

## FRANCHISE DISCLOSURE DOCUMENT



THE LEARNING EXPERIENCE  
SYSTEMS LLC  
*a Delaware limited liability company*  
210 Hillsboro Technology Drive  
Deerfield Beach, Florida 33441  
Telephone: (561) 886-6400  
[www.thelearningexperience.com](http://www.thelearningexperience.com)

The franchisee (“**you**”) will operate a childcare center business with the systems, trademarks, procedures and curriculum (“**Centers**”) that are licensed by The Learning Experience Systems LLC (“**we**,” “**us**” or “**TLES**”) under a franchise agreement with us.

The total investment necessary to begin operation of a Center is between \$590,043 and \$5,467,543 per Center, depending on whether you purchase an existing Center, develop your own Center or retain us to develop your Center (excluding purchase of land). This includes payments that must be paid to the franchisor or affiliate that range from \$525,000 to \$2,625,000 (if you purchase an existing Center), \$162,399 to \$212,399 (if you develop your own Center), and \$267,399 to \$384,899 (if we develop the Center for you).

If you sign a Multiple Franchise Center (MFC) Addendum to develop franchised Centers, then your total expenses will range from \$2,538,172 to \$22,048,172, which includes payments to us in the amounts (and as described above) for each of the four Centers.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our Franchise Sales Department at 210 Hillsboro Technology Drive, Deerfield Beach, Florida 33441 (561) 886-6400.

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

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

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

Issuance Date: April 28, 2023

## How to Use This Franchise Disclosure Document

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

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

## **WHAT YOU NEED TO KNOW ABOUT FRANCHISING *GENERALLY***

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

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

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

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

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

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

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

## **SOME STATES REQUIRE REGISTRATION**

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

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

## **SPECIAL RISKS TO CONSIDER ABOUT *THIS* FRANCHISE**

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

**Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with us by mediation and litigation in Florida. Out of state mediation and litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate and litigate in Florida than in your own state.

**Openings in the Past.** From 2003 through December 31, 2022, we granted 845 franchises; 187 such grants were refunded due to lack of site location and/or were terminated prior to opening, leaving a net grant of 658 franchises (including multiple unit grants). Of this amount, approximately 72% have opened a Center, 20%, are under development and currently in the process of opening a Center, and 8% are in the process of identifying a suitable site location for a Center.

You should consider this when making your decision to purchase a franchise.

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

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

### **The Franchisor**

The franchisor is The Learning Experience Systems LLC (“**TLES**,” “**we**” or “**us**”). We were organized as a Delaware corporation in April 2003 and later converted to a Delaware limited liability company in December 2006. Our principal business address is 210 Hillsboro Technology Drive, Deerfield Beach, Florida 33441 (tel - 561-886-6400).

Except as noted, we do not now nor have we ever offered franchises or otherwise engaged in any other line of business. We conduct business only under the names “The Learning Experience” and “The Learning Experience Academy of Early Education”, and we have historically used the name “The Learning Experience Child Development Center.”

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

### **Our Parent**

Our parent is The Learning Experience Corp. (“**TLEC**”), a corporation organized in Delaware in November 2004 (until November 2014, TLEC was named “The Learning Experience Holding Corp.”). TLEC’s principal place of business is also 210 Hillsboro Technology Drive, Deerfield Beach, Florida 33441 (tel - 561-886-6400). TLEC offers childcare management, franchisor services, brokerage and childcare construction supervision, curriculum and enrichment programs to our company-owned and franchised child care businesses. TLEC does not now nor has it ever offered franchises or engaged in any other line of business, other than as disclosed in this document.

As of June 2018, the owners of TLEC’s ultimate parent company are a group of private equity funds managed by Golden Gate Private Equity, Inc., an SEC-registered investment advisor, Richard Weissman (our co-founder, Chairman, and CEO), and other members of the company management team.

### **Our Predecessor**

Our predecessor (that is, the entity from whom we were assigned, directly or indirectly, the major portion of our business assets) is The Learning Experience Franchise Corp. (“**Predecessor**”), which was the prior franchisor from its inception. As described above, Predecessor was organized in Delaware in April 2003 and for tax purposes was dissolved in December 2006 after it was converted to our present limited liability company status. During its existence, Predecessor was also a wholly owned subsidiary of our parent TLEC.

### **Our Affiliates**

The following affiliates also provide products or services to our franchisees:

ComRealty Associates, LLC and ComRealty Group LLC (collectively, “**ComRealty**”) are, respectively, New York and Florida licensed real estate brokers, and are available to assist you in identifying locations for your Center (as that term is defined below). You must use ComRealty’s services if we offer any form of contingent liability or otherwise assume any obligation under your lease for the Center premises; otherwise, your use of ComRealty’s services is at your option. ComRealty Associates, LLC is a New York limited liability company, originally formed as ComRealty, LLC in April 2002, and ComRealty Group, LLC is a Florida limited liability company, formed in June 2009.

TLE Construction and Design Group, LLC offers construction management and design services for the site plan and design of your Center, and advisory services during the construction of your Center. You must use their services if we offer any form of contingent liability or otherwise assume any obligation under your lease; otherwise, your use of TLE Construction and Design Group, LLC's services are at no additional cost and is part of the services provided under a Site Coordination Addendum, as further described in this disclosure document. TLE Construction and Design Group, LLC is a Delaware limited liability company, formed in August 2010.

MWR Holdings, LLC (“**MWR**”), owns certain trademarks, trade names, trade dress and licensed/branded products in development of products and services in the educational entertainment and educational media business, which may include without limitation sublicensing, TV, Radio, DVD, Internet videos, smart pad and smartphone applications, and games. These products and services are being developed for, and will be offered to, children both within and outside of TLE Centers, under the umbrella “**Bubbles and Friends.**”

No affiliate has offered franchises in this or any other business or engaged in any business other than the sale of the products and services described above.

The principal place of business of all the affiliates listed above is 210 Hillsboro Technology Drive, Deerfield Beach, Florida 33441 (tel - 561-886-6400).

### **The Franchise Offered**

We own, operate, manage and franchise businesses that provide child care and related services. These businesses operate using our distinctive methods, processes, technical knowledge and marketing ideas, including our trade secrets, purchasing arrangements, curriculum, commercial ideas, confidential training manuals, advertising materials, computer software, marketing strategies, information on sources of supply, forms, distinctive signage, trade dress, architectural designs, and employee training techniques and manuals (collectively, “**System**”). The businesses are identified by certain names and marks designated by us such as THE LEARNING EXPERIENCE and THE LEARNING EXPERIENCE ACADEMY OF EARLY EDUCATION (“**Marks**”). We refer to a business that uses our System and Marks as a “**Center.**”

Our original founders, the Weissman family, Richard Weissman (our co-founder, chairman and CEO) and his parents have been associated with the child care industry for the past 40 years), having opened their first child care facility in 1980 under The Learning Experience trade name. After selling that business in 1986, the Weissmans co-founded the Tutor Time child care business and helped grow that business to more than 200 franchised and company-owned child care outlets by 1999. The Weissmans have not had any interest in or association with Tutor Time since 1999. Richard Weissman's parents retired and sold out all their interests in TLEC in 2014.

In Spring 2001, the Weissmans opened their first child care business using the Marks and System and continuously refined and enhanced the business's operational features prior to April 2003, when Predecessor was organized. Since that time and based upon the collective experience and synergies of our operating Centers, the System has continued to evolve, with the addition of new and/or the refinement of existing programs, products, services and other enhancements, and has grown, as of December 31, 2022, to 339 open Centers and another 257 Centers in various stages of development.

Our goal is for Centers to provide children with a nurturing and safe environment, a comprehensive curriculum, and a robust group of proprietary developmental and enrichment programs that create a solid foundation for future academic and life-skills needs. Our Centers provide child care and educational-based preschool development programs for children between the ages of six weeks and five years; some Centers also offer after-school programs for elementary school-aged children.

A typical Center ranges in size from 9,000 to 15,000 square feet plus a playground of approximately 5,000 square feet (or larger, based on local requirements); however, the typical Center is approximately 10,000 square feet interior with a 5,000 square foot playground. Each Center is designed to provide space for approximately 130 to 280 children, depending on the size of the Center and the local jurisdiction's licensing requirements.

Centers utilize a software system known as *TLE Technology Package* (“TTP”) that we license to them, and which provides instantaneous access to administrative and academic records, as well as the attendance and entry and exit of personnel and children at each Center. TTP consists of multiple software programs that have been bundled together and refined by us to create an ideal solution for our Centers, which includes a Center management system called *CORE* and parent engagement application platforms called Show N Tell (“SNT”) and Bubbles and Friends, which are available on multiple platforms.

Centers must offer only TLE-created proprietary curriculum, which includes but is not limited to “The Learning Experience Academic Program” (also known as L.E.A.P.), a proprietary structured learning process that prepares young children for the educational challenges they will face when entering primary school and Preschool.

### **L.E.A.P. has two divisions:**

*Infants & Toddlers*, for children aged six weeks to three years. Children participate in hands-on activities that encourage exploration and problem-solving through activities designed to create a multi-disciplinary environment that encourages age-appropriate growth and development. Children express their creativity through art activities, experience their surroundings through sensory exploration, and express themselves through language, music and movement. Because their bodies are growing and changing rapidly, this program promotes a strong emphasis on fine motor, as well as large motor, development through daily physical activities.

*Preschool*, for children aged three to five years. Children's activities are focused on fostering pre-reading, pre-writing and pre-math skills. The children receive their own age-appropriate books each month that contain a variety of activities involving logic, math, reading and writing skills. Children visit several different learning areas each day, including technology, science/social studies, math, language and engineering. They are also able to acquire practical life skills and learn about etiquette in our specially created child-sized town called Make Believe Boulevard, one of the primary features in each Center.

In conjunction with the L.E.A.P. program, we use “L.E.A.P. Interactive,” a technology-based program that is mandatory at all Centers. Each Center is required to have a minimum of one interactive, wall-mounted “whiteboard,” which can be operated using a variety of manipulatives. Each Center will also receive a software package featuring our proprietary curriculum, designed exclusively to run on TLE whiteboards. The software and hardware are designed to work as an extension of TLE's curriculum, L.E.A.P. Interactive is offered in addition to the technology program and has been developed to bring the core fundamentals to life. Please refer to Item 6 for information about the L.E.A.P. Interactive program costs.

Our series of foreign language programs have been designed by field experts with the objective of introducing basic vocabulary in other languages. In addition, children are exposed to different cultures and customs, using developmentally appropriate and engaging activities. You must offer a foreign language program at your Center. Spanish and Mandarin Chinese are the current options you may choose from. We are continuously monitoring the need for additional foreign language offerings and may add new options in the future. All foreign language programs should be implemented beginning with 3-year-olds, and should continue through your oldest classroom.



The concept of Philanthropy is integral to our curriculum, providing children with opportunities to learn valuable life lessons through the meaning of giving and the concept of helping those less fortunate by introducing these concepts at an early age. These materials will be part of the curriculum offered at your Center. The Philanthropy curriculum will involve various projects that motivate students to help charitable causes and organizations. We have selected The Make-A-Wish Foundation as a national charitable organization that we partner with throughout each year. TLE's CEO, Richard Weissman, is a Board member of the Make-a-Wish South Florida chapter of this organization.

Centers also must offer our proprietary literacy programs, including the "Early Connections" literacy program with Phoebe for Toddlers, Twaddlers, Prepper and Preschool 1 age groups and our "Phonics with Phoebe" program, which is our proprietary early literacy program designed specifically for our older classrooms. Through this curriculum, the children build skills in the five essential areas of reading instruction established by The National Reading Panel's publication, *Put Reading First*; namely, phonemic awareness, phonics, comprehension, vocabulary and fluency. The curriculum provides dynamic, hands-on activities, and is offered in whole group, small group, and one-on-one settings. Teachers receive training to effectively implement the "Early Connections" and "Phonics with Phoebe" early literacy programs.

In addition to the L.E.A.P., the "Early Connections", and "Phonics with Phoebe" Programs, we have developed numerous comprehensive mandatory enrichment programs that enable children to do a deeper dive and master a deeper understanding of certain skills to support their next phase of education, and mandatory enrichment programs under the "Charlie Choo Choo" umbrella. These enrichment programs are part of the required curriculum that must be offered in your center. We reserve the right to require franchised Centers to offer any one or more of these programs and you must include the programs we require as part of your curriculum. The enrichment programs are:

- **World of Coding** offers children experiences that integrate 21<sup>st</sup> century skills that are valuable for children's academic development in today's digital world. Through activities that include patterning, sequencing, testing, and building, children will develop the skills necessary to create codes to move objects or robotic toys. They will reach milestones as they use fine motor skills and strengthen early numeracy skills. Children will get hands-on with a variety of materials as they build on prior knowledge.
- **Pablo's Art Studio** offers children the opportunity to express themselves through the visual arts. Covering a wide variety of themes and objectives, this program focuses on teaching the children how to work with various mediums while guiding them on a journey through artistic creation. The children will strengthen their fine and gross motor skills as they explore with a variety of methods. This program provides children with the opportunity to channel emotions and self-expression through art.
- **Marvelous Mathematics** teaches children that mathematics plays an important role in their daily lives. They will learn through hands-on exploration as they work on skills such as patterning, number recognition, sorting, measurement, and mathematical equations. Each week, the topics will build on themselves to provide a solid foundation for early numeracy.
- **Lionstein's Lab** through this program, children will explore a variety of science concepts through hands- on exploration. The children will be encouraged to make predictions and share their ideas as they make discoveries. They will have the opportunity to investigate the world around them using a variety of age- appropriate scientific tools. Through inquiry-based learning, children will learn about air temperature, color mixing, magnets, and more.

- **Moving and Grooving®** teaches children the importance of physical fitness as they participate in different exercises to get their bodies moving. The children will explore healthy habits, learn about different sports, and get their hearts pumping through a wide variety of engaging gross motor activities.
- **Yippee 4 Yoga** introduces children to a variety of yoga poses that will help them strengthen their muscles and center themselves through balance. The children will develop coordination, concentration, and motor skills they will need for the rest of their lives. Yippee 4 Yoga will help children to improve their strength, balance, and flexibility.

Enrichment programs are mandatory in all centers. Student components feature one or more of the Marks, and must be sent home with the children at the end of each enrichment session. Kits may not be reused at any time as all materials are consumables used by every child individually to follow along with the activities. We will provide you with all necessary training to properly implement the programs in your center; all costs of establishing and operating the program, such as the student and teacher components and other consumable materials, will be at your own expense.

You may not offer any outside enrichment programs or any third-party services; the only approved programs are those developed by us. These extend to include the following programs that have been part of our System:

- Summer Curriculum: During the summertime, all centers continue to engage in weekly themed curriculum that our curriculum department specifies, using a specified schedule. You will have to purchase all curriculum items through the third-party fulfillment company. All centers must implement the summer curriculum in its entirety as developed
- Kindergarten: If and when you choose to offer a private Kindergarten (space permitting inside your Center), then you will have to purchase and implement our “Kindergarten Experience” proprietary curriculum. The “Kindergarten Experience” curriculum components cover all nationally recognized standards of excellence, in addition to all state standards.
- School Age Program: The school age program is our proprietary after-school program. This program is for school age students (6 and older) that attend your center after the regularly scheduled school day and on any day in which the public school system is closed. This curriculum augments and builds on what children are learning in the regular school day curriculum, to fortify and extend their knowledge. If and when you choose to offer care for school aged students, you must purchase and implement our “School-Age Experience” proprietary curriculum and any additional and/or future curriculum components developed for use within the School-Age classroom.

We also require Centers to participate in the following enrollment initiative:

Work & Family Experience - Corporate Child Care Program is an initiative that addresses the growing challenge of work/life balance for today’s business leaders. Our Work & Family Experience program, a division of TLEC, engages companies and offers them the opportunity to provide their employees a better balance of the demands of work and family by permitting them to enroll their children in any TLE Center with special tuition discounts not available to the general public. In exchange for offering these discounts to their employees, participating companies allow us a variety of ways to market to their employees our services, thereby driving enrollment to TLE Centers. Franchisees are required to participate in this program and are not permitted to offer any other comparable program. Currently, the program has many national,

regional, and local direct partnership companies engaged, with even more involved through broker affiliations.

The Work & Family Experience program is one component of the initiatives managed by the brand, which studies the growing impact that work/life challenges have on today's business leaders and provides childcare and early education solutions. The services provided by this program include conducting surveys and needs assessment studies to determine the best initiatives for the program's partners.

The above listed programs and initiatives all require additional fees and/or involve other rights and obligations. Please refer to Items 5-7, Exhibits E and F and Franchise Agreement, § 6.17 (Exhibit C) of this Franchise Disclosure Document for further details.

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If we offer a franchise to you (we will refer to an individual, partnership, limited liability company or corporation as “**you**”), then you will sign a Franchise Agreement (“**Franchise Agreement**”), under which we will grant you the right to establish and operate a Center at a specific location that we either have or later will approve. A copy of our Franchise Agreement is attached to this disclosure document as Exhibit C. (In this disclosure document, “**you**” means the person or legal entity with whom we enter into an agreement. The term “**you**” also refers to the direct and indirect owners of a corporation, partnership, limited liability company, limited liability partnership, or other entity that signs a Franchise Agreement as the “**franchisee.**”)

In the past, we offered certain candidates a zone developer agreement, which would grant the zone developer the right to own and operate, manage, and market to third parties (with whom we will sign Franchise Agreements), a certain number of Centers in a specified area. While we have ceased offering zone developer agreements currently, this may change in the future. Information relating to our former “**Zone Developers**” is attached to this disclosure document as Exhibit R.

### **Managing Franchisee Centers**

On occasion, a franchisee may ask us to manage its currently open and operating Center, or a soon-to-be-open Center. You are not obligated to use our management services and we are not obligated to agree to manage your Center if you so request. If we do agree to manage your Center, we will ask you to sign our Exclusive Center Management Agreement, a copy of which is attached as Exhibit Q. As of December 31, 2022, we were not managing any franchisee Centers.

### **The Childcare Industry and Market**

The childcare center market has expanded for several reasons, such as the growing population of children aged five years and younger, the importance of high-quality early childhood education, the benefits of childcare among corporations to keep effective and productive employees, and the increase in the number of working parents.

The majority of childcare businesses are home-based and custodial in nature, and lack professional management or educational content. The center-based programs, though fewer in number, enroll a majority of the children and vary in the services provided. Some large chains operate their own centers, while others may franchise some or all of their centers. The location of child care facilities also varies, ranging from those near parents' workplaces, retail shopping centers, office buildings, residential areas and, as described above, provider's homes. Center-based childcare has many components, including nurseries and preschools.

While the national market has expanded for services offered by childcare centers, local markets can vary from the overall national market. Each location or “market” has different demographics, child care needs, business opportunities for working parents and competition for our franchised and owned childcare centers.

Our target market in each location is dual income, middle-class families or single parents who seek a quality child care facility that offers a comprehensive program of educational and social development programs in a safe and nurturing environment.

The childcare market is not seasonal, but there is a tendency of some parents to enroll their children in or around September of each calendar year.

### **Our Competition**

Competition varies, depending on the local market, and may come from one or more of the child care providers described above, such as home-based, regional and national chains and religious-based preschools. Among our national competitors are: (a) KinderCare Education, which operates KinderCare, Knowledge Beginnings, Learning Care Group (which operates La Petite Academy), Childtime, the owner of Tutor Time, which, as described above, the Weissmans had co-founded in 1987; this company also operates, among others, and Bright Horizons Family Solutions, which is a publicly-traded (NASDAQ) company.

### **Laws and Regulations Affecting the Child Care Industry**

Childcare facilities are subject to myriad federal, state and local laws and regulations. There is a wide variation in legal requirements among the various state and local laws and regulations.

All states require licenses to operate a childcare center. Criteria for the issuance of licenses vary from state to state, but customarily include compliance with standards for building improvements and child safety, playground dimensions and background checks of a franchise owner’s principals and employees. The licenses also may limit the number of children of a center to a specified “Licensed Capacity,” which means the maximum number of students permitted in a childcare facility at any given time. A license for a childcare facility generally also requires adherence to state and local codes for fire, environmental health and safety as well as applicable federal statutes, such as the Americans with Disabilities Act.

All states require background checks and screening of proposed employees and volunteers for a childcare center. In addition, each state imposes educational qualifications for the center director, staff and volunteers and requires documentation of such policies for the childcare centers. States also can regulate a childcare center’s curriculum and typically require submission of the childcare center’s program plans, discipline policy, emergency and evacuation plans, specific equipment, maintenance of records, CPR and first aid requirements. A state agency may conduct scheduled and unscheduled inspections of centers. Repeated failures by a Center to comply with laws and regulations can result in state sanctions; sanctions could include fines, corrective orders, probation or, in serious cases, suspension or revocation of the childcare center’s license.

In addition, you must comply with local, state and federal laws applicable to any business, such as health, sanitation, no-smoking, EEOC, OSHA, discrimination, taxes, employment and sexual harassment laws. The Americans with Disabilities Act of 1990 requires readily accessible accommodations for disabled people and, therefore, may affect your building construction. The Patient Protection and Affordable Care Act may require you to offer health insurance to certain employees. You must obtain real estate permits, other licenses, zoning approvals, and leasehold, signage and site occupancy permit and certifications. Childcare centers can also face liability for claims from parents and guardians arising from injury to the

children as a result of playground or other activities. Due to the global coronavirus pandemic, some state government agencies and at some point possibly the federal government have ordered (or suggested) that our Centers temporarily close or conditions otherwise severely limited our ability (and that of our franchisees) to operate. We cannot predict how long these conditions will last but anticipate that they will have a considerable impact on our business and that of our franchisees for at least a short-term basis. You should consult with your attorney concerning those and other local laws and ordinances that may affect your operation.

## **ITEM 2**

## **BUSINESS EXPERIENCE**

### **RICHARD S. WEISSMAN – DIRECTOR/CHAIRMAN/CEO**

Richard S. Weissman has been a President and Director of TLEC (and its predecessor) and TLES since its formation and Chairman of the Board and CEO since December 2014. Richard started in the preschool business with his parents when he was still in high school in 1980 and was co-founder of Tutor Time with his parents in 1987 to 1999 and served as its Chairman and CEO. Richard then co-founded TLEC with his parents in 2002. Richard has also been a Board member of Make-a-Wish South Florida for the past eleven years, and was Chairman of the Board of Make a Wish South Florida from February 2020 until August 2022.

### **T. NEALE ATTENBOROUGH – DIRECTOR**

Neale Attenborough serves as a Director of TLEC and TLES since June 2018. Mr. Attenborough also serves as a Managing Director of Golden Gate Capital in San Francisco, California, with a focus on investment opportunities within the broader Consumer vertical. In addition to TLEC and TLES, Mr. Attenborough currently serves on the Boards of Bob Evans Restaurants, PSEB Group, FGS Global, Tidal Wave Auto Spa, Questech Inc and All My Sons. Previously, Mr. Attenborough served as an Operating Partner to the Golden Gate (May 2011 to December 2021, San Francisco, CA) and as the Chairman and Chief Executive Officer of portfolio company Orchard Brands (January 2001 to May 2011, Beverly, MA). Prior to Golden Gate Capital, Mr. Attenborough was a Partner at Westways Ventures (June 1998 to present, Palm Beach, FL), an operating venture partnership focused on the consumer and health care sectors (during which time he also served as Chief Executive Officer of Medpearl, Inc. and co-founded Physician’s Dialysis LLC) (June 1998 to January 2001, Nashville, TN and Beverly, MA), and he held general management and senior marketing roles at Genesco (January 1994 – June 1998, Nashville, TN), Boston Whaler (May 1985 – August 1986 and January 1991 – December 1993, Rockland, MA) and NorthStar Navigation Technologies (June 1988 – December 1990, Acton, MA). He began his career in brand management at Procter & Gamble (June 1981 – May 1985, Cincinnati, OH and Brussels, Belgium). Mr. Attenborough has an MBA (with Distinction) from Harvard Business School and a BA in Economics (with High Honors) from the University of Michigan.

### **MIKE MONTGOMERY – DIRECTOR**

Mike Montgomery has served as a Director of TLEC and TLES since June 2018. Mike also serves as a Managing Director at Golden Gate Private Equity, Inc. in San Francisco, California, which he joined in 2006. Mike also currently serves on the boards of multiple companies, including PacSun, headquartered in Anaheim, California, since October 2016, Tidal Wave Auto Spa, headquartered in Thomaston, Georgia, since December 2020, The Little School headquartered in San Francisco, California, since June 2020, and All My Sons, headquartered in Carrollton, Texas, since October 2021.

### **BRIAN ALEXANDER – EXECUTIVE VICE PRESIDENT, CHIEF LEGAL OFFICER, AND SECRETARY**

Brian Alexander has been our Executive Vice President, Chief Legal Officer, and Secretary since March 2021. From December 2014 to March 2021, Brian was Vice President of Business Affairs and Deputy General Counsel for Hard Rock International located in Davie, Florida. From November 2009 to December 2014, Brian served as Vice President of Legal for Wyndham Hotel Group in Parsippany, New Jersey.

### **RON LINARES – CHIEF FINANCIAL OFFICER**

Ron Linares joined us as our Chief Financial Officer in August 2021. He previously served as Chief Financial Officer of Sentry Data Systems in Deerfield Beach, Florida from May 2018 to August 2021. Mr. Linares was a consultant with RTLTX Consulting in Davie, Florida from February 2017 through April 2018 and served WCCT Global as its Chief Financial Officer from July 2015 to February 2017.

### **SANDY LEVINE – CHIEF ACCOUNTING OFFICER**

Sandy Levine has been our Chief Accounting Officer since August 2021. She served as our Chief Financial Officer from July 2016 until July 2021. Sandy served as our Interim Chief Financial Officer from September 2015 to June 2016. From August 2010 to August 2015, Sandy was our Controller.

### **BRAD WAHL – CHIEF BRAND OFFICER**

Brad Wahl has been our Chief Brand Officer since October of 2021. Brad joined The Learning Experience as our Senior Vice President of Marketing in April 2017 and was promoted to the role of Senior Vice President of Brand in 2020. Prior to joining The Learning Experience brand team, he has held marketing and brand leadership roles with various multi-unit consumer brands, including Vice President of Marketing & E-Commerce for Kirkland’s Home Décor, Vice President of Marketing for Cracker Barrel Restaurants, and Vice President of Marketing & Product Development for Krystal Restaurants.

### **TRACI WILK- CHIEF PEOPLE OFFICER**

Traci Wilk has been our Chief People Officer since June 2021. She joined the organization in March 2018 as Senior Vice President, People. From January 2015 to December 2017 she was the Chief Human Resources Officer at rag & bone located in New York City, and was promoted into that role. Prior, she was Vice President, Human Resources at rag & bone from December 2013 to January 2015. She has held human resources leadership positions for over 25 years.

### **NICHOLAS M. VANELLA - EXECUTIVE VP OF REAL ESTATE**

Nicholas M. Vanella has been our Executive Vice President of Real Estate since January 2013. From 2003 to December 2012, Nicholas was our Senior Vice President of Real Estate.

### **ESSIE KRONSTAT – VICE PRESIDENT OF FRANCHISE DEVELOPMENT**

Essie Kronstat has been our Vice President of Franchise Development since January 2013. From November 2009 to December 2012, Essie was our Director of Franchise Development.

**JENNIFER MURRAY – SENIOR VICE PRESIDENT EAST**

Jennifer Murray has been our Senior Vice President East since January 2022. She was previously our Regional Vice President from October 2017 through December 2021. Jennifer was our Vice President of Franchise Operations from January 2017 through October 2017. From January 2015 to January 2017, she was our Senior Vice President of Franchise Operations. Jennifer was our Regional Vice President of Operations from September 2012 to December 2014 and our Vice President of Center Operations from April 2010 to September 2012.

**STEPHANIE RETHERFORD – SENIOR VICE PRESIDENT WEST**

Stephanie Retherford has been our Senior Vice President West since January 2022, and was previously our Regional Vice President from January 2020 through December 2021; our Regional Director from December 2018 through January 2020; and our Regional Manager from October 2016 through December 2018.

**DAVID SLAVNY- EXECUTIVE VICE PRESIDENT OF DEVELOPMENT**

David Slavny has been our EVP, Development since January 2023. From January 2020 to December 2022 David was the Senior Vice President of Technology. From July 2016 to September 2019 David was the Vice President of Business Development for Integra Touch LLC, located in East Rochester New York.

**JOSHUA WEISSMAN- EXECUTIVE VICE PRESIDENT OF FINANCE**

Joshua Weissman has been our Executive Vice President of Finance since January 2023. From January 2021 to December 2022, Joshua was our Senior Vice President of Finance. From January 2018 to December 2020 Joshua was our Vice President of Financial Planning and Analysis. From September 2010 to December 2017, Joshua was our Director of Financial Planning.

**JOSHUA KULBERG – SR VICE PRESIDENT OF INFORMATION TECHNOLOGY**

Josh Kulberg has been our SVP of Information Technology since December 2021. From December 2013 to December 2021, Josh was our VP of Information Technology. From February 2012 to December 2013, Josh was our AVP of Information Technology. From September 2009 to February 2012, Josh was our Director of Corporate IT.

**DEBORAH O’BYRNE- VICE PRESIDENT OF OPERATIONAL COMPLIANCE**

Deborah O’Byrne has been our Vice President of Operational Compliance (previously referred to as Vice President of Quality Assurance and Vice President of Asset Protection) since January 2015. Deborah was our Regional Vice President of Operations from September 2012 to December 2014, and our Vice President of Compliance from September 2010 to August 2012.

**STEPHEN HAWTER - VICE PRESIDENT OF LEARNING AND DEVELOPMENT**

Steve Hawter has been our Vice President of Learning & Development since June 2019. From February 2017 to March 2019, Steve was Vice President of Training and Strategic Integration for Carrabba’s Italian Grill, located in Tampa, Florida. From October 2014 to February 2017, Steve served as Senior Vice President of Training for Dickey’s Barbecue Restaurants, located in Dallas, Texas.

**ITEM 3****LITIGATION**Pending:

None.

Concluded:

The Learning Experience Systems LLC, et al. v. MGM Group Holdings LLC, et al. (Circuit Court of the Fifteenth Judicial Circuit in and for Palm Beach County, Florida, Case No. 2013-CA-000968XXXXMB AF, filed January 17, 2013). TLES commenced this action in Florida state court against a current franchisee, MGM Group Holdings, LLC, and its owners, Augustus and Michelle Montgomery, for breach of the franchise agreement and breach of a prior settlement agreement. TLES's Complaint alleged that the franchisee failed to make certain payments to TLES required by the franchise agreement, and that the franchisee failed to honor the terms of a prior settlement agreement with TLES, which itself was occasioned by multiple prior defaults in payment and performance by the franchisee. The franchisee attempted to assert multiple counterclaims against TLES, including counterclaims for breach of the covenant of good faith and fair dealing and for violation of the New Jersey Franchise Practices Act. The Court dismissed most of the franchisee's counterclaims on multiple occasions. The franchisee filed for bankruptcy protection in June of 2015, and this matter was settled in December of 2015. Under the settlement, an affiliate of TLES repurchased the franchised center for \$143,000, and the franchise was terminated.

Bezner v. The Learning Experience Systems LLC, et al. (US Bankruptcy Court, D. New Jersey, Docket No. 12-2068 (KCF), filed October 18, 2012). Before the franchisee and the franchise owners filed for bankruptcy protection, TLES commenced an action in the U.S. District Court for the Southern District of Florida on May 4, 2010 for monetary damages in excess of \$75,000 and injunctive relief against a franchisee, Foxborough Child Care, LLC, and its sole owner, and the guarantor of the franchisee's obligations to TLE, Mr. Satish Mehta. On May 27, 2010, TLES amended its Complaint to add an additional defendant, Milford Child Care, LLC; Milford was another terminated franchise owned by, and whose obligations were guaranteed by, Mr. Satish Mehta. TLES's Amended Complaint alleged that, among other things, the franchisee defendants (a) failed to pay certain franchise fees or other amounts, including royalties in the amount of \$16,361.25; (b) failed to pay rent to the Centers' landlords and other defaults under the Centers' leases in the amount of \$118,536.61; (c) failed to operate the Centers in accordance with the franchise agreement and Operating Manual obligations; (d) failed to maintain employees' health insurance coverage in violation of federal laws; (e) infringed and impaired TLES trademarks; and (f) failed to fulfill their post-termination obligations under the franchise agreements. On October 15, 2010, the case was transferred to the U.S. District Court for the District of New Jersey (Case #: 2:10-cv-05314-WHW-CCC). The case in the District of New Jersey was later stayed due to Mr. Mehta's bankruptcy filing and the franchisee's counterclaims were re-filed in the Bankruptcy Court by the Bankruptcy Trustee as an adversary proceeding. This case was settled at mediation in August of 2014. Pursuant to the settlement, TLES admitted no liability, and agreed to: (i) repurchase the former franchisee's Foxboro, MA center for \$88,750; repurchase the former franchisee's Milford, MA center for \$98,750; and (iii) refund the franchise fee of \$50,000 paid by the former franchisee for a third franchised center that was never opened.

United States of America v. Tutor Time Child Care Systems, Inc., Lifecare Investments, Inc., Florida Academic Enterprises, Inc., Michael Weissman and Richard Weissman (US District Court for the Northern District of California, Index No. C 96-2603). On August 5, 1996, a Consent Order was entered against the defendants in this action. All defendants without admitting to any wrongdoing agreed to settle the matter by agreeing to be permanently enjoined from: (a) violating the FTC Franchise Rule including, specifically, failing to (i) make timely pre-sale disclosure of a franchise disclosure document to prospective franchisees or (ii) have a reasonable basis for, or include in its franchise disclosure document, any financial performance



information furnished to prospective franchisees; (b) making, in connection with the offer and sale of franchises, any false or misleading statement of a material fact or a statement of a material fact in the absence of substantiating information concerning actual or potential franchise earnings, the availability or the delivery of an operational franchise within a specific time frame or geographic area; and (c) enforcing against any franchisee a right to prevent them from discussing with the FTC the franchisees' experiences with defendants. Other prohibitions on defendants' actions lapsed in August 2001, including those that prevented enforcement of any contractual right to restrict franchisees from discussing their experiences with defendants with other prospective franchisees, and certain record keeping and reporting obligations to the FTC. Defendants paid a \$220,000 civil penalty. Defendants Tutor Time, Lifecare and Florida Academic also agreed to comply with several additional requirements that were not imposed on Richard Weissman.

Department of Corporations of California v. Tutor Time (Los Angeles County, California). This action related to litigation against Tutor Time, in which Richard S. Weissman was also named as a party. (Richard Weissman left Tutor Time in 1999). In 1999, the California Department of Corporations (the "Department") commenced an investigation of Tutor Time franchise sales in California. This investigation focused on sales made during a time when Tutor Time was not properly registered with the State of California for such sales. Tutor Time cooperated with the investigation. In November 1999, Tutor Time entered into a Settlement Agreement with the Department. A Desist and Refrain Order was entered against Tutor Time ordering it to halt sales of franchises not in compliance with California Code of Regulations, Title 10, Section 310.100.2. Tutor Time was also ordered to cease any sales through Zone Developers until fully disclosed. Tutor Time also agreed to suspend all sales in California pending a review of a revised UFOC by the Department, as well as paying costs of the investigation in the amount of \$5,621.25. On February 22, 2000, the Department approved the Tutor Time UFOC Amendment, and Tutor Time later commenced to grant franchises in the State of California. Also, Richard S. Weissman agreed to follow California Regulations concerning the sale of franchises.

Other than these four actions, no litigation is required to be disclosed in this Item.

#### **ITEM 4**

#### **BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

#### **ITEM 5**

#### **INITIAL FEES**

##### **Franchise Fee**

The franchise fee ("**Franchise Fee**") for each Center is \$60,000 and must be paid in full in cash or other form of immediate payment that is acceptable to us upon execution of our Franchise Agreement. There is no discount from the Franchise Fee unless you and we enter into a Multiple Franchise Center Addendum ("**MFC Addendum**"), which is discussed below.

We will refund the Franchise Fee that you have paid only if each of the following pre-conditions are fully satisfied: (i) you have executed the Site Development Service Charge Addendum (the "**SDSC Addendum**"); (ii) we have failed to satisfy our site location obligation to you as described in the SDSC Addendum; and (iii) you have complied with the notice obligations and executed a termination and release agreement substantially in the form attached as Exhibit O to this Disclosure Document. If all of these conditions are satisfied, you will receive a refund of the Franchise Fee and any monies paid under the SDSC Addendum in 12 monthly installments.

In our last fiscal year, the Franchise Fee was uniform for all franchisees who acquired a New Center (as defined below); the Franchise Fee charged to franchisees who acquired an Existing Center (as defined below), either from us or from another franchisee, varied.

### **Other Payments to Us or our Affiliates Prior to Opening a Center**

In addition to the Franchise Fee, you must also pay us the fees and charges described below.

You must pay us a fee of \$2,399 to set up the Center's computer hardware and software for the TLE Technology Package. This Package consists of CORE (Center management system), Show N Tell and Bubble and Friends (mobile reporting and parent engagement tools). The fee also includes the MyTLE center management platform. The fee does not include Microsoft Office or hardware.

You must sign an Addendum with respect to the location and construction of your Center. You have the choice of: (a) having us provide you with a turnkey Center through your execution of a Site Development Service Charge Addendum, attached as Exhibit F ("**SDSC Addendum**"); or (b) selecting and building your own Center with our approval through your execution of the Site Coordination Addendum, attached as Exhibit I ("**SC Addendum**"). Please refer to Item 11 under the subheading "Site Selection" for a more detailed description of the services provided under each Addendum.

Site Development Service Charge. If you elect to have us find you a site, you must pay us a Site Development Service Charge ("**SDSC**") and execute an SDSC Addendum. Under this Addendum, we will perform certain Site Development Services, including: (i) locate a third party developer landlord, who will be responsible to deliver to you a build-to-suit "Turnkey" childcare facility ("**New Center**"); (ii) coordinate the design of your New Center and Playground with the landlord; (iii) arrange for the landlord to engage a third-party architect (subject to our approval) to prepare architectural plans for your New Center in accordance with our plans and specifications; (iv) offer guidance to the landlord regarding zoning and site plan approval for your Center; (v) provide to the landlord a list of vendors to deliver supplies, furniture, fixtures and equipment ("**FF&E**") to your New Center that we, in our sole discretion, deem necessary for at least seven classrooms, including at least one infant classroom; and (vi) provide consultation to the landlord with respect to obtaining governmental approvals necessary for the construction and development of your New Center, including without limitation site plan approval, zoning approval, building permit, and Certificate of Occupancy. These obligations, taken together, constitute the Site Development Services.

In a number of cases, we may be required to provide some form of contingent liability under a lease for the Center. In any case, you will sign: (a) an Assignment and Assumption of Lease Agreement to assume the lease or the tenancy, which is attached as Exhibit H to this Disclosure Document; or (b) a lease or sublease directly with us or our Affiliate. Executing the SDSC Addendum and paying the SDSC does not grant you any possessory rights in your New Center. Possessory rights are granted to you through an assignment or sublease of the Lease.

If we or any of our affiliates do guaranty the lease obligations or otherwise retain any financial obligations under the Lease, you will pay us or our Affiliate a Lease Administration Fee in an amount equal to the greater of: (a) eight percent of your annual base rent under the lease; or (b) \$1.80 per square foot of the Center each year during the term of the lease or any renewal, payable in prorated monthly payments each month during the term of the lease.

Under the SDSC Addendum, you will be responsible for the payment of a minimum SDSC of \$230,000 for the first 10,000 square feet of the Center developed for you, plus \$25.00 per each additional square foot. The square footage of a Center is, on average, 10,000 square feet, resulting in an average SDSC of \$230,000. The SDSC is payable upon the occurrence of following events, regardless of their order:

- (a) Initial deposit of \$30,000, due at the time you execute your Franchise Agreement and earned at the time you are Matched to a Site (defined in Item 11);
- (b) \$30,000, due and earned upon your Matched Site obtaining site plan approval (or similar local equivalent) from the local municipality;
- (c) \$30,000, due and earned upon the substantial completion of construction drawings for your New Center;
- (d) \$60,000, due and earned upon the issuance of a site permit or a building permit for your New Center; and
- (e) Balance due upon the issuance of Certificate of Occupancy (“CO”) (or Temporary Certificate of Occupancy (“TCO”), if applicable) for your New Center, but in all cases prior to delivery of FF&E to your Center and/or you taking occupancy of your Center.

If you obtain financing for the SDSC through a Small Business Association (“SBA”) loan, we may, in our sole discretion, elect to delay the payment due upon the issuance of a site permit or a building permit (under part (d) above) until the date that the CO or TCO is issued and/or your financing closes, whichever is earlier.

If you have executed an SDSC Addendum, and you have elected to accept a New Center that may be in a later stage of development, we will accelerate the above fee schedule to match the stage of development completed at time of your acceptance of the Center. You will be required to pay all fees due up to the stage of development applicable to the New Center you are acquiring upon your execution of the Franchise Agreement. We have the right to prohibit you from occupying your New Center, or to terminate your Franchise Agreement and sell or retain the New Center selected by you, if you default in any payments due under the SDSC Addendum.

We will refund the SDSC that you have paid only if each of the following pre-conditions are fully satisfied:

- (i) we have failed to satisfy our site location obligation to you as described in the SDSC Addendum, and
- (ii) you have complied with the notice obligations and executed a termination and release agreement substantially in the form attached as Exhibit O to this Disclosure Document. If all of these conditions are satisfied, you will receive a refund, in 12 monthly installments, of any monies paid under the SDSC Addendum.

In fiscal year ending December 31, 2022, the range of payments paid to us under the SDSC Addendum was \$210,000 to \$247,500, with an average payment in the amount of \$214,875. In fiscal year ending December 31, 2022, the majority of New Centers paid \$210,000 to us under the SDSC Addendum.

Assignor Security Deposit. If you have executed an SDSC Addendum, our Affiliate, as the original tenant under the Lease, may assign or sublease the Lease to you. At the time of the assignment, you will be required to post a security deposit with that Affiliate in an amount equal to the greater of: (a) any security deposit required under the Lease; or (b) two months’ Base Rent under the Lease. This “**Assignor Security Deposit**” will be held by our Affiliate, without interest, until the expiration of the term of the Lease. The Assignor Security Deposit shall be in addition to any security deposit that may be required to be paid to the Landlord under the Lease.

Site Coordination Fee. If you choose not to execute an SDSC Addendum and instead elect to locate and acquire a real estate location for your own Center, you must pay us a Site Coordination Fee (“**Site Coordination Fee**”) and execute an SC Addendum, which is attached as Exhibit I to this Disclosure Document. The Site Coordination Fee of \$60,000 is payable as follows:

- (a) Initial deposit of \$15,000, due at the time you execute the Site Coordination Addendum; and
- (b) \$45,000 due upon the closing of the land and is in consideration for our advising you in regard to the approvals and design with your professionals of the site in accordance with our specifications applicable to all Centers.

The Site Coordination Fee is site specific for each site that we approve. The Site Coordination Fee is not refundable.

Among the expenses that you will have under the SC Addendum are: (a) costs payable to approved suppliers; and (b) payments to a licensed architectural firm (architectural fees are described in Item 7 of this Disclosure Statement). The expenses described in (a) and (b) do not include your costs in acquiring real property on which to build your Center or the leasing of space for your Center, as applicable, or the costs of furniture, fixtures, equipment (“**FF&E**”) and proprietary supplies from us or our approved suppliers. We estimate that the costs of constructing your Center to our specifications from a buildable pad with all utilities to the outside wall of center will range from approximately \$240 to \$350 per square foot (this figure includes playground equipment) plus approximately \$10.00 per square foot to acquire the other FF&E and supplies from us or our approved suppliers that you need to open your Center. You would not pay the fees outlined in this and the following paragraph if you executed an SDSC Addendum.

If you enter into an SC Addendum, there will be additional fees for operating software, including Microsoft software for *Windows* and *Office* (latest versions) and *MicroStrategy* (our current BI analytics tool) based on then current pricing from these third-party vendors. These costs range from \$2,500 to \$5,000 per license as outlined in Item 7, below. You will purchase the operating software directly from third party vendors, except for *MicroStrategy*, which we sublicense to you. In addition, you must pay us the one-time fee of \$2,399 for the setup of the hardware and software(as noted above). This includes the *TLE Technology Package*, but does not include *Microsoft Office* or hardware setup.

If you enter into an SC Addendum, you will also be required to pay us before opening for our “**Proprietary Products**” (including t-shirts, uniforms, aprons, brochures, flyers, toys and games bearing our Marks). These fees and costs depend upon the number of staff and ages and numbers of children enrolled at your Center. In the average Center of 10,000 square feet, we would expect your initial purchases of Proprietary Products and other supplies to range from \$50,000 to \$125,000, most of which is payable to approved suppliers. You can purchase certain Proprietary Products from our approved vendors. Your purchase of Proprietary Products will be on-going.

In fiscal year ending December 31, 2022, two Centers were opened under an SC Addendum.

Acquiring an Existing Center from Us (if and when available). If you acquire an existing Center from us (“**Existing Center**”), you must also pay an acquisition fee (“**Acquisition Fee**”). The Acquisition Fee is determined in our sole discretion based upon several factors, which may include enrollment, tuitions, lease term and market conditions. The estimated initial investment range for an Existing Center (excluding purchase of real estate) is described in Item 7 of this disclosure document, but based on cashflow of the center it can exceed \$2,000,000 (for leased premises), depending on one or more of the factors discussed above. During the fiscal year preceding this Disclosure Document, franchisees purchased two Existing Centers from us.

**Multiple Franchise Centers.** On occasion we may offer, under certain circumstances and criteria decided by us in our sole discretion, a Multiple Franchise Center Addendum (“**MFC Addendum**”). In most cases you must be an existing franchisee in good standing for the company to take under advisement a multiple franchise Addendum. Under the MFC Addendum, you will have the right to operate four new Centers as a franchisee at a discount on the Franchise Fee. This right and the terms for the operation of multiple franchised Centers are described in the MFC Addendum, annexed to this Disclosure Document as Exhibit L.

Upon signing the MFC Addendum, you must pay the Franchise Fee for all four Centers and the respective service election fees due upon signing (that is, Site Development or Site Coordination) for the first Center, under the MFC or more if other centers are identified at time of signing the MFA. In addition, you must pay the respective service election fee when you sign the respective service election addendums for the second, third and fourth Centers.

If you execute an SDSC Addendum, the Franchise Fees paid under the MFC Addendum are only refundable as follows: if we fail to fulfill our Site Location Obligation as defined in the SDSC Addendum for your first Center, and you elect to terminate the Franchise Agreement, then the termination will also apply to the MFC Addendum, and all monies paid to us will be refunded in accordance with the terms of the SDSC Addendum; if we fail to fulfill our Site Location Obligation for your second Center, you may not terminate the Franchise Agreement, but you may elect to terminate the MFC Addendum and receive a refund of the Franchise Fee paid for any centers not committed to by you, as well as any monies paid in accordance with the SDSC Addendums for those three Centers, after which you will no longer maintain any licensing rights as a multiple franchisee, but the Franchise Agreement will continue in full force and effect with respect to your first Center. If we fail to fulfill our Site Location Obligation for your third or fourth Center, as the case may be, you may not terminate the Franchise Agreement or the MFC Addendum but you may elect to terminate the SDSC Addendum; if you do so, you will receive a refund of the Franchise Fee paid, depending on whether the third or fourth Center is being cancelled, as well as any monies paid in accordance with the SDSC Addendum for that Center. Then, the MFC Addendum and the Franchise Agreement will continue in full force and effect for those Centers open and operating. If you execute an SC Addendum, no part of the Franchise Fees paid under the MFC Addendum are refundable.

**Co-Membership Agreement.** On limited occasions we may offer, under certain circumstances and criteria decided by us in our sole discretion, a Co-Membership Agreement (“**Co-Membership Agreement**”). Under the Co-Membership Agreement, our parent, TLEC, will form a limited liability company (the “**Operating Company**”) and have the Operating Company execute a Franchise Agreement to become the franchise owner of a Site. You will have the right to become a co-member (“**Co-Member**”) in that Operating Company, with TLEC being the other member. TLEC will serve as the Managing Member of the Operating Company and you will serve as either the Center Director or the Business Manager under an employment agreement. At all times the Operating Company will be the franchisee and own the franchise. As such, you will not be a franchisee; you will only own a membership interest in the franchisee entity and your rights will be governed entirely by a Limited Liability Company Operating Agreement. To become a Co-Member, you will be required to make an initial investment in the Operating Company in an amount that we may determine in our sole discretion.

## ITEM 6

## OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalties	7% of the Center’s Gross Revenue, which includes all revenue related to the Center.	First day of each month.	See Note 1.

Type of Fee	Amount	Due Date	Remarks
Renewal Expenses	Varies.	As incurred	We do not charge a renewal fee but you may incur other charges in order to renew.
Brand Awareness Fund	Currently, 1% of Gross Revenue. We have the right to increase the minimum payment up to 2.5% of Gross Revenue.	Same as Royalties.	See Notes 1 and 2.
Marketing Materials	Our costs plus any licensing fee (up to 18%), shipping, handling, and storage costs.	As incurred.	Payable only if you request multiple copies of advertising, marketing, and promotional formats and materials that we develop.
Audit Fee	Varies.	Immediately after audit.	See Note 3.
Lease Administration Fee	\$1.80 per square foot per year or 8% of annual base rent, whichever is greater.	First day of each month.	See Note 4.
Ongoing Purchases of Proprietary Products	Full purchase price plus 18% licensing fee and the actual cost of shipping, freight, insurance, and tax, which we currently estimate to be \$5,000 to \$10,000 per year.	At the time of purchase.	Only payable if you purchase Proprietary Products from us. See Note 5.
Software Service Fee	\$499 per month.	First day of each month.	Payable for our general software support, which includes 2 hours of telephone support per month.
Additional Software Service Fees	\$100 per hour plus any travel expenses and hardware repair parts	As incurred.	Only payable if you: (1) exceed 2 hours per month of telephone support; (2) require an on-site service call; or (3) require hardware repair.
Interest on Late Payments	18% per year (but not more than the highest applicable rate under law).	As accrued.	Only payable if you don't pay us the amounts you owe within 30 days of their due date.  Interest will be charged only on overdue amounts and will start to accrue on the date when the payment was originally due.
Returned Check Fee	The greater of: (a) \$100; or (b) 5% of the amount of the check, plus our actual bank charges.	As incurred.	Only payable if any check or electronic transfer of funds issued by you to us or our Affiliates is dishonored by your

Type of Fee	Amount	Due Date	Remarks
			bank because of insufficient funds or account closed.
Late Fee for Delayed Payment	10%.	As incurred.	Only payable if you fail to pay us any amount due within 10 days of its due date.
Late Fee for Delayed Filing of Required Reports	\$50 for each occurrence, plus an additional fine of \$30 per day for each day past the deadline report is not submitted.  For Corporate Contracts, 5% of each enrolled corporate child's tuition per day the child is enrolled.	On demand.	Only payable if you fail to submit timely and accurate reports to us.
Bank Fees	Reasonable and customary bank ACH charges	As incurred.	Only payable on ACH fees we collect for family tuition payments
Training Fee	\$1,500 for each additional person to be trained.	10 days before attendance at training class.	Only payable if you: (a) choose to send more than 2 individuals to the franchise training program; or (b) employ a new Center Director.
On- Site Training Program	\$1,500 per week	As incurred.	Only payable if you employ a new Center Director or Business Manager, there is no training scheduled or available within 60 days of beginning employment, and we provide an on-site training program at your facility.
Refresher Non-Attendance Fee	\$500	As incurred.	Only payable if you fail to attend refresher training twice in one year.
Transfer Fee	\$25,000	With notice of intention to Transfer.	Only payable if you transfer your Center. See Note 8.
Securities Offering	The greater of: (a) \$25,000; or (b) our reasonable costs and expenses incurred in reviewing any additional securities documents.	With notice of intention to make an offering. As incurred.	Only payable if you make an offering of securities, stock, ownership, or partnership interests in you or your Affiliates. See Note 6.
Alternative Supplier Inspection	Our expenses.	As incurred.	Only payable if you request to purchase from other than approved suppliers and we

Type of Fee	Amount	Due Date	Remarks
			inspect and evaluate the supplier's products or services.
Insurance Policy Review Fee	\$1,500	At time of request for insurance policy review.	Only payable if you do not use one of our preapproved insurance brokers and/or insurers.
Insurance - Reimbursement of Costs	Amount of premiums and our reasonable expenses plus 18% of these costs	As incurred.	Only payable if you fail to purchase and maintain or provide adequate evidence of any required insurance coverage and we obtain insurance for you (which we are not obligated to do).
Indemnification	Varies.	As incurred.	Only payable if we or individuals associated with us incur losses due to any of your activities.
Costs and Attorneys' Fees	Will vary under circumstances.	Upon demand.	Only payable if you are in default under the Franchise Agreement, in which case you must reimburse us for our expenses (including reasonable attorneys' fees) as a result of your default and to enforce and terminate the agreement.
Fee for non-attendance at Convention	the greater of (i) One Thousand Five Hundred Dollars (\$1,500.00), or (ii) 80% of the cost charged to franchisees to attend the convention.	Upon demand.	Only payable if you fail to attend our annual convention.
Management Fee	Our out-of-pocket costs, plus 20% of your Center's profits, plus the greater of: (a) 4% of your Center's Gross Revenue; or (b) \$2,500.	Monthly.	Only payable if we are managing your Center. See Exclusive Center Management Agreement attached as Exhibit Q to this Disclosure Document.
L.E.A.P. Interactive Monthly Fee	\$199 service fee, plus \$3.75 to \$6.00 per child per month for L.E.A.P. Interactive curriculum (printed material costs).	Monthly.	Flat fee, payable regardless of the number of whiteboards in your Center. See Note 7.
Lost Future Royalties	Present value of the average monthly Royalties you were obligated to pay during the	As incurred.	Only payable if we terminate the Franchise Agreement due to your default.



Type of Fee	Amount	Due Date	Remarks
	12-month period immediately preceding the month the Franchise Agreement was terminated multiplied by the number of months remaining in the initial term.		
Liquidated Damages	6% of the single highest monthly Gross Revenue from the previous 36 months multiplied by 12 multiplied by the number of remaining years under the Franchise Agreement, and that number being reduced to a net present value using a 6% discount rate, plus a default rate of 2 times that value.	Upon termination.	Only payable if we terminate the Franchise Agreement due to your default or if you improperly terminate the Franchise Agreement.
Bookkeeping Service Fee for Managed Centers	\$250	First day of each month.	Only payable if we are managing your Center and you elect to use our bookkeeping services under a Bookkeeping Services Charge Agreement with us. See Exhibit Q to this Disclosure Document.
Late Data Fee	\$150 per day	As incurred.	Only payable if you entered a Bookkeeping Services Charge Agreement with us, you fail to timely gather relevant data. Payable for each day we assign staff to your Center to correct reporting capacity.

None of the above fees are refundable, except for the Transfer Fee which may be partially refunded if we withhold or deny our consent to Transfer after deducting our direct costs in connection with the proposed Transfer. All fees are payable to us and uniformly applied to new system franchisees; however, in some instances in which it was appropriate to do so, we have waived some or all of these fees for a particular franchisee. You must pay all recurring or continuing fees to us via Automated Clearing House (“ACH”), pursuant to the Authorization Agreement for Direct Payments (Attachment 5 to the Franchise Agreement). All capitalized terms are as defined in the Franchise Agreement.

We will have the right to make inflation adjustments to the fixed-dollar amounts under the Franchise Agreement (but not the Initial Franchise Fee) if there are changes in the Index from the year in which you signed the Franchise Agreement. "Index" means the Consumer Price Index published by the U.S. Bureau of Labor Statistics (“BLS”) (1982-84=100; all items; CPI U; all urban consumers). If the BLS no longer publishes the Index, then we can designate a reasonable alternative measure of inflation. We may adjust, for inflation, all fixed dollar amounts under the Franchise Agreement (except for the Franchise Fee) once a

year to reflect changes in the Consumer Price Index, not to exceed 5% annually of the then-current fee. We will not adjust the transfer fee during the first five years of your Franchise Agreement.

## NOTES

1. For the Initial Term of your franchise, in consideration of our services and the use of our Marks, you must pay us a royalty (“**Royalty**”) of 7% of the monthly “Gross Revenues” of your Center on the first day of each month. “**Gross Revenues**” means the total amount of consideration, whether cash, credit, or payment in kind, received by you and your Affiliates for all goods sold and services rendered from your franchised Center or in connection with the Trade Name or Marks, including barter (exchange of tuition for services or products), and excluding any and all refundable registration deposits, uncollectible debts, taxes collected and paid to a taxing authority, and tuition credits for your children and staff children not to exceed 3% of Gross Revenues. All miscellaneous programs are counted as revenue subject to Royalties and other related fees as per the Franchise Agreement. Your default in the payment of Royalties allows us to exercise any and all remedies, such as requiring more frequent payments and those other remedies listed in the Franchise Agreement and available at law or equity. Your default in paying Royalties carries serious consequences, including without limitation, termination of your Franchise Agreement without any refund of the monies you have paid to date. For additional information on Royalties, please see the Franchise Agreement.
2. The Brand Awareness Fund contribution, as required and defined in the Franchise Agreement, is currently 1% of your Center’s Gross Revenue. We have the right to increase the initial Brand Awareness Fund contribution up to 2.5% of your Center’s Gross Revenue. The Brand Awareness Fund contribution fee was waived prior to September 2009. If you default in making payments of any kind to us with respect to the Brand Awareness Fund, then we may require you to pay the Brand Awareness Fund contributions on a weekly basis, in addition to other remedies provided in the Franchise Agreement. The Brand Awareness Fund will pay us the designated monthly percentage and we will deduct from the Fund our fee of 5% per month of such monthly billing for our administrative services to the Fund.
3. Section 6.5 of the Franchise Agreement entitles us to conduct audits of your Center from time to time. If an inspection or audit reveals any underpayment of the Royalties or Brand Awareness Fund contributions payable under the Franchise Agreement (an “**Underpayment**”), you must immediately pay these amounts to us together with accrued interest at 18% per year (but not more than the highest rate allowed by applicable law) on the amount underpaid. Besides interest, you must pay us a late charge of 10% of the amount of any payment not received by us within ten days after its initial due date. In addition, if the Underpayment exceeds 3% of the monthly Royalty and/or Brand Awareness Fund contributions payable for any period covered under the Audit (“**Substantial Underpayment**”), the following actions must occur: (a) within thirty days from the notice of Substantial Underpayment, you must reimburse us for all expenses incurred by us in connection with the Audit, including paying the cost and expenses of our designated third-party auditor, if applicable; and (b) you must have your annual financial statements audited and certified at your expense for a period of not less than five years from the date of the infraction. If, however, the Underpayment exceeds 5% (“**Material Underpayment**”), we, along with the other remedies listed above, will assess the greater of: (y) a penalty equal to three times the amount of Material Underpayment, plus expense; or (z) a penalty of \$5,000 per month until such Underpayment, penalties and expenses have been received. We also reserve all other rights available under the Franchise Agreements, at law, and in equity.

