22,437,835	18,860,426
General and administrative	14,328,545	13,846,472
Employee stock ownership plan contribution	5,000,000	5,000,000
Goodwill amortization expense	<u>848,375</u>	<u>848,375</u>
Total expenses	<u>48,917,932</u>	<u>43,685,725</u>
 Income before financing operations	 <u>18,627,386</u>	 <u>22,553,841</u>
 FINANCING OPERATIONS		
Revenues	19,598,514	18,962,777
Other financing income	<u>1,069,676</u>	<u>1,015,094</u>
 Total financing income	 20,668,190	 19,977,871
 Expenses	 <u>7,213,203</u>	 <u>6,784,722</u>
Income from financing operations	<u>13,454,987</u>	<u>13,193,149</u>
Income from operations	<u>32,082,373</u>	<u>35,746,990</u>
 OTHER INCOME (EXPENSE)		
Interest expense	(247,651)	(283,379)
Interest income	325,161	8,660
Other expense - Net	<u>(65,870)</u>	<u>(141,289)</u>
 Other income (expense) - Net	 <u>11,640</u>	 <u>(416,008)</u>
 Income before taxes	 32,094,013	 35,330,982
 PROVISION FOR INCOME TAXES	 <u>8,204,498</u>	 <u>8,799,000</u>
 NET INCOME	 <u>\$ 23,889,515</u>	 <u>\$ 26,531,982</u>

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

YEARS ENDED DECEMBER 31, 2022 AND 2021

	* Voting Common Stock		Additional Paid-In Capital	Retained Earnings	Total Shareholders' Equity
	Shares Issued	Amount			
BALANCE - JANUARY 1, 2021	10,635	\$ 106,350	\$ 1,644,189	\$ 133,577,556	\$ 135,328,095
Net income	-	-	-	26,531,982	26,531,982
Dividends paid	-	-	-	(3,128,817)	(3,128,817)
BALANCE - DECEMBER 31, 2021	10,635	106,350	1,644,189	156,980,721	158,731,260
Net income	-	-	-	23,889,515	23,889,515
Dividends paid	-	-	-	(3,341,635)	(3,341,635)
BALANCE - DECEMBER 31, 2022	<u>10,635</u>	<u>\$ 106,350</u>	<u>\$ 1,644,189</u>	<u>\$ 177,528,601</u>	<u>\$ 179,279,140</u>

* Common stock, voting, \$10 par value, 25,000 shares authorized with 10,635 shares issued and outstanding at December 31, 2022 and 2021.

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOW

YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 274,163,137	\$ 262,033,263		
Cash paid to suppliers and employees	(246,024,091)	(234,869,277)		
Cash paid to related party	(454,894)	(445,788)		
Interest received (paid) - Net	79,558	(272,281)		
Income taxes paid	(8,052,391)	(9,680,000)		
Net cash from operating activities	<u>19,711,319</u>	<u>16,765,917</u>		
CASH FLOWS FROM INVESTING ACTIVITIES				
Finance receivables originated	(53,470,840)	(48,450,878)		
Finance receivables repaid	39,955,427	37,396,682		
Deposits in investments - Designated	(2,547)	(64)		
Capital expenditures	(4,920,361)	(1,352,426)		
Proceeds on disposal of property and equipment	-	2,346		
Net cash from investing activities	<u>(18,438,321)</u>	<u>(12,404,340)</u>		
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayments of capital lease obligation	(1,476)	(9,979)		
Repayments of long-term debt	(2,968,667)	(1,654,667)		
Cash dividends paid	(3,341,635)	(3,128,817)		
Net cash from financing activities	<u>(6,311,778)</u>	<u>(4,793,463)</u>		
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(5,038,780)</u>	<u>(431,886)</u>		
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>24,472,455</u>	<u>24,904,341</u>		
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 19,433,675</u>	<u>\$ 24,472,455</u>		
RECONCILIATION OF NET INCOME TO NET CASH FROM OPERATING ACTIVITIES:				
Net income	\$ 23,889,515	\$ 26,531,982		
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH FROM OPERATING ACTIVITIES:				
Provision for finance credit losses	5,148,624	4,922,000		
Provision for uncollectible accounts and notes receivables	369,435	442,120		
Change in LIFO reserve	2,537,306	1,432,065		
Change in inventory obsolescence reserve	112,256	180,000		
Depreciation	1,621,038	1,484,314		
Goodwill amortization	848,376	848,375		
Operating lease expense	577,476	-		
Gain on disposal of property and equipment	-	(2,346)		
Change in deferred income tax asset	54,000	(506,000)		
(Increase) decrease in operating assets:				
Accounts receivable, trade	(1,265,102)	(2,270,484)		
Notes receivable	(2,021,495)	(1,216,311)		
Inventories	(10,553,068)	(15,405,712)		
Prepaid expenses and other assets	(604,467)	120,448		
Refundable income taxes	89,000	(294,000)		
Increase (decrease) in operating liabilities:				
Accounts payable	(1,071,791)	852,299		
Accrued expenses	557,545	(228,465)		
Accrued taxes	35,378	(96,174)		
Operating lease liabilities	(568,370)	-		
Deferred compensation	(44,337)	(28,194)		
Total adjustments	<u>(4,178,196)</u>	<u>(9,766,065)</u>		
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 19,711,319</u>	<u>\$ 16,765,917</u>		
SUPPLEMENTAL FINANCIAL INFORMATION				
Cash paid for operating leases	<u>\$ 671,338</u>	<u>\$ -</u>		
NONCASH INVESTING AND FINANCING ACTIVITY				
Right-of-use assets obtained in exchange for operating lease liabilities	<u>\$ 6,886,345</u>	<u>\$ -</u>		

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

Cornwell Quality Tools Company and Subsidiary (the Company) is a manufacturer and distributor of hand-held tools, toolboxes, diagnostic equipment and other related products for mechanics, primarily in the automotive business. The Company sells its products to independent dealers and other industrial users throughout the United States of America and parts of Europe. Purchased parts account for approximately 93% of sales in 2022 and 2021, respectively. The Company maintains manufacturing facilities in Ohio and Pennsylvania and distribution centers in Ohio and Utah.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements of Cornwell Quality Tools Company and Subsidiary include the accounts of Cornwell Quality Tools and its wholly owned subsidiary, CQT Kennedy, LLC, collectively referred to as the Company. All significant intercompany transactions have been eliminated in consolidation.

Basis of Accounting

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Variable Interest Entity

The Company is the primary beneficiary of an affiliated leasing entity that was formed for the purpose of holding real estate which is leased to the Company. The affiliated leasing entity generates substantially all of its revenue from the Company. The Company accounts for the variable interest entity (VIE) under the alternative accounting guidance issued by the Financial Accounting Standards Board (FASB). This alternative accounting treatment permits privately held companies meeting certain criteria from having to apply existing VIE consolidation guidance to common control leasing arrangements while maintaining compliance with GAAP. This alternative accounting guidance still requires certain disclosures pertaining to its relationship with the VIE entity, which have been disclosed in Note 9.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash held in banks and all highly liquid investments purchased with original maturities of three months or less. The Company's cash balances at banks may, at times, exceed the limits of related federal deposit insurance. The Company has not experienced any losses, material or otherwise, due to this concentration.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

The Company extends unsecured credit to its customers during the ordinary course of business but mitigates the associated risk by performing ongoing credit evaluations and actively pursuing past due accounts. Trade accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible accounts through a charge to earnings and a credit to the allowance for doubtful accounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to trade accounts receivable. The opening balance of accounts receivable - net as of January 1, 2021, was \$7,293,342.

Notes Receivable

During the ordinary course of business, customers may refinance their trade accounts receivable and create an installment loan. These loan terms are typically from one to five years with payments due weekly ranging between \$218 and \$417 including interest ranging between 10% and 17%. Interest is charged and recognized on the loans as payments are received. Management provides for probable uncollectible accounts through a charge to earnings and a credit to the allowance for doubtful accounts based on its assessment of the current status of individual accounts. As of December 31, 2022 and 2021, the Company had an allowance for uncollectible accounts of \$250,000.

Receivables are considered to be past due based on the various contractual terms.

On December 31, 2022, contractual maturities of gross notes receivables were as follows:

2023	\$ 3,170,164
2024	4,239,693
2025	3,405,977
2026	2,380,212
2027	966,621
Thereafter	436,610
	<u>\$ 14,599,277</u>

Finance Receivables

Finance receivables, that management has the intent and ability to hold for the foreseeable future, or until maturity or payoff, are reported at their outstanding unpaid principal balances reduced by any charge off or specific valuation accounts and net of any deferred financing fees or costs on originated loans. Deferred financing fees are amortized on a straight-line basis over a 36-month period which approximates the life of the finance receivables.

Allowance for loan losses is increased by charges to income and decreased by charge-offs (net of recoveries). Management's periodic evaluation of the adequacy of the allowance is based on the Company's past loan loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral and current economic conditions. Commercial loans are charged off when they are one hundred twenty days contractually past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Finance Receivables (continued)

From time to time, the Company sells finance receivables that have been previously charged off. Proceeds from sales of the loans were \$200,364 in 2022 and \$204,814 in 2021 and are included in the income from financing operations in the consolidated statements of operations.

Inventories

Inventories are valued at the lower of cost or market with cost determined by the last-in, first-out (LIFO) method. If the first-in, first-out (FIFO) method was used to value inventories, reported inventories would have increased by \$8,468,872 and \$5,931,566 at December 31, 2022 and 2021, respectively, and net income after taxes would have increased by \$1,852,306 in 2022 and by \$1,045,065 in 2021.

Special Dealer Program

Deferred financing incentive expense for the special dealer program is amortized on a straight-line basis over a 36-month period. The program ended as of December 31, 2021, therefore, there are no remaining fees to amortize in 2022, or in future years. Amortization expense totaled \$26,250 in 2021.

Investments - Designated

The Company designated investments to be used at a future date for the purpose of funding a portion of the deferred compensation liability. Designated investments have been deposited in a separate account during 2022 and 2021.

Goodwill

The Company recognized \$8,483,752 of goodwill related to Cornwell Quality Tools Company's acquisition of CQT Kennedy, LLC. The Company accounts for goodwill in accordance with alternative accounting guidance issued by the FASB. This alternative accounting treatment permits privately held companies to amortize goodwill on a straight-line basis over a period not to exceed 10 years while maintaining compliance with GAAP. Goodwill is reviewed for possible impairment at least annually or more frequently upon the occurrence of an event or when circumstances indicate that the carrying amount is greater than its fair value. Management has determined that there is no impairment of goodwill for the years ended December 31, 2022 and 2021. Amortization expense totaled \$848,376 in 2022 and \$848,375 in 2021, respectively, and accumulated amortization totaled \$5,302,345 at December 31, 2022 and \$4,453,969 at December 31, 2021. Goodwill will amortize at the annual amount of \$848,376 in 2023, 2024, and 2025, with the remaining amount of \$636,279 being amortized in 2026.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Major additions and improvements are charged to the property accounts while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets, are expensed currently. When property is retired or otherwise disposed of, the cost of the property is removed from the asset account, accumulated depreciation is charged with an amount equivalent to the depreciation provided, and any resulting gain or loss is charged or credited to operations.

Depreciation has been provided using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	4 to 35 years
Machinery and equipment	5 to 20 years
Office furniture and fixtures	3 to 10 years
Transportation equipment	3 to 5 years

Depreciation expense totaled \$1,621,038 in 2022 and \$1,484,314 in 2021.

Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. While actual results could differ from those estimates, management does not expect those differences to be significant to the consolidated financial statements.

Advertising

Advertising primarily consists of the Company's catalog, bulletins, flyers, sponsorships and advertising in national publications for the Company's products, which are amortized over one year or less. Advertising expense was \$2,911,439 in 2022 and \$2,170,068 in 2021.

Income Taxes

The Company is taxed as a C-Corporation and, accordingly, a provision (benefit) for federal and state taxes has been recorded in the consolidated financial statements.

The Company recognizes deferred tax assets and liabilities for future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which the temporary differences are expected to be recovered or settled. The effect of deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred tax assets are reduced by a valuation allowance when management determines a portion or all of the deferred tax assets will more likely than not be recognized.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Company generates revenue from various financing programs that include: (i) installment sales contracts arising from tool dealers wishing to provide financing to their customers on an extended-term payment plan and (ii) business loans to tool dealers for inventory. Interest income from finance receivables is recognized using the interest method. Accrual of interest income on finance receivables is suspended when a loan is contractually delinquent for 120 days or more. The accrual is resumed when the loan becomes contractually current, and past due interest income is recognized at that time.

The decision to finance through the Company or another financing source is solely at the election of the customer. When assessing customers for potential financing, the Company considers various factors regarding ability to pay, including the customers' financial condition, debt-servicing ability, past payment experience and credit bureau and proprietary credit model information, as well as the value of the underlying collateral. See Note 5 for information on credit quality indicators and monitoring.

The Company enters into contracts with customers related to the selling of products. At contract inception, an assessment of the products promised in the contracts with customers is performed and a performance obligation is identified for each distinct promise to transfer to the customer a product (or bundle of products). To identify the performance obligations, the Company considers all of the products promised in the contract regardless of whether they are explicitly stated or are implied by customary business practices. Contracts with customers are comprised of customer purchase orders, invoices and written contracts.

Revenue from the sale of products is recognized at a point in time when the Company's performance obligations are satisfied, which generally occurs at a point in time when title and control of the product is transferred to the customer at shipping point. Once a product has shipped, the customer is able to direct the use of, and obtain substantially all of the remaining benefits from the asset. Customer payments are typically due within 30 days of billing or over the terms set out in the financing program, depending on the contract.

In some cases, the nature of the Company's contracts give rise to variable consideration, including weekly dealer volume discounts, rebates, credits, allowances for returns or other similar items that generally decrease the transaction price. These variable amounts generally are credited to the customer, based on achieving certain levels of sales activity or product returns.

In the normal course of business, the Company allows dealers to return product per the provisions in the franchise agreement that allow for the return of product in a saleable condition. For other customers, product returns are generally not accepted unless the item is defective as manufactured. Estimated product returns are recorded as a reduction in reported revenues at the time of sale based upon historical product return experience and is adjusted for known trends to arrive at the amount of consideration to which the Company expects to receive.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (continued)

Variable consideration is estimated at the most likely amount that is expected to be earned. Estimated amounts are included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of the anticipated performance and all information (historical, current and forecasted) that is reasonably available.

Disaggregation of Revenue

All sales revenue results from product sales and is recognized at a point in time. Products are sold primarily to independent tool dealers and other industrial users throughout the United States of America and parts of Europe. Qualitative factors that affect revenue recognition and cash flows include, uninterrupted supply chain for components used to manufacture products, purchased products, availability of labor, and prompt payment by customers.

Performance Obligation

The Company's contracts for the sale of products contain a single performance obligation. The performance obligation is satisfied when the product is shipped to the customer.

Significant Judgments and Estimates

Other than variable consideration previously noted, there are no significant judgments involved in the recognition of revenue from the sale of products.

Shipping and Handling Costs

The Company has elected to treat shipping and handling costs as contract fulfillment activities. Shipping and handling revenue is included in sales and the related costs are included in cost of goods sold in the accompanying consolidated statements of operations.

Returned Goods

The Company sells both manufactured tools and products purchased from other manufacturers. For purchased products, it is the Company's policy to extend the full manufacturer's guarantee to the Company's customers. For manufactured items, the Company will, at its sole discretion, replace or repair an item if it is determined that the item has not given the user a fair value in terms of length of useful life. This policy is considered a promotional expense that generates goodwill with the customer and, as consistent with standard practices in this industry, these amounts are expensed as incurred. The Company's policy is also considered an assurance warranty and, therefore, does not constitute variable consideration.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value

The Company applies fair value measurements in accordance with GAAP, which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

At December 31, 2022 and 2021, included in investments designated on the consolidated balance sheets, are money market funds with a fair value of \$161,109 and \$158,562, respectively. The designated investments are measured on a Level 1 basis at December 31, 2022 and 2021, as defined by GAAP.

Concentrations of Credit Risk

The Company performs ongoing credit evaluations of its customers and generally requires collateral only on financing and notes receivables with extended credit terms. The Company maintains reserves for potential credit losses and such losses have been within management's expectations.

Adoption of New Accounting Pronouncement - Leases

In February 2016, the FASB issued accounting standards update (ASU) 2016-02, *Leases* (known as FASB Accounting Standards Codification [ASC] 842) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the consolidated balance sheet. Most prominent among the changes in ASC 842 is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, expanded disclosures are required about the nature and terms of lease agreements to enable users of the consolidated financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. The comparative information presented in the accompanying consolidated financial statements continues to be reported under prior lease guidance in accordance with ASC 840.

The Company adopted the provisions of ASC 842 effective January 1, 2022, and recognized and measured leases existing at, or entered into after the beginning of the period of adoption, with certain practical expedients available. The adoption of ASC 842 had a material impact on the Company's consolidated balance sheet but did not have a material impact on the Company's consolidated statements of operations, shareholders' equity and cash flows. No cumulative adjustment to retained earnings was needed upon adoption. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases. The Company does not have any finance leases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Pronouncement - Leases (continued)

Concurrent with the adoption of ASC 842, the Company elected the following implementation package of practical expedients: to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of ASC 842, the Company recognized operating lease liabilities of \$6,117,845 on January 1, 2022, which represents the present value of the remaining operating lease payments of \$6,769,409 discounted using the risk-free rate, and related ROU assets of the same amounts.

Leases

The Company determines if an arrangement is, or contains, a lease at the inception date. In evaluating contracts to determine if they qualify as a lease, the Company considers factors such as if the Company has obtained substantially all of the rights to the underlying asset through exclusivity, if the Company can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and lease liabilities are recognized at the commencement date based primarily on the present value of lease payments over the lease term. In determining the discount rate used to measure the ROU assets and lease liabilities, the Company uses rates implicit in the lease, when available. If the rate implicit in the lease is not readily available, the Company has elected to use a risk-free rate for all classes of assets. The risk-free rate used is the U.S. Treasury Bill Rate in effect at the commencement of the lease for a similar term. The operating lease ROU assets also include any lease payments made at commencement and exclude lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense is recognized on a straight-line basis over the lease term.

The Company elected to apply the short-term lease exemption. Under this exemption, ROU assets and lease liabilities are not recognized for leases with an initial term of 12 months or less. The Company does not currently have any short-term lease arrangements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (continued)

The Company has lease agreements with both lease and non-lease components, which are generally accounted for separately. In allocating consideration in the contract to the separate lease components and the non-lease components, the Company uses the standalone prices of the lease and non-lease components. Observable standalone prices are used, if available. If the standalone price for a component has a high level of variability or uncertainty, this allocation may require significant judgment.

The Company has certain leases which are triple net leases, whereby the lessee pays all utilities, insurance, real estate taxes and maintenance associated with the property. These costs are considered to be lessee costs recognized in the consolidated statement of operations in the period in which the related obligation is incurred.

Leases Prior to the Adoption of ASC 842

Prior to the adoption of ASC 842, under ASC 840, lease expenses related to operating leases were recognized on a straight-line basis over the lease term with disclosures made regarding future minimum payments. Prior to the adoption of ASC 842, there was no recognition of operating leases on the consolidated balance sheet.

Subsequent Events

Management of the Company has evaluated subsequent events through March 29, 2023, which was the date that these consolidated financial statements were available for issuance and determined there are no significant non-recognized subsequent events through that date.

3. CHANGES IN THE VALUATION ALLOWANCE FOR TRADE ACCOUNTS RECEIVABLE AND NOTES RECEIVABLE

Changes in the valuation allowance for trade accounts receivable and notes receivable were as follows at December 31:

	<u>2022</u>	<u>2021</u>
Balance - beginning of year	\$ 333,000	\$ 334,000
Provision for bad debts	369,435	442,120
Write-offs	(413,994)	(530,401)
Recoveries	<u>59,559</u>	<u>87,281</u>
Balance - end of year	<u>\$ 348,000</u>	<u>\$ 333,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. CHANGES IN THE VALUATION ALLOWANCE FOR TRADE ACCOUNTS RECEIVABLE AND NOTES RECEIVABLE (Continued)

The allowance for doubtful accounts is presented net in the Company's consolidated balance sheets as follows at December 31:

	<u>2022</u>	<u>2021</u>
Accounts receivable, trade	\$ 98,000	\$ 83,000
Notes receivable	<u>250,000</u>	<u>250,000</u>
	<u>\$ 348,000</u>	<u>\$ 333,000</u>

4. FINANCE RECEIVABLES

The Company engages in providing commercial financing services to tool dealers wishing to provide financing to their customers. The Company's finance receivables, which are comprised primarily of contracts with a maximum of 60 monthly installments, are as follows at December 31:

	<u>2022</u>	<u>2021</u>
Finance receivables	\$ 103,852,157	\$ 94,135,342
Deductions:		
Reserve for finance credit losses	(9,046,877)	(8,212,000)
Deferred financing fees	<u>(7,737,551)</u>	<u>(7,222,402)</u>
	87,067,729	78,700,940
Less current maturities	<u>21,249,210</u>	<u>19,007,487</u>
Long-term finance receivables	<u>\$ 65,818,519</u>	<u>\$ 59,693,453</u>

On December 31, 2022, contractual maturities of finance receivables were as follows:

2023	\$ 34,584,448
2024	32,054,405
2025	24,975,577
2026	11,101,839
2027	<u>1,135,888</u>
	<u>\$ 103,852,157</u>

At December 31, 2022, current maturities of finance receivables as reported on the consolidated balance sheet consist of gross receivables of \$34,584,448 less the reserve for finance credit losses of \$9,046,877 less the current portion of deferred financing fees of \$4,288,361.

At December 31, 2021, current maturities of finance receivables as reported on the consolidated balance sheet consist of gross receivables of \$31,196,087 less the reserve for finance credit losses of \$8,212,000 less the current portion of deferred financing fees of \$3,976,600.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. FINANCE RECEIVABLES (Continued)

It is the Company's experience that a substantial portion of the commercial loan portfolio generally is renewed or repaid before the contractual maturity dates. The above tabulation, therefore, is not regarded as a forecast of future cash collections. Cash collections of principal amounts of commercial loans totaled \$39,955,427 in 2022 and \$37,396,682 in 2021, and the ratios of these cash collections to average principal balances were approximately 40% in 2022 and 41% in 2021. Approximate changes in the allowance for credit losses for finance receivables were as follows:

	<u>2022</u>	<u>2021</u>
Balance - beginning of year	\$ 8,212,000	\$ 7,553,000
Provision for credit losses	5,149,000	4,922,000
Loans charged off	(4,515,000)	(4,754,000)
Recoveries	<u>201,000</u>	<u>491,000</u>
Balance - end of year	<u>\$ 9,047,000</u>	<u>\$ 8,212,000</u>

5. CREDIT QUALITY OF FINANCE AND NOTES RECEIVABLES

The Company actively monitors the credit quality of finance and notes receivables by performing a credit worthiness analysis at the borrowing date, and at predetermined intervals throughout the time finance and notes receivables are outstanding. Credit for purchases under notes receivable is granted based on a review of the customer's Beacon credit score. Credit for purchases under finance receivables is granted based on an internally developed scoring method termed a Scorecard. The Scorecard was initially developed in June 2004, and has been revalidated in September 2008, 2012, 2016, February 2018, and September 2021. The Scorecard takes into account various credit quality indicators such as job history, public record information, collections and prior delinquent accounts and then assigns a weighted score which is used in determining the customer's credit. In the February 2018 revalidation, the introduction of FICO scores as an additional qualifier was added. Before June 2004, the Company granted credit based on a customer's Beacon score or internally determined Blue Ribbon rating.

The finance receivables and notes receivable balances are based on the following credit quality indicators at December 31:

	<u>2022</u>	<u>2021</u>
Notes receivable:		
Beacon score > 650	<u>\$ 14,599,277</u>	<u>\$ 12,577,782</u>
Finance receivables:		
Blue Ribbon rating	<u>\$ 231,539</u>	<u>\$ 279,332</u>
Scorecard:		
415 - 419 - High risk	204,513	259,867
420 - 429	9,071,202	8,790,201
430 - 439	9,055,009	8,281,361
440 - 449	20,169,565	17,490,710
450 - 459	34,058,455	29,198,116
>= 460 - Low risk	<u>31,061,874</u>	<u>29,835,755</u>
Subtotal Scorecard	<u>103,620,618</u>	<u>93,856,010</u>
Total finance receivables	<u>\$ 103,852,157</u>	<u>\$ 94,135,342</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. CREDIT QUALITY OF FINANCE AND NOTES RECEIVABLES (Continued)

An aging analysis of the finance and notes receivables portfolio, based on customer repayment status is as follows at December 31:

	<u>2022</u>	<u>2021</u>
Current (not past due) notes receivable	\$ <u>14,599,277</u>	\$ <u>12,577,782</u>
Finance receivables:		
Current (not past due)	\$ 97,915,338	\$ 90,103,054
30-59 days past due	2,170,262	1,782,010
60-89 days past due	2,270,020	997,733
Greater than 90 days past due	<u>1,496,537</u>	<u>1,252,545</u>
Total finance receivables	<u>\$ 103,852,157</u>	<u>\$ 94,135,342</u>

6. INVENTORIES

Inventories – net consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Raw materials	\$ 5,882,360	\$ 6,198,060
Work in process	3,503,205	3,427,525
Finished goods	<u>40,537,244</u>	<u>29,744,156</u>
	49,922,809	39,369,741
Less: Obsolescence reserve	392,256	280,000
Less: LIFO reserve	<u>8,468,872</u>	<u>5,931,566</u>
Total inventories - Net	<u>\$ 41,061,681</u>	<u>\$ 33,158,175</u>

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment - net consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Land	\$ 815,005	\$ 692,495
Buildings and improvements	11,522,447	9,104,853
Machinery and equipment	14,900,272	12,555,920
Office furniture and fixtures	5,564,520	5,063,804
Transportation equipment	182,305	182,305
Construction in progress	<u>75,023</u>	<u>654,604</u>
	33,059,572	28,253,981
Less: Accumulated depreciation	<u>15,522,952</u>	<u>14,016,684</u>
Property, plant and equipment - Net	<u>\$ 17,536,620</u>	<u>\$ 14,237,297</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Leasehold improvements are amortized over 4 - 35 years, which is the shorter of the useful life of the leasehold improvement or the lease term including renewal periods that are reasonably assured. The Company leases its office from a related party under a ten-year operating lease, ending November 2025. If the lease is not extended to equal the life of the leasehold improvements, the landlord has represented to the Company that it will be reimbursed for the remaining unamortized cost of the leasehold improvements.

8. FINANCING

The Company has a line of credit agreement with a bank. Under the terms of the agreement, the Company can borrow up to \$8,000,000, collateralized by substantially all owned assets of the Company. The agreement, which expires July 31, 2024, requires monthly interest payments at the daily Secured Overnight Financing Rate (SOFR) 4.30% at December 31, 2022 plus 1.35% (5.65% at December 31, 2022). There is \$8,000,000 availability on this line of credit with no advances outstanding at December 31, 2022 and 2021, respectively.

The Company also has an agreement with a bank that is collateralized by substantially all owned assets of the Company that featured a \$5,500,000 line of credit for the construction of a new warehouse and \$7,000,000 term note for the acquisition of a business. On January 5, 2018, the outstanding balance on the line of credit agreement for the construction of a new warehouse was converted into a \$4,880,000 term note. The term note is payable in monthly principal installments of \$40,667 plus interest at a fixed rate of 3.77%, with a balloon payment for the remaining principal owed on January 5, 2023. The remaining balance on the term note was paid in full during 2022. The amount outstanding on this term note was zero and \$2,968,667 at December 31, 2022 and 2021, respectively.

The line of credit and term debt agreements contained various covenants, the most restrictive of which required the Company to maintain a minimum level of fixed charge coverage. The Company was in compliance with those covenants at December 31, 2022 and 2021.

9. LEASES

Leases Under ASC 842

The Company had operating leases for equipment and facilities from unrelated parties with terms varying through December 2027. Lease expense under these leases totaled \$363,286 in 2022. The following is a schedule of future minimum lease payments with remaining terms of one year or more:

2023	\$	225,600
2024		234,624
2025		244,009
2026		253,769
2027		<u>263,920</u>
Total undiscounted cash flows		1,221,922
Less: present value discount		<u>78,806</u>
Total lease liabilities	\$	<u>1,143,116</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. LEASES (Continued)

Leases under ASC 842 (continued)

The Company leases its warehouse and office facilities in Wadsworth, Ohio from a related party, with terms to expire in 2035. The leases include two five-year options to extend the leases for up to ten years. The Company pays all insurance and operating costs associated with the real estate. Lease expense under these facilities totaled \$455,788 in 2022. The following is a schedule of future minimum lease payments for these leases:

2023	\$	445,788
2024		445,788
2025		445,788
2026		445,788
2027		445,788
Thereafter		<u>3,502,857</u>
Total undiscounted cash flows		5,731,797
Less: present value discount		<u>556,938</u>
Total lease liabilities	\$	<u>5,174,859</u>

For the year ended December 31, 2022, other information related to the Company's leases consisted of the following:

Weighted average remaining lease term:	11.44 years
Weighted average discount rate:	1.81%

In December 2022, the Company entered into a forward-starting lease agreement for a warehouse in Clearfield, Utah with the lease scheduled to commence January 2023. The lease agreement will have a total of approximately \$1,128,000 in undiscounted future lease payments over the five-year term of the lease.

Leases Under ASC 840

During 2021, the Company had operating leases with unrelated parties for various equipment and facilities under cancelable and non-cancellable operating leases with terms varying from less than one year to four years. Rent expense under these leases totaled \$358,016 in 2021. At December 31, 2021, minimum annual rentals for these leases are as follows:

2022	\$	297,215
2023		73,291
2024		20,703
2025		<u>3,697</u>
	\$	<u>394,906</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. LEASES (Continued)

Leases Under ASC 840 (continued)

During 2021, the Company had operating leases for its warehouse and office facilities in Wadsworth, Ohio with a related party. The leases expire in 2025. Rent expense under these leases totaled \$445,788 in 2021. At December 31, 2021, minimum annual rentals for these leases are as follows:

2022	\$ 445,788
2023	445,788
2024	445,788
2025	<u>382,341</u>
	<u>\$ 1,719,705</u>

10. INCOME TAXES

The net income tax provision is comprised of approximately the following:

	<u>2022</u>	<u>2021</u>
Current tax provision, federal	\$ 6,286,000	\$ 7,460,000
Current tax provision, state	1,864,000	1,845,000
Deferred tax expense (benefit), federal and state	<u>54,000</u>	<u>(506,000)</u>
	<u>\$ 8,204,000</u>	<u>\$ 8,799,000</u>

The difference between the effective tax rate for financial reporting of 27% in 2022 and 2021, and the federal and state statutory tax rates is due to applying actual state statutory tax rates and nondeductible items not included for financial reporting purposes.

Deferred income taxes are provided for the temporary differences between the tax basis and the financial reporting basis of the Company's assets and liabilities. The tax effects of temporary differences that give rise to significant portions of deferred tax assets (liabilities) consist of the following:

	<u>2022</u>	<u>2020</u>
Accounts and finance receivable allowance	\$ 2,599,000	\$ 2,367,000
Inventories	490,000	428,000
Accumulated depreciation on property	(2,463,000)	(1,898,000)
Accumulated amortization on goodwill	477,000	401,000
Liabilities and reserves	2,548,000	2,396,000
Deferred compensation	<u>359,000</u>	<u>370,000</u>
Total deferred tax asset - Net	<u>\$ 4,010,000</u>	<u>\$ 4,064,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. RETIREMENT PLANS

The Company maintains a profit-sharing plan (the plan) covering substantially all salaried and hourly employees, having at least one year of service with the Company and attaining a certain age requirement. The amount of the contribution each year is at the sole discretion of the Board of Directors of the Company limited by Internal Revenue Service restrictions. There were no profit-sharing contributions made to the plan in 2022 and 2021. The Plan includes 401(k) provisions. Under these provisions, employees may elect to contribute a portion of their compensation on a tax-deferred basis within the guidelines prescribed by the Internal Revenue Code. The Company may also make discretionary contributions to the plan each year. There were no discretionary contributions made to the plan in 2022 and 2021.

The Company also has a deferred compensation plan with officers that provides for the annual accrual of a portion of their salary until retirement. The agreements are contingent upon their continued employment with the Company and payable upon retirement. It also provides for payments to beneficiaries in the event of death. The Company is funding the future obligation by restricting investments, in an amount necessary to approximate the liability at retirement. Expenses related to these agreements were \$72,605 in 2022 and \$81,000 in 2021.

12. EMPLOYEE STOCK OWNERSHIP PLAN

The Company has an employee stock ownership plan (ESOP) that covers substantially all salaried and hourly employees, who have obtained at least 1,000 hours of service. The contributions are determined at the sole discretion of the Board of Directors of the Company limited by Internal Revenue Service restrictions. Under the provisions of the ESOP, terminated participants may require the Company to repurchase their vested shares at fair market value.

As of December 31, 2022 and 2021, the ESOP held 2,075 shares of stock, which have been fully allocated to participants. The shares have an estimated value of \$28,050 per share, or \$58,203,750 in the aggregate, based upon the December 31, 2021, valuation from the Appraiser. The fair value as of December 31, 2022, is subject to change upon the final valuation from the Appraiser.

ESOP contribution expense was \$5,000,000 in 2022 and 2021, respectively.

13. CONTINGENCIES

During the normal course of business, the Company is involved in routine legal matters that management intends to aggressively defend. Management believes the likelihood of any material adverse outcome to be remote.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. CONTINGENCIES (Continued)

The Company's past and present daily operations include activities which are subject to federal and state environmental regulations. Compliance with these regulations has not had, nor does the Company expect such compliance to have, a material effect upon net income, financial condition or competitive position of the Company.

14. MAJOR SUPPLIERS

Purchases from the Company's two largest suppliers accounted for approximately 31% and 41% of purchases during 2022 and 2021, respectively. Any disruptions in the supply chain from these suppliers could be substituted with purchases of similar products from other suppliers.

Independent Auditor's Report on Supplemental Information

The Board of Directors of
Cornwell Quality Tools Company and Subsidiary

We have audited the consolidated financial statements of Cornwell Quality Tools Company and Subsidiary as of and for the year ended December 31, 2022, and our report thereon dated March 29, 2023, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 2-3. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements on pages 26 and 28 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The consolidated statements and accompanying note on pages 30-33 using the first-in, first-out (FIFO) method to value inventories are also presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The 2022 information has been subjected to the auditing procedures applied in our audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2022 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

The consolidating statements on pages 27 and 29 related to the consolidated statements of Cornwell Quality Tools Company and Subsidiary as of and for the year ended December 31, 2021, and the 2021 information presented on pages 30-33 using the FIFO method to value inventories, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. These statements were audited by other auditors whose report dated March 25, 2022, expressed an unmodified opinion on those statements.

Cohen & Company Ltd.

Cleveland, Ohio
March 29, 2023

CONSOLIDATING BALANCE SHEET

DECEMBER 31, 2022

	Cornwell Quality Tools Company	CQT Kennedy, LLC	Eliminations	Consolidated
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 19,153,648	\$ 280,027	\$ -	\$ 19,433,675
Accounts receivable, trade - Net	9,258,048	759,325	-	10,017,373
Accounts receivable - Subsidiary	26,726,542	12,115,657	(38,842,199)	-
Notes receivable - Net	2,920,164	-	-	2,920,164
Finance receivables - Net	21,249,210	-	-	21,249,210
Inventories - Net	37,523,059	3,538,622	-	41,061,681
Prepaid expenses and other assets	1,939,980	9,193	-	1,949,173
Refundable income taxes	205,000	-	-	205,000
Total current assets	<u>118,975,651</u>	<u>16,702,824</u>	<u>(38,842,199)</u>	<u>96,836,276</u>
NONCURRENT ASSETS				
Notes receivable, net of current portion	11,429,113	-	-	11,429,113
Finance receivables, net of current portion	65,818,519	-	-	65,818,519
Note receivable - Subsidiary	12,435,791	-	(12,435,791)	-
Investment - Subsidiary	1,000,000	-	(1,000,000)	-
Investments, designated	161,109	-	-	161,109
Property, plant and equipment - Net	11,284,780	6,251,840	-	17,536,620
Operating lease right of use assets	6,308,869	-	-	6,308,869
Goodwill - Net	-	3,181,407	-	3,181,407
Deferred income tax asset	4,010,000	-	-	4,010,000
Total noncurrent assets	<u>112,448,181</u>	<u>9,433,247</u>	<u>(13,435,791)</u>	<u>108,445,637</u>
TOTAL ASSETS	<u>\$ 231,423,832</u>	<u>\$ 26,136,071</u>	<u>\$ (52,277,990)</u>	<u>\$ 205,281,913</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Accounts payable	\$ 14,233,425	\$ 427,696	\$ -	\$ 14,661,121
Accounts payable - Parent	12,115,657	26,726,542	(38,842,199)	-
Current portion of operating lease liabilities	562,857	-	-	562,857
Accrued expenses	3,034,056	428,237	-	3,462,293
Deferred compensation	125,226	-	-	125,226
Accrued taxes	174,736	58,869	-	233,605
Total current liabilities	<u>30,245,957</u>	<u>27,641,344</u>	<u>(38,842,199)</u>	<u>19,045,102</u>
LONG-TERM LIABILITIES				
Long-term portion of operating lease liabilities	5,755,118	-	-	5,755,118
Note payable - Parent	-	12,435,791	(12,435,791)	-
Deferred compensation, less current portion	1,202,553	-	-	1,202,553
Total long-term liabilities	<u>6,957,671</u>	<u>12,435,791</u>	<u>(12,435,791)</u>	<u>6,957,671</u>
TOTAL LIABILITIES	<u>37,203,628</u>	<u>40,077,135</u>	<u>(51,277,990)</u>	<u>26,002,773</u>
CONTINGENCIES				
SHAREHOLDERS' EQUITY (DEFICIT)	<u>194,220,204</u>	<u>(13,941,064)</u>	<u>(1,000,000)</u>	<u>179,279,140</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 231,423,832</u>	<u>\$ 26,136,071</u>	<u>\$ (52,277,990)</u>	<u>\$ 205,281,913</u>

CONSOLIDATING BALANCE SHEET

DECEMBER 31, 2021

	Cornwell Quality Tools Company	CQT Kennedy, LLC	Eliminations	Consolidated
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 24,468,881	\$ 3,574	\$ -	\$ 24,472,455
Accounts receivable, trade - Net	8,665,002	456,704	-	9,121,706
Accounts receivable - Subsidiary	22,032,569	8,513,823	(30,546,392)	-
Notes receivable - Net	2,609,030	-	-	2,609,030
Finance receivables - Net	19,007,487	-	-	19,007,487
Inventories - Net	27,812,344	5,345,831	-	33,158,175
Prepaid expenses and other assets	1,310,393	34,313	-	1,344,706
Refundable income taxes	294,000	-	-	294,000
Total current assets	<u>106,199,706</u>	<u>14,354,245</u>	<u>(30,546,392)</u>	<u>90,007,559</u>
NONCURRENT ASSETS				
Notes receivable, net of current portion	9,718,752	-	-	9,718,752
Finance receivables, net of current portion	59,693,453	-	-	59,693,453
Note receivable - Subsidiary	12,435,791	-	(12,435,791)	-
Investment - Subsidiary	1,000,000	-	(1,000,000)	-
Investments, designated	158,562	-	-	158,562
Property, plant and equipment - Net	7,386,687	6,850,610	-	14,237,297
Goodwill - Net	-	4,029,783	-	4,029,783
Deferred income tax asset	4,064,000	-	-	4,064,000
Total noncurrent assets	<u>94,457,245</u>	<u>10,880,393</u>	<u>(13,435,791)</u>	<u>91,901,847</u>
TOTAL ASSETS	<u>\$ 200,656,951</u>	<u>\$ 25,234,638</u>	<u>\$ (43,982,183)</u>	<u>\$ 181,909,406</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Accounts payable	\$ 15,106,368	\$ 626,544	\$ -	\$ 15,732,912
Accounts payable - Parent	8,513,823	22,032,569	(30,546,392)	-
Current maturities of capital lease obligation	-	1,476	-	1,476
Current maturities of long-term debt	488,004	-	-	488,004
Accrued expenses	2,680,265	224,483	-	2,904,748
Deferred compensation	116,950	-	-	116,950
Accrued taxes	141,910	56,317	-	198,227
Total current liabilities	<u>27,047,320</u>	<u>22,941,389</u>	<u>(30,546,392)</u>	<u>19,442,317</u>
LONG-TERM LIABILITIES				
Long-term debt, less current maturities	2,480,663	-	-	2,480,663
Note payable - Parent	-	12,435,791	(12,435,791)	-
Deferred compensation, less current portion	1,255,166	-	-	1,255,166
Total long-term liabilities	<u>3,735,829</u>	<u>12,435,791</u>	<u>(12,435,791)</u>	<u>3,735,829</u>
TOTAL LIABILITIES	<u>30,783,149</u>	<u>35,377,180</u>	<u>(42,982,183)</u>	<u>23,178,146</u>
CONTINGENCIES				
SHAREHOLDERS' EQUITY (DEFICIT)	<u>169,873,802</u>	<u>(10,142,542)</u>	<u>(1,000,000)</u>	<u>158,731,260</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 200,656,951</u>	<u>\$ 25,234,638</u>	<u>\$ (43,982,183)</u>	<u>\$ 181,909,406</u>