4. You must pay us or our Affiliate a Lease Administration Fee in an annual amount equal to the greater of: (a) eight percent of your annual base rent; or (b) \$1.80 per square foot of the Center each year during the term of the lease/sublease or any renewal, payable in prorated monthly payments each month during the term of the lease/sublease. The Lease Administration Fee is a means of compensating us and our Affiliates for their potential liability to the Landlord under the Lease. As such, the Lease Administration Fee shall be due every year of the Lease term.
5. We reserve the right to charge a licensing fee of up to 18% for any products or materials bearing the Marks that are licensed by third parties for production, printing or distribution.
6. Securities offerings are a form of Transfer and are subject to the transfer provisions of the Franchise Agreement.
7. We offer other mandatory programs such as the Corporate Childcare Program and enrichment kits. Some of these programs may require you to pay certain fees even after the termination of your enrollment in the program. The details of these programs are described elsewhere in this Disclosure Document.
8. We may also offer some optional programs. Fees for optional programs are payable only if you choose to offer the Program. The fee calculation is based on the number and age of enrollees.
9. We do not charge a Transfer Fee if you die during the term of the Franchise Agreement and we approve your heirs or beneficiaries as transferees of the franchise. Certain other changes of ownership are not considered transfers, and so the Transfer Fee does not apply to those changes of ownership.

**ITEM 7****ESTIMATED INITIAL INVESTMENT****YOUR ESTIMATED INITIAL INVESTMENT**

**Table A:  
New Centers with SDSC Addenda**

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment (Note 1)</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Franchise Fee (Note 2)	\$60,000	Lump sum	Upon signing Franchise Agreement.	Us.
SDSC Fee - only for Site Development (Note 4)	\$230,000- \$280,000	Installment	Upon signing Addendum. See SDSC Addendum	Us. Payable only if you retain us to provide site development services.
Lease Security Deposits (Note 5)	\$15,000- \$150,000	Lump Sum	Varies depending on Lease Agreement	Landlord
Insurance Premiums	\$3,500 - \$18,000	Lump Sum	Before opening	Insurance Carriers

Type of Expenditure	Amount	Method of Payment (Note 1)	When Due	To Whom Payment is to be Made
Assignor Security Deposit	\$20,000-\$50,000	Lump Sum	Before Opening	Our Affiliate, who signed the Lease
Organizational Expenses	\$1,000-\$2,500	As Incurred	Before opening	Attorney, Accountant for forming business
Software Service Fee for 6 months at \$499/month	\$2,994	As Incurred	The month prior to opening, then monthly	Us
Pre-paid Rent for up to 3 months (Note 9)	\$0-\$150,000	As Incurred	Monthly	Landlord
Opening Marketing efforts	\$30,000-\$55,000	As Incurred	At or prior to Opening	Suppliers
Initial Computer Set Up Fee	\$2,399	Lump Sum	Upon installation of software	Us
Payments/Security Deposits to Utility Provider (gas, electric, water, sewer, telephone and internet service)	\$500-\$5,000	As incurred	To start and maintain these services	To the providers of such services
Local and state Licenses and Permits	\$400-\$2,000	Lump Sum	Before opening	Government Authorities
Travel/Lodging – for Staff Training (Note 13)	\$2,500-\$15,000	As Incurred	At Training	Third Parties
Initial Employee Salaries - 6 Months (Note 10)	\$15,000-\$75,000	As Incurred	First 6 months	Employees
Curriculum	\$500-\$3,850	As incurred	Monthly	Suppliers
Food/Paper/Expendables	\$1,250-\$3,500	Lump Sum	Before opening	Suppliers; based on enrollment of Center
Miscellaneous (Note 11)	\$0 - \$70,000	As Incurred	As Incurred	Suppliers
Additional Funds - operating expenses for 6 months (Note 8)	\$200,000-\$400,000	As Incurred	Varies	Employees, Others
L.E.A.P. Interactive Setup Fee (per whiteboard)	\$5,000 - \$8,800	Lump Sum	Upon installation of software and hardware	Suppliers
<b>Total: (Note 14)</b>	<b>\$590,043 – \$1,354,043</b>			

**YOUR ESTIMATED INITIAL INVESTMENT****Table B:  
New Centers with SC Addenda**

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment (Note 1)</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Franchise Fee (Note 2)	\$60,000	Lump sum	Upon signing the Franchise Agreement	Us
Site Coordination Fee (Note 12)	\$60,000– 25% due upon execution of the SC Addendum – 75% due on the closing of the land	Lump Sum	Upon execution of Franchise Agreement and SC Addendum	Us
Lease Security Deposits (Note 5)	\$15,000-\$150,000	Lump Sum	Varies depending on Lease Agreement	Landlord
Insurance Premiums	\$3,500-\$18,000	Lump Sum	Before opening	Insurance Carriers
Organizational Expenses establishing business	\$1,000-\$2,000	As Incurred	Before opening	Attorney and Accountant
Software Service Fee for 6 months at \$499/month	\$2,994	As Incurred	The month prior to opening, then monthly	Us
Computer Hardware and Microsoft Office	\$14,000	Lump Sum	Before opening	Suppliers
Pre-paid Rent for up to 3 months (Note 9)	\$0-\$150,000	As Incurred	Monthly	Landlord
Opening Marketing Efforts	\$30,000-\$55,000	As Incurred	At Opening	Suppliers
Computer Set-Up Fee	\$2,399	Lump Sum	Upon installation of software	Us
Payments/Security Deposits to Utility Provider (heat, gas, electric, water, sewer, telephone and internet)	\$500-\$5,000	As Incurred	To start and maintain these services	To the providers of such services
Local and state Licenses and Permits	\$400-\$2,000	Lump Sum	Before opening	Governmental Authorities

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment (Note 1)</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Travel/Lodging – for Staff Training (Note 13)	\$2,500-\$15,000	As Incurred	At Training	Third Parties
Initial Employee Salaries - 6 Months (Note 10)	\$15,000-\$75,000	As Incurred	First 6 months	Employees
Curriculum	\$500-\$3,850	As incurred	Monthly	Suppliers
Food/Paper/Expendables	\$1,250-\$3,500	Lump Sum	Before opening	Suppliers; based on enrollment of Center
Miscellaneous (Note 11)	\$0 - \$70,000	As Incurred	As Incurred	Suppliers, including Affiliates
Signage	\$5,000-\$45,000	Lump Sum	Before opening	Suppliers
Improvements (including Playground) (Note 6)	\$1,500,000-\$4,000,000	As Incurred	Before opening	Contractor, Property Owner
Furniture, Fixtures & Equipment (Note 7)	\$50,000-\$125,000	As Incurred	Before opening	Suppliers
Architectural Fees	\$35,000-\$100,000	As Incurred	Before Opening	Architect
Proprietary Products for 108 children and staff	\$50,000-\$100,000	As incurred	In advance, prior to opening	Us or approved third party suppliers
Additional Funds - operating expenses for 6 months (Note 8)	\$200,000-\$400,000	As Incurred	Varies. See Note 8.	Employees, Others
L.E.A.P. Interactive Setup Fee (per whiteboard)	\$5,000 - \$8,800	Lump Sum	Upon installation of software and hardware	Suppliers.
<b>Total: (Note 14)</b>	<b>\$2,054,043 – \$5,467,543</b>			

**YOUR ESTIMATED INITIAL INVESTMENT**  
**Table C:**  
**For Your Acquisition of Existing Center Only**

<b>For Your Acquisition of Existing Center Only Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment (Note 1)</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Franchise Fee per Center (Note 2)	\$25,000-\$60,000	Lump sum	Upon signing Franchise Agreement	Us. If you purchase from us after the first year from opening, this will be assessed as a Transfer Fee of \$25,000, in lieu of a \$60,000 Franchise Fee.
Acquisition Fee (Note 3)	\$500,000-\$2,500,000	Lump sum	As agreed	Us or existing owner
Insurance Premiums	\$3,500-\$18,000	Lump Sum	Before closing	Insurance Carriers
Organizational Expenses establishing business	\$1,000-\$2,000	As Incurred	Before closing	Attorney, Accountant
Software Service Fee for 6 months at \$499/month	\$2,994	As Incurred	The month prior to opening, then monthly	Us
Local and state Licenses and Permits	\$400-\$2,000	Lump Sum	Before closing	Authorities
Travel/Lodging – for Staff Training (Note 13)	\$2,500-\$15,000	As Incurred	At Training	Third Parties
Initial Employee Salaries - 6 Months (Note 10)	\$15,000-\$75,000	As Incurred	First 6 months	Employees
Curriculum	\$500-\$3,850	As Incurred	Monthly	Suppliers
Food/Paper/Expendables	\$1,250-\$3,500	Lump Sum	Before closing	Suppliers; based on Center enrollment
Miscellaneous (Note 11)	\$0-\$70,000	As Incurred	As Incurred	Suppliers
Toys and Supplies	\$0-\$65,000	Lump Sum	Before closing	Suppliers; Us for Proprietary Products
Additional Funds - for 6 months (Note 8)	\$200,000-\$250,000	As Incurred	Varies; see Note 8	Employees, Others
<b>Total: (Note 14)</b>	<b>\$752,144-\$3,067,344</b>			

**YOUR ESTIMATED INITIAL INVESTMENT****Table D:****Multiple Franchise Center (MFC) Addendum**  
(assumes four franchised Centers to be developed)

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment (Note 1)</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Line 1: Initial franchise fees due when you sign an MFC Addendum (equals four initial franchise fees reduced by 30%) (Note 15)	\$168,000	Lump sum	Upon signing the MFC Addendum (with the first Franchise Agreement)	Us
Line 2: Developer's office (Note 16)	\$10,000	As Incurred	As Incurred	Suppliers
Line 3: First Center (either under an SDSC or an SC Addendum) (Note 17)	\$590,043 - \$5,467,543	As explained in Charts A and B of this Item 7		
Line 4: Second Center (either under an SDSC or an SC Addendum) (Note 17)	\$590,043 - \$5,467,543	As explained in Charts A and B of this Item 7		
Line 5: Third Center (either under an SDSC or an SC Addendum) (Note 17)	\$590,043 - \$5,467,543	As explained in Charts A and B of this Item 7		
Line 6: Fourth Center (either under an SDSC or an SC Addendum) (Note 17)	\$590,043 - \$5,467,543	As explained in Charts A and B of this Item 7		
<b>Total:</b> (Note 17)	<b>\$2,538,172 - \$22,048,172</b>			

**ALL CHART FIGURES ARE ESTIMATES ONLY****Notes to Charts A, B, C, and D**

1. **Refunds.** The availability of refunds for amounts paid to persons other than us or our Affiliates will be determined by the arrangements you make with them. We do not refund any Franchise Fees or other fees except in the limited circumstances described in the SDSC Addendum and the MFC Addendum. Refer to Item 5 for details about refunds in these circumstances. We do not provide financing for your costs.

2. **Franchise Fee.** The Franchise Fee of \$60,000 is for one franchise Center.



3. Acquisition Fee. This estimate refers to Existing Centers that you acquire from us or our affiliate and is determined in our sole discretion based upon several factors, which may include enrollment, tuitions, lease term and market conditions. The cost to acquire an Existing Center from a third party will be negotiated between seller and buyer.

4. SDSC. If you elect to retain us to provide the Site Development Service, you must do so at the time you execute your Franchise Agreement. Upon execution of the SDSC Addendum, we will be obligated to arrange and fully coordinate for you the construction, improvement, design, development, and furnishing of a completely operational new turnkey Center, ready to open for business, with equipment for seven classrooms, including at least one infant classroom. The specific terms and conditions are found in the SDSC Addendum attached as Exhibit F to this Disclosure Document. The cost of the SDSC is a base charge of \$230,000 for a facility for the first 10,000 square feet of the Center plus \$25.00 for each additional square foot. Because the standard new Center is normally 10,000 square feet, the SDSC is \$230,000. The high-end estimate above is based upon a 12,500 sq. ft. facility. If you elect to retain us under the SDSC Addendum, your payment to us of the SDSC only pays for our services to coordinate the development of your New Center. As part of the SDSC, we arrange for FF&E to be provided for the New Center by the landlord or developer of your New Center, and the landlord or developer owns or holds a security interest in those items. You acquire no ownership rights in the real or personal property in the New Center by your payment of the SDSC. The SDSC does not cover enrollment of students or the hiring of staff. If we are the guarantor, sub-landlord, or otherwise liable under any lease or other real estate agreement applicable to your new Center for any reason, then you will be obligated to pay an SDSC to us, regardless of whether you have executed an SDSC Addendum or decided to develop your own site.

Under the SDSC Addendum, we will coordinate delivery by the landlord or developer of our designated specifications and leasehold improvements, FF&E, food and expendables, and educational equipment and supplies for seven classrooms, including at least one infant classroom. You will not own any of these items. You will have to replenish depleted supplies as you need them for your Center.

5. Lease Security Deposit. Figures are based on our assumption that the leased premises will be rented and that landlord may require a security deposit equal to three months' rent. These assumptions may differ from your actual experience.

6. Improvements. This provision is applicable only if you are developing your own new Center under an SC Addendum; and does not include the cost of land. This provision is not applicable if you sign an SDSC Addendum.

7. Furniture, Fixtures and Equipment. This category includes such items as telephones, alarm system, food supplies, janitorial equipment, educational equipment, administrative computers and classroom computers meeting our specifications. If you have leased equipment, you will be liable on the leases even if your Franchise Agreement is terminated. The cost of a L.E.A.P. Interactive whiteboard is not included in your SDSC, and the whiteboard is not part of FF&E.

8. Additional Funds for 6 Months. This category includes opening cash and other miscellaneous expenses over and above those included in the tables in this Item that may be incurred during the first six months of the franchised business operations. For Franchisees: For a 10,000 to 11,000 square foot Center, you must have at least \$200,000 of initial Additional Funds. For larger Centers, you must have at least \$250,000 in initial Additional Funds. We relied on our and our franchisees' prior experience in making these estimates. You should review these figures carefully in light of local conditions and the economy, and consult with a business advisor. Your actual operating expenses may be higher or lower than our estimate. Your credit history could impact the amount (and cost) of funds needed during the start-up phase. If you have no credit history or a weak credit history, suppliers may give you less favorable lending and payment

terms, which might increase the amount of funds you will need during this period. You will need to have staff on-hand before opening. These estimates do not and cannot account for the impact of inflation in building costs and other expenses.

9. Pre-paid Rent estimated for up to 3 Months. In some instances, a Landlord may require the tenant to prepay rent, either before or after the Lease commencement date.

10. Initial Employee Salaries. You will need to hire your administrative team prior to opening for training, and in accordance with the requirements of your state, which in some cases may require you to hire your team earlier. This category includes an annual salary for one Center Director and hourly pay for six to twelve staff members. Depending on your Center's initial enrollment, your need for staff may be greater or lesser during the first six months than our estimate and the range of your expenses for the salaries of initial employees would vary accordingly. The salary amount and hourly pay may vary considerably based upon local employment law, workforce availability, level of experience, and other factors.

11. Miscellaneous. Miscellaneous includes costs due to delays, interest, third party fees, etc. and is based on our experience in our owned Centers. Your experience with respect to such costs may be higher or lower than our estimates.

12. Site Coordination Fee. If you are developing and constructing your own new Center as approved by us, you must sign an SC Addendum and pay a Site Coordination Fee of \$60,000. This fee is non-refundable.

13. Travel/Lodging – for Staff Training. This estimate assumes that you will send the required number of individuals to the initial training program for the number we require. We do not charge a tuition fee for the initial training program; however, you will be responsible for any salaries, meals, lodging, other living expenses and transportation costs incurred by your employees while attending the initial training program. The costs you incur will vary depending upon factors such as the distance traveled, mode of transportation, travel preferences (such as air travel or ground transportation), nature of accommodations, *per diem* expenses actually incurred, and the number of persons who will attend training.

14. Total. The figures in the chart and the explanatory notes are only estimates. Your actual costs may vary considerably, depending, for example, on factors such as: local economic conditions; the local market for the Center; the prevailing wage rate; competition; the sales level achieved during the initial period of operation; and your management and training experience, skill, and business acumen. You should review these figures carefully on your own with a business advisor of your choosing before making any decision to purchase the franchise. You should take into account the cash outlays and probable losses that you may incur while you are trying to get established. Extensive start-up costs may be involved, depending upon your circumstances.

15. MFC Addendum. Chart D to this Item 7 assumes that you will sign an MFC Addendum for four franchised Centers. When you sign the first franchise agreement and the MFC addendum, you would pay the initial franchise fee for all four franchises (Line 1 of Table D). You will incur the other expenses associated with developing Centers as you start to develop those Centers.

16. Developer's Office. In the unlikely event that you need a separate stand-alone office to use as a "multi-unit developer" (distinct from the office that you will use for the first Center), we estimate in Line 2 of Table D that you may incur up to \$10,000 of expense in setting up that office.

17. Center Estimates. The estimates in Lines 3-6 of Table D for the first through fourth Centers are taken from Tables A and B (for new Centers with an SDSC Addendum and for new Centers with an

SC Addendum), less the \$60,000 initial franchise fee for each unit, which is already accounted for in Line 1 of Table D).

## **ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

To ensure that the highest degree of quality and service is maintained, you must operate the Center in strict conformity with the standards and specifications that we prescribe in the Manual or otherwise in writing. You must not: (a) deviate from our standards and specifications without our prior written consent; or (b) otherwise operate in any manner that reflects adversely on our Marks or the System. We may change our standards and specifications when, in our reasonable discretion, change is needed. You must promptly conform to the modified standards and specifications at your own expense. Changes may require you to purchase equipment, supplies, furnishings or other goods, put your employees through additional training, or incur other costs.

You may use, offer and sell only those products, services and related supplies that we expressly approve in writing for use and sale by Centers (the “**Approved Products and Services**”). You may not use or sell any other products or services without our prior written consent. We may designate Approved Products and Services as required or optional. You must use and sell required Approved Products and Services and may use and sell optional Approved Products and Services. We may revise the Approved Products and Services at any time, in our sole discretion. If we revoke our approval of any products or services, you must stop offering those products or services within 30 days after our written notice to you. You may charge less than the suggested resale prices set by us.

You must purchase and install at the Center, at your expense, all fixtures, furnishings, equipment, décor, signs, upgrades and other items we reasonably direct from time to time in the Manual or otherwise in writing, and must not install anything that does not meet our standards and specifications. You must maintain your Center in a manner consistent with the condition and appearance of other Centers. To do so, you must use a cleaning or janitorial vendor (which we reserve the right to approve) to clean the premises in accordance with System standards.

To the extent that we have selected approved suppliers, you must purchase all products, equipment, supplies, and materials used or sold by the Center solely from such suppliers (including manufacturers, wholesalers and distributors). We may select approved suppliers based on factors such as their ability to meet our reasonable standards and specifications for such items; whether they possess adequate quality controls and capacity to supply your needs promptly and reliably; that approval will not jeopardize the availability of special pricing or other benefits offered by existing suppliers based on systemwide purchases; and the supplier’s agreement to sign our current form of supplier agreement for products and services. If you wish to purchase products or services from other than approved suppliers, you must submit to us a written request to approve the proposed supplier, together with such evidence of conformity with our supplier-approval policies as we may reasonably require, or must ask the supplier itself to do so. We will have the right to inspect and evaluate the supplier’s products or services to be supplied, and you must pay all of our reasonable expenses incurred in so doing. Although the Franchise Agreement does not require us to notify you of our approval or disapproval of a supplier within a specified time, we estimate that we may notify you within 30 days after our receipt of your written request. We may from time to time reevaluate the products and/or services of any approved supplier and revoke our approval of particular products or services or suppliers if we determine, in our sole discretion, that their products or services or suppliers no longer meet our standards. Upon receipt of written notice of such revocation, you must cease to use or sell any disapproved products or services and cease to purchase from any disapproved supplier. As a condition of approving a supplier of any products that bears our Mark(s), the supplier must sign our License Agreement or other agreements in form and content satisfactory to us or that we, in our sole discretion, may require.

We will provide you, in the Manual or otherwise in writing, with a list of names and addresses of suggested suppliers of goods and services that currently meet our standards and specifications. However, we do not guarantee the products and services of such suppliers and do not accept any liability or responsibility to you or any third party for any such suppliers' failure to continue to meet such standards and specifications. In addition, we expressly disclaim any warranties or representations as to the condition of the goods or services sold by such suppliers, including, without limitation, express or implied warranties as to merchantability or fitness for any particular purpose. You must look solely to the manufacturer of goods or the supplier of services for the remedy for any defect in the goods or services.

We may, in our sole discretion, establish one or more strategic alliances or preferred vendor programs with one or more suppliers who are willing to supply all or some Centers with some or all of the Proprietary Products and/or other products and services that Centers are authorized to offer to the public. Any such programs may limit and/or require you to use suppliers other than those that you would otherwise use, and/or limit the number of approved suppliers with whom you may do business.

Our Proprietary Products are an integral part of our System and provide a strong identity, methodology, and curriculum. We may restrict your ability to purchase Proprietary Products as well as other current and future products, supplies, or services to: (a) us; (b) one of our Affiliates; or (c) one or more third party suppliers that we have designated or approved. Use or sale of any substitute product or service for the Proprietary Products is strictly prohibited. We may apply and you must pay the full purchase price of any Proprietary Products you purchase, plus an 18% licensing fee and the actual cost of any shipping, freight, insurance and applicable sales or use tax, as specified by us and applicable law, together with each order of Proprietary Products.

As of April 1, 2023, our designated supplier for most of our Proprietary Products is All-Star Engraving, Inc., a Florida corporation, which is authorized to supply the products under a license agreement with TLEC. TLEC receives a license fee based upon the gross sales of Proprietary Products to Centers. We reserve the right to sell the Proprietary Products directly to you and/or to designate other suppliers to do so.

The training of teachers, sales personnel and administrative staff and the development of advertising and marketing promotions are based in large part on these products developed by MWR and licensed to us and through us to you. We pay MWR a license fee in order to provide to you the right to use our licensed material, including the curriculum, L.E.A.P., and products bearing our Marks or copyrights in the operation of your Center.

We and/or our Affiliates may from time to time sell to you programs that we have produced. Because we are not generally offering fungible commodities but instead are providing services and the use of licensed materials, including trademarks and curriculum that take years to develop, we cannot provide you with the basis for the value that we have attributed to these services and licensed materials. These services and the licensed material are not resold and as a result, we cannot determine their fair market value or any mark-up. As we and our Affiliates have our own staff writing the curriculum, developing the artwork and creating the copy, it is difficult to attribute value to the employee time, research, drafting, trademark value, beta testing and the like, all of which may take years to develop and many years to recapture based upon the number of Centers operating in the System. As such we will establish a reasonable cost for these products and services.

You must purchase the proprietary curriculum from our approved vendors. The curriculum has been developed under a licensing agreement with MWR, and the printed materials and books currently cost between \$3.40 and \$7.98 per child per month for our literacy programs, Early Connections and Phonics with Phoebe, and between \$3.75 and \$6.00 per child per month for L.E.A.P. curriculum (that amount is

estimated to be less than 1% of your Center's total expenditures). The fees differ for the Charlie Choo enrichment programs.

For localized digital media support, The Johnson Group is authorized to work with you to provide media planning and buying resources for paid digital media activities.

### **Service Election**

You will also be required to use the services we supply for your choice of the Site Development or Site Coordination services described in this disclosure document. The SDSC is a minimum of \$230,000, representing between 17% and 39% of your total initial expenditures. Our Site Coordination service, costing \$60,000, may represent between 1% and 3% of your total expenditures, based on the charts above of initial startup investment. The actual percentage of your total expenditures may be higher or lower than the percentages referred to in this paragraph, depending upon your total expenditures for your Center. Additionally, in the event you execute the SDSC Addendum, you will also be required to use ComRealty, our Affiliate, as the broker locating suitable sites. Although you will not pay any fees to ComRealty, the landlord will likely pay a commission to ComRealty, and that commission is typically factored into your rent.

If you elect to develop your own site in accordance with the SC Addendum, you must, at your expense, submit prototype plans drawn by a licensed architect (who has been approved by us) for the design and construction of your Center including, among other matters, dimensions, exterior design, interior layout, building materials, equipment, signs, and color scheme. These plans must be submitted to us for our review and approval. Our approval of plans will indicate that you have complied with our standards, but it will not mean that you have complied with any other governmental or regulatory bodies' requirements, such as local building codes and state requirements for childcare centers. You also must submit for our approval any subsequent modifications to these plans. You are solely responsible for ensuring that your Center, its physical plant, operation, curriculum, enrollment and staff, comply with all applicable laws and regulatory requirements that may be imposed by local, state or federal agencies.

Although the standards of our Franchise System are solely established by us at our sole discretion, we have the right but not the obligation to establish a Standard Review Board ("**SRB**") to investigate, evaluate and seek to informally resolve certain issues relating to Centers' compliance with designated System standards. The organization, membership, scope of responsibilities, powers, resources, and operational procedures of the SRB will be developed by us and described in the Manual, and are subject to periodic revision, in our sole discretion.

Also, if you have executed an SC Addendum, you must use an architect approved by us (and who has executed our then-current form of Architect License Agreement) to prepare architectural plans. As of the date of this disclosure document, we have approved four architects for this purpose: CASCO Corp., Jarmel Kizel Architects and Engineers, Inc., Boduch Design Group, Inc., and The Larson Design Group. These firms are either licensed, or work with subcontractor architects who are licensed, in all states where we do business. The architects will charge you a fee to prepare architectural construction plans that we anticipate may range from \$45,000 to \$100,000. These amounts are a one-time cost during construction of the Center and may be higher or lower for you, depending on the size of the Center. You may only use approved architects for the design of your Center. This does not count any costs which you may be required to incur in connection with any site plan approvals, building permits, or certificate of occupancy, pursuant to local codes and laws.

## **Computer System**

We have contracted with certain third parties to be the only approved suppliers of the business software and related updates and enhancements that you are required to use under the Franchise Agreement. The source code of the computer programs is a trade secret of the software creator or us and we do not permit any other suppliers to provide you with this business software. Based on our experience with our owned Centers, the cost of the software and the software licenses amounts to less than one percent of the Estimated Initial Investment for your Center, and a small percentage of the cost to operate your Center.

You must purchase required computer hardware and software before you open your Center, as well as during the operation of your Center. Franchisees that sign the SDSC Addendum will receive the pre-opening computer hardware and software from us at no additional charge; franchisees that sign the SC Addendum must purchase the computer hardware and software from an approved supplier.

To implement the L.E.A.P. Interactive program at your Center, you must purchase the required hardware from approved suppliers and pay an initial setup fee. The cost of the required hardware and the setup fee as currently configured is approximately \$5,000 per whiteboard; however, this amount is subject to change if the program is modified over time and with expected improvements and advances in technology, as well as future changes in installation costs, manufacturer price increases, taxes, and other variables. Upon implementation of the L.E.A.P. Interactive program at your Center, you will also be required to pay us a monthly software update fee of \$199 per Center, regardless of how many whiteboards are installed at your Center.

To implement the Show N Tell system, you will be required to purchase certain hardware, including without limitation TLE-approved Wireless Access Points, mobile devices and mobile device accessories. The cost of the required hardware, as currently configured, ranges from approximately \$3,000 to approximately \$10,000, depending on whether your Center was pre-wired during construction. This amount is subject to change as the program is modified over time and with expected improvements and advances in technology, as well as future changes in installation costs, manufacturer price increases, taxes, and other variables. You are not required to pay any continuing fees to us in connection with the Show N Tell system.

## **Insurance**

You must purchase and maintain in full force and effect during the term of the Franchise Agreement, at your sole expense, general business and liability insurance policies with commercially reasonable deductibles, insuring and protecting you and, insuring as additional insureds, our Affiliates, us and our respective officers, directors, partners and employees from and against any loss or liability for personal and/or bodily injury, death, or property damage or expense arising from or in connection with your Center. Where a Center is providing care under the Corporate Childcare Program or any other corporate-sponsored program, that corporation must also be named as additional insured to the extent the corporation has an insurable interest. All policies must provide that all of the additional insureds will receive notice of your default in payment of any premium and thirty days prior written notice of termination, cancellation, expiration or alteration to provide less coverage or any other such notice provided to the insured from the insurance company. The coverage may not be limited in any way by reason of any insurance maintained by us. You may also be required to obtain insurance on your Center under the Lease.

Your insurer must be rated "A" or higher by A.M. Best. Our minimum requirements for all insurance policies are described in Attachment 2 to the Franchise Agreement. We may from time to time require that additional coverage be purchased or that minimum limits be increased as reasonably necessary for your and our protection or, based upon negotiations, the landlord of the Center may require more coverage.

We have negotiated, on our own behalf and that of our Affiliates, insurance policies that meet our specifications. You may purchase this insurance directly from the brokers that represent these carriers, or if you wish, you may purchase insurance coverage elsewhere that meets the specifications described above. However, in the event that you choose to use a different insurance broker, you must submit the proposed policy to us for review and pay us an insurance review fee, which is currently \$1,500. If we review the policy in-house, the fee is retained by us. If, however, the policy is reviewed by an outside insurance broker, the review fee will be paid to the outside consultant. This fee reimburses us for the cost of the consultant's review and we retain, as a fee for our services in coordinating such review, any amounts remaining after paying the consultant.

You must submit one or more certificates to us showing that you have purchased the required insurance at the earliest of: (a) when landlord requests under Lease; (b) delivery of FF&E to the Center; (c) the issuance of your Certificate of Occupancy; or (d) the opening of your Center. You must submit evidence annually to us of the renewal or extension of the policies. If you fail to purchase and maintain any required insurance coverage or furnish satisfactory evidence of coverage to us, in addition to our other remedies (including without limitation declaring you in default of your Franchise Agreement), we may, but are not obligated to, purchase the insurance coverage for you. If we do purchase insurance on your behalf, you must pay us on our demand the amount of any premiums and reasonable expenses that we incur in obtaining the insurance plus an administration charge of 18% of these costs or the highest rate allowed by applicable law on all monies expended to remedy this default until such amounts are paid in full, as provided for in the Franchise Agreement. The failure to maintain insurance coverage at any time is a material default under the Franchise Agreement.

### **General**

During our fiscal year ending December 31, 2022, we had revenues of \$51,637,045, none of which was derived from franchisee purchases or leases of goods and services from us. During the same period, our Affiliate TLEC derived 3.4% (or \$ 4,130,113) of its total consolidated revenues from franchisees' purchases or leases of goods and services (including supplier rebates).

None of our officers own an equity interest in any non-Affiliate suppliers to our franchisees (other than possibly through publicly-traded mutual funds).

Although we attempt to negotiate advantageous purchasing or service arrangements with suppliers for you, we are not obligated to do so under the Franchise Agreement. We are not obligated to establish, and have not established, any purchasing or distribution cooperatives.

Our decision to renew your franchise or to grant you additional franchises, if you are already the owner of a Center, is not based on the magnitude of supplies that you order from approved suppliers or on your use of approved suppliers. We do not provide material benefits to a franchisee based upon a franchisee's purchase of particular products or services or use of particular suppliers.

We reserve the right to negotiate and collect rebates, commissions, promotional allowances, volume discounts and other payments and/or benefits from all current and future suppliers of goods and services to our franchisees. We have the right to retain payments and benefits that we receive, including those based on purchases from franchisees. Currently, we do not receive payments from vendors who sell goods and services to our franchisees, nor do we receive fees for any work provided by the vendors directly to franchisees, but we reserve the right to do so in the future.

We estimate that: (a) if you sign our SDSC Addendum, under which we will locate a landlord/developer to construct and provide you with a turnkey Center, your purchases from approved suppliers will represent

approximately 100% of your total purchases and leases in establishing your Center; and (b) if you sign our SC Addendum, under which you are responsible for establishing your Center, your purchases from approved suppliers will represent approximately 20% to 40% of your total purchases and leases in establishing your Center. We estimate that your purchases from approved suppliers will represent 2% to 5% of the continuing operation of your Center. We estimate that your purchases in accordance with our specifications where we have not appointed approved suppliers will approximately 95% of your total purchases and leases in establishing your Center, and 95% of your total purchases and leases in its continuing operation.

**ITEM 9****FRANCHISEE'S OBLIGATIONS**

This table below lists your principal obligations under the Franchise Agreement and other related agreements. It will help you find more detailed information about your obligations in these agreements and in other parts of this disclosure document.

<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure Document Item(s)</b>
a. Site selection and acquisition/ lease	Section 5; SDSC Addendum; SC Addendum; MFC Addendum	11
b. Pre-opening purchases/leases	Sections 5,6,7 and 8; SDSC Addendum; SC Addendum	7, 8 and 11
c. Site development and other pre-opening requirements	Sections 5,6,7 and 8; SDSC Addendum; SC Addendum	7 and 11
d. Initial and ongoing training	Sections 6.8, 6.15, 7.1, 7.2, 7.3 and 7.4	11 and 15
e. Opening	Sections 3.16 and 8.6.1	11
f. Fees	Section 6, 7, and 8; SDSC Addendum; SC Addendum; MFC Addendum	5 and 6
g. Compliance with standards and policies/operating manual	Sections 3.14, 8 and 9.1.3	11
h. Trademarks and proprietary information	Sections 3.15, 3.17, 3.19, 3.21, 3.22, 8.4, 8.5, and 8.6.5	13 and 14
i. Restrictions on products/services offered	Section 8.6.3	8 and 16
j. Warranty and customer service requirements	None other than compliance with laws and regulation and Manual Sections 8 and 9.1.3	11
k. Territorial development and sales quotas	Not applicable	Not applicable
l. Ongoing product/service purchases	Section 8.6.3	8
m. Maintenance, appearance and remodeling requirements	Sections 8.6.8 and 8.6.9	8 and 17
n. Insurance	Section 8.11	6 and 8
o. Advertising	Sections 6.4, 8.8 and 9.1.4	6, 8, 11



<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure Document Item(s)</b>
p. Indemnification	Section 9.2.5; Section 4 of Conditional Assignment of Telephone Numbers and Listings	6
q. Owner's participation/management/staffing	Section 8.7	15
r. Records/reports	Section 8.10	Not applicable
s. Inspections/audits	Section 6.5	6
t. Transfer	Section 10	17
u. Renewal	Sections 4.3.2 and 4.3.3	17
v. Post-termination obligations	Sections 9.2.8 and 11.4 and Attachment 3	17
w. Non-competition covenants	Sections 9.2.6, 9.2.7 and 9.2.8 and Attachment 3	17
x. Dispute resolution	Sections 12.4 and 12.5	17
y. Liquidated damages	Section 11.5	6 and 17
z. Individual's personal guarantees	Section 12.18 and Attachment 4	15
aa Individual's Non-Disclosure, Non-Interference and Non-Competition Agreement	Section 6.8, 9.2.8 and 12.18 and Attachment 3	15

**ITEM 10****FINANCING**

We do not offer direct or indirect financing. We do not guarantee your note, lease or other obligation, except that if we assign the Lease for your Center to you, your landlord may insist that we provide a limited guaranty.

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

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

**PRE-OPENING OBLIGATIONS**

1. We will enter into either an SDSC or an SC Addendum with you with respect to your site selection and development obligations. (Franchise Agreement, § 5.1)
2. We will provide online access to our Manual. (Franchise Agreement, § 9.1.3)
3. We will conduct a training program prior to the Center's opening. (Franchise Agreement, § 6.8)
4. We will assist in installing your Center's computer software. (Franchise Agreement, § 6.9)

## **CONTINUING OBLIGATIONS**

1. We will make our personnel available to you for consultation about your Center's business issues. (Franchise Agreement, § 9.1.1)
2. Our field representatives will periodically visit your Center to review your Center's development and operational needs. (Franchise Agreement, § 9.1.1)
3. We will engage in research and development of products, curricula and techniques for operating and promoting Centers. (Franchise Agreement, § 9.1.2)
4. We will provide general support services for your computer software. (Franchise Agreement, § 6.9)
5. We will administer the Brand Awareness Fund. (Franchise Agreement, § 9.1.4)

\* \* \*

We have the right to delegate to a third party the performance of any pre-opening or continuing obligation for any franchisee.

## **SITE LOCATION**

The geographic area within which the site for the Center will be located will be mutually agreed by both of us and described in Attachment 1 to the Franchise Agreement. The site selection criteria used to identify and evaluate proposed sites include a minimum parcel size of 1.25 to 2 acres (developed 3/4 acre), a build size of from 9,000 to 15,000 sq. ft., no zoning or local ordinance constraints for the Center or a playground of at least 5,000 sq. ft., good street visibility, ease of access, including drop off and pick up for children, and ample parking for parents. As further described below in this subsection, any site we present to you under the SDSC Addendum, or that you present to us under the SC Addendum for our approval, must satisfy our site selection criteria.

### **Service Election: Site Development vs. Site Coordination**

Upon executing your Franchise Agreement, you will be required to decide whether you want to enter a SC Addendum or SDSC Addendum with us. You must elect one of these two options. If you select Site Coordination, you will locate and develop the Center yourself in accordance with our plans and specifications and will only retain our services to assist and advise you in the development of a new Center. If you choose Site Development, you will retain us to locate a developer/landlord who will construct and deliver to you a build-to-suit turnkey new Center. This choice is called the "Service Election Process." You make a Service Election by executing either: (i) the SC Addendum; or (ii) the SDSC Addendum, and delivering your choice to us along with your executed Franchise Agreement. Both the SC and SDSC Addenda are attached to this Disclosure Document as Exhibits I and F respectively. Please review these exhibits so that you understand the terms and conditions of each before you engage in the Service Election Process.

### **Election of SDSC**

If you execute an SDSC Addendum, you have chosen to have us and/or our Affiliates locate a developer/landlord who will be obligated to construct and deliver to you a build-to-suit turnkey new Center, in accordance with our plans and specifications. The SDSC Addendum allows us twenty-four months from the execution of your Franchise Agreement to present to you for your review and approval at least two

locations reasonably suitable (“**Suitable Sites**”) for the development and operation of your new Center (“**Site Location Obligation**”). Upon your acceptance of a Suitable Site or our presentation to you for your approval of two Suitable Sites, our Site Location Obligation will be satisfied. Once you accept a Suitable Site, you are considered to be “Matched,” as defined in the SDSC Addendum. We will then provide the service of arranging for the third-party landlord to deliver to you a build-to-suit turnkey new Center for your operation as the owner of a franchised Center.

When we present a Suitable Site to you, you must decide within ten business days whether to accept or reject it. We are not required to present you with another Suitable Site before you decide on the originally offered site, and you may not withhold your decision in order to compare it to another Suitable Site. If you fail to accept a Suitable Site within the ten-business day period from the time that the Suitable Site is presented to you, we may offer the same site to another owner who has executed the SDSC Addendum. There may be occasions, however, where we may offer two Suitable Sites to you at the same time, although we have no obligation to do so. In such an event, the presentation of both Suitable Sites at the same time will fully satisfy our entire Site Location Obligation.

If, at the conclusion of the twenty-four month period, we have failed to satisfy our Site Location Obligation, you may cancel your Franchise Agreement and the SDSC Addendum by delivering to us written notice of your desire to terminate (“**Termination Notice**”). Within thirty days after our receipt of your notice and your execution of the Franchise Termination and Release Agreement, we must commence to refund to you, dollar for dollar, your Franchise Fee and, if applicable, any SDSC payments paid at the following schedule: 1/12 every thirty days until paid in full. Termination of the Franchise Agreement and the SDSC Addendum, and the subsequent return of your Franchise Fee and SDSC payments, is your sole and exclusive legal or equitable remedy for our non-performance in the presentation to you of Suitable Sites.

Conversely, if during the twenty-four month period or at any time after the twenty-four month period but prior to our receipt of a Termination Notice, we satisfy our Site Location Obligation by showing you two Suitable Sites, and you reject them, then we will be deemed to have earned for the services rendered all fees paid by you and: (i) our obligation to show you additional Suitable Sites will terminate; (ii) the Franchise Fee paid and the SDSC will become fully non-refundable; and (iii) we may, in our sole discretion, terminate the SDSC Addendum, by delivering to you written notice of our desire to terminate the SDSC Addendum (the “**Termination Notice**”); if we do so, it will become your responsibility to locate and develop your New Center according to our plans, specifications and Site Criteria, and in accordance with the terms and conditions of the SC Addendum, which will be delivered to you with the Termination Notice and which you must execute within thirty days after delivery or be in default of the Franchise Agreement.

### **Election of SC**

If you elect to develop your own site, then you must execute an SC Addendum simultaneously with the execution of your Franchise Agreement. Your election of the SC Addendum means that we are not obligated to find you a New Center location and we will have no Site Location Obligation. In such a case, the obligation to locate a New Center is solely and exclusively yours. However, we must approve the site that you select for the location of your New Center (“**Approved Location**”). To obtain our approval, you must deliver to us a “Site Review Book,” that contains the information we need in order to evaluate the site and decide whether to approve it. This information includes demographic information, site specific information, financial terms, traffic counts, competitive analysis, maps, and other relevant information that may be required. We will endeavor to approve or disapprove a site within fifteen days following our receipt of a Site Review Book that contains all of the required information.

If you execute the SC Addendum, we will assist you in coordinating with the architect as to the design and layout of your new Center. We will also provide you with advice in obtaining the necessary development approvals (although you will be solely responsible for all risks and costs concerning the approvals).

You must also locate your site and obtain our approval within twenty-four months following the date you signed the SC Addendum. In the event that you fail to locate a site and obtain our approval within such 24-month period, we may terminate your Franchise Agreement and SC Addendum; provided that we may, in our sole discretion, determine that the reason(s) for your failure to locate a site and obtain our approval within this 24 month period is (are) outside of your control, and we may thus provide you with our written approval for an extension of up to one additional year.

Before you may enter into an agreement with an entity owned by you or a third party to develop a site, we also must approve the lease or sublease for the site. You must deliver a copy of the proposed lease and related documents to us prior to signing them. Once we approve of the site and the lease, you are considered “Matched” to that location. Our approval of the lease indicates only that we believe that the site and lease terms fall within our Site Criteria in effect at the time of our approval. You must provide us with a copy of the signed lease or purchase agreement within fifteen days following its execution.

Prior to your execution of the approved lease or other document, if applicable, you and (if applicable) your Landlord for the Approved Location must sign our then current form of Conditional Assignment and Assumption of Lease (the “**Lease Assignment**”) annexed to the SC Addendum as Attachment 1. If you purchase the Approved Location, you also may have to sign our then current form of Agreement to Lease (the “**Lease Agreement**”) annexed to the SC Addendum as Attachment 2. The Lease Assignment and Lease Agreement generally protect our rights under the Franchise Agreement, our ability to possess the Center if you default in your obligations to us that cause a termination of your Franchise Agreement, and your right to occupy and operate the Center without interference by lenders and mortgage holders. Any person who is related to or affiliated with you or one of your owners, directors, officers or other principals, and who plans to lease the Center to you or own or obtain financing for the Approved Location, must agree to be bound by these provisions. Upon their review and approval of the Assignment and Assumption of the Lease, you must provide us with a copy of the signed Lease within fifteen days following its execution.

Finally, if you have opted for Site Coordination, you may elect to retain the brokerage services of ComRealty, our Affiliate, which can locate and negotiate the terms and conditions of a lease with potential landlords.

\* \* \*

The consequences of the failure to agree to a site depend upon which Addendum has been signed and whether the party responsible for site selection has performed its responsibilities under the Addendum, as these factors are described above.

In all cases where a third party is the developer and/or landlord of the Site, and is required to deliver a turn-key location under the Lease, that third party landlord/developer is solely responsible for all punch list items, warranties and faults in design or construction.

### **Two Additional Factors Relating to Site Selection**

1. Before you open your Center, the appropriate governmental licensing authority will determine the maximum number of students that will be allowed in your Center under the applicable governmental regulations governing childcare. This number may be different from any estimates that we or you might

make during the Site Selection process. The Franchise Agreement refers to this number as your Center's final determined "Licensed Capacity."

2. There are many factors that may cause a Suitable Site not to be able to be developed by you or the landlord. Typically, the most significant hurdles are obtaining the necessary development approvals and construction financing to develop the site. Thus, even after a Suitable Site has been selected, that site may never be secured or developed. If you have signed an SDSC Addendum and the site cannot be developed by the landlord, we will present a new Suitable Site to you in accordance with the terms of the SDSC Addendum. If, however, you have signed an SC Addendum, then we are not obligated to find you a New Center location and we will have no further site location obligation. In such a case, the obligation to locate a New Center is solely and exclusively yours. However, we must approve your proposed location. To obtain our approval, you must deliver to us a "Site Review Book" that contains the information we need in order to evaluate the site and decide whether to approve it. This information includes demographic information, site specific information, financial terms, traffic counts, competitive analysis, maps, and other relevant information that may be required. We will endeavor to approve or disapprove a site within fifteen days following our receipt of a Site Review Book that contains all of the required information.

### **Length of Time to Center Opening**

We estimate that the length of time between your signing the Franchise Agreement and your opening of a New Center ranges between 12 and 36 months. On occasion, circumstances outside our control, such as weather conditions and delays in governmental approval, may cause the process to take even longer. This time period can be affected and caused to exceed this range by a number of factors, all of which are outside the control of you, your landlord, or us, including but not limited to the availability of Suitable Sites in your Target Area and the time to conclude a lease for those sites, the landlord's ability to obtain development and construction approvals, the landlord's ability to obtain construction financing, weather delays, shortages, acts of nature, soil conditions or other environmental issues, or economies and credit markets. We therefore strongly recommend that you do not leave your current employment, relocate, redistribute your assets or make other important financial decisions in reliance upon any projected opening date of your New Center.

### **ADVERTISING**

The purpose of the Brand Awareness Fund (the "**Fund**") is to combine advertising monies from company-owned centers, franchise-owned centers, and your Center, so as to achieve greater benefits for all in promoting the brand, trade name, and Marks. For this reason, the Fund is not obligated to make expenditures for you or any other franchisee which are equivalent or proportionate to your or another franchisee's contribution, or to ensure that any particular franchisee benefits directly or *pro rata* from the marketing or promotion conducted by the Fund. Although the Fund may not be used to directly solicit the sales of franchises, as a result of such advertising and promotion for the Centers, persons may become interested in owning franchises. However, the development of marketing campaigns and websites may detail available franchises within the System, and this is not considered to constitute direct franchise marketing efforts. The Fund may elect to assist in the marketing of franchises in otherwise weak markets, and to assist Centers that are slow to ramp up by providing additional marketing dollars. The Brand Awareness Fund was previously known as the Advertising Fund.

The Fund may be used to pay for multiple advertising and marketing initiatives that generate awareness and consideration for the brand at a local, regional, and national level, including but not limited to, market research, advertising materials, digital assets, media placement and space, branding initiatives, public relations, sponsorships, partnerships, and other activities designed to promote the brand, the trade name, and the Marks. Additionally, the Fund may be used to pay for administrative expenses, travel expenses,

referral program expenses, or any combination of these. We will direct all programs financed by the Fund, with sole discretion over the creative concepts, materials, and distribution channels. The Fund will periodically furnish you with samples of marketing, brand building, and promotional materials, which you may use during the term of your Franchise Agreement. Multiple copies of such materials may be purchased by you from approved vendors at the direct cost of producing them, plus any related licensing fees (up to 18%), shipping, handling and storage charges. We may spend in any fiscal year an amount greater or less than the aggregate contribution of all Centers to the Fund in that year, and the Fund may borrow from us or others to cover deficits or invest any surplus for future use. If interest is earned on monies contributed to the Fund, it will be included in the expendable monies of the Fund. We have the right, but not the obligation, to cause the Fund to be incorporated through a separate entity at such time as we deem appropriate and such successor entity will have all the rights and duties specified in the Franchise Agreement. The Fund may also be used for marketing grants to specific Centers, collectively on a regional basis or individually on a local basis. In addition, we may allocate monies in the Fund to pay for point-of-purchase materials or public relations projects, as well as national branding efforts of our logo and our trademarked characters. We will distribute to you, once a year, a Fund report which will include an unaudited financial statement of the total amounts of money collected and spent by the Fund during the past year and list, by general category, the manner in which the money was spent (Franchise Agreement, § 9.1.4.2). Although your Center will contribute to the Fund, you will not be able to make any decision or exercise any authority over the manner in which the Fund is used or allocated by us and you will not have any ownership interest in material produced or commissioned by the Fund.

Because the benefits of promotion are difficult to measure with precision, we reserve the unqualified right to decide, in our sole discretion, the manner in which Fund money may be spent; the only restraint on our discretion is that the money must be used in a manner that is related to the general promotion of the Marks, as defined in the Franchise Agreement.

The Fund is not a trust fund, and the monies in the Fund may be commingled with monies of ours or our affiliates. We will keep separate accounting records of Fund monies. We will not have any fiduciary duty to any franchisee in connection with the collections or expenditures of Fund monies or any other aspect of the Fund's operations.

You agree to pay to the Fund a monthly contribution, which is currently 1% of your Gross Revenue during the previous month. We have the right to increase the Fund contribution up to 2.5% of your Gross Revenue.

The books of the Fund will not be separately audited, but will be reviewed by a third-party CPA selected by us and paid for by the Fund. Franchisees may obtain a copy of the financial statements upon written request. The Fund will be kept in a separate bank account from our general funds. Any money in the Fund that is not spent in the year when it is contributed will be kept in the Fund until it is used for authorized purposes. We expect to charge the Fund an amount equal to 5% of the Fund's monthly billings for our providing administrative services.

General

In our fiscal year ending December 31, 2022, the Fund made expenditures as follows:

<b>Gross Collections</b>	
<b><i>Operating expenses</i></b>	<i>As a pctg of total collected</i>
Support Staff & Benefits	10.76%
Advertising And Promotion	66.13%
Board Member Expenses	0.47%
Miscellaneous Expense	22.64%
<b><i>Total expenses</i></b>	<b>100.00%</b>

No funds were used primarily for the solicitation of franchise sales.

All Company-owned Centers contribute to the Fund on the same basis as franchised Centers. There are no franchisees who do not have to contribute to the Fund under their franchise agreements or who do not have to contribute to the Fund at the same rate as other franchisees.

We have a Brand Awareness Fund Board (the “**Board**”) that currently consists of 9 people, five of whom are franchisees that have been elected by other franchisees to represent them, and the remainder being our executives. The Bylaws of the Board state that a franchisee can serve no more than two years before his/her seat comes up for re-election. Each year, at least two franchisee Board seats will be up for election. The Board will recommend the manner in which the Brand Awareness Fund monies are to be utilized to promote our System. However, we retain ultimate decision-making authority. Except for the Brand Awareness Fund Board, there is no advertising council.

We do not have any local or required advertising cooperatives, but we reserve the right to establish them in the future.

Local Advertising/Marketing

Any advertising or marketing efforts (including, but not limited to point-of-purchase materials, sponsorships, digital/social marketing, media placement and space, collateral materials, advertising materials, referral programs, consumer promotions, and others) you conduct with your own funds must: (a) be complete, clear, factual, and not misleading (b) conform to all applicable laws and regulations and the highest standards of ethical marketing practices as well as the promotion policies that we prescribe from time to time, and (c) must always be pre-approved by us. However, our approval does not: (a) constitute a determination that the advertising, promotions and marketing that you conduct complies with applicable laws and regulations; or (b) provide assurance that such approved material will be successful. You must consult your own advisors at your own expense.

You must spend at least \$30,000 on opening marketing efforts for an initial pre- and post-opening advertising campaign. Of this amount, you must spend at least \$25,000 between the date that a Certificate of Occupancy (either temporary or permanent) is issued for your Center and the date that your Center opens, and spend at least the remaining \$5,000 during the first sixty days following the Center’s opening. The plans for your pre- and post-opening advertising program must be submitted to us for review and approval at least 90 days prior to the anticipated issuance of the Center’s Certificate of Occupancy. Your opening program must be conducted in accordance with the guidelines in our Manual governing a Center’s opening advertising. Except for the opening advertising program, you will not be required to spend a specified

portion of your Center revenues on local advertising. We reserve the right to require proof of all expenditures associated with your opening marketing efforts.

You must submit to us copies of all advertising materials that you propose to use at least thirty days before the first time you propose to use advertising materials for broadcast or print. We will review the materials within fifteen days after receiving them and will notify you whether we approve or reject them. You cannot use any advertising materials until you obtain our approval. We may not withhold our approval unreasonably. For purposes of this paragraph, advertising materials that differ from previously approved materials only in such variables as date or price will be considered to be previously approved. Even if we have approved specified materials, we may later withdraw our approval if we reasonably believe it necessary to make the advertising conform to changes in our System or to correct unacceptable features of the advertising, including but not limited to any misrepresentation in the advertising material.

## **COMPUTER SYSTEMS**

### **Selection and Installation of Computer Equipment and Software**

We will provide you with a list of suppliers of the computer software that you will use in your Center. You are required to purchase hardware and software that meets our minimum specifications. You may purchase equipment from any vendor, but using our preferred vendors is recommended. Currently, the minimum configuration that you are required to purchase from an approved supplier prior to opening in order to run the administrative functions of the Center consists of three computers (PCs) having the following minimum capability: *Microsoft Windows 11 Pro* 8 GB ram, 500 GB SSD hard drive, sound and network cards, and at least a three-year manufacturer's warranty. These specifications are subject to change as technology evolves. All changes are published in the Technology Reference Guide which is available to all franchisees. One computer will be required to utilize touch screen technology to log the parents and children into the Center.

The computers will be used in the administration office of your Center and will run a designated Microsoft Windows platform providing childcare center reporting, P&L reporting and administrative functions, including support for our proprietary application(s). In addition, these computers run the following third-party software: *LogMeIn* Remote Access, and door access control software.. Two of the computers must run *Microsoft Office 365*.

The system will also be configured to allow us to access your Center's data via a high-speed broadband connection, e.g., cable or fiber optic connection (which must have upload/download speeds of at least 30 Mbps download and 3 Mbps upload, or the fastest available speed in your area). You expressly permit us, and we reserve the right, to independently download and use information from your computer. There are no contractual limitations on our access to or use of the data and other information stored in your cash, financial and other computer systems. These systems must be left powered on and connected 24/7.

The other systems in the Center are the children's classroom computers. The required number of these computers is based on your enrollment, but generally you should have at least three such computers. These computers must have at least a three-year manufacturer's warranty. Each classroom workstation must contain a Microsoft Windows based personal computer (of a model that meets our minimum specifications), with certified and approved children's software that we specify.

In the event that you enter into an SDSC Addendum, the initial required purchase of hardware and software from the approved supplier is waived, since it is provided at no additional charge to you as part of the SDSC. In the event you choose an SC Addendum, the initial computer hardware/software costs are approximately \$14,000. In either case, in connection with the *Show N Tell* application, you will be required



to purchase certain devices, including but not limited to TLE-approved wireless access points, mobile devices and mobile device accessories.

You must use any and all software as we may periodically direct, whether owned by us, an affiliate or a third party, and you must sign any and all software licenses as may be requested by the software licensor to enable you to lawfully use such software. You and your employees must comply with all the terms and conditions of any software licenses that you sign.

We will charge you a one-time Computer Set-Up Fee of \$2,399. This includes the *TLE Technology Package*, but does not include *Microsoft Office* or hardware setup.

We also charge all franchised Center owners a monthly Software Service Fee of \$499. This fee entitles you to technical support for our proprietary TLE software only. Hardware support is not included, and we recommend that you arrange and contract to have third-party technical resources available to support Windows system issues and hardware issues that may arrive. We reserve the right to change the Software Service Fee at any time and will provide you with written notice of such change.

Other than the services you obtain through the payment of the Computer Set-Up Fee and the Software Service Fee, you have no obligation to use any of our additional hardware or software support services.

We have the right to require you to upgrade or update your Center's computer hardware and software when necessary, including, but not limited to, maintenance and updates of anti-virus, firewall and spyware software. The maximum age of any computer must not exceed 5 years and we recommend that computers be replaced between 3 years and 4 years of age. There are no contractual limitations on our right to do this. You also must provide us with all administrative access, including passwords.

Remote Access Tools will be installed on all managed systems, and must always remain connected. You may not put any measures in place to try to circumvent this security system. You are responsible for system backups, and must back up your systems on a daily basis.

In summary: (i) we estimate that the cost to franchisees for purchasing or leasing the required hardware and software described above is \$2,399 for those who sign an SDSC Addendum and approximately \$14,000 for all others; (ii) there is no need for any additional optional hardware or software; and (iii) the annual cost of optional or required maintenance, updating, upgrading or support services is approximately \$3,000.

Except as described above, neither we nor any of our affiliates nor any third party, has any obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer hardware or software.

## **MANUAL**

We will provide franchisees online access to our Confidential Operations Manuals and any other manuals (online or hardcopy) that we provide you access to or lend to you (collectively, "**Manual**"), which contain materials such as confidential and proprietary information, teaching materials, requirements for the establishment and operation of a Center, instructions for your use of the Marks, specifications for goods that will be used in or sold by your Center, educational techniques, information on marketing, management, and administration methods, names of approved suppliers, and other information that we believe may be necessary or helpful to you in your operation of a Center. You must operate your Center in strict conformity with such methods, standards, and specifications as we may from time to time prescribe in the Manual or otherwise in writing. We expect to revise the Manual periodically to conform to the changing needs of the System. Such changes may require the purchase of equipment, supplies, furnishings or other goods, completion of additional training, or other costs to you. You must promptly conform to the modified

standards and specifications at your own expense. You may view the Manual under the supervision of our representative at a mutually convenient time and place (within your own state, if you request) at least ten business days before signing the Franchise Agreement. Before doing so, you will be required to sign a confidentiality agreement. Despite the payment of the Franchise Fee by you or any other fees that you may pay, you will never “own” the Manual, which is and remains our property, and your right to access it is contingent upon your compliance with your agreements.

## **TRAINING**

Before opening your Center, you must complete the Franchisee Training Program (“FTP”) described in your Franchise Agreement to our satisfaction. This program consists of the components described below.

### **TLE Foundations Training**

Our “Foundations” training provides franchisees with critical overviews of their development timeline and our standard operating procedures. Some training sessions may be conducted virtually, some may be held live and in person, while others are taken as e-learning courses. Franchisees’ attendance and completion of these virtual sessions are required and franchisees must be fully engaged in each session.

### **TLE Essentials Training**

You must attend up to ten business days for “TLE Essentials Training” at our corporate worldwide headquarters in Deerfield Beach, Florida. This hybrid of virtual and in-person training will cover the essential training topics necessary for operating your Center under our system.

You become eligible to attend TLE Essentials after you have been Matched to a new or existing Center. In the case of a New Center, you will attend when a building permit has been issued or we determine that the construction of your Center is more than 50% complete. If possible and commercially reasonable, you must attend this training before assuming responsibility for day-to-day operations at your Center. We will conduct this training as often as necessary; currently, we conduct it at least twice yearly.

If this is your first Center as a TLE Franchisee, you must have one owner (at least a 50% equity interest in the franchise) attend all TLE Essentials Training sessions.

If you are acquiring an existing Center, you must, before assuming responsibility for day-to-day operations at such Center, complete specific training webinars as directed by our Learning & Development Department. You must attend the next available training that we offer at our corporate headquarters. Therefore, if you have acquired an existing operating Center you must attend this training.

### **Center Operations Training**

The same person who completes TLE Essentials Training will be required to attend up to five business days of “Center Operations” training at a Center that we designate. During this training, you will experience all facets of daily operations through observation at a fully operating center. Your schedule must allow observation of the Center during opening and closing hours. You may need to travel to another state to participate in Operations Training. Whether opening a new center or acquiring an existing one, you must complete Operations Training before assuming responsibility for day-to-day operations at your Center.