CONSOLIDATING STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2022

	Cornwell Quality Tools Company	CQT Kennedy, LLC	Eliminations	Consolidated
SALES	\$ 251,915,684	\$ 22,648,171	\$ (12,862,937)	\$ 261,700,918
Less: Dealer weekly volume incentives	<u>4,853,504</u>	<u>-</u>	<u>-</u>	<u>4,853,504</u>
Sales - Net	247,062,180	22,648,171	(12,862,937)	256,847,414
COST OF GOODS SOLD	<u>178,516,201</u>	<u>23,648,832</u>	<u>(12,862,937)</u>	<u>189,302,096</u>
Gross profit	<u>68,545,979</u>	<u>(1,000,661)</u>	<u>-</u>	<u>67,545,318</u>
EXPENSES				
Shipping and warehousing	6,300,877	2,300	-	6,303,177
Selling	21,791,074	646,761	-	22,437,835
General and administrative	13,068,550	1,259,995	-	14,328,545
Employee stock ownership plan contribution	5,000,000	-	-	5,000,000
Goodwill amortization expense	<u>46,160,501</u>	<u>848,375</u>	<u>-</u>	<u>848,375</u>
Total expenses	<u>46,160,501</u>	<u>2,757,431</u>	<u>-</u>	<u>48,917,932</u>
Income (loss) before financing operations	<u>22,385,478</u>	<u>(3,758,092)</u>	<u>-</u>	<u>18,627,386</u>
FINANCING OPERATIONS				
Revenues	19,598,514	-	-	19,598,514
Other financing income	<u>1,069,676</u>	<u>-</u>	<u>-</u>	<u>1,069,676</u>
Total financing income	20,668,190	-	-	20,668,190
Expenses	<u>7,213,203</u>	<u>-</u>	<u>-</u>	<u>7,213,203</u>
Income from financing operations	<u>13,454,987</u>	<u>-</u>	<u>-</u>	<u>13,454,987</u>
Income (loss) from operations	<u>35,840,465</u>	<u>(3,758,092)</u>	<u>-</u>	<u>32,082,373</u>
OTHER INCOME (EXPENSE)				
Interest expense	(239,390)	(8,261)	-	(247,651)
Interest income	325,161	-	-	325,161
Other expense - Net	<u>(65,670)</u>	<u>(200)</u>	<u>-</u>	<u>(65,870)</u>
Other income (expense) - Net	<u>20,101</u>	<u>(8,461)</u>	<u>-</u>	<u>11,640</u>
Income (loss) before taxes	35,860,566	(3,766,553)	-	32,094,013
PROVISION FOR INCOME TAXES	<u>8,172,529</u>	<u>31,969</u>	<u>-</u>	<u>8,204,498</u>
NET INCOME (LOSS)	<u>\$ 27,688,037</u>	<u>\$ (3,798,522)</u>	<u>\$ -</u>	<u>\$ 23,889,515</u>

CONSOLIDATING STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2021

	Cornwell Quality Tools Company	CQT Kennedy, LLC	Eliminations	Consolidated
SALES	\$ 242,301,828	\$ 19,737,165	\$ (11,388,119)	\$ 250,650,874
Less: Dealer weekly volume incentives	<u>4,967,398</u>	<u>-</u>	<u>-</u>	<u>4,967,398</u>
Sales - Net	237,334,430	19,737,165	(11,388,119)	245,683,476
COST OF GOODS SOLD	<u>168,190,455</u>	<u>22,641,574</u>	<u>(11,388,119)</u>	<u>179,443,910</u>
Gross profit	<u>69,143,975</u>	<u>(2,904,409)</u>	<u>-</u>	<u>66,239,566</u>
EXPENSES				
Shipping and warehousing	5,126,690	3,762	-	5,130,452
Selling	18,320,568	539,858	-	18,860,426
General and administrative	12,789,722	1,056,750	-	13,846,472
Employee stock ownership plan contribution	5,000,000	-	-	5,000,000
Goodwill amortization expense	<u>-</u>	<u>848,375</u>	<u>-</u>	<u>848,375</u>
Total expenses	<u>41,236,980</u>	<u>2,448,745</u>	<u>-</u>	<u>43,685,725</u>
Income (loss) before financing operations	<u>27,906,995</u>	<u>(5,353,154)</u>	<u>-</u>	<u>22,553,841</u>
FINANCING OPERATIONS				
Revenues	18,962,777	-	-	18,962,777
Other financing income	<u>1,015,094</u>	<u>-</u>	<u>-</u>	<u>1,015,094</u>
Total financing income	19,977,871	-	-	19,977,871
Expenses	<u>6,784,722</u>	<u>-</u>	<u>-</u>	<u>6,784,722</u>
Income from financing operations	<u>13,193,149</u>	<u>-</u>	<u>-</u>	<u>13,193,149</u>
Income (loss) from operations	<u>41,100,144</u>	<u>(5,353,154)</u>	<u>-</u>	<u>35,746,990</u>
OTHER INCOME (EXPENSE)				
Interest expense	(245,217)	(38,162)	-	(283,379)
Interest income	8,660	-	-	8,660
Other expense - Net	<u>(141,193)</u>	<u>(96)</u>	<u>-</u>	<u>(141,289)</u>
Other expense - Net	<u>(377,750)</u>	<u>(38,258)</u>	<u>-</u>	<u>(416,008)</u>
Income (loss) before taxes	40,722,394	(5,391,412)	-	35,330,982
PROVISION FOR INCOME TAXES	<u>8,767,188</u>	<u>31,812</u>	<u>-</u>	<u>8,799,000</u>
NET INCOME (LOSS)	<u>\$ 31,955,206</u>	<u>\$ (5,423,224)</u>	<u>\$ -</u>	<u>\$ 26,531,982</u>

CONSOLIDATED BALANCE SHEET - FIFO BASIS

DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 19,433,675	\$ 24,472,455
Accounts receivable, trade - Net	10,017,373	9,121,706
Notes receivable - Net	2,920,164	2,609,030
Finance receivables - Net	21,249,210	19,007,487
Inventories - Net	49,530,553	39,089,741
Prepaid expenses and other assets	1,949,173	1,344,706
Refundable income taxes	205,000	294,000
Total current assets	<u>105,305,148</u>	<u>95,939,125</u>
NONCURRENT ASSETS		
Notes receivable, net of current portion	11,429,113	9,718,752
Finance receivables, net of current portion	65,818,519	59,693,453
Investments, designated	161,109	158,562
Property, plant and equipment - Net	17,536,620	14,237,297
Operating lease right-of-use assets	6,308,869	-
Goodwill - Net	3,181,407	4,029,783
Deferred income tax asset	1,551,000	2,290,000
Total noncurrent assets	<u>105,986,637</u>	<u>90,127,847</u>
	<u>\$ 211,291,785</u>	<u>\$ 186,066,972</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 14,661,121	\$ 15,732,912
Current maturities of capital lease obligation	-	1,476
Current maturities of long-term debt	-	488,004
Current portion of operating lease liabilities	562,857	-
Accrued expenses	3,462,293	2,904,748
Deferred compensation	125,226	116,950
Accrued taxes	233,605	198,227
Total current liabilities	<u>19,045,102</u>	<u>19,442,317</u>
LONG-TERM LIABILITIES		
Long-term debt, less current maturities	-	2,480,663
Long-term portion of operating lease liabilities	5,755,118	-
Deferred compensation, less current portion	1,202,553	1,255,166
Total long-term liabilities	<u>6,957,671</u>	<u>3,735,829</u>
TOTAL LIABILITIES	<u>26,002,773</u>	<u>23,178,146</u>
SHAREHOLDERS' EQUITY	<u>185,289,012</u>	<u>162,888,826</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 211,291,785</u>	<u>\$ 186,066,972</u>

CONSOLIDATED STATEMENT OF OPERATIONS - FIFO BASIS

YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
SALES	\$ 261,700,918	\$ 250,650,874
Less: Dealer weekly volume incentives	<u>4,853,504</u>	<u>4,967,398</u>
Sales - Net	256,847,414	245,683,476
 COST OF GOODS SOLD	 <u>186,764,790</u>	 <u>178,011,845</u>
Gross profit	70,082,624	67,671,631
 EXPENSES		
Shipping and warehousing	6,303,177	5,130,452
Selling	22,437,835	18,860,426
General and administrative	14,328,545	13,846,472
Employee stock ownership plan contribution	5,000,000	5,000,000
Goodwill amortization expense	<u>848,375</u>	<u>848,375</u>
Total expenses	<u>48,917,932</u>	<u>43,685,725</u>
 Income before financing operations	 <u>21,164,692</u>	 <u>23,985,906</u>
 FINANCING OPERATIONS		
Revenues	19,598,514	18,962,777
Other financing income	<u>1,069,676</u>	<u>1,015,094</u>
Total financing income	20,668,190	19,977,871
 Expenses	 <u>7,213,203</u>	 <u>6,784,722</u>
Income from financing operations	<u>13,454,987</u>	<u>13,193,149</u>
Income from operations	<u>34,619,679</u>	<u>37,179,055</u>
 OTHER INCOME (EXPENSE)		
Interest expense	(247,651)	(283,379)
Interest income	325,161	8,660
Other expense - Net	<u>(65,870)</u>	<u>(141,289)</u>
Other income (expense)	<u>11,640</u>	<u>(416,008)</u>
 Income before taxes	 34,631,319	 36,763,047
 PROVISION FOR INCOME TAXES	 <u>8,889,498</u>	 <u>9,186,000</u>
 NET INCOME	 <u>\$ 25,741,821</u>	 <u>\$ 27,577,047</u>

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY - FIFO BASIS

YEARS ENDED DECEMBER 31, 2022 AND 2021

	* Voting Common Stock		Additional Paid-In Capital	Retained Earnings	Total Shareholders' Equity
	Shares Issued	Amount			
BALANCE - JANUARY 1, 2021	10,635	\$ 106,350	\$ 1,644,189	\$ 136,690,057	\$ 138,440,596
Net income	-	-	-	27,577,047	27,577,047
Dividends paid	-	-	-	(3,128,817)	(3,128,817)
BALANCE - DECEMBER 31, 2021	10,635	106,350	1,644,189	161,138,287	162,888,826
Net income	-	-	-	25,741,821	25,741,821
Dividends paid	-	-	-	(3,341,635)	(3,341,635)
BALANCE - DECEMBER 31, 2022	<u>10,635</u>	<u>\$ 106,350</u>	<u>\$ 1,644,189</u>	<u>\$ 183,538,473</u>	<u>\$ 185,289,012</u>

* Common stock, voting, \$10 par value, 25,000 shares authorized with 10,635 shares issued and outstanding at December 31, 2022 and 2021.

NOTE TO THE SUPPLEMENTAL CONSOLIDATED FINANCIAL STATEMENTS - FIFO BASIS

1. BASIS OF PRESENTATION

The accompanying supplemental consolidated balance sheets, statements of operations and changes in shareholders' equity as of December 31, 2022 and 2021, and for the years then ended have been prepared in accordance with accounting principles generally accepted in the United States of America as applied by the Company in its historical consolidated financial statements, adjusted for the following:

Inventories

Inventories are valued at the lower of cost or net realizable value with costs determined by the first-in, first-out (FIFO) method.

Inventories stated on the basis referred to in the preceding paragraph are as follows:

	<u>2022</u>	<u>2021</u>
Raw materials	\$ 5,882,360	\$ 6,198,060
Work in process	3,503,205	3,427,525
Finished goods	<u>40,537,244</u>	<u>29,744,156</u>
	49,922,809	39,369,741
Less: Obsolescence reserve	<u>392,256</u>	<u>280,000</u>
	<u>\$ 49,530,553</u>	<u>\$ 39,089,741</u>

The income tax effect has been provided on the increase/decrease in inventory value at the statutory federal and state tax rates. The tax effect deferred tax assets by \$2,459,000 in 2022 and \$1,774,000 in 2021. The tax effect increased the provision for income taxes by \$685,000 in 2022 and \$387,000 in 2021.

The Company uses the LIFO (last-in, first-out) method for its historical consolidated financial statements because it better matches costs and revenues.

Board of Directors
Cornwell Quality Tools, Inc. and Subsidiary

We have audited the consolidated financial statements of Cornwell Quality Tools, Inc. and Subsidiary for the year ended December 31, 2022, and have issued our report thereon dated March 29, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 8, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by The Company are described in Note 2 to the consolidated financial statements. As described in Note 2, the Company changed accounting policies related to Leases by adopting FASB Accounting Standards Update No. 2016-02, in 2022. No other accounting policies were changed during 2022. We noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the consolidated financial statements in the proper period.

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the consolidated financial statements were:

Management's estimate of the allowance for doubtful accounts, excess and obsolete inventory reserve, and the estimated useful lives of fixed assets and intangibles. We evaluated the key factors and assumptions used to develop the estimates in determining that it is reasonable in relation to the consolidated financial statements taken as a whole.

The consolidated financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the consolidated financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the consolidated financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the consolidated financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period consolidated financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the consolidated financial statements under audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the consolidated financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 29, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's consolidated financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the Company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other Matters

With respect to the supplementary information accompanying the consolidated financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the consolidated financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the consolidated financial statements themselves.

* * * * *

This information is intended solely for the use of the Board of Directors and management of Cornwell Quality Tools, Inc. and Subsidiary, and is not intended to be, and should not be, used by anyone other than these specified parties.

Cohen & Company Ltd.

Cleveland, Ohio
March 29, 2023

Management, Shareholders, and Board of Directors
Cornwell Quality Tools, Inc. and Subsidiary

In planning and performing our audit of the consolidated financial statements of Cornwell Quality Tools, Inc. and Subsidiary (the Company) as of and for the year ended December 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given those limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

* * * * *

This communication is intended solely for the information and use of management, shareholders, Board of Directors, and others within the Company, and is not intended to be, and should not be, used by anyone other than these specified parties.

Cohen & Company Ltd.

Cleveland, Ohio
March 29, 2023

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We consent to the inclusion in the franchise disclosure document of Cornwell Quality Tools Company on April 3, 2023, of our report dated March 29, 2023, on our audit of the consolidated financial statements of Cornwell Quality Tools Company and Subsidiary.

Cleveland, Ohio
April 3, 2023

Cohen & Company Ltd.

EXHIBIT B

CORNWELL QUALITY TOOLS COMPANY

2023



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DEALER FRANCHISE AGREEMENT

EXHIBIT

B

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2023



DEALER FRANCHISE AGREEMENT

THIS DEALER FRANCHISE AGREEMENT ("Agreement") made this _____ day of _____, 20____, by and between THE CORNWELL QUALITY TOOLS COMPANY of Wadsworth, Ohio ("Cornwell") and [Entity Name, if applicable] _____ and [First Individual Name] _____ of [Residence street address] _____, [City] _____, [State] _____ [Zip] _____, and (if applicable) [Second Individual Name] _____, his or her spouse or person in a similar legal relationship, as individual owners of the franchised dealership if it is an entity and in all events as active partners in the operation of the franchised dealership (individually and/or collectively referred to as "Dealer").

RECITALS

- A. Cornwell represents that it is a manufacturer and distributor of various tools and other items of use in the automotive repair business (the "Products").
- B. Cornwell desires to grant to the Dealer a franchise to purchase and resell the Products with primary responsibility on Dealer's part to serve the automotive aftermarket in the area defined below (the "Territory") and the Dealer desires to serve in such capacity.

In consideration of the mutual promises set forth, the Dealer and Cornwell agree as follows:

1. Cornwell grants to the Dealer the right, and the Dealer undertakes the obligation, upon the terms set forth in this Agreement, to operate a franchise selling the Products in the Territory described as follows:

See Attached Map

This Agreement shall continue until terminated, as set forth in Paragraphs 13, 14, and 16 below.

2. Cornwell agrees to sell Dealer products in such quantities as Dealer requires and at such prices as Cornwell may determine from time to time. Dealer agrees to use Dealer's best efforts to serve the Territory fully with the sale of Cornwell products. The First Individual named above agrees to use his or her best full-time efforts to operate the dealership.

3. Upon execution or within 30 days of this Agreement, the Dealer agrees to place an order for an initial inventory of Products from Cornwell with a total regular dealer net price of \$55,000.00 (the "Starter Inventory"). Cornwell must approve the Starter Inventory order. Cornwell will recommend a list of Products, which would be useful for the Dealer in beginning its operation.

4. a. The Dealer agrees to pay for the Starter Inventory in either of the following ways: (1) by paying Cornwell the full amount of the regular dealer net price of the products ordered in cash upon execution of the Agreement; or (2) upon prior written approval of Cornwell, with a note.

4. b. Unless waived by Cornwell, the Dealer further agrees to deposit \$20,000.00, as a reserve with Cornwell, at the time payment is made for the Starter Inventory ("the Reserve"). The Dealer agrees to pay for the Reserve in either of the following ways: (1) by paying Cornwell the full amount of the Reserve in cash upon execution of the Agreement; or (2) upon prior written approval of Cornwell, included with note for the balance.

4. c. The Reserve shall be applied by Cornwell to the Dealer's open account, as a credit against the Dealer's further purchases of inventory, in a weekly amount equal to 65% of the increase in the Dealer's documented Time Payment (TP) Account balance over the previous high TP balance. The Reserve shall be maintained by Cornwell until it is exhausted or this Agreement is terminated, whichever occurs first. If the Reserve is funded with a combination of cash and notes, the cash deposited will be applied first against the further purchases of inventory. The funds remaining in the Reserve shall be refunded if paid in cash or, if borrowed, credited at the Dealer's option to the Dealer's open account or as a voluntary pre-payment under paragraph 1(c) of the Dealer's note, if the Reserve has not been used in full upon the termination of this Agreement. When the Reserve is established, it shall be credited by Cornwell with a lump-sum amount reflecting interest on the cash portion of the Reserve at the then-applicable rate for Cornwell's overnight bank sweep accounts and the assumption that the Reserve will be drawn down evenly over 13 weeks. A lump-sum amount reflecting interest for 13 weeks will be applied to the borrowed portion of the Reserve at the same rate as the Dealer's note. Any unearned interest may be recovered by Cornwell if the Reserve ends with a remaining balance.

4. d. Unless waived by Cornwell, the Dealer further agrees that the Dealer will provide verification to Cornwell, at the time payment is made for the Starter Inventory and Reserve, that as of that date the Dealer has at least an additional \$10,000 deposited in usable funds in a business checking account at a financial institution of the Dealer's choice and the Dealer further agrees that the Dealer will only use those funds for the business purposes of the dealership on and after the first day of training on Dealer's route, which may include a reasonable draw for personal living expenses, as agreed upon by Cornwell in advance, while this Agreement is in force.

5. a. Dealer agrees to acquire and/or use in the operation of its franchise a display truck or van which has been approved by Cornwell. Approved trucks and vans must be equipped so that District Managers or others riding with Dealer can sit safely and are protected against injury from objects thrown forward from the rear compartment. Dealer agrees to buy and wear approved Cornwell route wear.

5. b. Dealer agrees to acquire a laptop computer, bar code scanner and credit card signature pad from Cornwell (together, "the Hardware") for use on Dealer's truck. Cornwell will sell the Hardware to Dealer at Cornwell's cost, now approximately \$3,500. Cornwell will give Dealer a \$1,500 credit on Dealer's open account to offset the Hardware purchase expense. Dealer will also be required to purchase or lease a compatible printer and wireless card.

5. c. Dealer agrees to obtain and maintain high speed Internet access via a standalone Network Access Device from a mobile wireless broadband carrier, to be able to communicate electronically with Cornwell.

5. d. Dealer agrees to acquire licensing from Cornwell for the "Ironman Business Network (IBN)" Software for Cornwell dealers, under a separate License Agreement with Cornwell. Dealer will be required to use the "My Business" function in IBN as directed in order for Dealer and Cornwell to monitor Dealer's business properly. Dealer's franchise may be terminated if Dealer does not supply this data or does not use IBN and hardware obtained from Cornwell, including, but not limited to the "My Business" function.

5. e. Dealer agrees that Cornwell will have independent access to the information that will be generated and stored on Dealer's "Ironman Business Network IBN" computer system. Dealer agrees to maintain written, weekly report summaries of Dealer's sales and then existing Total Inventory and all Accounts each week. Dealer's IBN will automatically store and electronically transmit this information to Cornwell. Dealer agrees to submit data generated by the computer system, including but not limited to the weekly report summaries. Failure to supply this data is a material breach of this Agreement.

6. Dealer agrees to carry the following minimum insurance coverages: commercial business auto liability insurance with limits of \$1,000,000; general commercial liability insurance under a comprehensive general liability form that includes coverage for bodily harm, property damage, and product liability policy limits not less than \$1,000,000; and cargo insurance with all risk property coverage for full replacement value of Dealer's inventory. Dealer agrees to include Cornwell as "additional insured" on the Dealer's general commercial liability insurance. Dealer agrees to include Cornwell as "loss payee" on the Dealer's cargo insurance policy, to the extent of Cornwell's security interest in Dealer's inventory.

7. Commencing at the end of the first six months after the franchise agreement is signed, the Dealer agrees to maintain average weekly purchases from Cornwell equal to at least 90% of the national average of Cornwell franchise dealers' weekly purchases during the current calendar year. Every week, Cornwell calculates the national average franchise dealer weekly purchase amount during the current year. (Total dealer year to date purchases, divided by the number of weeks to date, then divided by the number of dealers at the end of the week prior to the current week.) Each week, Dealer agrees to maintain average weekly purchases (year to date purchases divided by the number of weeks to date) equal to 90% of Cornwell's national weekly average for franchise dealers.

8. a. Cornwell will make available to the Dealer combined formal and informal training opportunities depending on the individual requirements and background of the Dealer. This training will include a mandatory two (2) weeks in the first month in which the Dealer is in operation, during which a Cornwell District Manager will accompany Dealer on Dealer's route and train Dealer. During the current pandemic, you will receive additional on-site training.

8. b. Before Dealer begins selling Cornwell product from Dealer's truck or van, Cornwell will provide Dealer with at least 40 hours of mandatory initial classroom training (New Dealer Training Program) near Cornwell's corporate offices in Wadsworth, Ohio, or at some other location. This training will be provided by Zoom and at your location by District Manager or Trainer, rather than live during the current pandemic. The First Individual named above, who will primarily operate the dealership, must complete the New Dealer Training Program before operating the dealership. The Second Individual named above is also invited to attend the New Dealer Training Program. The New Dealer Training Program will include but not be limited to classroom instruction on basic business procedures, computer setup, IBN setup, customer relations, product warranty/repair, Email, Cornwell Website and My Business. Dealer must pay the cost of travel, food, lodging and any other incidental costs for the New Dealer Training Program. If the Second Individual named above at any time will primarily operate the dealership, the Second Individual must complete the training set forth above.

9. The First Individual named above agrees to engage full time in the direct operation of the franchised dealership. If the Second Individual named above at any time will primarily operate the dealership, the Second Individual must then adhere to the full-time direct operation obligation set forth above. Dealer agrees to operate only one truck, directly or indirectly, unless Cornwell expressly waives this requirement.

10. Dealer shall display Cornwell Trademarks ("Marks") in the location, style and manner specified by Cornwell. No other trademarks shall be used or employed by Dealer on or in connection with the Cornwell Products except as specified in writing by Cornwell. It is expressly understood and agreed that the Marks shall not be employed as, or included in, the trade name or trade style of Dealer either during the life of this Agreement or subsequently thereto.

Dealer recognizes the validity and Cornwell's exclusive ownership of the Marks. Dealer agrees that it will not do any act or thing, either directly or indirectly, that may in any way impair Cornwell's title and exclusivity. Dealer further agrees that during the continuance of this agreement, or at any time thereafter, it does not have and may not claim any right to use, any right, title, or interest in, and may not register with any Governmental authority any trademark, identical with or similar to the Marks without the prior written consent of Cornwell.

Dealer further acknowledges that nothing in this Agreement, and no use of any of the Marks under the terms of this agreement, shall create in Dealer any right, title or interest in any of the Marks. Dealer shall take such steps and execute such further documents as Cornwell may reasonably request in order to protect Cornwell's complete interest in and ownership of the Marks.

Dealer agrees to notify Cornwell immediately when Dealer learns about an infringement of or challenge to its use of any of Cornwell's Marks. Cornwell will take the action it considers appropriate, with which Dealer agrees to cooperate. While Cornwell is not required to defend Dealer against a claim against its use of the Marks, Cornwell will reimburse Dealer for Dealer's liability and reasonable costs in connection with defending Cornwell's Marks. To receive reimbursement, the Dealer must have notified Cornwell immediately upon learning about the infringement or challenge.

Dealer must modify or discontinue the use of a Mark if Cornwell modifies or discontinues it. In the event of such action by Cornwell, Cornwell will reimburse the Dealer for tangible costs of compliance (for example, changing decals or signs). The Dealer agrees not to directly or indirectly contest Cornwell's right to its Marks, trade secrets or business techniques that are a part of Cornwell's business.

11. The franchise granted by this Agreement is assignable or transferable by Dealer, either voluntarily or by operation of law, only with written consent from Cornwell. Cornwell will not unreasonably withhold its consent. Dealer shall have the right to assign or transfer Dealer's assets, subject to any security interest Cornwell may have in them. Upon the death or disability of a Dealer, Cornwell may authorize a succession of ownership within the Dealer's family when the proposed successor has been previously active in the Dealer's business. Cornwell reserves the right to assign or transfer its rights, duties or obligation under this agreement.

12. If Dealer's customer is the original end-user purchaser of a product manufactured by Cornwell ("Cornwell Hard Line") or of a new Kennedy steel roller cabinet, locker, cart, steel tool chest, or steel canopy for use with a Kennedy cabinet or tool chest ("Kennedy Tool Storage"), then Dealer's customer is entitled to a limited lifetime warranty that the product will be free of defects in material or workmanship under normal use and will conform to the description given them by Cornwell or Kennedy.

This limited lifetime warranty extends only to the repair or replacement of items found by Cornwell or Kennedy upon examination to be defective in material or workmanship and is subject to availability of replacement parts. This limited lifetime warranty covers only parts and materials, not labor, and cannot be assigned by the original end-user purchaser of that product.

This limited lifetime warranty does not cover products that are damaged through any intentional or negligent actions, including but not limited to misuse, mishandling, or modification or to products that reach the ends of their useful lives as a result of normal wear and tear. Misuse and mishandling of Kennedy Tool Storage products include but are not limited to overloading, especially while moving or transporting the item, and to scratching of painted and unpainted tops.

Cornwell and Kennedy are not responsible for any special, punitive, incidental or consequential damages which may arise out of the purchase or use of any Cornwell or Kennedy product. Cornwell's and Kennedy's liability for any breach of warranty shall be limited to the cost of the repair or replacement of the defective items as described above.

THIS WARRANTY IS DEALER'S CUSTOMER'S EXCLUSIVE CORNWELL HARD LINE/KENNEDY TOOL STORAGE WARRANTY AND REPLACES TO THE FULLEST EXTENT PERMITTED BY LAW ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTIES OR CONDITIONS OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

Cornwell extends the full manufacturer's warranty to Dealer's customers, as the original end-user purchaser of products manufactured by others. No special, punitive, incidental or consequential damages of any kind are recoverable from Cornwell by any person from the use of these products. Further, there is no other warranty extended by Cornwell with respect to these products, including but not limited to warranties of merchantability and fitness for a particular purpose. In order to replace a defective item, it must be returned to Cornwell Quality Tools Company, 454 Corporate Parkway, Wadsworth, Ohio 44281.

THIS WARRANTY IS DEALER'S CUSTOMER'S EXCLUSIVE WARRANTY FROM CORNWELL AS TO PRODUCTS MANUFACTURED BY OTHERS AND REPLACES TO THE FULLEST EXTENT PERMITTED BY LAW ALL OTHER WARRANTIES BY CORNWELL, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTIES OR CONDITIONS OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

Dealer agrees to extend all of the warranties described in this Paragraph 12 to the Dealer's customers.

13. In the event of default caused by the following (and except as required under applicable laws): (1) breach of promises contained in this Agreement and any other agreement between Dealer and Cornwell, including but not limited to (a) Dealer's failure to pay as agreed for merchandise delivered by Cornwell or (b) to maintain the inventory purchase levels required in Paragraph 7 or (c) to display Cornwell's Marks and to refrain from their misuse or (d) to supply weekly data required in Paragraph 5.e or (e) to maintain full collateralization of any promissory note and security agreement or (f) to use best full-time efforts to serve the Territory fully; (2) Dealer is convicted of a felony; (3) a voluntary or involuntary proceeding is instituted against Dealer in bankruptcy or other similar laws; (4) A Receiver is appointed for the assets of Dealer; or (5) Dealer makes an assignment for the benefit of Dealer's creditors, this Agreement may be declared terminated by Cornwell by notice in writing effective immediately upon receipt.

14. Dealer shall have 30 days to cure default caused by failure to pay as agreed for merchandise delivered and/or failure to maintain the inventory purchase levels required in Paragraph 7 and/or failure to maintain full collateralization of any promissory note and security agreement.

15. Cornwell may agree to waive any default, in its sole discretion, upon such terms as Cornwell determines. Without limiting the foregoing, Cornwell may require Dealer to agree to a modification of the Territory as a condition of waiving Dealer's failure to use best full-time efforts to serve the Territory fully. No action or failure to act on the part of Cornwell shall operate as a waiver or otherwise of the subsequent right to terminate Dealer, unless expressly so stated in writing.

16. Dealer may terminate this Agreement at any time after mailing written notice to Cornwell thirty (30) days before the effective date of such termination. In addition to its rights under Paragraph 13 above, Cornwell may terminate this Agreement at any time five years or more after the date of this Agreement, in the event that Cornwell ceases generally from the business of selling the Products in the State in which the Territory is located. Cornwell shall give at least one (1) year's notice in writing of such termination and shall not offer franchises again to sell the Products in the State for at least five (5) years thereafter.

17. Upon termination of this Agreement for any reason, or upon the death or disability of Dealer, Cornwell will purchase certain merchandise from Dealer or Dealer's estate, at the then prevailing dealer prices, less a 15% restocking charge. New tools will be approved for return only if they are in new and saleable condition, are active items, and have not been discontinued by Cornwell. All returns must be of current design and finish. All tools returned must be in their original individual carton or container. Broken packs of Cornwell or Cornwell-Allied tools will not be accepted for return if the tools are normally sold by Cornwell in factory pack quantities. The following items are **not** subject to return under this program: Tool storage, socket trays, clips and rails, vinyl kit bags, air compressors, lifting equipment, large shop equipment, parts washers, sales administration or truck display aids, welders, battery chargers, and serial numbered test equipment.

Upon termination of the dealership for any reason, all of Dealer's rights pertaining to the trademarks will automatically revert to Cornwell. Upon termination, Dealer must immediately discontinue use of the trademarks and – at Dealer's own sole expense – Dealer must immediately remove all of the trademarks appearing on decals, signs or otherwise, and any terms confusingly similar to them, from Dealer's truck, clothing, business cards, documents and other property. Dealer must also discontinue any use of the trademarks or any reference to them in Dealer's advertising.

Cornwell will apply any or all monies to be paid for assets purchased from a terminated Dealer as may be necessary to discharge terminated Dealer's total indebtedness to Cornwell. Should there be a deficiency in the purchased assets, any balance remaining due to Cornwell will be payable immediately. The term "indebtedness" shall include both matured and unmatured obligations, and upon termination Cornwell may declare all promissory notes held or later acquired by it against Dealer immediately due and payable at any time.

19. Any provision of this agreement at variance with the laws of any State or Territory in which it is or becomes operative, or of the United States shall be deemed modified to conform with such laws and the remaining provisions shall remain in effect.

20. Any claim or controversy in connection with, arising out of, or relating to the Agreement between Dealer and Cornwell shall be settled by binding arbitration in accordance with the rules pertaining to commercial dispute arbitration then existing with the American Arbitration Association. Judgment upon the award rendered by the

arbitrator(s) may be entered in any court having jurisdiction. Such arbitration shall take place in such locations as the parties mutually agree, and in the absence of such agreement, in Akron, Ohio. The laws applicable to the arbitration procedure shall be the laws of the State of Ohio. The award of the arbitrator(s) shall be the sole remedy between the parties regarding any claims, counterclaims, issues presented or pled to the arbitrator(s).

Cornwell reserves the right to obtain injunctive or other mandatory relief from the act or omission of any activity prohibited or required by this Agreement in any court having jurisdiction, when such act or omission will cause irreparable harm to Cornwell.

21. Any notice required to be given under this Agreement or service of process for the purposes of arbitration or litigation of issues arising out of it, shall be given to Cornwell at 667 Seville Road, Wadsworth, Ohio 44281 and to First Dealer and Second Dealer, if applicable, at the address or addresses last provided by them to Cornwell. Service on Cornwell, First Dealer, or Second Dealer shall conclusively be deemed to have been completed for all purposes if made by regular U.S. mail or any other usual and reliable form of delivery to the address last given. The parties will continue to have the obligation to notify one another of any change of address during and after the termination of this Agreement, if they wish to be assured of the receipt of notices and service of process, and they expressly waive any objection to notice provided or service made to the last address they have given.

22. Dealer shall give Cornwell not less than thirty (30) days' notice of the intention to do business as an entity (for example, corporation, partnership, LLC or LLP), if such an entity is not already a party to this Agreement. Dealer shall not do business as an entity without Cornwell's express written consent, which shall not be unreasonably withheld. All individual parties to this Agreement agree to execute any personal guarantees and other documentation that Cornwell may require as a condition of its consent for Dealer to do business as an entity.

IN RECOGNITION OF WHICH and intending to be legally bound, Cornwell and the person or persons identified as Dealer above have signed duplicate copies of this Agreement on the dates stated below at Wadsworth, Ohio and

_____ , _____ .

NAME OF BUSINESS ENTITY (ONLY COMPLETE FOR CORPORATION, PARTNERSHIP, LLC, LLP)

FIRST INDIVIDUAL DEALER SIGNATURE, FOR SELF AND ENTITY (IF APPLICABLE)

PRINT FIRST INDIVIDUAL DEALER NAME

SECOND INDIVIDUAL DEALER SIGNATURE, FOR SELF AND ENTITY (IF APPLICABLE)

PRINT SECOND INDIVIDUAL DEALER NAME

FOR OFFICE USE ONLY

Agreed to and accepted this _____ day of _____ , 20 _____ in Wadsworth, Ohio.

CORNWELL QUALITY TOOLS COMPANY

By:

CORNWELL (Corporate Officer)

EXHIBIT B-1

ADDENDUM TO DEALER FRANCHISE AGREEMENT
(SECOND FRANCHISE)

This addendum to Dealer Franchise Agreement ("Addendum") is made this ____ day of _____, 20____, by and between THE CORNWELL QUALITY TOOLS COMPANY of Wadsworth, Ohio ("Cornwell") and [Entity Name, if applicable] _____ and [First Individual Name] _____ of [Residence street address] _____, [City] _____, [State] _____, [Zip] _____, and (if applicable) [Second Individual Name] _____, his or her spouse or person in a similar legal relationship, as individual owners of the franchised dealership if it is an entity and in all events as active partners in the operation of the franchised dealership (individually and/or collectively referred to as "Dealer").

RECITALS

- A. Cornwell and Dealer entered into a Dealer Franchise Agreement on _____ ("the Existing Agreement"), which established a Cornwell franchise ("the Existing Franchise").
- B. At Dealer's request, Cornwell will grant Dealer a second franchise ("the Second Franchise"), in whole or in part located within the geographic territory of the Existing Franchise.

In consideration of the mutual promises set forth in this Addendum, Dealer and Cornwell agree to amend the Existing Agreement as follows:

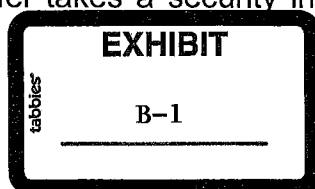
1. Cornwell and Dealer will enter into two new agreements, one to replace the Existing Agreement and one for the Second Franchise ("the New Agreements"). The forms of the New Agreements are attached.

2. Dealer agrees to the following, which shall be considered to be incorporated into the New Agreements:

a. Dealer's Cornwell purchase average must have been at least 150% of the national purchase average during all of at least the 12 months before seeking approval of a Second Franchise.

b. Dealer must be and remain "full equity," which means that Dealer has no outstanding loan from Cornwell or any other lender who takes a security interest in the assets of the Franchise. Approval will be denied or withdrawn if any other lender takes a security interest in the assets of the Franchise.

c. The Second Franchise must be "full equity," which means that investment for the Second Franchise cannot be made with funds borrowed from Cornwell or any other lender who takes a security interest in the assets of the Franchise. Approval will be denied or withdrawn if any other lender takes a security interest in the assets of the Second Franchise.



d. Both Dealer's existing territory and the proposed Second Franchise territory must be surveyed by Cornwell in accordance with Cornwell policies in effect at the time. If there is area in the existing franchisee's territory that is not being served, Cornwell may require that area to be released and included in the Second Franchise territory or released to be included in a future dealer's territory.

e. Dealer must be in good standing with, but not limited to, wholesale credit and tech credit and the original franchise and the Second Franchise must remain that way.

f. If any person who will operate the Second Franchise is not already a dealer (an existing first dealer or second dealer), that person must be approved by Cornwell and must complete New Dealer Training (as must a second dealer who will operate the Second Franchise and did not previously complete New Dealer Training). This training will be provided by Zoom and at your location by District Manager or Trainer rather than live in Ohio during the current pandemic.

g. All of the requirements for a new franchise must be met, including but not limited to the purchase of an Initial Inventory Amount (a new dealership must purchase an initial inventory of Cornwell products of at least \$55,000 at regular dealer net prices. If the dealership is converting an existing tool business ("Converttee") and already has an approved suitable inventory, the dealer must purchase an initial inventory of at least \$40,000 from Cornwell at regular dealer net prices), Time Payment Reserve and Working Capital (Unless waived by Cornwell, the dealer must also establish a Reserve with Cornwell in the amount of \$20,000, to be applied against the further purchase of inventory during the first 13 weeks of the Dealership. Unless waived, the dealer must also verify at the outset of the Dealership that there is \$10,000 on deposit in a business account that will only be used for business purposes on and after the first day of training on your route.) and Truck Approval.

h. Both the existing Franchise and the Second Franchise must use IBN.

i. The territory of the Second Franchise must be fully served without interruption of more than 60 consecutive days, or the Second Franchise will be deemed abandoned and terminated.

j. Both the existing Franchise and the Second Franchise must always meet all Cornwell requirements.

k. The existing Franchise must maintain at least 100% of the national purchase average. The Second Franchise must maintain at least 100% of the national purchase average commencing six months after the Second Franchise begins operation.

l. If the existing Franchise is terminated, the Second Franchise will be terminated as well.

IN WITNESS WHEREOF, Cornwell and Dealer have set their hands to duplicates hereof at Wadsworth, Ohio, on the day and year first above written.

NAME OF BUSINESS ENTITY (ONLY COMPLETE FOR CORPORATION, PARTNERSHIP, LLC, LLP)

FIRST INDIVIDUAL DEALER SIGNATURE, FOR SELF AND ENTITY (IF APPLICABLE)

PRINT FIRST INDIVIDUAL DEALER NAME

SECOND INDIVIDUAL DEALER SIGNATURE, FOR SELF AND ENTITY (IF APPLICABLE)

PRINT SECOND INDIVIDUAL DEALER NAME

FOR OFFICE USE ONLY

Agreed to and accepted this _____ day of _____, 20 _____
in Wadsworth, Ohio.

CORNWELL QUALITY TOOLS COMPANY

By: _____
CORNWELL (Corporate Officer)

EXHIBIT B-2

ADDENDUM TO DEALER FRANCHISE AGREEMENT
(SECOND TRUCK)

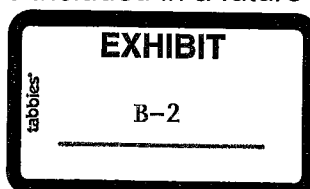
This addendum to Dealer Franchise Agreement ("Addendum") is made this ____ day of _____, 20____, by and between THE CORNWELL QUALITY TOOLS COMPANY of Wadsworth, Ohio ("Cornwell") and [Entity Name, if applicable] _____ and [First Individual Name] _____ of [Residence street address] _____, [City] _____, [State] _____, [Zip] _____, and (if applicable) [Second Individual Name] _____, his or her spouse or person in a similar legal relationship, as individual owners of the franchised dealership if it is an entity and in all events as active partners in the operation of the franchised dealership (individually and/or collectively referred to as "Dealer").

RECITALS

- A. Cornwell and Dealer entered into a Dealer Franchise Agreement on _____ ("the Agreement"), which established a Cornwell franchise ("the Franchise").
- B. At Dealer's request, Cornwell will grant Dealer permission to operate a second truck ("the Second Truck") within the geographic territory of the Franchise.

In consideration of the mutual promises set forth in this Addendum, Dealer and Cornwell agree to amend the Agreement as follows:

- 1. Cornwell waives the requirement of Paragraph 9 of the Agreement and grants Dealer permission to operate a second truck in the territory described in Paragraph 1 of the Agreement ("the Second Truck").
- 2. Dealer agrees to the following, which shall be considered to be incorporated into the Agreement:
 - a. Dealer's Cornwell purchase average must have been at least 150% of the national purchase average during all of at least the 12 months before Dealer seeks approval of a Second Truck.
 - b. Dealer must be and remain "full equity," which means that Dealer has no outstanding loan from Cornwell or any other lender who takes a security interest in the assets of the Franchise. Approval will be denied or withdrawn if any other lender takes a security interest in the assets of the Franchise, including but not limited to the Second Truck.
 - c. Dealer's Territory must be re-surveyed by Cornwell in accordance with Cornwell policies in effect at the time. If there is area in the Territory that is not being served and will not be served by the Second Truck, Cornwell may require that area to be released to be included in a future dealer's territory.



- d. Dealer must be in good standing with, but not limited to, wholesale credit and tech credit and must remain that way.
- e. If any person who will operate the Second Truck is not already a dealer (an existing first dealer or second dealer), that person must be approved by Cornwell and must complete New Dealer Training (as must a second dealer who will operate the Second Truck and did not previously complete New Dealer Training).
- f. The requirements for a new franchise must be met by the Second Truck as to the purchase of an Initial Inventory Amount and Truck Approval.
- g. The Second Truck must be operated without interruption of more than 60 consecutive days, or the agreement for the Second Truck will be terminated.
- h. Dealer must always meet all Cornwell requirements, including but not limited as to the Second Truck.
- i. The combination of Dealer's existing Franchise and the Second Truck must maintain at least 200% of the national purchase average commencing six months after the Second Truck begins operation.
- j. Dealer will not be eligible for dealer purchase awards and recognition while Dealer has a Second Truck.
- k. If the existing Franchise is terminated, the Second Truck authorization will be terminated as well.

IN WITNESS WHEREOF, Cornwell and Dealer have set their hands to duplicates hereof at Wadsworth, Ohio, on the day and year first above written.

 NAME OF BUSINESS ENTITY (ONLY COMPLETE FOR CORPORATION, PARTNERSHIP, LLC, LLP)

 FIRST INDIVIDUAL DEALER SIGNATURE, FOR SELF AND ENTITY (IF APPLICABLE)

 PRINT FIRST INDIVIDUAL DEALER NAME

 SECOND INDIVIDUAL DEALER SIGNATURE, FOR SELF AND ENTITY (IF APPLICABLE)

 PRINT SECOND INDIVIDUAL DEALER NAME

FOR OFFICE USE ONLY

Agreed to and accepted this
in Wadsworth, Ohio.

_____ day of _____, 20 _____

CORNWELL QUALITY TOOLS COMPANY

By:

CORNWELL (Corporate Officer)

EXHIBIT B-3

2023



2023 FRANCHISE DEVELOPER DEALER FRANCHISE AGREEMENT

THIS FRANCHISE DEVELOPER DEALER FRANCHISE AGREEMENT ("Agreement") made this ____ day of _____, 20____, by and between THE CORNWELL QUALITY TOOLS COMPANY of Wadsworth, Ohio ("Cornwell") and [Entity Name, if applicable] _____ and [First Individual Name] _____ of [Residence street address] _____, [City] _____, [State] _____ [Zip] _____, and (if applicable) [Second Individual Name] _____, his or her spouse or person in a similar legal relationship, as individual owners of the franchised dealership if it is an entity and in all events as active partners in the operation of the franchised dealership (individually and/or collectively referred to as "Dealer").

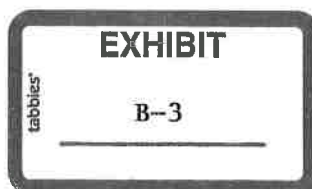
RECITALS

A. Cornwell represents that it is a manufacturer and distributor of various tools and other items of use in the automotive repair business (the "Products").

B. Cornwell desires to grant to the Dealer a franchise to purchase and resell the Products with primary responsibility on Dealer's part to serve the automotive aftermarket in the area defined below (the "Territory") and the Dealer desires to serve in such capacity.

C. Cornwell further desires to grant the Dealer status as a Franchise Developer, under which status the Dealer can receive free inventory in return for maintaining higher purchase levels for an extended time and/or recruiting additional dealers to Cornwell and the Dealer desires such status.

In consideration of the mutual promises set forth, the Dealer and Cornwell agree as follows:



1. Cornwell grants to the Dealer the right, and the Dealer undertakes the obligation, upon the terms set forth in this Agreement, to operate a franchise selling the Products in the Territory described as follows:

See Attached Map

This Agreement shall continue until terminated, as set forth in Paragraphs 13, 14 and 16 below.

2. Cornwell agrees to sell Dealer products in such quantities as Dealer requires and at such prices as Cornwell may determine from time to time. Dealer agrees to use Dealer's best efforts to serve the Territory fully with the sale of Cornwell products. The First Individual named above agrees to use his or her best full-time efforts to operate the dealership.

3. Upon execution or within 30 days of this Agreement, the Dealer agrees to place an order for an initial inventory of Products from Cornwell with a total regular dealer net price of **\$55,000** (the "Starter Inventory"). Cornwell must approve the Starter Inventory order. Cornwell will recommend a list of Products, which would be useful for the Dealer in beginning its operation.

4. (i) The Dealer agrees to pay for the Starter Inventory by giving Cornwell a promissory note and security agreement ("the Note") in the amount of \$55,000, payable in full without interest in 36 months by weekly payments. If certain purchase or recruiting requirements are met as set forth in this Agreement and the Note, annual granting of credits of \$15,000 the first year and \$20,000 the second and third years will be applied to the Dealer's open account.

(ii) Unless waived by Cornwell, the Dealer further agrees to deposit \$20,000, as a reserve with Cornwell, at the time payment is made for the Starter Inventory ("the Reserve"). The Dealer agrees to pay for the Reserve in either of the following ways: (1) by paying Cornwell the full amount of the Reserve in cash upon execution of the Agreement; or (2) upon prior written approval of Cornwell, included with the Note for the balance.

(iii) The Reserve shall be applied by Cornwell to the Dealer's open account, as a credit against the Dealer's further purchases of inventory, in a weekly amount equal to 65% of the increase in the Dealer's documented Time Payment (TP) Account balance over the previous high TP balance. The Reserve shall be maintained by Cornwell until it is exhausted or this Agreement is terminated, whichever occurs first. If the Reserve is funded with a combination of cash and notes, the cash deposited will be applied first against the further purchases of inventory. The funds remaining in the Reserve shall be refunded if paid in cash or, if borrowed, credited at the Dealer's option to the Dealer's open account, if the Reserve has not been used in full upon the termination of this Agreement. When the Reserve is established, it shall be credited by Cornwell with a lump-sum amount reflecting

interest on the cash portion of the Reserve at the then-applicable rate for Cornwell's overnight bank sweep accounts and the assumption that the Reserve will be drawn down evenly over 13 weeks. A lump-sum amount reflecting interest for 13 weeks will be applied to the borrowed portion of the Reserve at the same rate as the Dealer's note. Any unearned interest may be recovered by Cornwell if the Reserve ends with a remaining balance.

(iv) Unless waived by Cornwell, the Dealer further agrees that the Dealer will provide verification to Cornwell, at the time payment is made for the Starter Inventory and Reserve, that as of that date the Dealer has at least an additional \$10,000 deposited in usable funds in a business checking account at a financial institution of the Dealer's choice and the Dealer further agrees that the Dealer will only use those funds for the business purposes of the dealership on and after the first day of training on Dealer's route, which may include a reasonable draw for personal living expenses, as agreed upon by Cornwell in advance, while this Agreement is in force.

4a. Franchise Developer Requirements and Benefits.

To remain a Franchise Developer and to enjoy the benefits set forth below, in addition to the interest-free Note described above, the Dealer must meet the requirements below. To the extent the requirements of this paragraph 4a conflict with other provisions of this agreement, the requirements of this paragraph shall prevail.

A. Dealer must (1) Remain a Cornwell Dealer with average purchases of not less than \$7,150 per week for at least 36 months from the date that Dealer first makes sales ("Start Date") or (2) Introduce at least 3 new dealers to Cornwell within 36 months of the Start Date. Dealer's status as a Franchise Developer will be reviewed every 52 weeks. If Dealer both fails to satisfy the average purchase requirement and has not introduced a new dealer during the preceding 52 weeks, Dealer's status as a Franchise Developer may be terminated by Cornwell.

B. "Introduction" of new dealers for the purpose of Franchise Developer status means that such new dealers enter into Dealer Franchise Agreements, purchase Starter Inventories and remain Cornwell Dealers for a minimum of 6 months each.

C. Dealer shall qualify for all Cornwell programs, except recruitment incentives for the Dealer himself or for three new dealers.

D. Dealer will qualify immediately for all Tech-Credit programs and for volume discounts for purchases as of the first week of business, not including the Starter Inventory.

E. Dealer must use the IBN program, including My Business and must submit standard weekly reports to the District Sales Manager and to Cornwell's Wadsworth office.

F. Dealer must maintain an inventory of at least **\$55,000** net value and must use the perpetual inventory function on IBN. Dealer's inventory level will be inspected at least quarterly by the District Sales Manager and the Dealer will perform a physical inventory at least once a year, or more frequently as Cornwell may reasonably request.

G. Dealer must pay Dealer's trade account with Cornwell in accordance with Cornwell's policies and procedures, must make the required weekly payments on the Note and must otherwise comply with the terms of this Agreement, the Note, all other agreements between Cornwell and Dealer and Cornwell's other policies and procedures.

H. Following the first 52-week period after payments have commenced on the Note, if Dealer has complied with the requirements of this Agreement and the Note during that period, Cornwell will then issue an open account credit to Dealer of \$15,000. Following each of the next two 52-week periods after payments have commenced, if Dealer has complied with the requirements of this Agreement and the Note during that period, Cornwell will then issue an open account credit to Dealer of \$20,000.

I. If during the first 104 weeks after the Start Date Dealer has maintained a purchase average of at least \$7,800 per week (not including the Starter Inventory), Cornwell will then issue a further open account credit to Dealer of \$10,000 to be used only for the purchase of additional inventory.

J. If during the first 156 weeks after the Start Date Dealer has maintained a purchase average of at least \$7,800 per week (not including the Starter Inventory or additional inventory purchased with the credit described in subparagraph H above), Cornwell will then issue a further open account credit to Dealer of \$15,000 to be used only for the purchase of additional inventory.

5. a. Dealer agrees to acquire and/or use in the operation of its franchise a display truck or van which has been approved by Cornwell. Approved trucks and vans must be equipped so that District Managers or others riding with Dealer can sit safely and are protected against injury from objects thrown forward from the rear compartment. Dealer agrees to buy and wear approved Cornwell route wear.

5. b. Dealer agrees to acquire a laptop computer, bar code scanner and credit card signature pad from Cornwell (together, "the Hardware") for use on Dealer's truck. Cornwell will sell the Hardware to Dealer at Cornwell's cost, now approximately \$3,500. Cornwell will give Dealer a \$1,500 credit on Dealer's open account to offset the Hardware purchase expense. Dealer will also be required to purchase or lease a compatible printer and wireless card.

5. c. Dealer agrees to obtain and maintain high speed Internet access via a standalone Network Access Device from a mobile wireless broadband carrier, to be able to communicate electronically with Cornwell.

5. d. Dealer agrees to acquire licensing from Cornwell for the "Ironman Business Network (IBN)" Software for Cornwell dealers, under a separate License Agreement with Cornwell. Dealer will be required to use the "My Business" function in IBN as directed in order for Dealer and Cornwell to monitor Dealer's business properly. Dealer's franchise may be terminated if Dealer does not supply required data or if Dealer does not use IBN and hardware obtained from Cornwell, including, but not limited to the "My Business" function, and does not do so.

5. e. Dealer agrees that Cornwell will have independent access to the information that will be generated and stored on Dealer's "Ironman Business Network IBN" computer system. Dealer agrees to maintain written, weekly report summaries of Dealer's sales and then existing Total Inventory and all Accounts each week. Dealer's IBN will automatically store and electronically transmit this information to Cornwell. Dealer agrees to submit data generated by the computer system, including but not limited to the weekly report summaries. Failure to supply this data is a material breach of this Agreement.

6. Dealer agrees to carry the following minimum insurance coverage: commercial business auto liability insurance with limits of \$1,000,000; general commercial liability insurance under a comprehensive general liability form that includes coverage for bodily harm, property damage, and product liability policy limits not less than \$1,000,000; and cargo insurance with all risk property coverage for full replacement value of Dealer's inventory. Dealer agrees to include Cornwell as "additional insured" on the Dealer's general commercial liability insurance. Dealer agrees to include Cornwell as "loss payee" on the Dealer's cargo insurance policy, to the extent of Cornwell's security interest in Dealer's inventory.

7. Commencing after the fulfillment of the requirements of paragraphs 4a, (A) and (B), the Dealer agrees to maintain average weekly purchases from Cornwell equal to at least 90% of the national average of Cornwell franchise dealers' weekly purchases during the current calendar year. Every week, Cornwell calculates the national average franchise dealer weekly purchase amount during the current year. (Total dealer year to date purchases, divided by the number of weeks to date, then divided by the number of dealers at the end of the week prior to the current week.) Each week, Dealer agrees to maintain average weekly purchases (year to date purchases divided by the number of weeks to date) equal to 90% of Cornwell's national weekly average for franchise dealers.

8. a. Cornwell will make available to the Dealer combined formal and informal training opportunities depending on the individual requirements and background of the Dealer. This training will include a mandatory two (2) weeks in the first month in which the Dealer is in operation, during which a Cornwell District Manager will accompany Dealer on Dealer's route and train Dealer. During the current pandemic, you will receive additional on-site training. The Dealer must participate in the initial training offered by the District Manager. Such training will not be waived, regardless of Dealer's previous level of experience, so that Dealer will be fully acquainted with Cornwell's practices and procedures in recruiting new dealers.

8. b. Before Dealer begins selling Cornwell product from Dealer's truck or van, Cornwell will provide Dealer with at least 40 hours of mandatory initial classroom training (New Dealer Training Program) near Cornwell's corporate offices in Wadsworth, Ohio, or at some other location. This training will be provided by Zoom and at your location by District Manager or Trainer, rather than live during the current pandemic. The First Individual named above, who will primarily operate the dealership, must complete the New Dealer Training Program before operating the dealership. The Second Individual named above is also invited to attend the New Dealer Training Program. The New Dealer Training Program will include classroom instruction on basic business procedures, computer setup, IBN setup, customer relations, products warranty/repair, Email, Cornwell Website and My Business. Dealer must pay the cost of travel, food, lodging and any other incidental costs for the New Dealer Training Program. If the Second Individual named above at any time will primarily operate the dealership, the Second Individual must complete the training set forth above.

9. The First Individual named above agrees to engage full time in the direct operation of the franchised dealership. If the Second Individual named above at any time will primarily operate the dealership, the Second Individual must then adhere to the full-time direct operation obligation set forth above. Dealer agrees to operate only one truck, directly or indirectly, unless Cornwell expressly waives this requirement.

10. Dealer shall display Cornwell Trademarks ("Marks") in the location, style and manner specified by Cornwell. No other trademarks shall be used or employed by Dealer on or in connection with the Cornwell Products except as specified in writing by Cornwell. It is expressly understood and agreed that the Marks shall not be employed as, or included in, the trade name or trade style of Dealer either during the life of this Agreement or subsequently thereto.

Dealer recognizes the validity and Cornwell's exclusive ownership of the Marks. Dealer agrees that it will not do any act or thing, either directly or indirectly, that may in any way impair Cornwell's title and exclusivity. Dealer further agrees that during the continuance of this agreement, or at any time thereafter, it does not have and may not claim any right to use, any right, title, or interest in, and may not register with any Governmental authority any trademark, identical with or similar to the Marks without the prior written consent of Cornwell.

Dealer further acknowledges that nothing in this Agreement, and no use of any of the Marks under the terms of this agreement, shall create in Dealer any right, title or interest in any of the Marks. Dealer shall take such steps and execute such further documents as Cornwell may reasonably request in order to protect Cornwell's complete interest in and ownership of the Marks.

Dealer agrees to notify Cornwell immediately when Dealer learns about an infringement of or challenge to its use of any of Cornwell's trademark. Cornwell will take the action it considers appropriate, with which Dealer agrees to

cooperate. While Cornwell is not required to defend Dealer against a claim against its use of the Marks, Cornwell will reimburse Dealer for Dealer's liability and reasonable costs in connection with defending Cornwell's Marks. To receive reimbursement, the Dealer must have notified Cornwell immediately upon learning about the infringement or challenge.

Dealer must modify or discontinue the use of a Mark if Cornwell modifies or discontinues it. In the event of such action by Cornwell, Cornwell will reimburse the Dealer for tangible costs of compliance (for example, changing decals or signs). The Dealer agrees not to directly or indirectly contest Cornwell's right to its Marks, trade secrets or business techniques that are a part of Cornwell's business.

11. The franchise granted by this Agreement is assignable or transferable by Dealer, either voluntarily or by operation of law, only with written consent from Cornwell. Cornwell will not unreasonably withhold its consent. Dealer shall have the right to assign or transfer Dealer's assets, subject to any security interest Cornwell may have in them. Upon the death or disability of a Dealer, Cornwell may authorize a succession of ownership within the Dealer's family when the proposed successor has been previously active in the Dealer's business. Cornwell reserves the right to assign or transfer its rights, duties or obligations under this Agreement.

12. If Dealer's customer is the original end-user purchaser of a product manufactured by Cornwell ("Cornwell Hard Line") or of a new Kennedy steel roller cabinet, locker, cart, steel tool chest, or steel canopy for use with a Kennedy cabinet or tool chest ("Kennedy Tool Storage"), then Dealer's customer is entitled to a limited lifetime warranty that the product will be free of defects in material or workmanship under normal use and will conform to the description given them by Cornwell or Kennedy.

This limited lifetime warranty extends only to the repair or replacement of items found by Cornwell or Kennedy upon examination to be defective in material or workmanship and is subject to availability of replacement parts. This limited lifetime warranty covers only parts and materials, not labor, and cannot be assigned by the original end-user purchaser of that product.

This limited lifetime warranty does not cover products that are damaged through any intentional or negligent actions, including but not limited to misuse, mishandling, or modification or to products that reach the ends of their useful lives as a result of normal wear and tear. Misuse and mishandling of Kennedy Tool Storage products include but are not limited to overloading, especially while moving or transporting the item, and to scratching of painted and unpainted tops.

Cornwell and Kennedy are not responsible for any special, punitive, incidental or consequential damages which may arise out of the purchase or use of any Cornwell or Kennedy product. Cornwell's and Kennedy's liability for any breach of warranty shall be limited to the cost of the repair or replacement of the defective items as described above.

THIS WARRANTY IS DEALER'S CUSTOMER'S EXCLUSIVE CORNWELL HARD LINE/KENNEDY TOOL STORAGE WARRANTY AND REPLACES TO THE FULLEST EXTENT PERMITTED BY LAW ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTIES OR CONDITIONS OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

Cornwell extends the full manufacturer's warranty to Dealer's customers, as the original end-user purchaser of products manufactured by others. No special, punitive, incidental or consequential damages of any kind are recoverable from Cornwell by any person from the use of these products. Further, there is no other warranty extended by Cornwell with respect to these products, including but not limited to warranties of merchantability and fitness for a particular purpose. In order to replace a defective item, it must be returned to Cornwell Quality Tools Company, 454 Corporate Parkway, Wadsworth, Ohio 44281.

THIS WARRANTY IS DEALER'S CUSTOMER'S EXCLUSIVE WARRANTY FROM CORNWELL AS TO PRODUCTS MANUFACTURED BY OTHERS AND REPLACES TO THE FULLEST EXTENT PERMITTED BY LAW ALL OTHER WARRANTIES BY CORNWELL, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTIES OR CONDITIONS OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

Dealer agrees to extend all of the warranties described in this Paragraph 12 to the Dealer's customers.

13. In the event of default caused by the following (and except as required under applicable laws): (1) breach of promises contained in this Agreement and any other agreement between Dealer and Cornwell, including but not limited to (a) Dealer's failure to pay as agreed for merchandise delivered by Cornwell or (b) to maintain the inventory purchase levels required in Paragraph 7 or (c) to display Cornwell's Marks and to refrain from their misuse or (d) to supply weekly data required in Paragraph 5.e or (e) to maintain full collateralization of any promissory note and security agreement or (f) to use best full-time efforts to serve the Territory fully; (2) Dealer is convicted of a felony; (3) a voluntary or involuntary proceeding is instituted against Dealer in bankruptcy or other similar laws; (4) A Receiver is appointed for the assets of Dealer; or (5) Dealer makes an assignment for the benefit of Dealer's creditors, this Agreement may be declared terminated by Cornwell by notice in writing effective immediately upon receipt.

14. Dealer shall have 30 days to cure default caused by failure to pay as agreed for merchandise delivered and/or failure to maintain the inventory purchase levels required in Paragraph 7 and/or failure to maintain full collateralization of any promissory note and security agreement.

15. Cornwell may agree to waive any default, in its sole discretion, upon such terms as Cornwell determines. Without limiting the foregoing, Cornwell may

require Dealer to agree to a modification of the Territory as a condition of waiving Dealer's failure to use best full-time efforts to serve the Territory fully. No action or failure to act on the part of Cornwell shall operate as a waiver or otherwise of the subsequent right to terminate Dealer; unless expressly so stated in writing.

16. Dealer may terminate this Agreement at any time after mailing written notice to Cornwell thirty (30) days before the effective date of such termination. In addition to its rights under Paragraph 13 above, Cornwell may terminate this Agreement at any time five years or more after the date of this Agreement, in the event that Cornwell ceases generally from the business of selling the Products in the State in which the Territory is located. Cornwell shall give at least one (1) year's notice in writing of such termination and shall not offer franchises again to sell the Products in the State for at least five (5) years thereafter.

17. Upon termination of this Agreement for any reason, or upon the death or disability of Dealer, Cornwell will purchase certain merchandise from Dealer or Dealer's estate, at the then prevailing dealer prices, less a 15% restocking charge. New tools will be approved for return only if they are in new and saleable condition, are active items, and have not been discontinued by Cornwell. All returns must be of current design and finish. All tools returned must be in their original individual carton or container. Broken packs of Cornwell or Cornwell-Allied tools will not be accepted for return if the tools are normally sold by Cornwell in factory pack quantities. The following items are **not** subject to return under this program: Tool storage, socket trays, clips and rails, vinyl kit bags, air compressors, lifting equipment, large shop equipment, parts washers, sales administration or truck display aids, welders, battery chargers, and serial numbered test equipment.

Upon termination of the dealership for any reason, all of Dealer's rights pertaining to the trademarks will automatically revert to Cornwell. Upon termination, Dealer must immediately discontinue use of the trademarks and – at Dealer's own sole expense – Dealer must immediately remove all of the trademarks appearing on decals, signs or otherwise, and any terms confusingly similar to them, from Dealer's truck, clothing, business cards, documents and other property. Dealer must also discontinue any use of the trademarks or any reference to them in Dealer's advertising.

Cornwell will apply any or all monies to be paid for assets purchased from a terminated Dealer as may be necessary to discharge terminated Dealer's total indebtedness to Cornwell. Should there be a deficiency in the purchased assets, any balance remaining due to Cornwell will be payable immediately. The term "indebtedness" shall include both matured and unmatured obligations, and upon termination, Cornwell may declare all promissory notes held or later acquired by it against Dealer immediately due and payable at any time.

18. This Agreement supersedes all agreements, written or oral, and previous and contemporaneous, to date between Dealer and Cornwell. No modification or amendment of this Agreement shall be effective unless made in writing and signed by a representative of Cornwell and Dealer.

19. Any provision of this agreement at variance with the laws of any State or Territory in which it is or becomes operative, or of the United States shall be deemed modified to conform with such laws and the remaining provisions shall remain in effect.

20. Any claim or controversy in connection with, arising out of, or relating to the Agreement between Dealer and Cornwell shall be settled by binding arbitration in accordance with the rules pertaining to commercial dispute arbitration then existing with the American Arbitration Association. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction. Such arbitration shall take place in such locations as the parties mutually agree, and in the absence of such agreement, in Akron, Ohio. The laws applicable to the arbitration procedure shall be the laws of the State of Ohio. The award of the arbitrator(s) shall be the sole remedy between the parties regarding any claims, counterclaims, issues presented or pled to the arbitrator(s).

Cornwell reserves the right to obtain injunctive or other mandatory relief from the act or omission of any activity prohibited or required by this Agreement in any court having jurisdiction, when such act or omission will cause irreparable harm to Cornwell.

21. Any notice required to be given under this Agreement, or service of process for the purposes of arbitration or litigation of issues arising out of it, shall be given to Cornwell at 667 Seville Road, Wadsworth, Ohio 44281 and to First Dealer and Second Dealer, if applicable, at the address or addresses last provided by them to Cornwell. Service on Cornwell, First Dealer, or Second Dealer shall conclusively be deemed to have been completed for all purposes if made by regular U.S. mail or any other usual and reliable form of delivery to the address last given. The parties will continue to have the obligation to notify one another of any change of address during and after the termination of this Agreement, if they wish to be assured of the receipt of notices and service of process, and they expressly waive any objection to notice provided or service made to the last address they have given.

22. Dealer shall give Cornwell not less than thirty (30) days' notice of the intention to do business as an entity (for example, corporation, partnership, LLC or LLP), if such an entity is not already a party to this Agreement. Dealer shall not do business as an entity without Cornwell's express written consent, which shall not be unreasonably withheld. All individual parties to this Agreement agree to execute any personal guarantees and other documentation that Cornwell may require as a condition of its consent for Dealer to do business as an entity.

IN RECOGNITION OF WHICH and intending to be legally bound, Cornwell and the person or persons identified as Dealer above have signed duplicate copies of this Agreement on the dates stated below at Wadsworth, Ohio and _____, _____.

NAME OF BUSINESS ENTITY (ONLY COMPLETE FOR CORPORATION, PARTNERSHIP, LLC, LLP)

FIRST INDIVIDUAL DEALER SIGNATURE, FOR SELF AND ENTITY (IF APPLICABLE)

PRINT FIRST INDIVIDUAL DEALER NAME

SECOND INDIVIDUAL DEALER SIGNATURE, FOR SELF AND ENTITY (IF APPLICABLE)

PRINT SECOND INDIVIDUAL DEALER NAME

FOR OFFICE USE ONLY

Agreed to and accepted this _____ day of _____, 20 _____
in Wadsworth, Ohio.

CORNWELL QUALITY TOOLS COMPANY

By: _____
CORNWELL (Corporate Officer)

EXHIBIT B-4

2023



2023 SPECIAL REPRESENTATIVE DEALER FRANCHISE AGREEMENT

THIS SPECIAL REPRESENTATIVE DEALER FRANCHISE AGREEMENT ("Agreement") made this ____ day of _____, 20____, by and between THE CORNWELL QUALITY TOOLS COMPANY of Wadsworth, Ohio ("Cornwell") and [Entity Name, if applicable] _____ and [First Individual Name] _____ of [Residence street address] _____, [City] _____, [State] _____ [Zip] _____, and (if applicable) [Second Individual Name] _____, his or her spouse or person in a similar legal relationship, as individual owners of the franchised dealership if it is an entity and in all events as active partners in the operation of the franchised dealership (individually and/or collectively referred to as "Dealer").

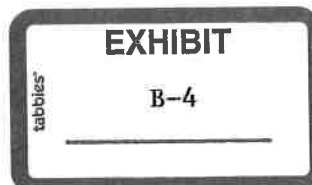
RECITALS

A. Cornwell represents that it is a manufacturer and distributor of various tools and other items of use in the automotive repair business (the "Products").

B. Cornwell desires to grant to the Dealer a franchise to purchase and resell the Products with primary responsibility on Dealer's part to serve the automotive aftermarket in the area defined below (the "Territory") and the Dealer desires to serve in such capacity.

C. Cornwell further desires to grant the Dealer status as a Special Representative, under which status the Dealer can receive free inventory in return for maintaining higher purchase levels for an extended time and/or recruiting additional dealers to Cornwell and the Dealer desires such status.

In consideration of the mutual promises set forth, the Dealer and Cornwell agree as follows:



1. Cornwell grants to the Dealer the right, and the Dealer undertakes the obligation, upon the terms set forth in this Agreement, to operate a franchise selling the Products in the Territory described as follows:

See Attached Map

This Agreement shall continue until terminated, as set forth in Paragraphs 13, 14 and 16 below.

2. Cornwell agrees to sell Dealer products in such quantities as Dealer requires and at such prices as Cornwell may determine from time to time. Dealer agrees to use Dealer's best efforts to serve the Territory fully with the sale of Cornwell products. The First Individual named above agrees to use his or her best full-time efforts to operate the dealership.

3. Upon execution or within 30 days of this Agreement, the Dealer agrees to place an order for an initial inventory of Products from Cornwell with a total regular dealer net price of **\$60,000** (the "Starter Inventory"). Cornwell must approve the Starter Inventory order. Cornwell will recommend a list of Products, which would be useful for the Dealer in beginning its operation.

4. (i) The Dealer agrees to pay for the Starter Inventory by giving Cornwell a promissory note and security agreement ("the Note") in the amount of \$60,000, payable in full without interest in 36 months by weekly payments. If certain purchase or recruiting requirements are met as set forth in this Agreement and the Note, credits of \$20,000 per year for 3 years will be applied annually to the Dealer's open account.

(ii) Unless waived by Cornwell, the Dealer further agrees to deposit \$20,000, as a reserve with Cornwell, at the time payment is made for the Starter Inventory ("the Reserve"). The Dealer agrees to pay for the Reserve in cash upon execution of the Agreement, unless Cornwell agrees to finance the Reserve.

(iii) The Reserve shall be applied by Cornwell to the Dealer's open account, as a credit against the Dealer's further purchases of inventory, in a weekly amount equal to 65% of the increase in the Dealer's documented Time Payment (TP) Account balance over the previous high TP balance. The Reserve shall be maintained by Cornwell until it is exhausted or this Agreement is terminated, whichever occurs first. If the Reserve is funded with a combination of cash and notes, the cash deposited will be applied first against the further purchases of inventory. The funds remaining in the Reserve shall be refunded if paid in cash or, if borrowed, credited at the Dealer's option to the Dealer's open account, if the Reserve has not been used in full upon the termination of this Agreement. When the Reserve is established, it shall be credited by Cornwell with a lump-sum amount reflecting interest on the cash portion of the Reserve at the then-applicable rate for Cornwell's overnight bank sweep accounts and the assumption that the Reserve will be drawn

down evenly over 13 weeks. A lump-sum amount reflecting interest for 13 weeks will be applied to the borrowed portion of the Reserve at the same rate as the Dealer's note. Any unearned interest may be recovered by Cornwell if the Reserve ends with a remaining balance.

(iv) Unless waived by Cornwell, the Dealer further agrees that the Dealer will provide verification to Cornwell, at the time payment is made for the Starter Inventory and Reserve, that as of that date the Dealer has at least an additional \$10,000 deposited in usable funds in a business checking account at a financial institution of the Dealer's choice and the Dealer further agrees that the Dealer will only use those funds for the business purposes of the dealership on and after the first day of training on Dealer's route, which may include a reasonable draw for personal living expenses, as agreed upon by Cornwell in advance, while this Agreement is in force.

4a. Special Representative Requirements and Benefits.

To remain a Special Representative and to enjoy the benefits set forth below, in addition to the interest-free Note described above, the Dealer must meet the requirements below. To the extent the requirements of this paragraph 4a conflict with other provisions of this agreement, the requirements of this paragraph shall prevail.

A. Dealer must (1) Remain a Cornwell Dealer with average purchases of not less than \$7,150 per week for at least 36 months from the date that Dealer first makes sales ("Start Date") or (2) Introduce at least 3 new dealers to Cornwell within 36 months of the Start Date. Dealer's status as a Special Representative will be reviewed every 52 weeks. If Dealer both fails to satisfy the average purchase requirement and has not introduced a new dealer during the preceding 52 weeks, Dealer's status as a Special Representative may be terminated by Cornwell.

B. "Introduction" of new dealers for the purpose of Special Representative status means that such new dealers enter into Dealer Franchise Agreements, purchase Starter Inventories and remain Cornwell Dealers for a minimum of 6 months each.

C. Dealer warrants and at Cornwell's request shall document that immediately prior to joining Cornwell, Dealer was an active Dealer with a major mobile tool company (Snap-On, Mac Tools, or Matco), with substantially similar responsibilities to those of a Cornwell Special Representative and that Dealer had maintained a minimum sales average of \$9,000 per week for at least the preceding 12 months.

D. Dealer will be paid Twenty-Five Hundred Dollars (\$2,500.00) upon execution of this agreement, which will be applied as a credit to the open account, to pay the cost of a conversion package. At Cornwell's request, Dealer shall

document the use of the conversion funds and shall promptly repay any unused funds.

E. Dealer shall qualify for all Cornwell programs, except recruitment incentives for the Dealer himself or for three new dealers.

F. Dealer will qualify immediately for all Tech-Credit programs and for volume discounts for purchases as of the first week of business, not including the Starter Inventory.

G. Dealer must use the IBN program, including My Business, and must submit standard weekly reports to the District Sales Manager and to Cornwell's Wadsworth office.

H. Dealer must maintain an inventory of at least **\$60,000** net value and must use the perpetual inventory function on IBN. Dealer's inventory level will be inspected at least quarterly by the District Sales Manager and the Dealer will perform a physical inventory at least once a year, or more frequently as Cornwell may reasonably request.

I. Dealer must pay Dealer's trade account with Cornwell in accordance with Cornwell's policies and procedures, must make the required weekly payments on the Note and must otherwise comply with the terms of this Agreement, the Note, all other agreements between Cornwell and Dealer and Cornwell's other policies and procedures.

J. Following the first 52-week periods after the commencement of payments, if Dealer has complied with the requirements of this Agreement and the Note during that period, Cornwell will then issue an open account credit to Dealer of \$20,000 to be used only for the purchase of additional inventory. Following each of the next two 52-week periods after the commencement of payments, if Dealer has complied with the requirements of this Agreement and the Note during that period, Cornwell will then issue an open account credit to Dealer of \$20,000 to be used only for the purchase of additional inventory.

K. If during the first 104 weeks after the Start Date Dealer has maintained a purchase average of at least \$7,800 per week (not including the Starter Inventory), Cornwell will then issue a further open account credit to Dealer of \$10,000 to be used only for the purchase of additional inventory.

L. If during the first 156 weeks after the Start Date Dealer has maintained a purchase average of at least \$7,800 per week (not including the Starter Inventory or additional inventory purchased with the credit described in subparagraph J above), Cornwell will then issue a further open account credit to Dealer of \$15,000 to be used only for the purchase of additional inventory.

5. a. Dealer agrees to acquire and/or use in the operation of its franchise a display truck or van which has been approved by Cornwell. Approved trucks and

vans must be equipped so that District Managers or others riding with Dealer can sit safely and are protected against injury from objects thrown forward from the rear compartment. Dealer agrees to buy and wear approved Cornwell route wear.

5. b. Dealer agrees to acquire a laptop computer, bar code scanner and credit card signature pad from Cornwell (together, "the Hardware") for use on Dealer's truck. Cornwell will sell the Hardware to Dealer at Cornwell's cost, now approximately \$3,500. Cornwell will give Dealer a \$1,500 credit on Dealer's open account to offset the Hardware purchase expense. Dealer will also be required to purchase or lease a compatible printer and wireless card.

5. c. Dealer agrees to obtain and maintain high speed Internet access via a standalone Network Access Device from a mobile wireless broadband carrier, to be able to communicate electronically with Cornwell.

5. d. Dealer agrees to acquire licensing from Cornwell for the "Ironman Business Network (IBN)" Software for Cornwell dealers, under a separate License Agreement with Cornwell. Dealer will be required to use the "My Business" function in IBN as directed in order for Dealer and Cornwell to monitor Dealer's business properly. Dealer's franchise may be terminated if Dealer does not supply required data or if Dealer does not use IBN and hardware obtained from Cornwell, including, but not limited to the "My Business" function.

5. e. Dealer agrees that Cornwell will have independent access to the information that will be generated and stored on Dealer's "Ironman Business Network IBN" computer system. Dealer agrees to maintain written, weekly report summaries of Dealer's sales and then existing Total Inventory and all Accounts each week. Dealer's IBN will automatically store and electronically transmit this information to Cornwell. Dealer agrees to submit data generated by the computer system, including but not limited to the weekly report summaries. Failure to supply this data is a material breach of this Agreement.

6. Dealer agrees to carry the following minimum insurance coverages: commercial business auto liability insurance with limits of \$1,000,000; general commercial liability insurance under a comprehensive general liability form that includes coverage for bodily harm, property damage, and product liability policy limits not less than \$1,000,000; and cargo insurance with all risk property coverage for full replacement value of Dealer's inventory. Dealer agrees to include Cornwell as "additional insured" on the Dealer's general commercial liability insurance. Dealer agrees to include Cornwell as "loss payee" on the Dealer's cargo insurance policy, to the extent of Cornwell's security interest in Dealer's inventory.

7. Commencing after the fulfillment of the requirements of paragraphs 4a, (A) and (B), the Dealer agrees to maintain average weekly purchases from Cornwell equal to at least 90% of the national average of Cornwell franchise dealers' weekly purchases during the current calendar year. Every week, Cornwell calculates the national average franchise dealer weekly purchase amount during the current year. (Total dealer year to date purchases, divided by the number of weeks to date, then

divided by the number of dealers at the end of the week prior to the current week.) Each week, Dealer agrees to maintain average weekly purchases (year to date purchases divided by the number of weeks to date) equal to 90% of Cornwell's national weekly average for franchise dealers.

8. a. Cornwell will make available to the Dealer combined formal and informal training opportunities depending on the individual requirements and background of the Dealer. This training will include a mandatory two (2) weeks in the first month in which the Dealer is in operation, during which a Cornwell District Manager will accompany Dealer on Dealer's route and train Dealer. During the current pandemic, you will receive additional on-site training. The Dealer must participate in the initial training offered by the District Manager. Such training will not be waived, regardless of Dealer's previous level of experience, so that Dealer will be fully acquainted with Cornwell's practices and procedures in recruiting new dealers.

8. b. Before Dealer begins selling Cornwell product from Dealer's truck or van, Cornwell will provide Dealer with at least 40 hours of mandatory initial classroom training (New Dealer Training Program) near Cornwell's corporate offices in Wadsworth, Ohio, or some other location. This training will be provided by Zoom and at your location by District Manager or Trainer, rather than live during the current pandemic. The First Individual named above, who will primarily operate the dealership, must complete the New Dealer Training Program before operating the dealership. The Second Individual named above is also invited to attend the New Dealer Training Program. The New Dealer Training Program will include but not be limited to classroom instruction on basic business procedures, computer setup, IBN setup, customer relations, products warranty/repair, Email, Cornwell Website and My Business. Dealer must pay the cost of travel, food, lodging and any other incidental costs for the New Dealer Training Program. If the Second Individual named above at any time will primarily operate the dealership, the Second Individual must complete the training set forth above.

9. The First Individual named above agrees to engage full time in the direct operation of the franchised dealership. If the Second Individual named above at any time will primarily operate the dealership, the Second Individual must then adhere to the full-time direct operation set forth above. Dealer agrees to operate only one truck, directly or indirectly, unless Cornwell expressly waives this requirement.

10. Dealer shall display Cornwell Trademarks ("Marks") in the location, style and manner specified by Cornwell. No other trademarks shall be used or employed by Dealer on or in connection with the Cornwell Products except as specified in writing by Cornwell. It is expressly understood and agreed that the Marks shall not be employed as, or included in, the trade name or trade style of Dealer either during the life of this Agreement or subsequently thereto.

Dealer recognizes the validity and Cornwell's exclusive ownership of the Marks. Dealer agrees that it will not do any act or thing, either directly or indirectly, that may in any way impair Cornwell's title and exclusivity. Dealer further agrees that during the continuance of this agreement, or at any time thereafter, it does not have

and may not claim any right to use, any right, title, or interest in, and may not register with any Governmental authority any trademark, identical with or similar to the Marks without the prior written consent of Cornwell.

Dealer further acknowledges that nothing in this Agreement, and no use of any of the Marks under the terms of this agreement, shall create in Dealer any right, title or interest in any of the Marks. Dealer shall take such steps and execute such further documents as Cornwell may reasonably request in order to protect Cornwell's complete interest in and ownership of the Marks.

Dealer agrees to notify Cornwell immediately when Dealer learns about an infringement of or challenge to its use of any of Cornwell's trademark. Cornwell will take the action it considers appropriate, with which Dealer agrees to cooperate. While Cornwell is not required to defend Dealer against a claim against its use of the Marks, Cornwell will reimburse Dealer for Dealer's liability and reasonable costs in connection with defending Cornwell's Marks. To receive reimbursement, the Dealer must have notified Cornwell immediately upon learning about the infringement or challenge.

Dealer must modify or discontinue the use of a Mark if Cornwell modifies or discontinues it. In the event of such action by Cornwell, Cornwell will reimburse the Dealer for tangible costs of compliance (for example, changing decals or signs). The Dealer agrees not to directly or indirectly contest Cornwell's right to its Marks, trade secrets or business techniques that are a part of Cornwell's business.

11. The franchise granted by this Agreement is assignable or transferable by Dealer, either voluntarily or by operation of law, only with written consent from Cornwell. Cornwell will not unreasonably withhold its consent. Dealer shall have the right to assign or transfer Dealer's assets, subject to any security interest Cornwell may have in them. Upon the death or disability of a Dealer, Cornwell may authorize a succession of ownership within the Dealer's family when the proposed successor has been previously active in the Dealer's business. Cornwell reserves the right to assign or transfer its rights, duties or obligations under this Agreement.