### Opening Training

The final training component that must be completed is “Opening Training”, which will be conducted virtually and in your own Center. The Opening Training experience will focus on the business and operations tasks to open the Center successfully. This includes a focus on TLE business systems, facility walk-throughs, and the initial training of new staff members. We will arrange for the Opening Training to be performed, and you must complete this training before you are permitted to operate your New Center.

### Center Leading Training

The initial training for center management is the responsibility of and is conducted by the franchisee and their representatives. The last step of center management training is the completion of Block 2 – Cultural Immersion Training. Block 2 is a five-day class conducted in person at our corporate headquarters. Block 2 focuses on the important skills necessary for a center manager.

The Block 2 training must be completed within the first 90 days of becoming a center manager. Block 2 training will occur as often as necessary; currently we conduct it at least five times annually.

### Additional Training

We may periodically offer local or regional continuing education/training programs on matters related to the operation or promotion of your Center. We may conduct these programs in person at our corporate headquarters or a Center location (including your Center), or we may conduct them via videoconference. We also conduct training via videos recorded in our in-house production studio or at a TLE Center. We maintain an online library of those training videos, which are accessible to you and your staff at any time via a secure viewing platform. Our manuals, and supplementary items, such as immersion workbooks and webinars, provide instructional assistance for all Center personnel. Instructional materials include manuals, online courses, videos, and marketing materials. We may occasionally offer specialized training for multi-Center owners as the need arises.

Although the programs are not mandatory for franchisees, if at any point you must correct any deficiencies or defaults at your Center, we may require you to attend one or more programs to regain “good standing”.

Our trainers consist of our executive management team, whose experience ranges from a minimum of two years to as much as 30 years; each trainer has degrees and training in the applicable subject. For example, we use one or more persons with degree(s) in education and prior childcare experience at one of our owned or franchised Centers to provide training in the curriculum. Our TLE trainers may be present in person, via video, or conference call, or any combination of these options. Steve Hawter, our Vice President of Learning & Development, supervises our training program. Mr. Hawter has over nineteen years of experience in training and development and joined TLE in June 2019.

For all training we offer, you will pay all costs of travel, lodging, meals, and other incidental expenses (as well as wages and benefits) that you or your employees incur.

Your failure to complete any of the above training is a material default of your Franchise Agreement, making it terminable at our option, resulting in the loss of your Franchise Fee and your franchise rights, including the right to open the Center.

TLE staff may be present in person, by video, or conference call, or any combination of these options. The training hours on this chart are separate from state law minimum training hour requirements, which may vary from state to state.

The training hours set forth on this chart are separate from state law minimum training hour requirements, which may vary from state to state.

### Franchise Training Program

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Technology and Software Application Training	6	24	Classroom: Deerfield Beach, FL, or Virtual Classroom (live) On-The-Job: Designated Training Center & Your Center
Talent Development/ Leadership	10	24	Classroom: Deerfield Beach, FL, or Virtual Classroom (live) On-The-Job: Designated Training Center & Your Center
Brand/ Marketing	23	30	Classroom: Deerfield Beach, FL, or Virtual Classroom (live) On-The-Job: Designated Training Center & Your Center
Curriculum & Additional Programming	9	24	Classroom: Deerfield Beach, FL, or Virtual Classroom (live) On-The-Job: Designated Training Center & Your Center
Operational Standards/Licensing	9	30	Classroom: Deerfield Beach, FL, or Virtual Classroom (live) On-The-Job: Designated Training Center & Your Center
Business Management	8	24	Classroom: Deerfield Beach, FL, or Virtual Classroom (live) On-The-Job: Designated Training Center & Your Center
<b>Totals</b>	<b>65</b>	<b>156</b>	

## ITEM 12

## TERRITORY

The specific location for the franchise granted to you will be identified in either Attachment 1 to the Franchise Agreement or an addendum to the Franchise Agreement once a site has been approved. Upon your agreement to be matched to a specific location, you will execute the Site Acceptance Form (“**Site Acceptance Form**”) attached as Exhibit E to this Disclosure Document. You will have the license to operate a Center within your protected territory (“**Protected Territory**”). We do not impose any restrictions on your ability to solicit business outside of your Protected Territory, and if you do so, you may use other channels of distribution, such as the Internet, catalogue sales, telemarketing or other direct marketing. You may not open another childcare Center outside the Protected Territory. You may relocate your existing Center within the Protected Territory with our prior written consent, which consent will not be unreasonably withheld.

Your Protected Territory will be a circle having a diameter of 2.5 miles (1.25 miles from all exterior walls) from a central point (that is, from the exterior walls of your Center building), except for “Cities,” which we define as urban areas with a population in excess of 500,000 people. The Protected Territory of a single franchise in Cities will be a smaller defined geographic area that we establish, in our sole discretion.

Purchasers of several franchises at one time will be granted an additional Protected Territory for each unit that they develop. The Protected Territory and Approved Location will be designated in a written addendum to the Franchise Agreement, signed by both parties, at the time that your Approved Location is secured through a lease or purchase agreement.

Except as described below, we agree not to establish or operate or permit an affiliate or franchisee to establish or operate a Center at any location within the Protected Territory. Except as described in the preceding sentence, the franchise is non-exclusive. We and our Affiliates retain the right, among others, in any manner and on any terms and conditions that we deem advisable, and regardless of the proximity to, or financial impact on, your Center: (a) to own, acquire, establish and/or operate, and license others to establish and/or operate, Centers outside the Protected Territory; (b) to own, acquire, establish and/or operate, and license others to establish and/or operate, any businesses other than a Center at any location within or outside the Protected Territory under other Marks or other systems, and regardless of whether such businesses are the same, similar or different from the Center or may compete with the Center; and (c) to sell or distribute, at retail or wholesale, directly or indirectly, or license others to sell or distribute, any services or products (including Proprietary Products) which bear any trademarks, including the Marks, whether within or outside the Protected Territory, and through any distribution channel or venue other than a Center.

Also, we have the right to operate an on-site corporate childcare center for a corporation located within your Protected Territory. “**Corporate childcare center**” is defined as a private program available only to employees of the corporation and not to the general public. If we do so, we will pay you 20% of the tuition you lose from students who were actually enrolled and paying tuition at your Center but who subsequently enroll at the corporate childcare center as a direct result of the opening and operation of the corporate childcare center, for as long as each previously enrolled student remains enrolled in the corporate childcare center. We will not reimburse you for any speculative or unsupported losses.

We may acquire a competing childcare system or Center in your Protected Territory. If we do so, we will offer you a first right to acquire the competing center under the same terms that we acquired it and the Center will be subject to the terms of your Franchise Agreement. If you pass on this opportunity, we must sell the competing Center to a third party or close the competing business.

Unless you enter an MFC Addendum with us, you will not have any other right of first refusal or option or similar rights to acquire additional franchises at any other location within your Protected Territory or contiguous geographic area. There are no other circumstances under which we may modify your Protected Territory as long as the Franchise Agreement remains in effect and you are not in default of your Franchise Agreement or any addendum.

To the extent that we have the right to conduct business in your Protected Territory, we reserve the right to use alternative channels of distribution, including the Internet, catalogue sales, telemarketing or other direct marketing, within your Protected Territory under the same trademarks that we permit you to use, as well as under different trademarks.

You may relocate your Center within your Protected Territory only with our prior written consent, which will be granted only if: (a) you and your Affiliates are in Good Standing; (b) you plan, construct, equip (including fixtures), and decorate your new Center at your sole expense so that the premises fully meet the

standards of appearance and function applicable to the premises of new Centers at the time of relocation; (c) you have presented to us complete information regarding the proposed site that is compliant with our guidelines, including the site demographics of the new location and the terms and conditions of the new lease agreement or controlling real estate agreement, and after reviewing these materials, we give our written approval; (d) you execute and deliver to us a general release, substantially in the form as attached as Exhibit O to this Disclosure Document, that releases us and our Affiliates, and indemnifies and holds us and our Affiliates harmless with respect to the existing lease and all other claims arising through and from you up to the date of approval; (e) the new location does not infringe upon the Protected Territory of another Center; and (f) the geographic area comprising the Protected Territory will remain the same as the Protected Territory of the original Center location, regardless of where the new Center is located. You may not relocate your Center to a location outside your Protected Territory.

Neither we, you, any other franchisee, or any of our Affiliates is restricted from soliciting customers or business from any geographic area including your Protected Territory, and no compensation is paid by or to you based upon such sales, other than your normal payment obligations under the Franchise Agreement that arise from revenues received by your Center.

Except as may be described elsewhere in this Disclosure Document, neither we nor any of our Affiliates has established or presently intends to establish other franchises or Company- or Affiliate-owned Centers, offering similar goods or services under a different trade name or trademark. However, we and our Affiliates reserve the right to do so in the future.

\* \* \*

While franchisees will receive the territorial protections described in this Item, because we have reserved certain rights described above, a franchisee will not receive an “exclusive territory.” You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Except as described above: (a) the continuation of a franchisee’s Protected Territory is not dependent upon the achievement of a certain sales volume, market penetration, or other contingency; (b) there are no contractual provisions that provide for the alteration of a Protected Territory; and (c) a franchisee is not granted any options, rights of first refusal, or similar rights to acquire additional franchises.

## **ITEM 13** **TRADEMARKS**

Our Affiliate, MWR, as “Licensor” and we, as “Licensee,” are parties to a license agreement that grants us, and allows us to grant you, the right to use the trademarks and service marks listed below (“**Marks**”) under the Franchise Agreement. The current term of the Trademark License Agreement expires on November 23, 2024 and renews automatically for unlimited successive five-year periods. MWR may terminate the license agreement for cause and upon termination MWR will assume our rights and obligations under our Franchise Agreements and related agreements. There are no other material limitations on our use of, or on our right to license you to use these Marks, unless you default in your agreement with respect to their use or breach your Franchise Agreement. The trademark license agreement imposes no material limitations that would affect your rights, but your right to use the Marks is limited to your using the Marks only in the operation of a Center at an Approved Location.

Nothing contained in any document provided to you, including your limited license to use the name “The Learning Experience,” and our Marks, grants you any legal right, entitlement or claim to ownership right of or use (outside the Center) of our Marks. Your ability to use our Marks is only a limited license right for

a specified period of time and a specified location, all in accordance with the terms of the Franchise Agreement and other agreements as disclosed within this Disclosure Document.

The following Marks, all which are owned by MWR, have been registered on the Principal Register of the United States Patent and Trademark Office (the “USPTO”):

<b>TRADEMARK</b>	<b>REGISTRATION NUMBER</b>	<b>REGISTRATION DATE</b>
THE LEARNING EXPERIENCE	2762752	9/9/2003
START TO ART	2924462	2/1/2005
DANCING FEET	2924461	2/1/2005
ELEPHANT TALES	2936796	3/29/2005
TALENT SPROUTS	2973626	7/19/2005
JELLYBEAN JUNCTION	2974113	7/19/2005
INSTA-SITTER	2978568	7/26/2005
INSTACARE BABYSITTER CENTER	2978569	7/26/2005
MAKE BELIEVE BOULEVARD	3056138	1/31/2006
THE WORK AND FAMILY EXPERIENCE	3058511	2/14/2006
CHARLIE CHOO	3114161	7/11/2006
SUDDENLY SCIENCE	3136962	8/29/2006
CUB CAMP	3156249	10/17/2006
BUBBLES THE ELEPHANT	3188913	6/26/2006
MOVIN’ N GROOVIN’	3195246	1/2/2007
LIONSTEIN	3206717	2/6/2007
MISS CHIEVOUS	3206718	2/6/2007
MUSIC 4 ME	3206958	2/6/2007
SMALL READERS	3249345	6/5/2007
NAEC	3262881	7/10/2007
MARVELOUS MATH	3320007	10/23/2007
FUN WITH PHONICS	3320456	10/23/2007
L.E.A.P, LEARNING EXPERIENCE ACADEMIC PROGRAM	3334428	11/13/2007
HOP AND BOP	3363155	1/1/2008
TURBO TRAINING	3375929	1/29/2008
PABLO PIGASSO	3382771	2/12/2008
TOMMY AND TAMMY	3392814	3/4/2008
FUNTOOS	3404966	4/1/2008
PENNY POLITE	3410972	4/8/2008
WORDS OF WISDOM	3609287	4/21/2009

<b>TRADEMARK</b>	<b>REGISTRATION NUMBER</b>	<b>REGISTRATION DATE</b>
NATIONAL ACADEMY FOR EDUCATORS AND CAREGIVERS	2993459	9/6/2005
TLE	3834469	8/17/2010
HOMEWORK HELPERS	3125035	8/1/2006
KINDERGARTENEXPERIENCE	4092447	1/24/2012
L.E.A.P. I	4097965	2/14/2012
L.E.A.P. II	4097966	2/14/2012
THE LEARNING EXPERIENCE & DESIGN	3214487	3/6/2007
THE LEARNING EXPERIENCE CHILD DEVELOPMENT CENTER	4105084	2/28/2012
THE LEARNING EXPERIENCE CLUB HOUSE FOR KIDS	4016585	8/23/2011
THE CLUB HOUSE FOR KIDS	4039142	10/11/2011
THE LEARNING EXPERIENCE CHILDREN'S ACADEMY	4202978	9/4/2012
L.E.A.P. INTO SPANISH	4246991	11/20/2012
HOP, BOP & BABY TAPS	4287742	2/12/2013
THE LEARNING EXPERIENCE ACADEMY OF EARLY EDUCATION	4306687	3/19/2013
YIPPEE 4 YOGA	4303686	3/19/2013
NAEC NATIONAL ACADEMY OF EDUCATORS & CAREGIVERS INNOVATION CREATIVITY EXCELLENCE	4448523	12/10/2013
YIPPEE 4 YOGA (& DESIGN)	4467881	1/14/2014
SUPER SOCCER	4468049	1/14/2014
L.E.A.P. INTERACTIVE	4467118	1/14/2014
THE LEARNING EXPERIENCE ACADEMY OF EARLY EDUCATION (& DESIGN)	4560902	7/1/2014
THE LEARNING EXPERIENCE ACADEMY OF EARLY EDUCATION ABCD 1234	4568984	7/15/2014
A L.E.A.P. INTO LEARNING	4556991	6/24/2014
BUBBLES THE ELEPHANT	4585969	8/12/2014
BUBBLES THE ELEPHANT, THE LEARNING EXPERIENCE OF EARLY EDUCATION (& DESIGN)	4569018	7/15/2014



<b>TRADEMARK</b>	<b>REGISTRATION NUMBER</b>	<b>REGISTRATION DATE</b>
THE LEARNING EXPERIENCE ACADEMY OF EARLY EDUCATION (& Design)	4568981	7/15/2014
GRACE THE GREYHOUND	4500558	3/25/2014
CHARITY CHIHUAHUA	4500559	3/25/2014
FLEXI FLAMINGO	4556970	6/24/2014
A L.E.A.P. INTO LEARNING (& DESIGN)	4629351	10/28/2014
TALENT SPROUTS (& DESIGN)	4598142	9/2/2014
MUSIC 4 ME (& DESIGN)	4610606	9/23/2014
SUPER SOCCER (& DESIGN)	4552876	6/17/2014
LEAP INTO LANGUAGES	4534749	05/20/2014
BUBBLES THE ELEPHANT	4585970	8/12/2014
HOP AND BOP	4617464	10/7/2014
MISS CHIEVOUS	4620575	10/14/2014
PABLO PIGASSO	4620576	10/14/2014
TOMMY AND TAMMY	4620578	10/14/2014
NATIONAL ACADEMY ONLINE	4632528	11/04/2014
A DAY AT T.L.E.	4646670	11/25/2014
T.L.E. GAMES	4646669	11/25/2014
IT DOESN'T MATTER HOW BIG OR SMALL YOU ARE, IT'S THE SIZE OF YOUR HEART THAT MATTERS	4785924	8/4/2015
CLASSROOM SAFE AND SECURE LOGO	4858885	11/24/2015
PARENT SAFE N'SECURE & DESIGN	4862795	12/1/2015
PARENT SAFE AND SECURE LOGO	4862796	12/1/2015
TUMBLING TOTS	4865601	12/8/2015
NATIONAL ACADEMY FOR EDUCATORS AND CAREGIVERS	4865602	12/8/2015
CLASSROOM SAFE N'SECURE & Design	4866032	12/8/2015
DISCOVER WHAT'S POSSIBLE & Design	4957375	5/10/2016
DISCOVER WHAT'S POSSIBLE	4999749	7/12/2016
BUBBLES	5018887	8/9/2016
AMERICAN MONTESSORI INSTITUTE	5029569	8/30/2016
ALEX ALLIGATOR	5200830	5/9/2017
RANDY RHINO	5200831	5/9/2017
MILLIE MONKEY	5200832	5/9/2017

TRADEMARK	REGISTRATION NUMBER	REGISTRATION DATE
LENNY & LUCY	5200894	5/9/2017
OM OCTOPUS	5200893	5/9/2017
TWO PLUS TOUCAN	5200892	5/9/2017
SOCCER SAM	5147777	2/21/2017
HOP, BOP & BABY TAPS	5200891	5/9/2017
LE FLUTE FREDDY	5200890	5/9/2017
RHYTHM STICKS RANDY & SANDY	5219322	6/6/2017
TABBY TROMBONE	5219321	6/6/2017
TEDDY THE TRUMPET	5187515	4/18/2017
VIOLIN VICTOR	5182602	4/11/2017
DRUMS DORIAN	5182607	4/11/2017
SAXOPHONE SUZY	5210209	5/23/2017
GUITAR GUADALUPE	5182606	4/11/2017
PIANO PASQUALE	5182605	4/11/2017
TITO TORO	5182608	4/11/2017
PING PANDA	5182604	4/11/2017
GABBY HIPPO	5219323	6/6/2017
TECHNI CAL	5182603	4/11/2017
THREE DIMENSIONAL BUBBLES	5240157	7/11/2017
THE LEARNING EXPERIENCE ACADEMY OF EARLY EDUCATION & DESIGN	5389299	1/30/2018
SCHOOL AGE EXPERIENCE & DESIGN	5422388	3/13/2018
FELICITY FISH	5579750	10/9/2018
SHOW N TELL & DESIGN	5711596	3/26/2019
SHOW N TELL	5797445	7/9/2019
SHOW N TELL & DESIGN	5848368	9/3/2019
CORE & DESIGN	6037977	4/21/2020
HAPPY HAPPENS HERE	6256458	1/26/2021
HAPPY HAPPENS HERE & DESIGN	6256464	1/26/2021
BILLY SHAKES & DESIGN	6257063	1/26/2021
TWO PLUS TOUCAN & DESIGN	6257285	1/26/2021
BILLY SHAKES	6261177	2/2/2021
PHOEBE PHONICS	6261178	2/2/2021
GIBBY GIBBON	6429831	07/20/2021
GIBBY GIBBON & DESIGN	6429832	07/20/2021

<b>TRADEMARK</b>	<b>REGISTRATION NUMBER</b>	<b>REGISTRATION DATE</b>
PHOEBE PHONICS & DESIGN	6444407	08/10/2021
SONAR THE SUBMARINE	6790039	07/12/2022

To the extent that an Affidavit has been required to be filed for any of the Marks listed above, the Affidavit has been filed.

There are no effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court involving the Marks that are material to our System. Other than our license agreement with MWR, no agreements limit our or our Affiliates' rights to use or license the use of the Marks. You may use the Marks only in the operation of a Center at an Approved Location. You have no right to use or authorize others to use our trade name and/or Marks for any other purpose. You are not authorized to use any other trade name or marks in connection with a Center. You are not permitted to act or cause to be done anything contesting or impairing our or our Affiliates' interest in the Marks and/or the System. You obtain no rights in any of these things except for your right to use them in accordance with the express terms of the Franchise Agreement. We retain the right to grant other persons the right to use the Marks and/or System upon any terms that we wish, subject only to your limited territorial rights described in Section 4 of the Franchise Agreement.

You must promptly notify us of any suspected unauthorized use of, or any challenge to, the validity or ownership of the Marks, or of our right to use, and to license others to use, or your right to use, the Marks. We have the right to direct and control any administrative proceeding, litigation or other adjudicative proceeding involving the Marks, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks. We will defend you against any third-party claim, suit, or demand arising out of your use of the Marks. If we, in our sole discretion, determine that you have used the Marks in the manner required by the Franchise Agreement, we will pay the cost of such defense, including the cost of any judgment or settlement. If we, in our sole discretion, determine that you have not used the Marks in the manner required by the Franchise Agreement, you must pay the cost of such defense, including the cost of any judgment or settlement. In the event of any litigation relating to your use of the Marks, you must execute any and all documents and do any and all acts as may, in our opinion, be necessary to carry out the defense or prosecution, including becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Marks in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket litigation costs in doing any acts.

We and our Affiliates have invested substantial time, energy and money in the promotion and protection of our Marks. We have no present intention of altering them. However, we recognize that rights in intangible property such as the Marks are often difficult to establish and defend, and that changes in the cultural and economic environment within which our System operates may make changes in the Marks desirable or necessary. Accordingly, we reserve the right to change our Marks and the specifications for each when we believe that such changes will benefit the System. You agree that you will promptly conform, at your own expense, to any such changes.

In the event that the trademark law is amended so as to render inapplicable any of the provisions of the Franchise Agreement, you must execute any documents, and do any acts and things as in our opinion may be necessary to effect the intent and purpose of the provisions of the Franchise Agreement. We will pay all costs associated with any such request.

We are not aware of any infringing uses of our Trade Name or Marks.

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

We have not registered any patents.

MWR owns the following registered copyrights, which we have the right to use, and the right to grant you the right to use under the terms of the License Agreement referred to in Item 13 above, and under the same terms as noted in Item 13:

<b>Title of Work</b>	<b>Registration Date</b>	<b>Reg. No.</b>
Make Believe Boulevard Facades	2/25/2005	VAu 657,520
TLES Website Header Illustration	11/17/2010	VAu 1,047,859
Instrument Characters (compilation of all characters)	5/10/2011	VAu 1,065,954
BUBBLES THE ELEPHANT	5/11/2011	VAu 1,774,250
MISS CHIEVOUS	7/28/2011	VAu 1,784,871
PABLO PIGASSO	7/28/2011	VAu 1,784,880
BONGO BEAR	7/28/2011	VAu 1,784,873
HOP, BOP AND BABY TAPS	7/28/2011	VAu 1,784,876
LIONSTEIN	7/28/2011	VAu 1,784,874
PENNY POLITE	7/28/2011	VAu 1,784,878
TOMMY AND TAMMY	3/30/2013	VA0001867249
TWO PLUS TOUCAN	3/30/2013	VA0001867076
OCTOPUS	3/30/2013	VA0001916900
SOCCER SAM	3/30/2013	VA0001867247
BUBBLES THE ELEPHANT	11/15/2018	VAU 1-342-642
BUBBLES THE ELEPHANT – 2D	11/16/2018	VAU 1-342-640
FLEXI FLAMINGO – V1	11/16/2018	VAU 1-342-637
FLEXI FLAMINGO – V2	11/16/2018	VAU 1-342-639
LIONSTEIN	11/16/2018	VAU 1-342-641
MISS CHIEVOUS	11/16/2018	VAU 1-342-643
PENNY POLITE	11/16/2018	VAU 1-342-644
TWO PLUS TOUCAN	9/18/2020	VA 2-223-230
BILLY SHAKES	9/18/2020	VA 2-223-231
PHOEBE PHONICS	9/18/2020	VA 2-223-233
CODY CHAMELEON	9/18/2020	VAu 1-412-172
GIBBY GIBBON	9/18/2020	Vau 1-412-176

In addition, we claim common law copyright protection for all of our advertising materials, curricula, teaching aids, characters, and Manual.

The information, ideas, forms, teaching methods, curricula, software, marketing plans and other materials revealed to you as a franchisee, whether or not included in the Manual, are our confidential and proprietary information and trade secrets (“**Confidential Information**”). During and after the term of your Franchise Agreement, you must maintain the confidentiality of all Confidential Information. You must at all times treat the Manual as confidential. You must obtain from your key employees a written agreement of their obligations with respect to confidentiality and non-disclosure. You may not disclose Confidential Information to any third party, except to your employees and agents as necessary in the regular course of conduct of their employment responsibilities and except as we authorize in writing. You also will be responsible for requiring compliance of your affiliates with these confidentiality obligations.

Other than our license agreement with MWR, our right to use or to allow you the use of our copyrighted works or trade secrets or both is not materially limited by any agreement or known infringing use. We will defend and hold you harmless with respect to any damages you may incur because of claims by third parties against you arising from your use of our Manual or other copyrighted material as long as you have not modified or used the trademarked or copyrighted items in a manner that we have not authorized.

## ITEM 15

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

We do not require that you personally serve as Center Director for your Center. Your Center Director must devote all his or her productive time (at least 40 hours per week) and effort to the personal supervision of your Center. Your Center Director must meet all applicable legal requirements to serve in that capacity. If you own more than one Center, you must employ an additional Center Director for each Center you own. We recommend that you devote substantial time to supervising the operations of your Center to ensure its compliance with the Franchise Agreement and state and local laws and regulations. We do not require that your Center Director own an equity interest in the franchise.

You must require the Center Director and all other staff involved in the management of your Center to sign our then-current form of non-disclosure agreement for Center Management. Each of your Affiliates, as well as each of the principals of the entity you establish for your Center, must also sign the Non-Disclosure, Non-Interference and Non-Competition Agreement in the form annexed as Attachment 3 to the Franchise Agreement.

You must keep us informed as to the identity of your Center Director. If your Center Director ceases active management or employment at your Center, then you must appoint a successor within thirty days or earlier if required by applicable law. Any successor must successfully complete the next available training conducted by us, which will in no event be more than sixty days from the start of his/her employment. Any additional training of your Center Director must be at your own expense. In the event there is no training scheduled or available within that sixty day period, we will, at our earliest possible opportunity, provide your Center Director with an on-site training program at your facility, at a cost to you not to exceed \$1,500 per week, which cost includes all of our travel, lodging and other expenses, provided, however, that we are not obligated to provide this service more than once every 2 years.

Any person or entity owning more than 10% of your entity’s interest will be obligated to sign the Franchise Agreement and sign the Non-Disclosure, Non-Interference, and Non-Compete Agreement attached as Attachment 3 to the Franchise Agreement

We require that the entity you form to operate your franchised Center sign the Franchise Agreement and all of that entity’s principal owners personally guarantee the entity’s obligations under the Franchise Agreement.

## **ITEM 16 RESTRICTIONS ON WHAT FRANCHISEE MAY SELL**

You must offer and sell all of the Approved Products and Services that we designate as required. You may offer and sell Approved Products and Services we designate as optional. You must offer and sell only those products and services that we have authorized you to provide. You may not sell anything else.

You must operate your Center in complete compliance with the standards and specifications set out in the Manual, the Franchise Agreement, other agreements and instructions we provide and the requirements of the laws of the location in which the Center is situated. We are entitled to make changes in our standards and specifications when, in our reasonable discretion, change is needed as a result of the market and for development of the System. These changes may require your purchase of equipment, supplies, furnishings or other goods, completion of additional training by your employees, or other cost to you. We cannot predict the future costs to you of such items. You must promptly conform to the modified standards and specifications at your own expense.

In addition, we will, from time to time, send you promotional materials, new curricula, and bulletins on new systems and new sales and marketing developments and techniques. You must promptly implement and/or use the ideas and implement the changes described in these materials within your Center in a commercially reasonable manner.

We have no restrictions on our right to change the types of authorized goods and services other than the fundamental condition that the change may not alter the terms of the Franchise Agreement. There is no restriction as to which customers you may serve, other than you cannot violate applicable laws.

## **ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

### **THE FRANCHISE RELATIONSHIP**

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

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
a. Length of the franchise term	Section 4.3.1	The greater of 15 years or the initial term of your lease for the Center premises, but no more than 20 years.
b. Renewal or extension of the term	Sections 4.3.2 and 4.3.3	If you meet the conditions, you can add 3 additional 5-year terms. We will not be obligated to renew your Agreement if we have determined in good faith to cease offering new and renewal franchises within the state which your Center is located, subject to certain pre-conditions as described in Section 4.3.3.
c. Requirements for you to renew or extend	Section 4.3.2	You must be in Good Standing, give 180 days' notice, sign then-current Franchise Agreement (which may contain materially different terms and conditions than the original one), remodel the Center, have the right to renew your lease, have promptly executed agreements, pay renewal fee, and sign a general release (in the form

Provision	Section in franchise or other agreement	Summary
		included in Section 4 of Exhibit O). This release may not be allowed in all jurisdictions.
d. Termination by you	Section 11.3	If we fail to fulfill certain obligations under the SDSC Addendum and you follow certain procedures.
e. Termination by us without cause	Not applicable	Not applicable.
f. Termination by us for cause	Section 11.1 and 11.2	We may terminate the Franchise Agreement if you default.
g. “Cause” defined – curable defaults	Section 11.1	You have 30 days after written notice to cure any breach under the Franchise Agreement except those described in Section 11.2, for which there is no cure period.
h. “Cause” defined – non curable defaults	Section 11.2	Non-curable defaults include failure to make any payment within 5 days of written notice; misuse or impairment of the Marks; ownership or operation of a Competitive Business; failure to provide Non-Disclosure and Non-Competition Agreement; assignment of rights; misrepresentation; act without prior written approval; failure to open; ceasing to operate; breach of the Franchise Agreement or Manual after 3 requests in 12 month period; Center poses a threat to public health or safety; insolvency or bankruptcy (termination upon the bankruptcy of a franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et. seq.)); indicted, arrested or convicted of a crime; failure to maintain the child care license, and others. See Section 11.2 of the Franchise Agreement. Local laws may supersede the Agreement provision. Certain states require that the superseding provisions appear in an Addendum to this Franchise Disclosure Document. Please refer to Exhibit D for the state-specific Addenda.
i. Your obligations on termination/non-renewal	Section 11.4	Obligations include complete de-identification, payment of amounts due, honoring option to purchase or lease, assigning phone numbers, relinquishing of possession of your Center, liquidated damages, and more.
j. Assignment of contract by us	Section 9.3	May assign to person/entity that assumes obligations.
k. “Transfer” by you – defined	Section 3.25	Includes transfer of contract or assets or ownership change.

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
l. Our approval of transfer by you	Sections 10.1-10.7	We have the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for our approval of transfer	Sections 10.1-10.7	Notice, transferor in good standing, transferor signs release (in the form included in Section 4 of Exhibit O), new owner qualifies, transfer fee paid, purchase agreement approved, training undertaken, new owner signs then-current Franchise Agreement, letter from landlord, transferor's guarantee, required repairs and upgrades to Center made and others.
n. Our right of first refusal to acquire your business	Section 10.3	We have the right to match any offer to buy your business or any portion of your business.
o. Our option to purchase your business	Section 11.4.2.2	We have the option to buy the premises and assets of your business upon termination.
p. Your death or disability	Section 10.6	Heirs, other than pre-approved spouse or child, must qualify or have 6 months to sell.
q. Non-competition covenants during the term of the franchise	Section 9.2.6 and <u>Attachment 3</u>	No involvement in any Competing Business . A Competing Business is any entity or person that provides for profit childcare services or related administrative or management services to any childcare Center or facility.
r. Non-competition covenants after the franchise is terminated or expires	Section 9.2.8. and <u>Attachment 3</u>	For 3 years, no involvement in competing business within 25 miles of your Protected Territory or any area where a Center provides service and no poaching employees.
s. Modification of the agreement	Section 12.9	Modification only by written agreement of parties; Manual may change without your consent or approval.
t. Integration/merger clause	Section 12.11; Section 15 of SDSC Addendum; Section 16 of SC Addendum; Section 10 of MFC Addendum	Only the terms of the Franchise Agreement (as supplemented by any relevant Addendum) are binding (subject to state law). Any representations or promises outside of the disclosure document and the Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Not applicable	Not applicable.
v. Choice of forum	Section 12.5; Section 21 of SDSC Addendum,	The federal or state court in the state where we have our principal place of business when the proceeding begins; currently, Florida, subject to State law. Local laws may supersede the Agreement provision. Certain



Provision	Section in franchise or other agreement	Summary
	Section 21 of SC Addendum;	states require that the superseding provisions appear in an Addendum to this Franchise Disclosure Document. Please refer to Exhibit D for the state-specific Addenda.
w. Choice of law	Section 12.4; Section 21 of SDSC Addendum; Section 21 of SC Addendum; Section 14 of MFC Addendum	Florida, both you and we have waived the right to a jury trial. Subject to state law. Local laws may supersede the Agreement provision. Certain states require that the superseding provisions appear in an Addendum to this Franchise Disclosure Document. Please refer to Exhibit D for the state-specific Addenda.

**ITEM 18****PUBLIC FIGURES**

We do not use any public figure to promote our franchise.

**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.

**Statement 1: Average Gross Sales for Certain Franchised and Company Owned Centers for January 1, 2020 to December 31, 2022**

The following tables directly below set forth the historical average annual revenue during the fiscal period between January 1, 2020 and December 31, 2022 for centers that had been open for at least 24 months as of the fiscal end date in 2020, 2021 and 2022. As of December 31, 2020, there were 263 centers in the United States, 191 of which had been open for at least 24 months. As of December 31, 2021, there were 303 centers in the United States, 213 of which had been open for at least 24 months. As of December 31, 2022, there were 339 centers in the United States, 239 of which had been open for at least 24 months. The tables below include franchise and company owned centers.

The information below is divided into subsets by center type: Centers that were open for more than 48 months (“**Mature Centers**”) and Centers that were open for 24-47 months (“**Intermediate Centers**”), as follows:

<b>Franchise</b>			
<b>Fiscal Year</b>	<b>Mature Centers</b>	<b>Intermediate Centers</b>	<b>Total</b>
2020	133	40	173
2021	149	48	197
2022	173	55	228
<b>Corporate</b>			
<b>Fiscal Year</b>	<b>Mature Centers</b>	<b>Intermediate Centers</b>	<b>Total</b>
2020	9	10	19
2021	11	10	21
2022	19	6	25

The following tables show the Mature Centers:

<b>Franchise</b>				
<b>Fiscal Year</b>	<b># of Centers</b>	<b>Average Gross Sales</b>	<b># and % Centers at or Above Average Gross Sales</b>	<b>Median Gross Sales</b>
2020	133	\$1,076,216	63, (47.4%)	\$1,065,997
2021	149	\$1,477,322	72, (48.3%)	\$1,435,711
2022	173	\$1,979,344	81, (46.8%)	\$1,961,141
<b>Corporate</b>				
<b>Fiscal Year</b>	<b># of Centers</b>	<b>Average Gross Sales</b>	<b># and % Centers at or Above Average Gross Sales</b>	<b>Median Gross Sales</b>
2020	9	\$1,195,871	5 (55.6%)	\$1,197,712
2021	11	\$1,629,769	5 (45.5%)	\$1,553,803
2022	19	\$2,090,734	9 (47.4%)	\$2,082,642

**Mature Centers that Exceed Average Gross Sales**

<b>Franchise</b>				
<b>Fiscal Year</b>	<b># of Centers</b>	<b>Average Gross Sales</b>	<b>High</b>	<b>Low</b>
2020	63	\$1,340,165	\$1,891,415	\$1,076,935
2021	72	\$1,849,821	\$2,789,454	\$1,484,169
2022	81	\$2,463,221	\$3,943,440	\$1,980,509
<b>Corporate</b>				
<b>Fiscal Year</b>	<b># of Centers</b>	<b>Average Gross Sales</b>	<b>High</b>	<b>Low</b>
2020	5	\$1,333,842	\$1,530,475	\$1,197,712
2021	2	\$1,907,469	\$2,225,745	\$1,653,345
2022	9	\$2,451,191	\$2,824,769	\$2,122,371

**Mature Centers that are below Average Gross Sales**

<b>Franchise</b>				
<b>Fiscal Year</b>	<b># of Centers</b>	<b>Average Gross Sales</b>	<b>High</b>	<b>Low</b>
2020	70	\$838,661	\$1,075,783	\$314,915
2021	77	\$1,129,010	\$1,455,712	\$487,825
2022	92	\$1,553,322	\$1,976,627	\$703,329
<b>Corporate</b>				
<b>Fiscal Year</b>	<b># of Centers</b>	<b>Average Gross Sales</b>	<b>High</b>	<b>Low</b>
2020	4	\$1,023,408	\$1,160,361	\$682,093
2021	6	\$1,398,353	\$1,553,803	\$860,650
2022	10	\$1,766,323	\$2,082,642	\$1,216,247

The following tables show the Intermediate Centers.

<b>Franchise</b>				
<b>Fiscal Year</b>	<b># of Centers</b>	<b>Average Gross Sales</b>	<b># and % Centers at or Above Average Gross Sales</b>	<b>Median Gross Sales</b>
2020	40	\$841,972	17 (42.5%)	\$782,302
2021	78	\$1,291,090	20, (41.7%)	\$1,196,827
2022	55	\$1,861,522	30, (54.5%)	\$1,901,758
<b>Corporate</b>				
<b>Fiscal Year</b>	<b># of Centers</b>	<b>Average Gross Sales</b>	<b># and % Centers at or Above Average Gross Sales</b>	<b>Median Gross Sales</b>
2020	10	\$941,234	4 (40.0%)	\$867,246
2021	10	\$1,375,049	4 (40.0%)	\$1,221,848
2022	6	\$1,898,665	4 (66.7%)	\$1,997,189

**Intermediate Centers that Exceed Average Gross Sales**

<b>Franchise</b>				
<b>Fiscal Year</b>	<b># of Centers</b>	<b>Average Gross Sales</b>	<b>High</b>	<b>Low</b>
2020	17	\$1,198,251	\$2,429,015	\$852,172
2021	20	\$1,734,538	\$2,928,108	\$1,326,497
2022	30	\$2,170,214	\$3,279,711	\$1,885,903
<b>Corporate</b>				
<b>Fiscal Year</b>	<b># of Centers</b>	<b>Average Gross Sales</b>	<b>High</b>	<b>Low</b>
2020	4	\$1,290,347	\$1,479,076	\$1,163,976
2021	4	\$1,797,495	\$2,099,759	\$1,423,737
2022	4	\$2,259,028	\$3,008,444	\$1,988,940

**Intermediate Centers that are below Average Gross Sales:**

<b>Franchise</b>				
<b>Fiscal Year</b>	<b># of Centers</b>	<b>Average Gross Sales</b>	<b>High</b>	<b>Low</b>
2020	23	\$578,635	\$827,646	\$232,309
2021	28	\$974,342	\$1,248,291	\$397,184
2022	25	\$1,491,091	\$1,826,627	\$633,927
<b>Corporate</b>				
<b>Fiscal Year</b>	<b># of Centers</b>	<b>Average Gross Sales</b>	<b>High</b>	<b>Low</b>
2020	6	\$708,492	\$886,548	\$451,422
2021	6	\$1,093,418	\$1,261,543	\$925,214
2022	2	\$1,177,940	\$1,800,515	\$555,364

**Statement 2: Actual Annual Gross Sales, Selected Expenses and EBITDAR for Mature Company Owned Centers for January 1, 2020 to December 31, 2022**

The table below reflects the actual annual gross sales, selected expenses and EBITDAR (which means “earnings before interest, taxes, depreciation, amortization and gross rent”) for 19 Mature Company Owned Centers that corporate owned the entire year in 2022. The table is showing a three-year historical for each center. All numbers are reported in thousands



Center Fiscal Year	Center 11		Center 12		Center 13		Center 14		Center 15	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
Revenue	1,791	727	1,989	1,724	1,831	1,459	1,921	1,594	2,120	1,575
Less Royalties	125	51	139	121	128	102	134	112	148	110
Gross Profit	1,666	676	1,850	1,603	1,703	1,357	1,787	1,483	1,971	1,465
Operating Expenses										
Salaries and Benefits	829	324	938	728	837	640	919	832	1,121	943
School Supplies	96	35	135	78	77	57	107	90	103	83
Advertising	45	17	75	45	52	43	60	41	80	46
Utilities and Repairs	96	48	108	55	116	101	101	101	103	99
Admin Expenses	35	17	35	26	65	45	52	42	42	33
Miscellaneous Expense	20	8	34	18	31	29	39	29	19	17
Total Expenses	1,122	449	1,324	991	1,178	920	1,278	1,134	1,469	1,220
EBITDAR	544	227	526	613	525	436	509	348	502	244

Center Fiscal Year	Center 16		Center 17		Center 18		Center 19	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
Revenue	1,851	1,009	1,564	969	1,466	1,092	1,149	888
Less Royalties	130	71	109	68	103	76	80	62
Gross Profit	1,721	938	1,454	901	1,363	1,016	1,068	826
Operating Expenses								
Salaries and Benefits	1,023	612	800	587	865	596	842	732
School Supplies	100	52	132	86	91	49	65	51
Advertising	56	25	61	40	54	34	48	30
Utilities and Repairs	105	78	108	94	112	89	134	129
Admin Expenses	31	19	32	22	34	25	32	29
Miscellaneous Expense	22	15	25	30	14	9	21	24
Total Expenses	1,337	802	1,158	859	1,170	803	1,142	995
EBITDAR	384	136	297	42	193	213	-74	-168

Notes: Center 8 was acquired in July 2021.  
Center 11 was acquired in July 2021.  
Center 16 was acquired in June 2020.  
Center 17 was acquired in August 2020.

## Footnotes

1. “Gross Sales” includes cash and credit sales for goods and services provided, but does not include sales or use taxes. The Gross Sales information is reported to us by each Franchised Center for royalty reporting. We have not audited the Gross Sales reports and we have not verified (i) the accuracy of the information or (ii) whether such information was prepared in accordance with generally accepted accounting principles. We do not believe that any Center overstated Gross Sales nor do we believe that any Mature Company Owned Center understated the selected expenses.
2. In Statement 2, we have not included any cost and expense data related to any Franchised Centers because we do not have the ability to poll such data through our point of sale system and our franchisee reports are not handled in a consistent manner. This means the earnings claims figures for Franchised Centers do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Center. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information. We have no reason to believe that comparable expenses categories and EBITDAR of Mature Franchised Centers materially differ from those presented for Mature Company Owned Centers. Company Owned Centers may be able to take advantage of economies of scale not available to franchisees.
3. The information in Statement 2 represents actual results for the Mature Company Owned Centers, as maintained in our corporate accounting records. We use generally accepted accounting principles in maintaining our records. We have not audited, confirmed or verified this information.
4. You will incur expenses that are not identified in Statement 2. For example, base rent, CAM charges, property taxes and lease administration fees, interest, income taxes, depreciation and amortization are not deducted in arriving at EBITDAR. Statement 2 reflects a deduction for royalties in the amount of 7%, as well as LEAP Interactive Fee, Software Fee and Lease Administration fee; however, Company Owned Centers do not pay a royalty fee but do contribute to the Brand Awareness Fund at the same rate as franchisees; namely, 1% of Gross Sales. The Mature Company Owned Centers spent between 1% and 5% on marketing and advertising.
5. The information in Statement 1 does not include centers that closed during the reporting year.
6. In Statement 1, the “center type” is as of December 31, 2022. For example, if a center was converted from a Company Owned Center to a Franchised Center during the reporting period, but prior to December 31, 2022, the center is categorized as a Franchised Center in Statement 1.

Written substantiation for the financial performance representations will be made available to you upon reasonable request. Please carefully read all of the information in these financial performance representations, and all of the notes above, in conjunction with your review of the historical data.

Some centers have earned the amounts shown in this Item 19. Your individual results may differ. There is no assurance that you will achieve these results.

The financial performance representations appearing in this Item 19 are historic representations of certain performance data of the selected Centers and are not a forecast of future financial performance for any Center. You are strongly encouraged to consult with your own financial advisors in reviewing the financial information presented in this Item 19 and, in particular, in estimating your Gross Sales as well as the categories and amounts of expenses that you will incur in operating your own Center.



A Center's Gross Sales and expenses will be directly affected by many additional factors not noted above, such as the Center's geographic location, competition in the market, the presence of other Centers, the quality of management, the effectiveness of sales and marketing and the prices charged for products and services sold at the Center.

Other than the preceding financial performance representations, we do not make any financial performance representations. 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 our CEO, Richard S. Weissman, 210 Hillsboro Technology Drive, Deerfield Beach, Florida 33431 or (561) 886-6400, as well as the Federal Trade Commission and the appropriate state regulatory agencies.

**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

**TABLE NO. 1**  
**System wide Outlet Summary**  
**For years 2020 to 2022**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2020	209	239	+30
	2021	239	269	+30
	2022	269	301	+32
Company Owned	2020	25	24	-1
	2021	24	33	+9
	2022	33	38	+5
Total Outlets	2020	234	263	+29
	2021	263	302	+39
	2022	302	339	+37

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

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
Arizona	2020	1
	2021	1
	2022	0
Florida	2020	2
	2021	0
	2022	0

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
Illinois	2020	1
	2021	0
	2022	0
Maryland	2020	0
	2021	0
	2022	1
Massachusetts	2020	0
	2021	0
	2022	1
Nevada	2020	0
	2021	0
	2022	1
New Jersey	2020	1
	2021	3
	2022	2
North Carolina	2020	0
	2021	1
	2022	0
Pennsylvania	2020	1
	2021	4
	2022	1
Tennessee	2020	0
	2021	0
	2022	1
Texas	2020	3
	2021	0
	2022	1
Virginia	2020	0
	2021	1
	2022	1
Total	2020	9
	2021	10
	2022	9

**TABLE NO. 3**  
**Status of Franchised Outlets**  
**For years 2020 to 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Company-Owned Outlets Acquired by Franchisees	Terminations	Non – renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Arizona	2020	4	2	1	0	0	0	0	7
	2021	7	1	0	0	0	2	0	6
	2022	6	1	0	0	0	0	0	7
California	2020	7	1	0	0	0	1	0	7
	2021	7	1	0	0	0	0	0	8
	2022	8	2	0	0	0	0	0	10
Colorado	2020	9	2	0	0	0	1	1	9
	2021	9	0	0	0	0	0	0	9
	2022	9	2	0	0	0	0	0	11
Connecticut	2020	3	4	0	0	0	0	0	7
	2021	7	3	0	0	0	0	0	10
	2022	10	2	0	0	0	0	0	12
Delaware	2020	0	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	0	1
Florida	2020	23	1	0	0	0	0	0	24
	2021	24	1	0	2	0	0	0	23
	2022	23	5	0	0	0	2	0	26
Georgia	2020	0	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	0	1
Illinois	2020	8	0	0	0	0	2	1	5
	2021	5	2	2	0	0	0	0	9
	2022	9	0	0	0	0	0	0	9
Kansas	2020	0	1	0	0	0	0	0	1
	2021	1	0	0	0	0	1	0	0
	2022	0	0	0	0	0	0	0	0
Maryland	2020	3	0	1	0	0	0	0	4
	2021	4	0	0	0	0	0	0	4
	2022	4	0	0	0	0	0	1	3
Massachusetts	2020	8	2	3	0	0	0	0	13
	2021	13	2	0	0	0	0	0	15

State	Year	Outlets at Start of Year	Outlets Opened	Company-Owned Outlets Acquired by Franchisees	Terminations	Non – renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	2022	15	0	0	0	0	0	0	15
Michigan	2020	7	0	0	0	0	0	1	6
	2021	6	2	0	0	0	0	0	8
	2022	8	1	0	0	0	0	0	9
Missouri	2020	0	3	0	0	0	0	0	3
	2021	3	1	0	1	0	1	0	2
	2022	2	0	0	0	0	0	0	2
Nevada	2020	0	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	0	1
	2022	1	0	1	0	0	0	0	2
New Jersey	2020	55	3	3	0	0	0	1	60
	2021	60	3	0	0	0	0	0	63
	2022	63	2	0	0	0	0	0	65
New York	2020	17	2	0	0	0	0	1	18
	2021	18	3	0	1	0	0	0	20
	2022	20	6	0	0	0	0	0	26
North Carolina	2020	13	1	0	0	0	0	0	14
	2021	14	2	0	0	0	0	0	16
	2022	16	1	0	0	0	0	0	17
Ohio	2020	3	0	0	0	0	0	0	3
	2021	3	1	0	0	0	0	0	4
	2022	4	2	0	0	0	0	0	6
Pennsylvania	2020	10	1	0	0	0	0	0	11
	2021	11	0	0	0	0	0	0	11
	2022	11	2	0	0	0	0	0	13
Rhode Island	2020	1	0	0	0	0	0	0	1
	2021	1	0	0	0	0	0	0	1
	2022	1	0	0	0	0	0	0	1
South Carolina	2020	1	0	0	0	0	0	0	1
	2021	1	1	0	0	0	0	0	2
	2022	2	0	0	0	0	0	0	2
Tennessee	2020	1	2	0	0	0	0	0	3
	2021	3	1	0	0	0	0	0	4
	2022	4	0	0	0	0	0	0	4
Texas	2020	32	6	0	0	0	0	3	35

State	Year	Outlets at Start of Year	Outlets Opened	Company-Owned Outlets Acquired by Franchisees	Terminations	Non – renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	2021	35	6	0	0	0	0	0	41
	2022	41	5	0	0	0	0	0	46
Virginia	2020	4	0	1	0	0	0	0	5
	2021	5	0	0	0	0	0	0	5
	2022	5	1	1	0	0	0	0	7
Washington	2020	0	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	0	1
	2022	1	0	0	0	0	0	0	1
Wisconsin	2020	0	0	0	0	0	0	0	0
	2021	0	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	0	5
Totals	2020	209	33	9	0	0	4	8	239
	2021	239	36	2	4	0	4	0	269
	2022	269	33	2	0	0	2	1	301

**TABLE NO. 4**  
**Status of Company Owned Outlets**  
**For years 2020 to 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Arizona	2020	0	1	0	0	1	0
	2021	0	0	2	0	0	2
	2022	2	0	0	0	0	2
California	2020	0	2	1	0	0	3
	2021	3	0	0	0	0	3
	2022	3	0	0	0	0	3
Colorado	2020	1	0	1	0	0	2
	2021	2	1	0	0	0	3
	2022	3	1	0	0	0	4
Florida	2020	8	0	0	1	0	7
	2021	7	0	0	0	0	7
	2022	7	0	2	0	0	9

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Illinois	2020	3	3	2	1	0	7
	2021	7	2	0	1	2	6
	2022	6	0	0	1	0	5
Kansas	2020	0	0	0	0	0	0
	2021	0	0	1	0	0	1
	2022	1	0	0	0	0	1
Maryland	2020	1	0	0	0	1	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Massachusetts	2020	3	0	0	0	3	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Missouri	2020	0	0	0	0	0	0
	2021	0	0	1	1	0	0
	2022	0	0	0	0	0	0
Nevada	2020	0	0	0	0	0	0
	2021	0	1	0	0	0	1
	2022	1	0	0	0	1	0
New Jersey	2020	6	0	0	0	3	3
	2021	3	0	0	0	0	3
	2022	3	0	0	0	0	3
New Mexico	2020	0	0	0	0	0	0
	2021	0	1	0	0	0	1
	2022	1	2	0	0	0	3
New York	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	1	0	0	0	3
Oklahoma	2020	0	0	0	0	0	0
	2021	0	1	0	0	0	1
	2022	1	2	0	0	0	3
Tennessee	2020	0	0	0	0	0	0
	2021	0	2	0	0	0	2
	2022	2	0	0	0	0	2
Virginia	2020	1	0	0	0	1	0
	2021	0	1	0	0	0	1
	2022	1	0	0	0	1	0

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Totals	2020	25	6	4	2	9	24
	2021	24	9	4	2	2	33
	2022	33	6	2	1	2	38

TABLE NO. 5

<b>Projected Openings as of December 31, 2022</b> State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Alabama	2	0	0
Arizona	5	0	0
California	16	5	0
Colorado	5	2	1
Connecticut	3	0	0
District of Columbia	1	0	0
Delaware	2	0	0
Florida	35	5	0
Georgia	2	0	0
Indiana	4	5	0
Kansas	1	1	0
Massachusetts	2	0	0
Michigan	3	1	0
Nebraska	0	2	0
Nevada	1	1	0
New Jersey	8	1	0
New York	20	6	1
North Carolina	7	1	0
Pennsylvania	5	0	0
Ohio	2	5	0
Oklahoma	1	5	0
South Carolina	8	1	0
Tennessee	5	3	0
Texas	31	10	1
Virginia	9	5	0
Washington	6	2	0
Wisconsin	1	0	0
<b>TOTAL</b>	<b>185</b>	<b>61</b>	<b>3</b>

States not listed in the tables above had no reportable activity during the entire period covered by the table.

A list of all current franchised locations as of December 31, 2022, including addresses and telephone numbers where applicable, is attached to this Disclosure Document as Exhibit M.

Exhibit N contains of a list of all former franchisee owners who have had, during our fiscal year ending December 31, 2022, their Centers or Franchise Agreements with us terminated, cancelled, not renewed, or

who have otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement or who have not communicated with us during the ten weeks before the issuance date.

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

No franchisees have signed a confidentiality clause in a franchise agreement, settlement or other contract within the last three years that would restrict their ability to speak openly about their experience with us.

As of December 31, 2022, we were not aware of any franchisee associations in existence, regardless of whether or not they use our trademark.

Tables 1, 3 and 4 only reflect Centers that are open and currently providing child care services at these Centers. In addition to these 339 Centers, another 32 Centers are active businesses, registering children, collecting pre-enrollment tuition, marketing and hiring employees, but are not as yet providing child care services.

## **ITEM 21**

## **FINANCIAL STATEMENTS**

Our audited financial statements for the year end periods ending December 31, 2022, December 31, 2021, and December 31, 2020 accompanied by our Independent Auditors' Report, are attached as Exhibit P-1 to this Disclosure Document. Also attached as Exhibit P-2 is our unaudited balance sheet, dated March 31, 2023, for the period January 1, 2023 through March 31, 2023.

## **ITEM 22**

## **CONTRACTS**

The following contracts are attached to this Disclosure Document:

- Exhibit C Franchise Agreement and Attachments
- Exhibit E Site Acceptance Form
- Exhibit F Site Development Service Charge Addendum
- Exhibit G Assignment and Assumption of Franchise Documents
- Exhibit H Assignment and Assumption of Lease Agreement and Attachments
- Exhibit I Site Coordination Addendum and Attachments
- Exhibit J Conditional Assignment of Telephone Numbers, Listings and all Vendor Contracts
- Exhibit K Form of Lease Agreement and Attachments
- Exhibit L Multiple Center Franchise Addendum
- Exhibit O Form of Franchise Termination and Release Agreement
- Exhibit Q Exclusive Center Management Agreement

## **ITEM 23**

## **RECEIPTS**

The last two pages of this Disclosure Document are identical pages acknowledging receipt of this entire document (including the exhibits). Please sign and return one copy to us and retain the other copy for your records.



**EXHIBIT A**  
**LIST OF ADMINISTRATORS**

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

<p><b>CALIFORNIA</b> Commissioner Dep’t of Financial Protection &amp; Innovation 320 West Fourth St., Suite 750 Los Angeles, CA 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677</p>	<p><b>NEW YORK</b> New York State Dep’t of Law Investor Protection Bureau 28 Liberty St., 21<sup>st</sup> Floor New York, NY 10005 (212) 416-8236</p>
<p><b>HAWAII</b> Commissioner of Securities Dep’t of Commerce &amp; Consumer Affairs Bus. Reg. Div., Securities Compliance Branch 335 Merchant St., Room 205 Honolulu, HI 96813 / (808) 586-2722</p>	<p><b>NORTH DAKOTA</b> North Dakota Securities Dep’t State Capitol – Dep’t 414 600 East Boulevard Av., Fifth Floor Bismarck, ND 58505-0510 (701) 328-4712</p>
<p><b>ILLINOIS</b> Illinois Office of the Attorney General Franchise Bureau 500 South Second St. Springfield, IL 62706 (217) 782-4465</p>	<p><b>RHODE ISLAND</b> Dep’t of Business Regulation Securities Div., Building 69, First Floor John O. Pastore Center - 1511 Pontiac Av. Cranston, RI 02920 (401) 462-9527</p>
<p><b>INDIANA</b> Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, IN 46204 (317) 232-6681</p>	<p><b>SOUTH DAKOTA</b> Div. of Insurance Securities Regulation 124 South Euclid Av., Suite 104 Pierre, SD 57501 (605) 773-3563</p>
<p><b>MARYLAND</b> Office of the Attorney General Securities Div. 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360</p>	<p><b>VIRGINIA</b> State Corporation Commission Div. of Securities and Retail Franchising 1300 East Main St., 9th Floor Richmond, VA 23219 (804) 371-9051</p>
<p><b>MICHIGAN</b> Florida Attorney General’s Office Corporate Oversight Div., Franchise Section 525 West Ottawa St., 1st Floor Lansing, MI 48913 (517) 335-7567</p>	<p><b>WASHINGTON</b> Dep’t of Financial Institutions Securities Div. – 3rd Floor 150 Israel Road, Southwest Tumwater, WA 98501 (360) 902-8760</p>
<p><b>MINNESOTA</b> Minnesota Dep’t of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101 (651) 539-1600</p>	<p><b>WISCONSIN</b> Div. of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 266-2139</p>

**EXHIBIT B**  
**AGENTS FOR SERVICE OF PROCESS**

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

<p><b>CALIFORNIA</b> Commissioner Dep’t of Financial Protection &amp; Innovation 320 West Fourth St., Suite 750 Los Angeles, CA 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677</p>	<p><b>NEW YORK</b> Secretary of State One Commerce Plaza 99 Washington Av., 6<sup>th</sup> Floor Albany, NY 12231-0001 (518) 473-2492</p>
<p><b>HAWAII</b> Commissioner of Securities of the State of Hawaii Dep’t of Commerce &amp; Consumer Affairs Bus. Reg. Div., Securities Compliance Branch 335 Merchant St., Room 205 Honolulu, HI 96813 / (808) 586-2722</p>	<p><b>NORTH DAKOTA</b> North Dakota Securities Commissioner State Capitol 600 East Boulevard Av., Fifth Floor Bismarck, ND 58505-0510 (701) 328-4712</p>
<p><b>ILLINOIS</b> Illinois Attorney General 500 South Second St. Springfield, IL 62706 (217) 782-4465</p>	<p><b>RHODE ISLAND</b> Director of Dep’t of Business Regulation Dep’t of Business Regulation Securities Div., Building 69, First Floor John O. Pastore Center - 1511 Pontiac Av. Cranston, RI 02920 (401) 462-9527</p>
<p><b>INDIANA</b> Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, IN 46204 (317) 232-6681</p>	<p><b>SOUTH DAKOTA</b> Div. of Insurance Director of the Securities Regulation 124 South Euclid Av., Suite 104 Pierre, SD 57501 (605) 773-3563</p>
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**EXHIBIT C TO DISCLOSURE DOCUMENT**

**Franchise Agreement and Exhibits**

**EXHIBIT C TO DISCLOSURE DOCUMENT**

THE LEARNING EXPERIENCE SYSTEMS LLC  
FRANCHISE AGREEMENT

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FRANCHISE AGREEMENT

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## 1. PARTIES

This FRANCHISE AGREEMENT (this “Agreement”) is made as of \_\_\_\_\_, 202\_\_ (the “Effective Date”) by and between THE LEARNING EXPERIENCE SYSTEMS LLC (“The Learning Experience,” “franchisor,” “we,” “us” or “our”), a Delaware limited liability company, with its principal office at 210 Hillsboro Technology Drive, Deerfield Beach, Florida 33441 and \_\_\_\_\_, having a mailing address at \_\_\_\_\_ (“you” or “your” or “yours”). Unless it is defined in a sentence, each capitalized term will have the meanings stated in Section 3 below.