12. If Dealer's customer is the original end-user purchaser of a product manufactured by Cornwell ("Cornwell Hard Line") or of a new Kennedy steel roller cabinet, locker, cart, steel tool chest, or steel canopy for use with a Kennedy cabinet or tool chest ("Kennedy Tool Storage"), then Dealer's customer is entitled to a limited lifetime warranty that the product will be free of defects in material or workmanship under normal use and will conform to the description given them by Cornwell or Kennedy.

This limited lifetime warranty extends only to the repair or replacement of items found by Cornwell or Kennedy upon examination to be defective in material or workmanship and is subject to availability of replacement parts. This limited lifetime warranty covers only parts and materials, not labor, and cannot be assigned by the original end-user purchaser of that product.

This limited lifetime warranty does not cover products that are damaged through any intentional or negligent actions, including but not limited to misuse, mishandling, or modification or to products that reach the ends of their useful lives as a result of normal wear and tear. Misuse and mishandling of Kennedy Tool Storage products include but are not limited to overloading, especially while moving or transporting the item, and to scratching of painted and unpainted tops.

Cornwell and Kennedy are not responsible for any special, punitive, incidental or consequential damages which may arise out of the purchase or use of any Cornwell or Kennedy product. Cornwell's and Kennedy's liability for any breach of warranty shall be limited to the cost of the repair or replacement of the defective items as described above.

THIS WARRANTY IS DEALER'S CUSTOMER'S EXCLUSIVE CORNWELL HARD LINE/KENNEDY TOOL STORAGE WARRANTY AND REPLACES TO THE FULLEST EXTENT PERMITTED BY LAW ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTIES OR CONDITIONS OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

Cornwell extends the full manufacturer's warranty to Dealer's customers, as the original end-user purchaser of products manufactured by others. No special, punitive, incidental or consequential damages of any kind are recoverable from Cornwell by any person from the use of these products. Further, there is no other warranty extended by Cornwell with respect to these products, including but not limited to warranties of merchantability and fitness for a particular purpose. In order to replace a defective item, it must be returned to Cornwell Quality Tools Company, 454 Corporate Parkway, Wadsworth, Ohio 44281.

THIS WARRANTY IS DEALER'S CUSTOMER'S EXCLUSIVE WARRANTY FROM CORNWELL AS TO PRODUCTS MANUFACTURED BY OTHERS AND REPLACES TO THE FULLEST EXTENT PERMITTED BY LAW ALL OTHER WARRANTIES BY CORNWELL, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTIES OR CONDITIONS OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

Dealer agrees to extend all of the warranties described in this Paragraph 12 to the Dealer's customers.

13. In the event of default caused by the following (and except as required under applicable laws): (1) breach of promises contained in this Agreement and any other agreement between Dealer and Cornwell, including but not limited to (a) Dealer's failure to pay as agreed for merchandise delivered by Cornwell or (b) to maintain the inventory purchase levels required in Paragraph 7 or (c) to display Cornwell's Marks and to refrain from their misuse or (d) to supply weekly data required in Paragraph 5.e or (e) to maintain full collateralization of any promissory note and security agreement or (f) to use best full-time efforts to serve the Territory

fully; (2) Dealer is convicted of a felony; (3) a voluntary or involuntary proceeding is instituted against Dealer in bankruptcy or other similar laws; (4) A Receiver is appointed for the assets of Dealer; or (5) Dealer makes an assignment for the benefit of Dealer's creditors, this Agreement may be declared terminated by Cornwell by notice in writing effective immediately upon receipt.

14. Dealer shall have 30 days to cure default caused by failure to pay as agreed for merchandise delivered and/or failure to maintain the inventory purchase levels required in Paragraph 7 and/or failure to maintain full collateralization of any promissory note and security agreement.

15. Cornwell may agree to waive any default, in its sole discretion, upon such terms as Cornwell determines. Without limiting the foregoing, Cornwell may require Dealer to agree to a modification of the Territory as a condition of waiving Dealer's failure to use best full-time efforts to serve the Territory fully. No action or failure to act on the part of Cornwell shall operate as a waiver or otherwise of the subsequent right to terminate Dealer, unless expressly so stated in writing.

16. Dealer may terminate this Agreement at any time after mailing written notice to Cornwell thirty (30) days before the effective date of such termination. In addition to its rights under Paragraph 13 above, Cornwell may terminate this Agreement at any time five years or more after the date of this Agreement, in the event that Cornwell ceases generally from the business of selling the Products in the State in which the Territory is located. Cornwell shall give at least one (1) year's notice in writing of such termination and shall not offer franchises again to sell the Products in the State for at least five (5) years thereafter.

17. Upon termination of this Agreement for any reason, or upon the death or disability of Dealer, Cornwell will purchase certain merchandise from Dealer or Dealer's estate, at the then prevailing dealer prices, less a 15% restocking charge. New tools will be approved for return only if they are in new and saleable condition, are active items, and have not been discontinued by Cornwell. All returns must be of current design and finish. All tools returned must be in their original individual carton or container. Broken packs of Cornwell or Cornwell-Allied tools will not be accepted for return if the tools are normally sold by Cornwell in factory pack quantities. The following items are **not** subject to return under this program: Tool storage, socket trays, clips and rails, vinyl kit bags, air compressors, lifting equipment, large shop equipment, parts washers, sales administration or truck display aids, welders, battery chargers, and serial numbered test equipment.

Upon termination of the dealership for any reason, all of Dealer's rights pertaining to the trademarks will automatically revert to Cornwell. Upon termination, Dealer must immediately discontinue use of the trademarks and – at Dealer's own sole expense – Dealer must immediately remove all of the trademarks appearing on decals, signs or otherwise, and any terms confusingly similar to them, from Dealer's truck, clothing, business cards, documents and other property. Dealer must also

discontinue any use of the trademarks or any reference to them in Dealer's advertising.

Cornwell will apply any or all monies to be paid for assets purchased from a terminated Dealer as may be necessary to discharge terminated Dealer's total indebtedness to Cornwell. Should there be a deficiency in the purchased assets, any balance remaining due to Cornwell will be payable immediately. The term "indebtedness" shall include both matured and unmatured obligations, and upon termination, Cornwell may declare all promissory notes held or later acquired by it against Dealer immediately due and payable at any time.

18. This Agreement supersedes all agreements, written or oral, and previous and contemporaneous, to date between Dealer and Cornwell. No modification or amendment of this Agreement shall be effective unless made in writing and signed by a representative of Cornwell and Dealer.

19. Any provision of this agreement at variance with the laws of any State or Territory in which it is or becomes operative, or of the United States shall be deemed modified to conform with such laws and the remaining provisions shall remain in effect.

20. Any claim or controversy in connection with, arising out of, or relating to the Agreement between Dealer and Cornwell shall be settled by binding arbitration in accordance with the rules pertaining to commercial dispute arbitration then existing with the American Arbitration Association. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction. Such arbitration shall take place in such locations as the parties mutually agree, and in the absence of such agreement, in Akron, Ohio. The laws applicable to the arbitration procedure shall be the laws of the State of Ohio. The award of the arbitrator(s) shall be the sole remedy between the parties regarding any claims, counterclaims, issues presented or pled to the arbitrator(s).

Cornwell reserves the right to obtain injunctive or other mandatory relief from the act or omission of any activity prohibited or required by this Agreement in any court having jurisdiction, when such act or omission will cause irreparable harm to Cornwell.

21. Any notice required to be given under this Agreement, or service of process for the purposes of arbitration or litigation of issues arising out of it, shall be given to Cornwell at 667 Seville Road, Wadsworth, Ohio 44281 and to First Dealer and Second Dealer, if applicable, at the address or addresses last provided by them to Cornwell. Service on Cornwell, First Dealer, or Second Dealer shall conclusively be deemed to have been completed for all purposes if made by regular U.S. mail or any other usual and reliable form of delivery to the address last given. The parties will continue to have the obligation to notify one another of any change of address during and after the termination of this Agreement, if they wish to be assured of the receipt of notices and service of process, and they

expressly waive any objection to notice provided or service made to the last address they have given.

22. Dealer shall give Cornwell not less than thirty (30) days' notice of the intention to do business as an entity (for example, corporation, partnership, LLC or LLP), if such an entity is not already a party to this Agreement. Dealer shall not do business as an entity without Cornwell's express written consent, which shall not be unreasonably withheld. All individual parties to this Agreement agree to execute any personal guarantees and other documentation that Cornwell may require as a condition of its consent for Dealer to do business as an entity.

IN RECOGNITION OF WHICH and intending to be legally bound, Cornwell and the person or persons identified as Dealer above have signed duplicate copies of this Agreement on the dates stated below at Wadsworth, Ohio and _____, _____.

NAME OF BUSINESS ENTITY (ONLY COMPLETE FOR CORPORATION, PARTNERSHIP, LLC, LLP)

FIRST INDIVIDUAL DEALER SIGNATURE, FOR SELF AND ENTITY (IF APPLICABLE)

PRINT FIRST INDIVIDUAL DEALER NAME

SECOND INDIVIDUAL DEALER SIGNATURE, FOR SELF AND ENTITY (IF APPLICABLE)

PRINT SECOND INDIVIDUAL DEALER NAME

FOR OFFICE USE ONLY

Agreed to and accepted this _____ day of _____, 20 _____ in Wadsworth, Ohio.

CORNWELL QUALITY TOOLS COMPANY

By:

CORNWELL (Corporate Officer)

EXHIBIT C

Amount of Note: [\$75,000]

Wadsworth, Ohio



Date: _____

**CORNWELL QUALITY TOOLS COMPANY
DEALER PURCHASE ORDER, NOTE AND SECURITY AGREEMENT**

The undersigned, individually and/or collectively, having a franchised dealership of Cornwell Quality Tools products and (if applicable) the individual owner or owners of such dealership if it is an entity, as active partners in the operation of the business (individually and/or collectively referred to as "Dealer"), hereby orders and agrees to purchase from CORNWELL QUALITY TOOLS COMPANY, an Ohio Corporation ("Cornwell"), the inventory and other property to be delivered to Dealer by Cornwell and described on documentation to be sent to Dealer at the times of shipment (the "Inventory"). This order will become binding and effective when accepted in writing by Cornwell in Ohio.

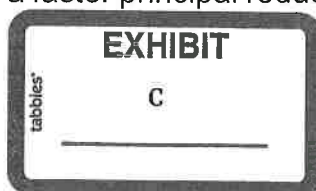
1. Promise to Pay Deferred Sales Price.

(a) The cash price for the Inventory is **\$75,000**. Dealer has chosen to pay for the Inventory over time and Dealer therefore agrees to pay to the order of Cornwell a deferred sales price of \$ _____. The deferred sales price indicated shall be payable in **312** weekly installments of \$ _____ each due on the Monday of each week commencing on _____, 20____ at Cornwell Quality Tools Company, 667 Seville Road, Wadsworth, Ohio 44281, or such place as Cornwell shall designate.

(b) The time-price charge is the same amount as a _____ % interest charge would be on a loan of money. If this agreement is made by more than one person (such as an entity, first dealer and second dealer), their obligations shall be joint and several, which means that each one can be separately required by Cornwell to pay the entire indebtedness or both can be required to pay it.

(c) All payments are intended to be applied first toward unpaid accrued time-price charges and then as a reduction of the unpaid principal balance, but Cornwell reserves the right to apply such payments in such order as it may determine. This note may be voluntarily pre-paid in part or in full at any time, without penalty, and is subject to involuntary acceleration, as set forth in paragraph 9 below.

(d) If any payment is not made on or before its due date, additional time-price charges will be made at the rate of _____ % per annum and will continue to accrue on the unpaid balance as part of the Indebtedness described in paragraph 3 below. This will result in a slower principal reduction, to be deferred at Cornwell's option to increase the final scheduled payment, if it is not paid sooner and a default is not earlier declared. Conversely, payments received in advance of their due date will result in a faster principal reduction than scheduled, thus decreasing the final scheduled payment.



(e) In addition, Cornwell may impose a weekly late charge of \$10.00 each week that Dealer is three or more payments in arrears. The late charge will become an increase in the principal balance, and likewise become part of the Indebtedness, which will increase the amount of the final scheduled payment, if it is not paid sooner and a default is not earlier declared.

(f) Although it is not the present practice, or any intention of Cornwell, to sell, assign, or discount to a third-party, in whole or in part, any note, contract or other instrument executed by the Dealer, Cornwell retains the right to do so.

(g) The installments to be paid to Cornwell by the Dealer, pursuant to subparagraph (a) above, shall be paid by an ACH Debit for automatic payment, which will be automatically processed every Monday according to the schedule set forth in subparagraph 1(a) above, until the obligation is paid in full. The Dealer shall sign an irrevocable ACH Agreement authorizing Cornwell to automatically deduct the weekly payment from the Dealer's bank account until this obligation is paid in full. In the event funds are not available to complete the automatic transfer on that date, it shall be considered an event of default.

(h) The Dealer Franchise Agreement between the parties ("the Agreement") is incorporated into this Note by reference. Without limitation, the provisions of the Agreement incorporated into this Note include its paragraph 4, pertaining to the portion of the Inventory described as the "Reserve" and the manner of payment for the Reserve.

2. Title and Shipping. The Inventory will be sent by Cornwell to the address designated by the Dealer. Title will pass to Dealer when the Inventory leaves the Cornwell Distribution Center, but costs of shipping and insurance during shipping are included in the prices quoted above and will be paid by Cornwell.

3. Security Interest.

(a) Security Interest and Warranty of Clear Title. This security interest is intended to extend broadly, to make all of Dealer's personal property available to cover any amounts the Dealer may owe Cornwell for the purchase of Inventory, now or in the future and the other amounts described below in the definition of Indebtedness. Without limitation, the security interest specifically includes Dealer's entire inventory ("Total Inventory"), whenever acquired, and all of Dealer's accounts receivable ("Accounts"), whenever created.

In order to secure the payment of any and all of Dealer's indebtedness, obligations and liabilities owing to Cornwell and the performance by the Dealer of any or all of Dealer's covenants and warranties contained in any agreement in favor of Cornwell, whether currently existing or arising in the future, contingent or absolute, whether contained in this agreement, the Dealer Agreement, or in any other agreement; all costs and expenses incurred in the collection of such obligations and/or indebtedness; and for all taxes levied, insurance and repairs to or maintenance of any collateral (collectively, the "Indebtedness"), Dealer hereby grants to Cornwell a security interest in the following described property, hereinafter referred to as the "Collateral":

Description of Collateral

All accounts, accounts receivable, contract rights, chattel paper, general intangibles, instruments, documents, policies and certificates of insurance, all goods, inventory and equipment (such terms having the meaning assigned to them in the Uniform Commercial Code as adopted in Ohio), together with all attachments, and accessories, and all proceeds from insurance, including but not limited to Total Inventory, whether now existing or hereafter arising, now owned or hereafter acquired, due or to become due, including proceeds and products and Dealer's records of such property.

Dealer warrants that Dealer owns good and marketable title to the Collateral, or will own such title upon sale of the Inventory, free and clear of any and all liens, interests and encumbrances, except as set forth below, that Dealer will not permit any lien, security interest or encumbrance (other than the security interest created hereby) to attach to the Collateral and, except for sales of inventory in the normal course of business, that Dealer will not sell, exchange, lease or otherwise dispose of or transfer any interest in the Collateral.

(b) Dealer's Records. Dealer shall maintain at Dealer's place of business accurate and up-to-date records pertaining to the Total Inventory, the Collateral and the Accounts. Cornwell shall have a special property interest in all of Dealer's records pertaining to the Total Inventory, the Collateral and the Accounts, and Cornwell's agents, representatives and employees shall have the right to inspect them at any reasonable time or times. At the request of Cornwell, if any part of the Indebtedness is in default, Dealer agrees to stamp, in form and manner satisfactory to Cornwell, its records pertaining to the Accounts with an appropriate reference to the security interest created herein, and/or to deliver and turn over any and all such records to the Cornwell.

(c) Financing Statements. Dealer shall execute and immediately deliver to Cornwell with this Order, Note and Security Agreement, or upon demand, such financing statements or other appropriate documentation as may be requested by Cornwell now or hereafter, to evidence and to perfect the security interest created herein.

(d) Good Condition. Until all the Indebtedness is paid in full, Dealer shall keep the Total Inventory in good condition and repair and shall properly maintain it and keep it stored in a safe place, at the Dealer's business address or any other location approved by Cornwell. If the truck or other vehicle where Dealer will keep any or all of the Total Inventory is currently encumbered by a security interest or lease, the name of the secured party or lessor is _____ whose address is _____.

If Dealer's vehicle subsequently becomes encumbered or subject to a lease before all the Indebtedness is paid in full, Dealer agrees to immediately notify Cornwell of the name and address of such other secured party or lessor. Cornwell reserves the right to notify such secured party or lessor of the existence of the security interest created by this agreement and to require the removal of the Total Inventory from the vehicle, in the event the vehicle is repossessed.

4. Insurance.

(a) Dealer shall provide that the Collateral is continuously insured with the following minimum insurance coverages: commercial business auto liability insurance with limits of One Million Dollars (\$1,000,000); general commercial liability insurance under a comprehensive general liability form that includes coverage of bodily harm, property damage, and product liability with policy limits not less than One Million Dollars (\$1,000,000); and cargo insurance with all risk property coverage for full replacement value of Dealer's inventory. Such insurance shall be so written and endorsed as to make losses, if any, payable to Cornwell in addition to the Dealer, as their respective interest may appear. Each policy of insurance shall be written so as to be not subject to cancellation or substantial modification without at least thirty (30) days' written notice to Cornwell. Dealer shall deposit with Cornwell certificates or other evidence satisfactory to Cornwell that the required insurance has been obtained and is in full force and effect and, prior to the expiration of any such insurance, Dealer shall furnish Cornwell with evidence satisfactory to Cornwell that such insurance has been renewed or replaced. Contemporaneous with the execution of this agreement, and from time to time thereafter upon request by Cornwell, Dealer shall provide Cornwell with a Certificate of Insurance evidencing that Dealer has complied with the foregoing requirements of this Agreement.

(b) All amounts received by Cornwell in payment of insurance losses may, at Cornwell's option, be applied in satisfaction of Dealer's Indebtedness to Cornwell or all or any part thereof may be used for the purpose of repairing, replacing, or restoring the Collateral.

(c) Dealer will at all times have and maintain public liability insurance covering such risks and in such amounts and issued by such companies as are acceptable to Cornwell.

(d) Dealer assigns to Cornwell all rights to the proceeds of any insurance not exceeding unpaid balances and hereby directs the insurance carrier and its agents to pay all proceeds directly to Cornwell, authorizes Cornwell to endorse any draft for and on behalf of Dealer as its attorney-in-fact, coupled with an interest, and further authorizes Cornwell to make adjustments of all insurance losses, sign all applications, receipts, releases and other papers necessary and to make settlements.

(e) Note to Dealer: DEALER IS REQUIRED TO SUBMIT AN INSURANCE AUTHORIZATION FORM. PLEASE FILL IN THE APPROPRIATE BLANKS ON THE FORM WITH THE NAME AND ADDRESS OF THE INSURANCE COMPANY WHICH WILL INSURE THE TOTAL INVENTORY AND ENCLOSE THE FORM WHEN YOU RETURN THIS AGREEMENT TO CORNWELL QUALITY TOOLS COMPANY.

(f) Collection of Accounts: With respect to the Accounts and in addition to and not in limitation of any of the rights provided to Cornwell elsewhere in this agreement or by law, Cornwell may upon the occurrence of any of the events described in Paragraph 8 below or at any time thereafter (such event not having previously been cured or waived), at its option, without prior demand or notice to Dealer, and without resort to legal process or judicial hearing, order or authorization, notify the persons liable for the payment of the Accounts of Cornwell's security interest and direct such persons to make payments directly to Cornwell, and, at Cornwell's request, all bills and statements sent by Dealer to the persons liable for the payment of the Accounts shall state that the Accounts have been assigned to, and are solely payable to Cornwell, and at Cornwell's request, Dealer shall direct the persons liable for the payment of the Accounts to pay directly to Cornwell any sums due or to become due on account thereof.

The Dealer hereby irrevocably appoints Cornwell as its true and lawful attorney-in-fact, coupled with an interest, with full power to send the notices described above, to take possession of and endorse in the name of Dealer any instruments or documents received in payment of all or part of the Accounts, to collect, sue for and give a quittances for monies due on the Accounts, and to withdraw any claims, suits or proceedings pertinent thereto, or arising out of the assignment of the Accounts.

In pursuance of the rights granted hereunder, Cornwell may extend the time for payment of, compromise or settle for cash, credit or otherwise, and upon any terms and conditions, any of the Accounts and thereby discharge the person or persons liable for the payment thereof, without affecting the obligations of Dealer to Cornwell (except to the extent that the Indebtedness shall be reduced by the amount of any sums received by Cornwell).

5. Financial Condition. Upon request by Cornwell, Dealer agrees to furnish Cornwell within reasonable time accurate and up-to-date information concerning any aspect of Dealer's financial condition.

6. Verification of Sales and Inventory. Dealer will maintain written, weekly summaries of its sales and then existing Total Inventory and all Accounts in a form acceptable to Cornwell and Dealer shall each week furnish an IBN Weekly Report Summary to Cornwell's District Sales Manager, Cornwell's Credit Department and as Cornwell may otherwise direct. Dealer will also allow, upon request and reasonable notice, Cornwell's authorized representative to inspect Dealer's Total Inventory at any time.

7. Repurchase of Inventory. If Dealer ceases for any reason to be an authorized dealer of Cornwell's products, Cornwell will repurchase from Dealer that portion of the Total Inventory which Cornwell is required to repurchase, if any, in accordance with the terms set forth in the Dealer Franchise Agreement between Cornwell and the Dealer, the terms of which are expressly incorporated herein. If any of the Indebtedness is unpaid at the time of such repurchase, Cornwell will credit against the Indebtedness the net amounts from such repurchase, as determined in accordance with the terms set forth in the Dealer Franchise Agreement.

8. Default. The Dealer shall be in default upon the happening of any of the following events or conditions:

(a) The failure of Dealer to make payment or performance of any of the Dealer's indebtedness to Cornwell, as described in paragraph 3 above, including but not limited to those arising from the sale of inventory described in this Agreement.

(b) If the Dealer defaults under the Dealer Franchise Agreement or any other agreement or contract between the Dealer and Cornwell, including but not limited to paragraph 5 or the obligation to furnish IBN Report Summaries as contained in Paragraph 6 above, or upon the termination of any such agreement.

(c) The failure of the Dealer to have this note and security agreement fully collateralized at all times. Until the Indebtedness is paid in full, Dealer shall own and maintain in Dealer's truck or other vehicle inventory purchased from Cornwell in an amount not less than the lesser of Fifty-five Thousand Dollars (\$55,000) or the outstanding balance of this note, including principal, interest and any costs and expenses.

Upon default, all obligations of the Dealer at once become due and payable without any notice or demand, notice and demand having been expressly waived. Payments made shall first be applied to the payment of the interest that accrued and then to the principal amount, which remains unpaid.

9. Acceleration. Upon the happening of any of the following events or conditions:

(a) Default by Dealer in the payment or the performance of any of Dealer's Indebtedness to Cornwell, as described in paragraphs 3, 5, or 6 above, including but not limited to those arising from the sale of inventory described in this agreement;

(b) Loss, theft, destruction, encumbrance, levy against, seizure or attachment of or to any of the Collateral, or any sale of all or any part of the Collateral other than in the regular course of Dealer's business;

(c) Any warranty, representation, financial statement or other information made or furnished to Cornwell by or on behalf of Dealer proves to have been or to have become false in any material respect;

(d) Death, impairment, termination of existence, insolvency, business failure, appointment of a trustee or receiver of any part of the property of, assignment for the benefit of creditors of or the commencement of any proceedings under bankruptcy or any other state or federal law for the relief of debtors by or against Dealer, or any surety for Dealer;

(e) Dealer's ceasing for any reason to be an authorized dealer of Cornwell's products;

(f) A judgment for the payment of any sum of money against Dealer, which shall remain undischarged for a period of 45 days during which time execution shall not be effectively stayed; or

(g) Cornwell deems itself insecure, in good faith believing that the prospect of payment of any of the Indebtedness or the performance of any other obligation of Dealer is impaired.

Cornwell may, at its option, without notice or demand, declare due and payable, and, in addition to other rights and remedies upon default under applicable law, collect the full amount of the Indebtedness or any portion thereof, as calculated below, and will have the further right, without notice or demand, to repossess the Collateral, to enter peacefully upon any premises where the Collateral is located in order to repossess it and to exercise all other rights allowed by law. Without limiting the above, Cornwell shall have all of the rights and remedies of a secured creditor under the Uniform Commercial Code as adopted in Ohio.

Dealer agrees upon the request of Cornwell to assemble the Collateral and to make it available at any place designated by Cornwell. Dealer hereby expressly waives the entitlement, if any, to a judicial hearing prior to the exercise of Cornwell's right of repossession, which right is exercisable by Cornwell on its own behalf or through resort to appropriate judicial process. After repossession, Cornwell will provide at least 10 days prior written notice to Dealer at Dealer's Business Address of the time and place of any public sale or the time after which any private sale or repurchase pursuant to the Dealer Agreement will be made of the Collateral, and Dealer agrees that such 10-day period is reasonable. Dealer further agrees that repurchase of the Total Inventory, or any part thereof, pursuant to the terms of the Dealer Agreement shall constitute a commercially reasonable disposition thereof. The proceeds of any disposition of the Collateral may be applied to the Indebtedness as Cornwell may elect.

Upon Voluntary prepayment in full or upon acceleration as set forth herein, the amount of the Indebtedness will be calculated as follows: total (1) the cash price of each time-deferred sale, less the amounts from previous payments which have been applied to principal; plus (2) time-price charges and late charges on unpaid balances; plus (3) all other outstanding Indebtedness, as defined in paragraph 3 above; plus (4) additional time-price charges of _____ % per annum (or the highest rate allowed by law, whichever is less) on the total of the first three components above, until paid in full. Cornwell expressly states its intention not to collect any amount in excess of that permitted by law and the Indebtedness shall be reduced accordingly, as may be required.

10. PARTIAL WAIVER OF DEALER'S REMEDIES. DEALER HEREBY EXPRESSLY AGREES THAT, WITH REGARD TO THE INVENTORY DELIVERED UNDER THIS AGREEMENT, DEALER'S REMEDIES UNDER THIS AGREEMENT (INCLUDING WITHOUT LIMITATION, REMEDIES BY WAY OF DEFENSE, COUNTERCLAIM, RECOURPMENT AND SET-OFF) ARE EXCLUSIVELY LIMITED TO ANY WARRANTIES EXPRESSLY GIVEN IN WRITING. WARRANTIES OF MERCHANTABILITY, AND OF FITNESS FOR A PARTICULAR PURPOSE ARE EXPRESSLY DISCLAIMED.

11. LIMITATION OF DAMAGES. DEALER HEREBY ALSO EXPRESSLY AGREES THAT DEALER'S DAMAGES FOR CORNWELL'S BREACH OF THE FOREGOING EXCLUSIVE WARRANTIES ARE LIMITED TO THE ENFORCEMENT OF SECTION 7 OF THIS AGREEMENT AND REPLACEMENT OR RECOVERY OF AMOUNTS PAID BY DEALER TO CORNWELL FOR DEFECTIVE PRODUCTS, AS APPLICABLE, AND THAT CORNWELL SHALL NOT BE LIABLE FOR ANY CONSEQUENTIAL OR INCIDENTAL DAMAGES.

12. Collection Costs. Dealer shall reimburse Cornwell for all costs of collection of the Indebtedness or any portion thereof, including, without limiting the generality of the foregoing, expenses of, and charges for, the repossession and holding of the Collateral for sale and any preparations for such sale, court costs and reasonable attorneys' fees. Cornwell expressly states its intention not to collect any amount in excess of that permitted by law and the costs of collection shall be reduced accordingly, as may be required.

13. Taxes and Assessments. Dealer will pay promptly when due all taxes and assessments upon the Collateral or for its use or operation or upon this agreement or upon any papers evidencing the obligations between the parties and at its option, Cornwell may discharge taxes, liens or other encumbrances at any time levied or placed on the Collateral, pay for the maintenance and preservation of the Collateral and taxes, assessments and insurance on the Collateral should Dealer fail to do so, and Dealer agrees to reimburse Cornwell on demand for any payments so made until such reimbursement, the amount so paid by Cornwell shall be added to the Indebtedness.

14. Application of Amounts Received. All amounts received by Cornwell from Dealer may be applied by Cornwell to the Indebtedness in such order and to principal or to time-price charges, as Cornwell may determine. Dealer authorizes Cornwell at any time, without notice, to appropriate and to apply any Collateral in Cornwell's possession, custody or control towards the payment of the Indebtedness. Dealer waives presentment, demand, notice, acceptance, performance, default, enforcement, exoneration and reimbursement, assents to any acceleration, extension, modification, waiver or postponement or to any other indulgence, to any addition, substitution, exchange or release of the Collateral to the addition or release of any other party or person primarily or secondarily liable, to the settlement, compromise or adjustment of the Indebtedness and/or to the application of any Collateral against the Indebtedness and in any order.

15. Miscellaneous.

(a) This agreement shall continue until such time as there is no outstanding Indebtedness and there are no other agreements in effect between Dealer and Cornwell.

(b) This agreement shall be deemed to have been made in Ohio and shall be governed by Ohio law, and shall be binding upon and inure to the benefit of the parties, their executors, administrators, personal representatives, heirs, successors, and assigns as the case may be.

(c) Any claim or controversy in connection with, arising out of, or relating to this agreement between Dealer and Cornwell shall be settled by binding arbitration in accordance with the rules pertaining to commercial dispute arbitration then existing with the American Arbitration Association. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction. Such arbitration shall take place in such locations as the parties mutually agree, and in the absence of such agreement, in Akron, Ohio. The laws applicable to the arbitration procedure shall be the laws of the State of Ohio. The award of the arbitrator(s) shall be the sole remedy between the parties regarding any claims, counterclaims, issues presented or pled to the arbitrator(s).

Cornwell reserves the right to obtain injunctive or other mandatory relief, including but not limited to replevin, from the act or omission of any activity prohibited or required by this agreement in any court having jurisdiction, when such act or omission will cause irreparable harm to Cornwell or is otherwise necessary to obtain possession of any or all of the Total Inventory upon Dealer's default.

(d) In the event that this agreement, or any part of it is found to be governed by the law of any other state and/or to be unenforceable, any part found to be unenforceable shall be severed and the agreement given effect according to the intent of the parties, to the fullest extent permitted by law.

(e) This agreement may only be modified by a writing, signed by all of the parties hereto and shall not be effective until accepted by Cornwell in Ohio.

16. Notice and Service of Process. Any notice required to be given under this Order, Note and Security Agreement, or service of process for the purposes of arbitration or litigation of issues arising out of it, shall be given to Cornwell at 667 Seville Road, Wadsworth, Ohio 44281 and to First Dealer and Second Dealer, if applicable, at the address or addresses last provided by them to Cornwell. Service on Cornwell, First Dealer, or Second Dealer shall conclusively be deemed to have been completed for all purposes if made by regular U.S. mail or any other usual and reliable form of delivery to the address last given. The parties will continue to have the obligation to notify one another of any change of address during and after the termination of this Order, Note and Security Agreement, if they wish to be assured of the receipt of notices and service of process, and they expressly waive any objection to notice provided or service made to the last address they have given.

IN RECOGNITION OF WHICH and intending to be legally bound, the person or persons identified above as Dealer have signed this Order, Note and Security Agreement below.

NAME OF BUSINESS ENTITY (ONLY COMPLETE FOR CORPORATION, PARTNERSHIP, LLC, LLP)

FIRST INDIVIDUAL DEALER SIGNATURE, FOR SELF AND ENTITY (IF APPLICABLE)

FIRST PRINCIPAL INDIVIDUAL DEALER NAME

SECOND INDIVIDUAL DEALER SIGNATURE, FOR SELF AND ENTITY (IF APPLICABLE)

PRINT SECOND INDIVIDUAL DEALER NAME

FOR OFFICE USE ONLY

Agreed to and accepted this _____ day of _____, 20 _____
in Wadsworth, Ohio.

CORNWELL QUALITY TOOLS COMPANY

By: _____
CORNWELL (Corporate Officer)

Statement of Outstanding Liens

There are outstanding liens against some or all of the Collateral described in this Agreement, as follows:

<u>Name</u>	<u>Amount</u>	<u>Collateral</u>
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Dealer

EXHIBIT C-1

Amount of Note: [\$75,000]

Wadsworth, Ohio



Date: _____

**CORNWELL QUALITY TOOLS COMPANY
DEALER PURCHASE ORDER, NOTE AND SECURITY AGREEMENT
(Veterans Program – Time-Price Charge Conditionally Waived)**

The undersigned, individually and/or collectively, having a franchised dealership of Cornwell Quality Tools products and (if applicable) the individual owner or owners of such dealership if it is an entity, as active partners in the operation of the business (individually and/or collectively referred to as "Dealer"), hereby orders and agrees to purchase from CORNWELL QUALITY TOOLS COMPANY, an Ohio Corporation ("Cornwell"), the inventory and other property to be delivered to Dealer by Cornwell and described on documentation to be sent to Dealer at the times of shipment (the "Inventory"). This order will become binding and effective when accepted in writing by Cornwell in Ohio.

1. Veterans Program – Conditional Waiver of Time-Price Charge

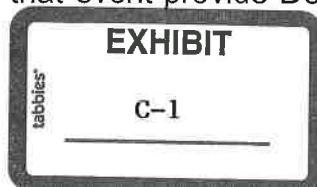
A. Dealer has represented to Cornwell and warrants that it is true that one or more of the individual Dealers was or were honorably discharged from the U.S. Military.

B. Dealer has agreed, in consideration of receiving the more favorable loan terms set forth in this Section (1), by which no time-price charge equivalent to interest will be made by Cornwell for the Inventory purchased by Dealer, 1) to have available \$10,000 of working capital as of the first day of on-truck training; 2) to lease or purchase a new tool truck; 3) to meet or exceed 90% of the Cornwell national dealer purchase average over the length of the loan; 4) to allow Cornwell to use their story and likeness for advertising purposes; 5) to meet all other requirements of Dealer's agreements with Cornwell.

C. In reliance on Dealer's representation and warranty and on Dealer's agreements set forth in paragraph B above, Cornwell and Dealer agree as set forth in paragraphs D, E and F below:

D. If the obligation set forth in Paragraph B are met, there will be no deferred sales price charged for the Inventory, meaning as well that there will be no time-price amount charged for the purchase of the Inventory, as set forth in subsection (2)(b) of this Note that would be the same as an interest charge on a loan of money.

E. All of the other terms of this Note shall be in full force and effect, including but not limited to its default provisions. Dealer understands and agrees that if Dealer fails to perform any of the terms of the Note, including but not limited to the requirements of this Section 1, the Dealer Franchise Agreement or any other obligation to Cornwell, this Section 1 of the Note will cease to be in effect. Dealer will then be obligated to pay the full remaining balance of the Note, plus the equivalent of interest, as set forth in subsections 2(a) and 2(b) of the Note, over the number of weeks required to do so. Cornwell will in that event provide Dealer with a statement of what is owed and the schedule for its payment.



F. Dealer's compliance with the requirements of Paragraph B above will be reviewed every 13 weeks and determined every 52 weeks.

2. Promise to Pay Deferred Sales Price.

(a) The cash price for the Inventory is **\$75,000**. Dealer has chosen to pay for the Inventory over time and Dealer therefore agrees to pay to the order of Cornwell a deferred sales price of \$ _____. The deferred sales price indicated shall be payable in **208** weekly installments of \$ _____ plus an additional payment of \$ _____, each due on the Monday of each week commencing on _____, 20 _____ at Cornwell Quality Tools Company, 667 Seville Road, Wadsworth, Ohio 44281, or such place as Cornwell shall designate.

(b) The time-price charge is the same amount as a _____ % interest charge would be on a loan of money. If this agreement is made by more than one person (such as an entity, first dealer and second dealer), their obligations shall be joint and several, which means that each one can be separately required by Cornwell to pay the entire indebtedness or both can be required to pay it.

(c) All payments are intended to be applied first toward unpaid accrued time-price charges and then as a reduction of the unpaid principal balance, but Cornwell reserves the right to apply such payments in such order as it may determine. This note may be voluntarily pre-paid in part or in full at any time, without penalty, and is subject to involuntary acceleration, as set forth in paragraph 9 below.

(d) If any payment is not made on or before its due date, additional time-price charges will be made at the rate of _____ % per annum and will continue to accrue on the unpaid balance as part of the Indebtedness described in paragraph 3 below. This will result in a slower principal reduction, to be deferred at Cornwell's option to increase the final scheduled payment, if it is not paid sooner and a default is not earlier declared. Conversely, payments received in advance of their due date will result in a faster principal reduction than scheduled, thus decreasing the final scheduled payment.

(e) In addition, Cornwell may impose a weekly late charge of \$10.00 each week that Dealer is three or more payments in arrears. The late charge will become an increase in the principal balance, and likewise become part of the Indebtedness, which will increase the amount of the final scheduled payment, if it is not paid sooner and a default is not earlier declared.

(f) Although it is not the present practice, or any intention of Cornwell, to sell, assign, or discount to a third-party, in whole or in part, any note, contract or other instrument executed by the Dealer, Cornwell retains the right to do so.

(g) The installments to be paid to Cornwell by the Dealer, pursuant to subparagraph (a) above, shall be paid by an ACH Debit for automatic payment, which will be automatically processed every Monday according to the schedule set forth in subparagraph 1(a) above, until the obligation is paid in full. The Dealer shall sign an irrevocable ACH Agreement authorizing Cornwell to automatically deduct the weekly payment from the Dealer's bank account until this

obligation is paid in full. In the event funds are not available to complete the automatic transfer on that date, it shall be considered an event of default.

(h) The Dealer Franchise Agreement between the parties ("the Agreement") is incorporated into this Note by reference. Without limitation, the provisions of the Agreement incorporated into this Note include its paragraph 4, pertaining to the portion of the Inventory described as the "Reserve" and the manner of payment for the Reserve.

3. Title and Shipping. The Inventory will be sent by Cornwell to the address designated by the Dealer. Title will pass to Dealer when the Inventory leaves the Cornwell Distribution Center, but costs of shipping and insurance during shipping are included in the prices quoted above and will be paid by Cornwell.

4. Security Interest.

(a) Security Interest and Warranty of Clear Title. This security interest is intended to extend broadly, to make all of Dealer's personal property available to cover any amounts the Dealer may owe Cornwell for the purchase of Inventory, now or in the future and the other amounts described below in the definition of Indebtedness. Without limitation, the security interest specifically includes Dealer's entire inventory ("Total Inventory"), whenever acquired, and all of Dealer's accounts receivable ("Accounts"), whenever created.

In order to secure the payment of any and all of Dealer's indebtedness, obligations and liabilities owing to Cornwell and the performance by the Dealer of any or all of Dealer's covenants and warranties contained in any agreement in favor of Cornwell, whether currently existing or arising in the future, contingent or absolute, whether contained in this agreement, the Dealer Agreement, or in any other agreement; all costs and expenses incurred in the collection of such obligations and/or indebtedness; and for all taxes levied, insurance and repairs to or maintenance of any collateral (collectively, the "Indebtedness"), Dealer hereby grants to Cornwell a security interest in the following described property, hereinafter referred to as the "Collateral":

Description of Collateral

All accounts, accounts receivable, contract rights, chattel paper, general intangibles, instruments, documents, policies and certificates of insurance, all goods, inventory and equipment (such terms having the meaning assigned to them in the Uniform Commercial Code as adopted in Ohio), together with all attachments, and accessories, and all proceeds from insurance, including but not limited to Total Inventory, whether now existing or hereafter arising, now owned or hereafter acquired, due or to become due, including proceeds and products and Dealer's records of such property.

Dealer warrants that Dealer owns good and marketable title to the Collateral, or will own such title upon sale of the Inventory, free and clear of any and all liens, interests and encumbrances, except as set forth below, that Dealer will not permit any lien, security interest or encumbrance (other than the security interest created hereby) to attach to the Collateral and, except for sales of inventory in the normal course of business, that Dealer will not sell, exchange, lease or otherwise dispose of or transfer any interest in the Collateral.

(b) Dealer's Records. Dealer shall maintain at Dealer's place of business accurate and up-to-date records pertaining to the Total Inventory, the Collateral and the Accounts. Cornwell shall have a special property interest in all of Dealer's records pertaining to the Total Inventory, the Collateral and the Accounts, and Cornwell's agents, representatives and employees shall have the right to inspect them at any reasonable time or times. At the request of Cornwell, if any part of the Indebtedness is in default, Dealer agrees to stamp, in form and manner satisfactory to Cornwell, its records pertaining to the Accounts with an appropriate reference to the security interest created herein, and/or to deliver and turn over any and all such records to the Cornwell.

(c) Financing Statements. Dealer shall execute and immediately deliver to Cornwell with this Order, Note and Security Agreement, or upon demand, such financing statements or other appropriate documentation as may be requested by Cornwell now or hereafter, to evidence and to perfect the security interest created herein.

(d) Good Condition. Until all the Indebtedness is paid in full, Dealer shall keep the Total Inventory in good condition and repair and shall properly maintain it and keep it stored in a safe place, at the Dealer's business address or any other location approved by Cornwell. If the truck or other vehicle where Dealer will keep any or all of the Total Inventory is currently encumbered by a security interest or lease, the name of the secured party or lessor is _____ whose address is _____. If Dealer's vehicle subsequently becomes encumbered or subject to a lease before all the Indebtedness is paid in full, Dealer agrees to immediately notify Cornwell of the name and address of such other secured party or lessor. Cornwell reserves the right to notify such secured party or lessor of the existence of the security interest created by this agreement and to require the removal of the Total Inventory from the vehicle, in the event the vehicle is repossessed.

5. Insurance.

(a) Dealer shall provide that the Collateral is continuously insured with the following minimum insurance coverages: commercial business auto liability insurance with limits of One Million Dollars (\$1,000,000); general commercial liability insurance under a comprehensive general liability form that includes coverage of bodily harm, property damage, and product liability with policy limits not less than One Million Dollars (\$1,000,000); and cargo insurance with all risk property coverage for full replacement value of Dealer's inventory. Such insurance shall be so written and endorsed as to make losses, if any, payable to Cornwell in addition to the Dealer, as their respective interest may appear. Each policy of insurance shall be written so as to be not subject to cancellation or substantial modification without at least thirty (30) days' written notice to Cornwell. Dealer shall deposit with Cornwell certificates or other evidence satisfactory to Cornwell that the required insurance has been obtained and is in full force and effect and, prior to the expiration of any such insurance, Dealer shall furnish Cornwell with evidence satisfactory to Cornwell that such insurance has been renewed or replaced. Contemporaneous with the execution of this agreement, and from time to time thereafter upon request by Cornwell, Dealer shall provide Cornwell with a Certificate of Insurance evidencing that Dealer has complied with the foregoing requirements of this Agreement.

(b) All amounts received by Cornwell in payment of insurance losses may, at Cornwell's option, be applied in satisfaction of Dealer's Indebtedness to Cornwell or all or any part thereof may be used for the purpose of repairing, replacing, or restoring the Collateral.

(c) Dealer will at all times have and maintain public liability insurance covering such risks and in such amounts and issued by such companies as are acceptable to Cornwell.

(d) Dealer assigns to Cornwell all rights to the proceeds of any insurance not exceeding unpaid balances and hereby directs the insurance carrier and its agents to pay all proceeds directly to Cornwell, authorizes Cornwell to endorse any draft for and on behalf of Dealer as its attorney-in-fact, coupled with an interest, and further authorizes Cornwell to make adjustments of all insurance losses, sign all applications, receipts, releases and other papers necessary and to make settlements.

(e) Note to Dealer: DEALER IS REQUIRED TO SUBMIT AN INSURANCE AUTHORIZATION FORM. PLEASE FILL IN THE APPROPRIATE BLANKS ON THE FORM WITH THE NAME AND ADDRESS OF THE INSURANCE COMPANY WHICH WILL INSURE THE TOTAL INVENTORY AND ENCLOSE THE FORM WHEN YOU RETURN THIS AGREEMENT TO CORNWELL QUALITY TOOLS COMPANY.

(f) Collection of Accounts: With respect to the Accounts and in addition to and not in limitation of any of the rights provided to Cornwell elsewhere in this agreement or by law, Cornwell may upon the occurrence of any of the events described in Paragraph 8 below or at any time thereafter (such event not having previously been cured or waived), at its option, without prior demand or notice to Dealer, and without resort to legal process or judicial hearing, order or authorization, notify the persons liable for the payment of the Accounts of Cornwell's security interest and direct such persons to make payments directly to Cornwell, and, at Cornwell's request, all bills and statements sent by Dealer to the persons liable for the payment of the Accounts shall state that the Accounts have been assigned to, and are solely payable to Cornwell, and at Cornwell's request, Dealer shall direct the persons liable for the payment of the Accounts to pay directly to Cornwell any sums due or to become due on account thereof.

The Dealer hereby irrevocably appoints Cornwell as its true and lawful attorney-in-fact, coupled with an interest, with full power to send the notices described above, to take possession of and endorse in the name of Dealer any instruments or documents received in payment of all or part of the Accounts, to collect, sue for and give a quittances for monies due on the Accounts, and to withdraw any claims, suits or proceedings pertinent thereto, or arising out of the assignment of the Accounts.

In pursuance of the rights granted hereunder, Cornwell may extend the time for payment of, compromise or settle for cash, credit or otherwise, and upon any terms and conditions, any of the Accounts and thereby discharge the person or persons liable for the payment thereof, without affecting the obligations of Dealer to Cornwell (except to the extent that the Indebtedness shall be reduced by the amount of any sums received by Cornwell).

6. Financial Condition. Upon request by Cornwell, Dealer agrees to furnish Cornwell within reasonable time accurate and up-to-date information concerning any aspect of Dealer's financial condition.

7. Verification of Sales and Inventory. Dealer will maintain written, weekly summaries of its sales and then existing Total Inventory and all Accounts in a form acceptable to Cornwell and Dealer shall each week furnish an IBN Weekly Report Summary to Cornwell's District Sales Manager, Cornwell's Credit Department and as Cornwell may otherwise direct. Dealer will also allow, upon request and reasonable notice, Cornwell's authorized representative to inspect Dealer's Total Inventory at any time.

8. Repurchase of Inventory. If Dealer ceases for any reason to be an authorized dealer of Cornwell's products, Cornwell will repurchase from Dealer that portion of the Total Inventory which Cornwell is required to repurchase, if any, in accordance with the terms set forth in the Dealer Franchise Agreement between Cornwell and the Dealer, the terms of which are expressly incorporated herein. If any of the Indebtedness is unpaid at the time of such repurchase, Cornwell will credit against the Indebtedness the net amounts from such repurchase, as determined in accordance with the terms set forth in the Dealer Franchise Agreement.

9. Default. The Dealer shall be in default upon the happening of any of the following events or conditions:

(a) The failure of Dealer to make payment or performance of any of the Dealer's indebtedness to Cornwell, as described in paragraph 3 above, including but not limited to those arising from the sale of inventory described in this Agreement.

(b) If the Dealer defaults under the Dealer Franchise Agreement or any other agreement or contract between the Dealer and Cornwell, including but not limited to paragraph 5 or the obligation to furnish IBN Report Summaries as contained in Paragraph 6 above, or upon the termination of any such agreement.

(c) The failure of the Dealer to have this note and security agreement fully collateralized at all times. Until the Indebtedness is paid in full, Dealer shall own and maintain in Dealer's truck or other vehicle inventory purchased from Cornwell in an amount not less than the lesser of Fifty-five Thousand Dollars (\$55,000) or the outstanding balance of this note, including principal, interest and any costs and expenses.

Upon default, all obligations of the Dealer at once become due and payable without any notice or demand, notice and demand having been expressly waived. Payments made shall first be applied to the payment of the interest that accrued and then to the principal amount, which remains unpaid.

10. Acceleration. Upon the happening of any of the following events or conditions:

(a) Default by Dealer in the payment or the performance of any of Dealer's Indebtedness to Cornwell, as described in paragraphs 4, 6, or 7 above, including but not limited to those arising from the sale of inventory described in this agreement;

(b) Loss, theft, destruction, encumbrance, levy against, seizure or attachment of or to any of the Collateral, or any sale of all or any part of the Collateral other than in the regular course of Dealer's business;

(c) Any warranty, representation, financial statement or other information made or furnished to Cornwell by or on behalf of Dealer proves to have been or to have become false in any material respect;

(d) Death, impairment, termination of existence, insolvency, business failure, appointment of a trustee or receiver of any part of the property of, assignment for the benefit of creditors of or the commencement of any proceedings under bankruptcy or any other state or federal law for the relief of debtors by or against Dealer, or any surety for Dealer;

(e) Dealer's ceasing for any reason to be an authorized dealer of Cornwell's products;

(f) A judgment for the payment of any sum of money against Dealer, which shall remain undischarged for a period of 45 days during which time execution shall not be effectively stayed; or

(g) Cornwell deems itself insecure, in good faith believing that the prospect of payment of any of the Indebtedness or the performance of any other obligation of Dealer is impaired.

Cornwell may, at its option, without notice or demand, declare due and payable, and, in addition to other rights and remedies upon default under applicable law, collect the full amount of the Indebtedness or any portion thereof, as calculated below, and will have the further right, without notice or demand, to repossess the Collateral, to enter peacefully upon any premises where the Collateral is located in order to repossess it and to exercise all other rights allowed by law. Without limiting the above, Cornwell shall have all of the rights and remedies of a secured creditor under the Uniform Commercial Code as adopted in Ohio.

Dealer agrees upon the request of Cornwell to assemble the Collateral and to make it available at any place designated by Cornwell. Dealer hereby expressly waives the entitlement, if any, to a judicial hearing prior to the exercise of Cornwell's right of repossession, which right is exercisable by Cornwell on its own behalf or through resort to appropriate judicial process. After repossession, Cornwell will provide at least 10 days prior written notice to Dealer at Dealer's Business Address of the time and place of any public sale or the time after which any private sale or repurchase pursuant to the Dealer Agreement will be made of the Collateral, and Dealer agrees that such 10-day period is reasonable. Dealer further agrees that repurchase of the Total Inventory, or any part thereof, pursuant to the terms of the Dealer Agreement shall constitute a commercially reasonable disposition thereof. The proceeds of any disposition of the Collateral may be applied to the Indebtedness as Cornwell may elect.

Upon Voluntary prepayment in full or upon acceleration as set forth herein, the amount of the Indebtedness will be calculated as follows: total (1) the cash price of each time-deferred sale, less the amounts from previous payments which have been applied to principal; plus (2) time-price charges and late charges on unpaid balances; plus (3) all other outstanding Indebtedness, as defined in paragraph 3 above; plus (4) additional time-price charges of _____ % per annum (or the highest rate allowed by law, whichever is less) on the total of the first three components above, until paid in full. Cornwell expressly states its intention not to collect any amount in excess of that permitted by law and the Indebtedness shall be reduced accordingly, as may be required.

11. PARTIAL WAIVER OF DEALER'S REMEDIES. DEALER HEREBY EXPRESSLY AGREES THAT, WITH REGARD TO THE INVENTORY DELIVERED UNDER THIS AGREEMENT, DEALER'S REMEDIES UNDER THIS AGREEMENT (INCLUDING WITHOUT LIMITATION, REMEDIES BY WAY OF DEFENSE, COUNTERCLAIM, RECOUPMENT AND SET-OFF) ARE EXCLUSIVELY LIMITED TO ANY WARRANTIES EXPRESSLY GIVEN IN WRITING. WARRANTIES OF MERCHANTABILITY, AND OF FITNESS FOR A PARTICULAR PURPOSE ARE EXPRESSLY DISCLAIMED.

12. LIMITATION OF DAMAGES. DEALER HEREBY ALSO EXPRESSLY AGREES THAT DEALER'S DAMAGES FOR CORNWELL'S BREACH OF THE FOREGOING EXCLUSIVE WARRANTIES ARE LIMITED TO THE ENFORCEMENT OF SECTION 7 OF THIS AGREEMENT AND REPLACEMENT OR RECOVERY OF AMOUNTS PAID BY DEALER TO CORNWELL FOR DEFECTIVE PRODUCTS, AS APPLICABLE, AND THAT CORNWELL SHALL NOT BE LIABLE FOR ANY CONSEQUENTIAL OR INCIDENTAL DAMAGES.

13. Collection Costs. Dealer shall reimburse Cornwell for all costs of collection of the Indebtedness or any portion thereof, including, without limiting the generality of the foregoing, expenses of, and charges for, the repossession and holding of the Collateral for sale and any preparations for such sale, court costs and reasonable attorneys' fees. Cornwell expressly states its intention not to collect any amount in excess of that permitted by law and the costs of collection shall be reduced accordingly, as may be required.

14. Taxes and Assessments. Dealer will pay promptly when due all taxes and assessments upon the Collateral or for its use or operation or upon this agreement or upon any papers evidencing the obligations between the parties and at its option, Cornwell may discharge taxes, liens or other encumbrances at any time levied or placed on the Collateral, pay for the maintenance and preservation of the Collateral and taxes, assessments and insurance on the Collateral should Dealer fail to do so, and Dealer agrees to reimburse Cornwell on demand for any payments so made until such reimbursement, the amount so paid by Cornwell shall be added to the Indebtedness.

15. Application of Amounts Received. All amounts received by Cornwell from Dealer may be applied by Cornwell to the Indebtedness in such order and to principal or to time-price charges, as Cornwell may determine. Dealer authorizes Cornwell at any time, without notice, to appropriate and to apply any Collateral in Cornwell's possession, custody or control towards the payment of the Indebtedness. Dealer waives presentment, demand, notice, acceptance, performance, default, enforcement, exoneration and reimbursement, assents to any acceleration, extension, modification, waiver or postponement or to any other indulgence, to any addition, substitution, exchange or release of the Collateral to the addition or release of any other party or person primarily or secondarily liable, to the settlement, compromise or adjustment of the Indebtedness and/or to the application of any Collateral against the Indebtedness and in any order.

16. Miscellaneous.

(a) This agreement shall continue until such time as there is no outstanding Indebtedness and there are no other agreements in effect between Dealer and Cornwell.

(b) This agreement shall be deemed to have been made in Ohio and shall be governed by Ohio law, and shall be binding upon and inure to the benefit of the parties, their executors, administrators, personal representatives, heirs, successors, and assigns as the case may be.

(c) Any claim or controversy in connection with, arising out of, or relating to this agreement between Dealer and Cornwell shall be settled by binding arbitration in accordance with the rules pertaining to commercial dispute arbitration then existing with the American Arbitration Association. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction. Such arbitration shall take place in such locations as the parties mutually agree, and in the absence of such agreement, in Akron, Ohio. The laws applicable to the arbitration procedure shall be the laws of the State of Ohio. The award of the arbitrator(s) shall be the sole remedy between the parties regarding any claims, counterclaims, issues presented or pled to the arbitrator(s).

Cornwell reserves the right to obtain injunctive or other mandatory relief, including, but not limited to replevin from the act or omission of any activity prohibited or required by this agreement in any court having jurisdiction, when such act or omission will cause irreparable harm to Cornwell or is otherwise necessary to obtain possession of any or all of the Total Inventory upon Dealer's default.

(d) In the event that this agreement, or any part of it is found to be governed by the law of any other state and/or to be unenforceable, any part found to be unenforceable shall be severed and the agreement given effect according to the intent of the parties, to the fullest extent permitted by law.

(e) This agreement may only be modified by a writing, signed by all of the parties hereto and shall not be effective until accepted by Cornwell in Ohio.

17. Notice and Service of Process. Any notice required to be given under this Order, Note and Security Agreement, or service of process for the purposes of arbitration or litigation of issues arising out of it, shall be given to Cornwell at 667 Seville Road, Wadsworth, Ohio 44281, and to First Dealer and Second Dealer, if applicable, at the address or addresses last provided by them to Cornwell. Service on Cornwell, First Dealer, or Second Dealer shall conclusively be deemed to have been completed for all purposes if made by regular U.S. mail or any other usual and reliable form of delivery to the address last given. The parties will continue to have the obligation to notify one another of any change of address during and after the termination of this Order, Note and Security Agreement, if they wish to be assured of the receipt of notices and service of process, and they expressly waive any objection to notice provided or service made to the last address they have given.

IN RECOGNITION OF WHICH and intending to be legally bound, the person or persons identified above as Dealer have signed this Order, Note and Security Agreement below.

NAME OF BUSINESS ENTITY (ONLY COMPLETE FOR CORPORATION, PARTNERSHIP, LLC, LLP)

FIRST INDIVIDUAL DEALER SIGNATURE, FOR SELF AND ENTITY (IF APPLICABLE)

FIRST PRINCIPAL INDIVIDUAL DEALER NAME

SECOND INDIVIDUAL DEALER SIGNATURE, FOR SELF AND ENTITY (IF APPLICABLE)

PRINT SECOND INDIVIDUAL DEALER NAME

FOR OFFICE USE ONLY

Agreed to and accepted this _____ day of _____, 20 _____
in Wadsworth, Ohio.

CORNWELL QUALITY TOOLS COMPANY

By: _____
CORNWELL (Corporate Officer)

Statement of Outstanding Liens

There are outstanding liens against some or all of the Collateral described in this Agreement, as follows:

<u>Name</u>	<u>Amount</u>	<u>Collateral</u>
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Dealer

EXHIBIT C-2

Amount: [Insert \$55,000 or \$75,000]

Wadsworth, Ohio



Date: _____

**CORNWELL QUALITY TOOLS
FRANCHISE DEVELOPER DSA
DEALER PURCHASE ORDER, NOTE AND SECURITY AGREEMENT**

The undersigned, individually and/or collectively, having a franchised dealership of Cornwell Quality Tools products and (if applicable) the individual owner or owners of such dealership if it is an entity, as active partners in the operation of the business (individually and/or collectively referred to as "Dealer"), hereby orders and agrees to purchase from CORNWELL QUALITY TOOLS COMPANY, an Ohio Corporation ("Cornwell"), the inventory and other property to be delivered to Dealer by Cornwell and described on documentation to be sent to Dealer at the times of shipment (the "Inventory"). This order will become binding and effective when accepted in writing by Cornwell in Ohio.

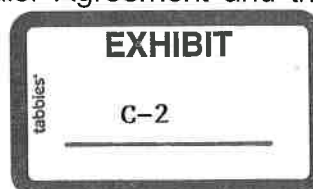
1. Maintaining Franchise Developer status

(a) Dealer and Cornwell are parties to a Franchise Developer Franchise Dealer Agreement ("Dealer Agreement"), of the same date as this Purchase Order, Note and Security Agreement ("DSA Note"). The terms of the Dealer Agreement are expressly incorporated into this DSA Note.

(b) To satisfy this DSA Note other than by the timely completion of all of the payments set forth in paragraph 2(a), the Dealer must meet the requirements set forth below. To the extent the requirements of this paragraph 1 conflict with other provisions of this DSA Note, the requirements of this paragraph shall prevail.

(c) Dealer must (1) Remain a Cornwell Dealer with average purchases of not less than \$7,150 per week for at least 36 months from the date that Dealer first makes sales ("Start Date") or (2) Introduce at least 3 new dealers to Cornwell within 36 months of the Start Date. Dealer must further comply with all of the requirements of this DSA Note and the Dealer Agreement, including but not limited to making the weekly payments towards the principal amount of the Note set forth below.

(d) So long as Dealer maintains Franchise Developer Dealer status, the payment of the time-price charges equivalent to interest on the principal amount of this DSA Note is waived. Dealer must however make weekly payments as described in Section 2 below towards the principal amount of the DSA Note. Following each of the first, three 52-week periods after payments have commenced on this DSA Note, if Dealer has complied with the requirements of the Dealer Agreement and this DSA Note during that period,



Cornwell will then issue an open account credit to Dealer of the amount paid during the preceding 52-week period to be used only for the purchase of additional inventory.

(e) Dealer's status as a Franchise Developer will be reviewed every 52 weeks after the commencement of payments on this DSA Note. If at any time with 36 months of the Start Date the Dealer has introduced at least 3 new dealers to Cornwell up to \$40,000 of this DSA Note will be deemed satisfied in full.

(f) If Dealer both fails to satisfy the average purchase requirement and has not introduced a new dealer during the preceding 52 weeks, Dealer's status as a Franchise Developer may be terminated by Cornwell. This DSA Note may then be declared in default and accelerated, including accrued time-price charges and late charges, as provided in paragraphs 2(a), (b), (d) and (e) below and paragraphs 9 and 10 below.

(g) "Introduction" of new dealers for the purpose of Franchise Developer status means that new dealers enter into Dealer Franchise Agreements, purchase Starter Inventories and remain Cornwell Dealers for a minimum of 6 months each.

(h) The Dealer Franchise Agreement between the parties ("the Agreement") is incorporated into this Note by reference. Without limitation, the provisions of the Agreement incorporated into this Note include its paragraph 4, pertaining to the portion of the Inventory described as the "Reserve" and the manner of payment for the Reserve. If Cornwell has waived the Reserve requirement or has declined to finance the Reserve, the principal amount of this DSA Note will be \$55,000. If Cornwell requires the Reserve and has agreed to finance it, the principal amount of this DSA Note will be \$75,000.

2. Promise to Pay Deferred Sales Price.

(a) The balance owed for the Inventory is [Insert \$55,000 or \$75,000]. Dealer has chosen to pay for the Inventory over time and Dealer therefore agrees to pay [Insert calculated total at current DSA rate for Cornwell a deferred sales price of \$ \$55,000 or \$75,000]. The deferred sales price [Insert calculated indicated shall be payable in **156** weekly installments of \$ total ÷ 156] each due on the Monday of each week commencing on _____, 20____, at Cornwell Quality Tools Company, 667 Seville Road, Wadsworth, Ohio 44281, or such place as Cornwell shall designate.

(b) The time-price charge is the same amount as a _____ % interest charge would be on a loan of money. If this agreement is made by more than one person, first dealer and second dealer, their obligations shall be joint and several, which means that each one can be separately required by Cornwell to pay the entire indebtedness or both can be required to pay it.

(c) All payments are intended to be applied first toward unpaid accrued time-price charges and then as a reduction of the unpaid principal balance, but Cornwell reserves the right to apply such payments in such order as it may determine. This note may be voluntarily pre-paid in part or in full at any time, without penalty, and is subject to involuntary acceleration, as set forth in paragraph 10 below.

(d) If any payment is not made on or before its due date, additional time-price charges will be made at the rate of _____ % per annum and will continue to accrue on the unpaid balance as part of the Indebtedness described in paragraph 4 below. This will result in a slower principal reduction, to be deferred at Cornwell's option to increase the final scheduled payment, if it is not paid sooner and a default is not earlier declared. Conversely, payments received in advance of their due date will result in a faster principal reduction than scheduled, thus decreasing the final scheduled payment.

(e) In addition, Cornwell may impose a weekly late charge of \$10.00 each week that Dealer is three or more payments in arrears. The late charge will become an increase in the principal balance, and likewise become part of the Indebtedness, which will increase the amount of the final scheduled payment, if it is not paid sooner and a default is not earlier declared.

(f) Although it is not the present practice, or any intention of Cornwell, to sell, assign, or discount to a third-party, in whole or in part, any note, contract or other instrument executed by the Dealer, Cornwell retains the right to do so.

(g) The installments to be paid to Cornwell by the Dealer, pursuant to subparagraph (a) above, shall be paid by an ACH Debit for automatic payment, which will be automatically processed every Monday according to the schedule set forth in subparagraph 2(a) above, until the obligation is paid in full. The Dealer shall sign an irrevocable ACH Agreement authorizing Cornwell to automatically deduct the weekly payment from the Dealer's bank account until this obligation is paid in full. In the event funds are not available to complete the automatic transfer on that date, it shall be considered an event of default.

3. Title and Shipping. The Inventory will be sent by Cornwell to Dealer at the address designated by the Dealer. Title will pass to Dealer when the Inventory leaves the Cornwell Distribution Center, but costs of shipping and insurance during shipping are included in the prices quoted above and will be paid by Cornwell.

4. Security Interest.

(a) Security Interest and Warranty of Clear Title. This security interest is intended to extend broadly, to make all of Dealer's personal property available to cover any amounts the Dealer may owe Cornwell for the purchase of Inventory, now or in the future and the other amounts described below in the definition of Indebtedness. Without limitation, the security interest specifically includes all of Dealer's entire inventory ("Total Inventory"), whenever acquired and all of Dealer's accounts receivable ("Accounts"), whenever created.

In order to secure the payment of any and all of Dealer's indebtedness, obligations and liabilities owing to Cornwell and the performance by the Dealer of any or all of Dealer's covenants and warranties contained in any agreement in favor of Cornwell, whether currently existing or arising in the future, contingent or absolute, whether contained in this agreement, the Franchise Developer Dealer Franchise Agreement, or in any other agreement; all costs and expenses incurred in the collection of such obligations and/or indebtedness; and for all taxes levied, insurance and repairs to or maintenance of any collateral (collectively, the "Indebtedness"), Dealer hereby grants to Cornwell a security interest in the following described property, hereinafter referred to as the "Collateral":

Description of Collateral

All accounts, accounts receivable, contract rights, chattel paper, general intangibles, instruments, documents, policies and certificates of insurance, all goods, inventory and equipment (such terms having the meaning assigned to them in the Uniform Commercial Code as adopted in Ohio), together with all attachments, and accessories, and all proceeds from insurance, including but not limited to Total Inventory, whether now existing or hereafter arising, now owned or hereafter acquired, due or to become due, including proceeds and products and Dealer's records of such property.

Dealer warrants that Dealer owns good and marketable title to the Collateral, or will own such title upon sale of the Inventory, free and clear of any and all liens, interests and encumbrances, except as set forth below, that Dealer will not permit any lien, security interest or encumbrance (other than the security interest created hereby) to attach to the Collateral and, except for sales of inventory in the normal course of business, that Dealer will not sell, exchange, lease or otherwise dispose of or transfer any interest in the Collateral.

(b) Dealer's Records. Dealer shall maintain at Dealer's place of business accurate and up-to-date records pertaining to the Total Inventory, the Collateral and the Accounts. Cornwell shall have a special property interest in all of Dealer's records pertaining to the Total Inventory, the Collateral and the Accounts, and Cornwell's agents, representatives and employees shall have the right to inspect them at any reasonable time or times. At the request of Cornwell, if any part of the Indebtedness is in default, Dealer agrees to stamp, in form and manner satisfactory to Cornwell, its records pertaining to the Accounts with an appropriate reference to the security interest created herein, and/or to deliver and turn over any and all such records to the Cornwell.

(c) Financing Statements. Dealer shall execute and immediately deliver to Cornwell with this Order, Note and Security Agreement, or upon demand, such financing statements or other appropriate documentation as may be requested by Cornwell now or hereafter, to evidence and to perfect the security interest created herein.

(d) Good Condition. Until all the Indebtedness is paid in full, Dealer shall keep the Total Inventory in good condition and repair and shall properly maintain it and

keep it stored in a safe place, at the Dealer's business address or any other location approved by Cornwell. If the truck or other vehicle where Dealer will keep any or all of the Total Inventory is currently encumbered by a security interest or lease, the name of the secured party or lessor is _____ whose address is _____. If Dealer's vehicle subsequently becomes encumbered or subject to a lease before all the Indebtedness is paid in full, Dealer agrees to immediately notify Cornwell of the name and address of such other secured party or lessor. Cornwell reserves the right to notify such secured party or lessor of the existence of the security interest created by this agreement and to require the removal of the Total Inventory from the vehicle, in the event the vehicle is repossessed.

5. Insurance.

(a) Dealer shall provide that the Collateral is continuously insured with the following minimum insurance coverage: commercial business auto liability insurance with limits of One Million Dollars (\$1,000,000); general commercial liability insurance under a comprehensive general liability form that includes coverage of bodily harm, property damage, and product liability with policy limits not less than One Million Dollars (\$1,000,000); and cargo insurance with all risk property coverage for full replacement value of Dealer's inventory. Such insurance shall be so written and endorsed as to make losses, if any, payable to Cornwell in addition to the Dealer, as their respective interest may appear. Each policy of insurance shall be written so as to be not subject to cancellation or substantial modification without at least thirty (30) days' written notice to Cornwell. Dealer shall deposit with Cornwell certificates or other evidence satisfactory to Cornwell that the required insurance has been obtained and is in full force and effect and, prior to the expiration of any such insurance, Dealer shall furnish Cornwell with evidence satisfactory to Cornwell that such insurance has been renewed or replaced. Contemporaneous with the execution of this agreement, and from time to time thereafter upon request by Cornwell, Dealer shall provide Cornwell with a Certificate of Insurance evidencing that Dealer has complied with the foregoing requirements of this Agreement.

(b) All amounts received by Cornwell in payment of insurance losses may, at Cornwell's option, be applied in satisfaction of Dealer's Indebtedness to Cornwell or all or any part thereof may be used for the purpose of repairing, replacing, or restoring the Collateral.

(c) Dealer will at all times have and maintain public liability insurance covering such risks and in such amounts and issued by such companies as are acceptable to Cornwell.

(d) Dealer assigns to Cornwell all rights to the proceeds of any insurance not exceeding unpaid balances and hereby directs the insurance carrier and its agents to pay all proceeds directly to Cornwell, authorizes Cornwell to endorse any draft for and on behalf of Dealer as its attorney-in-fact, coupled with an interest, and further authorizes

Cornwell to make adjustments of all insurance losses, sign all applications, receipts, releases and other papers necessary and to make settlements.

(e) Note to Dealer: DEALER IS REQUIRED TO SUBMIT AN INSURANCE AUTHORIZATION FORM. PLEASE FILL IN THE APPROPRIATE BLANKS ON THE FORM WITH THE NAME AND ADDRESS OF THE INSURANCE COMPANY WHICH WILL INSURE THE TOTAL INVENTORY AND ENCLOSE THE FORM WHEN YOU RETURN THIS AGREEMENT TO CORNWELL QUALITY TOOLS COMPANY.

(f) Collection of Accounts: With respect to the Accounts and in addition to and not in limitation of any of the rights provided to Cornwell elsewhere in this agreement or by law, Cornwell may upon the occurrence of any of the events described in Paragraph 9 below or at any time thereafter (such event not having previously been cured or waived), at its option, without prior demand or notice to Dealer, and without resort to legal process or judicial hearing, order or authorization, notify the persons liable for the payment of the Accounts of Cornwell's security interest and direct such persons to make payments directly to Cornwell, and, at Cornwell's request, all bills and statements sent by Dealer to the persons liable for the payment of the Accounts shall state that the Accounts have been assigned to, and are solely payable to Cornwell, and at Cornwell's request, Dealer shall direct the persons liable for the payment of the Accounts to pay directly to Cornwell any sums due or to become due on account thereof.

The Dealer hereby irrevocably appoints Cornwell as its true and lawful attorney-in-fact, coupled with an interest, with full power to send the notices described above, to take possession of and endorse in the name of Dealer any instruments or documents received in payment of all or part of the Accounts, to collect, sue for and give a quittances for monies due on the Accounts, and to withdraw any claims, suits or proceedings pertinent thereto, or arising out of the assignment of the Accounts.

In pursuance of the rights granted hereunder, Cornwell may extend the time for payment of, compromise or settle for cash, credit or otherwise, and upon any terms and conditions, any of the Accounts and thereby discharge the person or persons liable for the payment thereof, without affecting the obligations of Dealer to Cornwell (except to the extent that the Indebtedness shall be reduced by the amount of any sums received by Cornwell).

6. Financial Condition. Upon request by Cornwell, Dealer agrees to furnish Cornwell within a reasonable time accurate and up-to-date information concerning any aspect of Dealer's financial condition

7. Verification of Sales and Inventory. Dealer will maintain written, weekly summaries of its sales and then existing Total Inventory and all Accounts in a form acceptable to Cornwell and Dealer shall each week furnish an IBN Weekly Report Summary to Cornwell's District Sales Manager, Cornwell's Credit Department and as Cornwell may otherwise direct. Dealer will also allow, upon request and reasonable notice, Cornwell's authorized representative to inspect Dealer's Total Inventory at any time.

8. Repurchase of Inventory. If Dealer ceases for any reason to be an authorized dealer of Cornwell's products, Cornwell will repurchase from Dealer that portion of the Total Inventory which Cornwell is required to repurchase, if any, in accordance with the terms set forth in the Franchise Developer Dealer Franchise Agreement between Cornwell and the Dealer, the terms of which are expressly incorporated herein. If any of the Indebtedness is unpaid at the time of such repurchase, Cornwell will credit against the Indebtedness the net amounts from such repurchase, as determined in accordance with the terms set forth in the Franchise Developer Dealer Franchise Agreement.

9. Default. The Dealer shall be in default upon the happening of any of the following events or conditions:

(a) The failure of Dealer to make payment or performance of any of the Dealer's indebtedness to Cornwell, as described in paragraph 4 above, including but not limited to those arising from the sale of inventory described in this Agreement.

(b) If the Dealer defaults under the Franchise Developer Dealer Franchise Agreement or any other agreement or contract between the Dealer and Cornwell, including but not limited to paragraph 6 or the obligation to furnish MM1 or IBN Report Summaries as contained in paragraph 7 above, or upon the termination of any such agreement.

(c) The failure of the Dealer to have this note and security agreement fully collateralized at all times. Until the Indebtedness is paid in full, Dealer shall own and maintain in Dealer's truck or other vehicle inventory purchased from Cornwell in an amount not less than the lesser of Sixty Thousand Dollars (\$60,000) or the outstanding balance of this note, including principal, interest and any costs and expenses.

Upon default, all obligations of the Dealer at once become due and payable without any notice or demand, notice and demand having been expressly waived. Payments made shall first be applied to the payment of the interest that accrued and then to the principal amount which remains unpaid.

10. Acceleration. Upon the happening of any of the following events or conditions:

(a) Default by Dealer in the payment or the performance of any of Dealer's Indebtedness to Cornwell, as described in paragraphs 4, 6, or 7 above, including but not limited to those arising from the sale of inventory described in this agreement;

(b) Loss; theft, destruction, encumbrance, levy against, seizure or attachment of or to any of the Collateral, or any sale of all or any part of the Collateral other than in the regular course of Dealer's business;

(c) Any warranty, representation, financial statement or other information made or furnished to Cornwell by or on behalf of Dealer proves to have been or to have become false in any material respect;

(d) Death, impairment, termination of existence, insolvency, business failure, appointment of a trustee or receiver of any part of the property of, assignment for the benefit of creditors of or the commencement of any proceedings under bankruptcy or any other state or federal law for the relief of debtors by or against Dealer, or any surety for Dealer;

(e) Dealer's ceasing for any reason to be an authorized dealer of Cornwell's products;

(f) A judgment for the payment of any sum of money against Dealer, which shall remain undischarged for a period of 45 days during which time execution shall not be effectively stayed; or

(g) Cornwell deems itself insecure, in good faith believing that the prospect of payment of any of the Indebtedness or the performance of any other obligation of Dealer is impaired.

Cornwell may, at its option, without notice or demand, declare due and payable, and, in addition to other rights and remedies upon default under applicable law, collect the full amount of the Indebtedness or any portion thereof, as calculated below, and will have the further right, without notice or demand, to repossess the Collateral, to enter peacefully upon any premises where the Collateral is located in order to repossess it and to exercise all other rights allowed by law. Without limiting the above, Cornwell shall have all of the rights and remedies of a secured creditor under the Uniform Commercial Code as adopted in Ohio.

Dealer agrees upon the request of Cornwell to assemble the Collateral and to make it available at any place designated by Cornwell. Dealer hereby expressly waives the entitlement, if any, to a judicial hearing prior to the exercise of Cornwell's right of repossession, which right is exercisable by Cornwell on its own behalf or through resort to appropriate judicial process. After repossession, Cornwell will provide at least 10 days prior written notice to Dealer at Dealer's Business Address of the time and place of any public sale or the time after which any private sale or repurchase pursuant to the Franchise Developer Dealer Franchise Agreement will be made of the Collateral, and Dealer agrees that such 10-day period is reasonable. Dealer further agrees that repurchase of the Total Inventory, or any part thereof, pursuant to the terms of the Franchise Developer Dealer Franchise Agreement shall constitute a commercially reasonable disposition thereof. The proceeds of any disposition of the Collateral may be applied to the Indebtedness as Cornwell may elect.

Upon Voluntary prepayment in full or upon acceleration as set forth herein, the amount of the Indebtedness will be calculated as follows: total (1) the cash price of each time-deferred sale, less the amounts from previous payments which have been applied to principal; plus (2) time-price charges and late charges on unpaid balances; plus (3) all other outstanding Indebtedness, as defined in paragraph 4 above; plus (4) additional

time-price charges of _____ % per annum (or the highest rate allowed by law, whichever is less) on the total of the first three components above, until paid in full. Cornwell expressly states its intention not to collect any amount in excess of that permitted by law and the Indebtedness shall be reduced accordingly, as may be required.

11. PARTIAL WAIVER OF DEALER'S REMEDIES. DEALER HEREBY EXPRESSLY AGREES THAT, WITH REGARD TO THE INVENTORY DELIVERED UNDER THIS AGREEMENT, DEALER'S REMEDIES UNDER THIS AGREEMENT (INCLUDING WITHOUT LIMITATION, REMEDIES BY WAY OF DEFENSE, COUNTERCLAIM, RECOUPMENT AND SET-OFF) ARE EXCLUSIVELY LIMITED TO ANY WARRANTIES EXPRESSLY GIVEN IN WRITING. WARRANTIES OF MERCHANTABILITY, AND OF FITNESS FOR A PARTICULAR PURPOSE ARE EXPRESSLY DISCLAIMED.

12. LIMITATION OF DAMAGES DEALER HEREBY ALSO EXPRESSLY AGREES THAT DEALER'S DAMAGES FOR CORNWELL'S BREACH OF THE FOREGOING EXCLUSIVE WARRANTIES ARE LIMITED TO THE ENFORCEMENT OF SECTION 8 OF THIS AGREEMENT AND REPLACEMENT OR RECOVERY OF AMOUNTS PAID BY DEALER TO CORNWELL FOR DEFECTIVE PRODUCTS, AS APPLICABLE, AND THAT CORNWELL SHALL NOT BE LIABLE FOR ANY CONSEQUENTIAL OR INCIDENTAL DAMAGES.

13. Collection Costs. Dealer shall reimburse Cornwell for all costs of collection of the Indebtedness or any portion thereof, including, without limiting the generality of the foregoing, expenses of, and charges for, the repossession and holding of the Collateral for sale and any preparations for such sale, court costs and reasonable attorneys' fees. Cornwell expressly states its intention not to collect any amount in excess of that permitted by law and the costs of collection shall be reduced accordingly, as may be required.

14. Taxes and Assessments. Dealer will pay promptly when due all taxes and assessments upon the Collateral or for its use or operation or upon this agreement or upon any papers evidencing the obligations between the parties and at its option, Cornwell may discharge taxes, liens or other encumbrances at any time levied or placed on the Collateral, pay for the maintenance and preservation of the Collateral and taxes, assessments and insurance on the Collateral should Dealer fail to do so, and Dealer agrees to reimburse Cornwell on demand for any payments so made until such reimbursement, the amount so paid by Cornwell shall be added to the Indebtedness.

15. Application of Amounts Received. If Dealer fails to maintain Franchise Developer status, all amounts received by Cornwell from Dealer may be applied by Cornwell to the Indebtedness in such order and to principal or to time-price charges, as Cornwell may determine. Dealer authorizes Cornwell at any time, without notice, to appropriate and to apply any Collateral in Cornwell's possession, custody or control towards the payment of the Indebtedness. Dealer waives presentment, demand, notice, acceptance, performance, default, enforcement, exoneration and reimbursement, assents to any acceleration, extension, modification, waiver or postponement or to any other

indulgence, to any addition, substitution, exchange or release of the Collateral to the addition or release of any other party or person primarily or secondarily liable, to the settlement, compromise or adjustment of the Indebtedness and/or to the application of any Collateral against the Indebtedness and in any order.

16. Miscellaneous.

(a) This agreement shall continue until such time as there is no outstanding Indebtedness and there are no other agreements in effect between Dealer and Cornwell.

(b) This agreement shall be deemed to have been made in Ohio and shall be governed by Ohio law, and shall be binding upon and inure to the benefit of the parties, their executors, administrators, personal representatives, heirs, successors, and assigns as the case may be.

(c) Any claim or controversy in connection with, arising out of, or relating to this agreement between Dealer and Cornwell shall be settled by binding arbitration in accordance with the rules pertaining to commercial dispute arbitration then existing with the American Arbitration Association. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction. Such arbitration shall take place in such locations as the parties mutually agree, and in the absence of such agreement, in Akron, Ohio. The laws applicable to the arbitration procedure shall be the laws of the State of Ohio. The award of the arbitrator(s) shall be the sole remedy between the parties regarding any claims, counterclaims, issues presented or pled to the arbitrator(s). Cornwell reserves the right to obtain injunctive or other mandatory relief, including but not limited to replevin, from the act or omission of any activity prohibited or required by this agreement in any court having jurisdiction, when such act or omission will cause irreparable harm to Cornwell or is otherwise necessary to obtain possession of any or all of the Total Inventory upon Dealer's default.

(d) In the event that this agreement, or any part of it is found to be governed by the law of any other state and/or to be unenforceable, any part found to be unenforceable shall be severed and the agreement given effect according to the intent of the parties, to the fullest extent permitted by law.

(e) This agreement may only be modified by a writing signed by all of the parties hereto and shall not be effective until accepted by Cornwell in Ohio.

17. Notice and Service of Process. Any notice required to be given under this Order, Note and Security Agreement, or service of process for the purposes of arbitration or litigation of issues arising out of it, shall be given to Cornwell at 667 Seville Road, Wadsworth, Ohio 44281 and to First Dealer and Second Dealer, if applicable, at the address or addresses last provided by them to Cornwell. Service on Cornwell, First Dealer, or Second Dealer shall conclusively be deemed to have been completed for all purposes if made by regular U.S. mail or any other usual and reliable form of delivery to the address

last given. The parties will continue to have the obligation to notify one another of any change of address during and after the termination of this Order, Note and Security Agreement, if they wish to be assured of the receipt of notices and service of process, and they expressly waive any objection to notice provided or service made to the last address they have given.

IN RECOGNITION OF WHICH and intending to be legally bound, the person or persons identified above as Dealer have signed this Order, Note and Security Agreement below.