## 2. RECITALS

**2.1 Ownership of System.** We are the holder or licensee of certain intellectual property rights, including the Trade Name “The Learning Experience,” and the Marks, as defined in this Agreement. We or our Affiliates have spent a considerable amount of time, effort and money to devise, and continue to develop, childcare methods, technical knowledge and marketing ideas including, but not limited to, trade secrets, commercial ideas, advertising materials, computer software, marketing strategies, information on sources of supply, curricula, forms, distinctive signage, trade dress, architectural design and uniforms, and training techniques that, taken together, comprise a proprietary System for the operation of childcare Centers.

**2.2 Benefits of System.** You recognize and acknowledge the benefits and consideration of being identified with and licensed by us, allowed to use the Marks in accordance with this Agreement and trained to operate a Center as part of The Learning Experience Franchise System, offering to the public childcare and educational services of uniformly high quality.

## 3. DEFINITIONS

For purposes of this Agreement, when any of the following words and phrases begins with a capital letter, its meaning is defined in this Section 3:

**3.1 Affiliate.** “Affiliate” or “Affiliates” means people and companies associated with us or you, as the context suggests, including, but not limited to, owners, general partners, members, limited partners, or shareholders owning a Substantial Interest in us or in you, corporations in which we or you have a Substantial Interest, corporations in which any person or entity owning a Substantial Interest in you also have a Substantial Interest, or officers, directors, employees or agents of us or of you. The phrase “Substantial Interest” means the right to ten percent (10%) or more of the capital or earnings of a partnership or a limited liability company, or the ownership or right to vote or direct the voting of ten percent (10%) or more of the voting stock of a corporation.

**3.2 Agreement.** “The Agreement” or “this Agreement” means this Franchise Agreement and includes all the Attachments to this Franchise Agreement.

**3.3 Approved Location.** “Approved Location” as defined in Attachment 1 of this Agreement means a location that we have approved in writing as a site at which you may license and operate a Center.

**3.4 Basic Software.** “Basic Software” includes the TLE Technology Package, which is a bundle of third-party software programs designed for use by Centers, including smartphone and tablet applications, communication software, business intelligence tools, accounting packages and Microsoft Office.

**3.5 Center.** “Center” means a business that provides child care and child development programs, including any related and unrelated products and services, under the Trade Name, Marks, and System.

**3.6 Center Director/Business Manager.** “Center Director” and “Business Manager” are individuals qualified or certified by the State in which your Center is located, whom you have appointed to manage your Center. A Center Director will be the individual who manages the day to day operations of the Center, such as the curriculum. In some states, the Center Director will be required to have prior experience and/or a degree in Early Childhood Education. The Business Manager will be the individual who manages the financial aspects of the operations of the Center, such as payroll, budgets, employees and collections. Assuming you satisfy all of the requirements for a Center Director, you may serve in that position.

**3.7 Corporate Childcare.** Corporate Childcare is a program branded under the trade name Work & Family (“W&F”), and is a program we or our Affiliates offer to promote our Centers and drive enrollment. We will solicit and enter into a contract with a third party corporation (a “Corporate Contract”) for recognition as the corporation’s childcare provider, to provide incentives to the employees of that corporation. Not all of our Corporate Contracts will have a direct impact on your Center. Under a Corporate Contract between us and the third-party corporation, the corporation agrees to introduce and market our Centers to their employees as an employee benefit. Under the terms of the current form of Corporate Contract, we offer various programs as benefits to the corporation’s employees, from tuition subsidies to tuition discounts of up to fifteen percent (15%); we may from time to time modify the terms of the Corporate Contract, including without limitation, the amounts and bases for any subsidies and/or discounts. You will be required to participate in the W&F program and follow all of the terms set forth in Section 6.17 of this Agreement.

**3.8 “Existing Center” and “New Center”.** Based upon a variety of circumstances defined in this Agreement, you may be granted franchise rights to an existing company-owned and ready to open childcare facility or a currently operating childcare facility (“Existing Center”) or you may be granted the franchise rights to operate a new, to be located and/or to be developed Center (“New Center”) (New Center and Existing Center may also be collectively referred to as “Center”).

**3.9 Franchise System.** “Franchise System” means all TLE Centers, including but not limited to the Centers owned and/or managed by franchisees, us, and/or any of our or your Affiliates or other third parties.

**3.10 Good Standing.** “Good Standing” means that you and your Affiliates: (a) are in compliance with all applicable state and local laws; and (b) have timely, consistently and continuously operated your Center, without interruption, in compliance with all provisions of this Agreement (and any other agreement entered into by and between you and your Affiliates and us or our Affiliates), the lease, Assignment and Assumption of Lease Agreement (or controlling real estate agreement), the System and the Manual, specifically including, but not limited to, provisions for timely payment of amounts owed by you to us or our Affiliates and in compliance with the quality standards required for a Center. Good Standing is automatically lost when and if you receive a notice of default or termination. You may, however, regain Good Standing after a curable event of default occurs, by curing the default; provided, however, that if you receive three default notices within any twelve month period, it will be in our sole discretion whether you may regain Good Standing.

**3.11 Gross Revenue.** “Gross Revenue” means the total amount of consideration, whether cash, credit, or payment in kind, received by you and your Affiliates for all goods sold and services rendered from the

Approved Location or in connection with the Trade Name or Marks, including barter (exchange of tuition for services or products), and excluding any and all refundable registration deposits, uncollectible debts, taxes collected and paid to a taxing authority, and tuition credits for your children and the staff's children, provided such tuition credits will not exceed three percent (3%) of Gross Revenue. To the extent that Gross Revenue is used in this Agreement with respect to our operations, Gross Revenue will have the same meaning based upon the goods sold and services rendered by us and our Affiliates from the location at issue.

**3.12 Immediate Family Member.** “Immediate Family Member” means parents, spouses, offspring and siblings, and the parents and siblings of spouses.

**3.13 Licensed Capacity.** “Licensed Capacity” means the maximum number of students that will be allowed in your Center at any one time under the applicable governmental regulations governing child care in your market.

**3.14 Manual.** “Manual” means, collectively, the online Confidential Operations Manuals and any other manuals (online or hardcopy), including any revisions that we may periodically make in our sole discretion. The Manuals will contain materials such as confidential and proprietary information, teaching materials, forms, requirements for the establishment and operation of a Center, instructions for use of the Marks, specifications for goods that will be used in or sold by your Center, educational techniques, curricula, information on marketing, names of approved suppliers, and other information that we believe may be necessary or helpful to you in your operation of your Center.

**3.15 Marks.** “Marks” means selected trademarks, service marks, trade dress, logos, slogans, copyrights and other commercial symbols licensed by us to you under this Agreement.

**3.16 Opening Date.** “Opening Date” means, in the case of a New Center, the date when the New Center first opens its doors for business and provides childcare for its first student. In the case of an Existing Center, the Opening Date means the date when you become obligated to first open your doors for business after you execute this Agreement.

**3.17 Proprietary Product.** “Proprietary Product” means any product, including but not limited to equipment, software, curricula, furnishings, fixtures and décor that: (i) has been produced in accordance with our specifications; (ii) has been packaged or labeled with the Marks; or (iii) in our sole discretion, is an important component of the System.

**3.18 Protected Territory and Target Area.** “Protected Territory,” means the geographic area described in Attachment 1 that surrounds the Approved Location and within which we agree to refrain from specified competitive activities. Prior to locating a mutually agreeable location for your Center, the “Target Area” is a non-exclusive, mutually agreeable general area described on Attachment 1 annexed to this Agreement, wherein you have indicated to us you would like to open and operate your New Center. For instance, Attachment 1 would state your Target Area as “ABC County(s), XYZ State”. The availability of a site to you is usually determined and offered by us to you based on the timing of signing this Agreement relative to others within that Targeted Area. Once your Approved Site has a signed lease or purchase agreement, the Target Area as identified is replaced by the issuance of a new Attachment 1, clearly identifying the Approved Location and Protected Territory.



**3.19 TLE Technology Package.** TLE Technology Package means the authorized business management system composed of several third-party and proprietary software programs that have the following functions: Family Data Management, Time Clock System, Reporting and Communication Systems (technical support, continuous upgrades and automated uploading of data or viewing by us), mobile applications, our designed door entry systems and others. We may designate or modify these systems at any time.

**3.20 Site.** “Site” means the property and building on or in which your approved Center is located.

**3.21 Software.** “Software” or “Licensed Software” means the computer program that is selected and bundled as a whole (entry, management, uploading, etc.) and all codes, techniques, software tools, formats, designs, concepts, methods and ideas associated with that computer program, and any successor/replacement software programs that we may implement. The term also includes all copies of any part of the Software, as well as the documentation and other printed materials contained in this package or distributed afterwards. The term also includes any computer programs or software associated with the L.E.A.P. Interactive Program (defined in Section 6.18 herein), parent engagement application platforms called Show N Tell and Bubbles and Friends®, and CORE (a center management system).

**3.22 System.** “System” means the distinctive Center methods, processes, technical knowledge and marketing ideas licensed by us to you under this Agreement, including, but not limited to, the right to use our trade secrets, purchasing arrangements, curriculum, commercial ideas, confidential training manuals, advertising materials, computer software, marketing strategies, information on sources of supply, Center forms, distinctive signage, trade dress, and the architectural design of the Center. You acknowledge the existence and the benefits of the System and its distinctive and unique nature. You also agree to follow the System without deviation.

**3.23 Termination.** “Termination” means expiration of this Agreement, non-renewal of this Agreement, or termination, under the circumstances described in Section 11 of this Agreement, of the then-current term of this Agreement before its normal expiration date.

**3.24 Trade Name.** “Trade Name” means the commercial name “The Learning Experience” and “The Learning Experience Academy of Early Education,” or any other names and marks designated by us from time to time to be used at the Centers.

**3.25 Transfer.** “Transfer” means any one or cumulative sale, gift, or other change in ownership to a transferee of all or any part of the rights and obligations of this Agreement, of an ownership interest in you of at least ten percent (10%), and/or any material assets owned by you. If you are a partnership, Transfer will mean one or more transactions (regardless of whether or not they are related) in which there is a cumulative change in the rights to ten percent (10%) or more of your capital or profits; if you are a corporation, Transfer will mean one or more transactions (regardless of whether or not they are related) in which there is a cumulative change in beneficial ownership of ten percent (10%) or more of your voting stock; if you are a limited liability company, Transfer will mean one or more transactions, related or not, in which there is a change in the membership of ten percent (10%) or more. If there comes a time when you have transferred, through one or a series of transactions, ten percent (10%) or more of your ownership interest in the rights to the capital or profits, then all the transactions making up the ten percent (10%) or more change in ownership, no matter when or how long ago consummated, will be considered a Transfer, subject to the requirements and obligations relating to a Transfer enumerated in this Agreement. If you are a corporation, limited liability company or other form of entity (other than a partnership), “Transfer” also includes the issuance of any voting securities, securities convertible into voting securities, membership interest, and/or other equity interest.

**3.26 The Learning Experience.** “The Learning Experience” means exclusively The Learning Experience Systems LLC or any person or entity to which The Learning Experience Systems LLC allocates all or part of its rights and obligations under this Agreement for the offering to the public of childcare and educational services of uniformly high quality.

**3.27 “You”, “your” or “yours”.** “You”, “your” or “yours” means the person or entity that: (a) is named “you”, “your” or “yours” in Section 1 of this Agreement; and (b) all persons or entities that succeed to your interest by Transfer or operation of law. If you execute this Agreement “in trust for an entity to be formed,” you must assign this Agreement to any entity that is approved by us at least three (3) months prior to your Opening by signing an Assignment and Assumption of Franchise Documents, a form of which is attached to the Disclosure Document as Exhibit G. If you are a business entity, or upon the assignment of your rights and obligations under this Agreement to a business entity, the terms “you,” “your” and “yours” shall be deemed to include, where appropriate and/or necessary for the enforcement of this Agreement, each and every one of the entity’s owners, general partners, members, limited partners, or shareholders owning a Substantial Interest in the entity.

**3.28 “We”, “us” or “our”.** “We”, “us” or “our” means The Learning Experience Systems LLC.

## **4. GRANT OF FRANCHISE CENTER**

**4.1 Granting Clause.** In consideration for your payment of the Franchise Fee and your agreement to comply with the provisions of this Agreement, we grant you and you accept from us a license to operate one (1) franchise Center at an Approved Location using the Trade Name, Marks and System always in accordance with the terms of this Agreement, its Attachments and all other ancillary documents. As part of this grant of license, you acknowledge that you have the continuing obligation to always remain in Good Standing and continuously operate your Center without interruption for the full term of this Agreement. We reserve all rights in the Trade Name, Marks and System not expressly granted in this Agreement, including but not limited to the right to sell Proprietary Products and to use and sell the Software and Proprietary Products within the Protected Territory through any means of distribution not specifically prohibited by Section 4.2 of this Agreement.

### **4.2 Protected Territory.**

**4.2.1 Rights Protected.** Each Approved Location will be at or near the geographic center of a Protected Territory. The Protected Territory and Approved Location will be designated in Attachment 1 of this Agreement, if possible, or by a replacement Attachment 1 that is signed by both parties at the time that your Approved Location has a signed lease or purchase agreement. The Protected Territory will be measured from the outside wall of your building that houses your Center. Except as described in Section 4.2.2, we will not establish or operate, or permit any Affiliate or franchisee or entity to establish or operate, a Center at any location within the Protected Territory.

**4.2.2 Exclusions From Territorial Protection.** You expressly acknowledge and agree that, except as provided in Section 4.2.1, the franchise is non-exclusive. We and our Affiliates retain the right, among others, in any manner and on any terms and conditions that we deem advisable, and regardless of the proximity to, or financial impact on, the Center established pursuant to this Agreement:

- (a) To own, acquire, establish and/or operate, and license others to establish and/or operate, Centers outside the Protected Territory;

(b) To own, acquire, establish and/or operate, and license others to establish and/or operate, any businesses other than a Center at any location within or outside the Protected Territory under other Trade Name or Marks or other systems, and regardless of whether such businesses are the same, similar or different from the Center or may compete with the Center;

(c) To sell or distribute, at retail or wholesale, directly or indirectly, or license others to sell or distribute, any services or products (including Proprietary Products) which bear any trademarks, including the Trade Name and Marks, whether within or outside the Protected Territory, and through any distribution channel or venue other than a Center.

(d) To own and/or operate an “on-site” corporate childcare program (a “Corporate On Site Program”) for an entity or entities chosen by us in our sole discretion (the “Corporate Sponsors”) located within your Protected Territory at a corporation’s grounds or off its grounds if it is the exclusive Site to the corporation. If we do so, we will pay you twenty percent (20%) of the tuition that you can demonstrate that you lost from students who were actually enrolled and paying tuition at your Center on the date of the opening of the Corporate On Site Program, as documented in your contemporaneous books and records, but who subsequently leave and enroll at the Corporate On Site Program, for as long as each previously enrolled student remains enrolled at the Corporate On Site Program. Our solicitation of “off site” contracts under the Corporate Childcare Program as defined in Section 6.17 below will not be a violation of your Protected Territory.

(e) We may acquire competing childcare systems or Centers other than The Learning Experience within your Protected Territory. In such event, we will offer you a first right to acquire the competing center that was acquired by us under the same terms that we acquired it, including all costs for acquisition, at which time such Center will be subject to all of the terms and conditions of this Agreement, or if you elect to pass on such opportunity, we must sell such competing business to a third party within eighteen (18) months of such acquisition or close the competing business. At all times, neither we nor our Affiliates have any restrictions against seeking or retaining any ownership of real estate within the Protected Territory.

**4.2.3 Relocation.** You may relocate your Center within your Protected Territory only with our prior written consent, which will be granted only if the following conditions are fulfilled:

(a) You and your Affiliates are in Good Standing;

(b) You plan, construct, equip (including fixtures), and decorate your new Center at your sole expense so that the premises fully meet the standards of appearance and function applicable to the premises of new Centers at the time of relocation;

(c) You have presented to us for our review complete information regarding the proposed site that is compliant with our guidelines, including without limitation, the site demographics of the new location and the terms and conditions of the new lease agreement or controlling real estate agreement and after such review, we give our written approval;

(d) You execute and deliver to us a general release, substantially in the form as attached as Exhibit O to the Disclosure Document, that releases us and our Affiliates, and indemnifies and holds us and our Affiliates harmless with respect to the existing lease and all other claims arising through and from you and your Affiliates up to the date of approval;

(e) The new location does not infringe upon the Protected Territory of another Center; and

(f) The geographic area comprising the Protected Territory will remain the same as the Protected Territory of the original Center location, notwithstanding the new Center location.

#### 4.3 Term and Renewal.

**4.3.1 Initial Term.** The initial term (“Initial Term”) of the franchise will be the greater of: (a) fifteen (15) years; or (b) the initial term of your lease for the Center premises, but in no event will the Initial Term be longer than twenty (20) years. In the event that you or your Affiliate owns the real estate on which your Center is located, the initial term will be fifteen (15) years. This Agreement begins and is effective as of the Effective Date and ends on the expiration of the franchise (as extended) unless sooner terminated or extended in accordance with its terms.

**4.3.2 Renewal.** You will have the opportunity to renew the franchise for three (3) additional and consecutive five (5) year terms. The first renewal term shall be subject to the following pre-conditions:

- (a) You and your Affiliates are in Good Standing;
- (b) You have notified us in writing at least one hundred eighty (180) days before the expiration date of this Agreement of your desire to renew;
- (c) You must execute our then-current form of Franchise Agreement, and any addenda thereto, for the first renewal term. You acknowledge that our then-current form of franchise agreement in use at the time of your renewal may differ materially from, and be less advantageous to you than, the terms of this Agreement; provided, however, that: (i) you will not be required to pay any initial franchise fee; (ii) the number of remaining renewal terms will be determined by this Agreement; (iii) the royalties disclosed in your then-current document shall not be modified; and (iv) any prerequisites for obtaining the second renewal term will be set forth in the then-current form of franchise agreement, which agreement shall incorporate (i)-(iv) above. You must sign the renewal franchise agreement, without amendment, within 30 days after we provide it to you;
- (d) You have satisfied the requirements of Section 8.6.9 below;
- (e) You have renewed or have the right to renew the lease for the Approved Location for a term at least as long as the renewal term of the franchise;
- (f) You and all of your Affiliates and the shareholders, members, partners, and principals of such Affiliates, as the case may be, have executed and delivered to us, in form and content satisfactory to us, a general release, in the form provided by us, that releases and holds harmless us, our officers, directors, employees, affiliates, agents or assigns from all liability to you or your owners under this Agreement. You expressly acknowledge and agree that we will not grant a renewal term unless and until you provide the release(s) required by this subsection (f);
- (g) There is no renewal fee paid to us; the only required payment is the Upgrade Requirement, which is made to third parties and used to renovate your facility. Training and other start-up requirements will also be waived, provided that you have complied with all requirements of the then-current Franchise Agreement; and
- (h) You have executed and delivered to us all agreements required by us in our reasonable discretion, for the operation of Centers.

**4.3.3. Our Right to Refuse to Renew.** We will not be obligated to renew this Agreement if we have determined in good faith to cease offering new and renewal franchises within the state within which the Approved Location is located, but only if: (i) we notify you within 15 days after receipt of your renewal notice of our exercise of our non-renewal right pursuant to this Section 4.3; (ii) we do not grant any new or renewal franchises within the state within which the Approved Location is located from the date of notice through the expiration date of the initial term of this Agreement; and (iii) we have waived your post-term non-competition covenant as set forth in Section 9.2.8 of this Agreement. If we do so, you must de-identify all Marks, trade dress and Systems then offered by us.

**4.4 Franchisee Entity Documents.** In the event that there is more than one principal owner of your legal entity, you are required to prepare written agreements between the principal owners (e.g. operating agreement, partnership agreement or shareholders agreement) containing an appropriate buy/sell or similar dispute resolution mechanism in the event of a material disagreement between the principal owners, and to deliver a copy of such written agreement(s) to us upon execution of same.

## 5. SITE LOCATION

**5.1 Service Election.** When you execute this Agreement, you will be required to decide whether: (a) you will locate and develop a New Center yourself and only retain our assistance in the development of a New Center (“Site Coordination Service”); or (b) you will retain us to locate a developer/landlord who will construct and deliver a build-to-suit, turnkey New Center to you (“Site Development Service”). This choice is called the “Service Election,” and the fees for each service are materially different. You must make the Service Election at the time you execute this Agreement. The Service Election is made by executing either the Site Coordination Addendum (“SC Addendum”) or the Site Development Service Charge Addendum (“SDSC Addendum”). One of these addendums must be executed and delivered to us with this Agreement, and will be incorporated by reference into this document.

**5.2 Sites.** You acknowledge and agree that certain suitable sites that may be presented to you will not ultimately lead to a lease or sublease arrangement due to various factors such as, without limitation, the unwillingness of the landlord to conclude a lease arrangement on our customary terms and conditions. As such, we may, but are not obligated to, lease or sublease every suitable site. Further, even when a lease is concluded, the suitable site may never be developed because of various factors such as, without limitation, the landlord’s inability to obtain development approvals or construction financing. Further, you acknowledge and agree that our provision of Site Development Service does not in any way constitute our assurance, guaranty or promise that the site chosen will be successful or profitable, or that it will generate any income for you or your Affiliates at all.

**5.3 SC Addendum.** If you sign an SC Addendum, we first must approve the Center lease that you will sign. We require that the lease contain certain provisions that are designed to protect our rights as described in the SC Addendum. You, your landlord, and, if applicable, any lender for the site, also may have to sign our then-current form of Conditional Assignment and Assumption of Lease (the “Lease Assignment”), which is annexed as Attachment 1 to the SC Addendum. If you purchase the site, you may also have to sign our then-current form of Agreement to Lease (the “Lease Agreement”), which is annexed as Attachment 2 to the SC Addendum.

**5.4 No Warranty.** You acknowledge that our approval of a Center lease does not constitute a guarantee, assurance or warranty, express or implied, of the successful operation or profitability of a Center operated at the site. Our approval indicates only that we believe that the site and the terms of the lease fall within the criteria we have established for site approval as of the time of our approval. You further

acknowledge that we have advised you to have an attorney review and evaluate the lease and all other documents provided hereunder.

**5.5 Ownership and Financing.** If you choose to purchase the real property and structure containing your Center, at any time prior to acquisition or subsequently thereafter you or your Affiliates propose to obtain any financing with respect to the site or for your Center or for any of your assets in which any of such items are pledged as collateral to secure your performance under such financing, you must meet certain conditions. The form of any purchase contract with the seller of a site and any related documents, and the form of any loan agreement with or mortgage in favor of any lender and any related documents, must be approved by us before you sign them. Our consent to such documents may be conditioned upon the inclusion of various terms and conditions, including without limitation the following:

(a) a provision which requires any lender or mortgagee concurrently to provide us with a copy of any written notice of deficiency or default under the terms of the loan or mortgage sent to you or your Affiliates or the purchaser;

(b) a provision granting us, at our option, the right (but not the obligation) to cure any deficiency or default under the loan or mortgage (should you fail to do so) within fifteen (15) days after the expiration of a period in which you may cure such default or deficiency;

(c) a provision which expressly states that any default under the loan or mortgage, if not cured within the applicable time period, constitutes grounds for termination of this Agreement, and that any default under this Agreement, if not cured within the applicable time period, also constitutes a default under the loan or mortgage; and

(d) your delivery to us of the form of Agreement to Lease annexed as Attachment 2 to the SC Addendum, which requires you, at our option, to lease the site to us if this Agreement is terminated, assigned, or transferred, in accordance with our standard form of Lease Agreement, a form of which is annexed as Exhibit K to the Disclosure Document.

**5.6 Site Criteria.** When determining whether a site is in a location that may be suitable for the development and operation of a Center, you must ensure that certain demographic criteria (“Site Criteria”) required by our guidelines is present, as such guidelines and criteria may be changed from time to time.

## **6. PAYMENTS BY FRANCHISEE**

**6.1 Franchise Fee.** The Franchise Fee for a childcare Center is Sixty Thousand Dollars (\$60,000) and is due and payable to us upon the execution of this Agreement. The Franchise Fee is non-refundable except as expressly stated to the contrary in this Agreement.

**6.2 Acquisition Fee for Existing Centers.** If you are buying an Existing Center owned by us and/or our Affiliates or by another franchisee of ours, the initial acquisition fee (“Acquisition Fee”) paid to us will be determined in our sole discretion upon several factors, which may include enrollment, tuitions, lease term and market conditions. The Acquisition Fee for this franchise is \$N/A (Filled in if applicable.)

**6.3 Royalties.**

(a) In consideration for our continuing advice and support of your franchise, on or before the first (1<sup>st</sup>) day of each month after the Opening Date, you will pay us a monthly royalty (the “Royalty”) in the amount of seven percent (7%). The Royalty is calculated as a percent of the monthly Gross Revenue

of your Center received by you in the immediately preceding month. For the purpose of computing monthly Gross Revenue, any prepaid enrollment fees are deemed attributable to the month in which you receive them. If you do not pay the Royalty in full by the 10<sup>th</sup> day of the month, you shall be deemed in default of this Agreement and we have the right to require you to pay the Royalties and any other delinquent fees on a weekly basis, without waiving our rights to other remedies contained in this Agreement.

(b) In the event and at any time a governmental agency puts into law that sales taxes must be collected on franchise revenue, you will be required to pay any sales tax levied on any fees payable to us in accordance with this Agreement.

**6.4 Brand Awareness Fund Contributions.** You agree to pay to the Brand Awareness Fund a monthly contribution of one percent (1%) of Gross Revenue during the previous month. We have the right to increase the Brand Awareness Fund contribution up to two and a half percent (2.5%) of Gross Revenue, but only in amounts charged uniformly to all franchisees. If you default in making payments of any kind to us or our Affiliates, from and after such default, we may require you to pay both your Brand Awareness Fund and Royalty contributions on a weekly basis, without waiving our rights to other remedies contained in this Agreement. The Brand Awareness Fund is not obligated to make expenditures for you or any other franchisee which are equivalent or proportionate to your or another franchisee's contribution, or to ensure that any particular franchisee benefits directly or *pro rata* from the marketing or promotion conducted by the Brand Awareness Fund. The Brand Awareness Fund is not a trust fund. We will not have any fiduciary duty to you or any franchisee in connection with the collections or expenditures of Brand Awareness Fund monies or any other aspect of the Brand Awareness Fund's operations.

**6.5 Inspection/Audit.** We have the unlimited right during normal working hours to inspect and/or audit all of your books and records, including your business tax returns ("Audit"), without prior notice. The audit may be conducted by us or by our designated third-party auditor. If an inspection or audit reveals any underpayment of Royalties or Brand Awareness Fund contributions payable under this Agreement ("Underpayment"), you must immediately pay these amounts to us, together with late charges and accrued interest on the amount underpaid in accordance with Sections 6.12 and 6.13 below. In addition, if the Underpayment exceeds three percent (3%) of the monthly Royalty and/or Brand Awareness Fund contributions payable for any period covered under the Audit ("Substantial Underpayment"), you must take the following actions: (a) within thirty (30) days from the notice of Substantial Underpayment, you must reimburse us for all expenses that we incur in connection with the Audit, including paying the cost and expenses of our auditor, if applicable; and (b) you must have your annual financial statements audited and certified at your expense. If, however, the Underpayment exceeds five percent (5%) ("Material Underpayment"), we will assess the greater of: (i) a penalty equal to three times (3x) the amount of Material Underpayment, plus expenses; or (ii) a penalty of Five Thousand Dollars (\$5,000) per month until such underpayment, penalties and expenses have been received, and we may terminate your Agreement pursuant to Section 11.2(m). The remedies described in this Section 6.5 are not exclusive and will not deprive us of any other remedies we may have under this Agreement, applicable law or equity.

**6.6 Service Election Charge.** The cost of your Service Election, and the terms and conditions relating to that cost, are governed by the applicable addendum, which will be either the SDSC Addendum or the SC Addendum (collectively referred to as the "Service Election Addenda"). The complete terms and conditions of the applicable Service Election Addendum are fully incorporated by reference into this Agreement.

**6.7 Lease Administration Fee.** If you have executed an SDSC Addendum, and consequently we or our Affiliates continue to be liable under a lease after it is assigned or subleased to you, you will pay us or our Affiliates an annual Lease Administration Fee of the greater of: (a) One Dollar and Eighty Cents (\$1.80) per square foot of the Center; or (b) eight percent (8%) of annual Base Rent (as defined in the lease). You must pay the annual Lease Administration Fee on a prorated monthly basis due on the first day of each

month for the term of this Agreement. The monthly fee is 1/12<sup>th</sup> of the total annual Lease Administration Fee. In our sole discretion, the Lease Administration Fee will either be paid as part of a sublease arrangement from us or our Affiliates to you, or as part of an assignment of Lease, in both cases as required by the Assignment and Assumption of Lease Agreement.

**6.8 Training Fees and Costs.** You will be required to engage in extensive training before you will be permitted to operate your Center, as will be more fully described in Section 7 below. We will not charge a fee for the Franchise Training Program (“FTP”) for up to two (2) members of your management team that are approved by us prior to training, of which one must have an equity ownership interest of at least fifty percent (50%) of the franchise. However, if additional people are trained, we may charge, and you agree to pay, the One Thousand Five Hundred Dollar (\$1,500) training fee for each additional trainee. We will not charge a training fee for continuing education programs. For all training offered by us, you agree to pay the costs of travel, lodging, meals and other incidental expenses incurred by you or your employees. All FTP attendees must sign the Non-Disclosure, Non-Interference and Non-Competition Agreement attached as Attachment 3 to this Agreement.

**6.9 Software Fees.** You must pay us an initial one-time fee of Two Thousand Three Hundred Ninety Nine Dollars (\$2,399) for the computer set-up (the “Computer Set-up Fee”). Thereafter, you will be charged a recurring service fee (the “Software Service Fee”) of Four Hundred Ninety-Nine Dollars (\$499) per month, payable on the opening of your Center and on the first day of each month thereafter. This fee is not for software, but for our general software support (including support relating to software associated with the L.E.A.P. Interactive Program, as defined herein). This fee may increase at CPI each year.

(a) The Software Service Fee entitles you to technical support for our proprietary TLE software only. In the event that you require an on-site service call, there is an additional charge to you of One Hundred Dollars (\$100) per hour, plus any travel expenses, subject to CPI annual adjustments.

(b) In the event that you experience a hardware failure, we will provide you with repair service support at a cost of One Hundred Dollars (\$100) per hour, plus annual CPI adjustments. In the event that the hardware is not under warranty, you will also have to pay for any repair parts. During the repair period, we will use our best efforts to ship to you any necessary loaner hardware within forty-eight (48) hours of your request. All shipping will be at your cost.

(c) You will pay any sales tax levied on the software licensing fees described above.

(d) You are obligated to pay the costs of high speed Internet/broadband access, which will be needed to interface with us. You recognize that we will have access to your administrative computers at all times.

**6.10 Payment for Proprietary Products.** Refer to Section 8.6 regarding payments for Proprietary Products.

**6.11 Transfer Fee.** As one of the conditions of Transfer of your franchise, you must pay, before Transfer, a transfer fee of Twenty Five Thousand Dollars (\$25,000) (the “Transfer Fee”). This Transfer Fee shall remain fixed for the first five (5) years of the Term of this Agreement, and then will be subject to Index increases under Section 6.21.

**6.12 Late Charge.** You agree to pay us a late charge of ten percent (10%) of any payment not received by us within ten (10) days of that payment’s due date. This fee is intended to partially compensate us for internal administrative costs resulting from late payment, which would otherwise be difficult to measure



with precision. The fact that such charges are imposed should not be construed as a waiver of our right to timely payment.

**6.13 Interest on Late Payments.** Any payment not received by us within thirty (30) days following the due date will bear interest at eighteen percent (18%) per annum or at the highest rate allowed by applicable law (whichever is less) from the date when the payment was due. The interest charges are intended to compensate us for loss of use of the funds. The fact that such charges are imposed should not be construed as a waiver of our right to timely payment.

**6.14 Returned Check Charge.** If any check or electronic transfer of funds issued by you to us or our Affiliates is dishonored by your bank because of insufficient funds or because you have closed the account, then, upon receipt of written notice of this occurrence, you must pay us, in addition to the face amount of the dishonored check or transfer amount, a returned check/transfer charge equal to the greater of: (a) One Hundred Dollars (\$100); or (b) five percent (5%) of the amount of the check or transfer, plus the actual charges imposed by our financial institution to cover our costs in dealing with the returned check or transfer.

**6.15 Refresher Training Non-Attendance Charge.** Your failure to attend refresher training twice in any calendar year constitutes a default under this Agreement for which we may, at our option, terminate this Agreement pursuant to Section 11.1, or we may impose, and you must pay, an administration charge of Five Hundred Dollars (\$500) for each such failure.

**6.16 Withholding of Payments.** You are not entitled to withhold (which term includes payments placed in escrow or made to any other payee) payments of any fees, Royalties, charges, Brand Awareness Fund contributions, or any other amounts owed to us, our Affiliates or our preferred, recommended or referred third party vendors for products you purchased, for any reason, including but not limited to our non-performance or breach of this Agreement. You acknowledge that your sole remedies for non-performance by us or our Affiliates are those described in Section 11 of this Agreement, and you expressly waive any other remedies at law or in equity.

**6.17 Corporate Childcare Program.**

(a) We have the right, but not the obligation, to directly solicit, and enter into agreements with, organizations located within your Protected Territory, pursuant to which your Center will provide its customary child care services to the organizations' employees' families. Your Center must accept and provide your customary child care services to any employee under a Corporate Contract.

(b) The Corporate Contract will likely provide for a discount from the tuition and other fees that your Center normally charges, and also may contain other provisions that differ from your Center's typical arrangements. To the extent that there is any inconsistency, the terms of the Corporate Contract will supersede your Center's arrangements, and you must follow the provisions appearing in the Corporate Contract.

(c) You must provide us with all required periodic reports at the time(s) and containing such information as we direct in the Manual or otherwise in writing. Failure to provide periodic reports by the 10<sup>th</sup> of each month will result in an additional fee of five percent (5%) of each enrolled corporate child's tuition per each day the child is enrolled.

(d) If, for any reason, a Corporate Contract is terminated, you will have the right, but not the obligation, after the effective date of termination to immediately adjust the children's' tuition to reflect your Center's standard rates, in which event your obligations under subsection (c) will end. If you do not adjust

the children's tuition to your standard rates, then your obligations under subsection (c) will continue unless and until you do so.

(e) You are not permitted to solicit, or enter into, any Corporate Contracts on your own, nor are you permitted to communicate directly with any third-party organization concerning the Corporate Contract program. Only we may do so.

(f) We reserve the right to: (i) establish the terms and conditions of each Corporate Contract; (ii) terminate the Corporate Contract program at any time; and (iii) establish and periodically modify, in the Manual or otherwise in writing, standards, operational procedures and other similar features of a Center's performance under the Corporate Contract.

**6.18 L.E.A.P. Interactive Fees.** You acknowledge that as part of our curriculum offerings, we have implemented a technology-based curriculum program known as L.E.A.P. Interactive (the "L.E.A.P. Interactive Program"), and that your Center is required to participate in the L.E.A.P. Interactive Program. Prior to the opening of your Center, you must purchase at least one (1) L.E.A.P. Interactive whiteboard from approved suppliers and pay an initial setup fee. The cost of the required hardware and the setup fee is currently estimated to be approximately Five Thousand Dollars (\$5,000), per each hardware, but is subject to change based on manufacturer price increases, taxes, and other variables. In addition, you will be charged a recurring service fee (the "L.E.A.P. Interactive Service Fee") of One Hundred Ninety-Nine Dollars (\$199) per month, payable on the first day of each month. The L.E.A.P. Interactive Service Fee is a fixed amount, regardless of the number of whiteboards in your Center. This fee is for continued receipt and use of L.E.A.P. Interactive proprietary software and curriculum.

(a) In the event that you experience a failure of any hardware associated with the L.E.A.P. Interactive Program, we will assist you in contacting and working with the relevant manufacturer or other warranty provider. In the event that the hardware is not under warranty, you will have to pay for any repair or replacement parts from our approved suppliers.

(b) You will pay any sales tax levied on any software licensing fees associated with the implementation of the L.E.A.P. Interactive Program.

(c) You will be obligated to pay the costs of high speed Internet/broadband access, which will be needed to utilize and implement the L.E.A.P. Interactive Program.

**6.19 Fines/Penalties.** Our ability to effectively track your business and offer guidance is dependent upon your submission of timely and accurate reports to us. Accordingly, we reserve the right to impose fines and/or penalties upon you in connection with the late submission of any reports required to be submitted to us pursuant to Section 8.10 of this Agreement. Specifically, if any of the required reports set forth in Section 8.10 are submitted to us after the date they are due, you will be required to pay a penalty of Fifty Dollars (\$50) for each occurrence, plus an additional fine of Thirty Dollars (\$30) per day for each day past the deadline that the report is not submitted, up to and including the date the report is finally submitted to us. You will be entitled to one instance of forgiveness of these fees in each twenty-four (24) month period.

**6.20 ACH Payment.** All recurring or continuing fees that you are required to pay to us under this Agreement, including without limitation the fees set forth in Sections 6.3, 6.4, 6.8, 6.9, 6.12, 6.13, 6.14, 6.15, and 6.18, must be paid to us via Automated Clearing House ("ACH"), pursuant to the Authorization Agreement for Direct Payments attached to this Agreement as Attachment 5.

**6.21 Index.** We have the right to adjust, for inflation, all fixed dollar amounts under this Agreement (except for the Franchise Fee) once a year to reflect changes in the Index, not to exceed five percent (5%) annually of the then-current fee. For the purpose of this Section 6.21, the term "Index" means the Consumer Price Index (1982-84=100; all items; CPI-U; all urban consumers) as published by the U.S. Bureau of Labor Statistics ("BLS"). If the BLS no longer publishes the Index, then we will have the right to designate a reasonable alternative measure of inflation.

## **7. OBLIGATIONS OF FRANCHISEE**

### **7.1 Training.**

(a) Before the opening of your Center, you must complete the Franchise Training Program ("FTP") listed in this Section before you are permitted to use our Marks and System in the operation of your New Center. Your completion of such training is a condition precedent to your being permitted to open or operate a Center.

(i) First, you will be required to attend the "Foundations Training" sessions, which will provide you with critical overviews of your development timelines, and our standard operating procedures. These trainings are conducted virtually, live or as e-learning courses.

(ii) Second, you will be required to attend up to ten (10) business days at our corporate headquarters for the "TLE Essentials" training course. This hybrid of virtual and in-person training will cover the essential points necessary to the operation of your Center under our System. You become eligible to attend TLE Essentials after you have been Matched to a new or existing Center. In the case of a New Center, you will attend when the building permit has been issued, or we determine that the construction of your Center is more than 50% complete. Even if you operate an existing Center, you must attend this training prior to assuming responsibility for day-to-day operations at such Center, if possible and commercially reasonable. If this is your first Center, you must have one owner (at least 50% equity interest in the franchise) attend all TLE Essentials training sessions. Two (2) individuals from your team may attend at no charge; however, we do charge One Thousand Five Hundred Dollars (\$1,500) per trainee if you wish to have additional people trained. We will conduct this training when necessary as determined in our sole discretion. You become eligible for this training after you have been matched to a New Center or Existing Center. In the case of a New Center, you will attend when a building permit has been issued, or we determine that the construction of your Center is more than 50% complete, based on the timing of the training then offered by us. If you are acquiring an existing Center, you must, before assuming responsibility for day-to-day operations at such Center, complete specific training webinars as directed by our Learning & Development Department, and you must attend the next available training offered by us at our corporate headquarters.

(iii) Third, the same person who completes the TLE Essentials training will be required to attend up to five (5) days of "Center Operations" training at a Center that we designate. During this training, you will experience all facets of daily operations through observation at a fully operating center. Your schedule must allow for observation of the Center during opening and closing hours. You may need to travel to another state to participate in Center Operations training. Whether you are opening a new center or acquiring an existing center, you must complete Center Operations training before assuming responsibility for day-to-day operations at your Center.

(iv) Fourth, the final training component that must be completed before opening is "Opening Training" which will be conducted virtually and in your own Center. The Opening Training

experience will focus on the business and operations tasks to open the Center successfully. This includes a focus on TLE business systems, facility walk-throughs, and the initial training of new staff members.

(b) **Center Leading Training.** The initial and ongoing training for your center management is your responsibility. The last step of Center management training is the completion of Block 2 – Cultural Immersion Training. Block 2 is a five-day class conducted in person at our corporate headquarters. Block 2 focuses on the important skills necessary for a Center manager. The Block 2 training must be completed within the first 90 days of the individual becoming a Center manager at your Center. Block 2 training will occur as often as necessary.

(c) For all training offered by us, you will pay all costs of travel, lodging, meals and other incidental expenses incurred by you or your employees.

(d) We will arrange for the training to be performed, and you must complete the trainings before you are permitted to operate your New Center.

(e) We have the right at any time to revise and/or update our trainings during the term of this Agreement, as set forth in the Manual and communicated to you.

**7.2 Additional Training.** From time to time, we may offer local or regional continuing education/training programs on matters related to the operation or promotion of your Center. We may conduct these programs in person at our corporate headquarters or at one of our Center locations (including your Center), or we may conduct them via videoconference. We also conduct training via videos, and we maintain an online library of those training videos, which are accessible to you and your staff at any time via a secure viewing platform. Our manuals and supplementary items, such as immersion workbooks and webinars, provide instructional assistance for all Center personnel. Instruction materials include manuals, online courses, videos, and marketing materials. Although the programs are generally not mandatory for franchisees, if at any point you must correct any deficiencies or defaults at your Center, we may require you to attend one or more programs in order to regain Good Standing.

**7.3 Attendance at Conventions.** You must attend each annual convention that we sponsor and you must bear the reasonable travel, lodging and other incidental expense of such attendance, when and if it occurs. We will exercise commercially reasonable efforts to select a location for which the cost and expense for attendance at the convention are geographically reasonable. If you do not attend the convention, we will charge you a non-attendance fee as a penalty, and you must pay on our demand a fee to cover the costs of your absence in the amount equal to the greater of (i) One Thousand Five Hundred Dollars (\$1,500), or (ii) 80% of the cost charged to franchisees to attend the convention.

**7.4 Supplemental Training.** We will provide certain on-site training relating to compliance with our brand standards for your Center personnel. Additionally, we may provide supplemental training at your Center, at one of our nearest Centers or at our corporate headquarters. Training may take place on weekends, evenings and during regular working hours by trainers selected by us. We will send you notice of upcoming training sessions, which notice will provide you with the estimated costs for lodging and other expenses and costs for these training sessions.

**7.5 Center Operations.** Beginning on the twenty-fourth (24<sup>th</sup>) month after your Center's opening, at no time can your Center operate at below sixty-five percent (65%) of actual Licensed Capacity (excluding July and August of any calendar year) for any three (3) consecutive months in a revolving twelve (12) month period.

## **8. OPERATIONS**

**8.1 Facilities and Inventory.** The premises and facilities of your Center must be of a size and appearance which meets or exceeds all governmental requirements. You must have adequate inventories of our systems and supplies to allow the continuous operation of your Center so as to maintain the excellent reputation of our System.

**8.2 First Aid and Safety.** You must constantly be alert for unsafe conditions within your Center, and take appropriate steps (such as staff training) to avoid and promptly respond to any unsafe conditions. Your employees must meet licensing, first aid, and safety standards required by law and under our System. You agree to provide nationally recognized safety, CPR and first aid training courses for your staff twice annually.

**8.3 Software Use.** During the term of this Agreement, you must use such software as we may from time to time direct, whether owned by us, an Affiliate or a third party, and sign any and all software licenses as may be requested by the software licensor to enable you to lawfully use any such software. You and your employees must comply with all of the terms and conditions of any such software licenses. We will provide software support, not to exceed more than two (2) hours per month. These hours do not roll-over from month to month or from year to year. Any additional hours our support employees spend supporting you or your Center will be billed to you at a fixed rate of One Hundred Dollars (\$100) per hour, including travel time. In the event that we direct you to the software developer, and the software developer provides support directly, we will not charge you. The scope of the warranty for designated software cannot be increased by any written or oral information, advice, or assurances that we or our employees or agents may provide. Do not rely on such oral or written communication. If any of our employees or agents warrants or guarantees anything that conflicts with, modifies or supplements the terms of this Agreement, you should ignore these changes and must immediately notify our CEO in writing.

**8.4 Software and Hardware Compliance.** You agree to purchase computers, smartphones, tablets, Software, the front door proximity device (or any additional or replacement security device, as determined and required by us now or in the future) and the designated security system from our preferred vendors (now or in the future) at a price not to exceed fair market value. You must provide copies of all data files to us as requested (excluding consumers' credit card and/or other payment information). You agree to install, at your own cost, high-speed Internet access (cable, fiber optic, or equivalent) with a minimum speed of 5Mbps (or the highest speed available in your area; recommended speed is at least 30Mbps), which minimum speed requirement we may periodically increase, at our option, as System needs increase and/or technology permits. We have the right to require you to upgrade, update, enhance, substitute, add to and/or modify your Center's computer hardware and software when necessary, including, but not limited to, maintenance and updates of anti-virus, firewall and spyware software. There are no contractual limitations on our right to do this. You also must provide us with all administrative passwords and back-up your system to an external source such as a USB Flash Drive or an External Hard Drive on a daily basis. The Software contains valuable proprietary rights belonging to us and others. If you default in any part of this Agreement, we may terminate this Agreement and/or your right to use the Software. If such termination occurs, you must immediately return all copies of the Software to us. You further agree to permit and provide us with twenty-four (24) hour per day continuous access to your computer system through the Internet (which means that your computers must remain on twenty-four (24) hours a day, seven (7) days per week) and grant us the right from time to time and at any time to retrieve and use for any purpose whatsoever such data (excluding consumers' credit card and/or other payment information) and information from your computer system as we in our sole discretion deem necessary or desirable. You may not do any of the following:

- (a) Let any other individual or corporation use the Software, except you and/or your designated employees.
- (b) Copy the Software, except to make a backup copy as described above.
- (c) Operate the Software at a location other than the Approved Location.
- (d) Modify or merge the Software with another program without our consent. Any modified or merged portion of the Software is subject to this Agreement and you will have no ownership or other rights to it.
- (e) Reverse-engineer, disassemble, decompose, or make any attempt to discover the source code of the Software.
- (f) Translate or create derivative works based on the Software.
- (g) Transfer the Software in violation of the United States Export Administration Act or this Agreement.
- (h) Lend, sell, rent, lease, or sublicense any portion of the Software.
- (i) Remove, obscure or alter any notice of the patent, copyright, or other proprietary rights related to the Software including, without limitation, Trademark, patent or copyright the proprietary rights related to the Software.
- (j) You also agree not to implement, use, or otherwise engage with AI Sources without our prior written consent. The term “AI Source” means any resource, online or otherwise, that is for the purpose of gathering, implementing, or otherwise using information from you using artificial intelligence technology, including ChatGPT and other sources.

## **8.5 Use of Marks.**

**8.5.1 Context.** You may use the Marks only in the operation of a Center at an Approved Location. You may not use, nor may you authorize others to use, our Trade Name or Marks or any marks associated with the Software for any other purpose. You may not use any other trade name or marks in connection with a Center.

**8.5.2 Changes in Marks.** We reserve the right to change, revise or substitute different Marks and Trade Name for use in identifying the Franchise System, the Centers, and the products and services used or sold at the Center, if the Marks or Trade Name no longer can be used, or if we, in our sole discretion, determine that substitution of different Marks or Trade Name will be beneficial to the Franchise System. In such circumstances, the use of the substituted Marks or Trade Name will be governed by the terms of this Agreement, and we will not compensate you for any expenses you incur in making any substitution we require.

**8.5.3 Advertising Materials.** You agree to submit to us copies of all advertising and promotional materials that you propose to use at least thirty (30) days before the first time they are broadcast or published. We will review the materials within fifteen (15) days after receiving them and will notify you whether we approve or reject them. You may re-use previously approved materials without our approval so long as they are substantially and materially similar to the version previously approved for your Center. Even if we have approved specified materials, we may later withdraw our approval if we reasonably believe

it necessary to make the advertising conform to changes in the System or to correct unacceptable features of the advertising, including but not limited to any misrepresentation in the advertising material. In the event we withdraw our approval of previously approved advertising or promotional materials, you must immediately discontinue use of any such materials upon receiving written notice from us that we have withdrawn our approval of the materials, and you must return any existing copies of the materials to us, at our expense, within fifteen (15) days of such written notice. You agree and warrant that any advertising you conduct will be completely factual and conform to the highest standards of ethical marketing, applicable law and the promotion policies that we may prescribe from time to time.

**8.5.4 Legal Protection.** In the event that the trademark law is amended so as to render inapplicable any of the provisions of this Agreement, you will execute any documents, and do such acts and things as in our opinion may be necessary to effect the intent and purpose of the provisions of this Agreement; provided, however, that we will bear all costs associated with such request.

**8.5.5 Trademark Infringement.** You must promptly notify us of any suspected unauthorized use of, or any challenge to, the validity or ownership of the Marks or Trade Name, or of our right to use, and to license others to use, or your right to use, the Marks or Trade Name. You acknowledge that we have the right to direct and control any administrative proceeding, litigation, or other adjudicative proceeding involving the Marks or Trade Name, including any settlement thereof. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks or Trade Name. We will defend you against any third-party claim, suit, or demand arising out of your use of the Marks or Trade Name. If we, in our sole discretion, determine that you have used the Marks and/or Trade Name in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by us. If we, in our sole discretion, determine that you have not used the Marks and/or Trade Name in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by you. In the event of any litigation relating to your use of the Marks and/or Trade Name, you must execute any and all documents and do such acts as may, in our opinion, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Marks and/or Trade Name in a manner inconsistent with the terms of this Agreement, we will reimburse you for your out-of-pocket litigation costs in doing such acts.

## **8.6 Quality Control.**

**8.6.1 Opening.** You may not open your Center to the public without our prior written approval, which approval will be conditioned upon your fulfillment of all of your pre-opening obligations as set forth in the Agreement and/or our Manuals. You should not construe our statement as any assurance, warranty or representation by us that your Center will be successful, make a profit, or continue to comply with all of our requirements and governmental requirements for a childcare center. Your success is dependent on a number of factors, which primarily include, but are not limited to, your skill, hard work and general economic conditions; these are factors that are not within our control.

**8.6.2 Compliance with System Standards and Manual.** To ensure that the highest degree of quality and service is maintained, you must operate the Center in strict conformity with such methods, standards, and specifications as we may from time to time prescribe in the Manual or otherwise in writing. You must refrain from: (a) deviating from such standards, specifications, and procedures without our prior written consent; and (b) otherwise operating in any manner which reflects adversely on our Marks, Trade Name and the Franchise System. We may make changes in these standards and specifications when, in our reasonable discretion, change is needed for the continued success and development of the Franchise System. Such changes may require the purchase of equipment, supplies, furnishings or other goods, completion of additional training by your employees, or other costs to you. You must promptly conform to the modified

standards and specifications at your own expense. If there is any dispute as to the requirements of the Manual at any point in time, the terms of the master copy of the manual maintained by us will control. In addition, we will, from time to time, send you promotional materials, new curricula, and bulletins on new systems and new sales and marketing developments and techniques. You agree that you must use the ideas and implement the changes described in these materials within your Center in a commercially reasonable manner and time period.

**8.6.3 Approved Products and Services.** You may use, offer and sell only those products, services and related supplies that we expressly approve in writing for use and sale by Centers (the “Approved Products and Services”). You may not use or sell any other products or services without our prior written consent. We may designate Approved Products and Services as required or optional. You must use and sell all Approved Products and Services that we designate from time to time as required. You have the right (but no obligation) to use or sell any Approved Products and Services that we designate as optional. You must, within 30 days after our written notice to you, discontinue offering any products or services for which we revoke approval. We have the right to revise the Approved Products and Services at any time, in our sole discretion. You must pay the full purchase price of any Proprietary Products you purchase, plus an eighteen percent (18%) licensing fee and the actual cost of any shipping, freight, insurance and applicable sales or use tax, as specified by us and applicable law, together with each order of Proprietary Products. We have the right to require payment in cash, electronic fund transfer, cashier’s check or other means of making funds immediately accessible to us in our sole discretion. You may charge less than the suggested resale price set by us.

**8.6.4 Center Facilities.** You must purchase and install at the Center, at your expense, all fixtures, furnishings, equipment, décor, signs, upgrades and other items as we may reasonably direct from time to time in the Manual or otherwise in writing, and shall refrain from installing or permitting to be installed on or about the Center premises any fixtures, furnishings, equipment, décor, signs or other items not previously approved in writing as meeting our standards and specifications.

**8.6.5 Purchases of Products, Equipment, Supplies and Materials.** To the extent that we have selected approved suppliers, you must purchase all products, equipment, such supplies, and materials used or sold by the Center solely from such suppliers (including manufacturers, wholesalers and distributors). We may select approved suppliers based on factors such as their ability to meet our reasonable standards and specifications for such items; whether they possess adequate quality controls and capacity to supply your needs promptly and reliably; whether approval will or will not jeopardize the availability of special pricing or other benefits offered by existing suppliers based on systemwide purchases; and the supplier’s agreement to sign our current form of supplier agreement for products and services. If you desire to purchase products from other than approved suppliers, you must submit to us a written request to approve the proposed supplier, together with such evidence of conformity with our supplier-approval policies as we may reasonably require, or you must request the supplier itself to do so. We will have the right to inspect and evaluate the supplier’s products or services to be supplied, and you must pay all of our reasonable expenses incurred in so doing. We may from time to time reevaluate the products and/or services of any approved supplier and revoke our approval of particular products or services or suppliers if we determine, in our sole discretion, that such products or services or suppliers no longer meet our standards. Upon receipt of written notice of such revocation, you must cease to use or sell any disapproved products or services and cease to purchase from any disapproved supplier. As a condition of approving a supplier of any products that bear the Trade Name or Marks, the supplier must sign our License Agreement or other agreements in form and content satisfactory to us or that we, in our sole discretion, may require.

**8.6.6 Restrictions on Choice of Suppliers.** We have the right to restrict the availability of Proprietary Products as well as other current and future products, supplies, or services to: (i) us; (ii) one of our Affiliates;



or (iii) third party supplier(s) designated or approved by us. Use or sale of any substitute product or service for the Proprietary Products is strictly prohibited.

**8.6.7 Approved Supplier Program.** We may, in our sole discretion, establish one or more strategic alliances or preferred vendor programs with one or more suppliers who are willing to supply all or some Centers with some or all of the Proprietary Products and/or other products and services that Centers are authorized to offer to the public. You recognize that any such program(s) may limit and/or require you to use suppliers other than those that you would otherwise use, and/or limit the number of approved suppliers with whom you may do business.

**8.6.8 Maintenance and Inspections.** You must maintain your Center in a manner consistent with the condition and appearance of other Centers. To do so, you must use a cleaning or janitorial vendor (which we reserve the right to approve) to clean the premises in accordance with our System standards, as set out in the Manual. In addition, the facility must be modern, clean, convenient, and efficiently operated, and must provide high quality learning experiences and effective, courteous service. Your maintenance responsibilities include replacement of worn out or obsolete fixtures, furnishings, equipment and signs at your sole expense. You must conduct, and we may conduct, a weekly inspection in accordance with the standards described in the Manual, and you must retain the checklist for each such inspection for ninety (90) days for our review. We will conduct periodic quality control inspections of your Center during normal Center hours. Quality control inspections may be made with or without prior notice. We have the right to observe the manner in which you render your services, to confer with your employees (in person or through surveys), and, upon forty-eight (48) hours prior notice, to speak with your customers. During inspections, we may select products and supplies for testing and evaluation purposes to make certain that the learning services, teaching materials, products, equipment, and operations of your Center meet the quality control provisions and performance standards that we have established. At our request and upon three (3) business days' written notice, we will require you to be available and present for a walk-through of your Center and/or to participate in a conference at your Center with our representatives. If you are not available due to circumstances outside your control, then you must deliver written notification to us requesting additional time. You will be granted up to ten (10) business days to notify us of an available time, not to be unreasonably delayed. In no event may your delay in satisfying our request exceed fifteen (15) business days. You must promptly correct any deficiencies in your operation that we bring to your attention.

**8.6.9 Renovation and Upgrading.** You (whether or not leasing or subleasing from us or an Affiliate) must conform to our requirements with regard to alterations, remodeling, upgrading or other improvements to your Center. You will be required to make these alterations and upgrades from time to time during the term of your franchise and any renewal terms in accordance with our standards for new Centers. However, you agree to abide by our minimum requirement that every five (5) years you will, at your own expense, remodel, modernize and upgrade the Center, and the fixtures and equipment within your Center, to our satisfaction. You will be required to spend, and prove to us that you have spent, an amount equivalent to at least eight percent (8%) of your total Gross Revenue (the "Upgrade Requirement") each 5 year period. To arrive at the Gross Revenue number from which you calculate the Upgrade Requirement, take your Gross Revenue as reported to us for the prior twelve (12) month period and multiply that number by eight percent (8%). You will then calculate all upgrades as identified by us for the prior five (5) year period to arrive at your Upgrade expenditures, and submit such expenditure budget, along with your calculations and supporting documentation, in writing to us for our written approval.

**8.6.10 Notification of Receipt of Legal Summons and/or Complaint.** You must notify us promptly if you are served with a Summons and/or Complaint in any legal proceeding that is in any way related to your Center, or if you become aware that you are the subject of any complaint to or investigation by a governmental licensing authority, administrative agency or consumer protection agency.

**8.6.11 Payments from Suppliers.** You acknowledge that we and/or our Affiliates will receive commissions, rebates, promotional allowances, volume discounts and other payments and benefits from all or some of the approved suppliers based on purchases by you and other franchisees. You agree that we have the right, except as limited by applicable law, to retain all payments and benefits that we receive based on your purchases. You hereby assign to us all of your right, title and interest in such payments and benefits and authorize us to collect and retain them.

**8.6.12 Employee, Center and Customer Satisfaction Program.** You must distribute, and we may distribute, customer and/or employee response/surveys that we provide to you in your Center in the form prescribed by us for return by these customers/employees to us; we may also conduct such surveys online. If your scores from the surveys/response cards do not meet our currently effective standards as described in the Manual, we may suggest ways in which you can improve your scores. In addition, at any time we reserve the right to engage third parties to conduct “mystery shopping,” either by phone or direct visitation at your Center. These “mystery shoppers” will not identify themselves as being our representatives, but will act as potential customers. These people will report their findings to us and a grade may be issued to your Center based upon the standards and qualifications set by us.

## **8.7 Personnel.**

**8.7.1 Management.** You must employ at your Center a Center Director, although you may serve as the Center Director provided that you have the proper qualifications. The Center Director and Business Manager must each devote all of their productive and full- time attention and effort to the management and operation of your Center, and must be present during the operation of your Center for at least forty (40) hours per week or whichever hours are required by state regulations. The Center Director, or another employee who has successfully completed our training program, must be present at the Approved Location whenever your Center is open for business. If you own more than one Center, an additional Center Director must be employed for each such additional Center. You are required to keep us informed as to the current identity of your Center Director. If your Center Director ceases active management or employment at your Center, then you must appoint a successor within thirty (30) days or within the applicable time required by law, whichever is earlier. Any successor must successfully complete all required training associated with their role. At the Company’s discretion, if no viable training options are available, we will, at our earliest possible opportunity, provide your Center Management team with an on-site training program at your facility, at a cost to you not to exceed One Thousand Five Hundred Dollars (\$1,500) per week, which cost includes all of our travel, lodging and other expenses. Nothing in this Agreement will relieve you from having the continuing obligation to ensure that your Center Director completes the initial and all on-going training as required by this Agreement.

**8.7.2 Unacceptable Conduct.** You represent that neither you nor any staff member at your Center has any record of child molestation or abuse, immoral conduct or criminal behavior (collectively referred to as “Unacceptable Conduct”), and you additionally represent that you have not engaged in a pattern of conduct (“Pattern of Conduct”) which might jeopardize the welfare of children registered in your Center or reflect adversely on our goodwill or the safety and concern of your staff for these children. You further warrant and represent that you will at all times refrain, and will ensure that all of your staff refrains, from such Unacceptable Conduct and/or Pattern of Conduct during the term of this Agreement.

## **8.7.3 Employees.**

(a) You must maintain at all times a staff of competent, trained employees sufficient to operate your Center in compliance with our System and standards and all applicable governmental, licensing and labor laws. You are solely responsible for all employment decisions and functions of the Center including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage

and hour requirements, personnel policies, benefits, recordkeeping, supervision and discipline of employees.

(b) You must carefully screen all employees before employing them and monitor continuing suitability of your employees to ascertain their fitness for employment in the child care industry. Specifically, you must use your best efforts to ensure that no person is employed who has a record of or engages in child molestation or abuse, immoral conduct, criminal behavior, or a pattern of conduct which might jeopardize the welfare of attended children in your Center or reflect adversely on the safety or concern of your staff for these children. You agree to expressly address these issues with each prospective employee in accordance with applicable law before approval for employment, and to take all reasonable measures necessary to confirm the suitability of each employee based on inquiries with references and past employers. You are solely responsible for the selection, training and conditions of employment and compensation of all employees at your Center.

## **8.8 Advertising.**

**8.8.1 Opening Marketing Efforts.** You must spend, at our direction, at least Thirty Thousand Dollars (\$30,000) on a pre- and post-opening advertising program conducted in accordance with the guidelines for such program as set out in the Manual. Your advertising plan must be submitted to us for review and approval not less than ninety (90) days before the issuance of a Certificate of Occupancy (either temporary or permanent) for your Center, must require you to spend at least Twenty Five Thousand Dollars (\$25,000) on Opening Marketing Efforts between the date that the Certificate of Occupancy is issued for your Center and the date that your Center opens, and must require you to spend the remaining Five Thousand Dollars (\$5,000) during the first sixty (60) days following the Center's opening. Except for this pre- and post-opening advertising program, you will not be required to spend a specified portion of your Center revenues on local advertising.

**8.8.2 Advertising Promotion.** Granting of this franchise is expressly conditioned upon your successful infiltration of the childcare marketplace. You agree to actively and aggressively promote your services within your Protected Territory. You further agree that any advertising, promotion and marketing you conduct (including, but not limited to point-of-purchase materials, sponsorships, digital/social marketing, media placement and space, collateral materials, advertising materials, referral programs, and consumer promotions, and others) will be completely clear and factual and not misleading, and will conform to applicable law and the highest standards of ethical marketing promotion policies which we prescribe from time to time. Samples of all advertising, promotional and marketing materials which we or our Affiliate has not prepared or previously approved must be submitted to us in writing for approval before you use them in accordance with Section 8.5.3. You may not use any advertising or promotional materials that we have disapproved. Your failure to meet the requirements of this paragraph will constitute a breach of this Agreement, unless you, in good faith, promptly adopt and follow our reasonable suggestions for improving your performance.

## **8.9 Financial Information.**

**8.9.1** You agree to keep and preserve, for at least six (6) years from the dates of their preparation, business tax returns, reports, and complete and accurate financial records for your Center in accordance with generally accepted accounting principles ("GAAP") in the United States and in the form and manner that we prescribe. The financial statements and/or other periodic reports described below must be prepared to segregate the income and related expenses of your Center from those of any other business which you may operate and for which Royalties are not payable to us.

**8.9.2 Reporting.** You must engage a person qualified by education and experience to generate accurate financial records (“Qualified Finance Person”). If you fail to engage a Qualified Finance Person, we may engage such a person for you on your behalf and at your expense. The requisite reports are as follows:

(a) **Monthly Summary Report.**

(i) On or before the seventh (7<sup>th</sup>) day of each month, you will provide us with required monthly records and monthly Center Summary Reports for franchises which includes, without limitation, the Payroll Summary Reports, Deposit History Report, and all other reports in accordance with the Manual.

(ii) Within fifteen (15) days after the end of each month, you will deliver to us monthly cash basis financial statements (P&L) in form and substance acceptable to us, utilizing our approved coding format and approved software. In addition, you will deliver to us copies of all bank statements during your first eighteen (18) months of operations, or until your Center is profitable for two (2) consecutive months.

(b) **Quarterly Financial Reports.** You must also deliver to us each quarter, on or before the twentieth (20<sup>th</sup>) day following the end of the quarter, unaudited financial statements, profit & loss statements, balance sheets, cash flow statements, and support for all of these statements.

(c) **Annual Statement.** Within ninety (90) days after the close of your fiscal year, you must furnish us with a complete set of financial statements prepared in accordance with generally accepted accounting principles, which has been reviewed by an independent Certified Public Accountant (“CPA”) and accurately reflects and reports your financial position for the year then ended. You may request, in writing, an extension of an additional thirty (30) days, but in no event will total extensions exceed one hundred twenty (120) days.

(d) **Income Tax Return.** Within ten (10) days after preparation and filing, but no later than twenty (20) days after the last extension permitted by the IRS rules, you must furnish us with a copy of your annual federal income tax return.

(e) **Additional Reports.** From time to time, we may request certain supplemental financial documents, including without limitation bank statements and copies of cashed checks, which you must submit to us within two (2) days of our request.

In addition to the other requirements of this Agreement to provide us with various information and reports, you agree to provide us with the information that we reasonably require concerning your compliance with respect to data and cybersecurity requirements.

**8.10 Insurance.**

(a) You must purchase and maintain in full force and effect during the term of this Agreement, at your sole expense, all insurance policy or policies with a licensed insurance company rated “A” or higher by A.M. Best, with commercially reasonable deductibles, protecting you and us and the officers, directors, partners and employees of both against any loss or liability for personal and bodily injury, death, property damage or expense or other liabilities arising from or in connection with your Center that we may, in our sole discretion, require. All liability policies must name “The Learning Experience Systems LLC” “The Learning Experience Corp.,” and “TLE Holdings, LLC” as additional insureds and must provide that we will receive notice of your default in payment of any premium and thirty (30) days’ prior written notice of termination, cancellation, expiration or alteration to provide less coverage. The coverage may not be limited in any way by reason of any insurance that we maintain. Our current minimum insurance requirements are attached to this Agreement as Attachment 2. We may from time to time require that

additional coverage be purchased or that minimum limits be increased as reasonably necessary for your and our protection.

(b) We have pre-approved certain non-Affiliated insurance brokers and companies. The pre-approval confirms that the coverage that they will provide to you will be in strict accordance with our minimum insurance requirements. You have no obligation to use any of these insurance brokers or companies. However, in the event that you choose to use a different insurance broker/company, you must submit the proposed policy to us for review and pay us an insurance review fee, which is currently One Thousand Five Hundred Dollars (\$1,500).

(c) All insurance certificates must be submitted to us upon the earliest of the following dates: (i) when the landlord requests same under the Lease; (ii) the delivery of the furniture, fixtures and equipment to the Center; (iii) the Certificate of Occupancy for your Center is issued by the municipality; and (iv) the Opening of your Center. You must submit evidence annually of the renewal or extension of the policies.

(d) If you fail to purchase and maintain any required insurance coverage or furnish satisfactory evidence of coverage to us, we, in addition to our other remedies, may, but are not obligated to, purchase the insurance coverage for you. If this occurs, you must pay us on demand the amount of any premiums and reasonable expenses that we have incurred in obtaining the insurance, plus an administration charge of eighteen percent (18%) of these costs.

## **8.11 Financial and Legal Responsibility.**

**8.11.1 Compliance with Law.** You must comply with all federal, state, and local laws and regulations pertaining, directly or indirectly, to your Center. You must keep current all licenses, permits, bonds, and deposits made to or required by any government agency in connection with the operation of your Center.

**8.11.2 Payment of Indebtedness.** You must pay promptly when due all taxes and debts that you incur in the conduct of your Center.

## **8.12 Assignment of Inventions.**

(a) We agree that all new inventions and improvements used in our System which are acquired or developed by us during the term of this Agreement will be available for your licensed use. In return for this grant of future improvements, and in return for agreement by other franchise owners to assign their inventions to us for use in the nationwide Franchise System, you agree that during the term of this Agreement you will assign to us all franchise-related and education-related inventions and improvements which you or your employees create and which we wish to acquire. You agree to promptly disclose inventions and improvements to us.

(b) You agree to cooperate with us in preparing all necessary documentation required to perfect our legal rights in these inventions or improvements. We will bear the expense of any legal proceedings for this purpose.

(c) If we elect not to use your improvement or invention within one year after your disclosure of same to us, you may submit a written request for our release of any claim to the invention or improvement. We will not unreasonably withhold such release.

(d) You grant to us an exclusive, perpetual, worldwide, royalty-free license to use, and to grant to others the right to use, any idea, improvement, or new invention that you reveal to us, including all new

ideas and inventions that you reveal to us in writing in a form acceptable to us for filing with the U.S. Patent and Trademark Office on or before the date that you sign the Agreement.

## **9. SERVICES OFFERED BY YOUR FRANCHISOR; RELATIONSHIP OF PARTIES**

### **9.1 Services Offered by Your Franchisor.**

**9.1.1 Consultation.** For no additional charge, we will make our personnel available to you for consultation on such matters as operations and advertising and promotion throughout the term of the franchise. We will provide continuing assistance to you in the development and operation of your Center by means of periodic visits by our field representative(s) and by the maintenance of an office staff of trained personnel at our headquarters.

**9.1.2 Research and Development.** We will continue to research and develop products, curricula, and techniques for operating and promoting a Center. We agree that when any such developments are accepted by us for ongoing use in our own Centers, they will be made a part of our System and provided to you upon the same terms and conditions as those applicable to our other franchise owners.

**9.1.3 Manual.** The Manual is only available in an electronic format; however, we reserve the right to modify the way we provide you access to the Manual. You must comply with the contents of the Manual at all times during the term, and you must treat the Manual and the information contained therein as confidential. You shall not at any time copy, duplicate, record, or otherwise reproduce the Manual, in whole or in part, or otherwise make it available to any unauthorized person. The Manual shall at all times remain our sole property. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by us shall be controlling.

### **9.1.4 Advertising.**

**9.1.4.1 Brand Awareness Fund.** Recognizing the value of advertising and marketing to the goodwill and success of Centers, we have established a system wide marketing fund (the “Brand Awareness Fund” or “Fund”) for such advertising, marketing and public relations programs and materials as we deem necessary or appropriate in our sole discretion. We will administer the Brand Awareness Fund, which will be kept in a separate bank account. The purpose of the Fund is to combine our advertising monies along with each of our franchisees’ advertising monies so as to achieve greater benefits for all in promoting the Marks. The Fund may be used to pay for multiple advertising and marketing initiatives that generate awareness and consideration for the brand at a local, regional, and national level, including but not limited to, market research, advertising materials, digital assets, media placement and space, branding initiatives, public relations, sponsorship of goodwill activities and support of non-profit organizations, brand and character development, referral program expenses, or any combination of them. The Fund may also be used for advertising grants to franchisees, collectively on a regional basis or individually on a local basis. In addition, the Fund may be used to pay for point-of-purchase materials or public relations projects. Five percent (5%) of Fund money is used to compensate us for overhead and other expenses incurred in connection with our administration of the Fund. We will distribute to our franchisees, once a year, a Brand Awareness Fund report which will set out the total amounts of money collected and spent by the Fund during the past year and list, by general category, the manner in which the money was spent.

**9.1.4.2 Allocation of Expenditures.** We will give preference to Brand Awareness Fund projects that are regional or national in scope when the case warrants, but we may make allocations of Brand Awareness

Fund monies to regional groups of franchisees or individual franchisees when we consider it desirable. Because the benefits of advertising and promotion are difficult to measure with precision, we reserve the unqualified right to decide, in our sole and absolute discretion, how, when and where Brand Awareness Fund monies may be spent; the only condition is that the money must be used in a manner that is directly or indirectly related to the general promotion of the Marks. We will direct all programs financed by the Brand Awareness Fund, with sole discretion over the creative concepts, materials, and endorsements in the geographic market in the immediate placement and allocation. You agree that the Brand Awareness Fund may be used to pay the cost of comparing and producing video, audio, and written advertising materials; administering regional and multi-regional advertising programs, including, without limitation, purchasing, direct mail and other media advertising and employing advertising, promotion and marketing agencies; and supporting public relations, market research and other advertising, promotion and marketing activities. The Brand Awareness Fund periodically will furnish you with samples of advertising, marketing and promotional formats and materials at no cost. Multiple copies of such materials may be purchased by you from approved vendors at the direct cost of producing them, plus any related licensing fees (up to eighteen percent (18%)), shipping, handling and storage charges. We may spend on behalf of the Brand Awareness Fund, in any fiscal year, an amount greater or less than the aggregate contribution of all our Centers to the Brand Awareness Fund in that year, and the Brand Awareness Fund may borrow from us or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Brand Awareness Fund will be used to pay advertising costs before other assets of the Brand Awareness Fund are expended. We have the right to cause the Brand Awareness Fund to be incorporated or formed through a separate entity at such time as we deem appropriate, and such successor entity will have all the rights and duties specified in this Agreement.

## **9.2 Relationship of Parties.**

**9.2.1 Interest in Marks and System.** You will not at any time do or cause to be done anything that has the effect of contesting or impairing our interest in our Trade Name, Marks or System. You obtain no rights in any of these things except for your right to use them in accordance with the express terms of this Agreement. We retain the right to grant other franchisees or licensees use of the Trade Name, Marks and System upon any terms that we wish, subject only to your limited territorial rights described in Section 4 of this Agreement and Attachment 1 to this Agreement.

**9.2.2 Independent Status.** You are an independent legal entity, which has a license from us to operate a Center (you do not have any ownership rights in the System, but are a licensee of our Marks, logos and System) and must make this fact clear in your dealings with suppliers, landlords, government agencies, employees, customers and others. You will rely on your own knowledge and judgment in making business decisions, subject to the requirements of this Agreement, the System and the Manual. You may not expressly or impliedly hold yourself out as an employee, partner, shareholder, joint venture partner or representative of The Learning Experience, nor may you expressly or impliedly state or suggest that you have the right or power to bind us to any agreement or to incur any liability on our behalf. You may not use the Trade Name as part of your corporate name or limited partnership name. You are specifically granted the right to use the Trade Name at your Approved Location only during the term of this Agreement as long as you have complied with all laws and regulations concerning use of fictitious business names. The parties acknowledge and agree that: (a) this Agreement does not create a fiduciary relationship between them; (b) you shall be an independent contractor; (c) you are the only party that is in day-to-day control of the Center, and neither this Agreement nor any of the systems, guidance, processes, or requirements under which you operate alter that fact; (d) nothing in this Agreement is intended to make either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever; and (e) neither this Agreement nor our course of conduct is intended nor may be construed to state or imply that we are the employer of your employees and/or independent contractors, nor vice versa.

**9.2.3 Display of Disclaimer.** You must conspicuously display a sign that states that “THIS CENTER IS OPERATED BY AN INDEPENDENT LICENSEE UNDER A FRANCHISE AGREEMENT WITH THE LEARNING EXPERIENCE” at the Approved Location. Business cards, stationery, purchase order forms, invoices, leases, tax returns and other documents you use in your business dealings with suppliers, lessors, government agencies, employees and customers must clearly identify you and list your legal name as an independent entity. We may request a survey to be completed by your customers. In addition, your cards, stationery, advertising and other documents at the discretion of the Franchisor must state “This is an independent owner/operator.”

**9.2.4 Confidentiality.** You acknowledge and agree that the information, ideas, forms, teaching methods, curricula, software, marketing plans and other materials revealed to you under this Agreement, whether or not included in the Manual, are our confidential and proprietary information and trade secrets (“Confidential Information”). During and after the term of this Agreement, you agree to maintain the confidentiality of all such material. You must at all times treat the Manual as confidential, and may not at any time disclose, copy, duplicate, record or otherwise reproduce, in whole or in part, the contents of the Manual, or any of our other Confidential Information or trade secrets. You will obtain from your key employees a written agreement detailing their obligations with respect to confidentiality and non-disclosure. You may not disclose Confidential Information to any third party, except to your employees and agents as necessary in the regular and ordinary course of your Center’s business and operations, and except as we authorize in writing. You will be responsible for requiring compliance of your Affiliates with the provisions of this section. You must obtain written non-disclosure agreements, using our then-current form of non-disclosure agreement, from each Center Director and Business Manager and from each of your Affiliates, and you must send us a copy of each such agreement within ten (10) days after each Center Director, Business Manager and/or Affiliate begins its relationship with you.

**9.2.5 Indemnification.** You agree to indemnify, defend and hold us and our affiliated officers and directors harmless from all expenses and liabilities of any kind or nature arising from or in any way connected to any activity of yours even if our negligence or culpability is alleged, unless the expenses or liabilities result solely from our willful misconduct or gross negligence as determined by a judicial tribunal of competent jurisdiction. If we are made a party to a legal proceeding in connection with your act or omission, we may hire counsel to protect our interests, and you agree to pay for all such costs and expenses incurred by us. You agree to promptly reimburse us for any such costs or fees. Subject to your strict compliance with all of the terms and conditions of this Agreement, we agree to indemnify, defend and hold you harmless with respect to liabilities you incur to third parties in defending your license and right to use the copyrighted materials and trademarks provided under this Agreement on the following additional conditions: (a) you notify us of the claim, along with all related documentation, within ten (10) days of your notice of it; (b) you have used such materials and trademarks strictly in accordance with this Agreement and our instructions and have not modified them in any way; (c) you cooperate with us and our attorneys with respect to the claim; and (d) we will control the proceedings and any settlement in our sole and absolute discretion.

**9.2.6 In-Term Covenant Not to Compete.** You agree that you have received and will receive certain valuable information about your Center, including its development, operation and the System, and that this information would not have been given to you without your execution of this Agreement. You agree that we have developed this information over a number of years at great effort and expense and that this information includes, without limitation, marketing techniques, operational procedures, and business practices (collectively, “Business Systems”) not known to the general public. You agree that none of these Business Systems was known to you before your execution of this Agreement and all will be of significant competitive advantage to you. You agree that these Business Systems constitute valuable information, which are our trade secrets. After conducting an independent investigation of us and our individual Centers before the date of the execution of this Agreement, you concede that either you had no prior experience in



the child care business or, if you had any prior experience in the child care business, you had no experience or knowledge comparable to that of us. You acknowledge that it would take years of hard work and great expense for you to develop even a portion of our knowledge and experience in the childcare business, if you could do so at all. You agree that gaining access to the Business Systems used in your franchised Center is a primary reason for your execution of this Agreement, that the training received and knowledge imparted to you are essential in and to the operation of your Center, and that said training and knowledge would not be so imparted except for execution of this Agreement. You agree that you have earned a livelihood before entering into this Agreement and have the skills to do so in the future if the covenant not to compete provisions in this Section 9 were to be enforced against you. You agree that the representations in this Section 9 will survive the expiration, termination or transfer of this Agreement. You covenant and agree that during the term of this Agreement, except as otherwise approved in writing by us, you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity:

(a) engage any entity or person that competes with or that operates any business that is competitive with any Center or have any interest, directly or indirectly, in any entity or person that provides childcare services or related administrative or management services to any childcare Center or facility (a “Competitive Business”), whether as an employee, officer, director, shareholder, partner, contractor, consultant or advisor; and/or

(b) perform services as a director, officer, manager, employee, consultant, representative, agent, independent contractor or otherwise for any Competitive Business, except other Centers operated under Agreements with us; and/or

(c) have any direct or indirect financial, equity, legal, beneficial or employment interest in any entity which is granted or is granting franchises or licenses to others to operate a Competitive Business, except other Centers operating under franchise agreements with us; and/or

(d) directly or indirectly, on behalf of yourself or any other person, or as an employee, proprietor, consultant, agent, contractor, employer, affiliate, partner, owner, officer, director or associate, or stockholder of any other person or entity, or in any other capacity, solicit, divert, take away, or interfere with any of the business, customers, referral sources (including all charitable organizations, religious organizations, political organizations, trade associations and civic organizations associated in any way with any Center or with the System), clients, contractors, trade or patronage of ours, our Affiliates or any of our franchise owners as such may exist during the term of this Agreement or afterwards.

**9.2.7 Covenants From Individuals.** You agree to obtain covenants similar to those set forth in this Section 9.2.4 from each employee of yours who attends any training program conducted by us or has access to our Manual.

**9.2.8 Post-Term Competitive Restrictions.** Commencing upon the date of: (a) a transfer permitted under Section 10 of this Agreement; (b) expiration of this Agreement; or (c) termination of this Agreement (regardless of the cause for termination), and continuing for an uninterrupted period of three (3) years thereafter, you must not operate, own, or control, directly or indirectly, more than a one percent (1%) beneficial interest in a Competitive Business that is located within a twenty-five (25) mile radius of any Center in existence or planned as of the date of termination or expiration of this Agreement. In the event that litigation is required to enforce this provision, the commencement date of the post-term obligation will be the date that a final Order is entered. You agree, prior to the Opening Date of your Center, to obtain the individual written agreement of each of your Affiliates to the provisions of this section in the form of Attachment 3 to this Agreement. After the Opening Date, you agree to obtain the individual written agreement of each of your Affiliates to the provisions of this section in the form of Attachment 3 to this

Agreement within ten (10) days after each Affiliate assumes that status with you. You further agree that neither you, nor any member of your immediate family, nor any such shareholder or partner will:

(a) engage in a Competitive Business, directly or indirectly, on behalf of yourself or any other person or as an employee, proprietor, owner, partner, agent, contractor, employer, consultant, Affiliate, or as a director, officer or associate or as a stockholder of any person or entity within your Protected Territory, and/or within an area that is within a twenty-five (25) mile radius of: (i) your Protected Territory; (ii) any other Center in existence or in development; or (iii) any area in which a Center provides service; and/or

(b) have any direct or indirect interest, as a disclosed or beneficial owner, in any Competitive Business within the area described in Section 9.2.8 above, except in accordance with other agreements with us; and/or

(c) perform services as a director, officer, manager, employee, consultant, representative, agent, independent contractor or otherwise for any Competitive Business, except other Centers operated under franchise agreements with us; and/or

(d) have any direct or indirect interest in any entity which has granted or is granting franchises or licenses to others to operate a Competitive Business, except other Centers operating under franchise agreements with us; and/or

(e) directly or indirectly, on behalf of yourself or any other person, or as an employee, proprietor, consultant, agent, contractor, employer, Affiliate, partner, owner, officer, director or associate, or stockholder of any other person or entity, or in any other capacity, solicit, divert, take away, or interfere with any of the business, customers, referral sources (including all charitable organizations, religious organizations, political organizations, trade associations and civic organizations associated in any with any Center), clients, contractors, trade or patronage of ours, our Affiliates or any of our franchise owners as such may exist during the term of this Agreement or afterwards.

**9.2.8.1** Notwithstanding the terms of this Section 9.2.8, the ownership of other Centers under agreements with us, and the aggregate ownership of five percent (5%) or less of the issued and outstanding shares of any class of stock of a publicly traded company by the persons to whom this Section 9 applies, is not prohibited by this section. The time period of the post-term competitive restrictions will be extended by any length of time in which you or any of your Affiliates, successors or assigns or any other party described above are in breach of any term of this Agreement. The terms of this Section 9 will continue in full force and effect through the duration of the extended time period.

**9.2.9 Continuing Obligations.** All obligations under this Agreement (whether yours or ours) which expressly or by their nature survive the expiration or termination of this Agreement (including any indemnification obligations) will continue in full force and effect after and notwithstanding its expiration or Termination until they are satisfied in full or by their nature expire.

**9.3 The Learning Experience Assignment.** We have the right to transfer or assign all or any part of our rights or obligations under this Agreement to any person or legal entity. With respect to any assignment which results in the subsequent performance by the assignee of all of our obligations under this Agreement, the assignee shall expressly assume and agree to perform such obligations, and shall become solely responsible for of our obligations, under this Agreement from the date of assignment. In addition, and without limitation to the foregoing, you expressly affirm and agree that we may sell our assets, our Marks and/or Trade Name, or our System; may sell our securities in a public offering or in a private placement; may merge, acquire other corporations, or be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring.

## **10. TRANSFER OF FRANCHISE**

**10.1 Purpose of Conditions for Approval of Transfer.** Our grant of this franchise is made in reliance upon your integrity, ability, experience and financial resources. Neither the franchise nor your Center operated under it may be Transferred (as the term “Transfer” is defined in Section 3.25) unless you have first obtained our written consent, which may not be unreasonably withheld. In order to ensure that no Transfer jeopardizes the Trade Name, the Marks, or our interest in the successful operation of your Center after the Transfer, we will consent to a transfer only if you comply with the provisions of this Section 10 and if the Transfer otherwise complies with law.

**10.2 Notice of Proposed Transfer.** If you wish to Transfer this franchise, you must submit to us at least sixty (60) days before the proposed date of Transfer a package consisting of the following: (a) the form of franchise purchase application then in effect completed by the prospective transferee, or if no form is then in effect, a letter setting forth the general terms of the Transfer request; (b); a copy of the signed purchase contract with the proposed buyer; (c) an acknowledgment of receipt, signed by the proposed transferee, of a copy of our currently effective Franchise Disclosure Document (“Disclosure Document”); and (d) the Transfer Fee described in Section 6.11 of this Agreement. If the Transfer is not approved by us, we will return the Transfer Fee to you after deducting our direct costs incurred in connection with the proposed Transfer.

**10.3 Our Consent; Right of First Refusal.** We must respond to your Transfer request within thirty (30) days following our receipt of the package described in Section 10.2 above. However, if we request additional information, we must respond to your request within fifteen (15) days after receipt of the additional information, unless the initial thirty (30) day period would not yet have elapsed at the end of such fifteen (15) day period. After receipt of all the necessary information, we may: (i) consent to the Transfer; (ii) tell you our reason for refusing to consent; or (iii) purchase your Center ourselves upon the same terms and conditions as those offered by the third party. You should not construe our silence as consent. If we consent to the Transfer, then you may Transfer the interest described in the notice only to the named transferee and only upon the terms and conditions set forth in the notice. Our consent to a particular transfer will not constitute consent to any other or subsequent transfer or transferee.

**10.4 Conditions for Consent to Transfer.** Our consent is subject to certain conditions (which shall not apply if we or our assigns is the transferee), including, without limitation, all of the following:

- (a) We are satisfied in our sole discretion that the proposed transferee meets all of the criteria of character, Center experience, financial responsibility, net worth and other standards that The Learning Experience customarily applies to new franchisees at the time of Transfer;
- (b) You are in Good Standing;
- (c) Signing by the transferee of the then-current form of Franchise Agreement with an addendum that shortens the term to the remainder of the current term;
- (d) Your payment of the Transfer Fee described in Section 6 of this Agreement;
- (e) Written agreement by the transferee to complete ITP, at a time and place designated by us in our discretion;

(f) You (and your transferring owner(s)) have executed a general release in form and content satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees and agents;

(g) You obtain a customary estoppel letter from your Landlord, confirming, among other things, that all rent is paid in full under your lease and there are no tenant defaults;

(h) You make any repairs/upgrades to your Center required by us prior to the Transfer to bring your Center up to our then-current standards for newly constructed Centers. In the event it is impractical to make such repairs/upgrades prior to the Transfer, we may, in our sole discretion, permit you to escrow with us such amounts as determined by us to cover the costs of such repairs or upgrades, which escrow will be released to you upon our satisfactory re-inspection of the repairs/upgrades;

(i) We have the right, but not the obligation, to attend the Transfer closing;

(j) In the event the transferee is financing the purchase of the franchise, the total debt service coverage ratio shall be at least two hundred percent (200%). That is, the monthly net profits as defined by GAAP must be at least two hundred percent (200%) of the projected monthly debt payments; and

(k) You will guaranty the transferee's obligations to us for the first six (6) months following the Transfer.

**10.5 Excluded Transfers.** As used in this Agreement, the term "Transfer" does not mean an assignment to any of the following:

(a) Any trustee, guardian or conservator for the account and benefit of a spouse, ancestor or descendant;

(b) Any business entity if the beneficial ownership of the business entity immediately following the assignment is the same and in the same proportions as the beneficial ownership immediately before the assignment. However, no such assignment will relieve the original party of any of its obligations under this Agreement. Information on the identity of the shareholders and officers of the corporation, the percentage of ownership, and the address where corporate records are maintained must be submitted promptly to us;

(c) Any of your employees under any employee stock option plan or stock purchase plan, provided that any share certificate distributed under such a plan is marked with a legend describing the restrictions and conditions of Transfer required by this Agreement; or

(d) Upon your death, any spouse or adult child or children who have been previously approved in writing by us and who wish to continue to operate your Center.

We must consent to Excluded Transfers; however, we will not unreasonably withhold our consent. For any Excluded Transfer, the requirements and conditions stated for Transfers in this Section 10 shall not apply; however, you must give us at least 30 days' advance written notice of the proposed Excluded Transfer and you provide any information for the transferee that we reasonably require.

**10.6 Transfer upon Death.** If you die during the term of this Agreement, your heirs or beneficiaries (other than pre-approved individuals described in the preceding section) may have sixty (60) days within which to show to our satisfaction that they meet all of the criteria of character, business experience, financial responsibility, net worth and other standards that we require of new franchisees at that time. If we approve

your heirs or beneficiaries as transferees of the “franchise,” we will waive any Transfer Fees in connection with the Transfer. If we advise your heirs or beneficiaries in writing that we will not approve them as transferees of the franchise, or if we fail to approve or disapprove the Transfer within sixty (60) days following your death, your heirs or beneficiaries will have one hundred twenty (120) additional days from the date of disapproval of the Transfer or the end of the sixty (60) day period, whichever is first, within which to find and notify us of a proposed Transfer to a qualified transferee in conformity with the provisions of Sections 10.2, 10.3 and 10.4 of this Agreement. If your heirs or beneficiaries do not advise us of a qualified transferee within the specified period, the franchise will automatically terminate at the end of the period unless a written extension of time has been granted by us.

**10.7 Securities Offers.** All materials for an offering of stock, ownership, and/or partnership interests in you or any of your Affiliates that are required by federal or state law must be submitted to us for review as described below before such materials are filed with any government agency. Any materials to be used in any exempt offering must be submitted to us for such review before their use. Any review we conduct under this section is for our benefit only. Our review of your offering does not constitute a recommendation, endorsement, approval, or sponsorship of the offering or the offering documents.

(a) You agree that: (i) no offering by you or any of your affiliates may imply (by use of the Marks or otherwise) that we are participating in an underwriting, issuance, or offering of your securities or your affiliates; (ii) our review of any offering will be limited solely to the relationship between you and us (and, if applicable, any of your Affiliates and us); and (iii) we will have the right, but not obligation, to require that the offering materials contain a written statement that we require concerning the limitations stated above.

(b) You (and the offeror if you are not the offering party), your principals, and all other participants in the offering must fully indemnify us and our affiliated officers and directors in connection with the offering.

(c) For each proposed offering, you agree to pay us the Transfer Fee or such greater amount as is necessary to reimburse us for our reasonable costs and expenses (including legal and accounting fees) for reviewing the proposed offering.

(d) You must give us written notice at least thirty (30) days before the date that any offering or other transaction described in this Section commences. Any such offering will be subject to all of the other provisions of this Section 10 and subject to our approval as to the structure and voting control of the offeror (and you if you are not the offeror) after the financing is completed.

(e) You must also, for the remainder of the term of the Agreement, submit to us for our review and prior written approval all additional securities documents you are required to prepare and file (or use) in connection with any offering of stock, ownership, and/or partnership interests. You must reimburse us for our reasonable costs and expenses we incur in connection with our review of those materials.

## **11. TERMINATION OF FRANCHISE**

**11.1 Termination After Opportunity to Cure.** Except as otherwise provided in Section 11.2 of this Agreement, you shall have thirty (30) days after receipt from us of a written Notice of Default within which to remedy the default specified therein and to provide evidence thereof to us. If any such default is not cured within the specified time, this Agreement may, at our option, be terminated without further notice to you, effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require. You shall be in default pursuant to this Section 11.1 for failure to comply with

any of the requirements imposed by this Agreement, as it may from time to time reasonably be modified or supplemented by the Manual, or failure to carry out the terms of this Agreement in good faith, including without limitation:

- (a) If you fail to submit to us in a timely manner any information or signed agreements/addenda that you are required to submit under this Agreement;
- (b) If you fail to operate your Center in accordance with this Agreement, the System and the Manual;
- (c) If you default in the performance of any material obligation under this Agreement or any other agreement with us or our Affiliates, or to which we or our Affiliate is a party, including but not limited to: (i) payment of rent; (ii) the requirements of Section 8.7.3; (iii) the requirements of Section 7.1; (iv) the requirements of Section 7.5; or (v) a default under another franchise agreement for a separate TLE Center owned by you.

**11.2 Termination Without Opportunity to Cure.** You acknowledge and agree that strict compliance with many of the obligations agreed to by you in this Agreement is crucial to the success of the System and the Centers, and that any breach thereof would so jeopardize the well-being of the entire Franchise System or otherwise have such an adverse effect on the relationship between us, or be of such significance, that you no longer will be able to effectively function as a franchisee under this Agreement. Accordingly, you agree that if you commit any action described in Section 11.2 (a) through (n), you will be in default hereunder, and we may, at our option, terminate this Agreement and all its rights granted hereunder and retain the Franchise Fee, SDSC and/or Site Coordination Fee, without affording you any opportunity to cure the default, effective immediately upon receipt of written notice by you. The actions are:

- (a) If you fail to make any payment when due under this Agreement or any other agreement between you and us or our Affiliate, or to which we or our Affiliate is a party, within five (5) days after written notice is given to you.
- (b) If you misuse or impair the Marks or the System or engage in conduct which reflects materially and unfavorably upon the goodwill associated with them, or if you use in a Center any names, marks, systems, logotypes or symbols that we have not authorized you to use;
- (c) If you or any of your Affiliates has any direct or indirect interest in the ownership or operation of a Competitive Business or any business that uses the System or the Marks, or if you fail to give us a signed copy of the Non-Disclosure and Non-Competition Agreement for each of your Affiliates or principal employees within ten (10) days after the Affiliates or principal employees assume that status with you;
- (d) If you attempt to assign your rights under this Agreement in any manner not authorized by this Agreement;
- (e) If you or your Affiliate has made any material misrepresentation in connection with the acquisition of a Center or to induce us to enter into this Agreement, including Section 8.7.2;
- (f) If you act without our prior written approval or consent in regard to a matter for which our prior written approval or consent is expressly required by this Agreement, including, without limitation, Section 8.7.2;

(g) In the event you have executed the SC Addendum and you have failed to open your Center within forty-eight (48) months following the Effective Date of this Agreement, unless, within our sole discretion, we extend the time in writing;

(h) If you cease to operate your Center, unless: (i) operations are suspended for no more than sixty (60) days; and (ii) the suspension was caused by fire, earthquake, hurricane, condemnation, or act of God;

(i) If you fail to permanently correct a breach of this Agreement or to meet the standards set out in the Manual after receiving three (3) requests in writing by us to correct the same or a similar breach in any twelve (12) month period;

(j) If we make a reasonable determination that the operation of your Center poses a threat to public health or safety;

(k) Except as otherwise required by the United States Bankruptcy Code, if you become insolvent, are adjudicated bankrupt, or file or have filed against you a petition in bankruptcy, reorganization or similar proceeding;

(l) If you are indicted or arrested, charged, publicly accused by or in the national or regional media or convicted of any felony whatsoever, or if you are convicted of any criminal misconduct which is relevant to the operation of your Center, or which, in our sole discretion, indicates moral turpitude or that is adverse to the Marks or is a breach of trust;

(m) You have three (3) Material Underpayments during the term of this Agreement or two (2) Substantial Underpayments in any twelve (12) month period; or

(n) You fail to maintain the child care license for your Center.

**11.2.1 Remedies Short of Termination.** Notwithstanding anything in this Agreement to the contrary, we reserve the right to exercise any and all rights and remedies available to us under this Agreement, at law, or in equity in the event of your default under this Agreement, including without limitation: (i) seeking recovery of monetary damages; (ii) the imposition of fines or penalties; and/or (iii) seeking injunctive or equitable relief, if any or all of the foregoing are appropriate under the circumstances. No election by us to refrain from terminating this Agreement in the event of your default hereunder, even if we are entitled to so terminate this Agreement, shall be construed as a waiver of any of our rights or remedies, and any election by us to refrain from terminating this Agreement in the event of your default hereunder at any given time shall not preclude us from terminating this Agreement at a later date in connection with the same default, if it remains uncured, or in connection with one or more additional defaults by you hereunder, or in connection with a combination thereof.

**11.2.2 SC Addendum Termination.** In the event that you fail to deliver the site review book within the time period required by the SC Addendum, or any longer period if we grant such extension in our sole discretion, Section 10 of the SC Addendum allows us to terminate this Agreement and the SC Addendum and to retain any franchise fee already paid.

### **11.2.3 Cross-Default.**

(a) Any default by you under any other agreement between us or any of our Affiliates as the one party, and you or any of your Affiliates as the other party, that is so material as to permit us to terminate

or declare a default under such other agreement, will be deemed to be a default of this Agreement, and we will have the right, at our option, to terminate this Agreement, effective immediately upon notice to you.

(b) In the event that you or one of your Affiliates owns a separate franchise with us, then any default by you under this Franchise Agreement will be deemed to be a default of the Franchise Agreement for the other franchise, and we will have the right, at our option, to any of the remedies available hereunder or thereunder, at law or in equity, including termination of the Franchise Agreement for such other franchise and/or your eviction from the Center, effective immediately upon notice to you.

**11.2.4 Notice to Clients.** We may directly notify your enrolled parents that you are in default of this Agreement and that your right to operate the Center may be (or has been) terminated.

### **11.3 Termination by You.**

(a) If you have elected the Site Development Service from us and executed an SDSC Addendum, we must show you two suitable sites within twenty-four (24) months from the execution of this Agreement and the SDSC Addendum. If, at the conclusion of the twenty-fourth (24th) month, we fail to satisfy our Site Location Obligation (as defined under the SDSC Addendum), you may cancel this Agreement and the SDSC Addendum by delivering to us written notice of your desire to Terminate (“Termination Notice”). Within thirty (30) days following the Termination Notice, we must make the first of twelve (12) equal refund payments to you, repaying dollar for dollar your Franchise Fee and any SDSC deposit paid, which payments will be made over a period of twelve (12) months; provided, however, that you fully understand that your choice of termination of this Agreement and the SDSC Addendum, and the subsequent return of your Franchise Fee and SDSC deposit, is your sole and exclusive legal or equitable remedy for our non-performance in the presentation to you of suitable sites. As a condition to your receipt of the refund, you and your principals will execute a release substantially in the form as shown in Exhibit O to the Disclosure Document.

(b) Reciprocally, if during the twenty-four (24) month period, or at any time after the twenty-four (24) month period but prior to our receipt from you of any Termination Notice, we satisfy our Site Location Obligation by showing you two (2) suitable sites, and you reject them and/or fail to timely accept them (timely acceptance is defined as within ten (10) days after all Site Criteria is presented to you for your review, including the lease or other relevant binding real estate agreement), then and in that event: (i) our obligation to show you additional suitable sites will cease in its entirety; (ii) the Franchise Fee paid will become fully non-refundable and will be considered earned by us for our time, effort and restriction relative to your Site Location; and (iii) we may, in our sole option, terminate the SDSC Addendum, by delivering to you a Termination Notice, and thereafter it will become your sole responsibility to locate and develop your New Center according to our plans, specifications and Site Criteria, and in accordance with the terms and conditions of an SC Addendum, which you must execute with us within ten (10) days following the Termination Notice. If you fail and/or refuse to execute the SC Addendum, it will be considered a default under Section 11.1 of this Agreement.

### **11.4 Rights and Obligations after Termination and/or Expiration.**

**11.4.1 Obligations.** Upon termination and/or expiration of this Agreement for any reason, your rights to use the Marks, Trade Name, and System will immediately terminate; and

(a) You will not use the Marks, Trade Name and System in any manner whatsoever. You will immediately cease operating the Center and will not identify or represent that you are operating a Center or that you are or were a franchisee. Within five (5) days of the expiration or termination of this Agreement for any reason, you must take any one or more of the following actions at our option: (1) you will notify all



of your customers in writing that you no longer operate a Center and that you have no rights to the Marks, Trade Name and System, and you will send a copy of this notice to us for our inspection prior to distribution; (2) you will submit to us all reports required under this Agreement; (3) all of your customer contracts will be assigned to us; (4) you will take such actions as may be necessary to cancel any assumed name registration or equivalent registration obtained by you which contains the Mark, The Learning Experience or any other Marks, and you will furnish us with evidence satisfactory to us of compliance with this obligation within five (5) days; and (5) you hereby irrevocably appoint us or our nominee to be your attorney-in-fact coupled with an interest, and with power of substitution, to execute and to file for you any relevant document necessary to accomplish the acts contemplated by this Agreement;

(b) Upon our written request, you will change the premises in the manner and in the time period that we require to distinguish the premises from its former appearance and from any Center. In the event you fail and/or refuse to comply with the requirements of this Section 11.4.1(b), we will have the right, and you hereby consent to the entry of, an emergency court order, by order to show cause, permitting us to enter upon the premises for the purpose of making or causing to be made such changes as may be required at your expense, which you agree to pay upon demand. You also irrevocably waive any right for compensation from us that you may have for any right you may have acquired as a result of your use of the Marks or System;

(c) You will not use, or disclose to others, anything in the Manual, Confidential Information, or any of our trade secrets, curriculum, operating or business practices. You will return to us the Manuals, all copies of, summaries of, and extracts from the Manuals, and all other material containing any of our trade secrets, operating or business practices relating to the operation of the Franchised Center (and any copies of the Manual, Confidential Information, our trade secrets, curriculum, operating or business practices, even if such copies were made in violation of this Agreement), all of which are acknowledged to be Confidential Information and our trade secrets. Confidential Information and these trade secrets, curriculum, operating and business practices include, without limitation, uniform standards, specifications, policies, and procedures for the System. You will cease using our Software programs and return to us all copies of it and all related documentation. You will retain no copy or record of any of the foregoing, except for your copy of this Agreement, any correspondence between the parties, and any other documents you reasonably need for compliance with applicable law;

(d) You must promptly pay all sums owing to us and our Affiliates. In the event of termination for any default of yours, such sums will include all damages (including future royalty fees that otherwise likely would have been paid from the termination date through the end of the initial term, but for the early termination of the Agreement), costs, and expenses, including reasonable attorneys' fees, incurred by us as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of us against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by you as well as on the Center premises. You hereby appoint us as your attorney-in-fact, with full power and authority to execute on your behalf such documents as are necessary to obtain and perfect such lien. Future royalty fees due will be calculated as the present value of the average monthly royalty fees that you were obligated to pay during the 12-month period immediately preceding the month that the Franchise Agreement is terminated, multiplied by the number of months remaining in the initial term at the date of termination;

(e) You will comply with all provisions of this Agreement that survive its Termination and expiration, including but not limited to the non-compete covenants contained in this Agreement;

(f) We will have no further obligations under this Agreement;

(g) You must promptly sign any documents and take any steps that, in our judgment and sole discretion, are necessary to delete your listings from all classified telephone directories, computer bulletin boards, and Internet web sites, and disconnect or, at our option, assign to us all telephone numbers that have been used in your Center, and terminate all other references that suggest you are or ever were associated with us or our System. By signing this Agreement, you irrevocably appoint us as your attorney-in-fact to take the actions described in this section if you do not do so yourself within seven (7) days after Termination of this Agreement; and

(h) After this Agreement is terminated, you must maintain all records required by us under this Agreement for not less than three (3) years after final payment of any amounts you owe to us, and must make available true copies of these records to us for audit upon reasonable notice.

#### **11.4.2 Right to Possession upon Termination or Expiration.**

**11.4.2.1** If you have been leased a Center, executed an Assignment and Assumption of Lease, or subleased a Center from us, then upon Termination or expiration of this Agreement and our written request, you will immediately vacate the premises of your Center, and we, without any recourse to you, will have the right to take immediate possession of the Center and assume all operations with respect to such Center. All revenues realized thereafter will be our property. Furthermore, you agree to execute any and all documents required or believed by us to be necessary to perfect our possession of the Center, including without limitation documentation required by any landlord, financing institution or developer. Furthermore, you agree to tender possession to us without resort to any legal proceedings and waive all rights to protest any such taking of possession by us upon Termination of this Agreement. Additionally, except for items of personal property unrelated to your operation of the Center, you agree that upon default and subsequent termination of this Agreement, all equipment, supplies and inventory and other property within the Center that is used in the operation of the Center will become our sole and exclusive property. We also have an option to replace you as lessee under any equipment lease for equipment that is used in connection with your Center, and upon our request, you must immediately give us copies of the leases for all equipment used in your Center.

**11.4.2.2 Own or Leased.** If you own the premises of your Center or have leased the premises directly from a landlord or developer, upon Termination or expiration of this Agreement we will have the following options:

(a) If you own the premises, we will be deemed to have an option to buy and may elect in our sole discretion to purchase the premises from you in consideration of the fair market value of the property. We must send written notice to you within thirty (30) days after termination of this Agreement of our election to exercise the option to purchase, and must be prepared to close the transaction within sixty (60) days after the fair market value has been determined. If the parties fail to agree upon the fair market value of the property within the option period, each must appoint an appraiser and the two appraisers thus appointed must agree on a third appraiser within ninety (90) days after we have given notice of our election to purchase. The appraisers, or a majority of them, must determine the fair market value of your Center premises. This determination will be final and binding upon both you and us.

(b) If you own the premises, we may elect not to lease the premises from you under the Agreement to Lease annexed as Attachment 2 to your SC Addendum, at which time the parties must follow the terms and conditions contained in Section 11.4.1 of this Agreement, and you also must;

(i) Convert the location to a use other than a childcare Center; or

(ii) Sell the land, building, equipment, and other personal property, if owned by you, to a third party, subject to our right of first refusal. Even if we elect not to take possession of the Center, we have an option to replace you as lessee under any equipment lease for equipment that is used in connection with your Center. Upon our request, you must give us copies of the leases for all equipment used in your Center immediately upon Termination. Additionally, we will be entitled to any or all of the physical assets contained in the Center, including its equipment, supplies and inventory involved in the day-to-day operations of the Center. We will pay to you for these items:

- (A) The lower of cost or fair market value of the supplies and inventory;
- (B) Depreciated value of other tangible personal property calculated on the straight line method over a five (5) year life, less any liens or encumbrances; and
- (C) If the parties do not agree on a price within thirty (30) business days of expiration or Termination of this Agreement, there will be appointed an independent appraiser who is mutually satisfactory to the parties. If the parties fail to agree upon an appraiser within the specified period, each must appoint an appraiser and the two appraisers thus appointed must agree on a third appraiser within ninety (90) days after termination, and the appraisers, or a majority of them, must determine the price for the physical assets of your Center in accordance with the standards specified above. For purposes of determining the purchase price, you will not be given any credit whatsoever for the value of goodwill associated with the Marks. This determination will be final and binding upon both you and us. The fees and expenses of any appraiser(s) will be paid by you.

(c) We may elect to execute upon our security interest in the premises, take the premises from you and then lease the premises of the Center from you under the applicable Agreement to Lease and other relevant documents executed by and between you and us, and annexed as Attachment 2 to your SC Addendum.

**11.4.2.3** If the franchise granted in this Agreement is terminated because of your default, our rights described above may not be our exclusive remedies, but will instead supplement any other equitable or legal remedies available to us. If this Agreement is terminated because of your material default, nothing in this section may be construed to deprive us of the right to recover damages as compensation for lost profits. Termination of this Agreement will not end any obligation of either party that has come into existence before termination. All obligations of the parties which by their terms or by reasonable implication are to be performed in whole or in part after termination will survive termination.

**11.5 Liquidated Damages.** In the event we terminate this Agreement pursuant to Section 11.1 or 11.2, or you improperly terminate this Agreement through your act or omission, it is acknowledged that estimating the damages suffered by will be difficult. Our expenses include the costs of possibly taking back the Center, staffing, possible renovations, re-equipping, increased advertising, lost Royalty income, as well as damage to our reputation and the Marks. The parties therefore agree that as liquidated damages, we will be entitled to recover, without actual proof of loss, the sum calculated in accordance with the following formula: six percent (6%) of the single highest monthly Gross Revenues from the previous thirty-six (36) month period before the termination, multiplied by twelve (12) and the result multiplied by the number of remaining years under this Agreement had it not been terminated and that number being reduced to net present value using a six percent (6%) discount rate, plus a default rate of two times (2x) that value. You agree that this formula is a reasonable estimate of damages and not a penalty. This formula is stipulated to

be acceptable to all parties and to be used by any court of competent jurisdiction in calculating the award of damages to us for termination of this Agreement.

**11.6 Non-exclusivity of Remedy.** No right or remedy conferred upon or reserved to either of us under this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

## **12. MISCELLANEOUS PROVISIONS**

**12.1 No Liability to Others; No Other Beneficiaries.** We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any person or legal entity who is not a party to this Agreement. Except as specifically described in this Agreement, no other party has any rights because of this Agreement.

**12.2 Construction.** The headings of the sections are for convenience only. If two or more persons are at any time franchise owners hereunder, whether or not as partners or joint venturers, their obligations and liabilities to us are joint and several. This Agreement may be signed in multiple copies, each of which will be an original. “A or B” means “A” or “B” or both.

**12.3 Time is of the Essence.** It will be a breach of this Agreement if you fail to perform any obligation within the time required or permitted by this Agreement. In computing time periods from one date to a later date, the words “from” and “commencing on” (and the like) mean “from and including”; and the word “to,” “until” and “ending on” (and the like) mean “to but excluding.” Indications of time of day mean Eastern Standard Time.

**12.4 Governing Law.** The Agreement takes effect upon its acceptance and execution by us in Florida, and any claim or controversy arising out of or related to this Agreement, or the making, performance, breach, interpretation, or termination thereof, except to the extent governed by the United States Trademark Act of 1946, shall be interpreted and construed exclusively under the laws of the State of Florida. In the event of any conflict of law, the laws of Florida shall prevail, without regard to (and without applying) Florida conflict-of-law rules. If, however, any provision of this Agreement would not be enforceable under the laws of Florida, and if the Protected Territory is located outside of Florida and such provision would be enforceable under the laws of the state in which the Protected Territory is located, then such provision shall be interpreted and construed under the laws of that state. Nothing in this Section 12.4 is intended by the parties to subject the Agreement to any franchise or similar law, rule, or regulation of the State of Florida to which it would not otherwise be subject. You and we acknowledge that our agreement regarding the application of Florida law provides each of us with the mutual benefit of uniform interpretation of this Agreement or our relationship created by this Agreement, and you further acknowledge the receipt and sufficiency of mutual consideration for such benefit.

**12.5 Jurisdiction.** Any judicial action brought by you against us shall be brought exclusively, and any action brought by us against you may be brought, in the federal district court covering the location at which we have our principal place of business at the time the action is commenced; provided, however, that if the federal court would not have subject matter jurisdiction had the action been commenced in such court, then, in such event, the action shall (with respect to actions commenced by you) and may (with respect to actions commenced by us) be brought in the state court within the judicial district in which we have our principal place of business at the time the action is commenced. At the time of signing this Agreement, our principal place of business is located within the jurisdiction of the United States District Court for the Southern District of Florida. The parties waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision. You and we acknowledge that our agreement regarding jurisdiction provides each of us with the mutual benefit of uniform interpretation of this Agreement or our relationship created

by this Agreement, and you further acknowledge the receipt and sufficiency of mutual consideration for such benefit.

**12.6 Waiver of Jury Trial.** UNLESS PROHIBITED BY LAW, YOU AND WE AGREE TO IRREVOCABLY WAIVE A TRIAL BY JURY IN ANY ACTION, COUNTERCLAIM OR JUDICIAL PROCEEDING BROUGHT BY YOU OR US, WHETHER AT LAW OR IN EQUITY, ABOUT ALL ISSUES THAT ARISE OUT OF, CONCERN OR RELATE TO, THIS AGREEMENT, ANY AND ALL TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, YOUR PERFORMANCE OR OUR PERFORMANCE UNDER THIS AGREEMENT, OR OTHERWISE, DURING THE TERM OF THIS AGREEMENT AND AFTERWARDS. YOU AND WE MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF YOUR AND OUR CONSENT TO THE WAIVER OF A TRIAL BY JURY. YOU AND WE HAVE READ THIS PROVISION AND UNDERSTAND ITS EFFECT. YOU HAVE CONSULTED WITH, AND HAVE BEEN ADVISED BY, COUNSEL ABOUT THE TRANSACTION GOVERNED BY THIS AGREEMENT AND SPECIFICALLY ABOUT THE TERMS OF THIS SECTION 12.6, WHICH CONCERNS THE WAIVER OF RIGHT TO TRIAL BY JURY BY YOU AND US. YOU AND WE AGREE THAT YOUR REPRESENTATIONS WILL SURVIVE THE EXPIRATION, TRANSFER OR TERMINATION OF THIS AGREEMENT.

**12.7 Cumulative Remedies.** The rights and remedies provided in this Agreement are cumulative, and neither you nor we will be prohibited from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

**12.8 Notices.** The parties to this Agreement should direct any notices to the other party at the following addresses:

Us:

The Learning Experience Systems LLC  
210 Hillsboro Technology Drive  
Deerfield Beach, Florida 33441  
Attn.: Legal Department  
Email: Legal@tlecorp.com

You:

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

or at other addresses if advised in writing that an address has been changed. Notice may be delivered by facsimile or electronic mail (with simultaneous mailing of a copy by first class mail), nationally recognized overnight courier, U.S. first class mail or Certified Mail, return receipt requested. Notice by facsimile or electronic mail will be considered delivered upon transmission; by courier, upon delivery to such address; and by first class mail or Certified Mail, return receipt requested, three (3) days after posting. Notice of any termination must be by overnight courier or Certified Mail, return receipt requested. The Manual, any revisions to the Manual, and/or any written instructions that we furnish to you relating to operational matters shall not be deemed to constitute “Notices” for the purposes of any delivery requirements of this Section 12.8.

**12.9 Amendments/Modifications.** This Agreement may not be amended or modified orally, but may only be amended or modified by a writing signed by all of the parties to this Agreement or by its/their authorized agents.

**12.10 Waiver.** We will not be deemed to have waived our right to demand exact compliance with any of the terms of this Agreement, even if at any time: (a) we do not exercise a right or power available to us under this Agreement; or (b) we do not insist on your strict compliance with the terms of this Agreement; or (c) if there develops a custom or practice which is at variance with the terms of this Agreement; or (d) if we accept payments which are otherwise due to us under this Agreement. Similarly, our waiver of any particular breach or series of breaches under this Agreement, or of any similar term in any other agreement between you and us or between us and any other franchise owner, will not affect our rights with respect to any later breach by you or anyone else.

**12.11 Entire Agreement.** This Agreement, including the introduction, addenda and Attachments to it, constitutes the entire agreement between you and us. There are no other oral or written understandings or agreements between you and us concerning the subject matter of this Agreement. However, nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in our Franchise Disclosure Document, including any exhibits or amendments thereto.

**12.12 Injunctive Remedy for Breach.** You recognize that you are a member of a Franchise System and that your acts and omissions may have a positive or negative effect on the success of other Centers operating under our Trade Name and in association with our Marks. Failure on the part of a single franchisee to comply with the terms of this Agreement is likely to cause irreparable damage to us, and to some or all of our other franchisees. You agree that if we can prove to a court of competent jurisdiction that there is a substantial likelihood of a breach or threatened breach of any of the terms of this Agreement by you, we will be entitled to an injunction restraining the breach and/or to a decree of specific performance, without showing or proving any actual damage, until a final determination is made. If we can prove an actual or threatened breach that may cause or is causing irreparable harm to us, you agree that we will be entitled to an injunction granting us possession of your Center and removing you from the Center, with us assuming control during the pendency of the proceedings. The rights and remedies provided in this Agreement and addenda are cumulative and neither you nor we will be prohibited from exercising any other right or remedy provided under this Agreement or permitted by law or equity. Upon termination of this Agreement for any reason set forth in Section 11.2, you waive all right to seek injunctive relief in the event we take possession of Center pursuant to Section 11.4.2 of this Agreement or this Section 12.12. In the event we must seek injunctive relief to take possession of Center, you waive all defenses to such injunctive relief being entered and agree to entry of an order of possession by a court of competent jurisdiction.

**12.13 Limitation of Claims.** ANY AND ALL CLAIMS ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP AMONG YOU AND US MUST BE MADE BY WRITTEN NOTICE TO THE OTHER PARTY WITHIN ONE (1) YEAR FOLLOWING THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM (EXCLUDING CLAIMS SEEKING INDEMNIFICATION UNDER THIS AGREEMENT), REGARDLESS OF WHEN IT BECOMES KNOWN; EXCEPT FOR CLAIMS ARISING FROM: (A) UNDER-REPORTING OF GROSS REVENUES; (B) UNDERPAYMENT OF AMOUNTS OWED TO US OR OUR AFFILIATES; (C) CLAIMS FOR INDEMNIFICATION; AND/OR (D) UNAUTHORIZED USE OF THE MARKS. HOWEVER, THIS PROVISION DOES NOT LIMIT IN ANY WAY OUR RIGHT TO TERMINATE THIS AGREEMENT.

**12.14 Attorneys' Fees and Costs.** If legal action, including any action on appeal, is necessary to enforce the terms and conditions of this Agreement, the prevailing party will be entitled to recover reasonable compensation for preparation, investigation and other costs and reasonable attorneys' fees, as fixed by a court of competent jurisdiction.

**12.15 Limitation of Liability.** Neither of the parties will be liable for loss or damage or deemed to be in breach of this Agreement if failure to perform obligations results from: compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state or municipal government, or department or agency; or Acts of God or acts or omissions of a similar event or cause. However, such delays or events do not excuse payments of amounts owed at any time.

**12.16 Understandings.**

12.16.1 No Waivers. Nothing in this Agreement is meant as, or may be construed, or otherwise interpreted: (a) as a waiver of any state law that may apply to you; nor (b) as a disclaimer of any statement or representation that we have made in our FDD.

12.16.2 Your Investigation. We have recommended that you conduct an independent investigation of the business franchised under this Agreement.

12.16.3 No Warranties or Guarantees. We do not make (and do not permit anyone speaking on our behalf) to make any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business contemplated by this Agreement.

12.16.4 Your Advisors. We recommended that you seek advice from advisors of your own choosing (including a lawyer and an accountant) about the potential benefits and risks of entering into this Agreement and operating a Center.