NAME OF BUSINESS ENTITY (ONLY COMPLETE FOR CORPORATION, PARTNERSHIP, LLC, LLP)

FIRST INDIVIDUAL DEALER SIGNATURE, FOR SELF AND ENTITY (IF APPLICABLE)

PRINT FIRST INDIVIDUAL DEALER NAME

SECOND INDIVIDUAL DEALER SIGNATURE, FOR SELF AND ENTITY (IF APPLICABLE)

PRINT SECOND INDIVIDUAL DEALER NAME

FOR OFFICE USE ONLY

Agreed to and accepted this _____ day of _____, 20 _____
in Wadsworth, Ohio.

CORNWELL QUALITY TOOLS COMPANY

By: _____
CORNWELL (Corporate Officer)

Statement of Outstanding Liens

There are outstanding liens against some or all of the Collateral described in this Agreement, as follows:

<u>Name</u>	<u>Amount</u>	<u>Collateral</u>
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Dealer

EXHIBIT C-3

Amount: [Insert \$60,000 or \$80,000]

Wadsworth, Ohio



Date: _____

**CORNWELL QUALITY TOOLS
SPECIAL REP DSA
DEALER PURCHASE ORDER, NOTE AND SECURITY AGREEMENT**

The undersigned, individually and/or collectively, having a franchised dealership of Cornwell Quality Tools products and (if applicable) the individual owner or owners of such dealership if it is an entity, as active partners in the operation of the business (individually and/or collectively referred to as "Dealer"), hereby orders and agrees to purchase from CORNWELL QUALITY TOOLS COMPANY, an Ohio Corporation ("Cornwell"), the inventory and other property to be delivered to Dealer by Cornwell and described on documentation to be sent to Dealer at the times of shipment (the "Inventory"). This order will become binding and effective when accepted in writing by Cornwell in Ohio.

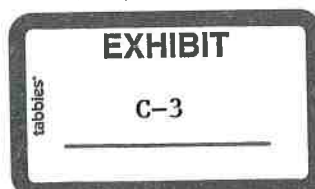
1. Maintaining Special Representative status

(a) Dealer and Cornwell are parties to a Special Representative Franchised Dealer Agreement ("Dealer Agreement"), of the same date as this Purchase Order, Note and Security Agreement ("DSA Note"). The terms of the Dealer Agreement are expressly incorporated into this DSA Note.

(b) To satisfy this DSA Note other than by the timely completion of all of the payments set forth in paragraph 2(a), the Dealer must meet the requirements set forth below. To the extent the requirements of this paragraph 1 conflict with other provisions of this DSA Note, the requirements of this paragraph shall prevail.

(c) Dealer must (1) Remain a Cornwell Dealer with average purchases of not less than \$7,150 per week for at least 36 months from the date that Dealer first makes sales ("Start Date") or (2) Introduce at least 3 new dealers to Cornwell within 36 months of the Start Date. Dealer must further comply with all of the requirements of this DSA Note and the Dealer Agreement, including but not limited to making the weekly payments towards the principal amount of the DSA Note set forth below.

(d) So long as Dealer maintains Special Representative status, the payment of the time-price charges equivalent to interest on the principal amount of this DSA Note is waived. Dealer must however make 156 weekly payments as described in Section 2 below towards the principal amount of the DSA Note. Following each of the first, three 52-week periods after payments have commenced on this Note, if Dealer has complied with the requirements of the Dealer Agreement and this DSA Note during that period, Cornwell will then issue an open account credit of \$20,000.



(e) Dealer's status as a Special Representative will be reviewed every 52 weeks after the commencement of payments on this DSA Note. If at any time within 36 months of the Start Date the Dealer has introduced at least 3 new dealers to Cornwell, up to \$60,000 of this DSA Note will be deemed satisfied in full.

(f) If Dealer both fails to satisfy the average purchase requirement and has not introduced a new dealer during the preceding 52 weeks, Dealer's status as a Special Representative may be terminated by Cornwell. This DSA Note may then be declared in default and accelerated, including accrued time-price charges on the outstanding balance and late charges, as provided in paragraphs 2(a), (b), (d) and (e) below and paragraphs 9 and 10 below.

(g) "Introduction" of new dealers for the purpose of Special Representative status means that such new dealers enter into Dealer Franchise Agreements, purchase Starter Inventories and remain Cornwell Dealers for a minimum of 6 months each.

(h) The Dealer Franchise Agreement between the parties ("the Agreement") is incorporated into this Note by reference. Without limitation, the provisions of the Agreement incorporated into this Note include its paragraph 4, pertaining to the portion of the Inventory described as the "Reserve" and the manner of payment for the Reserve. If Cornwell has waived the Reserve requirement or has declined to finance the Reserve, the principal amount of this DSA Note will be \$60,000. If Cornwell requires the Reserve and has agreed to finance it, the principal amount of this DSA Note will be \$80,000.

2. Promise to Pay Deferred Sales Price.

(a) The balance owed for the Inventory is [Insert **\$60,000 or \$80,000**]. Dealer has chosen to pay for the Inventory over time and Dealer therefore agrees to pay [Insert calculated total based on \$60,000 or \$80,000] Cornwell a deferred sales price of \$ _____ . The deferred sales price [Insert calculated total ÷ 156] indicated shall be payable in 156 weekly installments of \$ _____ each due on the Monday of each week commencing on _____, 20____, at Cornwell Quality Tools Company, 667 Seville Road, Wadsworth, Ohio 44281, or such place as Cornwell shall designate.

(b) The time-price charge is the same amount as a _____ % interest charge would be on a loan of money. If this agreement is made by more than one person, first dealer and second dealer, their obligations shall be joint and several, which means that each one can be separately required by Cornwell to pay the entire indebtedness or both can be required to pay it.

(c) All payments are intended to be applied first toward unpaid accrued time-price charges and then as a reduction of the unpaid principal balance, but Cornwell reserves the right to apply such payments in such order as it may determine. This note may be voluntarily pre-paid in part or in full at any time, without penalty, and is subject to involuntary acceleration, as set forth in paragraph 10 below.

(d) If any payment is not made on or before its due date, additional time-price charges will be made at the rate of _____ % per annum and will continue to accrue on the unpaid balance as part of the Indebtedness described in paragraph 4 below. This will result in a slower principal reduction, to be deferred at Cornwell's option to increase the final scheduled payment, if it is not paid sooner and a default is not earlier declared. Conversely, payments received in advance of their due date will result in a faster principal reduction than scheduled, thus decreasing the final scheduled payment.

(e) In addition, Cornwell may impose a weekly late charge of \$10.00 each week that Dealer is three or more payments in arrears. The late charge will become an increase in the principal balance, and likewise become part of the Indebtedness, which will increase the amount of the final scheduled payment, if it is not paid sooner and a default is not earlier declared.

(f) Although it is not the present practice, or any intention of Cornwell, to sell, assign, or discount to a third-party, in whole or in part, any note, contract or other instrument executed by the Dealer, Cornwell retains the right to do so.

(g) The installments to be paid to Cornwell by the Dealer, pursuant to subparagraph (a) above, shall be paid by an ACH Debit for automatic payment, which will be automatically processed every Monday according to the schedule set forth in subparagraph 2(a) above, until the obligation is paid in full. The Dealer shall sign an irrevocable ACH Agreement authorizing Cornwell to automatically deduct the weekly payment from the Dealer's bank account until this obligation is paid in full. In the event funds are not available to complete the automatic transfer on that date, it shall be considered an event of default.

3. Title and Shipping. The Inventory will be sent by Cornwell to Dealer at the address designated by the Dealer. Title will pass to Dealer when the Inventory leaves the Cornwell Distribution Center, but costs of shipping and insurance during shipping are included in the prices quoted above and will be paid by Cornwell.

4. Security Interest.

(a) Security Interest and Warranty of Clear Title. This security interest is intended to extend broadly, to make all of Dealer's personal property available to cover any amounts the Dealer may owe Cornwell for the purchase of Inventory, now or in the future and the other amounts described below in the definition of Indebtedness. Without limitation, the security interest specifically includes all of Dealer's entire inventory ("Total Inventory"),

whenever acquired, and all of Dealer's accounts receivable ("Accounts"), whenever created.

In order to secure the payment of any and all of Dealer's indebtedness, obligations and liabilities owing to Cornwell and the performance by the Dealer of any or all of Dealer's covenants and warranties contained in any agreement in favor of Cornwell, whether currently existing or arising in the future, contingent or absolute, whether contained in this agreement, the Special Representative Dealer Franchise Agreement, or in any other agreement; all costs and expenses incurred in the collection of such obligations and/or indebtedness; and for all taxes levied, insurance and repairs to or maintenance of any collateral (collectively, the "Indebtedness"), Dealer hereby grants to Cornwell a security interest in the following described property, hereinafter referred to as the "Collateral":

Description of Collateral

All accounts, accounts receivable, contract rights, chattel paper, general intangibles, instruments, documents, policies and certificates of insurance, all goods, inventory and equipment (such terms having the meaning assigned to them in the Uniform Commercial Code as adopted in Ohio), together with all attachments, and accessories, and all proceeds from insurance, including but not limited to Total Inventory, whether now existing or hereafter arising, now owned or hereafter acquired, due or to become due, including proceeds and products and Dealer's records of such property.

Dealer warrants that Dealer owns good and marketable title to the Collateral, or will own such title upon sale of the Inventory, free and clear of any and all liens, interests and encumbrances, except as set forth below, that Dealer will not permit any lien, security interest or encumbrance (other than the security interest created hereby) to attach to the Collateral and, except for sales of inventory in the normal course of business, that Dealer will not sell, exchange, lease or otherwise dispose of or transfer any interest in the Collateral.

(b) Dealer's Records. Dealer shall maintain at Dealer's place of business accurate and up-to-date records pertaining to the Total Inventory, the Collateral and the Accounts. Cornwell shall have a special property interest in all of Dealer's records pertaining to the Total Inventory, the Collateral and the Accounts, and Cornwell's agents, representatives and employees shall have the right to inspect them at any reasonable time or times. At the request of Cornwell, if any part of the Indebtedness is in default, Dealer agrees to stamp, in form and manner satisfactory to Cornwell, its records pertaining to the Accounts with an appropriate reference to the security interest created herein, and/or to deliver and turn over any and all such records to the Cornwell.

(c) Financing Statements. Dealer shall execute and immediately deliver to Cornwell with this Order, Note and Security Agreement, or upon demand, such financing statements or other appropriate documentation as may be requested by Cornwell now or hereafter, to evidence and to perfect the security interest created herein.

(d) Good Condition. Until all the Indebtedness is paid in full, Dealer shall keep the Total Inventory in good condition and repair and shall properly maintain it and keep it stored in a safe place, at the Dealer's business address or any other location approved by Cornwell. If the truck or other vehicle where Dealer will keep any or all of the Total Inventory is currently encumbered by a security interest or lease, the name of the secured party or lessor is _____ whose address is _____. If Dealer's vehicle subsequently becomes encumbered or subject to a lease before all the Indebtedness is paid in full, Dealer agrees to immediately notify Cornwell of the name and address of such other secured party or lessor. Cornwell reserves the right to notify such secured party or lessor of the existence of the security interest created by this agreement and to require the removal of the Total Inventory from the vehicle, in the event the vehicle is repossessed.

5. Insurance.

(a) Dealer shall provide that the Collateral is continuously insured with the following minimum insurance coverages: commercial business auto liability insurance with limits of One Million Dollars (\$1,000,000); general commercial liability insurance under a comprehensive general liability form that includes coverage of bodily harm, property damage, and product liability with policy limits not less than One Million Dollars (\$1,000,000); and cargo insurance with all risk property coverage for full replacement value of Dealer's inventory. Such insurance shall be so written and endorsed as to make losses, if any, payable to Cornwell in addition to the Dealer, as their respective interest may appear. Each policy of insurance shall be written so as to be not subject to cancellation or substantial modification without at least thirty (30) days' written notice to Cornwell. Dealer shall deposit with Cornwell certificates or other evidence satisfactory to Cornwell that the required insurance has been obtained and is in full force and effect and, prior to the expiration of any such insurance, Dealer shall furnish Cornwell with evidence satisfactory to Cornwell that such insurance has been renewed or replaced. Contemporaneous with the execution of this agreement, and from time to time thereafter upon request by Cornwell, Dealer shall provide Cornwell with a Certificate of Insurance evidencing that Dealer has complied with the foregoing requirements of this Agreement.

(b) All amounts received by Cornwell in payment of insurance losses may, at Cornwell's option, be applied in satisfaction of Dealer's Indebtedness to Cornwell or all or any part thereof may be used for the purpose of repairing, replacing, or restoring the Collateral.

(c) Dealer will at all times have and maintain public liability insurance covering such risks and in such amounts and issued by such companies as are acceptable to Cornwell.

(d) Dealer assigns to Cornwell all rights to the proceeds of any insurance not exceeding unpaid balances and hereby directs the insurance carrier and its agents to

pay all proceeds directly to Cornwell, authorizes Cornwell to endorse any draft for and on behalf of Dealer as its attorney-in-fact, coupled with an interest, and further authorizes Cornwell to make adjustments of all insurance losses, sign all applications, receipts, releases and other papers necessary and to make settlements.

(e) Note to Dealer: DEALER IS REQUIRED TO SUBMIT AN INSURANCE AUTHORIZATION FORM. PLEASE FILL IN THE APPROPRIATE BLANKS ON THE FORM WITH THE NAME AND ADDRESS OF THE INSURANCE COMPANY WHICH WILL INSURE THE TOTAL INVENTORY AND ENCLOSE THE FORM WHEN YOU RETURN THIS AGREEMENT TO CORNWELL QUALITY TOOLS COMPANY.

(f) Collection of Accounts: With respect to the Accounts and in addition to and not in limitation of any of the rights provided to Cornwell elsewhere in this agreement or by law, Cornwell may upon the occurrence of any of the events described in Paragraph 9 below or at any time thereafter (such event not having previously been cured or waived), at its option, without prior demand or notice to Dealer, and without resort to legal process or judicial hearing, order or authorization, notify the persons liable for the payment of the Accounts of Cornwell's security interest and direct such persons to make payments directly to Cornwell, and, at Cornwell's request, all bills and statements sent by Dealer to the persons liable for the payment of the Accounts shall state that the Accounts have been assigned to, and are solely payable to Cornwell, and at Cornwell's request, Dealer shall direct the persons liable for the payment of the Accounts to pay directly to Cornwell any sums due or to become due on account thereof.

The Dealer hereby irrevocably appoints Cornwell as its true and lawful attorney-in-fact, coupled with an interest, with full power to send the notices described above, to take possession of and endorse in the name of Dealer any instruments or documents received in payment of all or part of the Accounts, to collect, sue for and give a quittances for monies due on the Accounts, and to withdraw any claims, suits or proceedings pertinent thereto, or arising out of the assignment of the Accounts.

In pursuance of the rights granted hereunder, Cornwell may extend the time for payment of, compromise or settle for cash, credit or otherwise, and upon any terms and conditions, any of the Accounts and thereby discharge the person or persons liable for the payment thereof, without affecting the obligations of Dealer to Cornwell (except to the extent that the Indebtedness shall be reduced by the amount of any sums received by Cornwell).

6. Financial Condition. Upon request by Cornwell, Dealer agrees to furnish Cornwell within a reasonable time accurate and up-to-date information concerning any aspect of Dealer's financial condition

7. Verification of Sales and Inventory. Dealer will maintain written, weekly summaries of its sales and then existing Total Inventory and all Accounts in a form acceptable to Cornwell and Dealer shall each week furnish an IBN Weekly Report Summary to Cornwell's District Sales Manager, Cornwell's Credit Department and as

Cornwell may otherwise direct. Dealer will also allow, upon request and reasonable notice, Cornwell's authorized representative to inspect Dealer's Total Inventory at any time.

8. Repurchase of Inventory. If Dealer ceases for any reason to be an authorized dealer of Cornwell's products, Cornwell will repurchase from Dealer that portion of the Total Inventory which Cornwell is required to repurchase, if any, in accordance with the terms set forth in the Special Representative Dealer Franchise Agreement between Cornwell and the Dealer, the terms of which are expressly incorporated herein. If any of the Indebtedness is unpaid at the time of such repurchase, Cornwell will credit against the Indebtedness the net amounts from such repurchase, as determined in accordance with the terms set forth in the Special Representative Dealer Franchise Agreement.

9. Default. The Dealer shall be in default upon the happening of any of the following events or conditions:

(a) The failure of Dealer to make payment or performance of any of the Dealer's indebtedness to Cornwell, as described in paragraph 4 above, including but not limited to those arising from the sale of inventory described in this Agreement.

(b) If the Dealer defaults under the Special Representative Dealer Franchise Agreement or any other agreement or contract between the Dealer and Cornwell, including but not limited to paragraph 6 or the obligation to furnish IBN Report Summaries as contained in Paragraph 7 above, or upon the termination of any such agreement.

(c) The failure of the Dealer to have this note and security agreement fully collateralized at all times. Until the Indebtedness is paid in full, Dealer shall own and maintain in Dealer's truck or other vehicle inventory purchased from Cornwell in an amount not less than the lesser of Sixty Thousand Dollars (\$60,000) or the outstanding balance of this note, including principal, interest and any costs and expenses.

Upon default, all obligations of the Dealer at once become due and payable without any notice or demand, notice and demand having been expressly waived. Payments made shall first be applied to the payment of the interest that accrued and then to the principal amount which remains unpaid.

10. Acceleration. Upon the happening of any of the following events or conditions:

(a) Default by Dealer in the payment or the performance of any of Dealer's Indebtedness to Cornwell, as described in paragraphs 4, 6, or 7 above, including but not limited to those arising from the sale of inventory described in this agreement;

(b) Loss, theft, destruction, encumbrance, levy against, seizure or attachment of or to any of the Collateral, or any sale of all or any part of the Collateral other than in the regular course of Dealer's business;

(c) Any warranty, representation, financial statement or other information made or furnished to Cornwell by or on behalf of Dealer proves to have been or to have become false in any material respect;

(d) Death, impairment, termination of existence, insolvency, business failure, appointment of a trustee or receiver of any part of the property of, assignment for the benefit of creditors of or the commencement of any proceedings under bankruptcy or any other state or federal law for the relief of debtors by or against Dealer, or any surety for Dealer;

(e) Dealer's ceasing for any reason to be an authorized dealer of Cornwell's products;

(f) A judgment for the payment of any sum of money against Dealer, which shall remain undischarged for a period of 45 days during which time execution shall not be effectively stayed; or

(g) Cornwell deems itself insecure, in good faith believing that the prospect of payment of any of the Indebtedness or the performance of any other obligation of Dealer is impaired.

Cornwell may, at its option, without notice or demand, declare due and payable, and, in addition to other rights and remedies upon default under applicable law, collect the full amount of the Indebtedness or any portion thereof, as calculated below, and will have the further right, without notice or demand, to repossess the Collateral, to enter peacefully upon any premises where the Collateral is located in order to repossess it and to exercise all other rights allowed by law. Without limiting the above, Cornwell shall have all of the rights and remedies of a secured creditor under the Uniform Commercial Code as adopted in Ohio.

Dealer agrees upon the request of Cornwell to assemble the Collateral and to make it available at any place designated by Cornwell. Dealer hereby expressly waives the entitlement, if any, to a judicial hearing prior to the exercise of Cornwell's right of repossession, which right is exercisable by Cornwell on its own behalf or through resort to appropriate judicial process. After repossession, Cornwell will provide at least 10 days prior written notice to Dealer at Dealer's Business Address of the time and place of any public sale or the time after which any private sale or repurchase pursuant to the Special Representative Dealer Franchise Agreement will be made of the Collateral, and Dealer agrees that such 10-day period is reasonable. Dealer further agrees that repurchase of the Total Inventory, or any part thereof, pursuant to the terms of the Special Representative Dealer Franchise Agreement shall constitute a commercially reasonable disposition thereof. The proceeds of any disposition of the Collateral may be applied to the Indebtedness as Cornwell may elect.

Upon Voluntary prepayment in full or upon acceleration as set forth herein, the amount of the Indebtedness will be calculated as follows: total (1) the cash price of each

time-deferred sale, less the amounts from previous payments which have been applied to principal; plus (2) time-price charges and late charges on unpaid balances; plus (3) all other outstanding Indebtedness, as defined in paragraph 4 above; plus (4) additional time-price charges of _____ % per annum (or the highest rate allowed by law, whichever is less) on the total of the first three components above, until paid in full. Cornwell expressly states its intention not to collect any amount in excess of that permitted by law and the Indebtedness shall be reduced accordingly, as may be required.

11. PARTIAL WAIVER OF DEALER'S REMEDIES. DEALER HEREBY EXPRESSLY AGREES THAT, WITH REGARD TO THE INVENTORY DELIVERED UNDER THIS AGREEMENT, DEALER'S REMEDIES UNDER THIS AGREEMENT (INCLUDING WITHOUT LIMITATION, REMEDIES BY WAY OF DEFENSE, COUNTERCLAIM, RECOUPMENT AND SET-OFF) ARE EXCLUSIVELY LIMITED TO ANY WARRANTIES EXPRESSLY GIVEN IN WRITING. WARRANTIES OF MERCHANTABILITY, AND OF FITNESS FOR A PARTICULAR PURPOSE ARE EXPRESSLY DISCLAIMED.

12. LIMITATION OF DAMAGES DEALER HEREBY ALSO EXPRESSLY AGREES THAT DEALER'S DAMAGES FOR CORNWELL'S BREACH OF THE FOREGOING EXCLUSIVE WARRANTIES ARE LIMITED TO THE ENFORCEMENT OF SECTION 8 OF THIS AGREEMENT AND REPLACEMENT OR RECOVERY OF AMOUNTS PAID BY DEALER TO CORNWELL FOR DEFECTIVE PRODUCTS, AS APPLICABLE, AND THAT CORNWELL SHALL NOT BE LIABLE FOR ANY CONSEQUENTIAL OR INCIDENTAL DAMAGES.

13. Collection Costs. Dealer shall reimburse Cornwell for all costs of collection of the Indebtedness or any portion thereof, including, without limiting the generality of the foregoing, expenses of, and charges for, the repossession and holding of the Collateral for sale and any preparations for such sale, court costs and reasonable attorneys' fees. Cornwell expressly states its intention not to collect any amount in excess of that permitted by law and the costs of collection shall be reduced accordingly, as may be required.

14. Taxes and Assessments. Dealer will pay promptly when due all taxes and assessments upon the Collateral or for its use or operation or upon this agreement or upon any papers evidencing the obligations between the parties and at its option, Cornwell may discharge taxes, liens or other encumbrances at any time levied or placed on the Collateral, pay for the maintenance and preservation of the Collateral and taxes, assessments and insurance on the Collateral should Dealer fail to do so, and Dealer agrees to reimburse Cornwell on demand for any payments so made until such reimbursement, the amount so paid by Cornwell shall be added to the Indebtedness.

15. Application of Amounts Received. If Dealer fails to maintain Special Representative status, all amounts received by Cornwell from Dealer may be applied by Cornwell to the Indebtedness in such order and to principal or to time-price charges, as Cornwell may determine. Dealer authorizes Cornwell at any time, without notice, to appropriate and to apply any Collateral in Cornwell's possession, custody or control

towards the payment of the Indebtedness. Dealer waives presentment, demand, notice, acceptance, performance, default, enforcement, exoneration and reimbursement, assents to any acceleration, extension, modification, waiver or postponement or to any other indulgence, to any addition, substitution, exchange or release of the Collateral to the addition or release of any other party or person primarily or secondarily liable, to the settlement, compromise or adjustment of the Indebtedness and/or to the application of any Collateral against the Indebtedness and in any order.

16. Miscellaneous.

(a) This agreement shall continue until such time as there is no outstanding Indebtedness and there are no other agreements in effect between Dealer and Cornwell.

(b) This agreement shall be deemed to have been made in Ohio and shall be governed by Ohio law, and shall be binding upon and inure to the benefit of the parties, their executors, administrators, personal representatives, heirs, successors, and assigns as the case may be.

(c) Any claim or controversy in connection with, arising out of, or relating to this agreement between Dealer and Cornwell shall be settled by binding arbitration in accordance with the rules pertaining to commercial dispute arbitration then existing with the American Arbitration Association. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction. Such arbitration shall take place in such locations as the parties mutually agree, and in the absence of such agreement, in Akron, Ohio. The laws applicable to the arbitration procedure shall be the laws of the State of Ohio. The award of the arbitrator(s) shall be the sole remedy between the parties regarding any claims, counterclaims, issues presented or pled to the arbitrator(s). Cornwell reserves the right to obtain injunctive or other mandatory relief, including but not limited to replevin, from the act or omission of any activity prohibited or required by this agreement in any court having jurisdiction, when such act or omission will cause irreparable harm to Cornwell or is otherwise necessary to obtain possession of any or all of the Total Inventory upon Dealer's default.

(d) In the event that this agreement, or any part of it is found to be governed by the law of any other state and/or to be unenforceable, any part found to be unenforceable shall be severed and the agreement given effect according to the intent of the parties, to the fullest extent permitted by law.

(e) This agreement may only be modified by a writing signed by all of the parties hereto and shall not be effective until accepted by Cornwell in Ohio.

17. Notice and Service of Process. Any notice required to be given under this Order, Note and Security Agreement, or service of process for the purposes of arbitration or litigation of issues arising out of it, shall be given to Cornwell at 667 Seville Road, Wadsworth, Ohio 44281 and to First Dealer and Second Dealer, if applicable, at the

address or addresses last provided by them to Cornwell. Service on Cornwell, First Dealer, or Second Dealer shall conclusively be deemed to have been completed for all purposes if made by regular U.S. mail or any other usual and reliable form of delivery to the address last given. The parties will continue to have the obligation to notify one another of any change of address during and after the termination of this Order, Note and Security Agreement, if they wish to be assured of the receipt of notices and service of process, and they expressly waive any objection to notice provided or service made to the last address they have given.

IN RECOGNITION OF WHICH and intending to be legally bound, the person or persons identified above as Dealer have signed this Order, Note and Security Agreement below.

NAME OF BUSINESS ENTITY (ONLY COMPLETE FOR CORPORATION, PARTNERSHIP, LLC, LLP)

FIRST INDIVIDUAL DEALER SIGNATURE, FOR SELF AND ENTITY (IF APPLICABLE)

FIRST PRINCIPAL INDIVIDUAL DEALER NAME

SECOND INDIVIDUAL DEALER SIGNATURE, FOR SELF AND ENTITY (IF APPLICABLE)

PRINT SECOND INDIVIDUAL DEALER NAME

FOR OFFICE USE ONLY

Agreed to and accepted this _____ day of _____, 20 _____
in Wadsworth, Ohio.

CORNWELL QUALITY TOOLS COMPANY

By: _____
CORNWELL (Corporate Officer)

Statement of Outstanding Liens

There are outstanding liens against some or all of the Collateral described in this Agreement, as follows:

<u>Name</u>	<u>Amount</u>	<u>Collateral</u>
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Dealer

2023



EXHIBIT D APPENDIX STATE SPECIFIC INFORMATION

List of State Administrators

Arizona

Arizona Corporation Commission
Securities Division
1300 W. Washington Street
Phoenix, AZ 85007

California

California Department of Financial
Protection and Innovation
One Sansome Street, Suite 600
San Francisco, CA 94104

Washington, DC

Department of Consumer and
Regulatory Affairs
1100 4th Street, SW
Washington, DC 20024

Florida

Florida Dept. of Agriculture &
Consumer Services
P.O. Box 6700
Tallahassee, FL 32314

Georgia

Georgia Department of Law
Consumer Protection Unit
2 Martin Luther King Dr., Ste. 356
Atlanta, GA 30334-9077

Idaho

Idaho Department of Finance
Securities Bureau
800 E. Park Blvd., Ste. 200
Boise, ID 83712

or

P.O. Box 83720
Boise, ID 83720-0031

Illinois

Franchise Bureau
Illinois Attorney General
500 S. Second Street
Springfield, IL 62701

Indiana

Indiana Securities Division
302 W. Washington Street
Room E111
Indianapolis, IN 46204

Kentucky

Office of the Attorney General
700 Capitol Avenue, Ste. 118
Frankfort, KY 40601-3449

Louisiana

Office of the Attorney General
Consumer Protection Division
2610-A Woodale Boulevard
Baton Rouge, LA 70804

Maine

Maine Dept. of Professional &
Financial Regulation
Office of Securities
121 State House Station
Augusta, ME 04333

Maryland

Office of the Attorney General
Securities Division
200 Saint Paul Place
Baltimore, MD 21202

Michigan

Dept. of Attorney General
Consumer Protection Division
Attn: Franchise
P.O. Box 30213
Lansing, MI 48909

Minnesota

Minnesota Dept. of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101

Missouri

Missouri Attorney General's
Office, Supreme Court Bldg.
207 W. High Street
P.O. Box 899
Jefferson City, MO 65102

Montana

Commissioner of Securities
and Insurance
Montana State Auditor's Office
Securities Department
840 Helena Avenue
Helena, MT 59601

Nebraska

Dept. of Banking and Finance
1526 K Street, #300
Lincoln, NE 68508

Nevada

The Nevada Secretary of State
Securities Division
555 E. Washington Avenue
Suite 5200
Las Vegas, NV 89101

New Mexico

The New Mexico Regulation and
Licensing Department
Securities Division
P.O. Box 25101
Santa Fe, NM 87505

New York

New York Atty. General's Office
120 Broadway
New York, NY 10271

North Carolina

NC Secretary of State
Business Opportunity Registration
P.O. Box 29622
Raleigh, NC 27626-0622

North Dakota

The Securities Commissioner's
Office
North Dakota Securities Dept.
State Capitol, 5th Floor
600 East Boulevard Avenue
Bismarck, ND 58505-0510
(701) 328-2910

Oklahoma

The Oklahoma Securities Division
Department of Securities
204 N. Robinson Avenue, Ste. 400
Oklahoma City, OK 73102

Oregon

Oregon Division of Finance and
Corporate Securities
P.O. Box 14480
Salem, OR 97309-0405

Rhode Island

Dept. of Business Regulation
Securities Division
1511 Pontiac Avenue, Bldg. 69-1
John O. Pastore Complex
Cranston, RI 02920

South Carolina

South Carolina Secretary of
State's Office
Attn: Business Opportunities
Division
1205 Pendleton St., Ste. 525
Columbia, SC 29201

South Dakota

South Dakota Division of
Insurance Securities Regulation
124 S. Euclid Ave., Suite 104
Pierre, SD 57501

Tennessee

Tennessee Department of
Commerce and Insurance
500 James Robertson Parkway
Nashville, TN 37243-0565

Texas

Texas Secretary of State
Executive Division
P.O. Box 12697
Austin, TX 78711

Utah

Utah Dept. of Commerce
Division of Securities
160 E. 300 South, 2nd Flr.
P.O. Box 146760
Salt Lake City, UT 84114

Virginia

State Corporation Commission
Division of Securities and
Retail Franchising
1300 East Main Street
9th Floor
Richmond, VA 23219
(804) 371-9051

Washington

State of Washington
Dept. of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, WA 98507-9033

Wisconsin

State of Wisconsin
Division of Securities
P.O. Box 1768
Madison, WI 53701-1768

Wyoming

Secretary of State
Compliance Division
State Capitol Building
200 W. 24th Street
Cheyenne, WY 82002-0020

List of Agents for Service of Process for Cornwell Quality Tools Company

Alabama

CT Corporation System
2 North Jackson Street, Ste. 605
Montgomery, AL 36104

Arizona

CT Corporation System
3800 North Central Ave., Ste. 460
Phoenix, AZ 85012

Arkansas

The Corporation Company
124 W. Capitol Ave., Ste. 1900
Little Rock, AR 72201

California

CT Corporation System
555 Capitol Mall, Suite 1000
Sacramento, CA 95814

or

California Department of Financial
Protection and Innovation
One Sansome Street, Suite 600
San Francisco, CA 94104

Colorado

The Corporation Company
7700 East Arapahoe Road, Ste. 220
Centennial, CO 80112

Connecticut

CT Corporation System
One Corporate Center, Flr. 11
Hartford, CT 06103

Delaware

The Corporation Trust Company
Corporation Trust Center
1209 N. Orange Street
Wilmington, DE 19801

District of Columbia

CT Corporation System
1015 15th Street, NW, Ste. 1000
Washington, DC 20005

Florida

CT Corporation System
1200 South Pine Island Road
Plantation, FL 33324

Georgia

CT Corporation System
1201 Peachtree, N.E., Ste. 1240
Atlanta, GA 30361

Idaho

CT Corporation System
921 S. Orchard Street, Ste. G
Boise, ID 83705

Illinois

Illinois Attorney General
500 South Second Street
Springfield, IL 62701

or

CT Corporation
208 S. LaSalle Street, Ste. 814
Chicago, IL 60604

Indiana

Indiana Securities Division
302 W. Washington St., Rm. E111
Indianapolis, IN 46204

or

CT Corporation System
150 W. Market St., Ste. 800
Indianapolis, IN 46204

Iowa

CT Corporation System
400 E. Court Avenue, Ste. 110
Des Moines, IA 50309

Kansas

The Corporation Company, Inc.
112 SW 7th Street, Suite 3C
Topeka, KS 66603

Kentucky

CT Corporation System
306 W. Main Street, Ste. 512
Frankfort, KY 40601

Louisiana

CT Corporation System
3867 Plaza Tower Drive
Baton Rouge, LA 70816

Maine

CT Corporation System
128 State St., #3
Augusta, ME 04330

Maryland

Maryland Securities Commissioner
200 St. Paul Place, 20th Flr.
Baltimore, MD 21202-2020

or

CT Corporation
351 West Camden Street
Baltimore, MD 21201

Massachusetts

CT Corporation System
155 Federal Street, Ste. 700
Boston, MA 02110

Michigan

The Corporation Company
40600 Ann Arbor Road E.
Ste. 201
Plymouth, MI 48170

Minnesota

CT Corporation System, Inc.
1010 Dale Street N.
St. Paul, MN 55117

or

Minnesota Department of
Commerce
85 7th Place East, Ste. 280
St. Paul, MN 55101

Mississippi

CT Corporation System
645 Lakeland East Drive, Ste. 101
Flowood, MS 39232

Missouri

CT Corporation System
120 S. Central Ave., Ste. 400
Clayton, MO 63105

Montana

CT Corporation System
3011 American Way
Missoula, MT 59808

Nebraska

CT Corporation System
5601 South 59th Street
Lincoln, NE 68516

Nevada

The Corporation Trust Company
of Nevada
701 S. Carson St., Ste. 200
Carson City, NV 89701

New Hampshire

CT Corporation System
9 Capitol Street
Concord, NH 03301

New Jersey

The Corporation Trust Company
820 Bear Tavern Road
West Trenton, NJ 08628

New Mexico

CT Corporation System
206 S. Coronado Ave.
Española, NM 87532

New York

New York Dep. of State's Office
Division of Corporations
State Records and Uniform
Commercial Code
One Commerce Plaza
99 Washington Avenue, 6th Flr.
Albany, NY 12231

or

CT Corporation System
111 Eighth Avenue
New York, NY 10011

North Carolina

CT Corporation System
160 Mine Lake Court, Ste. 200
Raleigh, NC 27615

North Dakota

Securities Commissioner's Office
North Dakota Securities Dept.
State Capitol, 5th Floor
600 E. Boulevard Avenue
Bismarck, ND 58505-0510

or

CT Corporation System
314 E. Thayer Avenue
Bismarck, ND 58501

Ohio

CT Corporation System
4400 Easton Commons Way
Suite 125
Columbus, OH 43219

Oklahoma

The Corporation Company
1833 South Morgan Road
Oklahoma City, OK 73128

Oregon

CT Corporation System
780 Commercial Street, SE
Salem, OR 97301

Pennsylvania

CT Corporation System
116 Pine Street, Suite 320
Harrisburg, PA 17101

Rhode Island

Department of Business Regulation
Securities Division
John O' Pastore Complex
1511 Pontiac Ave., Bldg. 69-1
Cranston, RI 02920

South Carolina

CT Corporation System
2 Office Park Court, Suite 103
Columbia, SC 29223

South Dakota

South Dakota Division of Insurance
Securities Regulation
124 S. Euclid Ave., Ste. 104
Pierre, SD 57501

or

CT Corporation
319 S. Coteau Street
Pierre, SD 57501

Tennessee

CT Corporation System
800 S. Gay Street, Suite 2021
Knoxville, TN 37929

Texas

CT Corporation
1999 Bryan Street, Ste. 900
Dallas, TX 75201-3136

Utah

CT Corporation System
1108 East South Union Avenue
Midvale, UT 84047

Vermont

CT Corporation System
17 G W Tatro Drive
Jeffersonville, VT 05464

Virginia

Clerk of the State Corporation
Commission
1300 E. Main Street, 9th Floor
Richmond, VA 23219

or

CT Corporation System
4701 Cox Road, Suite 285
Glen Allen, VA 23060

Washington

CT Corporation System
505 Union Avenue SE, Ste. 120
Olympia, WA 98501

or

Department of Financial
Institutions
Securities Administrator
150 Israel Road, SW
Turnwater, WA 98501

West Virginia

CT Corporation System
5400 D Big Tyler Road
Charleston, WV 25313

Wisconsin

Division of Securities
P.O. Box 1768
Madison, WI 53701

or

CT Corporation
301 S. Bedford St., Ste. 1
Madison, WI 53703

Wyoming

CT Corporation System
1712 Pioneer Ave., Ste. 120
Cheyenne, WY 82001

For Use in California

Form E-Franchise Seller Disclosure Form

1. List the Persons who will offer or sell franchises in this state. For each person, state:

- a) Name: **Brian Baldwin**
- b) Business/home address and telephone number:
- c) Present employer: **Cornwell Quality Tools Company**
- d) Present title: **District Manager**
- e) Social Security number:
- f) Birth date:
- g) Employment during the last five years. For each employment, state the name of the employer, position held and beginning and ending dates:
 - **Brian Baldwin's Cornwell Tools - Owner 12/01/2015-12/30/2018**
 - **Truck Works, Inc. – Foreman 12/01/2010-11/01/2015**

2. State whether any person identified in 1. above:

A. Has any administrative, civil or criminal action pending alleging a violation of franchise or securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or other comparable allegations?

YES _____ NO X

B. Has during the 10 year period immediately before the Disclosure Document date:

(1) been convicted of a felony or pleaded no lo contendere to a felony charge or been held liable in a civil action by final judgment if the felony or civil action involved a violation of franchise or securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or other comparable violations of law?

YES _____ NO X

(2) entered into or been named in any consent judgment, decree, order or assurance under federal or state franchise, securities anti-trust, monopoly, trade practice, or trade regulation law?

YES _____ NO X

(3) been subject to any order of any national securities association or national securities exchange (as defined in the Securities And Exchange Act of 1934, 15 U.S.C. 78a) suspending or expelling the person from membership in the association or exchange?

YES _____ NO X

C. For each above question answered "Yes" state: **N/A**

1. the name of the person or entity involved;
2. the court, agency, association or exchange involved;
3. a summary of the allegations;
4. if applicable, the date of the conviction, judgment, decree, order or assurance;
and
5. the penalty imposed, damages assessed, terms and conditions of the Judgment, decree, or order or assurance.

Form E-Franchise Seller Disclosure Form

1. List the Persons who will offer or sell franchises in this state. For each person, state:

- a) Name: **Brian Brotherton**
- b) Business/home address and telephone number:
- c) Present employer: **Cornwell Quality Tools Company**
- d) Present title: **District Manager**
- e) Social Security number:
- f) Birth date:
- g) Employment during the last five years. For each employment, state the name of the employer, position held and beginning and ending dates:
Franchisee from 05-24-13 to 01-02-18; Cornwell Quality Tools, District Manager, 01-01-18 to present

2. State whether any person identified in 1. above:

A. Has any administrative, civil or criminal action pending alleging a violation of franchise or securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or other comparable allegations?

YES _____ NO X

B. Has during the 10 year period immediately before the Disclosure Document date:

(1) been convicted of a felony or pleaded no lo contendere to a felony charge or been held liable in a civil action by final judgment if the felony or civil action involved a violation of franchise or securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or other comparable violations of law?

YES _____ NO X

(2) entered into or been named in any consent judgment, decree, order or assurance under federal or state franchise, securities anti-trust, monopoly, trade practice, or trade regulation law?

YES _____ NO X

(3) been subject to any order of any national securities association or national securities exchange (as defined in the Securities And Exchange Act of 1934, 15 U.S.C. 78a) suspending or expelling the person from membership in the association or exchange?

YES _____ NO X

C. For each above question answered "Yes" state: **N/A**

1. the name of the person or entity involved;
2. the court, agency, association or exchange involved;
3. a summary of the allegations;
4. if applicable, the date of the conviction, judgment, decree, order or assurance;
and
5. the penalty imposed, damages assessed, terms and conditions of the Judgment, decree, or order or assurance.

Form E-Franchise Seller Disclosure Form

1. List the Persons who will offer or sell franchises in this state. For each person, state:

- a) Name: **DeWayne Herbert**
- b) Business/home address and telephone number:
- c) Present employer: **Cornwell Quality Tools Company**
- d) Present title: **District Manager**
- e) Social Security number:
- f) Birth date:
- g) Employment during the last five years. For each employment, state the name of the employer, position held and beginning and ending dates:
Matco Tools/District Manager- 2004-2016
Cornwell Quality Tools 4/2016 – present

2. State whether any person identified in 1. above:

A. Has any administrative, civil or criminal action pending alleging a violation of franchise or securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or other comparable allegations?

YES _____ NO X

B. Has during the 10 year period immediately before the Disclosure Document date:

(1) been convicted of a felony or pleaded no lo contendere to a felony charge or been held liable in a civil action by final judgment if the felony or civil action involved a violation of franchise or securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or other comparable violations of law?

YES _____ NO X

(2) entered into or been named in any consent judgment, decree, order or assurance under federal or state franchise, securities anti-trust, monopoly, trade practice, or trade regulation law?

YES _____ NO X

(3) been subject to any order of any national securities association or national securities exchange (as defined in the Securities And Exchange Act of 1934, 15 U.S.C. 78a) suspending or expelling the person from membership in the association or exchange?

YES _____ NO X

C. For each above question answered "Yes" state: **N/A**

1. the name of the person or entity involved;
2. the court, agency, association or exchange involved;
3. a summary of the allegations;
4. if applicable, the date of the conviction, judgment, decree, order or assurance;
and
5. the penalty imposed, damages assessed, terms and conditions of the
Judgment, decree, or order or assurance.

Form E-Franchise Seller Disclosure Form

1. List the Persons who will offer or sell franchises in this state. For each person, state:

- a) Name: **Matthew Messick**
- b) Business/home address and telephone number:
- c) Present employer: **Cornwell Quality Tools Company**
- d) Present title: **District Manager**
- e) Social Security number:
- f) Birth date:
- g) Employment during the last five years. For each employment, state the name of the employer, position held and beginning and ending dates:
Pavement Recycling Systems Fleet manager 09/2016-10/2017
Cornwell Franchise Owner 01/2018-1/2021
Cornwell Tools District Manager 01/2021-Present

2. State whether any person identified in 1. above:

A. Has any administrative, civil or criminal action pending alleging a violation of franchise or securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or other comparable allegations?

YES _____ NO X

B. Has during the 10 year period immediately before the Disclosure Document date:

(1) been convicted of a felony or pleaded no lo contendere to a felony charge or been held liable in a civil action by final judgment if the felony or civil action involved a violation of franchise or securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or other comparable violations of law?

YES _____ NO X

(2) entered into or been named in any consent judgment, decree, order or assurance under federal or state franchise, securities anti-trust, monopoly, trade practice, or trade regulation law?

YES _____ NO X

(3) been subject to any order of any national securities association or national securities exchange (as defined in the Securities And Exchange Act of 1934, 15 U.S.C. 78a) suspending or expelling the person from membership in the association or exchange?

YES _____ NO X

C. For each above question answered "Yes" state: **N/A**

1. the name of the person or entity involved;
2. the court, agency, association or exchange involved;
3. a summary of the allegations;
4. if applicable, the date of the conviction, judgment, decree, order or assurance;
and
5. the penalty imposed, damages assessed, terms and conditions of the
Judgment, decree, or order or assurance.

Form E-Franchise Seller Disclosure Form

1. List the Persons who will offer or sell franchises in this state. For each person, state:

- a) Name: **Jerry Young**
- b) Business/home address and telephone number:
- c) Present employer: **Cornwell Quality Tools Company**
- d) Present title: **District Manager**
- e) Social Security number:
- f) Birth date:
- g) Employment during the last five years. For each employment, state the name of the employer, position held and beginning and ending dates:
Cornwell Tools District Manager 01/01/2018-Present

2. State whether any person identified in 1. above:

A. Has any administrative, civil or criminal action pending alleging a violation of franchise or securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or other comparable allegations?

YES _____ NO X

B. Has during the 10 year period immediately before the Disclosure Document date:

(1) been convicted of a felony or pleaded no lo contendere to a felony charge or been held liable in a civil action by final judgment if the felony or civil action involved a violation of franchise or securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or other comparable violations of law?

YES _____ NO X

(2) entered into or been named in any consent judgment, decree, order or assurance under federal or state franchise, securities anti-trust, monopoly, trade practice, or trade regulation law?

YES _____ NO X

(3) been subject to any order of any national securities association or national securities exchange (as defined in the Securities And Exchange Act of 1934, 15 U.S.C. 78a) suspending or expelling the person from membership in the association or exchange?

YES _____ NO X

C. For each above question answered "Yes" state: **N/A**

1. the name of the person or entity involved;
2. the court, agency, association or exchange involved;
3. a summary of the allegations;
4. if applicable, the date of the conviction, judgment, decree, order or assurance;
and
5. the penalty imposed, damages assessed, terms and conditions of the Judgment, decree, or order or assurance.

For Use in Maryland

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP		
<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
a. Term of the franchise	Section 10	No set term
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	Section 13	30 days' written notice, subject to state law
e. Termination by Cornwell without cause	Section 13, 16	Five years from the date of the Franchise Agreement, if Cornwell ceases selling its products in the state. Cornwell will give one year notice.
f. Termination by Cornwell with cause	Section 13	Cornwell may terminate if you default in any obligation under Franchise Agreement.
g. "Cause" defined – defaults which can be cured	Section 13	You have thirty days to cure default due to non-payment, failure to maintain inventory purchase level or other reasons not set forth in subsection h below. Cornwell may agree to waive any default.
h. "Cause" defined – defaults which cannot be cured	Section 13	You have no right to cure default caused by bankruptcy or similar

THE FRANCHISE RELATIONSHIP

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
		proceedings against you, the appointment of a receiver, assignment for benefit of creditors or a felony conviction. Cornwell may agree to waive any default on such terms as Cornwell determines.
i. Your obligations on termination/nonrenewal	Section 15	Obligation includes payment of amount due, discontinuance of use of marks, and shipment merchandise to be purchased by Cornwell within 30 days of termination date.
j. Assignment of contract by Cornwell	Section 11	No restriction on Cornwell's right to assign.
k. "Transfer" by you – definition	Section 11	Includes transfer of franchise or assets.
l. Cornwell's approval of transfer by franchisee	Section 11	Cornwell has full right of approval of franchise transfer, which will not be unreasonably withheld. You may transfer assets freely, subject to Cornwell's security interest.
m. Conditions for Cornwell approval of transfer	Section 11	Active family member, in Cornwell's sole discretion, for transfer of franchise on death or disability; satisfaction of debt, for assets.

THE FRANCHISE RELATIONSHIP

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
n. Cornwell's right of first refusal to acquire your business	Not Applicable	Not Applicable
o. Cornwell's option to purchase your business	Not Applicable	Not Applicable
p. Your death or disability	Sections 11, 14	Terminates franchise; transfer possible to active family member.
q. Non-competition covenants during the term of the franchise	Not Applicable	Subject to state law
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	Subject to state law
s. Modification of the agreement	Section 18	Only in writing signed by Cornwell and You.
t. Integration/merger clause	Section 19	Only terms of agreement are binding (subject to state law). Any other promise may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 20	Except for injunctive relief by Cornwell and claims arising under the Maryland Franchise Registration and Disclosure Law, all claims must be arbitrated, subject to state law.
v. Choice of forum	Section 20	Arbitration must be in Ohio, claims arising under the Maryland Franchise Registration and Disclosure Law must be brought in

THE FRANCHISE RELATIONSHIP

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
		Maryland, subject to state law.
w. Choice of law	Section 20	Ohio law applies, except to claims arising under the Maryland Franchise Registration and Disclosure Law, subject to state law.

**For Use in Maryland
EXHIBIT J
RECEIPT**

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

If Cornwell offers you a franchise, Cornwell must provide this Franchise Disclosure Document to you by the earliest of the time required by your state as set forth in Exhibit D, referenced in Item 22 of the Franchise Disclosure Document or:

- 1. The first personal meeting to discuss our franchise; or**
- 2. Ten (10) business days before the signing of a binding agreement; or**
- 3. Ten (10) business days before a payment to Cornwell.**

You must also receive a Franchise Agreement containing all material terms at least five (5) business days before you sign a Franchise Agreement.

If Cornwell does not deliver this Franchise Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and state agency listed for your state in Exhibit D of the Franchise Disclosure Document, if applicable.

The franchise is offered by Cornwell Quality Tools Company, 667 Seville Road, Wadsworth, Ohio 44281, (330) 336-3506 and Cornwell's district managers are: Ben DeCraene, 1095 German Chapel Road, Prince Frederick, MD 20678, (443) 841-5613; and Joe Galuppo, 5032 Shady Dell Road, Dover, Pennsylvania 17315, (717) 668-2055.

Issuance date: January 1, 2023

Cornwell's agent for service of process is Maryland Securities Commissioner, 200 St. Paul Place, Baltimore, Maryland 21202-2020.

I have received a Disclosure Document dated _____, 2022, that included the following Exhibits:

- A. FINANCIAL STATEMENTS**
- B. DEALER FRANCHISE AGREEMENT**
- B-1. ADDENDUM TO DEALER FRANCHISE AGREEMENT (SECOND FRANCHISE, IF APPLICABLE)**
- B-2. ADDENDUM TO DEALER FRANCHISE AGREEMENT (SECOND TRUCK, IF APPLICABLE)**
- B-3. FRANCHISE DEVELOPER DEALER FRANCHISE AGREEMENT (IF APPLICABLE)**
- B-4. SPECIAL REPRESENTATIVE DEALER FRANCHISE AGREEMENT (IF APPLICABLE)**
- C. DEALER PURCHASE ORDER, NOTE AND SECURITY AGREEMENT**
- C-1. DEALER PURCHASE ORDER, NOTE AND SECURITY AGREEMENT (VETERANS INCENTIVE PROGRAM)(IF APPLICABLE)**
- C-2. DEALER PURCHASE ORDER, NOTE AND SECURITY AGREEMENT – FRANCHISE DEVELOPER (IF APPLICABLE)**
- C-3. DEALER PURCHASE ORDER, NOTE AND SECURITY AGREEMENT – SPECIAL REPRESENTATIVE (IF APPLICABLE)**
- D. APPENDIX WITH STATE-SPECIFIC INFORMATION**
- E. TECH-CREDIT DEALER CREDIT ASSIGNMENT AGREEMENT**
- F. ACH AGREEMENT – AUTHORIZATION AGREEMENT FOR AUTOMATIC PAYMENT**
- G. DCA AUTHORIZATION- DEALER CREDIT ACCOUNT PROGRAM AUTHORIZATION**
- H. IRONMAN BUSINESS NETWORK (IBN)-END USER LICENSE AGREEMENT**
- I. ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT AND DEALER FRANCHISE AGREEMENT RE: TRAINING DURING PANDEMIC RESTRICTIONS**
- J. RECEIPT**

Dealership name if an entity: _____

Dated: _____
(Do not leave blank)

Owner Operator name: _____
(Please print)

Owner Operator signature: _____

Dated: _____
(Do not leave blank)

Other Owner name: _____
(Please print)

Other Owner signature: _____

Exhibit J is a Receipt prepared in duplicate. You must sign both copies of the Receipt. Please retain one copy for your records and return the other copy to the District Manager who disclosed this document.

**For Use in Maryland
EXHIBIT J
RECEIPT**

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

If Cornwell offers you a franchise, Cornwell must provide this Franchise Disclosure Document to you by the earliest of the time required by your state as set forth in Exhibit D, referenced in Item 22 of the Franchise Disclosure Document or:

- 1. The first personal meeting to discuss our franchise; or**
- 2. Ten (10) business days before the signing of a binding agreement; or**
- 3. Ten (10) business days before a payment to Cornwell.**

You must also receive a Franchise Agreement containing all material terms at least five (5) business days before you sign a Franchise Agreement.

If Cornwell does not deliver this Franchise Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and state agency listed for your state in Exhibit D of the Franchise Disclosure Document, if applicable.

The franchise is offered by Cornwell Quality Tools Company, 667 Seville Road, Wadsworth, Ohio 44281, (330) 336-3506 and Cornwell's district managers are: Ben DeCraene, 1095 German Chapel Road, Prince Frederick, MD 20678, (443) 841-5613; and Joe Galuppo, 5032 Shady Dell Road, Dover, Pennsylvania 17315, (717) 668-2055.

Issuance date: January 1, 2023

Cornwell's agent for service of process is Maryland Securities Commissioner, 200 St. Paul Place, Baltimore, Maryland 21202-2020.

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- B. DEALER FRANCHISE AGREEMENT**
- B-1. ADDENDUM TO DEALER FRANCHISE AGREEMENT (SECOND FRANCHISE, IF APPLICABLE)**
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- B-3. FRANCHISE DEVELOPER DEALER FRANCHISE AGREEMENT (IF APPLICABLE)**
- B-4. SPECIAL REPRESENTATIVE DEALER FRANCHISE AGREEMENT (IF APPLICABLE)**
- C. DEALER PURCHASE ORDER, NOTE AND SECURITY AGREEMENT**
- C-1. DEALER PURCHASE ORDER, NOTE AND SECURITY AGREEMENT (VETERANS INCENTIVE PROGRAM)(IF APPLICABLE)**
- C-2. DEALER PURCHASE ORDER, NOTE AND SECURITY AGREEMENT – FRANCHISE DEVELOPER (IF APPLICABLE)**
- C-3. DEALER PURCHASE ORDER, NOTE AND SECURITY AGREEMENT – SPECIAL REPRESENTATIVE (IF APPLICABLE)**
- D. APPENDIX WITH STATE-SPECIFIC INFORMATION**
- E. TECH-CREDIT DEALER CREDIT ASSIGNMENT AGREEMENT**
- F. ACH AGREEMENT – AUTHORIZATION AGREEMENT FOR AUTOMATIC PAYMENT**
- G. DCA AUTHORIZATION- DEALER CREDIT ACCOUNT PROGRAM AUTHORIZATION**
- H. IRONMAN BUSINESS NETWORK (IBN)-END USER LICENSE AGREEMENT**
- I. ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT AND DEALER FRANCHISE AGREEMENT RE: TRAINING DURING PANDEMIC RESTRICTIONS**
- J. RECEIPT**

Dealership name if an entity: _____

Dated: _____
(Do not leave blank)

Owner Operator name: _____
(Please print)

Owner Operator signature: _____

Dated: _____
(Do not leave blank)

Other Owner name: _____
(Please print)

Other Owner signature: _____

Exhibit J is a Receipt prepared in duplicate. You must sign both copies of the Receipt. Please retain one copy for your records and return the other copy to the District Manager who disclosed this document.

FOR USE IN NEW YORK

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP		
<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
a. Term of the franchise	Section 10	No set term
b. Renewal or extension of the term	Not Applicable	Not Applicable
c. Requirements for you to renew or extend	Not Applicable	Not Applicable. However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.
d. Termination by you	Section 13	30 days' written notice, subject to state law. You may terminate the agreement on any grounds available by law.
e. Termination by Cornwell without cause	Section 13, 16	Five years from the date of the Franchise Agreement, if Cornwell ceases selling its products in the state. Cornwell will give one year notice.

FOR USE IN NEW YORK

THE FRANCHISE RELATIONSHIP		
<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
f. Termination by Cornwell with cause	Section 13	Cornwell may terminate if you default in any obligation under the Franchise Agreement.
g. "Cause" defined – defaults which can be cured	Section 13	You have thirty days to cure default due to non-payment, failure to maintain inventory purchase level or other reasons not set forth in subsection h below. Cornwell may agree to waive any default.
h. "Cause" defined – defaults which cannot be cured	Section 13	You have no right to cure default caused by bankruptcy or similar proceedings against you, the appointment of a receiver, assignment for benefit of creditors or a felony conviction. Cornwell may agree to waive any default on such terms as Cornwell determines.
i. Your obligations on termination/nonrenewal	Section 15	Obligation includes payment of amount due, discontinuance of use of marks, and shipment merchandise to be purchased by Cornwell within 30 days of termination date
j. Assignment of contract by Cornwell	Section 11	No restriction on Cornwell's right to assign
k. "Transfer" by you – definition	Section 11	Includes transfer of franchise or assets

FOR USE IN NEW YORK

THE FRANCHISE RELATIONSHIP		
<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
l. Cornwell's approval of transfer by franchisee	Section 11	Cornwell has full right of approval of franchise transfer, which will not be unreasonably withheld. You may transfer assets freely, subject to Cornwell's security interest.
m. Conditions for Cornwell approval of transfer	Section 11	<p>Active family member, in Cornwell's sole discretion, for transfer of franchise on death or disability; satisfaction of debt, for assets.</p> <p>However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.</p>
n. Cornwell's right of first refusal to acquire your business	Not Applicable	Not Applicable
o. Cornwell's option to purchase your business	Not Applicable	Not Applicable

FOR USE IN NEW YORK

THE FRANCHISE RELATIONSHIP		
<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
p. your death or disability	Sections 11, 14	Terminates franchise; transfer possible to active family member
q. Non-competition covenants during the term of the franchise	Not Applicable	Subject to state law
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	Subject to state law
s. Modification of the agreement	Section 18	Only in writing signed by Cornwell and You
t. Integration/merger clause	Section 19	Only terms of agreement are binding (subject to state law). Any other promise may not be enforceable
u. Dispute resolution by arbitration or mediation	Section 20	Except for injunctive relief by Cornwell, all claims must be arbitrated, subject to state law.
v. Choice of forum	Section 20	Arbitration must be in Ohio, subject to state 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.

FOR USE IN NEW YORK

THE FRANCHISE RELATIONSHIP		
<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
w. Choice of law	Section 20	Ohio law applies, subject to state 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.

For Use in Virginia

STATE OF VIRGINIA

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP		
<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
a. Term of the franchise	Section 10	No set term
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	Section 13	30 days' written notice, subject to state law
e. Termination by Cornwell without cause	Section 13, 16	Five years from the date of the Franchise Agreement, if Cornwell ceases selling its products in the state. Cornwell will give one year notice.
f. Termination by Cornwell with cause	Section 13	Cornwell may terminate if you default in any obligation under the Franchise Agreement.
g. "Cause" defined – defaults which can be cured	Section 13	You have thirty days to cure default due to non-payment, failure to maintain inventory purchase level or other reasons not set forth in subsection h below. Cornwell may agree to waive any default.

THE FRANCHISE RELATIONSHIP

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
h. "Cause" defined – defaults which cannot be cured	Section 13	You have no right to cure default caused by bankruptcy or similar proceedings against you, the appointment of a receiver, assignment for benefit of creditors or a felony conviction. Cornwell may agree to waive any default on such terms as Cornwell determines.
i. Your obligations on termination/nonrenewal	Section 15	Obligation includes payment of amount due, discontinuance of use of marks, and shipment merchandise to be purchased by Cornwell within 30 days of termination date.
j. Assignment of contract by Cornwell	Section 11	No restriction on Cornwell's right to assign
k. "Transfer" by you – definition	Section 11	Includes transfer of franchise or assets
l. Cornwell's approval of transfer by franchisee	Section 11	Cornwell has full right of approval of franchise transfer, which will not be unreasonably withheld. You may transfer assets freely, subject to Cornwell's security interest.
m. Conditions for Cornwell approval of transfer	Section 11	Active family member, in Cornwell's sole discretion, for transfer of franchise on death or disability; satisfaction of debt, for assets
n. Cornwell's right of first refusal to acquire your business	Not Applicable	Not Applicable

THE FRANCHISE RELATIONSHIP

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
o. Cornwell's option to purchase your business	Not Applicable	Not Applicable
p. Your death or disability	Sections 11, 14	Terminates franchise; transfer possible to active family member
q. Non-competition covenants during the term of the franchise	Not Applicable	Subject to state law
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	Subject to state law
s. Modification of the agreement	Section 18	Only in writing signed by Cornwell and You
t. Integration/merger clause	Section 19	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable
u. Dispute resolution by arbitration or mediation	Section 20	Except for injunctive relief by Cornwell, all claims must be arbitrated, subject to state law
v. Choice of forum	Section 20	Arbitration must be in Ohio, subject to state law
w. Choice of law	Section 20	Ohio law applies, subject to state law

STATE ADDENDUMS

ARKANSAS ADDENDUM

This Addendum to Cornwell's Dealer Franchise Agreement ("the Agreement") is made and entered into on the same date as the Agreement and provides as follows:

The Agreement is governed by Arkansas law and is supplemented, amended and modified as set forth below:

1. The Franchise Agreement can only be terminated for good cause. Notice of termination must be given at least ninety (90) days in advance of the action, with at least thirty (30) days to rectify any claimed deficiency.

NAME OF BUSINESS ENTITY (ONLY COMPLETE FOR CORPORATION, PARTNERSHIP, LLC, LLP)

FIRST INDIVIDUAL DEALER SIGNATURE, FOR SELF
AND ENTITY (IF APPLICABLE)

PRINT FIRST INDIVIDUAL DEALER NAME

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PRINT SECOND INDIVIDUAL DEALER NAME

CALIFORNIA APPENDIX

This Appendix to Cornwell's Dealer Franchise Agreement ("the Agreement") is made and entered into on the same date as the Agreement and provides as follows:

The Agreement is governed by California law and is supplemented, amended and modified as set forth below:

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

Section 31125 of the Franchise Investment Law requires us to give to you a Disclosure Document approved by the Commissioner of Corporations before we ask you to consider a material modification of your franchise agreement.

We add the following paragraphs:

Item 3: Neither Cornwell, nor any person identified in Item 2 above, is subject to any currently effective injunctive or restrictive order or decree relating to the franchise, or any federal, state or Canadian franchise, securities, anti-trust, trade regulation, or trade practice law as the result of a concluded or pending action or proceeding brought by a public agency, or any currently effective order of any national securities association or national securities exchange (as defined in the Securities and Exchange Act of 1934, 15 U.S.C. § 78a, et seq.) suspending or expelling such person from membership in such association or exchange.

Item 10: Cornwell will comply with all laws governing any direct financing offered by Cornwell, including, if applicable, the California Finance Lenders Law.

Item 17: California Business & Professions Code § 20000 through 20043 provides rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control. In particular, you should note the following most pertinent parts of the Code provisions:

"Good cause," for the purpose of authorizing termination of the Franchise Agreement prior to the end of its term means your failure to substantially comply with the lawful requirements imposed upon you by the Franchise Agreement after being given notice and a reasonable opportunity to cure the failure. Notice shall be given at least 60 days in advance and you will have a reasonable opportunity to cure any non-monetary failure in no less than 60 days from the date of the notice of noncompliance. However, your failure for a period of 5 days after notification of noncompliance to cure a monetary failure or for a period of 10 days to comply with any federal, state or local laws or regulations including, but not limited to, all health, safety, building and labor laws or regulations applicable to operation of the franchise shall constitute grounds for immediate termination of the franchise agreement by Cornwell.

Upon the lawful termination of the franchise, Cornwell will compensate you, at the value of price paid minus depreciation, for all inventory, supplies, equipment, fixtures, and furnishings purchased or paid for by you from Cornwell or its approved suppliers and

sources under the terms of the Franchise Agreement or any ancillary or collateral agreement, that are, at the time of the notice of termination your possession or used in the franchise business, with exceptions specified by law.

You may sell or transfer the franchise, or all or substantially all of the assets of the franchise business, or a controlling or non-controlling interest of the business, to another person, provided that certain conditions are met, including that: a) the person is qualified under Cornwell's then-existing standards for approval of new or renewing franchisees; b) the standards are made available to you and are consistently applied to similarly situated franchisees; and c) you and the buyer comply with the transfer conditions specified in the Franchise Agreement. However, you shall not have the right to sell, transfer, or assign the franchise without the written consent of Cornwell, except that consent shall not be withheld unless the buyer, transferee, or assignor does not meet the standards for new franchisees or does not comply with the transfer conditions specified in the Franchise Agreement.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. § 101, et seq.)

The Franchise Agreement requires binding arbitration. The arbitration will occur at the location that you and Cornwell agree, or, in the absence of any agreement, in Akron, Ohio. Each party shall pay its own costs and expenses, including reasonable attorney's fees incurred by it; provided, however, any costs incident to enforcing the award, shall to the maximum extent permitted by the law, be charged against the party resisting the enforcement. This provision may not be enforceable under California law.

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

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

We may not refuse to grant a franchise or provide financial assistance, based on certain characteristics of a franchisee or the composition of the neighborhood of the prospective franchise. These characteristics include sex, race, color, religion, ancestry, national origin, disability, medical condition, genetic information, marital status, sexual orientation, citizenship, primary language, or immigration status.

We must notify you of the approval or disapproval of an application within 60 days. We are prohibited from disclaiming or denying representations made to you, or reliance by you on any representations as provided. These include, without limitation, the following:

- (a) Representations made by us or our personnel or agents to you.
- (b) Reliance by you on any representations made by us or our personnel or agents.

(c) Reliance by you on the franchise disclosure document, including any exhibit thereto.

We are prohibited from requiring you to waive any of the protections of the California Franchise Relations Act. Upon the termination or nonrenewal of your franchise, we may only offset the amount owed to you with amounts owed by you if you agree to the amount owed or if we have a judgment for that amount. We are prohibited from modifying a franchise agreement or requiring a general release in exchange for the assistance related to a declared state or federal emergency.

NAME OF BUSINESS ENTITY (ONLY COMPLETE FOR CORPORATION, PARTNERSHIP, LLC, LLP)

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CONNECTICUT ADDENDUM

This Addendum to Cornwell's Dealer Franchise Agreement ("the Agreement") is made and entered into on the same date as the Agreement and provides as follows:

This Agreement is governed by Connecticut law and is supplemented, amended and modified as set forth below:

1. If Cornwell fails to deliver the products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your contract, you may notify Cornwell in writing and demand that the contract be cancelled.

2. The Agreement may only be terminated for good cause, meaning your failure to comply substantially with any material and reasonable obligation under the Agreement, for your voluntary abandonment of the franchise, or for other reasons such as criminal activity. If the termination is for good cause, you must be given at least sixty days' notice and an opportunity to cure. Otherwise, notice must be at least thirty days for abandonment and can be immediate for other reasons.

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DELAWARE ADDENDUM

This Addendum to Cornwell's Dealer Franchise Agreement ("the Agreement") is made and entered into on the same date as the Agreement and provides as follows:

The Agreement is governed by Delaware law and is supplemented, amended and modified as set forth below:

1. The Franchise Agreement can only be terminated justly. Termination of a franchise by a franchisor shall be deemed to be "unjust," or to have been made "unjustly", if such termination is without good cause or in bad faith. Notice of termination must be given at least ninety (90) days in advance of the action, with at least thirty (30) days to cure any claimed deficiency.

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IDAHO ADDENDUM

This Addendum to Cornwell's Dealer Franchise Agreement ("the Agreement") is made and entered into on the same date as the Agreement and provides as follows:

The Agreement is governed by Idaho law and is supplemented, amended and modified as set forth below:

1. Idaho Code Section 29-110 prohibits Cornwell from requiring arbitration or litigation to be conducted outside Idaho.

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ILLINOIS ADDENDUM

This Addendum to Cornwell's Dealer Franchise Agreement ("the Agreement") is made and entered into on the same date as the Agreement and provides as follows:

The Agreement is governed by Illinois law and is supplemented, amended and modified as set forth below:

Item 17: 815 ILCS 705/19 and 705/20 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with law, the law will control. Illinois Law will govern the Franchise Agreement.

NAME OF BUSINESS ENTITY (ONLY COMPLETE FOR CORPORATION, PARTNERSHIP, LLC, LLP)

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IOWA ADDENDUM

This Addendum to Cornwell's Dealer Franchise Agreement ("the Agreement") is made and entered into on the same date as the Agreement and provides as follows:

The Agreement is governed by Iowa law and is supplemented, amended and modified as set forth below:

1. The Franchise Agreement can only be terminated for good cause. Notice of termination for non-monetary reasons must be given at least ninety (90) days in advance of the action, with at least ninety days (90) days to rectify any claimed deficiency that is non-monetary.

2. The law of Iowa applies to this Franchise Agreement.

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MAINE ADDENDUM

This Addendum to Cornwell's Dealer Franchise Agreement ("the Agreement") is made and entered into on the same date as the Agreement and provides as follows:

The Agreement is governed by Maine law and is supplemented, amended and modified as set forth below:

Pursuant to Maine Statute, you have the right to avoid the contract for purchase of this business opportunity within 3 business days following the signing of the contract. You should obtain and study a copy of the law regulating the sale of business opportunities before you attempt to avoid the contract. This law is found in the Maine Revised Statutes, Title 32, Section 4698.

NAME OF BUSINESS ENTITY (ONLY COMPLETE FOR CORPORATION, PARTNERSHIP, LLC, LLP)

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MARYLAND ADDENDUM

This Addendum to Cornwell's Dealer Franchise Agreement ("the Agreement") is made and entered into on the same date as the Agreement and provides as follows:

The Agreement is governed by Maryland law and is supplemented, amended and modified as set forth below:

The following provisions amend and supplement what is stated in the Disclosure Document and are made a part of this Franchise Agreement and all other agreements that you enter into with Cornwell:

1. Any representations requiring you to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
2. Pursuant to Code of Maryland Regulations, 02.02.08.16L, any general release that Cornwell might require as a condition of renewal, sale, and/or assignment/transfer of your franchise shall not apply to any liability of Cornwell to you under the Maryland Franchise Registration and Disclosure Law.
3. You are permitted to bring a lawsuit in Maryland for any claims you may have against Cornwell arising under the Maryland Franchise Registration and Disclosure Law.
4. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought by you within 3 years after the grant of the franchise.
5. Any provision in the franchise agreement which provides for termination upon the filing of bankruptcy petition by or against you may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

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MINNESOTA ADDENDUM

This Addendum to Cornwell's Dealer Franchise Agreement (the "Agreement") is made and entered into on the same date as the Agreement and provides as follows:

The Agreement is governed by Minnesota law and is supplemented, amended and modified as set forth below:

1. Minn. Stat. § 80C.21 and Minn. Rule 2860.4400(J) prohibit Cornwell from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minn. Stat. Chapter 80C or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

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

3. Pursuant to Minn. Stat. § 80C.12 SUBD. 1(G) Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. The Franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

4. Minn. Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

5. Pursuant to Minn. Rule 2860.4400(J), the franchisee cannot waive any rights. Accordingly, the franchisee cannot consent to the franchisor obtaining injunctive relief. However, the franchisor may seek injunctive relief.

6. The limitations of Claims section must comply with Minn. Stat. § 80C.17 SUBD. 5.

Cornwell and Dealer have set their hands hereunto as of the date first set forth above.

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MISSISSIPPI ADDENDUM

This Addendum to Cornwell's Dealer Franchise Agreement ("the Agreement") is made and entered into on the same date as the Agreement and provides as follows:

The Agreement is governed by Ohio law and is supplemented, amended and modified as set forth below:

1. Cornwell must give you notice of the cancellation, termination or failure to renew in writing at least ninety (90) days in advance of the cancellation, termination or failure to renew, except that when criminal misconduct, fraud, abandonment, bankruptcy or insolvency of the franchisee, or the giving of a no account or insufficient funds check is the basis or grounds for cancellation or termination, the ninety-day notice shall not be required.

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MISSOURI ADDENDUM

This Addendum to Cornwell's Dealer Franchise Agreement ("the Agreement") is made and entered into on the same date as the Agreement and provides as follows:

The Agreement is governed by Ohio law and is supplemented, amended and modified as set forth below:

1. Cornwell must give you notice of the cancellation, termination or failure to renew in writing at least ninety (90) days in advance of the cancellation, termination or failure to renew, except that when criminal misconduct, fraud, abandonment, bankruptcy or insolvency of the franchisee, or the giving of a no account or insufficient funds check is the basis or grounds for cancellation or termination, the ninety-day notice shall not be required.

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NEBRASKA ADDENDUM

This Addendum to Cornwell's Dealer Franchise Agreement ("the Agreement") is made and entered into on the same date as the Agreement and provides as follows:

The Agreement is governed by Ohio law and is supplemented, amended and modified as set forth below:

1. Cornwell cannot terminate or cancel your franchise without having first given written notice setting forth all the reasons for such termination or cancellation at least sixty days in advance of such termination, cancellation, or failure to renew, except (1) when the alleged grounds are voluntary abandonment by you of the franchise relationship in which event the written notice may be given fifteen days in advance of such termination or cancellation; and (2) when the alleged grounds are (a) your conviction in a court of competent jurisdiction of an indictable offense directly related to the business conducted pursuant to the franchise agreement, (b) insolvency, the institution of bankruptcy or receivership proceedings, (c) default in payment of an obligation or failure to account for the proceeds of a sale of goods by you to Cornwell, (d) falsification of records or reports required by Cornwell, (e) the existence of an imminent danger to public health or safety, or (f) loss of the right to occupy the premises from which your franchise is operated, in which event such termination or cancellation may be effective immediately upon the delivery and receipt of written notice of the same. Cornwell may not terminate or cancel your franchise without good cause.

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NEW JERSEY ADDENDUM

This Addendum to Cornwell's Dealer Franchise Agreement ("the Agreement") is made and entered into on the same date as the Agreement and provides as follows:

The Agreement is governed by Ohio law and is supplemented, amended and modified as set forth below to reflect New Jersey law:

Cornwell may not terminate or cancel your franchise without having first given written notice setting forth all the reasons for such termination, cancellation, or intent not to renew to you at least 60 days in advance of such termination or cancellation, except (1) where the alleged grounds are voluntary abandonment by you of the franchise relationship in which event the aforementioned written notice may be given 15 days in advance of such termination or cancellation; and (2) where the alleged grounds are your conviction in a court of competent jurisdiction of an indictable offense directly related to the business conducted pursuant to the franchise in which event the aforementioned termination or cancellation or failure to renew may be effective immediately upon the delivery and receipt of written notice of same at any time following the aforementioned conviction. Cornwell may not terminate or cancel your franchise without good cause. For this purpose, good cause for terminating or canceling your franchise shall be limited to your failure to substantially comply with those requirements imposed upon you by the franchise.

NAME OF BUSINESS ENTITY (ONLY COMPLETE FOR CORPORATION, PARTNERSHIP, LLC, LLP)

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NORTH DAKOTA ADDENDUM

This Addendum to Cornwell's Dealer Franchise Agreement ("the Agreement") is made and entered into on the same date as the Agreement and provides as follows:

The Agreement is governed by North Dakota law and is supplemented, amended and modified as set forth below:

We add the following paragraph:

Item 17: The following provisions apply instead of those contained in the main body of the Franchise Disclosure Document:

- A. **Restrictive Covenants:** Any covenants restricting competition contrary to Section 9-08-06, N.D.C.C. will be subject to that statute.
- B. **Situs of Arbitration Proceedings:** Arbitration of disputes may not be at a location that is remote from the site of your business.
- C. **Restriction on Forum:** You may not be required to consent to the jurisdiction of courts outside of North Dakota.
- D. **Liquidated Damages and Termination Penalties:** You may not be required to consent to liquidated damages or termination penalties.
- E. **Applicable Laws:** The Franchise Agreements are to be governed by the laws of North Dakota.
- F. **Waiver of Trial by Jury:** You may not be required to consent to the waiver of a trial by jury.
- G. **Waiver of Exemplary & Punitive Damages:** You may not be required to consent to a waiver of exemplary and punitive damages.
- H. **General Release:** You may not be required to consent to sign a general release upon renewal of the franchise agreement.
- I. **Limitation of Claims:** You may not be required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

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RHODE ISLAND ADDENDUM

This Addendum to Cornwell's Dealer Franchise Agreement ("the Agreement") is made and entered into on the same date as the Agreement and provides as follows:

The Agreement is governed by Rhode Island law and is supplemented, amended and modified as set forth below:

We add the following paragraph:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

NAME OF BUSINESS ENTITY (ONLY COMPLETE FOR CORPORATION, PARTNERSHIP, LLC, LLP)

FIRST INDIVIDUAL DEALER SIGNATURE, FOR SELF
AND ENTITY (IF APPLICABLE)

PRINT FIRST INDIVIDUAL DEALER NAME

SECOND INDIVIDUAL DEALER SIGNATURE, FOR
SELF AND ENTITY (IF APPLICABLE)

PRINT SECOND INDIVIDUAL DEALER NAME

TENNESSEE ADDENDUM

This Addendum to Cornwell's Dealer Franchise Agreement ("the Agreement") is made and entered into on the same date as the Agreement and provides as follows:

The Agreement is governed by Tennessee law and is supplemented, amended and modified as set forth below:

Pursuant to Tennessee Statute,

(a) Except as otherwise provided below, Cornwell may not terminate your franchise prior except for good cause asserted in good faith, by providing written notice of the facts and circumstances establishing good cause, and giving you a reasonable opportunity of at least thirty (30) days to cure the alleged failure.

(b) If Cornwell fails to provide services or products to you, which services or products are material to the operation of your franchise, on the same terms, conditions and availability as any other franchisee in this state, Cornwell shall be deemed to have terminated your franchise.

NAME OF BUSINESS ENTITY (ONLY COMPLETE FOR CORPORATION, PARTNERSHIP, LLC, LLP)

FIRST INDIVIDUAL DEALER SIGNATURE, FOR SELF
AND ENTITY (IF APPLICABLE)

PRINT FIRST INDIVIDUAL DEALER NAME

SECOND INDIVIDUAL DEALER SIGNATURE, FOR
SELF AND ENTITY (IF APPLICABLE)

PRINT SECOND INDIVIDUAL DEALER NAME

**WASHINGTON ADDENDUM TO
THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND
RELATED AGREEMENTS**

This Addendum to Cornwell's Dealer Franchise Agreement ("the Agreement") is made and entered into on the same date as the Agreement and provides as follows:

The Agreement is governed by Washington law and is supplemented, amended and modified as set forth below:

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

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

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

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

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

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

agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

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

Nationally in 2022, 98 Cornwell dealerships ceased operations. The categories of reasons are stated below. Three dealerships ceased to operate in Washington, while three new dealerships began to operate. The reason those three ceased to operate was that one retired and the other two were voluntary terminations (in the "Other terminations" category below). You may wish to compare this information with similar information concerning other companies that offer franchised mobile tool dealerships in Washington.

Became a District Manager - 6
Retired - 17
Deceased - 2
Other terminations - 73

The undersigned does hereby acknowledge receipt of this addendum.

NAME OF BUSINESS ENTITY (ONLY COMPLETE FOR CORPORATION, PARTNERSHIP, LC, LLP)

FIRST INDIVIDUAL DEALER SIGNATURE, FOR SELF AND ENTITY (IF APPLICABLE)

PRINT FIRST INDIVIDUAL DEALER NAME

SECOND INDIVIDUAL DEALER SIGNATURE, FOR SELF AND ENTITY (IF APPLICABLE)

PRINT SECOND INDIVIDUAL DEALER NAME

WISCONSIN ADDENDUM

This Addendum to Cornwell's Dealer Franchise Agreement ("the Agreement") is made and entered into on the same date as the Agreement and provides as follows:

The Agreement is governed by Wisconsin law and is supplemented, amended and modified as set forth below:

1. Cornwell may not terminate, cancel, fail to renew or substantially change the competitive circumstances of your dealership agreement without good cause. The burden of proving good cause is on Cornwell.

2. Cornwell must provide you at least 90 days' prior written notice of termination, cancellation, nonrenewal or substantial change in competitive circumstances. The notice shall state all the reasons for termination, cancellation, nonrenewal or substantial change in competitive circumstances and shall provide that you have 60 days in which to rectify any claimed deficiency. If the deficiency is rectified within 60 days the notice shall be void. The notice provisions of this section shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under your dealership, you shall be entitled to written notice of such default, and shall have 10 days in which to remedy such default from the date of delivery or posting of such notice.

NAME OF BUSINESS ENTITY (ONLY COMPLETE FOR CORPORATION, PARTNERSHIP, LLC, LLP)

FIRST INDIVIDUAL DEALER SIGNATURE, FOR SELF AND ENTITY (IF APPLICABLE)

PRINT FIRST INDIVIDUAL DEALER NAME

SECOND INDIVIDUAL DEALER SIGNATURE, FOR SELF AND ENTITY (IF APPLICABLE)

PRINT SECOND INDIVIDUAL DEALER NAME

EXHIBIT E

2023



CORNWELL TECH-CREDIT FINANCE PLAN Dealer Credit Assignment Agreement

This Agreement is made this ____ day of _____, 20____, between Cornwell Tech-Credit (“Assignee”), a division of Cornwell Quality Tools Company (“Cornwell”) and [Entity Name, if applicable] _____ and [First Individual Name] _____ of _____ [Residence street address], _____, [City] _____, [State] _____, [Zip] _____, and (if applicable) [Second Individual Name] _____, his or her spouse or person in a similar legal relationship, as individual owners of the franchised dealership if it is an entity and in all events as active partners in the operation of the franchised dealership (individually and/or collectively referred to as “Dealer”).

WHEREAS, Dealer is a franchised independent Cornwell Dealer engaging in the sale of Cornwell’s automotive tools, equipment and other products (“Equipment”) to the professional mechanic and technician, pursuant to a Dealer Franchise Agreement (“Franchise Agreement”); and

WHEREAS, the Assignee is willing to provide financing for the sale of certain Equipment by Dealer to Dealer’s credit-worthy customers, provided Dealer complies with the Terms and Conditions contained within this Dealer Credit Assignment Agreement (“this Agreement”).

NOW, the parties agree to the following:

1. If Dealer wishes Assignee to finance a purchase of Equipment by one of Dealer’s customers (“Borrowers”), Dealer will submit to Assignee such documents as Assignee may request relating to the proposed sale (“Application Documents”). The Application Documents will include without limitation a Master Contract & Security Agreement and Cornwell Tech-Credit Purchase and Security Agreement and Sales Slip (“Sales Slip”) in substantially the form included in the Tech-Credit Operation Manual. Assignee shall have the sole discretion to determine whether



or not to finance any purchase and nothing herein shall be construed as obligating Assignee to finance any purchase.