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

12.16.6 Your Responsibility for the Choice of the Approved Location. You agree that you have sole and complete responsibility for the choice of the Approved Location; that we have not (and will not be deemed to have, even by our requirement that you use a location service and/or our approval of the site that is the Approved Location), given any representation, promise, or guarantee of your success at the Approved Location; and that you will be solely responsible for your own success at the Approved Location.

12.16.7 Different Franchise Offerings to Others. We may modify the terms under which we offer franchises to other parties (which may differ from the terms, conditions, and obligations in this Agreement).

12.16.8 Our Advice. You agree that our advice is only that; that our advice is not a guarantee of success; and that you must reach and implement your own decisions about how to operate your Center on a day-to-day basis under the System.

12.16.9 Your Independence. You agree that:

12.16.9.1 you are the only party that employs your staff (even though we may provide you with advice, guidance, and training);

12.16.9.2 we are not your employer nor are we the employer of any of your staff, and even if we express an opinion or provide advice, we will play no role in your decisions regarding their employment (including matters such as recruitment, hiring, compensation, scheduling, employee relations, labor matters, review, discipline, and/or dismissal);

12.16.9.3 the guidance that we provide, and requirements under which you will operate, are intended to promote and protect the value of the brand and the Proprietary Marks;

12.16.9.4 when forming and in operating your business, you had to adopt standards to operate that business, and that instead of developing and implementing your own standards (or those of another party), you chose to adopt and implement our standards for your business (including our System and the requirements under this Agreement); and

12.16.9.5 you have made (and will remain always responsible for) all of the organizational and basic decisions about establishing and forming your entity, operating your business (including adopting our standards as your standards), and hiring employees and employment matters (including matters such as recruitment, hiring, compensation, scheduling, employee relations, labor matters, review, discipline, and/or dismissal), engaging professional advisors, and all other facets of your operation.

**12.17 Severability; Substitution of Valid Provisions.** Except as otherwise stated in this Agreement, each term of this Agreement, and any portion of any term, is severable. The remainder of this Agreement will continue in full force and effect. To the extent that any provision restricting your competitive activities is deemed unenforceable, you and we agree that such provisions will be enforced to the fullest extent permissible under governing law. This Agreement will be deemed automatically modified to comply with such governing law if any applicable law requires: (a) a greater prior notice of the termination of or refusal to renew this Agreement; (b) the taking of some other action not described in this Agreement; or (c) if any of our System standards are found to be invalid or unenforceable. We may modify such invalid or unenforceable provision to the extent required to be valid and enforceable. In such event, you will be bound by the modified provisions.

**12.18 Approval and Guarantees.** If you are a legal entity, or upon your assignment of this Agreement to a legal entity, all of your principals having a ten percent (10%) or greater interest in you must approve this Agreement and execute and deliver to us the Non-Disclosure, Non-Interference and Non-Competition Agreement attached to this Franchise Agreement as Attachment 3 and the Personal Guaranty and Subordination Agreement attached to this Franchise Agreement as Attachment 4, and allow you to furnish the financial information required by us, and agree to the restrictions placed on them, including restrictions on the transferability of its/their interests in the franchise and Center.

**12.19 Approval and Consents.** Whenever this Agreement requires our advance approval, agreement or consent, you agree to make a timely written request for it. Our approval or consent will not be valid unless it is in writing. Except where expressly stated otherwise in this Agreement, we have the absolute right to refuse any request by you or to withhold our approval of any action or omission by you. If we provide to you any waiver, approval, consent, or suggestion, or if we neglect or delay our response or deny any request for any of those, we will not be deemed to have made any warranties or guarantees which you may rely on, and will not assume any liability or obligation to you.

**12.20 Waiver of Punitive Damages.** EXCEPT FOR YOUR OBLIGATIONS TO INDEMNIFY US AND CLAIMS FOR UNAUTHORIZED USE OF THE MARKS OR CONFIDENTIAL INFORMATION, AND EXCEPT AS PROVIDED IN SECTIONS 11.4.2.3 AND 11.5, YOU AND WE EACH WAIVE TO THE FULL EXTENT PERMITTED BY LAW ANY RIGHT TO, OR CLAIM FOR, ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER. YOU AND WE ALSO AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN YOU AND US, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

**12.21 Our Judgment.** Whenever we exercise a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, except as otherwise expressly and



specifically provided in this Agreement, we may make such decision or exercise such right and/or discretion on the basis of our judgment of what is in our best interests. “Best interests” includes what we believe to be the best interests of the System at the time the decision is made or the right or discretion is exercised, even though: (a) there may have been other alternative decisions or actions that could have been taken; (b) our decision or action taken promotes our financial or other individual interest; or (c) our decision or the action it takes may apply differently to different franchisees or any company-owned or Affiliate-owned Centers. In the absence of an applicable statute, we will have no liability to you for any such decision or action. The exercise of the right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, we and you agree that such covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants us the right to make decisions or take/refrain from taking actions not inconsistent with your rights and obligations hereunder.

**12.22 Our Acceptance.** This Agreement will not be binding upon us unless it has been signed by an authorized officer and you have paid us all initial fees.

**12.23 Interpretation of Agreement.** No provision of this Agreement shall be interpreted in favor of, or against, any party because that party drafted this Agreement.

**12.24 Recitals Incorporated.** Each of the parties confirm the accuracy of, repeat and reiterate, and agree to incorporate by reference the Recitals paragraphs at the beginning of this Agreement as if they were printed here in full text.

*[signature page follows]*

IN WITNESS TO THE PROVISIONS OF THIS AGREEMENT, the undersigned have signed it as of the Effective Date.

FRANCHISOR:

FRANCHISEE:

THE LEARNING EXPERIENCE SYSTEMS LLC

\_\_\_\_\_

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

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

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

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

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

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

**THE LEARNING EXPERIENCE FRANCHISE AGREEMENT  
ATTACHMENT 1 TO FRANCHISE AGREEMENT**

**SITE LOCATION INFORMATION**

(This Attachment 1 to be amended upon matching to Approved Location)

Target Area: \_\_\_\_\_

Approved Location: (To be inserted upon matching to a specified address)

Boundaries of Protected Territory: (To be inserted upon matching to a specified address)

1. The graphic representation of the boundary of the Protected Territory may be adjusted to conform to the distances and scale provided in the most recently published recognized national mapping company's map of the subject area by means of a circle having a scale diameter of two and one-half (2.5) miles (1.25 miles from all exterior walls), drawn from a central point on the exterior walls of your Center.

2. Notwithstanding the foregoing, Approved Locations located in urban areas, such as the New York City boroughs or similar areas, will have a circle having a scale diameter, as determined by us, that would not cause a material adverse effect on the enrollment of your Center.

## ATTACHMENT 2 TO FRANCHISE AGREEMENT

### SCHEDULE OF MINIMUM INSURANCE REQUIRED

(Depending on your lease or your lender's requirements, your particular insurance requirements may be greater than the minimum requirements indicated below)

<u>Type of Insurance</u>	<u>Minimum Required Limit</u>	<u>Minimum Required Aggregate</u>
General Liability	\$1,000,000	\$3,000,000
Professional Liability (included w/General Liability)	\$1,000,000	\$3,000,000
Fire Damage Legal Liability	\$500,000	\$500,000
Sexual Abuse or Molestation	\$1,000,000	\$2,000,000
Employee Benefit Liability	\$1,000,000	\$3,000,000
Improvements and Betterments (if there is no building coverage)	\$250,000	
Personal Property	\$100,000	
Playground Equipment	\$150,000	
Business Income	\$400,000	
Hired/Non-owned Auto	\$1,000,000	
Auto liability	\$1,000,000	
Umbrella	\$4,000,000	\$4,000,000
Student Accident	\$25,000 excess coverage	\$100,000
Workers Compensation	\$1,000,000 and per state requirements	
Cyber/Data Security	\$500,000	\$500,000
Employee Practice Liability	\$1,000,000	\$1,000,000

#### Notes:

1. All policies must be written by a licensed insurance company with an A.M. Best rating of "A" or higher.
2. All policies must name the following as additional insureds: The Learning Experience Corp., The Learning Experience Systems LLC, TLE Holdings, LLC, the original Tenant under the Lease (TLE at [ ]), LLC), landlord and the landlord's lender/mortgagee, if any.
3. All policies must provide that the additional insureds will receive notice of your default in the payment of any premium and must provide thirty (30) days prior written notice of termination, cancellation, expiration or alteration to provide less coverage.
4. Please note that the figures set forth in the above schedule are simply the minimum insurance requirements, and in no way limit or restrict your ability to purchase or obtain insurance with higher limits or any additional insurance not mentioned herein.

## ATTACHMENT 3 TO FRANCHISE AGREEMENT

### NON-DISCLOSURE, NON-INTERFERENCE AND NON-COMPETITION AGREEMENT

THIS NON-DISCLOSURE, NON-INTERFERENCE AND NON-COMPETITION AGREEMENT (the “Agreement”) is made as of \_\_\_\_\_, 202\_\_ (the “Effective Date”), by and between \_\_\_\_\_, having a mailing address at \_\_\_\_\_ (“you” or “your” or “yours”), and THE LEARNING EXPERIENCE SYSTEMS LLC, a Delaware limited liability company, its affiliates and subsidiaries, each having its principal place of business at 210 Hillsboro Technology Drive, Deerfield Beach, Florida 33441 (“The Learning Experience,” “we,” “us” or “our”).

#### RECITALS:

WHEREAS, you are an owner, principal, or affiliate of an individual or entity that entered or will enter into a franchise agreement with us (the “Franchise Agreement”);

WHEREAS, in consideration of valuable information provided and to be provided, and other valuable consideration, the receipt and adequacy of which are hereby acknowledged, you agree to be bound by the following representations, warranties and covenants, to be effective, unless stated to the contrary, during, and at all times after, the termination of your affiliation with us.

NOW, THEREFORE, in consideration of the foregoing, the parties mutually agree as follows:

1. Confidential Information. You acknowledge that you may have received or been given access to, or will receive or be given access to, certain confidential information and trade secrets of ours, all relating to or useful in our business and all labeled, treated as, or otherwise considered by us as confidential or proprietary information (collectively, the “Confidential Information”). The Confidential Information may include, without limitation, operating, marketing, promotions, advertising, and training manuals; memoranda, video and audio tapes, slide presentations and other materials, characters, systems, logos and other similar property, creations and ideas, programs, studies, software, inventory control, agreements, correspondence, records, plans and reports used or created by or on behalf of us or supplied to us; customer lists, identities of suppliers, and operational, accounting and quality control procedures; architectural and construction related plans and specifications, and generally all other information sent to you or to which you are exposed at our offices and other locations. Confidential Information also includes any documents or modifications to any Confidential Information made by or on behalf of you.

2. Disclosure of Confidential Information.

(a) You specifically warrant and agree that at all times since the initial date of your discussions with us, you have kept and will continue to keep any and all of the Confidential Information from being used, made known or disclosed to any person or entity, except for the exclusive use and benefit of us. You will not reproduce or permit reproduction or dissemination of any of the Confidential Information.

(b) You specifically agree that in the event of a breach or a threatened breach by you of this Agreement, we will be entitled to an injunction restraining you from disclosing, in whole or in part, such Confidential Information, and from rendering any services to any person or entity to whom such Confidential Information in whole or in part has been disclosed or is threatened to be disclosed. Nothing in this Agreement will be construed so as to prohibit us from pursuing any other remedies available to us for such breach or threatened breach, including the recovery of damages from you. You recognize that the

Confidential Information is of extraordinary value to us, and that the loss or unauthorized use or disclosure of the Confidential Information would result in incalculable damages and irreparable harm to our business and reputation, for which monetary damages would not adequately compensate us.

(c) All of the Confidential Information will be treated in confidence and will not be disclosed or used for the benefit of you or your employees, personnel and/or agents.

3. Degree of Care. You agree that you will treat all Confidential Information with the same degree of care as you would accord your own confidential information, and you represent that you will exercise reasonable care to protect all Confidential Information.

4. Limitation on Obligations. Your obligations will be excused with respect to any Confidential Information to the extent that such Confidential Information:

(a) Is generally known to the public or trade at the time of disclosure or becomes generally known through no wrongful act on the part of you;

(b) Becomes known to you through disclosure by sources, other than us, having the legal right to disclose such Confidential Information;

(c) Is independently developed by you without reference to or reliance upon the Confidential Information; or

(d) Is required to be disclosed by you to comply with applicable laws or governmental regulations, provided that you provide prompt prior written notice of such disclosure to us, cooperate with us to obtain a protective order if requested by us, and take reasonable and lawful actions to avoid and/or minimize the extent of such disclosure at our expense.

5. Return of Documents. You will, upon our request, return to us all drawings, documents and other tangible manifestations, including all copies and reproductions that comprise or incorporate Confidential Information, to which you have been exposed pursuant to this Agreement.

6. Competitive Restrictions. During the term of this Agreement and for a period of three (3) years after any termination or expiration thereof, including any renewal or extension of this Agreement, you agree that you will not operate, own, or control, directly or indirectly, more than a one percent (1%) direct or beneficial interest in a Competitive Business that is located within a twenty-five (25) mile radius of any Center in existence or planned as of the date of termination or expiration of your Franchise Agreement. You agree, prior to the Opening Date of your Center, to obtain the individual written agreement of each of your Affiliates to the provisions of this section. After the Opening Date, you agree to obtain the individual written agreement of each of your Affiliates to the provisions of this section within ten (10) days after each Affiliate assumes such status with you. You further agree that none of you, any member of your immediate family, any shareholder, member, stakeholder, debt holder or partner will:

(a) engage in a Competitive Business, directly or indirectly, on behalf of yourself or any other person or as an employee, proprietor, owner, partner, agent, contractor, employer, consultant, Affiliate, or as a director, officer or associate or as a stockholder of any person or entity within your Protected Territory, and/or within an area that is within a twenty-five (25) mile radius of: (i) your Protected Territory; or (ii) of any other Center in existence or in development; or (iii) of any area in which a Center provides service; and/or

(b) have any direct or indirect interest, as a disclosed or beneficial owner, in any Competitive Business within the area described in Section 9.2.8 of the Franchise Agreement, except in accordance with other agreements with us; and/or

(c) perform services as a director, officer, manager, employee, consultant, representative, agent, independent contractor or otherwise for any Competitive Business, except other Centers operated under franchise agreements with us; and/or

(d) have any direct or indirect interest in any entity which has granted or is granting franchises or licenses to others to operate a Competitive Business, except other Centers operating under franchise agreements with us; and/or

(e) directly or indirectly, on behalf of yourself or any other person, or as an employee, proprietor, consultant, agent, contractor, employer, Affiliate, partner, owner, officer, director or associate, or stockholder of any other person or entity, or in any other capacity, solicit, divert, take away, or interfere with any of the business, customers, referral sources (including all charitable organizations, religious organizations, political organizations, trade associations and civic organizations associated in any with any Center System), clients, contractors, trade or patronage of ours, our Affiliates or any of our franchise owners as such may exist during the term of this Agreement or afterwards.

#### 7. Miscellaneous.

(a) This Agreement supersedes all prior agreements, written or oral, between you and us relating to the subject matter of this Agreement. This Agreement may not be modified, changed or discharged, in whole or in part, except by an agreement in writing signed by you and us.

(b) The provisions of this Agreement are necessary for the protection of the business and goodwill of the parties, and are considered by the parties to be reasonable for such purpose. You agree that any breach of this Agreement will cause us substantial and irreparable damages and, therefore, in the event of any such breach, in addition to other remedies which may be available, we will have the right to seek specific performance and other injunctive and equitable relief without the requirement of posting any form of bond.

(c) Any notice given under this agreement to either party will be made in writing. Any such notice will be deemed to be given by mail to any such party by first class mail, postage prepaid, addressed to the last known address of any individual party or to the principal office of the company as the case may be.

(d) You and all of your employees, personnel and/or agents further agree to execute any and all further lawful documents, including assignment, which may be deemed necessary or desirable by us to fully effectuate this Agreement and assignment and to retain all lawful title to said Confidential Information as vested in the name of The Learning Experience.

(e) This Agreement will be binding upon and inure to the benefit of the parties to this Agreement and their respective heirs, successors and assigns.

(f) This Agreement will be construed and interpreted in accordance with the laws of the State of Florida, without regard to conflict of law principles

(g) This Agreement will govern all communications between the parties that are made during the period from the effective date of the Agreement to the date on which either party receives from the other

written notice that subsequent communications will not be so governed; provided, however, that the provisions and obligations under Sections 2, 3, 4, 5, and 6 with respect to Confidential Information previously received will continue in perpetuity.

(h) The headings of this Agreement are inserted for convenience only and are not to be considered in the construction of its provisions.

(i) In the event of invalidity of any provision of this Agreement, the parties agree that such invalidity will not affect the validity of the remaining portions of this Agreement, and further agree to substitute for the invalid provision a valid provision which most closely approximates the intent and economic effect of the invalid provision.

(j) Any capitalized terms that are not defined in this Agreement shall have the meaning given them in the Franchise Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

THE LEARNING EXPERIENCE SYSTEMS LLC,  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Individually



## ATTACHMENT 4 TO FRANCHISE AGREEMENT

### PERSONAL GUARANTY AND SUBORDINATION AGREEMENT

THIS PERSONAL GUARANTY AND SUBORDINATION AGREEMENT (this “Guaranty”), made as of \_\_\_\_\_, 202\_\_ (the “Effective Date”), by \_\_\_\_\_, individually, having a business address at \_\_\_\_\_ (“Guarantor”), in favor of The Learning Experience Systems LLC, a Delaware limited liability company, having its offices at 210 Hillsboro Technology Drive, Deerfield Beach, Florida 33441 (“Franchisor”).

#### RECITALS:

WHEREAS, Franchisor and \_\_\_\_\_ (“Franchisee”) entered into that certain Franchise Agreement dated as of even date herewith (the “Franchise Agreement”);

WHEREAS, as a condition to the grant of the franchise under the Franchise Agreement, Guarantor is required to provide the personal guaranty and subordination as set forth below; and

WHEREAS, Guarantor is a principal owner in Franchisee and will materially benefit from the grant of the franchise.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Guarantor agrees as follows with the intention of being legally bound:

1. Guarantor unconditionally, jointly and severally, personally and individually guarantees to Franchisor, its successors and assigns, the prompt full payment and performance of all obligations (“Obligations”) of Franchisee that are or may become due and owing to Franchisor and Franchisor’s affiliates (including, but not limited to, all Obligations arising under, resulting from or in any way in connection with the Franchise Agreement, any other franchise document related to the Franchise Agreement, or any lease for the Center), in the same manner as if the Guarantor personally obligated her/himself to the same obligations as did the Franchisee.

2.. Guarantor expressly waive(s) notice of the acceptance by Franchisor to or for the benefit of Franchisee of the purchase of inventory and goods by Franchisee, the maturing of bills and the failure to pay the same, the incurring by Franchisee of any additional future Obligations and liability to Franchisor, and any other notices and demands. This Guaranty will not be affected by the modification, extension, or renewal of any agreement between Franchisor and Franchisee, the taking of a note or other obligation from Franchisee or others, the taking of security for payment, the granting of an extension of time for payment, the filing by or against Franchisee of bankruptcy, insolvency, reorganization or other debtor relief afforded Franchisee under the U.S. Bankruptcy Code or any other state or federal statute or by the decision of any court, or any other matter, whether similar or dissimilar to any of the foregoing; and this Guaranty will cover the terms and obligations of any of the modifications, notes, security agreements, extensions, or renewals. Guarantor’s obligations will be unconditional in spite of any defect in the genuineness, validity, regularity, or enforceability of Franchisee’s Obligations or liability to Franchisor, or any other circumstances whether or not referred to in this Guaranty that might otherwise constitute a legal or equitable discharge of a surety or guarantor.

3. This is an irrevocable, unconditional and absolute guaranty of payment and performance and the Guarantor agree(s) that his, her, or their liability under this Guaranty will be immediate and will not be contingent upon the exercise or enforcement by Franchisor of whatever remedies it may have against the

Franchisee or others, or the enforcement of any lien or realization upon any security Franchisor may at any time possess.

4. Guarantor agrees that any indebtedness by Franchisee to Guarantor, for any reason, currently existing or which might arise in the future, will always be inferior and subordinate to any indebtedness owed by Franchisee to Franchisor. The Guarantor will promptly modify any financing statements on file with state agencies to specify that Franchisor's rights are senior to those of Guarantor.

5. Guarantor agrees that as long as Franchisee owes any money to Franchisor (other than Royalty and Brand Awareness Fund Payments that are not past due), Franchisee will not pay and Guarantor will not accept payment of any part of any indebtedness owed by Franchisee to any of Guarantor, either directly or indirectly, without Franchisor's consent.

6. In connection with any litigation or arbitration to determine Guarantor's liability under this Guaranty, Guarantor expressly waives his or her right to trial by jury and agrees to pay costs and reasonable attorney's fees as fixed by the court or arbitrator.

7. If this Guaranty is signed by more than one individual, each person signing this Guaranty will be jointly and severally liable for the obligations in this Guaranty.

8. This Guaranty will remain in full force and effect until all Obligations are fully paid and satisfied.

9. All terms, covenants, provisions and conditions of the Franchise Agreement are hereby incorporated in this Guaranty with the same force and effect as if set forth at length in this Guaranty.

\_\_\_\_\_  
, Individually

\_\_\_\_\_  
, Individually

## ATTACHMENT 5 TO FRANCHISE AGREEMENT



### Authorization Agreement for Direct Payments (ACH Debits / Credit)

I (we) hereby authorize The Learning Experience Holding Corp. to initiate debit/credit entries to my (our) account at the financial institution indicated below, and to debit/credit the same from such account. I (we) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. Law, NACHA Rules and Regulations and all U.S. Banking Regulations.

**BANK INFORMATION:**

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

Transit/ABA # (9 Digit Routing): \_\_\_\_\_

Account #: \_\_\_\_\_

CIRCLE ONE: CHECKING or SAVINGS

**\*\*\*PLEASE ATTACH A COPY OF VOIDED CHECK\*\*\***

Utilizing this ACH payment method will ensure your monthly payment(s) are made timely to avoid incurred late fees, of which are 10%, plus interest and cost. ACH transactions will have no cost to you and will be processed on the eighth (8<sup>th</sup>) day of each month or the last business day prior to the eighth (8<sup>th</sup>). For that reason, your voucher must be submitted no later than noon of the day the ACH payment is being processed.

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

Signer: \_\_\_\_\_

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

**RECEIPT OF FRANCHISE AGREEMENT, ATTACHMENTS AND ADDENDUMS**

On \_\_\_\_\_, 202\_\_, I acknowledge receipt of a copy of The Learning Experience Franchise Agreement, the following five (5) Attachments, and the following checked Addenda:

- 1. Approved Location (Attachment 1)
- 2. Schedule of Minimum Insurance Required (Attachment 2)
- 3. Non-Disclosure, Non-Interference and Non-Competition Agreement (Attachment 3)
- 4. Personal Guaranty and Subordination Agreement (Attachment 4)
- 5. Authorization Agreement for Direct Payments (Attachment 5)

**Service Election Addenda** (check as applicable):

- \_\_\_\_\_ Site Development Service Charge Addendum
- \_\_\_\_\_ Assignment and Assumption of Lease Agreement
- \_\_\_\_\_ Site Coordination Addendum
- \_\_\_\_\_ Conditional Assignment and Assumption of Lease Agreement to Lease (w/attached Lease Agreement)
- \_\_\_\_\_ Conditional Assignment of Telephone Numbers and Listings
- \_\_\_\_\_ Multiple Franchise Center Addendum

FRANCHISEE:

\_\_\_\_\_, a \_\_\_\_\_

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

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

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

\_\_\_\_\_

\_\_\_\_\_, Individually

**EXHIBIT D TO DISCLOSURE DOCUMENT**

**State-Specific Disclosures**

## CALIFORNIA DISCLOSURE ADDENDUM

In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516, and the California Franchise Relations Act, Cal. Bus. & Prof. Code §§ 20000-20043, the Disclosure Document for The Learning Experience Systems LLC in connection with the offer and sale of franchises for use in the State of California shall be amended to include the following:

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

2. 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.

3. SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

3. YOU MUST SIGN A GENERAL RELEASE IF YOU RELOCATE, RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE § 31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE §§ 31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE § 20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE §§ 20000 THROUGH 20043).

4. In Item 3, "Litigation," shall be amended by the addition of the following paragraphs:

Pursuant to California law, this Item does not include any information regarding the arrest of any person(s) that did not result in a conviction or plea of nolo contendere.

Neither we, nor any person identified in Item 2 above, 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, 15 U.S.C. § 78a, et seq.) suspending or expelling such person from membership in such association or exchange.

5. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following paragraph(s) at the conclusion of the Item:

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

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. § 101, et seq.).

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

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code § 1671, certain liquidated damages clauses are unenforceable.

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

6. This addendum will apply only if the California Franchise Investment Law and the California Franchise Relations Act would apply on their own without reference to this addendum.

## HAWAII DISCLOSURE ADDENDUM

The following paragraphs are to be added in the state cover page:

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

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

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

The name and address of the Franchisor's agent in this state authorized to receive service of process is: Commissioner of Securities, Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 205, Honolulu, Hawaii 96813.

Each provision of this addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, et seq., are met independently without reference to this addendum to the disclosure document.



**ILLINOIS DISCLOSURE ADDENDUM**

1. Risk Factors, Cover Page. The following statement is added at the risk factors on the State Cover Page:

**SECTION 4 OF THE ILLINOIS FRANCHISE DISCLOSURE ACT PROVIDES THAT ANY PROVISION IN A FRANCHISE AGREEMENT THAT DESIGNATES JURISDICTION OR VENUE IN A FORUM OUTSIDE OF ILLINOIS IS VOID WITH RESPECT TO ANY CAUSE OF ACTION WHICH OTHERWISE IS ENFORCEABLE IN ILLINOIS.**

**NOTWITHSTANDING THE FOREGOING, ILLINOIS LAW SHALL GOVERN THE FRANCHISE AGREEMENTS.**

2. Item 17, Additional Disclosures. The following statement is added to Item 17:

Any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside of Illinois is void with respect to any action that is otherwise enforceable in Illinois. In addition, Illinois law will govern the Franchise Agreement.

Each provision of this addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this addendum to the disclosure document.

**RIDER TO THE FRANCHISE AGREEMENT AND THE ADDENDA LISTED BELOW  
PURSUANT TO THE ILLINOIS FRANCHISE DISCLOSURE ACT**

This Rider amends the Franchise Agreement by and between The Learning Experience Systems LLC (“TLE”) and \_\_\_\_\_ (“Franchisee”) dated as of \_\_\_\_\_, 202\_\_ (“Franchise Agreement”). This Rider is applicable only to franchises located in the State of Illinois. Unless otherwise defined in this Rider, capitalized terms shall have the meanings ascribed to them in the Franchise Agreement and all sections referenced below shall be sections referenced in the Franchise Agreement.

1. The following sentence is added to the end of Section 12.4 (Governing Law):

Notwithstanding the foregoing, Illinois law shall govern this Agreement.

2. The following sentence is added to the end of Section 12.5 (Jurisdiction):

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action that otherwise is enforceable in Illinois.

3. The following sentence is added to the end of Section 12.13 (Limitation of Claims):

Section 27 of the Illinois Franchise Disclosure Act provides that causes of action under the Act must be brought within the earlier of: 3 years of the violation, 1 year after the franchisee becomes aware of the underlying facts or circumstances or 90 days after delivery to the franchisee of a written notice disclosing the violation.

4. Except as expressly modified in this Rider, the provisions of the Franchise Agreement remain unchanged and in full force and effect in accordance with their respective terms.

5. Each provision of this Rider shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently, without reference to this Rider. This Rider shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Rider on the same date as the Franchise Agreement was executed.

FRANCHISOR:

FRANCHISEE:

THE LEARNING EXPERIENCE SYSTEMS LLC

\_\_\_\_\_

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

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

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

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

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

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

## MARYLAND DISCLOSURE ADDENDUM

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the Disclosure Document for The Learning Experience Systems LLC for use in the State of Maryland shall be amended as follows:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following language:

The general releases required for relocation, renewal or transfer will not apply with respect to any claim you may have which arises under the Maryland Franchise Registration and Disclosure Law.

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

The Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

2. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following language to the summary of Provision "h":

Termination upon bankruptcy may not be enforceable under federal bankruptcy law, 11 U.S.C. Section 101 et seq.

Each of the provisions in this addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this addendum to the disclosure document.

**RIDER TO THE FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF MARYLAND**

This Rider amends the Franchise Agreement by and between The Learning Experience Systems LLC (“TLE”) and \_\_\_\_\_ (“Franchisee”) dated as of \_\_\_\_\_, 202\_\_ (“Franchise Agreement”). This Rider is applicable only to franchises located in the State of Maryland. Unless otherwise defined in this Rider, capitalized terms shall have the meanings ascribed to them in the Franchise Agreement and all sections referenced below shall be sections referenced in the Franchise Agreement.

1. The General Release required by under Sections 4.2.3(d), 4.3.2(f) and 10.4(f) will exclude claims that you or the transferor may have under the Maryland Franchise Registration and Disclosure Law.
2. Notwithstanding anything to the contrary set forth in Section 12.4, the Maryland Franchise Registration and Disclosure Law shall govern any claim arising under that Law.
3. Notwithstanding anything to the contrary set forth in Section 12.5, you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
4. Notwithstanding anything to the contrary set forth in Section 12.13, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.
5. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
6. Except as expressly modified in this Rider, the provisions of the Franchise Agreement remain unchanged and in full force and effect in accordance with their respective terms.
7. Each provision of this Rider shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Rider. This Rider shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Rider on the same date as the Franchise Agreement was executed.

FRANCHISOR:

FRANCHISEE:

THE LEARNING EXPERIENCE SYSTEMS LLC

\_\_\_\_\_

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

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

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

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

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

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

**MICHIGAN DISCLOSURE ADDENDUM**

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

(A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.

(B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.

(C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISION OF THE FRANCHISE AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED BE MORE THAN 30 DAYS, TO CURE SUCH FAILURE.

(D) A PROVISION THAT PERMITS A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE, AT THE TIME OF EXPIRATION, OF THE FRANCHISEE'S INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS. PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISE BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (i) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS; AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE MARK, TRADE NAME, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS ADVANCE NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.

(E) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.

(F) A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE.

(G) A PROVISION WHICH PERMITS A FRANCHISOR TO REFUSE TO PERMIT A TRANSFER OF OWNERSHIP OF A FRANCHISE, EXCEPT FOR GOOD CAUSE. THIS SUBDIVISION DOES

NOT PREVENT A FRANCHISOR FROM EXERCISING A RIGHT OF FIRST REFUSAL TO PURCHASE THE FRANCHISE. GOOD CAUSE SHALL INCLUDE, BUT IS NOT LIMITED TO:

(i) THE FAILURE OF THE PROPOSED FRANCHISEE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.

(ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.

(iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.

(iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.

(H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).

(I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.

\* \* \* \*

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

\* \* \* \*

**ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:**

**MICHIGAN ATTORNEY GENERAL'S OFFICE  
CORPORATE OVERSIGHT DIVISION  
ATTENTION. FRANCHISE SECTION  
525 W. OTTAWA STREET  
G. MENNEN WILLIAMS BUILDING, 1<sup>ST</sup> FLOOR  
LANSING, MICHIGAN 48933  
(517) 373-7117**

## MINNESOTA DISCLOSURE ADDENDUM

1. The State Cover Page and Item 17 are amended by the addition of the following:

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

2. Item 13 is amended by the addition of the following:

Franchisor will protect the franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit or demand regarding the use of the name.

3. Item 17 is amended by the addition of the following:

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 specific 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.

Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by the Minnesota Franchise Law (Minn. Stat. section 80C.01 to 80C.22); provided, that this prohibition shall not bar the voluntary settlement of disputes.

Minn. Rule 2860.4400J prohibits a franchisor from requiring a franchisee to waive his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes.

Minn. Stat. § 80C.17, Subd. 5, provides that no action may be commenced under the Minnesota Franchise Law more than three years after the cause of action accrues.

4. Each provision of this addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commission of Commerce are met independently without reference to this addendum to the disclosure document.

**RIDER TO THE FRANCHISE AGREEMENT PURSUANT  
TO THE MINNESOTA FRANCHISE ACT**

This Rider amends the Franchise Agreement by and between The Learning Experience Systems LLC (“TLE”) and \_\_\_\_\_ (“Franchisee”) dated as of \_\_\_\_\_, 202\_\_ (“Franchise Agreement”). This Rider is applicable only to franchises located in the State of Minnesota. Unless otherwise defined in this Rider, capitalized terms shall have the meanings ascribed to them in the Franchise Agreement and all sections referenced below shall be sections referenced in the Franchise Agreement.

1. Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibits us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws or the jurisdiction.
2. We will comply with Minn. Stat. § 80C.14, Subds. 3, 4 and 5 which require, except in certain specific cases, that you be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the Franchise Agreement.
3. We will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/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 2860.4400J prohibits us from requiring you to waive your rights to a jury trial or waiving your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes.
5. Minn. Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by the Minnesota Franchise Law (Minn. Stat. section 80C.01 to 80C.22); provided, that this prohibition shall not bar the voluntary settlement of disputes.
6. Minn. Stat. § 80C.17, Subd. 5, provides that no action may be commenced under the Minnesota Franchise Law more than three years after the cause of action accrues.
7. Except as expressly modified in this Rider, the provisions of the Franchise Agreement remain unchanged and in full force and effect in accordance with their respective terms.
8. Each provision of this Rider shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commission of Commerce are met independently without reference to this Rider. This Rider shall have no force or effect if such jurisdictional requirements are not met.



IN WITNESS WHEREOF, the parties have duly executed and delivered this Rider on the same date as the Franchise Agreement was executed.

FRANCHISOR:

FRANCHISEE:

THE LEARNING EXPERIENCE SYSTEMS LLC

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## NORTH DAKOTA DISCLOSURE ADDENDUM

Item 17, Additional Disclosures. The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

- A. Restrictive Covenants: Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.
- B. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
- C. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
- D. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.
- E. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.
- F. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
- G. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.
- H. Limitation of Claims: Requiring that North Dakota franchisees to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- I. Enforcement of Agreement: Requiring that North Dakota franchisees to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

Each provision of these Additional Disclosures will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently without reference to these Additional Disclosures.

**RIDER TO THE FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF NORTH DAKOTA**

This Rider amends the Franchise Agreement by and between The Learning Experience Systems LLC (“TLE”) and \_\_\_\_\_ (“Franchisee”) dated as of \_\_\_\_\_, 202\_\_ (“Franchise Agreement”). This Rider is applicable only to franchises located in the State of North Dakota. Unless otherwise defined in this Rider, capitalized terms shall have the meanings ascribed to them in the Franchise Agreement and all sections referenced below shall be sections referenced in the Franchise Agreement.

1. The Franchise Agreement is amended by the addition of the following:

The parties acknowledge and agree that they have been advised that the North Dakota Securities Commissioner has determined the following agreement provisions are unfair, unjust or inequitable to North Dakota franchisees:

A. Restrictive Covenants: Any provision which discloses the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.

B. Situs of Arbitration Proceedings: Any provision requiring that the parties must agree to arbitrate disputes at a location that is remote from the site of the Franchisee's business.

C. Restriction on Forum: Any provision requiring North Dakota Franchisees to consent to the jurisdiction of courts outside of North Dakota.

D. Liquidated Damages and Termination Penalties: Any provision requiring North Dakota Franchisees to consent to liquidated damages or termination penalties.

E. Applicable Laws: Any provision which specifies that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.

F. Waiver of Trial by Jury: Any provision requiring North Dakota Franchisees to consent to the waiver of a trial by jury.

G. Waiver of Exemplary and Punitive Damages: Any provision requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damages.

H. General Release: Any provision requiring North Dakota Franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.

I. Limitation of Claims: Franchise Agreements that require the Franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

J. Enforcement of Agreement: Franchise Agreements that require the Franchisee to pay all costs and expenses incurred by TLE in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

2. Except as expressly modified in this Rider, the provisions of the Franchise Agreement remain unchanged and in full force and effect in accordance with their respective terms.

3. This Rider shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code §§ 51 19 01 through 51 19 17, are met independently without reference to this Rider. This Rider shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Rider on the same date as the Franchise Agreement was executed.

FRANCHISOR:

FRANCHISEE:

THE LEARNING EXPERIENCE SYSTEMS LLC

\_\_\_\_\_

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

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

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

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

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

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

## RHODE ISLAND DISCLOSURE ADDENDUM

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34 the Disclosure Document for The Learning Experience Systems LLC for use in the State of Rhode Island shall be amended to include the following:

1. Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” shall be amended by the addition of the following:

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.”

2. This addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act §§ 19-28.1-1 through 19-28.1-34, are met independently without reference to this addendum to the disclosure document.

**RIDER TO THE FRANCHISE AGREEMENT UNDER THE  
RHODE ISLAND FRANCHISE INVESTMENT ACT**

This Rider amends the Franchise Agreement by and between The Learning Experience Systems LLC (“TLE”) and \_\_\_\_\_ (“Franchisee”) dated as of \_\_\_\_\_, 202\_\_ (“Franchise Agreement”). This Rider is applicable only to franchises located in the State of Rhode Island. Unless otherwise defined in this Rider, capitalized terms shall have the meanings ascribed to them in the Franchise Agreement and all sections referenced below shall be sections referenced in the Franchise Agreement.

1. The following sentence is added to the end of Section 12:

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.”

2. Except as expressly modified in this Rider, the provisions of the Franchise Agreement remain unchanged and in full force and effect in accordance with their respective terms.
3. This Rider shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Law are met independently without reference to this Rider. This Rider shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Rider on the same date as the Franchise Agreement was executed.

FRANCHISOR:

FRANCHISEE:

THE LEARNING EXPERIENCE SYSTEMS LLC

\_\_\_\_\_

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

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

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

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

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

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

## VIRGINIA DISCLOSURE ADDENDUM

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for The Learning Experience Systems LLC for use in the Commonwealth of Virginia shall be amended as follows:

1. Additional Disclosure: The following statements are added to Item 17.h:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may be unenforceable.

This addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this addendum to the disclosure document.

**RIDER TO THE FRANCHISE AGREEMENT PURSUANT TO THE  
VIRGINIA RETAIL FRANCHISING ACT**

This Rider amends the Franchise Agreement by and between The Learning Experience Systems LLC (“TLE”) and \_\_\_\_\_ (“Franchisee”) dated as of \_\_\_\_\_, 202\_\_ (“Franchise Agreement”). This Rider is applicable only to franchises located in the Commonwealth of Virginia. Unless otherwise defined in this Rider, capitalized terms shall have the meanings ascribed to them in the Franchise Agreement and all sections referenced below shall be sections referenced in the Franchise Agreement.

1. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may be unenforceable.
2. Except as expressly modified in this Rider, the provisions of the Franchise Agreement remain unchanged and in full force and effect in accordance with their respective terms.
3. This Rider shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Rider. This Rider shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Rider on the same date as the Franchise Agreement was executed.

FRANCHISOR:

FRANCHISEE:

THE LEARNING EXPERIENCE SYSTEMS LLC

\_\_\_\_\_

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

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

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

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

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

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



**WASHINGTON DISCLOSURE ADDENDUM  
AND  
AMENDMENT TO THE FRANCHISE AGREEMENT**

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code Chapter 19.100, the parties to the attached The Learning Experience Systems LLC (“TLES”) Franchise Disclosure Document (“FDD”) and Franchise Agreement agree as follows:

1. Item 17(d) of TLES’ Franchise Disclosure Document is amended by adding the following:

Franchisees may terminate the Franchise Agreement under any grounds permitted by law.

2. The parties further agree as follows:

- a. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
- b. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
- c. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
- d. 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.
- e. Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.
- f. 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.

g. 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.

h. The undersigned does hereby acknowledge receipt of this addendum.

3. This amendment will apply only if the Washington Franchise Investment Protection Act, Wash. Rev. Code Chapter 19.100, would apply independently without referring to this amendment.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Rider on the same date as the Franchise Agreement was executed.

FRANCHISOR:

FRANCHISEE:

THE LEARNING EXPERIENCE SYSTEMS LLC

\_\_\_\_\_

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

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

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

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

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

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

**EXHIBIT E TO DISCLOSURE DOCUMENT****Site Acceptance Form**

FRANCHISEE:

FRANCHISE #:

PROPOSED SITE:

By signing below, I hereby certify as follows:

1. I have personally visited the Proposed Site and reviewed all necessary demographic information. I understand that any demographic information that may have been provided to me by TLE was produced by third party sources, and TLE does not make any representation or warranty as to the accuracy or completeness of such information. I have relied upon my own due diligence in agreeing to be Matched to the Proposed Site.
2. I am satisfied with my due diligence of the Proposed Site and agree that it qualifies as a Suitable Site in accordance with the terms of my Site Development Service Charge Addendum (even if such Site is outside of my target location, as noted in my Franchise Agreement). As such, I accept and agree to be Matched to the Proposed Site.
3. In addition, I understand that: (i) at the time of signing this Site Acceptance Form, Franchisor or its affiliates may not have secured or finalized a written lease agreement for the Proposed Site; (ii) the Proposed Site may not have, and may never obtain, all governmental approvals necessary to develop the Proposed Site as a TLE Center; (iii) Franchisor's affiliate has the absolute authority pursuant to the Site Development Service Charge Addendum to execute an amendment to any secured and finalized written lease agreement for the Proposed Site in order to maintain the tenant's rights to the Proposed Site thereunder, which may include but not be limited to amendments to the rental amounts therein; and (iv) Franchisor's affiliate has the absolute authority pursuant to the Site Development Service Charge Addendum to execute an amendment to any secured and finalized written lease agreement for the Proposed Site in order to maintain the tenant's rights to the Proposed Site thereunder, which may include but not be limited to amendments to the rental amounts therein; and (iv) the Franchisor does not warrant that the Proposed Site will ever be secured or developed as a TLE Center. Notwithstanding the foregoing, I hereby represent, warrant and agree that by executing this Site Acceptance Form, I hereby agree to be Matched to the Proposed Site, as such term is defined in the Site Development Service Charge Addendum that I have executed.

In the event that the Proposed Site is not secured and developed, a new Suitable Site may be presented to me in accordance with the terms of the Site Development Service Charge Addendum. I understand, acknowledge and agree that the Site Development Service Charge Addendum governs the Matching of the Proposed Site.

Date: \_\_\_\_\_ FRANCHISEE: By: \_\_\_\_\_

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

APPROVAL BY FRANCHISOR:  
The Learning Experience Systems LLC

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

Name:

Title:

**EXHIBIT F TO DISCLOSURE DOCUMENT****SITE DEVELOPMENT SERVICE CHARGE ADDENDUM**

This SITE DEVELOPMENT SERVICE CHARGE ADDENDUM (this “Addendum”) is and entered into as of \_\_\_\_\_, 20\_\_ (the “Effective Date”) by and between THE LEARNING EXPERIENCE SYSTEMS LLC, a Delaware limited liability company, having its principal offices at 210 Hillsboro Technology Drive, Deerfield Beach, Florida 33441 (“franchisor,” “we,” “us” or “our”) and \_\_\_\_\_, having a mailing address at \_\_\_\_\_ (the “Franchisee,” “you” or “your” or “yours”).

**RECITALS**

WHEREAS, you have executed a Franchise Agreement with us dated as of \_\_\_\_\_ 20\_\_ (the “Franchise Agreement”); and

WHEREAS, upon execution of this Addendum, we and/or our Affiliates will be retained by you to provide the service of Site Development Services as more fully described below.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows with the intention of being legally bound:

1. Development of the New Center.

(a) In consideration for your payment of a Site Development Service Charge (“SDSC”), we will provide the Site Development Services, and in doing so will confer benefits upon you in connection with your agreement to be Matched (as that term is defined herein) to a New Center. The Site Development Services that we will provide for your benefit are as follows: (i) locate and secure by lease a third party developer/landlord (“Landlord”) who will be responsible to deliver to you a build-to-suit “Turnkey” childcare facility (“New Center”), which shall be between 9,000 square feet and 15,000 square feet, unless mutually agreed otherwise in writing, and containing a contiguous outdoor play area (“Playground”) that meets all applicable laws and regulations for childcare (“Turnkey” means that the New Center will be designed and constructed in accordance with our plans and specifications, and will ultimately be turned over to you in ready-to-open condition, requiring only staffing and a license to operate); (ii) coordinate the design of your New Center and Playground with the Landlord; (iii) arrange for the Landlord to engage a third-party architect (subject to our approval), to prepare architectural plans and specifications for your New Center in accordance with our plans and specifications; (iv) offer guidance to the Landlord regarding zoning and site plan approval for your Center; (v) provide to the Landlord a list of vendors who shall deliver supplies, furniture, fixtures and equipment (“FF&E”) to your New Center necessary for seven (7) classrooms; and (vi) provide consultation to the Landlord with respect to obtaining governmental approvals necessary for the construction and development of your New Center, including without limitation site plan approval, zoning approval, building permit, and Certificate of Occupancy.

(b) You acknowledge and agree that we will have fully performed our services under this Addendum when we locate a Landlord that is required to deliver a build-to-suit center, and the site obtains zoning and/or site plan approval.

(c) Notwithstanding anything herein to the contrary, you acknowledge and agree that the Landlord shall be solely responsible for any and all construction, design or warranty issues relating to the development and construction of your Center, and you further recognize that we shall bear no liability for these items. We do not provide or offer any warranty or other representation with respect to the work of any developer/landlord or any contractor(s) that they may employ or engage.

(d) At no time does our provision of the Site Development Services for your express benefit create or entitle you to any asset or rights other than in connection with the eventual operation of your New Center.

(e) Once your Matched Site obtains site plan approval from the applicable governmental agency, through and until the time your New Center opens for business, you will not have the right to cancel the agreement unless and until you have transferred and assigned your rights hereunder to a replacement franchisee located and approved by us. You may not realize any profit from the transfer and assignment of such rights, but rather may only transfer and assign such rights in exchange for an amount equal to or less than any amounts paid by you to us as of the date of such transfer and assignment. You hereby appoint us as your representative and agent with respect to the provisions of this Section 1(e), and exclusively authorize us to locate and approve any such transferee/assignee on your behalf. After your New Center opens for business, you are free to transfer all rights associated with your franchise, subject to the provisions of your Franchise Agreement and related documents.

2. Landlord/Developers. We and/or our Affiliates will perform the Site Development Services for your New Center as detailed herein for your express benefit, by contacting potential landlords, who have available property or sites suitable for the development and operation of a New Center (“Suitable Site”). We and/or our Affiliates then negotiate and ultimately, through an Affiliate, execute a lease agreement (“Lease”) with the Landlord that requires the Landlord to provide the tenant with a build-to-suit Turnkey New Center. Our Affiliate, ComRealty Group, LLC, is the entity that typically negotiates the Lease, and another Affiliate of ours typically executes the lease as the tenant under the Lease. Typically, the terms and conditions of the Lease require the Landlord to fully fund and construct a New Center according to our prototypical architectural plans and specifications.

3. Assignment or Sublease to Franchisee.

(a) Once the Lease has been executed by the Landlord and our Affiliate, and you have accepted and agreed to be Matched to the Suitable Site, our Affiliate will then assign or sublease the Lease to you. The assignment or sublease will be pursuant to an Assignment and Assumption of Lease Agreement (“Assignment”), which is included in the Disclosure Document as **Exhibit H**. The form of Assignment shown as **Exhibit H** contemplates an assignment arrangement; thus, in the event of a sublease arrangement, the Assignment form will be modified to reflect the sublease arrangement. The decision of whether to assign or sublease will be in our sole discretion.

(b) Once you have decided to accept the Suitable Site, you must, upon our request, execute the Assignment, although the Assignment may, in our sole discretion, be held in abeyance until such time as we have fully performed the Site Development Services for your benefit, and you have fully paid all fees due to us under this Addendum and the Franchise Agreement in accordance therewith. Regardless, the execution of this Addendum and the payment of the SDSC only entitles you to receive the benefit of the Site Development Services. Neither the execution of this Addendum nor the payment of the SDSC affords you any possessory rights in your New Center; such rights are only afforded to you by the Assignment. Even after the Assignment becomes effective, we will retain certain rights necessary to protect our interests with the Landlord, as more fully described below. The Assignment will effectively “pass through” the Lease terms to you, but for certain payment default provisions and reservation of rights provisions.

4. Lease Administration Fee. You must pay to us or our Affiliate an annual Lease Administration Fee the greater of: (a) One Dollar and Fifty Cents (\$1.80) per square foot of the Leased Premises; or (b) eight percent (8%) of the annual Base Rent (as such terms are defined in the Lease). This fee is due and payable on a monthly basis on the first day of the month as more fully described in the Assignment.

5. Landlord's Amortization of Build Out Cost. Typically, the rental payment obligation contained in the Lease assumed by you reflects the Landlord's cost of the build-out (and any real estate commissions paid to our Affiliate, ComRealty Group, LLC), amortized over the term of the Lease (usually 15 years), which typically increases the rental payment obligation assumed by you.

6. SDSC. The SDSC is Two Hundred and Thirty Thousand Dollars (\$230,000) for the first 10,000 square feet, and \$25.00 per square foot for every square foot over and above 10,000. For example, the SDSC for an 11,000 square foot New Center would equal \$255,000 (\$230,000 + \$25,000 (\$25.00 x 1,000 sq. ft.)). The SDSC is due and payable upon the occurrence of the following beneficial milestones included in the Site Development Services, regardless of their order:

(a) Initial deposit of \$30,000, due at the time you execute your Franchise Agreement and earned at the time you agree to be Matched to a Site;

(b) \$30,000, due and earned upon your Matched Site obtaining site plan approval from the local municipality;

(c) \$30,000, due and earned upon the substantial completion of construction drawings for your New Center;

(d) \$60,000, due and earned upon the issuance of a site permit or a building permit for your New Center; and

(e) Balance due upon and earned upon the issuance of Certificate of Occupancy ("CO") (or Temporary Certificate of Occupancy ("TCO"), if applicable) for your New Center, but in all cases prior to delivery of FF&E to your Center and/or you taking occupancy of your Center.

In the event that you obtain financing for the SDSC through a Small Business Association ("SBA") loan, we may, in our sole discretion, elect to delay the payment due pursuant to 6(d), above, until the date that the CO or TCO is issued and/or your financing closes, whichever is earlier. In the event that you elect to be Matched to a New Center that may be in a later stage of development, the fees due will be accelerated to the stage of development completed at time of your acceptance.

You expressly acknowledge and agree that a distinct benefit will be conferred upon you, and a distinct service will have been rendered by us as part of the Site Development Services, upon the achievement of each of the payment milestones set forth in 6(a)-(e), above. In addition, you recognize that once any portion of the Site Development Services has been performed by us for your express benefit, you will be deemed to have received the benefit of such performance and we will be deemed to have conferred such benefit upon you.

7. Default in Payment of SDSC Fee. If you default in any payments due in accordance with Section 6 of this Addendum, we have the right to prevent you from occupying your New Center and we may, in our sole discretion, elect to immediately terminate the Franchise Agreement and this Addendum, causing you to lose any right in your Matched New Center, and the initial Franchise Fee and any SDSC monies paid by you will be forfeited to us and be deemed fully earned by us and non-refundable. We may then match the New Center to another franchisee or retain it as a company-owned Center.

8. Financing Arrangements. No financing arrangement is offered by us.

9. Purpose of SDSC Fee. The SDSC is strictly your payment to us for the Site Development Services provided to you as contemplated herein. The SDSC is not used by us in any manner to purchase any FF&E for you or for your New Center. As part of the Site Development Services, we will arrange for the FF&E to be purchased by the Landlord of your New Center; thus, the FF&E will be owned by the Landlord. Additionally, the SDSC will not cover any costs or expenses relating to the enrollment of students at your New Center.

10. Site Location Obligation. Within twenty-four (24) months following the execution of your Franchise Agreement, we will be required to present for your review and approval at least two Suitable Sites for the development and operation of the New Center (the “Site Location Obligation”). Upon your written acceptance of a Suitable Site, or the presentation to you for your approval of two Suitable Sites, our Site Location Obligation will be satisfied. Once you approve and accept a Suitable Site, this means you are “Matched” to that Suitable Site. You acknowledge and agree that if you later decide not to accept the site, or cancel the Matched Site, for whatever reason, you will be in default of this Addendum and will not be entitled to a refund of either the SDSC Fee or the Franchise Fee. In order for a site to qualify as a Suitable Site, all of the following conditions must be met:

(a) a Lease or Letter of Intent (“LOI”) imposing an obligation on the part of a Landlord to construct for tenant, at the Landlord’s expense, a New Center according to our plans and specifications. To construct a New Center means to build a new structure on undeveloped land from the ground up, or renovate an existing free standing or inline structure, otherwise known as a “retrofit”;

(b) the site demographics, size and location of the site and the terms and conditions in the Lease or other real estate agreement must substantially and materially meet our then-current site criteria (“Site Criteria”); and

(c) the site must be located within your Protected Territory (as defined by Attachment 1 to the Franchise Agreement); provided, however, that on occasion and in our sole discretion, we may present you with one or more sites outside of your Protected Territory, and while the presentation to you of such sites would not, in and of itself, count toward our Site Location Obligation, if you elect to accept any such site and provide us with written acceptance of such site, then our Site Location Obligation will be deemed satisfied.

10.1 When you are presented with a Suitable Site, you must decide at that time whether to accept it or reject it, before you will be presented with another Suitable Site. You may not wait to compare Suitable Sites before you accept one.

10.2 If you fail to timely accept a Suitable Site, we may offer it to another franchisee. Timely acceptance is defined as your signing of our Site Acceptance Form for the Suitable Site within ten (10) days after we have completed all of the requirements of Sections 10(a)-(c) above. Once you have timely accepted the Suitable Site, you will then be required to execute and deliver to us the Assignment. The timing of your execution and delivery of the Assignment will be in our sole discretion, provided that such execution and delivery will occur no later than the issuance of the CO for the Center.

10.3 We may, in our sole discretion, offer both Suitable Sites to you at the same time, although we have no obligation to do so. In such an event, the presentation of both Suitable Sites at the same time shall satisfy our Site Location Obligation.

10.4 If, at the conclusion of the twenty-fourth (24) month, we fail to satisfy our Site Location Obligation of showing two (2) Suitable Sites to you, you may cancel the Franchise Agreement and this Addendum by delivering to us written notice of your desire to terminate (“Termination Notice”). Within thirty (30) days after our receipt of your Termination Notice and your execution of the Franchise Termination and Release Agreement, we must make the first of twelve (12) equal refund payments to you, repaying dollar for dollar your Franchise Fee and the SDSC deposit that you paid when you executed this Addendum. We will repay you over a period of twelve (12) months. You understand that the choice of termination of the Franchise Agreement and this Addendum, and the subsequent return of the Franchise Fee and SDSC deposit, is your sole and exclusive legal or equitable remedy for our non-performance in the presentation of Suitable Sites. As a condition to your receipt of the refund, you and your principals will execute a Franchise Termination and General Release substantially in the form as shown in Exhibit O to the Disclosure Document.

10.5 If, during the twenty-four (24) month period or at any time after the twenty-four (24) month period but prior to our receipt of any Termination Notice, we satisfy our Site Location Obligation by showing you two (2) Suitable Sites, and you reject them and/or fail to timely accept them, then: (a) our obligation to show you additional Suitable Sites will cease in its entirety; (b) the Franchise Fee and SDSC deposit paid will become fully earned and non-refundable; and (c) we may, at our sole option, terminate this Addendum, by delivering to you a Termination Notice and an SC Addendum for your signature, and thereafter it will become your responsibility to locate and develop the New Center according to our plans, specifications and Site Criteria, and in accordance with the terms and conditions of the SC Addendum, which must be executed by you within thirty (30) days following delivery of same or you will be in default under Section 11.1 of the Franchise Agreement.

11. No Warranty. We do not warrant, make any representations or provide any assurances to you that your Matched Site will ultimately be developed into a Center. There are many factors that may cause a Suitable Site not to be developed by the Landlord. Typically, the most significant hurdles are obtaining the necessary development approvals and construction financing to develop the site. Thus, even after you have accepted a Suitable Site, that site may never be secured or developed by the Landlord. In the event that your Matched Site is not secured and developed, new Suitable Sites will be presented to you as described above.

12. Our Authority. You acknowledge and agree that we will control the process of locating and developing the New Center and arranging for its delivery, and while you may make suggestions in the design or other aspect of the Center, you acknowledge that we are not obligated to follow any of your suggestions, and that we have the final say on all matters relating to the development of the New Center.

13. Cooperation with Us. You acknowledge that our Affiliate, as the tenant, and the Landlord have entered or will enter into a lease which affords each party to that lease certain rights and obligations. You further acknowledge that there may be an occasion where the Landlord and/or such Affiliate disagree on a material term in the Lease, which may cause the Affiliate, as the tenant, to avail itself of the remedies provided for in the Lease. In such an event, we will notify you of the nature of the dispute with the Landlord, and thereafter you hereby agree to fully cooperate with us in defending, prosecuting and/or resolving the issue in our sole discretion.

14. Relationship with Landlord. You expressly recognize, represent, and agree that you have engaged us to provide the Site Development Services for your express benefit in light of our experience in providing such services, and as such you expressly agree that, regardless of whether you have executed and delivered the Assignment, until such time as the childcare license for your New Center is issued to you, you will have no contact with the Landlord, and any communications with Landlord will be conducted exclusively by us as part of the Site Development Services provided for your express benefit. During the construction phase of the Center, you acknowledge that you may visit the construction site only if permitted by the Landlord.



All such visits will be on reasonable prior notice to us and in accordance with any conditions that may be imposed by the Landlord. Further, at no time will any children be permitted to visit the construction site.

15. Complete Agreement. This Addendum is the full and complete understanding between the parties concerning the subject matter of this Addendum, and supersedes all prior agreements. There are no representations, inducements, promises or agreements, oral or otherwise, between you and us that are not embodied in this Addendum, which are of any force or effect with reference to this Addendum or otherwise. No amendment, change or variance from this Addendum will be binding unless signed by you and us in writing.

16. Severability. It is understood that each section, term and/or provision of this Addendum will be considered severable, and if, for any reason, any section, term and/or provision in this Addendum is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation, such will not impair the operation of or affect the remaining portions, sections, parts, terms and/or provisions of this Addendum, and the latter will continue to be given full force and effect and bind the parties; and the invalid sections, parts, terms and/or provisions will be considered not part of this Addendum; provided, however, that if we determine that the finding of the illegality adversely and substantially affects the basic consideration of this Addendum, we may at our option terminate this Addendum.

17. Successors and Assigns. Anything to the contrary in this Addendum notwithstanding, nothing in this Addendum is intended nor will be considered to confer upon any person or legal entity other than you or us, and any of your and our respective successors and assigns as may be contemplated by this Addendum, any rights or remedies under or by reason of this Addendum.

18. Attorneys' Fees and Costs. If a claim is asserted in any legal proceeding for amounts owed to you or us, or if you or us are required to enforce this Addendum, the prevailing party in any proceeding will be entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees, whether incurred before or in connection with the filing and prosecution of any action.

19. Cross-Default. Any default under the terms of the Franchise Agreement, or any other agreement entered into by and between you and us, including but not limited to the Assignment between you and us, or your or our Affiliate(s), will act as a default under this Addendum and will automatically authorize us to exercise any and all remedies available to us under this Addendum, the Franchise Agreement, and/or all other such agreements.

20. Notices. Any notices given under this Addendum will be given in accordance with Section 12.8 of the Franchise Agreement.

21. Incorporation of Terms. All terms, covenants, provisions and conditions of the Franchise Agreement are hereby incorporated in this Addendum with the same force and effect as if set forth at length in this Addendum; provided, however, that in the event of any inconsistency between this Addendum and the Franchise Agreement, the terms of this Addendum shall control.

IN WITNESS TO THE FOREGOING, the parties, intending to be legally bound, have duly signed and delivered this Addendum as of the Effective Date.

FRANCHISOR:

FRANCHISEE:

THE LEARNING EXPERIENCE SYSTEMS LLC

\_\_\_\_\_

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

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

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

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

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

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

**EXHIBIT G TO DISCLOSURE DOCUMENT**

**ASSIGNMENT AND ASSUMPTION OF FRANCHISE DOCUMENTS**

This Assignment and Assumption of Franchise Documents (this "Assignment") is made as of \_\_\_\_\_, 20\_\_ (the "Effective Date"), by \_\_\_\_\_ ("Assignor") and \_\_\_\_\_, LLC, a \_\_\_\_\_ limited liability company ("Assignee").

**RECITALS:**

WHEREAS, Assignor, in trust for an entity to be formed later, entered into a Franchise Agreement with The Learning Experience Systems LLC ("Franchisor") dated \_\_\_\_\_, 20\_\_ and certain other franchise documents in connection therewith (the "Franchise Documents"); and

WHEREAS, Assignor has formed Assignee as such "entity to be formed" and desires to assign all of its interest in the Franchise Documents to Assignee.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows with the intention of being legally bound:

1. Assignor hereby assigns and transfers to Assignee all of its right, title and interest in and to the Franchise Documents, together with all its right, title, and interest in and to the franchise opportunity with Franchisor, to have and to hold from this day forward. Assignee hereby accepts the foregoing assignment and assumes all of the obligations of "Franchisee" under the Franchise Documents.

2. Notwithstanding the foregoing, Assignor acknowledges that in connection with the Franchise Documents, Assignor also executed a Non-Disclosure, Non-Interference and Non-Competition Agreement, a Personal Guaranty and Subordination Agreement and certain other documents in Assignor's individual and personal capacity (collectively, the "Personal Documents"). Assignor hereby acknowledges and agrees that this Assignment does not apply to the Personal Documents and Assignor hereby reaffirms and ratifies Assignor's personal individual liability under such documents and hereby reaffirms and ratifies Assignor's personal representations, signatures and the like in such documents.

3. The Learning Experience Systems LLC hereby consents to this Assignment.

**ASSIGNOR:**

\_\_\_\_\_

**ASSIGNEE:**

\_\_\_\_\_, LLC, a \_\_\_\_\_ limited liability company

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

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

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

Assignment Accepted by:

THE LEARNING EXPERIENCE SYSTEMS LLC

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

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

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

## EXHIBIT H TO DISCLOSURE DOCUMENT

### ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENT

[IN THE EVENT THAT THE LEASE IS SUBLEASED TO YOU, THIS FORM WILL BE CONFORMED TO REFLECT THAT THE LEASE WAS SUBLEASED TO YOU RATHER THAN ASSIGNED]

THIS ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENT (this “Assignment”) is made as of \_\_\_\_\_, 20\_\_ (the “Effective Date”) between TLE at \_\_\_\_\_, a \_\_\_ limited liability company, having its principal offices at 210 Hillsboro Technology Drive, Deerfield Beach, Florida 33441 (“Assignor”), and \_\_\_\_\_, a \_\_\_\_\_ having a mailing address at \_\_\_\_\_ (“Assignee”).

#### RECITALS:

WHEREAS, Assignor, as tenant, and \_\_\_\_\_, a \_\_\_\_\_, as landlord (“Landlord”) entered into that certain lease dated as of \_\_\_\_\_, 20\_\_ (the “Lease”), a copy of which is attached to this Assignment as Attachment 2 and made a part of this Assignment;

WHEREAS, pursuant to the Lease, Assignor agreed to lease the premises identified in the Lease from the Landlord (the “Leased Premises”); and

WHEREAS, Assignee is a franchisee under that certain Franchise Agreement with The Learning Experience Systems LLC (“Franchisor”), an Affiliate of the Assignor, dated as of \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”); and

WHEREAS, pursuant to the Franchise Agreement and the Site Development Service Charge Addendum, Assignor desires to assign, and Assignee desires to assume, all rights, liabilities, and duties of Assignor in and to the Lease.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows with the intention of being legally bound:

1. **Lease.** Assignor represents, warrants, and covenants that Attachment 2 to this Agreement sets forth a true and complete copy of the Lease, that Assignor is the lawful owner of all the rights, title and interest of the Tenant in and to the Lease, and that Assignor has the lawful right and authority to execute this Assignment and to assign its rights and obligations under the Lease to Assignee. All capitalized terms in this Assignment will have the same meanings given to them in the Lease.
2. **Assignment.** Assignor does hereby grant, convey, transfer, and assign to Assignee all of Assignor’s rights and obligations under the Lease, effective as of the Commencement Date of the Lease. This Assignment will continue during the remainder of the Term of the Lease and any extensions or renewals of the Lease, as provided in the Lease.
3. **Acceptance.** Assignee accepts the foregoing assignment and assumes the liability and duty to perform, fulfill and observe all of the terms and conditions of the Lease on the part of Assignor to be performed.
4. **Rent.** In the event that the Lease contemplates that Base Rent during the Rent Concession period of the first lease year be calculated based upon Gross Revenue or a similar formula, Assignee shall pay such amounts to Landlord on a monthly or other periodic basis as may be provided in the Lease or as may

otherwise be established by Landlord. Assignee recognizes that Landlord may postpone the calculation of such amounts until after the first lease year and that Assignee will be liable to pay Landlord any retroactive Base Rent as a result of the delayed calculation.

5. Indemnity. Assignor agrees to indemnify Assignee and hold Assignee harmless with respect to any claims, costs and expenses, including without limitation court costs and reasonable attorneys' fees, that Assignee may incur as a result of the breach or default by Assignor of its covenants, warranties, and representations in this Assignment. Assignee agrees to indemnify Assignor and hold Assignor harmless with respect to any costs, expenses or liability, including without limitation court costs and reasonable attorneys' fees, which Assignor may incur as a result of a (a) breach or default by Assignee of its covenants, warranties, and representations in this Assignment; or (b) any breach of Assignee's obligations under the Lease.

6. Security Interest. As a material inducement to Assignor to sign and deliver this Assignment and as security for the Assignee's faithful performance under the terms of this Assignment and to secure Assignor's rights encompassed in this Assignment, Assignee hereby grants to Assignor a security interest in the Lease and collaterally assigns, transfers and conveys its interest in the Lease to the Assignor. In confirmation of the collateral assignment and security interest, Assignor may file a UCC Financing Statement and any and all other instruments reasonably required by Assignor. As further security for this Assignment, Assignee shall cause its principal owners to execute the Indemnity Agreement attached as Attachment 1 to this Assignment.

7. Lease Administration Fee. Assignee shall pay Assignor an annual lease administration fee ("Lease Administration Fee") in an amount equal to the greater of One Dollar and Fifty Cents (\$1.50) per square foot or eight percent (8%) of the annual Base Rent of the Leased Premises. The Lease Administration Fee shall be payable in twelve (12) monthly installments on or before the first day of each month. The Lease Administration Fee is a means of compensating Assignor and its Affiliates for their potential liability to Landlord under the Lease. As such, the Lease Administration Fee shall be due every year of the Lease Term.

8. Cross-Default. Assignee acknowledges that any uncured default under the terms of the Franchise Agreement will place the Assignor and/or its Affiliates at risk. In the event of any uncured default by Assignee under the Franchise Agreement, or under the terms of any other agreement between Assignee and Franchisor or its Affiliates, or in the event of Assignee's failure to pay rent, common area maintenance charges, real estate taxes under the Lease or the breach of any other material provision of the Lease, or the failure to timely provide copies of rent payment checks as described in Section 11 below, such failure or default shall immediately act as a default under this Assignment, and will automatically authorize Assignor, at its option:

(a) to enforce the duty of Assignee to pay rent, common area maintenance charges or taxes under the Lease and to comply with the Lease as would Landlord under the applicable law, including, but not limited to, repossession of the Leased Premises through eviction upon five (5) days' prior written notice (or if greater, that notice period required under applicable law), and immediate right to possession of the Leased Premises, and judgment for sums remaining unpaid by the Assignee; in confirmation of this Assignment, the Assignee, as a material inducement to Assignor to sign and deliver this Assignment, agrees not to contest such repossession action by the Assignor in accordance herewith; or

(b) to collect as an additional Lease Administration Fee, to protect its interest from any default by Assignee, in the amount of five percent (5%) of Assignee's Monthly Gross Revenues (as defined in the Franchise Agreement).

9. Purchase. In the event Assignee purchases the Leased Premises from Landlord, Assignee shall pay Assignor’s real estate Affiliate a real estate commission equal to three percent (3%) of the aggregate purchase price of the Leased Premises. Assignee will not be permitted to purchase the Leased Premises from Landlord until Landlord releases Assignor and its Affiliates from all liability under the Lease, including as guarantor, and Assignee is current on payment of all fees and in good standing under the Franchise Agreement and all other agreements with Franchisor and its Affiliates.

10. Assignor Security Deposit. Assignee will post a Security Deposit with Assignor (“Assignor Security Deposit”) in an amount equal to the greater of (a) the security deposit required under the Lease, or (b) two (2) month’s Base Rent under the Lease. The Assignor Security Deposit will be held by Assignor, without interest, until the expiration of the Term of the Lease, and shall be returned to Assignee upon the termination or expiration of the Franchise Agreement unless (i) the Franchise Agreement is terminated by reason of a Franchisee Event of Default; or (ii) Franchisee otherwise owes past due amounts thereunder. The Assignor Security Deposit shall be in addition to any security deposit that is required to be paid to the Landlord pursuant to the Lease.

11. Rent Checks and Invoices. Upon Assignor’s request, Assignee shall deliver to Assignor a copy of each Rent check paid to Landlord, along with a copy of any related Landlord’s rent invoice and statement within five (5) days after the due date for each Rent payment under the Lease.

12. Survival. All warranties, representations, covenants and agreements in this Assignment will survive the signing of this Assignment.

13. Incorporation of Terms. All terms, covenants, provisions and conditions of the Franchise Agreement are hereby incorporated in this Assignment with the same force and effect as if set forth at length in this Addendum; provided, however, in the event of any inconsistency between this Assignment and the Franchise Agreement, the terms of this Assignment shall control.

IN WITNESS TO THE FOREGOING, the parties have signed this Assignment as of the Effective Date.

WITNESSES:

ASSIGNOR

TLE AT \_\_\_\_\_, LLC, a \_\_\_\_\_ limited liability company

BY: The Learning Experience Corp.,  
a Delaware corporation, its Managing Member

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

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ASSIGNEE:

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

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

We concur in the terms of this Assignment:

FRANCHISOR:  
THE LEARNING EXPERIENCE SYSTEMS  
LLC, a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ATTACHMENT 1 TO ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENT

INDEMNITY AGREEMENT

THIS INDEMNITY AGREEMENT (this "Indemnity"), made as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the "Effective Date"), by \_\_\_\_\_, individually, having a business address at \_\_\_\_\_ (the "Indemnitor"), in favor of TLE at \_\_\_\_, LLC, a \_\_\_\_ limited liability company, having its offices at 210 Hillsboro Technology Drive, Deerfield Beach, Florida 33441 (the "Assignor").

RECITALS:

WHEREAS, pursuant to that certain Assignment and Assumption of Lease Agreement dated of even date herewith (the "Assignment"), Assignor has assigned and Assignee has accepted the Lease;

WHEREAS, as a condition to the Assignment, Indemnitor is required to provide the indemnity as set forth below; and

WHEREAS, Indemnitor is a principal owner in Assignee and will materially benefit from the assignment of Lease.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged, it is hereby agreed as follows:

1. The above-described recitals are incorporated into this Addendum. All terms not defined in this Indemnity are defined in the Assignment.
2. Indemnitor, jointly and severally, hereby unconditionally indemnifies Assignor, its successors and assigns and Affiliates, from any and all amounts due to Landlord under the Lease, including, without limitation, all Base Rent and Additional Rent due under the Lease and all fees and costs of collection resulting from Assignee's default under the Lease.
3. Notwithstanding the foregoing, if within five (5) days following Assignee's or Assignor's receipt of Landlord's written notice of default, Assignee voluntarily and peacefully surrenders the Leased Premises to Assignor, then this indemnity shall be limited as follows: (a) Assignee's payment of all past due arrearages under the Lease prior to the voluntary surrender of the Leased Premises, (b) Assignee's payment of the then value of six (6) months of Base Rent and Additional Rent under the Lease, and (c) Assignee's payment of any and all cost of Landlord's attorneys' fees and expenses of collection. If the Leased Premises are not voluntarily surrendered to Assignor by Assignee in accordance with this Section 3, then this limitation of indemnity will be null and void.
4. At Assignor's option, this Indemnity Agreement may be assigned to Landlord.

IN WITNESS TO THE FOREGOING, Indemnitor has signed this Indemnity Agreement as of the Effective Date.

INDEMNITOR

\_\_\_\_\_, Individually



ATTACHMENT 2 TO ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENT  
LEASE

## EXHIBIT I TO DISCLOSURE DOCUMENT

### SITE COORDINATION ADDENDUM

THIS SITE COORDINATION ADDENDUM (this “Addendum”) entered into as of this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_ (the “Effective Date”) by and between THE LEARNING EXPERIENCE SYSTEMS LLC, a Delaware limited liability company, having its principal offices at 210 Hillsboro Technology Drive, Deerfield Beach, Florida 33441 (“The Learning Experience,” “Franchisor,” “we,” “us” or “our”) and \_\_\_\_\_, a \_\_\_\_\_ (the “Franchisee,” “you” or “your” or “yours”).

#### RECITALS:

WHEREAS, we have simultaneously entered into that certain Franchise Agreement with you dated as of \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”);

WHEREAS, you desire to locate and develop your own New Center;

WHEREAS, upon execution of this Addendum, we and/or our affiliates will be retained by you to provide the Site Coordination Service as more fully described below; and

WHEREAS, all terms not otherwise defined in this Addendum will have the meanings ascribed to them in the Franchise Agreement.

NOW THEREFORE, based upon the representations, warranties, and covenants contained in this Addendum the parties agree as follows:

1. Recitals. The above-described Recitals are incorporated into this Addendum.
2. Development of Site. If you elect to execute this Addendum, you will be solely responsible to develop your own site. Your election of the Site Coordination Service means that we are not obligated to find a site for a Center, and have no Site Location Obligation (as that term is defined within the Franchise Disclosure Document delivered in connection with this Franchise Offering (“Disclosure Document”)). In such case, it is your sole and exclusive obligation to locate a site for a Center.
3. Site Coordination Service. We will assist you in the coordination and design of the New Center, and the coordination of all applicable zoning, building and childcare licensing approvals, and will generally lend advice in the construction of the leasehold improvements for the New Center and in the initial set up and approval of all of the New Center’s equipment. Your architect will be responsible for the design and layout of the New Center, including the playground, which must be completed in accordance with our plans and specifications, and is subject to our final approval.
4. Site Coordination Fee. In consideration of our services described in Section 3 above, you agree to pay to us the sum of Sixty Thousand Dollars (\$60,000) (“Site Coordination Fee”), payable as follows: (i) Initial deposit of \$15,000, due at the time you execute the Site Coordination Addendum; and (ii) \$45,000 payable upon closing of the land. This Addendum must be executed simultaneously with the Franchise Agreement. You recognize that all costs associated with the purchase, development, and operation of the New Center will be your responsibility and that you will be liable for compliance with all applicable laws, rules, regulations and ordinances applicable to the development of the New Center.

(a) Non-refundable Fee. As we are assuming our obligations hereunder in reliance upon your commitment to develop the New Center, it is expressly understood that the Site Coordination Fee is non-refundable and fully earned upon our receipt.

(b) Fee is Site Specific. The Site Coordination Fee is site specific. In the event that you do not, for whatever reason, develop the New Center at your intended site as you had indicated in the completed Site Review Book after receiving our approval for the site, and subsequently attempt to obtain our approval to develop the New Center at another site, you will be responsible for paying to us an additional Site Coordination Fee in the amount of Sixty Thousand Dollars (\$60,000).

5. Franchisee's Obligations. You, at your own cost and expense, agree to take all actions necessary to ensure the proper development of the New Center, including, without limitation, the following:

(a) tailor the building plans and specifications provided by us for its individual use and then submit the customized plans and specifications to us for written approval, which may not be unreasonably withheld. The plans and specifications must comply with our then-current requirements for a Center and with all applicable ordinances, building codes, permit requirements, lease and deed requirements and restrictions. We will require you to engage a licensed architect, whom we must approve and who must execute our then-current form of Architect License Agreement, to design your Center.

(b) obtain all required building, utility, sign, health, sanitation and learning Center permits, licenses and any other required permits and licenses;

(c) construct or have constructed all required improvements to the premises and paint the premises in compliance with: (i) plans and specifications approved by us; and (ii) local, state and federal requirements;

(d) purchase or lease and install all authorized equipment and approved signs required for a Center, complying with all applicable signage ordinances, laws, and regulations; and

(e) generally oversee the construction of leasehold improvements, and installation of the equipment and supplies necessary to operate the New Center, to coordinate the design and layout of the New Center and playground, arrange for the delivery of supplies, furniture, fixtures and equipment, and secure all zoning and construction licenses, permits and approvals, all of which must be in accordance with our plans, specifications and reasonable directions and approval.

6. Site Approval. Before you may enter into any agreement with a related entity or a third party to develop a site (the "Site"), the Site must meet our Site Criteria and must be inspected by our authorized representative. To seek our approval, you must give us a completed "Site Review Book," including the demographic information required by our written format, and a letter of intent to lease or similar document. We will have fifteen (15) business days after receipt of the information and materials from you to approve or disapprove the Site as a location for a Center. If we do not approve a proposed Site, you may not develop it. We must provide you with a written statement explaining the reasons for the rejection of the Site. If the condition is correctable, you may resubmit the Site for our approval. By approving a particular Site for the premises of a Center, we offer no representations or warranties, real or implied, that a Center operating at that location will be successful, and you have no right to base any expectations upon any perceived representations.

7. Lease Approval. After a Site is approved by us as a suitable location for the development of a Center, we must then approve the lease for the Site before it can be executed. Once we approve of the lease, and you subsequently execute it, this means you are "Matched" to this location. You must provide

us with a copy of the lease and we must provide you with comments within fifteen (15) days of our receipt of the lease. You agree not to sign any lease or renewal of a lease unless it has first obtained our written approval.

8. Mandatory Lease Terms. We require that the lease you intend to execute, whether with a third party or an entity controlled or partially or wholly owned by you, contain certain provisions, including the following:

(a) provision which expressly permits the Landlord of the Site to provide us with all revenue and other information it may have related to the operation of the Center, as we may request;

(b) provision which requires the Landlord to contemporaneously provide us with copies of any written notice of default under the lease sent to you and which grants to us, at our option, the right (but not the obligation) to cure any default under the lease (should you fail to do so) within fifteen (15) days after the expiration of the period in which you may cure the default;

(c) provision which evidences your right to display the Marks in accordance with the specifications required by the Manual (“Marks” and “Manual” as defined in the Franchise Agreement), subject only to the provisions of applicable law;

(d) provision which requires that any lender or other person will not disturb your possession of the Site so long as the lease term continues and you are not in default (along with such non-disturbance agreements and other documents as are necessary to ensure that such lenders and other persons are bound);

(e) provision which expressly states that any default under the lease which is not cured within any applicable cure period also constitutes grounds for termination of this Addendum and the Franchise Agreement;

(f) a lease term which is at least equal to the initial term of the Franchise Agreement, either through an initial term of that length or rights, at your option, to renew the lease for the full term of the Franchise Agreement; and

(g) provision requiring that the premises must only be operated as a Center.

9. Mandatory Execution of Documents. Simultaneously with your execution of a lease or other real estate documents acquiring the rights to a Site, you and your Landlord and, if applicable, any lender for the Site must also sign the Conditional Assignment and Assumption of Lease (the “Lease Assignment”) attached to this Addendum as Attachment 1. Additionally, if you have purchased or own your Site, upon demand from us, you must sign the then-current form of Agreement to Lease (the “Lease Agreement”), which is attached to this Addendum as Attachment 2.

10. Our Right to Occupy. The Lease Assignment and Lease Agreement generally protect our rights under the Franchise Agreement, and grant us the ability to possess the New Center if you default in your obligations to us and such default results in a termination of the Franchise Agreement. Any person who is related to or affiliated with you or one of your owners, directors, officers or other principals, and who plans to lease the New Center to you or own or obtain financing for the Site, must agree to be bound by these provisions. Under the Lease Assignment or Lease Agreement, we can take possession of the New Center if you violate the lease or any obligation to us. You still will be responsible for all lease obligations covering the time before we take over.

11. Related Ownership. If you and the landlord for the Site are or become related in ownership or control, and we eventually take over the New Center, any lease must be amended to be the same length as

the then-current Franchise Agreement, and must be consistent with commercially reasonable “triple-net” leases being signed in the Protected Territory (as defined in the Franchise Agreement) and reflect the New Center’s fair market rental value in the Protected Territory.

12. Ownership and Financing. Instead of leasing a Site, you may propose to purchase, construct, own and operate a Center on real property owned by you or through affiliates (or after operating the New Center under a lease agreement with the landlord, you may propose to purchase the real property and structure containing the New Center). In such events, if, at any time prior to acquisition or subsequently, you or your affiliates propose to obtain any financing with respect to the Site for the Center or for any of the assets in which any of such items are pledged as collateral securing your performance, you must meet certain conditions. The form of any purchase contract with the seller of a Site and any related documents, and the form of any loan agreement or mortgage in favor of any lender and any related documents, must be approved by us before you sign them. Our consent to them may be conditioned upon the inclusion of various terms and conditions, including the following:

(a) provision which requires any lender or mortgagee concurrently to provide us with a copy of any written notice of deficiency or default under the terms of the loan or mortgage sent to you or your affiliates or the purchaser;

(b) provision granting us, at our option, the right (but not the obligation) to cure any deficiency or default under the loan or mortgage (should you fail to do so) within fifteen (15) days after the expiration of a period in which you may cure such default or deficiency;

(c) provision which expressly states that any default under the loan or mortgage, if not cured within the applicable time period, constitutes grounds for termination of this Addendum and any default under this Addendum, if not cured within the applicable time period, also constitutes a default under the loan or mortgage; and

(d) your delivery to us of the then-current standard form of Lease Agreement which requires you, at our option, to lease the Site to us if this Agreement is terminated, assigned, or transferred under our standard form of Lease Agreement.

13. Franchisee Obligation to Advise Franchisor. Regardless of whether you proceed to lease or purchase a Site, you will keep us apprised in writing of your efforts and the status of same. In the event that you fail to keep us apprised of your progress within ten (10) days following written notice from us, such failure will be a default under this Agreement and the Franchise Agreement.

14. Cross-Default. Any default under the terms of that certain Franchise Agreement between you and us, or any other agreement entered into by and between us, and/or our Affiliates and you, will act as a default under this Addendum and will automatically authorize us to exercise any and all remedies available under the terms of this Addendum and the Franchise Agreement, and/or all such other agreements.

15. Termination. You will deliver the Site Review Book, including the requisite demographic information, within twenty-four (24) months of the execution of this Addendum, or within a longer period of time if delayed by reasons outside your and our control and consented to in writing by us in our sole discretion, such additional period not to exceed one (1) year. In that event that you fail to do so, the Franchise Agreement and this Agreement will be terminated and will be of no further force or effect.

16. Complete Agreement. This Addendum is the full and complete agreement between you and us concerning the subject matter of this Addendum, and supersedes all prior agreements. There are no representations, inducements, promises or agreements, oral or otherwise, not embodied in this Addendum,

which are of any force or effect with reference to this Addendum or otherwise. No amendment, change or variance from this Addendum will be binding unless signed in writing by you and us. If there is any conflict between the provisions of this Addendum and those of the Franchise Agreement, the provisions of this Addendum will control.

17. Severability. Each section, part, term and/or provision of this Addendum will be considered severable, and if, for any reason, any section, part, term and/or provision of this Addendum is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation, such will not impair the operation of or affect the remaining portions, sections, parts, terms and/or provisions of this Addendum, and the latter will continue to be given full force and effect and bind the parties and the invalid sections, parts, terms and/or provisions will be considered not part of this Addendum. Provided, however, that if we determine that a finding of illegality adversely affects the basic consideration of this Addendum, we may at our option terminate this Addendum.

18. Successors and Assigns. Notwithstanding anything to the contrary in this Addendum, nothing in this Addendum is intended, nor will it be considered, to confer upon any person or legal entity other than you or us and any of your and our respective successors and assigns as may be contemplated by this Addendum, any rights or remedies under or by reason of this Addendum.

19. Attorneys' Fees and Costs. If a claim is asserted in any legal proceeding for amounts owed to you or us, or if you or us are required to enforce this Addendum, the prevailing party in any proceeding will be entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees, whether incurred before or in preparation of or in contemplation of the filing of any action or thereafter.

20. Notices. Any notices given under this Addendum will be given in accordance with Section 12.8 of the Franchise Agreement.

21. Incorporation of Terms. All terms, covenants, provisions and conditions of the Franchise Agreement are hereby incorporated in this Addendum with the same force and effect as if set forth at length in this Addendum.

IN WITNESS TO THE FOREGOING, the parties, intending to be legally bound, have duly signed and delivered this Addendum as of the Effective Date.

FRANCHISOR:  
THE LEARNING EXPERIENCE SYSTEMS LLC,  
a Delaware limited liability company

BY: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

FRANCHISEE:  
\_\_\_\_\_, a \_\_\_\_\_

BY: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## ATTACHMENT 1 TO SITE COORDINATION ADDENDUM

## CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE

THIS CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE (this “Assignment”) is effective as of the effective date of the Lease (as defined below), by and between THE LEARNING EXPERIENCE SYSTEMS LLC, a Delaware limited liability company, and/or its assigns, having its principal business address at 210 Hillsboro Technology Drive, Deerfield Beach, Florida 33441 (“The Learning Experience,” “Franchisor,” “we,” “us” or “our”) and \_\_\_\_\_ whose principal place of business is \_\_\_\_\_ (the “Franchisee,” “you” or “your” or “yours”).

## RECITALS:

WHEREAS, on this date we entered into that certain Franchise Agreement (the “Franchise Agreement”) with you, under which you plan to own and operate The Learning Experience Academy of Early Education Center (the “Center”) located at \_\_\_\_\_ (the “Site”). In addition, under that certain Lease Agreement (the “Lease”), you have leased or will lease certain space containing the Center described in the Lease from \_\_\_\_\_ (the “Landlord”). The Franchise Agreement requires you to deliver this Assignment to us as a condition to the grant of a franchise.

NOW, THEREFORE, Franchisor and Franchisee agree as follows:

1. Recitals. The above-described recitals are incorporated into this Assignment.
2. Incorporation of Terms. Terms not otherwise defined in this Assignment have the meanings as defined in the Lease.
3. Indemnification of Franchisor. You agree to indemnify and hold us and our affiliates, stockholders, directors, officers and representatives harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys’ fees, costs and expenses, that may incur resulting from any claim brought against any of them or any action in which any of them are named as a party or which any of them may suffer, sustain or incur by reason of, or arising out of, your breach of any of the terms of the Lease or any related agreement, including the failure to pay rent or any other terms and conditions of the Lease.
4. Assignment. You grant to us a security interest in and to the Lease, all of the furniture, fixtures, inventory, lists of families enrolled or to be enrolled and supplies located in the Site and the franchise relating to the Center, and all of your rights, title and interest in and to the Lease, as collateral for: (i) the payment of any obligation, liability or other amount owed by you or your affiliates to the Landlord arising under the Lease; and (ii) for any default or breach or failure to perform any of the terms and provisions of the Lease or the Franchise Agreement. In the event of a breach or default by you under the terms of the Lease or the Franchise Agreement, or in the event we make any payment to the Landlord as a result of your breach of the Lease, then such payment by us, or such breach or default by you, will at our option be deemed to be an immediate default under the Franchise Agreement and this Assignment, and we will be entitled to the possession of the Site and to all your rights, title and interest in and to the Lease and to all other remedies described in this Assignment or in the Franchise Agreement or at law or in equity, without prejudice to any other rights or remedies of ours under any other agreements or under other applicable laws or equities. This Assignment will constitute a lien on your interest in and to the Lease until satisfaction in full of all amounts owed by you to us. In addition, our rights to assume all obligations under the Lease provided in this Assignment are totally optional on the part of us, to be exercised in our sole discretion. You agree to execute any and all UCC financing statements and all other documents and instruments deemed necessary by us to perfect or document the interests and assignments granted in this Assignment.

5. No Subordination. You will not permit the Lease to become subordinate to any lien without first obtaining our written consent, other than the lien created by this Assignment, the Franchise Agreement, the Landlord's lien under the Lease, liens securing bank financing for your operations on the Site, and the agreements and other instruments referenced in this Assignment. You will not terminate, modify or amend any of the provisions or terms of the Lease without our prior written consent. Any attempt at termination, modification or amendment of any of the terms without such written consent is null and void.

6. Exercise of Remedies. In any case of default by you under the terms of the Lease or under the Franchise Agreement, we will be entitled to exercise any one or more of the following remedies in our sole discretion:

- (a) to take possession of all or any part of the Site, personally, or by our agents or attorneys;
- (b) in our discretion, without notice and with or without process of law, to enter upon and take and maintain possession of all or any part of the Site, together with all furniture, fixtures, inventory, books, records, papers and accounts of yours;
- (c) to exclude you, your agents or employees from the Site;
- (d) as attorney-in-fact for you, or in your own name, and under the powers granted by this Assignment, to hold, operate, manage and control the Center and conduct the business, if any, of the Center, either personally or by its agents, with full power to use such measures, legally rectifiable, as in our discretion may be deemed proper or necessary to cure such default, including actions of forcible entry or detainer and actions in distress of rent, hereby granting full power and authority to us to exercise all rights, privileges and powers granted at any and all times hereafter;
- (e) to cancel or terminate any unauthorized agreements or subleases entered into by you, for any cause or ground which would entitle us to cancel the same;
- (f) to disaffirm any unauthorized agreement, sublease or subordinated lien, to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Site that may seem judicious, in our sole discretion;
- (g) to insure and reinsure the same for all risks incidental to our possession, operation and management of the Center; and/or
- (h) notwithstanding any provision of the Franchise Agreement to the contrary, to declare all of your rights but not obligations under the Franchise Agreement to be immediately terminated as of the date of your default under the Lease.

7. Power of Attorney. You hereby appoint irrevocably us as your true and lawful attorney-in-fact in your name and stead and hereby authorize us, upon any default under the Lease or under the Franchise Agreement, with or without taking possession of the Site, to rent, lease, manage and operate the Site to any person or entity upon such terms and conditions in our discretion as we may determine, and with the same rights and powers and immunities, exoneration of liability and rights of recourse and indemnity as we would have upon taking possession of the Site under the provisions set forth in the Lease. The power of attorney conferred upon us under this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without our written consent.

8. Election of Remedies. It is understood and agreed that the provisions set forth in this Assignment are deemed a special remedy given to us and are not deemed to exclude any of the remedies granted in the Franchise Agreement or any other agreement between us and you, but are deemed an additional remedy and will be cumulative with the remedies contained in such other agreements and elsewhere granted to us, all of which remedies are enforceable concurrently or successively. No exercise by us or any of the rights hereunder will



cure, waive or affect any default hereunder or default under the Franchise Agreement. No inaction or partial exercise of rights by us will be construed as a waiver of any of our rights and remedies and no waiver by us of any such rights and remedies will be construed as a waiver by us of any future rights and remedies.

9. Binding Agreements. This Assignment and all of its provisions will be binding upon you and us, and the parties' respective successors, assigns and legal representatives and all other persons or entities claiming under us and you or through us and you, or either us or you, and the words "Franchisor" and "Franchisee" when used in this Assignment will include all such persons and entities and any others liable for payment of amounts under the Lease or the Franchise Agreement. All individuals executing on behalf of corporate entities hereby represent and warrant that such execution has been duly authorized by all necessary corporate and shareholder authorizations and approvals.

10. Assignment to Control. This Assignment governs and controls over any conflicting provisions in the Lease.

11. Landlord's Consent. Landlord consents to this Assignment and agrees that in the event that we take possession of the Site, Landlord will treat us as tenant under the terms of the Lease in every respect as if we had originally entered into the lease agreement. Landlord agrees that in the event that we take possession of the Site, we will not be liable for your prior defaults under the Lease, except to the extent those defaults are continued by us. Landlord agrees that prior to exercising any of the rights or remedies under the Lease available to it by reason of your default, it will give us written notice and opportunity to cure equal to the notice available to tenant under the Lease.

12. Attorneys' Fees, Costs and Expenses. In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment, the prevailing party will be entitled to recover its attorneys' fees, costs and expenses relating to any trial or appeal (including, without limitation, paralegal fees) or arbitration or bankruptcy proceeding from the non-prevailing party.

13. Severability. If any of the provisions of this Assignment or any section or subsection of this Assignment is held invalid for any reason, the remainder of this Assignment or any such section or subsection will not be affected thereby and will remain in full force and effect in accordance with its terms.

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

FRANCHISOR:

FRANCHISEE:

THE LEARNING EXPERIENCE SYSTEMS LLC

\_\_\_\_\_

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

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

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

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

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

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

CONSENT OF LANDLORD:

[LANDLORD]

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

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

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

## ATTACHMENT 2 TO SITE COORDINATION ADDENDUM

## AGREEMENT TO LEASE

THIS AGREEMENT TO LEASE (this “Agreement”) is made effective as of \_\_\_\_\_, 20\_\_\_\_ (the “Effective Date”) by \_\_\_\_\_, a \_\_\_\_\_, whose business address is \_\_\_\_\_ (the “Franchisee,” “you” or “your” or “yours”), for the benefit of THE LEARNING EXPERIENCE SYSTEMS LLC, a Delaware limited liability company, whose business address is 210 Hillsboro Technology Drive, Deerfield Beach, Florida 33441 (“The Learning Experience,” “Franchisor,” “we,” “us” or “our”).

## RECITALS:

WHEREAS, on the Effective Date you entered into that certain Franchise Agreement (the “Franchise Agreement”) with us, under which you will own and operate a Center (the “Center”). The Center is, or will be, located at \_\_\_\_\_ (the “Leased Premises”). You, or your affiliate (the “Affiliate”), owns the Leased Premises.

NOW, THEREFORE, the Franchisee and the Franchisor agree as follows:

1. Recitals. The above-described recitals are incorporated into this Assignment.
2. Lease. If the Franchise Agreement is terminated, assigned, or transferred in any manner whatsoever, or deemed to have been under the Franchise Agreement, (each a “Triggering Event”), then, at our option, you or the Affiliate will enter into a written lease (the “Lease”) with us in the form attached to this Agreement with modifications to include, but not be limited to, changes to reflect whether the Center is “in line” or “free standing,” or any similar required modifications. Any changes to the form of the Lease or any addendum or modification to it will not be effective unless previously approved by us in writing.
3. Binding Agreements. This Agreement and all its provisions are binding upon us, the Affiliate and you; and all of our, your and the Affiliate’s successors, assigns and legal representatives. The words “Affiliate,” “Franchisor” and “Franchisee” when used in this Agreement include all such persons and entities liable for payment of amounts under the Lease or the Franchise Agreement. All individuals signing on behalf of corporate entities represent and warrant that such signatures are duly authorized by all necessary corporate and shareholder authorizations and approvals.
4. Severability. If any part of this Agreement is held invalid for any reason, the remainder of this Agreement will not be affected and will remain in full force and effect in accordance with its terms.
5. Incorporation of Terms. All terms covenants, provisions and conditions of the Franchise Agreement are hereby incorporated in this Addendum with the same force and effect as of set forth at length in this Addendum.
6. Power of Attorney. You irrevocably appoint us as your true and lawful attorney-in-fact to sign the Agreement to Lease and any other documents necessary to implement this Agreement. The Power of Attorney conferred upon us under the provisions set forth in this Agreement is a power coupled with an interest and cannot be revoked, modified or altered without our consent.

IN WITNESS WHEREOF, the parties have signed this Agreement as of the Effective Date.

FRANCHISOR:

THE LEARNING EXPERIENCE SYSTEMS LLC,  
a Delaware limited liability company

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

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

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

FRANCHISEE:

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

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

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

AFFILIATE, as Property Owner (if applicable):

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

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

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

**EXHIBIT J TO DISCLOSURE DOCUMENT**

**CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS, LISTINGS, and  
ALL VENDOR CONTRACTS**

THIS CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS, LISTINGS, and ALL VENDOR CONTRACTS (this “Assignment”) is effective as of \_\_\_\_, 20\_\_ (the “Effective Date”), between THE LEARNING EXPERIENCE SYSTEMS LLC, a Delaware limited liability company, or its assigns, with its principal place of business at 210 Hillsboro Technology Drive, Deerfield Beach, Florida 33441 (“The Learning Experience,” “we,” “us” or “our”) and \_\_\_\_\_, whose current place of business is \_\_\_\_\_ (“you” or “your” or “yours”). You and we are sometimes referred to collectively as the “Parties” or individually as a “Party”.

RECITALS:

WHEREAS, we have simultaneously entered into that certain Franchise Agreement (the “Franchise Agreement”) with you dated as of \_\_\_\_\_, 20\_\_, under which you plan to own and operate a The Learning Experience Academy of Early Education Center (the “Center”). Centers use certain proprietary knowledge, procedures, formats, systems, forms, printed materials, applications, methods, specifications, standards and techniques authorized or developed by us (collectively, the “System”). We identify Centers and various components of the System by certain trademarks, trade names, service marks, trade dress and other commercial symbols (collectively, the “Marks”). In order to protect our interest in the System and the Marks, we will have the right to control the telephone numbers and listings of the Center if the Franchise Agreement is terminated, as well as take control over all of your vendor relationships relating to operation of the Center.

NOW, THEREFORE, the parties agree as follows:

1. Recitals. The above-described recitals are incorporated into this Assignment.
2. Conditional Assignment.
  - a. Telephone Numbers and Listings. You assign to us all of your right, title and interest in and to those certain telephone numbers and regular, classified or other telephone directory listings (collectively, the “Numbers and Listings”) associated with the Marks and used from time to time in connection with the operation of the Center. We will have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless we notify the telephone company and/or the listing agencies with which you have placed telephone directory listings (collectively, the “Telephone Company”) to effectuate the assignment of the Numbers and Listings to us. Upon termination or expiration of the Franchise Agreement, we will have the right and authority to ownership of the Numbers and Listings. In such event, you will have no further right, title or interest in the Numbers and Listings and will remain liable to the Telephone Company for all past due fees owing to the Telephone Company on or before the date on which this Assignment is effective. As between us and you, upon termination or expiration of the Franchise Agreement, we will have the sole right to, and interest in, the Numbers and Listings.
  - b. Vendor Contracts. You assign to us all of your right, title and interest in and to all vendor contracts that you have with respect to operation of the Center (collectively, the “Vendor Contracts”) associated with the Marks and used from time to time in connection with the operation of the Center. We will have no liability or obligation of any kind whatsoever arising

- from or in connection with this Assignment, unless we notify the individual vendors with whom you contracted (the “Vendors”) to effectuate the assignment of their particular Vendor Contracts to us. Upon termination or expiration of the Franchise Agreement, we will have the right and authority to ownership of any and all of the Vendor Contracts as we see fit. In such event, you will have no further right, title or interest in those Vendor Contracts and will remain liable to your Vendors for all past due fees owing to those Vendors on or before the date on which this Assignment is effective. As between us and you, upon termination or expiration of the Franchise Agreement, we will have the sole right to, and interest in, the Vendor Contracts.
- c. We have the right but not the obligation to take an assignment of any or all of the Numbers and Listings and Vendor Contracts.
  - d. You agree to comply with any and all of our requests for assistance in order to implement the terms of this Assignment as written.
3. Power of Attorney.
- a. Numbers and Listings. You irrevocably appoint us as your true and lawful attorney-in-fact to: (a) direct the Telephone Company to effectuate the assignment of the Numbers and Listings to us; and (b) sign on your behalf such documents and take such actions as may be necessary to effectuate this Assignment. Notwithstanding anything else in the Assignment, however, you will immediately notify and instruct the Telephone Company to effectuate the assignment described in this Assignment to us when, and only when: (i) the Franchise Agreement is terminated or expires; and (ii) we instruct you to notify the Telephone Company. If you fail to promptly direct the Telephone Company to effectuate the assignment of the Numbers and Listings to us, we will direct the Telephone Company to do so. The Telephone Company may accept our written direction, the Franchise Agreement or this Assignment as conclusive proof of our exclusive rights in and to the Numbers and Listings upon such termination or expiration. This Assignment will become immediately and automatically effective upon Telephone Company’s receipt of such notice from you or us. If the Telephone Company requires that you and/or we sign the Telephone Company’s assignment forms or other documentation, our signature on such forms or documentation on your behalf will effectuate your consent and agreement to the assignment. At any time, you and us will perform such acts and sign and deliver such documents as may be necessary to assist in or accomplish the assignment described in this document upon termination or expiration of the Franchise Agreement. The power of attorney conferred upon us under the provisions set forth in this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without our consent.
  - b. Vendor Contracts. You irrevocably appoint us as your true and lawful attorney-in-fact to: (a) direct the Vendor to effectuate the assignment of the Vendor Contracts to us; and (b) sign on your behalf such documents and take such actions as may be necessary to effectuate this Assignment. Notwithstanding anything else in the Assignment, however, you will immediately notify and instruct the Vendor to effectuate the assignment described in this Assignment to us when, and only when: (i) the Franchise Agreement is terminated or expires; and (ii) we instruct you to notify the Vendor. If you fail to promptly direct any one or more Vendors to effectuate the assignment of the Vendor Contracts to us, we will direct the Vendor to do so. The Vendor may accept our written direction, the Franchise Agreement or this Assignment as conclusive proof of our exclusive rights in and to the Vendor Contracts upon such termination or expiration. This Assignment will become immediately and automatically effective upon Vendor’s receipt of such notice from you or us. If the Vendor requires that you and/or we sign the Vendor’s assignment forms or other documentation, our signature on such forms or

documentation on your behalf will effectuate your consent and agreement to the assignment. At any time, you and us will perform such acts and sign and deliver such documents as may be necessary to assist in or accomplish the assignment described in this document upon termination or expiration of the Franchise Agreement. The power of attorney conferred upon us under the provisions set forth in this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without our consent.

4. Indemnification. You will indemnify and hold us and our Affiliates harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys’ fees, costs and expenses that we incur as a result of any claim brought against us or any action which we are named as a party or which we may suffer, sustain or incur by reason of, or arising out of, your breach of any of the terms of any agreement or contract or the non-payment of any debt you have with the Telephone Company and/or any Vendor.

5. Binding Effect. This Assignment is binding upon and inures to the benefit of the parties and their respective successors-in-interest, heirs, and successors and assigns.

6. Assignment to Control. This Assignment will govern and control over any conflicting provision in any agreement or contract which you may have with the Telephone Company and/or any Vendor.

7. Attorneys’ Fees and Costs. In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment or its enforcement, the prevailing party will be entitled to reimbursement of its attorneys’ fees, costs and expenses from the non-prevailing party. The parties agree that the term “attorneys’ fees” includes any and all charges levied by our legal counsel for their services (including time charges and other reasonable fees including paralegal fees and legal assistant fees) and also includes fees earned in settlement, at trial, appeal, in bankruptcy proceedings, and/or in arbitration proceedings.

8. Severability. If any provision of this Assignment or any section or subsection of this Assignment is held invalid for any reason, the remainder of this Assignment or any such section or subsection will not be affected, and will remain in full force and effect in accordance with its terms.

9. Incorporation of Terms. All terms, covenants, provisions and conditions of the Franchise Agreement are hereby incorporated in this Assignment with the same force and effect as if set forth at length in this Assignment.

FRANCHISOR:

FRANCHISEE:

THE LEARNING EXPERIENCE SYSTEMS LLC

\_\_\_\_\_

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

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

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

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

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

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

**EXHIBIT K TO DISCLOSURE DOCUMENT**

FORM OF LEASE AGREEMENT

**EXHIBITS**

I. LANDLORD AND TENANT																																																																																																																																																		
<p><b>Landlord:</b> _____, a _____ (hereinafter, "Landlord"). Landlord's mailing address is: _____</p>	<p><b>Tenant:</b> TLE at _____, LLC, a Delaware limited liability company (hereinafter "Tenant"). Tenant's trade name is: The Learning Experience Academy of Early Education ®. Tenant's mailing address is: 210 Hillsboro Technology Drive, Deerfield Beach, Florida 33441, Attn: Legal Department</p>																																																																																																																																																	
<p><b>Telephone:</b> ____ - ____ - ____  <b>Fax:</b> ____ - ____ - ____</p>	<p><b>Telephone: (561) 886-6400</b>  <b>Fax: (561) 886-6433</b>  <b>Email: <a href="mailto:balxander@tlecorp.com">balxander@tlecorp.com</a></b></p>																																																																																																																																																	
II. BASIC LEASE PROVISIONS																																																																																																																																																		
<p><b>(a) Site Number:</b> _____  <b>Site Address:</b> _____</p>	<p><b>(b) Leased Premises:</b> That certain approximately ____ square feet of real property _____ in the _____ of _____, County of _____ and State of _____, as described in <u>Exhibit A-1</u> hereto, and as more particularly shown on the site plan attached hereto as <u>Exhibit A</u> (the "Leased Premises").</p>																																																																																																																																																	
<p><b>(c) Commencement Date:</b> The date that Landlord delivers the Leased Premises to Tenant with all of the Delivery Conditions (as such term is defined in Section 2.4 of Part II below) having been satisfied. The parties hereto estimate that the Commencement Date shall occur on the date that is 180 days following the issuance of the Building Permit (the "Estimated Commencement Date").</p>	<p><b>(d) Rent Commencement Date:</b> the later to occur of (i) the date that is sixty (60) days following the Commencement Date, or (ii) the date that all of the conditions set forth in the Lease (including without limitation Exhibit C to the Lease) for the Rent Commencement Date to occur have been satisfied.</p>																																																																																																																																																	
<p><b>(e) Initial Term:</b> Means the period commencing on the Commencement Date and ending on the last day of the one hundred eightieth (180<sup>th</sup>) full month following the Rent Commencement Date.</p>	<p><b>(f) Option Terms:</b> Tenant shall have the right and option to extend the Term for two (2) terms of five (5) years each (each being referred to as an "Option Term"), pursuant to the provisions set forth below in Section 2.3 of Part II hereof.</p>																																																																																																																																																	
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<p><b>(i) Broker(s):</b> ComRealty Group, LLC and _____ (each a "Broker" and collectively, the "Brokers"). The Landlord shall pay the Broker(s) a commission of \$ _____ (the "Commission") in accordance with the terms of the Lease.</p>	<p><b>(j) Parking:</b> Landlord shall provide Tenant, its employees, agents, customers, invitees and visitors, with the exclusive use of the following parking spaces: the greater of forty-four (44) parking spaces or such number as required by Applicable Law (defined below), with at least fifteen (15) of such parking spaces being located directly in front of the Building.</p>																																																																																																																																																	
<p><b>(k) Attachments Incorporated Herein:</b> Part II, <u>Exhibit A – Site Plan</u>; <u>Exhibit B – Form of Assignment and Assumption Agreement</u>; <u>Exhibit C – Landlord's Work</u>; <u>Exhibit D – Form of Landlord's Subordination of Lien</u>; <u>Exhibit E – Co-Broker Agreement</u>; <u>Exhibit F – Guaranty</u>.</p>																																																																																																																																																		

**[SIGNATURES FOLLOW]**



EXHIBITS

**III. AGREEMENT**

THIS LEASE AGREEMENT (this "Lease") is made and entered into by and between Landlord and Tenant as of the date of the last party to execute this Lease, as set forth below ("Effective Date"), and is subject to the terms and conditions contained in Part II attached hereto.

WITNESS:

**LANDLORD:**

WITNESS:

**TENANT:**

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

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

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

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: Brian L. Alexander, Esq.  
Its: Executive Vice President & Chief Legal Officer  
Date: \_\_\_\_\_

EXHIBITSARTICLE I

## LEASED PREMISES

1.1 Leased Premises. Landlord, in consideration of the rents and other sums payable by Tenant hereunder to Landlord, and the terms, covenants, conditions and agreements to be kept and performed by Tenant as hereinafter set forth, by these presents does hereby lease, demise, and let to Tenant, and Tenant hereby rents and leases from Landlord, the Leased Premises. As used herein, the term "Leased Premises" includes all improvements to be constructed on the Leased Premises by Landlord, at Landlord's sole cost and expense, pursuant to this Lease and Exhibit C attached hereto and made a part hereof (the "Improvements"), including without limitation a one-story building containing Ten Thousand (10,000) net rentable square feet (the "Building"), all appurtenant easements and privileges belonging to or affecting the Leased Premises, and an outside play area for Tenant's exclusive use the greater of Five Thousand (5,000) square feet, or as required by local code (the "Playground"). The Playground must be contiguous to the Building and located as shown on Exhibit A. If the Leased Premises is located in North Carolina, the Playground must meet local requirements for "Five Star" rating as set forth by the North Carolina Division of Child Development.

1.2 Use. Tenant may use the Leased Premises for a child care center and related educational, enrichment and child businesses and activities, including, without limitation, hot meal, snack service and birthday parties (the "Initial Permitted Use"). In addition, Tenant may use the Leased Premises and for any other lawful purpose (together with the Initial Permitted Use, the "Permitted Use").

1.3 Ownership. Landlord represents and warrants that it holds fee simple title to the Leased Premises and has the legal authority to enter into this Lease with Tenant and the expertise and financial ability to construct the Improvements. The legal description of the Leased Premises is attached hereto as Exhibit A-1. Landlord shall timely make all payments required to be made under the terms of any mortgage or deed of trust on the Leased Premises. If Landlord receives any default or late payment notices in connection with any financing on the Leased Premises, Landlord shall immediately forward a copy of such notices to Tenant.

ARTICLE II

## TERM

2.1 Initial Term and Commencement Date. As used herein, the term "Lease Year" shall mean the successive periods of twelve (12) full calendar months each beginning on the Rent Commencement Date (or the anniversary thereof) and ending twelve (12) full calendar months thereafter. If the Commencement Date has not occurred by the Estimated Commencement Date for any reason other than due to a delay caused by Tenant, then the period between the Commencement Date and the Rent Commencement Date (currently set at 60 days) shall be extended by one (1) day for each day after the Estimated Commencement Date until the Commencement Date occurs (such period to be referred to as the "Rent Commencement Postponement Period"). Notwithstanding the foregoing, in no event and under no circumstances shall the existence or duration of any Rent Commencement Postponement Period operate to extend the Initial Term of this Lease. If the Commencement Date has not occurred by the date that is one hundred twenty (120) days following the Estimated Commencement Date for any reason other than due to a delay caused by Tenant, then such extension of time shall continue, but in addition

Tenant may at any time thereafter (until the Commencement Date occurs) terminate this Lease upon thirty (30) days written notice to Landlord and opportunity to cure, whereupon this Lease shall automatically be deemed null and void, and neither party shall have any obligation to the other.

2.2 Tenant's Early Entry. Tenant may, within thirty (30) days prior to the anticipated Commencement Date, without incurring any liability for payment of Rent (defined below), install its personal property, equipment and trade fixtures in the Leased Premises. Tenant shall receive a key to the Leased Premises to perform such work. Such early entry shall be at Tenant's sole risk and expense and shall not materially interfere with Landlord's Work (as defined in Exhibit C attached hereto). Prior to the early entry Tenant shall provide certificates of insurance to Landlord evidencing that Tenant has obtained the coverages required under Section 6.1 below. In no event shall Tenant's acceptance or occupancy of the Leased Premises constitute an opinion, agreement or acknowledgement by Tenant that the structural condition of the Building, the Building systems or utility lines outside of the Leased Premises but servicing the same, or the Leased Premises conforms with the requirements of this Lease, and any such acceptance or occupancy shall not waive or reduce any of Tenant's rights or Landlord's obligations under this Lease.

2.3 Options to Extend. As long as no Event of Default then exists under this Lease, Tenant will have the irrevocable option to extend the Initial Term for two (2) additional periods of five (5) years each (each, an "Option Term"), commencing on the day following the last day of the then applicable term. Tenant will exercise an Option Term by giving Landlord written notice at least one hundred eighty (180) days prior to the expiration of the Initial Term or of the Option Term then in effect, as applicable. The Base Rent during each Option Term shall be in accordance with the schedule of Base Rent set forth in Part I of this Lease, and except for such adjustment to Base Rent, all terms and conditions of this Lease shall apply to each Option Term. "Term" shall mean, collectively, the Initial Term and each Option Term, if any.

2.4 Delivery Conditions. The "Delivery Conditions" shall be deemed satisfied upon the occurrence of all of the following:

(a) Landlord has delivered actual and exclusive possession of the Leased Premises to Tenant in broom clean condition, free and clear of all violations, prior leases, tenants and/or occupants, and Substantial Completion (hereinafter defined) having been achieved;

(b) An unconditional and permanent Certificate of Occupancy for the Leased Premises expressly allowing the Initial Permitted Use (the "CO") has been delivered to Tenant;

(c) Landlord has provided Tenant with at least thirty (30) days advance written notice of the anticipated Commencement Date and Tenant has been permitted early entry to the Leased Premises pursuant to Section 2.2 above; and

(d) Landlord has remediated any Hazardous Substances and performed such testing as may be required pursuant to Article 11 below.

2.5 Substantial Completion. For purposes of this Lease, "Substantial Completion" shall be deemed to have been achieved upon the occurrence of the following events:

EXHIBITS

(a) the Architect has delivered a certification (a copy of which Landlord shall provide to Tenant upon receipt) that Landlord’s Work has been fully performed (with the exception of minor punch list items and insubstantial details of construction, mechanical adjustment or decoration) in accordance with the Final Plans (as defined in Exhibit C);

(b) Landlord has obtained all of the Governmental Approvals (as defined in Exhibit C); and

(c) the following specific items have been fully completed:

(i) Center is ready for FF&E (hereinafter defined) to be installed;

(ii) All millwork is installed and complete;

(iii) HVAC system is fully installed and Landlord has provided Tenant with an approved balancing report prepared by an independent third party;

(iv) Make Believe Boulevard (defined on the Final Plans) is fully installed and operational;

(v) Kitchen is fully operational and has a Health permit or other Governmental Approval(s), if required by Applicable Law in connection with Landlord’s Work;

(vi) All required signage is fully installed and operational;

(vii) All flooring is fully installed, clean, and has been treated with 5 to 7 coats of wax;

(viii) Playground is fully installed and functional, including water feature (if applicable);

(ix) Shade structures and all fencing are complete (if applicable);

(x) Keri Access system (defined on the Final Plans) is fully installed and operational;

(xi) CCTV (defined on the Final Plans) is complete and operational

(xii) Phone and internet lines are fully installed and operational; and

(xiii) Phone system set forth on the Final Plans is installed and fully operational.

ARTICLE III

RENT AND OTHER SUMS PAYABLE

3.1 Base Rent.

(a) The Base Rent shall be based upon the amount of interior square footage of the Building only, as measured from the center line of the exterior walls of the building (i.e. the square footage of the Playground shall not be included in the determination of Base Rent). Tenant shall have the right to measure the Leased Premises

at any time following the Commencement Date, and if such measurement discloses that the interior square footage of the Building is less than the amount anticipated by the parties then the Base Rent and any other charges payable by Tenant based upon such square footage shall be proportionately reduced. Beginning on the Rent Commencement Date, Tenant shall pay Landlord base rent (the “Base Rent”) for the Leased Premises pursuant to the schedule of Base Rent set forth in Part I of this Lease.

(b) Base Rent will be due in equal monthly installments in advance, without demand, on the first (1st) day of each and every calendar month during the Term, and shall be late if not received on or before the fifteenth (15th) day of the month (the "Delinquency Date"). Any sums other than Base Rent which Tenant is required to pay to Landlord under this Lease shall be regarded as “Additional Rent.” The term “Rent” shall mean and include Base Rent and Additional Rent.

3.2 Rent Concession.

(a) Notwithstanding Section 3.1 above, Tenant shall receive a rent concession (“Rent Concession”) during the first twelve (12) months following the Rent Commencement Date, during which period Tenant shall pay as monthly Base Rent the greater of the following amounts:

(i) sixteen percent (16%) of Tenant’s “Monthly Gross Revenue” (the “Percentage Rent”), provided at no time shall such Percentage Rent payment exceed the Base Rent that would have otherwise been payable during the first Lease Year had no Rent Concession been provided; or

(ii) Minimum payments of Base Rent pursuant to the following “Rent Concession Schedule”:

Month	%	Rent/Month
One	15%	\$ 3,000
Two	20%	\$ 4,000
Three	25%	\$ 5,000
Four	30%	\$ 6,000
Five	40%	\$ 8,000
Six	45%	\$ 9,000
Seven	55%	\$ 11,000
Eight	60%	\$ 12,000
Nine	70%	\$ 14,000
Ten	75%	\$ 15,000
Eleven	80%	\$ 16,000
Twelve	85%	\$ 17,000

(b) The above Rent Concession Schedule shall commence on the first full month following the Rent Commencement Date. If the Rent Commencement Date shall occur on a day other than the first day of the month, the Base Rent for that partial month shall be prorated as follows:

EXHIBITS

(i) If the Rent Commencement Date occurs on the twentieth day of the month or later, then the Base Rent for that partial month shall be prorated based upon the first month's Rent as set forth in Section 3.1(a) above and the Base Rent owed for the following month will be the "Month One" Base Rent as reflected in the Rent Concession Schedule set forth in Section 3.2(a)(ii) above.

(ii) If the Rent Commencement Date occurs on the nineteenth day of the month or earlier, the proration shall be based upon the "Month One" Base Rent as reflected in the Rent Concession Schedule set forth in Section 3.2(a)(ii) above and the Base Rent owed for the following month will be the "Month Two" Base Rent as reflected in the Rent Concession Schedule set forth in Section 3.2(a)(ii) above.

(c) For purposes of this Lease, the term "Monthly Gross Revenue" shall mean the total collected dollar amount of all charges from the operation of Tenant's business in the Leased Premises during a calendar month, including without limitation charges for services provided or the sale of goods of every sort whatsoever, whether such business be evidenced by check, credit, credit card charge, charge account, exchange or otherwise, but excluding any and all refundable registration deposits; uncollectible debts; taxes collected and paid to a taxing authority; and tuition credits for staff children, provided such tuition credits will not exceed three percent (3%) percent of Monthly Gross Revenue.

(d) Within twenty (20) days following the end of each month during the first Lease Year, Tenant shall furnish to Landlord a written statement, certified by Tenant to be correct, setting forth the Monthly Gross Revenue for the prior month. In the event that the Percentage Rent exceeds the Rent Concession Schedule rent, Tenant shall pay the difference to Landlord along with the written statement.