2. Assignee shall communicate its decision to Dealer concerning the request to finance within a reasonable time. Dealer shall then obtain and execute such further documentation as Assignee shall require completing the transaction. Without limitation, such documentation shall provide for the assignment to Assignee of the right to collection of the net amount payable from Borrower to Dealer, representing the time purchase balance due for the purchase of the Equipment ("Obligation").
3. The amount to be credited to the Dealer's Cornwell account by Assignee with respect to the purchase being financed will be subject to a discount as determined by Assignee in its sole discretion, which shall be communicated to Dealer at the time of the approval of the transaction.
4. The amount to be credited will be calculated as a discount from the net cash price charged by Dealer to Borrower (principal amount of new sale net of any trade-in, down payment and sales tax charge). Criteria for determining the discount will be disclosed in the Cornwell Tech-Credit Operation Manual ("Manual") for Dealer's information, but such criteria shall be solely for Assignee's internal use and shall not affect Assignee's discretion to determine the discount offered with respect to any particular transaction. Within 24 hours of acceptance of the document evidencing Borrower's obligation to pay Dealer, with Dealer's executed assignment, the Assignee will credit Dealer's open account with Cornwell and Cornwell will send a confirming document to Dealer.
5. The Dealer shall at all times comply with the policies and procedures that are outlined in the Manual, which shall be considered a part of this Agreement. The policies and procedures may from time to time be modified by the Assignee in its sole discretion, except that the Dealer will be notified at least thirty (30) days in advance of any change in the Manual.
6. The Dealer will act as the primary collecting agent of Assignee. The Dealer will collect payments as requested by Assignee from any person indebted on its Obligation to Assignee who is employed or has a place of business within the Dealer's territory, regardless of whether the Dealer has sold Equipment to the Borrower or not. The Dealer will remit all monies to Assignee promptly upon collecting them and in any case not longer than ten (10) days from when they are collected. For administrative ease, Assignee will supply the Dealer a report that the Dealer can use to summarize the collections for each customer.
7. Dealer agrees to repossess Equipment located in Dealer's territory for Assignee's benefit, upon Assignee's request, at Dealer's sole cost and expense, unless Assignee gives its prior written consent to Dealer that it will pay some or all of the

cost and expense. Further, the Dealer agrees to purchase Equipment from the Assignee at fair market value (to be agreed upon by the district manager and the Dealer), less a discount of thirty percent (30%) or such other discount as may be established by Assignee from time to time and set forth in the Manual.

8. Dealer agrees to abide by all laws of the jurisdictions in which Dealer is operating the dealership and all provisions of Dealer's agreements with Cornwell. This includes, but is not limited to, never breaching the peace when attempting repossession, never violating the stay when a customer is under the protection of the bankruptcy laws, and never harassing, threatening, assaulting or intimidating a Borrower. The Dealer agrees to always act in a professional and business-like manner.
9. Dealer agrees that upon termination of this Agreement by Cornwell, Dealer will accept the reassignment by Assignee to Dealer of all Borrower Obligations previously purchased during the sixty (60) day period immediately prior to termination of this Agreement, except those Obligations which Assignee agrees in writing to retain. Notwithstanding the preceding provision, Dealer agrees that upon termination of this Agreement because Dealer terminates Dealer's Franchise Agreement or this Agreement, Dealer will accept the reassignment by Assignee to Dealer of all Borrower Obligations previously purchased during the ninety (90) day period immediately prior to Dealer's giving notice of termination of the Franchise Agreement or of this Agreement, whichever is earlier, except those Obligations which Assignee agrees in writing to retain. Dealer agrees to accept such assignment without recourse, setoff or deduction and authorizes Assignee to debit Dealer's open account with Cornwell in the amount equal to the amounts due on the reassigned Obligations.
10. Dealer agrees upon notice of the termination of the Franchise Agreement with Cornwell, whether such notice is given by Dealer or Cornwell, Dealer will provide all reasonable assistance to Assignee in arranging for the orderly collection thereafter by Assignee of Obligations not being reassigned to Dealer under the provisions of subparagraph 8 above. Such assistance shall include but not be limited to the verification of outstanding balances on Dealer's Borrower Obligations prior to the settlement of all Dealer's own accounts with Cornwell (i.e. DSA, open account).
11. Assignee's acceptance of Obligations shall be subject to the following terms and conditions:
 - a. If any documents submitted or assigned to Assignee pursuant to this Agreement are later reasonably claimed by Assignee to be, in whole or part, altered, modified, forged or not genuine, accurate or in compliance with the Terms and Conditions of this Agreement in any respect, the Obligations evidenced by such documents shall be immediately reassigned by

Assignee to Dealer. Dealer hereby agrees to accept such reassignment, without recourse, setoff or deduction of any kind and agrees to pay Cornwell the full amount to the Borrower's balance that is outstanding at all times of the reassignment. Dealer agrees that Assignee may charge Dealer's open account with Cornwell in the amount of such balance and that Assignee may pursue any other available remedy at law or in equity to recover such balance, with interest at the rate provided in the Obligation documents to have been paid by Borrower and Assignee's reasonable costs of collection.

- b. Upon failure of the Dealer to collect payments or to remit payments or other funds within ten (10) days of collection, as required in paragraph 6 above, Dealer authorizes Assignee and Cornwell to charge Dealer's open account with Cornwell in the amount equal to the amount not collected or collected but not remitted and to pursue any other available remedy at law or in equity to recover such amount not collected or collected but not remitted, with interest at the highest rate allowed by law and Assignee's reasonable costs of collection.
- c. Assignee reserves the right to require that Dealer obtain and perfect a security interest in any Equipment sold to a Borrower, as a condition of acceptance of the assignment of Borrower's Obligation. In the event such a security interest is created, Dealer agrees to assign such interest in full to Assignee and Dealer shall not release any such security interest, without prior written consent of the Assignee. Further, Dealer shall not release or substitute any Equipment described in the documents without the prior written consent of the Assignee. Any of these actions by the Dealer may result in the reassignment of the Obligation to Dealer and the exercise of Assignee's rights described above in connection with such reassignment, as well as any other remedies provided for in this Agreement or available to Assignee or Cornwell at law or in equity.
- d. Assignee reserves the right to suspend the Dealer, either temporarily or permanently, from using the Cornwell Tech-Credit Financing Plan, if Dealer violates any of the terms and provisions of this Agreement, or Dealer's Franchise Agreement with Cornwell or the Manual. At Assignee's sole option, Assignee may notify Dealer of the violations which have occurred and give the Dealer the opportunity to cure the violations according to a schedule established by Assignee. Assignee may establish collection and charge off maximums for all Dealers, which shall be provided for the information of Dealers in the Manual. If Dealer exceeds the average charge offs / delinquency maximums, Assignee may suspend the Dealer from using the Plan, either temporarily or permanently. At Assignee's sole option, Assignee may notify Dealer that Assignee intends to suspend Dealer from participation in the Plan pursuant to the provisions of this paragraph and to

give Dealer the opportunity to improve collections and charge offs according to a schedule established by Assignee.

12. Dealer hereby agrees that the following warranties and representations shall apply to every purchase from Dealer financed by Assignee, without further documentation. Dealer shall indemnify Assignee against any loss arising from a breach of any of the warranties or inaccuracy of any of the representations.
 - a. The Obligations not have been offered previously to any other financial institution or other entity for purchase or as collateral against advances.
 - b. All Application Documents and other Obligation documentation executed by Borrower and Dealer shall be genuine, valid and complete, and Dealer and Borrower shall have signed such documentation in good faith, with the legal capacity to do so and not in contravention of any law, judgment, ruling, undertaking or other prohibition which would cause Borrower or Dealer not to be obligated according to the stated terms of the documentation, or to be unable legally to perform the obligations created by the documentation.
 - c. Borrower shall be the same individual as the person represented on the Application Documents and other Obligation documentation and shall have signed the Master Contract & Security Agreement.
 - d. Each CTC Sale Slip and other item of Obligation documentation shall accurately and completely evidence a bona fide sale transaction according to its terms. Without limitation, this shall mean that all Equipment described shall have been delivered and the Sale Slip completed accurately prior to its being signed by Borrower. The individual signing the Sale Slip and other documentation shall have been the same person who has signed the Master Contract & Security Agreement.
 - e. There shall be no other agreement, oral or written, between the Dealer and Borrower, which would impair the obligations evidenced by the documents being submitted.
 - f. The Dealer will not change or modify the terms of any of the documents without the prior written consent of the Assignee.
 - g. The sale of the Equipment to be financed shall only be for commercial use by the Borrower, to be used by the Borrower primarily in the Borrower's trade or occupation. The Equipment shall not be intended for personal, family or household use.
 - h. All Equipment sold by the Dealer through financing by Assignee shall have been purchased from Cornwell. No other product from sources other than

Cornwell may be financed on the Cornwell Tech-Credit Finance Plan, without prior written consent from Assignee.

- i. The Dealer shall have timely paid any taxes (including but not limited to sales tax) that Dealer's jurisdiction may require pertaining to the transaction.
 - j. Dealer shall have complied in all respects with every requirement of law and with all agreements between Dealer and Cornwell and Dealer and Assignee with respect to the transaction.
13. Notwithstanding any other provisions of this Agreement and in addition to any other rights of suspension or termination, which are described, Dealer, Assignee or Cornwell may terminate this Agreement at any time upon thirty (30) days written notice, with or without cause. Unless otherwise provided in this Agreement, such termination shall not affect the respective rights and obligations of the parties as to the Obligations acquired by Assignee from Dealer, including but not limited to Assignee's right to reassign Obligations to Dealer prior to termination and Dealer's indemnification of Assignee, which rights and obligations shall survive following termination.
14. This Agreement contains the entire understanding of the parties with respect to the provision of financing by Assignee and shall only be amended or modified in writing and signed by both parties. None of the provisions of this Agreement shall be deemed in any way to limit such rights as the parties may have by statute or at law or in equity against one another, and any such remedies provided for in this Agreement shall be in addition to and not exclusive of any other remedy available by statute or under principles of common law or equity and such remedies may be exercised by the party(s) consecutively or concurrently and such exercises shall not be deemed to waive any other rights or remedies which may be available to a party.
15. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, successors and assigns, provided however, the Agreement shall not be assigned by the Dealer without prior written consent of the Assignee. Assignee reserves the right in its sole discretion and without Dealer's consent to re-assign (sell) Obligations to third parties that will collect them for their own benefit, whether or not the Obligations are then in default.
16. This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio.
17. Any provision of this agreement at variance with the laws of any State or Territory in which it is or becomes operative, or of the United States shall be deemed modified to conform with such laws and the remaining provisions shall remain in effect.

18. Any claim or controversy in connection with, arising out of, or relating to the Agreement between Dealer and Assignee or Cornwell shall be settled by binding arbitration in accordance with the rules pertaining to commercial dispute arbitration then existing with the American Arbitration Association. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction. Such arbitration shall take place in such locations as the parties mutually agree, and in the absence of such agreement, in Akron, Ohio. The laws applicable to the arbitration procedure shall be the laws of the State of Ohio. The award of the arbitrator(s) shall be the sole remedy between the parties regarding any claims, counterclaims, issues presented or pled to the arbitrator(s).

Cornwell and Assignee reserve the right to obtain injunctive relief from the act or omission of any activity prohibited or required by this Agreement in any court having jurisdiction, when such act or omission will cause irreparable harm to Cornwell or Assignee.

19. Any notice required to be given under this Agreement or service of process for the purposes of arbitration or litigation of issues arising out of it, shall be given to Assignee at 667 Seville Road, Wadsworth, Ohio 44281 and to First Dealer and Second Dealer, if applicable, at the address or addresses last provided by them to Cornwell. Service on Cornwell, Assignee, First Dealer, or Second Dealer shall conclusively be deemed to have been completed for all purposes if made by regular U.S. mail or any other usual and reliable form of delivery to the address last given. The parties will continue to have the obligation to notify one another of any change of address during and after the termination of this Agreement, if they wish to be assured of the receipt of notices and service of process, and they expressly waive any objection to notice provided or service made to the last address they have given.

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

NAME OF BUSINESS ENTITY (ONLY COMPLETE FOR CORPORATION, PARTNERSHIP, LLC, LLP)

FIRST INDIVIDUAL DEALER SIGNATURE, FOR SELF AND ENTITY (IF APPLICABLE)

FIRST PRINCIPAL INDIVIDUAL DEALER NAME

SECOND INDIVIDUAL DEALER SIGNATURE, FOR SELF AND ENTITY (IF APPLICABLE)

PRINT SECOND INDIVIDUAL DEALER NAME

FOR OFFICE USE ONLY

Agreed to and accepted this _____ day of _____, 20 _____
in Wadsworth, Ohio.

CORNWELL QUALITY TOOLS COMPANY

By: _____
CORNWELL (Tech-Credit Representative)

EXHIBIT F

CORNWELL QUALITY TOOLS COMPANY

AUTHORIZATION AGREEMENT FOR AUTOMATIC PAYMENT (ACH DEBITS)

I hereby authorize Cornwell Quality Tools Company to initiate debit entries and to initiate, if necessary, credit entries and adjustments for any debit in error to my (our) account or accounts listed below:

Financial Institution Information

Name Listed on Account: _____

Institution Name: _____

Transit/ABA Number*: _____

Account Number: _____

Type of Account: Checking Savings

The authority is to remain in full force until Cornwell Quality Tools Company has received written notification from me (us) of its termination in such time and such manner as to afford Cornwell Quality Tools Company and the Financial Institution(s) a reasonable opportunity to act on it.

NAME OF BUSINESS ENTITY (ONLY COMPLETE FOR CORPORATION, PARTNERSHIP, LLC, LLP)

FIRST INDIVIDUAL DEALER SIGNATURE, FOR SELF AND ENTITY (IF APPLICABLE)

Date

SECOND INDIVIDUAL DEALER SIGNATURE, FOR SELF AND ENTITY (IF APPLICABLE)

Date

Attach
Voided
Check
Here

***Notes on Transit/ABA Numbers**

- *Provide the nine-digit number that appears on the bottom of a check. Attach a voided check to verify the accuracy of this important number.
- *This number is not valid if the first number is 4, 5, 6, 7, 8 or 9.
- *Financial Institutions must be a receiving Institution of the Federal Reserve.
- *If the financial institution is a Credit Union, transit and ABA number 0219-0947-8 is not valid for Direct debit and credit activity. You must get transit and ABA number from the Credit Union.



EXHIBIT G

2023



DEALER CREDIT ACCOUNT PROGRAM AUTHORIZATION

This authorization is given on this _____ day of _____, 20 _____
by _____, a Cornwell Dealer ("Dealer"), to Cornwell
Quality Tools Company Co. ("Cornwell").

RECITALS

- A. Cornwell is a manufacturer and distributor of various tools and other items of use in the automotive repair business.
- B. Dealer is a franchised independent Cornwell Dealer engaged in the sale of Cornwell's automotive tools, equipment and other products to the professional mechanic and technician, pursuant to a Dealer Franchise Agreement.

In consideration of the mutual promises set forth, the Dealer and Cornwell agree as follows:

1. Cornwell will provide Dealer with an account within the Dealer Credit Account Program ("DCA") for Dealer to accumulate broken tool credits and/or incentive credits throughout the year.
2. Funds can be used at any time throughout the year. Any unused funds on April 1st of each year will automatically be credited to dealer's open account. The process then automatically restarts.
3. Interest will be accumulated on a weekly basis at a nominal rate, which will be determined every 90 days.
4. Dealer agrees that Cornwell may, in its absolute discretion, apply credits toward Dealer's open account if the same becomes past due for more than thirty (30) days.
5. Accumulated credits are not transferable to other Cornwell Dealers.



6. Accumulated funds shall not be refunded with cash if the same are not used for Cornwell purchases or applied to Dealer's open account. In the event that Dealer's Franchise is terminated, voluntary or otherwise, all accumulated credits shall be applied to any indebtedness owed on Dealer's open account.

7. Cornwell or Dealer may terminate this Agreement and the DCA at any time after mailing written notice to the other, thirty (30) days before the effective date of such termination. This authorization in no way modifies any of the terms or conditions of Dealer's Dealer Franchise Agreement and/or Dealer Purchase Order, Note And Security Agreement. All provisions of those written agreements remain in full force and effect.

Dealer elects the following options for the DCA:

- Broken Tool Credits to DCA (Only)
- Incentive Credits only to DCA (Only)
- Both Broken Tool Credits and Incentive Credits to DCA
- Neither Broken Tool Credits or Incentive Credits to DCA

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PRINT FIRST INDIVIDUAL DEALER NAME

SECOND INDIVIDUAL DEALER SIGNATURE, FOR SELF AND ENTITY (IF APPLICABLE)

PRINT SECOND INDIVIDUAL DEALER NAME

EXHIBIT H

CORNWELL QUALITY TOOLS COMPANY
IRONMAN BUSINESS NETWORK ("IBN")
HARDWARE, FIRMWARE, SOFTWARE LICENSE AND SUBLICENSE,
MAINTENANCE AND SUPPORT AGREEMENT
(END USER LICENSE AGREEMENT)

The Cornwell Quality Tools Company ("Cornwell") agrees to provide to:

[Entity Name, if applicable] _____ and [First Individual Name] _____ of _____ [Residence street address], _____, [City] _____, [State] _____, [Zip] _____, and (if applicable) [Second Individual Name] _____, his or her spouse or person in a similar legal relationship, as individual owners of the franchised dealership if it is an entity and in all events as active partners in the operation of the franchised dealership (individually and/or collectively referred to as, "Dealer") and the Dealer agrees to acquire from Cornwell the following:

- (1) License to one copy of the applications software system known as the Cornwell Ironman Business Network ("IBN Software") consisting of computer programs and associated documentation, subject to the terms and conditions set forth in this Agreement ("the License Agreement");
- (2) One laptop computer ("Computer"), one bar code/driver's license scanner ("Scanner") and one signature pad ("Pad") (together "the Hardware");
- (3) One sublicense ("Sublicense") of other software and firmware pre-loaded into the Hardware (together, "Other Software").

Cornwell and the Dealer are parties to a Dealer Franchise Agreement dated as of _____, 20____ (the "Franchise Agreement"). The terms of this License Agreement and the Franchise Agreement are incorporated into one another. If the Franchise Agreement exists prior to this License Agreement, it is deemed amended to include this License Agreement. In the event of a conflict between the two, the terms of this License Agreement shall prevail.

1. LICENSE OF IBN SOFTWARE; PERMITTED USE AND COPYING.

Cornwell grants a limited, nonexclusive license to the Dealer to use the IBN Software only for the operation of the Dealer's Cornwell dealership. Cornwell will provide the IBN



Software and its documentation to the Dealer upon order of the IBN Software by the Dealer. The IBN Software shall always remain exclusively the property of Cornwell.

All title, including but not limited to copyrights, in and to the IBN Software and any copies of it are and shall remain owned exclusively by Cornwell. The Dealer may not sublicense, assign, sell, transfer or dispose of any part of the IBN Software, or any copies of the IBN Software, to any person or entity. The Dealer may not reverse engineer, decompile, or disassemble the IBN Software. The Dealer agrees that the IBN Software will be used only in connection with the operation of the Dealer's Cornwell dealership, and will not be used for any other purposes. The Dealer may make a reasonable number of backup copies of the IBN Software only for the purpose of operating the dealership.

All rights not expressly granted in the IBN Software by this License Agreement are reserved by Cornwell.

2. SALE OF HARDWARE

Cornwell will sell the Hardware to the Dealer for the operation of the Dealer's Cornwell dealership. The Hardware is sold to the Dealer for business purposes only and personal use is prohibited. The Dealer shall not use any other Hardware on the Dealer's truck in connection with the dealership, except Replacement Hardware described below.

The Hardware will be sold to the Dealer at Cornwell's cost, estimated to be \$3,500.00. Cornwell will credit the Dealer's open account in the amount of \$1,500.00 as an offset against the purchase price of the Hardware. The Dealer understands that Cornwell will issue an IRS Form 1099 to the Dealer for the amount of the credit. The Dealer further understands and agrees that the Dealer must acquire a compatible DeskJet printer (LaserJet recommended) and internet connection card and service at the Dealer's own cost, as set forth in Section 6 below.

Cornwell will at any time the Dealer's Franchise Agreement is in effect replace any or all of the Hardware at the Dealer's request ("Replacement Hardware"). The Replacement Hardware will be sold to the Dealer at Cornwell's cost, but no offsetting credit will be provided unless separately agreed.

3. SUBLICENSE OF OTHER SOFTWARE; PERMITTED USE AND COPYING.

Cornwell grants a limited, nonexclusive sublicense to the Dealer to use the Other Software with the Hardware only for the operation of the Dealer's Cornwell dealership. Cornwell warrants that it has a license to the Other Software and has the right to grant this sublicense to the Other Software. The Other Software is provided to the Dealer for business purposes only and personal use is prohibited. The Dealer shall not use any other software with the Hardware. Cornwell will provide the Other Software and its documentation with the Hardware to the Dealer upon order of the IBN Software by the

Dealer. The license to the Other Software shall always remain exclusively the property of Cornwell.

The Dealer may not further sublicense, assign, sell, transfer or dispose of any part of the Other Software, or any copies of the Other Software, to any person or entity. The Dealer may not reverse engineer, decompile, or disassemble the Other Software. The Dealer agrees that the Other Software will be used for the operation of the Dealer's Cornwell dealership, and will not be used for any other purposes. The Dealer may make a reasonable number of backup copies of the Other Software only for the purpose of operating the dealership and as the documentation to the Other Software permits.

As set forth below, no payment will be required to be made by the Dealer for the Other Software. All rights not expressly granted to the Dealer as to Cornwell's license in the Other Software by this License Agreement are reserved by Cornwell.

4. CHARGES AND PAYMENT TERMS.

The initial startup fee for the IBN Software is \$100.00. The current monthly maintenance and support fee is \$50.00. Such fee is subject to change by Cornwell from time to time. There will also be a one-time \$175.00 license fee for Credit Card Processing Software that interfaces with the IBN Software.

5. TERM.

This Agreement will remain in effect while the Franchise Agreement is in effect, unless terminated by either party in accordance with the terms of this Agreement. This Agreement will terminate upon the termination of the Franchise Agreement. Upon termination of this Agreement, the Dealer shall permit Cornwell to remove the IBN Software from the Hardware.

6. OTHER SYSTEM HARDWARE and INTERNET CONNECTIVITY.

Dealer agrees to obtain and maintain high speed Internet access via a standalone Network Access Device from a mobile wireless broadband carrier, to be able to communicate electronically with Cornwell.

Additionally, the Dealer agrees to purchase or lease a DeskJet printer compatible with the Hardware and IBN Software (LaserJet recommended) and to ensure reliable wireless connectivity to the Internet via an internal wireless card or a vendor-supplied wireless card.

It is the Dealer's responsibility to handle all equipment hardware/warranty issues other than for the Hardware and Other Software directly with the equipment vendor or manufacturer. Cornwell is not responsible for other hardware reliability or service.

The Dealer is responsible for acquiring and maintaining an Internet email account and must promptly notify Cornwell's Customer Service Department of any changes. This

account must be established prior to attending the New Dealer Training. The Dealer is further responsible for entering the shop, customer, tax rates and other data needed to run the IBN Software.

7. CORNWELL'S MAINTENANCE AND SUPPORT RESPONSIBILITIES.

The Dealer agrees to obtain maintenance and support for the IBN Software, Hardware and Other Software only from Cornwell.

Cornwell will make on-call support available to the Dealer twenty-four (24) hours per day, seven (7) days per week. All notices of errors or malfunctions must be clearly stated by telephone or in writing by the Dealer and must provide details sufficient to diagnose or reproduce such errors. Cornwell will make a reasonable effort to respond within an industry-customary time, targeted to be two (2) hours for calls received between 8:00AM and 7:00PM E.T. Monday thru Friday or four (4) hours or less for calls received during all other time periods.

If the Dealer notifies Cornwell of a suspected error in the IBN Software, Cornwell will use all reasonable efforts to confirm the existence of and correct such reproducible error by exercising standard test programs and taking necessary corrective actions. If, in analyzing a suspected error in the IBN Software at the Dealer's request, Cornwell determines that no error exists in the IBN Software program logic and/or documentation, and/or if the program malfunction is due to the Dealer's alteration of the IBN Software, and/or if the Dealer is using hardware other than the Hardware or if the Hardware is infected with viruses, worms and/or spyware of any nature, Cornwell will proceed with further efforts to diagnose and correct the malfunction only if the Dealer agrees to pay Cornwell for its time and efforts at Cornwell's then-current rates. The current rate is \$150.00/hour.

Cornwell will from time to time review the IBN Software for improved functionality and operating efficiency. Cornwell will, based on its own judgment, make such improvements and enhancements to the IBN Software from time to time as it deems appropriate. Cornwell will provide such updated software and documentation to the Dealer. Cornwell will also provide to the Dealer, as updates under the terms of this Agreement, any program logic and documentation changes made by Cornwell to correct any proven reproducible errors in the IBN Software which cause the IBN Software to deviate materially from the specifications for that system.

Any changes to IBN Software or its program logic or documentation made by Cornwell under the terms of this Agreement will be downloaded to the Dealer on the Internet.

To ensure performance and software compatibility, the use of the Hardware and Other Software must be restricted to the Dealer's Cornwell business related functions. For example, the Hardware shall not be used to browse the Internet for personal use, it should not be used for gaming, and other third-party software shall not be loaded and executed on the Hardware.

If either the Hardware or the Other Software fail to perform properly, the Dealer shall promptly notify Cornwell and Cornwell will within a reasonable time take those steps that it determines in its sole discretion are appropriate, which may or may not include replacing or repairing the Hardware or Other Software. No charge will be made to the Dealer for maintenance and support related to the Hardware or Other Software, except as set forth above and elsewhere in this Agreement.

9. LIMITED WARRANTY.

a. SOFTWARE. Cornwell hereby warrants the IBN Software for a period of ninety (90) days from the time of shipment to materially conform to the specifications described in the documentation in the shipment. Within the warranty period, if the Dealer finds that the IBN Software does not materially conform to the specifications, the Dealer will promptly provide Cornwell with sufficient documentation of such nonconformity such that Cornwell can reproduce and verify the same. Cornwell will, within a reasonable time, upon its confirmation of the nonconformity, provide the Dealer with either instructions for correcting the nonconformity or an updated copy of the IBN Software that is free of the nonconformity.

In the event that Cornwell is unable to accomplish any of the above, it will accept a return of the nonconforming IBN Software and fully refund to the Dealer the license fee paid. The foregoing will constitute Cornwell's sole obligation, and the Dealer's sole remedy, for breach of warranty. Cornwell's warranty is conditioned upon the installation by the Dealer of any and all updates to the IBN Software provided to the Dealer by Cornwell and the Dealer's compliance with the terms of this License Agreement.

Because Cornwell retains ownership of the license to the Other Software that is sublicensed by this Agreement, no warranties are extended to the Dealer by Cornwell as to the Other Software.

b. HARDWARE. Cornwell will extend the Hardware manufacturers' warranties to the Dealer. In addition, Cornwell will warrant for three (3) years of date of delivery of the Hardware that the Hardware will be fit for its intended purposes in the operation of the Dealer's Cornwell dealership. Cornwell may repair or replace unfit Hardware in its sole discretion, at no cost to the Dealer. Cornwell agrees to provide the Dealer temporary replacement Hardware (with IBN Software and Other Software) by overnight delivery while the Dealer's Hardware is in Cornwell's possession on a warranty claim.

This warranty shall not be effective if the Hardware is rendered unfit by damage occurring to it that is not the fault of Cornwell. The Dealer must obtain any desired insurance coverage for such damage to the Hardware. Service, repair and replacement of such damaged Hardware will be provided by Cornwell at the Dealer's cost.

EXCEPT FOR THE EXPRESS LIMITED WARRANTY SET FORTH ABOVE, CORNWELL HEREBY DISCLAIMS AND DEALER HEREBY EXPRESSLY WAIVES,

ANY AND ALL OTHER EXPRESS WARRANTIES AND REPRESENTATIONS OF ANY KIND OR NATURE. UPON THE EXPIRATION OF THE EXPRESS LIMITED WARRANTY PERIOD SET FORTH ABOVE, CORNWELL DISCLAIMS, AND DEALER HEREBY EXPRESSLY WAIVES, ANY AND ALL IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY OTHER PARTICULAR PURPOSE THAN THE ONE SET FORTH AS TO THE HARDWARE IN THIS AGREEMENT.

CORNWELL DOES NOT WARRANT THAT USE OF THE IBN SOFTWARE WILL CAUSE THE DEALER'S BUSINESS TO IMPROVE, TO SUCCEED, OR TO PERFORM AT ANY PARTICULAR LEVEL.

IN NO EVENT WILL CORNWELL BE LIABLE TO DEALER FOR ANY SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, INCLUDING LOST PROFITS OR LOST SAVINGS, IN ANY WAY ARISING OUT OF OR RELATING TO THIS LICENSE AGREEMENT, WHETHER IN CONTRACT OR IN TORT.

CORNWELL MAKES NO WARRANTIES WHATSOEVER AS TO THE OTHER SOFTWARE AND THE DEALER TAKES THE SUBLICENSE TO THE OTHER SOFTWARE AS-IS.

10. CONFIDENTIALITY.

The Dealer will not disclose the IBN Software to any person other than other persons who have need to use the IBN Software in connection with the operation of the Dealer's Cornwell dealership. The Dealer will not alter or remove any ownership, trademark or copyright notices from the IBN Software or any associated documentation.

11. DEFAULT; TERMINATION.

Either party will have the right to terminate this License Agreement upon the same terms that the Franchise Agreement may be terminated. This License Agreement will also terminate immediately and automatically upon the termination of the Franchise Agreement. In addition, this License Agreement and the licenses and sublicense granted by it may be terminated by Cornwell on not less than (30) days' written notice if Dealer defaults in the payment or performance of his obligations under this License Agreement. Such default will also be a material breach of the Franchise Agreement and may lead to termination of the dealership.

Dealer shall have 30 days to cure default caused by failure to pay as agreed. Cornwell may agree to waive any default, in its sole discretion. No action or failure to act on the part of Cornwell shall operate as a waiver or otherwise of the subsequent right to terminate this License Agreement, unless expressly so stated in writing.

In the event of termination of the License Agreement, the Dealer will immediately cease using the IBN Software and the Other Software and will immediately return to Cornwell

all copies of the IBN Software and the Other Software and documentation related to them in the Dealer's possession or under the Dealer's control. No refund of any fees paid by the Dealer pursuant to this License Agreement will be owed by Cornwell to the Dealer in the event of the termination of this License Agreement.

Cornwell reserves the right to all legal and equitable remedies if the IBN Software or Other Software are not returned, including but not limited to damages, injunctions and replevin. The Dealer shall pay all of Cornwell's costs and expenses, including but not limited to attorney fees and expert expenses, if Cornwell must pursue such remedies.

12. MISCELLANEOUS.

This License Agreement will be governed by, and construed and enforced in accordance with the laws of the State of Ohio. If any provision will be held invalid or unenforceable, such provision will be severable from the License Agreement and will not be construed to have any effect on the remaining provisions.

13. DISPUTE RESOLUTION.

Any claim or controversy in connection with, arising out of, or relating to this License Agreement between Dealer and Cornwell shall be settled by binding arbitration in accordance with the rules pertaining to commercial dispute arbitration then existing with the American Arbitration Association. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction. Such arbitration shall take place in such locations as the parties mutually agree, and in the absence of such agreement, in Akron, Ohio. The laws applicable to the arbitration procedure shall be the laws of the State of Ohio. The award of the arbitrator(s) shall be the sole remedy between the parties regarding any claims, counterclaims, issues presented or pled to the arbitrator(s).

Cornwell reserves the right to obtain injunctive relief from the act or omission of any activity prohibited or required by this License Agreement in any court having jurisdiction, when such act or omission will cause irreparable harm to Cornwell, or replevin to obtain possession of any property.

14. NOTICE.

Any notice required to be given under this License Agreement or service of process for the purposes of arbitration or litigation of issues arising out of it, shall be given to Cornwell at 667 Seville Road, Wadsworth, Ohio 44281 and to First Dealer and Second Dealer, if applicable, at the address or addresses last provided by them to Cornwell. Service on Cornwell, First Dealer, or Second Dealer shall conclusively be deemed to have been completed for all purposes if made by regular U.S. mail or any other usual and reliable form of delivery to the address last given. The parties will continue to have the obligation to notify one another of any change of address during and after the termination of this License Agreement, if they wish to be assured of the receipt of

notices and service of process, and they expressly waive any objection to notice provided or service made to the last address they have given.

15. ENTIRE AGREEMENT; AMENDMENTS.

This License Agreement supersedes all previous agreements on the same subject matter between Dealer and Cornwell. No modification or amendment of this License Agreement shall be effective unless made in writing and signed by a representative of Cornwell and Dealer.

IN RECOGNITION OF WHICH and intending to be legally bound, Cornwell and the person or persons identified as Dealer above have signed duplicate copies of this Agreement on the dates stated below at Wadsworth, Ohio and _____, _____.

NAME OF BUSINESS ENTITY (ONLY COMPLETE FOR CORPORATION, PARTNERSHIP, LLC, LLP)

FIRST INDIVIDUAL DEALER SIGNATURE, FOR SELF AND ENTITY (IF APPLICABLE)

PRINT FIRST INDIVIDUAL DEALER NAME

SECOND INDIVIDUAL DEALER SIGNATURE, FOR SELF AND ENTITY (IF APPLICABLE)

PRINT SECOND INDIVIDUAL DEALER NAME

FOR OFFICE USE ONLY

Agreed to and accepted this _____ day of _____, 20 _____
in Wadsworth, Ohio.

CORNWELL QUALITY TOOLS COMPANY

By:

CORNWELL (Corporate Officer)

EXHIBIT I

**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
AND TO DEALER FRANCHISE AGREEMENT
AS TO TRAINING DURING PANDEMIC RESTRICTION PERIOD**

This Addendum is made to the Cornwell Quality Tools Company Franchise Disclosure Document ("FDD") in all States, effective as of September 21, 2020. It is also made to the Cornwell Quality Tools Company Dealer Franchise Agreement ("DFA"), to be signed as indicated below.

WHEREAS, the existing COVID-19 pandemic in the United States ("the Pandemic") has caused substantial restrictions to be made throughout the country as to travel and in-person contact, in particular ("the Restrictions");

WHEREAS, the Restrictions have made it impossible to conduct the 40-hour new dealer training in Wadsworth, Ohio, or some other location, described in the FDD and required by the DFA ("the Ohio Training");

WHEREAS, a reasonably comparable form of the Ohio Training can be offered electronically while the Restrictions are in effect, with such in-person supplementation by Cornwell management personnel as is appropriate for particular new Dealers;

WHEREAS, some new Dealers who entered into the DFA after the Restrictions went into effect have requested and agreed with Cornwell that they would start their dealerships before receiving the Ohio Training, with increased Cornwell management support, the Ohio Training to be deferred until it could be provided;

THEREFORE, the FDD and DFA are amended as follows:

1. While the Restrictions are in place, as Cornwell determines in its sole discretion, the Ohio Training to be provided to You as a new Dealer, described in Item 11 of the FDD and required by Paragraph 8.b of the DFA, will be provided electronically ("the Electronic Training").
2. Detailed information concerning the Electronic Training is provided in the Attachment to this Addendum. Such information may be revised as found by Cornwell to be necessary.
3. You as the Dealer agree to participate in the Electronic Training to the full extent required by the DFA. You will ensure in advance that you have an appropriate computer with sufficient audio/video capability in a location that is suitable for such participation. As necessary, You will promptly advise Cornwell staff of any issues that arise that interfere with your ability to receive the Electronic Training and to cooperate in their resolution.



4. Cornwell will supplement the Electronic Training with additional on-truck training required by Paragraph 8.a of the DFA, as found to be necessary in consultation with You as the Dealer.

IN RECOGNITION OF WHICH and intending to be legally bound, Cornwell and the person or persons identified as Dealer above have signed duplicate copies of this Agreement on the dates stated below at Wadsworth, Ohio and _____, _____.

NAME OF BUSINESS ENTITY (ONLY COMPLETE FOR CORPORATION, PARTNERSHIP, LLC, LLP)

FIRST INDIVIDUAL DEALER SIGNATURE, FOR SELF AND ENTITY (IF APPLICABLE)

PRINT FIRST INDIVIDUAL DEALER NAME

SECOND INDIVIDUAL DEALER SIGNATURE, FOR SELF AND ENTITY (IF APPLICABLE)

PRINT SECOND INDIVIDUAL DEALER NAME

FOR OFFICE USE ONLY

Agreed to and accepted this _____ day of _____, 20 _____ in Wadsworth, Ohio.

CORNWELL QUALITY TOOLS COMPANY

By:

CORNWELL (Corporate Officer)

Training Table		
Subject	Virtual or Classroom	Field / On Route
Territory Operations	1.5	15
Business Procedures	11.05	9.5
Route Management	9.1	18
Tool Truck Setup	0	17
Product Knowledge	3.5	10
Sales Training	6.5	13.5
Business Analytics	4.1	8.5
IBN Software	3.5	0
Cornwell History	0.75	0
	40	91.5

LIST OF EFFECTIVE DATES

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

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

Except as indicated below, the Effective Date of this Disclosure Document in your state is April 3, 2023.

California	January 1, 2023
Hawaii	N/A
Illinois	April 3, 2023
Indiana	April 3, 2023
Maryland	January 1, 2023
Michigan	April 3, 2023
Minnesota	Pending
New York	April 3, 2023
North Dakota	Pending
Rhode Island	Pending
South Dakota	April 3, 2023
Virginia	Pending
Washington	Pending
Wisconsin	April 3, 2023

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 J

**EXHIBIT J
RECEIPT**

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

If Cornwell offers you a franchise, Cornwell must provide this Franchise Disclosure Document to you by the earliest of the time required by your state as set forth in Exhibit D, referenced in Item 22 of the Franchise Disclosure Document or:

1. The first personal meeting to discuss our franchise; or
2. Ten (10) business days before the signing of a binding agreement; or
3. Ten (10) business days before a payment to Cornwell.

You must also receive a Franchise Agreement containing all material terms at least five (5) business days before you sign a Franchise Agreement.

If Cornwell does not deliver this Franchise Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and state agency listed for your state in Exhibit D of the Franchise Disclosure Document, if applicable.

The franchise is offered by Cornwell Quality Tools Company, 667 Seville Road, Wadsworth, Ohio 44281,

330-336-3506 and Cornwell's district manager _____,
(Print District Manager's Name)

(Print District Manager's Address and Phone Number)

Issuance date: April 3, 2023

I have received a Disclosure Document dated _____, 2023, that included the following Exhibits:

- A. FINANCIAL STATEMENTS
- B. DEALER FRANCHISE AGREEMENT
- B-1. ADDENDUM TO DEALER FRANCHISE AGREEMENT (SECOND FRANCHISE, IF APPLICABLE)
- B-2. ADDENDUM TO DEALER FRANCHISE AGREEMENT (SECOND TRUCK, IF APPLICABLE)
- B-3. FRANCHISE DEVELOPER DEALER FRANCHISE AGREEMENT (IF APPLICABLE)
- B-4. SPECIAL REPRESENTATIVE DEALER FRANCHISE AGREEMENT (IF APPLICABLE)
- C. DEALER PURCHASE ORDER, NOTE AND SECURITY AGREEMENT
- C-1. DEALER PURCHASE ORDER, NOTE AND SECURITY AGREEMENT (VETERANS INCENTIVE PROGRAM)(IF APPLICABLE)
- C-2. DEALER PURCHASE ORDER, NOTE AND SECURITY AGREEMENT – FRANCHISE DEVELOPER (IF APPLICABLE)
- C-3. DEALER PURCHASE ORDER, NOTE AND SECURITY AGREEMENT – SPECIAL REPRESENTATIVE (IF APPLICABLE)
- D. APPENDIX WITH STATE-SPECIFIC INFORMATION
- E. TECH-CREDIT DEALER CREDIT ASSIGNMENT AGREEMENT
- F. ACH AGREEMENT – AUTHORIZATION AGREEMENT FOR AUTOMATIC PAYMENT
- G. DCA AUTHORIZATION- DEALER CREDIT ACCOUNT PROGRAM AUTHORIZATION
- H. IRONMAN BUSINESS NETWORK (IBN)-END USER LICENSE AGREEMENT
- I. ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT AND DEALER FRANCHISE AGREEMENT RE: TRAINING DURING PANDEMIC RESTRICTIONS
- J. RECEIPT

Dealership name if an entity: _____

Dated: _____
(Do not leave blank)

Owner Operator name: _____
(Please print)

Owner Operator signature: _____

Dated: _____
(Do not leave blank)

Other Owner name: _____
(Please print)

Other Owner signature: _____

Exhibit J is a Receipt prepared in duplicate. You must sign both copies of the Receipt. Please retain one copy for your records and return the other copy to the District Manager who disclosed this document.

**EXHIBIT J
RECEIPT**

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330-336-3506 and Cornwell's district manager _____,
(Print District Manager's Name)

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Dealership name if an entity: _____

Dated: _____
(Do not leave blank)

Owner Operator name: _____
(Please print)

Owner Operator signature: _____

Dated: _____
(Do not leave blank)

Other Owner name: _____
(Please print)

Other Owner signature: _____

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