(e) During the first Lease Year, Tenant shall maintain records of Monthly Gross Revenues in accordance with its customary accounting procedures. Landlord and its duly authorized representative, on reasonable notice during business hours, shall have access to such records at the place where the same are kept, for the purpose of inspecting and auditing the same. Landlord shall keep such information in strict confidence and not divulge to any person or entity the information obtained by Landlord or its representatives from such records or from the above statements, except as may be necessary to enforce Landlord's rights under this Lease.

3.3 Interest and Late Charges. All payments past due for thirty (30) days or more shall bear interest at the per annum interest rate (the "Interest Rate") of four percent (4%) above the Prime Rate as set forth in the Wall Street Journal, calculated from the Delinquency Date to the date of payment. In the event that any installment of Base Rent is not received within fifteen (15) Business Days after receipt of written notice of such required payment, Tenant shall pay an administrative late charge ("Late Charge") equal to two percent (2%) of such amount due for each late payment. Tenant shall also pay an administrative charge of Fifty Dollars (\$50.00) for each check returned for any reason.

ARTICLE IVCOSTS AND EXPENSES

4.1 Leased Premises. Beginning on the Rent Commencement Date, except as expressly provided herein, Tenant shall directly contract for and pay all of the costs and expenses in connection with operating and maintaining the Leased Premises that are expressly the Tenant's responsibility as set forth herein.

4.2 Real Estate Taxes.

(a) "Real Estate Taxes" shall mean all real estate taxes, assessments and other charges that may be levied, assessed or charged against the Leased Premises, but shall not include penalties or interest paid by Landlord on account of late payment of taxes. From and after the Rent Commencement Date, Tenant shall be responsible for all Real Estate Taxes during the Term. Tenant shall reimburse Landlord for Real Estate Taxes on a monthly basis, by paying to Landlord one twelfth (1/12) of Landlord's estimate of Real Estate Taxes for each tax year, and same shall be Additional Rent. Such monthly installments shall be appropriately adjusted for any partial calendar years occurring during the Term. Landlord's estimate of Real Estate Taxes shall be provided in writing to Tenant accompanied by a copy of the most recent tax bill for the Leased Premises.

(b) Within ninety (90) days following the end of each tax year (and within ninety (90) days following the expiration or earlier termination of this Lease), Landlord shall provide a Landlord's statement to Tenant showing the total Real Estate Taxes for the prior tax year (or partial calendar year). If the total of the monthly payments that Tenant has made is less than the actual Real Estate Taxes, then Tenant shall pay to Landlord the difference within thirty (30) days following Tenant's receipt of Landlord's Statement. Landlord shall refund any overpayment to Tenant contemporaneously with such statement. Landlord shall maintain all Real Estate Tax records in accordance with generally accepted accounting practices and for at least twenty-four (24) months after the close of the respective tax year. Tenant and its authorized agents shall have the right on reasonable notice to Landlord to inspect or audit the books and other documents evidencing such costs.

(c) Tenant may contest the validity or the amount of any Real Estate Taxes by appropriate proceedings, and may defer payments of such obligations, pay same under protest, or take such other steps as Tenant may deem appropriate, provided the foregoing does not subject Landlord to any penalties or materially adversely affect Landlord's interest in or financing of the Leased Premises. Landlord shall cooperate in the institution and prosecution of any such proceedings and will execute any documents required therefor without cost or expense to Tenant. The expense of such proceedings shall be borne by Tenant and any refunds or rebates secured shall belong to Tenant. In the event Landlord receives a refund of any Real Estate Taxes, Landlord shall rebate said sums, after deducting any Landlord's cost of contest, within thirty (30) days following receipt by Landlord.

EXHIBITSARTICLE V

## MAINTENANCE, UTILITIES AND ALTERATIONS

5.1 Maintenance.

(a) Landlord, at its sole cost and expense, shall keep in good order, and shall be responsible for the maintenance, repair and replacement of all portions of the Leased Premises that are not expressly the Tenant's responsibility hereunder, including, without limitation, (i) all exterior portions of the Leased Premises (excluding the store front, and the exterior portions of all doors, windows and plate glass, unless the same is damaged by casualty covered by Landlord's insurance), (ii) all lines, pipes and wires located outside of the Leased Premises but serving the Leased Premises, (iii) all of the structural portions of the Leased Premises, including, without limitation, the foundations, bearing walls, support beams, columns, structural portions of the roof, underground utility lines, and the water tightness of the Building, and (iv) any part of the Leased Premises (interior or exterior) to the extent necessitated by the act or omission of Landlord, its agents, employees or contractors. If any repairs required to be made by Landlord hereunder are not made within ten (10) days after Tenant's written notice is delivered to Landlord (or such longer time as may be necessary, provided Landlord commences such repairs within said ten day period, and thereafter diligently prosecutes the same to completion), Tenant may, at its option, make such repairs and deduct the cost of such repairs plus interest at the Interest Rate from the Rent until Tenant has been reimbursed in full.

(b) Tenant, at its sole cost and expense, shall keep clean and maintain in good order, condition and repair and replace, except as specified as Landlord's responsibility in Section 5.1(a) above, (i) the store front and the exterior portions of all doors, windows, and plate glass surrounding the Leased Premises, (ii) all interior Building systems, including all plumbing within the Building, (iii) fixtures and interior walls and floors, and (iv) interior building appliances, air conditioning and heating units and systems. Tenant shall keep the Leased Premises in a clean, sanitary and safe condition and in accordance with any present or future laws, regulations, ordinances, judicial orders, or requirements of the Federal, State or municipal governments, or any departments, subdivisions, bureaus or offices thereof, or of any other governmental, public or quasi-public authorities now existing or hereafter created, having jurisdiction over the Leased Premises or Tenant's use (collectively, "Applicable Laws"), except Tenant shall not be required to make capital improvements to the Leased Premises to comply with Applicable Laws unless such capital improvements are made necessary by Tenant's particular use of the Leased Premises. In the event Tenant is required to make any replacements or repairs during the last two (2) years of this Lease (or, with respect to any replacements or repairs to the HVAC system, within the last seven years of this Lease), as it may be extended, the cost of which exceeds Three Thousand (\$3,000.00) Dollars and the useful life of such repair or replacement is beyond the Lease Term, Landlord shall contribute to such repair or replacement in proportion to the amount of time that the expiration of the Lease bears to the useful life of such repair or replacement. If any repairs required to be made by Tenant hereunder are not made within ten (10) days after Landlord's written notice is delivered to Tenant (or such longer period of time as may be necessary, provided Tenant commences such repairs within said ten (10) day period, and thereafter diligently prosecutes the same to completion), Landlord may, at its option, make such repairs, and Tenant shall pay to Landlord within ten (10) day's written demand for same, as Additional Rent hereunder, the cost of such repairs plus interest at the Interest Rate from the date of payment by Landlord until paid by Tenant.

(c) Notwithstanding anything contained in the Lease to the contrary, and in addition to any repairs specified elsewhere in the Lease, Landlord agrees to make all repairs and replacements to Landlord's Work required due to defective workmanship and materials (including without limitation HVAC equipment) during the first twelve (12) months of the Lease Term. If assignable, Landlord shall assign Tenant any and all guaranties and warranties from the general contractor, subcontractors, suppliers and vendors regarding the Leased Premises and any equipment associated therewith, effective after such twelve (12) month period, for those matters which Tenant has maintenance responsibility. Tenant may enforce such guaranties and/or warranties either in Tenant's name or in Landlord's name. Landlord covenants to reasonably cooperate with Tenant in its enforcement of all such guaranties and/or warranties, and if such guaranties and/or warranties are not assignable, Landlord shall enforce the same for the benefit of Tenant. Nothing contained herein shall limit Landlord's continuing obligations pursuant to Section 5.1(a) above.

5.2 Utilities. In connection with Landlord's Work and prior to the Commencement Date, Landlord, at its sole cost and expense, shall pay any initial activation fees and capacity or connection charges to install and maintain throughout the Term the necessary mains, conduits and other facilities necessary to adequately supply the following utilities (the "Utilities") to the Leased Premises: water, gas, electric, sprinkler system, sanitary sewer, storm water sewer, telephone service, and high speed internet access (DSL or cable). Beginning on the Commencement Date, with the cooperation of the Landlord, Tenant shall take over the cost of all daily Utility usage for the Leased Premises, and may charge back Landlord for any money due and paid by Tenant for any charges up to when the Tenant takes over, and shall pay any security deposits to the Utility provider required to be paid in connection with such services. Landlord shall not be liable in damages or otherwise for any failure or interruption of any Utility service being furnished to the Leased Premises, and no such failure or interruption shall entitle Tenant to terminate this Lease or receive abatement of Base Rent, unless such interruption is caused by Landlord's negligence or failure to pay. In all events, Landlord shall use its best efforts to restore such service following any such failure or interruption as soon as reasonably possible.

5.3 Alterations. After construction of the Building and other Improvements, Tenant shall not make any alterations or additions to the Leased Premises without the prior written consent of Landlord, which consent shall not be unreasonably withheld, delayed or conditioned; provided, however, no consent shall be required for the installation of (i) moveable trade fixtures which may be installed without material damage to the Leased Premises (or, if there is such damage, Tenant shall repair the same upon removal of such trade fixtures); or (ii) non-structural alterations costing less than Fifty Thousand Dollars (\$50,000.00) per project. Tenant agrees that all of its alterations shall comply with Applicable Laws, will be constructed in a good and workmanlike manner, and that Tenant will carry all insurance required by this Lease covering the alterations. All fixtures installed by Tenant shall be new or completely reconditioned.

ARTICLE VI

## INSURANCE AND INDEMNITY

6.1 Tenant's Insurance.

EXHIBITS

(a) During the Term, Tenant, at its sole cost and expense, shall obtain and maintain with reputable insurance companies licensed in the State, the following policies of insurance:

(i) Special Form Cause of Loss insurance insuring the Building against loss or damage by fire or other casualty under a standard all risk coverage endorsement for the full replacement value thereof. Landlord shall be named as a loss payee in such policies;

(ii) Commercial General Liability insurance protecting against any and all claims for damages to persons or property occurring in, on or about the Leased Premises or any vehicle owned, non-owned or hired, both on and off the Leased Premises, such insurance to afford immediate protection with combined single limit coverage of not less than Three Million Dollars (\$3,000,000.00) with respect to injury or death to any number of persons arising out of any occurrence and with respect to any occurrence of property damage, which shall name Landlord as an additional insured;

(iii) All risk insurance covering all of Tenant's trade fixtures and all personal property from time to time in, on or upon the Leased Premises, and all alterations, additions or changes made by Tenant pursuant to the terms of this Lease for the full replacement cost thereof, providing protection against perils included within the standard form of fire and extended coverage insurance policy, together with insurance against sprinkler damage, if applicable;

(iv) Workers' Compensation, employer's liability, and similar insurance to the extent required by law; and

(v) Business Interruption insurance for at least one (1) year of Rent.

(b) Upon the Commencement Date and thereafter upon Landlord's written request (but no more often than one time in any calendar year), Tenant shall furnish to Landlord certificates of insurance showing the insurance referred to above to be in full force and effect. Such policies shall include a provision endeavoring to provide a thirty (30) day advance written notice to Landlord and Landlord's designees of any pending change to or cancellation or other termination of any such policies.

6.2 Mutual Waiver of Subrogation. To the extent that the validity of or the protection afforded by any policy of insurance required hereunder (or actually carried by Landlord or Tenant) is not impaired thereby, Landlord and Tenant each expressly waive any cause of action or right of recovery which either may have against the other for any loss or damage, as the case may be, arising out of any risk covered by such insurance policy required hereunder or actually carried, whether or not such required policy may actually be in force at the time.

### 6.3 Indemnity.

(a) Tenant shall defend, indemnify and hold harmless Landlord from all losses, costs, damages or expenses (including, without limitation, reasonable attorney fees) resulting or arising from any and all injuries or death of any person or damage to any property caused by an act or omission of Tenant, Tenant's agents, invitees, licensees, customers or parties contracting with Tenant under a contract relating to the Leased Premises, except

to the extent caused by the negligence or willful misconduct of Landlord, its employees, contractors, agents or representatives. Full compliance or failure to comply with the provisions of this Lease relating to insurance shall in no way relieve or diminish Tenant's obligation under this Section 6.3(a).

(b) Landlord shall defend, indemnify and hold harmless Tenant from all losses, costs, damages or expenses (including, without limitation, reasonable attorney fees) resulting or arising from any and all injuries or death of any person or damage to any property caused by an act or omission of Landlord, Landlord's agents, invitees, licensees, customers or parties contracting with Landlord under a contract relating to the Leased Premises, except to the extent caused by the negligence or willful misconduct of Tenant, its employees, contractors, agents or representatives. Full compliance or failure to comply with the provisions of this Lease relating to insurance shall in no way relieve or diminish Landlord's obligation under this Section 6.3(b).

## ARTICLE VII

### DEFAULT

#### 7.1 Tenant's Default.

(a) The following events shall be deemed to be an event of default ("Event of Default") by Tenant under this Lease:

(i) Tenant shall fail to pay, within fifteen (15) days after written notice thereof, any installment of Base Rent or Additional Rent;

(ii) Tenant shall fail to comply with any term, provision, covenant, agreement or warranty made under this Lease by Tenant, other than the payment of Base Rent or Additional Rent, and shall not cure such failure within thirty (30) days after written notice thereof to Tenant, or, if such cannot be cured within thirty (30) days, if Tenant does not commence cure within such period and complete same with due diligence;

(iii) a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or substantially all of Tenant's assets is filed against Tenant in any court pursuant to any statute either of the United States or any State and Tenant fails to secure or diligently proceed to secure a discharge thereof within one hundred twenty (120) days, or if Tenant voluntarily files a petition in bankruptcy or makes an assignment for the benefit of creditors or petitions for or enters into an arrangement with creditors; or

(iv) Tenant allows a lien to be filed against the Leased Premises and fails to satisfy same in accordance with Section 18.2 below.

#### 7.2 Landlord's Remedies for Tenant's Default.

(a) Following an Event of Default, Landlord may, on ten (10) days written notice to Tenant, have the following rights and remedies:

(i) to terminate this Lease, and to re-enter the Leased Premises following judicial process and take possession thereof and to remove all persons and

EXHIBITS

contents therefrom, and Tenant shall have no further claim or right hereunder;

(ii) to bring suit for the collection of Rent and for damages without entering into possession of the Leased Premises or terminating this Lease;

(iii) to terminate Tenant's right of possession of the Leased Premises by summary proceedings or otherwise, without terminating this Lease. In the event of any re-entry and termination of possession, Landlord shall have the right but not the obligation to remove any personal property from the Leased Premises and either treat such property as abandoned, or at Landlord's option, place the same in storage at a public warehouse at the sole cost, expense and risk of the Tenant; or

(iv) if the Lease is not terminated, to relet the whole or any part of the Leased Premises from time to time, in the name of Landlord or otherwise, to such tenant(s), for such term(s) ending before, on or after the date originally intended for the expiration of the Initial Term, at such rental(s) and upon such other conditions, which may include concessions and free rent periods, as Landlord may reasonably determine to be necessary. Landlord may make such repairs, improvements, alterations, additions, decorations and other physical changes in and to the Leased Premises as Landlord, in its reasonable discretion, considers advisable or necessary in connection with any such reletting or proposed reletting, without relieving Tenant of any liability under this Lease or otherwise affecting any such liability;

(b) Notwithstanding anything set forth in Section 7.2 to the contrary, Landlord shall (i) use commercially reasonable efforts to relet the Leased Premises at a Base Rent, Additional Rent, and other charges consistent with the prevailing economic conditions to a tenant, and (ii) otherwise mitigate Landlord's damages resulting from any Event of Default by Tenant to the extent required by Applicable Laws. In no event shall Landlord be entitled to accelerate the Rent due hereunder.

7.3 Landlord's Default. Except as provided to the contrary herein, Landlord shall not be deemed to be in default in the performance of any obligation required to be performed by it hereunder unless and until it has failed to perform such obligation within thirty (30) days after written notice by Tenant to Landlord specifying wherein Landlord has failed to perform such obligation. This thirty (30) day notice period, however, shall not apply to Tenant's lease termination rights contained in Section B.6 of Exhibit C.

7.4 Force Majeure.

(a) "Force Majeure" means a material delay beyond the reasonable control of the delayed party caused by labor strikes, lock outs, industry wide inability to procure materials, extraordinary restrictive governmental laws or regulations (such as gas rationing), epidemic, pandemic, or quarantine (such as the events connected with COVID-19); mass riots, war, military power, sabotage, material fire or other material casualty, Severe Weather, or an extraordinary and material act of God (such as a tornado hurricane or earthquake), but excludes inadequacy of insurance proceeds, litigation or other disputes, financial inability, lack of suitable financing, delays of the delayed party's contractor and failure to obtain approvals or permits unless such failure is caused by an event of Force Majeure.

(b) Notwithstanding anything contained in this Lease to the contrary, in the event Tenant is required by Applicable Law to close its business in the Premises to the public as a result of a pandemic, epidemic or ordered quarantine (such as the events connected with COVID-19) or otherwise, and such required closure causes or leads to a reduction of student capacity of more than 20% or a limitation on the type and amount of customers that Tenant may service (such as first responders only) which is not in any way caused or controlled by Tenant, then in such event Base Rent shall be reduced by fifty percent (50%) during such time and until such prohibitions are fully removed or cancelled. Tenant shall resume paying full Base Rent immediately upon the date in which Tenant is permitted by Applicable Law to open without restrictions to the public for business.

ARTICLE VIII

SUBORDINATION AND ATTORNMENT

8.1 Subordination and Attornment.

(a) The rights and interest of Tenant under this Lease and in and to the Leased Premises shall be subject and subordinate to all deeds of trust, mortgages, prime leases and other security instruments ("Security Documents") heretofore or hereafter executed by Landlord covering the Leased Premises or any parts thereof; provided, however, any subordination shall be upon the express condition that the validity of this Lease shall be recognized by the holder of such Security Documents, and that notwithstanding any default by Landlord with respect to such Security Documents or foreclosure thereof, Tenant's possession and right of use under this Lease in and to the Leased Premises shall not be disturbed by such holder unless and until an Event of Default under this Lease shall exist, and Tenant shall not be joined by the holder of any Security Documents in any action or proceeding to foreclose thereunder. Tenant shall, within fifteen (15) days following written request for same, execute such documents as may be reasonably required to set forth such subordination, non-disturbance and attornment. Notwithstanding the foregoing, within thirty (30) days of the Commencement Date of this Lease, Landlord will deliver to Tenant a Subordination, Non-Disturbance and Attornment Agreement executed by the holder of any mortgage, deed of trust or other lien existing as of the date of this Lease, if any, such agreement to be in a recordable form, on such lender or lienholder's customary, commercially reasonable form of Subordination, Non-Disturbance and Attornment Agreement, setting forth the rights and obligations set forth herein. If the Leased Premises is subject to any deed of trust, mortgage, prime lease or other security instrument at the time this Lease is entered into, then it shall be a condition to Tenant's obligation to commence paying Rent hereunder that Landlord deliver such a Subordination, Non-Disturbance and Attornment Agreement to Tenant prior to the Rent Commencement Date, and in no event shall the Rent Commencement Date occur until such an executed agreement has been delivered to Tenant.

(b) If the holder of the Security Documents forecloses Landlord's rights as owner of the Leased Premises and as a result thereof acquires the rights of Landlord hereunder, Tenant agrees to attorn to such holder, provided that such holder first: (i) cures any and all defaults of Landlord; (ii) agrees that it will not disturb Tenant's use and possession of the Leased Premises; and (iii) assumes all obligations of Landlord pursuant to an assumption agreement in form and substance subject to Tenant's written approval, which approval shall not be unreasonably withheld or delayed.

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(c) Notwithstanding anything contained herein to the contrary, the parties hereto acknowledge that all of Tenant's personal property, consisting of, but not limited to, furniture, goods, documents, equipment, leasehold improvements and inventory, that is now or in the future may be located at the Leased Premises (collectively, the "Personalty") shall be and remain the personal property of Tenant, regardless of manner or mode of attachment of any item to the Leased Premises, and shall not be deemed to be fixtures. Landlord expressly waives its statutory or common law landlord's liens (as same may be enacted or may exist from time to time) and any and all rights granted under any present or future laws to levy or distraint for rent (whether in arrears or in advance) against the Personalty. Landlord further agrees to execute any reasonable instruments evidencing such waiver, at any time or times hereafter upon Tenant's request. Without limiting the foregoing, in the event that Tenant or Tenant's affiliates franchises the Leased Premises to a franchisee for the business of a childcare center, and such franchisee secures financing for the business through the Small Business Administration ("SBA") or any other financing institution so requiring, or if requested by Tenant for any other commercially reasonable reason, Landlord shall subordinate its interest in the furniture, fixtures, machinery and equipment owned or hereafter acquired by Tenant or Tenant's franchisee by executing a subordination agreement substantially similar to the agreement attached hereto as Exhibit D or as may be required by said lender.

8.2 Estoppel Certification. Either party, within fifteen (15) days following written request for same, shall deliver a written instrument to the other party or to the other party's designee, duly executed and acknowledged, and without charge, certifying:

(a) That this Lease is unmodified and in full force and effect, or if there has been any modification, stating such modification and stating that the same is in full force and effect, as modified;

(b) Whether there are any then known defaults by Landlord or Tenant, as the case may be, hereunder or existing set-offs or defenses against the enforcement of any of the terms, agreements, covenants, conditions, and limitations of this Lease and any modification hereof and if so, specifying the same;

(c) The dates to which all payments provided for hereunder have been paid; and

(d) Such other matters as may be reasonably requested by Landlord or Tenant or such other party designated by Landlord or Tenant.

ARTICLE IXCONDEMNATION AND CASUALTY9.1 Condemnation.

(a) If all or substantially all of the Leased Premises, including, without limitation the parking areas, shall be taken for any public or quasi-public use under any statute, or by the right of eminent domain or threat of the power of eminent domain (a "Condemnation"), then all further obligations of Tenant and Landlord under this Lease shall cease and terminate as of the date on which Tenant is deprived of the physical possession and occupancy of the same, and any Rent paid beyond such date shall be refunded to Tenant.

(b) If a part of the Leased Premises but less than all or substantially all of the Leased Premises is taken by Condemnation, and as a result of such taking Tenant cannot reasonably carry on its business on the remaining portion of the Leased Premises in substantially the same or similar manner in which it had theretofore been ordinarily conducted, then Tenant, at its sole option, shall have the right to either (i) terminate this Lease upon written notice to Landlord given at any time within sixty (60) days after Tenant shall be required to surrender possession of the taken portion of said Leased Premises, and any Rent paid beyond the date Tenant surrenders possession shall be refunded to Tenant, or (ii) continue operating under this Lease without any change in the provisions hereof except that thereafter the Rent shall be reduced proportionately by the degree of Interference with Tenant's use of the Leased Premises until the Leased Premises is fully restored. The term "Interference" means any interference with Tenant's use of the Leased Premises for the Permitted Use, which in no event shall be less than the reduction in Child Care Licensing capacity as a result of the Condemnation.

(c) The Condemnation award or any payment made in lieu thereof shall be the sole property of Landlord, whether such award or payment is made for the taking of the fee or the leasehold estate; provided, however, nothing contained herein shall preclude Tenant from obtaining any such award or payment for loss or of damage to Tenant's trade fixtures and removable personal property or for damages for cessation or interruption of Tenant's business from any condemning authority provided such award does not affect Landlord's award.

9.2 Casualty.

(a) If fifty percent (50%) or less of the value of the Improvements are damaged or destroyed by fire or other casualty ("Casualty") at any time during the Term, Landlord, at its sole cost and expense, shall replace and restore such Improvements as nearly as possible to the value, condition, and character thereof which existed immediately prior to the Casualty. If Landlord does not restore the Leased Premises within ninety (90) days after the date of the Casualty, or if such Casualty occurs within the last two (2) years of the Lease Term, then Tenant may terminate this Lease, provided Tenant gives Landlord at least twenty (20) days prior written notice, and Landlord does not complete the restoration during such twenty (20) day period. Landlord shall provide Tenant with a written notice within thirty (30) days following the date of the Casualty setting forth whether, in Landlord's estimation, fifty percent or more of the value of the Improvements have been damaged by such Casualty, as well as an estimated timeline for completing the restoration of the Leased Premises (the "Landlord's Casualty Notice").

(b) If more than fifty percent (50%) of the value of the Improvements are damaged or destroyed by the Casualty, or if (notwithstanding subpart (a) above) as a result of such Casualty Tenant cannot reasonably carry on its business on the Leased Premises in substantially the same or similar manner in which it had theretofore been ordinarily conducted, then Tenant may either (i) require that Landlord replace such Improvements as nearly as possible to the value, condition, and character thereof which existed immediately prior to the Casualty, or (ii) elect to terminate this Lease within thirty (30) days of Tenant's receipt of Landlord's Casualty Notice, by giving Landlord written notice of its election to do so. In the event Tenant chooses to terminate the Lease, the Lease shall be terminated as of the date of the Casualty and Tenant shall deposit all the insurance proceeds it receives, if any, with Landlord, with the exception of insurance proceeds for Tenant's Personalty and loss of revenue or profits.



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(c) During the period between the occurrence of the Casualty and the completion of such repairs and restoration, if Tenant is precluded from conducting its business on the Leased Premises, the entire Base Rent and Additional Rent shall abate. If as a result of the foregoing Tenant is only partially precluded from conducting its business, such Base Rent and Additional Rent shall be proportionately abated.

ARTICLE XASSIGNMENT, SUBLETTING AND SALE10.1 Assignment and Subletting to Franchisees.

(a) Landlord understands and acknowledges that Tenant's Affiliates (defined below) are in the business of franchising childcare centers to qualified franchisees (each, a "Franchisee") and that Tenant is a newly formed entity whose only asset is its rights under this Lease and that Tenant has been formed solely to enter into this Lease and subsequently assign it to a Franchisee. As a material inducement to Tenant to enter into this Lease, Tenant may, at its sole option and without Landlord's consent, assign the Lease or sublease the Leased Premises to a Franchisee duly qualified by Tenant pursuant to Tenant's qualification procedures then in effect. A form of Assignment and Assumption of Lease Agreement is annexed hereto as Exhibit B and made a part hereof. Upon the execution of Exhibit B or an Assignment and Assumption of Lease Agreement substantially similar thereto, or a sublease, Tenant shall notify Landlord of the name of the Franchisee (and the term "Tenant" as used herein shall thereafter refer to such Franchisee, and "Tenant/Assignor" shall mean the original Tenant). Upon the assignment of this Lease to a Franchisee in accordance with this Section 10.1(a), Tenant/Assignor shall be fully relieved of liability under this Lease, but such assignment shall not alter, amend, or otherwise change the obligations of Guarantor pursuant to the Guaranty of Rent attached hereto as Exhibit \_\_\_."

(b) Once the Lease is assigned pursuant to Section 10.1(a), Landlord and Franchisee shall not amend or modify this Lease without Tenant/Assignor's written consent, and any attempted amendment or modification without such consent shall be null, void and of no force or effect. Further, Landlord shall inform Tenant/Assignor, in writing within fifteen (15) days, if the performance of Franchisee has deteriorated to be of concern to Landlord and Landlord shall reasonably cooperate with Tenant/Assignor to rectify such deteriorating condition or situation. Further, Landlord shall provide Tenant/Assignor with copies of all notices provided to Franchisee regarding the failure of Franchisee to comply with the provisions of this Lease (whether such notices are default notices or not). Upon an Event of Default by any Franchisee, Landlord will not terminate the Lease or take any action to enforce any claim with respect thereto, without giving Tenant/Assignor at least thirty (30) days prior written notice and the right to cure such Event of Default within thirty (30) days of receipt of said notice (or such longer time as may be permitted hereunder).

(c) In the event Tenant/Assignor cures any Franchisee default under the Lease and/or retakes possession of the Leased Premises pursuant to any such security interest, or upon receipt of written notice that Franchisee has failed to timely cure a default under the terms of a certain Franchise Agreement between Franchisee and Tenant/Assignor's Affiliates, then Landlord shall immediately recognize Tenant/Assignor as tenant under the Lease with all of the

tenant rights, duties and obligations therein, including but not limited to, the right to re-assign the Lease to another qualified Franchisee.

10.2 Assignment and Subletting to Affiliates. Tenant may, without Landlord's consent, assign its interest in this Lease, or sublease same in whole or in part, to an entity that is part of The Learning Experience® family of companies or otherwise controls, is controlled by or is under common control with Tenant (such entities, "Tenant's Affiliates"). Upon any such assignment or sublease, Tenant shall not be relieved of any of its obligations under this Lease. Landlord acknowledges that the Leased Premises may be occupied by one or more of Tenant's Affiliates and their employees and that such use of the Leased Premises shall not be considered an assignment or sublease unless Tenant elects to treat it as such.

10.3 Assignment and Subletting to Third-Parties. Tenant may assign this Lease or sublease the Leased Premises in whole or part to an unaffiliated and non-franchised third party only with Landlord's consent, which consent shall not be unreasonably withheld, delayed or conditioned. Upon any such assignment or sublease, Tenant shall be relieved of any and all of its obligations under this Lease.

10.4 Landlord's Relationship with Franchisees. Landlord represents and warrants to Tenant that neither Landlord nor any of Landlord's affiliates, officers, directors, members, shareholders or partners (collectively, "Landlord Affiliates") has a franchisee relationship with The Learning Experience® or any Tenant Affiliate. In the event that any Franchisee becomes affiliated with Landlord or a Landlord Affiliate, Landlord shall provide Tenant and Tenant's Affiliates with written notice of such a relationship.

10.5 Sale of Leased Premises.

(a) During the Term, Tenant (and the Tenant/Assignor, as applicable) shall have a right of first refusal to purchase the Leased Premises (the "ROFR"). In the event Landlord shall receive a bona fide third party offer which Landlord intends to accept (the "Third Party Offer"), Landlord shall advise Tenant in writing of such Third Party Offer and Landlord's intention to accept such offer ("Landlord's Notice"), and shall furnish to Tenant all of the terms and conditions of such Third Party Offer. Tenant (and the Tenant/Assignor, as applicable) shall have the right, within thirty (30) days after receipt of Landlord's Notice, to exercise the ROFR by giving notice in writing to Landlord. If Tenant exercises the ROFR, Landlord and Tenant (or the Tenant/Assignor, as applicable) shall enter into a standard form purchase contract, which shall include the business terms contained in the Third Party Offer. If Tenant does not elect to accept the Third Party Offer within the 30 day period, then Landlord may sell the Leased Premises to the same party and on the same terms and conditions as contained in the Third Party Offer, provided the purchase contract is executed within ninety (90) days after Tenant's receipt of the Third Party Offer. If the purchase contract is not executed within such period, or if terms other than those set forth in the Third Party Offer are agreed to between Landlord and the third party, the ROFR shall be reinstated.

(b) In the event of any sale of the Leased Premises by Landlord, Landlord shall be entirely freed and relieved of all liability under all of its covenants and obligations contained in or derived from this Lease arising out of any act, occurrence or omission, occurring after the consummation of such sale; and the purchaser at such sale or any subsequent sale of the Leased Premises shall be deemed, without any further agreement between the parties or their successors in interest or between the parties and such purchaser, to have assumed and agreed to carry out

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any and all of the covenants and obligations of Landlord under this Lease. In the event of transfer, assignment or sale pursuant to this Section 10.5, Tenant shall be bound to attorn to such transferee, assignee, or purchaser as if such transferee, assignee or purchaser was the original Landlord hereunder so long as such purchaser (i) cures any and all existing defaults of Landlord; (ii) agrees that it will not disturb Tenant's use and possession of the Leased Premises; and (iii) assumes all obligations of Landlord pursuant to a written assumption agreement. Notwithstanding anything herein to the contrary, Landlord shall not consummate any sale or other transfer of ownership of the Leased Premises without obtaining an estoppel certification from Tenant pursuant to Section 8.2 hereof.

ARTICLE XI

## ENVIRONMENTAL

11.1 Hazardous Substances.(a) Landlord Representations.

Landlord represents to Tenant the following:

(i) There are no known Hazardous Substances (as hereinafter defined) within, on, under or about the Leased Premises or any real property owned or controlled by Landlord or Landlord's affiliates in the vicinity thereof.

(ii) It has no knowledge of any failure of the Leased Premises to comply with any Applicable Law relating to the generation, recycling, reuse, sale, storage, handling, transport, presence, and/or disposal of any Hazardous Substances, any applicable governmental requirements and any licenses, permits, notices or other requirements issued pursuant thereto, enacted, promulgated or issued by any governmental authority in any jurisdiction, in effect as of the Commencement Date, relating to pollution or protection of public health or the environment (including any air, surface water, groundwater, land surface or sub-surface strata, whether outside, inside or under any structure), or to the identification, reporting, generation, manufacture, processing, distribution, use, handling, treatment, storage, disposal, transporting, presence, release or threatened release of, any Hazardous Substances (collectively, the "Environmental Laws"). The term "Hazardous Substances" shall mean and include, without limitation, oil and petroleum products, petroleum by-products, petroleum-based derivatives, asbestos, polychlorinated biphenyls, radon and urea formaldehyde, and any regulated substance, hazardous and/or toxic substance or chemicals, hazardous waste, pollutant, substance, contaminant, carcinogens, wastes, and/or any ignitable, corrosive, reactive, toxic or other hazardous substances or materials, whether solids, liquids or gases (including petroleum and its derivatives, radioactive materials, wastewaters, sludge, slag and any other substance, materials or waste) defined or referred to in the Environmental Laws or as determined by any Governmental Authority.

(iii) The Leased Premises is, and has been, in compliance with all applicable Environmental Laws; and Landlord has not received any written communication, whether from a governmental authority, citizens group, employee or otherwise, alleging that Landlord is not in such compliance, and, to the knowledge of Landlord, there are no past or present actions, activities, circumstances, conditions, events or incidents that are reasonably likely to prevent or interfere with such compliance in the future.

(iv) There is no environmental claim pending or, to the knowledge of Landlord, threatened, regarding the Leased Premises.

(v) There are no past or present actions, activities, circumstances, conditions, events or incidents, including, without limitation, the release or presence of any Hazardous Substances which could form the basis of any environmental claim regarding the Leased Premises.

(vi) During the period during which the Leased Premises has been owned or occupied by Landlord, no Hazardous Substances have been generated, treated, contained, handled, located, used, manufactured, processed, buried, incinerated, deposited, stored, or released on, under or about any part of the Leased Premises and any improvements thereon, contain no asbestos, urea, formaldehyde, radon at levels above natural background, polychlorinated biphenyls (PCBs) or pesticides, and no aboveground or, to Landlord's knowledge, underground storage tanks are located on, under or about the Leased Premises, or have been located on, under or about the Leased Premises and then subsequently been removed or filled.

(vii) Landlord has obtained, and maintained in full force and effect, all Permits required pursuant to applicable Environmental Laws related to the Leased Premises (collectively, the "Environmental Permits"). A copy of each such Environmental Permit has been provided by Landlord to Tenant, and each such Environmental Permit is in full force and effect and is assignable to Tenant in accordance with this Lease. Landlord has operated the Leased Premises in compliance in all material respects, with all terms and conditions of the Environmental Permits. Landlord has filed all reports and notifications required to be filed under and pursuant to all applicable Environmental Laws.

(viii) The Leased Premises has not been used as a landfill, dump or other disposal, storage, transfer, handling or treatment area for Hazardous Substances, or as a gasoline service station or a facility for selling, dispensing, storing, transferring, disposing or handling petroleum and/or petroleum products.

(ix) The Leased Premises has not been listed on the United States Environmental Protection Agency National Priorities List of Hazardous Waste Sites, or any other list, schedule, law, inventory or record of hazardous or solid waste sites maintained by any federal, state or local agency.

(x) No lien has been attached or filed against the Leased Premises or Landlord in favor of any governmental or private entity for (1) any liability or imposition of costs under or violation of any applicable Environmental Law or (2) any release of Hazardous Substances.

(xi) No expenditure will be required of Tenant in order for Tenant to comply with any Environmental Laws in effect at the Commencement Date in connection with the Leased Premises.

(b) Landlord Obligations. Landlord shall indemnify, protect, defend and hold Tenant harmless from and against any and all claims, demands, damages, losses, liens, liabilities, penalties, (including, without limitation, reasonable attorney's fees at all trial and appellate levels), arising directly or

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indirectly under, related to, or in any way in connection with the presence of any Hazardous Substances on or about the Leased Premises or violation or alleged violation of any Environmental Laws, attributable to events occurring before the Commencement Date. Upon receipt of notice that the Leased Premises fail to comply with any Environmental Law and provided such failure was not caused by Tenant, its agents, contractors or employees, then, to the extent that Tenant determines that any such failure causes an adverse impact on Tenant's business operations in the Leased Premises and/or the health, welfare and/or safety of the children and staff at the school, Landlord, at Landlord's sole cost and expense, shall use commercially diligent efforts to cause the Leased Premises to comply with applicable Environmental Laws. Provided, however, if such remedial action cannot be adequately and duly completed in Tenant's reasonable judgment within ninety (90) days from the date Landlord is notified of same in accordance with the terms and conditions of this Lease, or if Landlord fails to commence such action within said period and diligently prosecute same to completion, or if Landlord does not complete such remedial action within ninety (90) days from the date Landlord is notified of the same, then Tenant shall have the option to terminate this Lease upon written notice to Landlord. To the extent Tenant cannot use the Leased Premises for the Initial Permitted Use due to the failure of the Leased Premises to comply with Environmental Laws or the presence of Hazardous Substances or any necessary remedial action resulting there from, and such failure or presence was not caused by Tenant, its agents, contractors or employees, Rent shall be abated until Tenant is again able to use the Leased Premises, and if the Rent Commencement Date has not yet occurred, the Rent Commencement Date shall not occur until such condition has been fully remediated by Landlord such that Tenant may utilize the Leased Premises for the Initial Permitted Use.

(c) Tenant Obligations. With respect to the Leased Premises, during the Term:

(i) Tenant shall not (and it will take all steps necessary to assure that its employees, agents, invitees and licensees will not) maintain, carry, spill, release, discharge or dispose of any Hazardous Substances in, on, onto or into the Leased Premises; provided that Tenant may use in the ordinary course of its business and in compliance with all Environmental Laws, Hazardous Substances in such de minimis amounts as are ordinarily used in an operation such as that of Tenant (e.g. cleaning agents, office and printing supplies).

(ii) Subject to Landlord's obligations set forth above, Tenant shall conduct its business on the Leased Premises in compliance with all Environmental Laws and regulations governing environmental concerns as they relate to child care centers.

(iii) Tenant shall indemnify, protect, defend and hold Landlord harmless from and against any and all claims, damages, losses, liens, liabilities and penalties (including without limitation reasonable attorneys' fees at all trial and appellate levels) arising directly from or out of and proximately caused by any failure by Tenant to comply with its obligations contained in this Section 11.1(c) of this Lease. Without limiting any other right or remedy of Landlord, Tenant shall be solely responsible for any clean up, disposition or repair necessitated by Tenant's failure to comply with any Environmental Laws relating to the sale, storage, generation, use or disposal of Hazardous Substances.

(d) The provisions of this Section 11.1 shall survive termination, cancellation, modification, expiration or revision of this Lease and any future sale or other transfer of the Leased Premises by either party or assignment of the Lease by Tenant, and shall be binding upon Landlord, its successors and assigns.

11.2 Phase I. Within sixty (60) days following the Effective Date, Landlord, at its sole cost and expense, shall deliver to Tenant a recent Environmental Phase I Assessment Report (the "Phase I"). Tenant's obligations under this Lease shall be contingent upon Landlord remediating any Hazardous Substances or violations of Environmental Laws indicated in the Phase I report to at least to the standards under the Environmental Laws applicable to child care centers.

11.3 Radon Gas. Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities may present health risks to persons who are exposed to it over time. To Landlord's knowledge, no levels of radon have been identified that exceed the requirements of Applicable Law. In addition, Landlord acknowledges that radon gas testing in the Leased Premises is required by the State prior to the issuance of a Child Care License. At least sixty (60) days prior to the Estimated Commencement Date, Landlord, at its sole cost and expense, shall conduct such testing and remediate any radon problems in the Leased Premises.

11.4 New Jersey Laws and Regulations Involving Child Care. The provisions of this Section 11.4 of the Lease shall only be applicable if the Leased Premises is located in the State of New Jersey.

(a) Landlord, at its sole cost and expense, shall comply with all New Jersey laws and regulations governing environmental concerns as they relate to child care centers, as such law and regulations may ultimately be amended, including without limitation, N.J.A.C. 10:122-5.2(i) and P.L. 2007, c.1 (S2261/A3529), which require all child care centers, prior to opening to have the following:

(i) A Final Remediation Document ("FRD") as that term is defined at N.J.S.A. 58:10-23.11b in the form of a letter of "No Further Action" ("NFA") from the New Jersey Department of Environmental Protection ("NJDEP") or a Response Action Outcome ("RAO") from a Licensed Site Remediation Professional ("LSRP"), which indicates that no further remediation is needed for the Leased Premises. To receive an FRD determination, Landlord shall comply with any and all requirements of NJDEP's Technical Requirements for Site Remediation set forth at N.J.A.C. 7:26E-1.1 et seq. and Administrative Requirements for the Remediation of Contaminated Sites set forth at N.J.A.C. 7:26C-1.1 et seq., including without limitation completion of a Preliminary Assessment and as necessary Site Investigation of the Leased Premises. Landlord shall undertake any and all remediation of the Leased Premises, which shall be implemented in accordance with among other things N.J.A.C. 7:26E-5.3 ("Remedial action requirements for residences, schools, and child care centers") and any required post-FRD compliance, including without limitation obtaining and maintaining Remediation Action Permit(s), maintenance of any required remediation funding source, maintenance and inspection of any institutional and engineering controls, and satisfaction of Biennial Certification requirements.

(ii) New Jersey Department of Health and Senior Services ("DHSS") certification that the Leased Premises does not

EXHIBITS

pose a risk to the occupants, including as applicable completion of an Indoor Environmental Health Assessment (IEHA) to confirm that the building interior does not pose a risk to the occupants.

(iii) safe drinking water certification or proof that the Leased Premises is serviced by a public water supply;

(iv) radon survey;

(v) asbestos survey;

(vi) lead paint inspection;

(vii) Child Care Facility Approval letter from NJDEP that certifies that the facility has been reviewed and is deemed to pose no health concern to those at the facility; and

(viii) Letter of Prior Uses from the construction code official of the municipality where the Leased Premises is located certifying whether the building where the facility is to be located has ever included a nail salon, dry cleaner, storage use, high hazard use, or factory/industrial use as classified under the Uniform Construction Code.

(b) The Commencement Date shall not occur until the requirements of Section 11.4(a), above, have been fully satisfied by Landlord, such that Tenant may obtain its childcare license. The Rent Commencement Date shall not occur until Landlord delivers to Tenant copies of all of the above documentation required by Applicable Law to be obtained by Landlord, to confirm that it has fully satisfied its obligations herein.

ARTICLE XII

## QUIET ENJOYMENT

12.1 Quiet Enjoyment. Subject to the terms of this Lease, Landlord covenants that Tenant, upon paying the Rent herein provided and performing the other obligations hereof, shall be and remain entitled, peaceably and quietly, to have, hold occupy and use the Leased Premises during the Term, and Landlord warrants and agrees to defend the title to the leasehold estate created herein unto Tenant against the claim of any and all other persons whomever lawfully claiming or to claim the same, or any part thereof.

12.2 Landlord's Access. With the exception of emergencies for which no notice is required, Landlord shall have the right with forty-eight (48) hours written notice, and accompanied by a Tenant's representative, to enter upon the Leased Premises to inspect the condition thereof and to determine if Tenant is performing its obligations under this Lease and to perform the obligations of Landlord to make repairs and restorations that Landlord is obligated to perform under this Lease. During such access, Landlord shall at all times comply with Tenant's security procedures and shall use best efforts to minimize disruption of Tenant's business operations.

12.3 Prohibited Uses. Landlord acknowledges that Tenant provides childcare services, and as such, certain types of businesses may detrimentally affect Tenant's business if they should occupy space within or on the property surrounding the Leased Premises. Therefore, neither Landlord nor Landlord's Affiliates shall lease, build, construct for, or sell to any business that could emit noxious odors, such as a dry cleaner and nail salon, or any potentially rowdy business, such as a bar, club, go-kart centers, adult entertainment establishment, or cannabis dispensary or related business within one (1) mile of the Leased Premises. Landlord recognizes that the intent of this section is to protect the welfare of the children under Tenant's custody. In addition, during the Term, neither Landlord nor Landlord's Affiliates shall lease, build, construct for, or sell to any business that competes with the business

of Tenant and/or offers child care services within a three (3) mile radius from the Leased Premises.

ARTICLE XIII

## BROKERAGE

13.1 Broker's Commission.

(a) Landlord and Tenant warrant to one another that they have not dealt with any brokers, finders or agents other than the Broker(s) in connection with this Lease transaction. Each party shall defend, indemnify and save harmless the other against all claims, liabilities, losses, damages, costs and expenses (including reasonable attorney's fees and costs of defense) arising out of such party's breach of the foregoing warranty.

(b) Landlord recognizes the Broker[s] as the procuring cause of this transaction and shall pay it/them the Commission as follows: fifty percent (50%) upon the Effective Date and fifty percent (50%) upon issuance of the CO. The Commission shall be split between the Brokers, with Landlord paying each Broker directly in equal amounts. In the event that Landlord is more than fifteen (15) days late on the payment of the Commission, upon written notice from a Broker, Tenant shall subtract the Commission directly from Rent and pay such monies plus interest at the Interest Rate directly to the unpaid Broker(s). In the event the Leased Premises are conveyed to a third party, any unpaid portions of the Commission shall be due and payable on the closing date of the conveyance. Notwithstanding anything contained herein to the contrary, in the event a separate agreement between Landlord and either or both Brokers entitles such Broker to a higher commission than as set forth herein, then such separate agreement shall control.

ARTICLE XIV

## CONFIDENTIALITY

14.1 Confidentiality Agreement. Landlord shall refrain from discussing any details of this Lease with any competitor of Tenant in the childcare industry, or communicating with the Franchisee until the Franchisee is in occupancy. In addition, Landlord recognizes that all plans, specifications, renderings, drawings and other information pertaining to the negotiation, construction and operation of the Leased Premises shall remain confidential, except as required by Applicable Law and as necessary in connection with the completion of Landlord's Work. Disclosures to third parties shall require Tenant's consent, not to be unreasonably withheld; however, said consent can be conditioned upon receipt of a signed confidentiality agreement by the recipient of said confidential information. The parties agree that the foregoing matters are material and confidential, and gravely affect the effective and successful operation of Tenant's childcare business and affect its reputation and goodwill, and that any breach of this Section 14.1 shall be a material breach of this Lease. If Landlord breaches this Section 14.1, Tenant shall be deemed to have suffered irreparable harm and be entitled to seek injunctive relief, in addition to damages, court costs and reasonable attorney's fees in connection with the enforcement of this Section 14.1.

ARTICLE XV

## RULES AND REGULATIONS

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15.1 Tenant's Unique Operation. Landlord acknowledges that the Initial Permitted Use involves the use and occupancy of young children in or about the Leased Premises, including, without limitation, the Playground. Landlord agrees that such use and occupancy shall not be regarded as a nuisance or a violation of any covenant in this Lease.

15.2 Rules and Regulations. Tenant agrees that:

(a) Tenant shall not permit any waste, destruction, defacement, or other injury to the Leased Premises, except ordinary wear and tear.

(b) All garbage and refuse shall be kept in the kind of container specified by Landlord and shall be placed outside of the Leased Premises, prepared for collection at Tenant's expense.

(c) No loudspeakers, televisions, phonographs, radios or other devices shall be used in a manner so as to be heard or seen outside of the Leased Premises without the prior written consent of Landlord.

(d) Tenant shall not burn any trash or garbage of any kind in or about the Leased Premises.

(e) Tenant shall not use or occupy or permit the Leased Premises to be used or occupied, nor do or permit anything to be done in, on or about the Leased Premises, in whole or in part, in any manner which would in any way (i) make void or voidable any insurance required to be carried by Tenant or Landlord hereunder with respect thereto, or which may make it impossible to obtain fire or other insurance thereto, or (ii) violate any Applicable Laws.

(f) Tenant shall pay all taxes that may be lawfully charged, assessed, or imposed upon all trade fixtures and equipment of every type and all personal property in said Leased Premises, and Tenant shall pay all license fees which may be lawfully imposed upon the business of Tenant conducted upon the Leased Premises.

ARTICLE XVISURRENDER OF PREMISES

16.1 Surrender of Premises.

(a) On the last day of the Term, or upon the earlier termination of this Lease, Tenant shall peaceably and quietly leave, surrender and yield up to Landlord the Leased Premises, free of all occupants, broom clean and in good order and repair subject to Landlord's repair and maintenance obligations, condemnation, ordinary wear and tear and casualty damage.

(b) Upon termination of this Lease for any reason, Landlord shall become the owner of all improvements placed on the Leased Premises pursuant hereto. Upon surrender to Landlord, Tenant shall convey to Landlord all of Tenant's rights, title, and interest in the Leased Premises, including but not limited to all fixtures installed upon the Leased Premises, subject to subpart (c) below.

(c) Tenant shall retain the ownership of all supplies and trade fixtures and their replacements placed on the Leased Premises by Tenant, and shall have the right to remove such

supplies and fixtures within thirty (30) days after termination of this Lease. If Tenant does not remove such supplies and fixtures within such period, such supplies and fixtures automatically shall become the property of Landlord, and Tenant shall not have any further right with respect thereto. Notwithstanding anything contained herein to the contrary, Tenant shall have the right at any time to remove any Personalty, improvement or other item from the Leased Premises (including without limitation all signage) as Tenant deems necessary to protect its intellectual property rights, including (without limitation) trademarks, copyrights and trade dress, and nothing contained herein shall be construed as Tenant's consent or license to Landlord or any Landlord-affiliated party to use, convey, or permit others to use any such items without Tenant's express written consent.

(d) If Tenant fails to peaceably and quietly leave, surrender, and thus yield up to Landlord the Leased Premises in accordance with this Section 16.1, such failure shall be deemed an unlawful holdover and, Landlord may without notice, enter upon, re-enter, possess, and repossess itself thereof by summary proceedings, ejectment, or otherwise, and may dispossess and remove Tenant and all persons and property from the Leased Premises. Such dispossession and removal of Tenant shall not constitute a waiver by Landlord of any claims by Landlord against Tenant.

(e) If Tenant does not surrender possession of the Leased Premises at the end of the Term or upon the sooner termination of this Lease, Tenant shall be a month-to-month tenant terminable by either party on thirty (30) days written notice to the other, and on the same terms and conditions of the Lease that existed during the Term, provided, however that the Base Rent during the period of such holdover shall be one hundred ten percent (110%) of the amount of Base Rent in effect immediately prior to the end of the Term or termination of this Lease for the first month, and one hundred fifty percent (150%) for each month thereafter.

ARTICLE XVIINOTICES

17.1 Notices.

(a) Any notices, requests, consents and other communications required or permitted to be given hereunder shall be in writing and shall be personally delivered or mailed by first class registered or certified mail, return receipt requested, postage prepaid, or sent by nationally recognized overnight delivery service, addressed to the party at the address set forth in Part I of this Lease.

(b) Any such notice, request, consent or other communication shall be deemed delivered at such time as it is personally delivered (or refused delivery) on a Business Day, on the third (3<sup>rd</sup>) business day after it is so mailed or on the first (1<sup>st</sup>) Business Day following its delivery to a private overnight express delivery service, prepaid for next Business Day delivery, as the case may be. From time to time either party may designate another address for all purposes of this Lease by providing to the other party not less than fifteen (15) days written notice of such change of address in accordance with the provisions hereof. At such time as Tenant may assign this Lease to a Franchisee, any and all notices sent to such Franchisee shall simultaneously be sent to Tenant/Assignor.

ARTICLE XVIIIGENERAL

EXHIBITS

18.1 Business Days. If any dates set forth herein shall fall on a Saturday, Sunday or banking holiday in the state in which the Leased Premises are located, the date shall automatically be extended until the first business day ("Business Day") immediately following such date.

18.2 Liens. Nothing herein contained shall ever be construed to authorize Tenant to subject Landlord's fee title in and to the Leased Premises to any easements or to any liens of mechanics, laborers, materialmen, contractors or subcontractors and Tenant is hereby expressly prohibited from subjecting Landlord's title to such easement, lien or charge. If the placement of a lien is a direct result of an act or omission of an act which Tenant is directly responsible for, such as payment, Tenant shall discharge within thirty (30) days of notice (either by payment, by filing of the necessary bond or otherwise) any mechanics, materialmen's or other lien against the Leased Premises which may arise out of any payment due for, or purported to be due for any labor, services, materials, supplies or equipment alleged to have been furnished to Tenant in, upon, or about the Leased Premises. Should Tenant not promptly discharge any such mechanics, materialmen's or other liens, Landlord may, but shall not be obligated to, act to discharge same, and be reimbursed for all charges and expenses by Tenant upon demand for same.

18.3 Attorney's Fees. If any action or lawsuit is brought to enforce any of the provisions of this Lease, the prevailing party to any such lawsuit shall be entitled to reimbursement of all reasonable costs and expenses, including reasonable attorney's fees from the non-prevailing party at pre-trial, trial and all appellate levels.

18.4 Relationship of Parties. Landlord shall not be construed or held to be a partner or associate of Tenant in the conduct of its business. The relationship between the parties hereto shall be at all times that of landlord and tenant.

18.5 Jury Trial. Tenant and Landlord both waive a trial by jury of any or all issues arising in any action or proceeding between the parties hereto or their successors, under or connected with this Lease, or any of its provisions.

18.6 Landlord's Performance of Tenant's Obligations. If Tenant fails to perform any one or more of its obligations hereunder, in addition to the other rights of Landlord hereunder, Landlord shall have the right but not the obligation to fulfill Tenant's obligations. In order to exercise this option, Landlord shall provide Tenant written notice of the deficiency and provide Tenant with an opportunity to fulfill its obligation within the period of time permitted for Tenant to cure such default pursuant to Section 7.1 above. Thereafter, upon receipt of a demand therefor from Landlord, Tenant shall reimburse Landlord for the cost to Landlord of performing such obligations plus interest thereon at the Interest Rate.

18.7 Tenant's Performance of Landlord's Obligations. If Landlord fails to perform any one or more of its obligations hereunder, in addition to the other rights of Tenant hereunder, Tenant shall have the right but not the obligation, to fulfill Landlord's obligations hereunder. In order to exercise this option, Tenant shall provide Landlord written notice of the deficiency and provide Landlord the opportunity to fulfill its obligations within the period of time permitted for Landlord to cure such default pursuant to Section 7.3 above. Thereafter, upon receipt of a demand therefore from Tenant, Landlord shall reimburse Tenant for the cost to Tenant of performing such obligations plus interest thereon at the Interest Rate, or Tenant may offset such costs from the rental payments.

18.8 Severance. If any term or provision of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby. Each term and provision of this Lease shall be construed and enforced to the fullest extent permitted by law.

18.9 Waivers. No consent or waiver, express or implied, by Landlord to or of any breach in the performance or observance by Tenant of any of its agreements and covenants hereunder shall be construed as a consent or waiver to or of any other breach in the performance or observance by Tenant of the same or any other covenant or agreement of Tenant. Failure on the part of Landlord to notify Tenant of any action or non-action on the part of Tenant or to declare Tenant in default, no matter how long such failure may continue, shall not be deemed to be a waiver by Landlord of any of its rights hereunder, except as otherwise specifically provided herein.

18.10 Time of the Essence. Time is of the essence with respect to the performance of every provision of this Lease.

18.11 Entire Agreement. This Lease constitutes the entire agreement between the parties and supersedes all prior agreements, negotiations, letters of intent, proposals, representations, warranties, understandings, suggestions and discussions, whether written or oral, between the parties hereto. No oral statements or prior written matter not specifically incorporated herein shall be of any force or effect. The parties agree that in entering into this Lease, each relies solely upon the representations and agreements contained herein. This Lease includes and incorporates all Exhibits attached hereto.

18.12 Governing Law and Jurisdiction. This Lease and the rights and obligations of the parties hereto shall be interpreted, construed and enforced in accordance with the laws of the state in which the Leased Premises are located (the "State"), in effect and from time to time amended, without regard to conflicts of law principles. Each party irrevocably submits to the exclusive jurisdiction and venue of the state courts of the State, and waives any objection to the jurisdiction and venue of such courts.

18.13 Terminology. Pronouns used in this Lease (including, but not limited to those referring to Tenant), importing any specific gender shall be interpreted to refer to corporations, limited liabilities company, trusts, partnerships, men and women, as to the identity of the parties hereto, or the parties herein referred to may require. Pronouns, verbs and/or other words in this Lease importing the singular shall be interpreted as plural and plural words as singular, as the identity of the parties hereto, or the parties or objects herein referred to, may require. Titles of articles and sections are included herein for convenience only and shall not limit or amplify the provisions of this Lease.

18.14 Successors and Assigns. The covenants herein contained shall apply to and bind and inure to the benefit of the heirs, successors and assigns of the parties hereto.

18.15 Modifications to Lease. Any modification or change in this Lease shall not be valid or binding unless in writing and signed and delivered by both parties.

18.16 Authority. Each party represents to the other that it has the full right, power and authority to enter into this Lease without the consent or approval of any other entity or person. The signatories on behalf of each party further represents that it has the full

EXHIBITS

right, power and authority to act for and on behalf of such party in entering into this Lease.

18.17 Construction. Landlord and Tenant agree that each party and its counsel have reviewed and revised this Lease and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Lease or any amendments, exhibits or schedules hereto.

18.18 Reasonable Consent. Except as expressly set forth herein to the contrary, if any of the provisions under this Lease require consent, such consent shall not be unreasonably withheld, delayed or conditioned.

18.19 Counterparts. This Lease may be executed in multiple counterparts, each of which shall be deemed an original and all of which together constitute one and the same documents. Faxed or emailed signatures shall have the same binding effect as original signatures.

18.20 Memo of Lease. Either party, within ten (10) days following written request from the other, shall execute a short form memorandum of this Lease to be recorded in the applicable land recording office.

18.21 Dependent Covenants. Landlord stipulates, covenants and agrees that the timely performance of Landlord's obligations hereunder is of utmost importance to Tenant's intended use of the Leased Premises and Tenant's ability to conduct its business and pay the rent reserved herein, and notwithstanding anything to the contrary set forth elsewhere herein, any and all obligations of Tenant hereunder are and shall be contingent and fully dependent upon the full, complete and continuous performance by Landlord of each and all of Landlord's obligations hereunder including, but not limited to, Landlord's obligation to construct and maintain the Building at the time, and as set forth in the plans and specifications contained in attached Exhibit C. Landlord specifically waives any common law right or rule of law making the parties respective promises, covenants or agreements independent of one another; rather, Tenant shall at all times have full and complete rights to set off against, recoup or deduct from amounts otherwise payable to Landlord any and all payments, charges, costs, losses, damages, or expenses claimed by Tenant against Landlord arising on account of, or in any way related to, any failure of Landlord to fully, completely and punctually perform its obligations hereunder.

18.22 Patriot Act. Each party represents that to the best of its knowledge, neither Landlord or Tenant, or any of their respective constituents, partners, members or shareholders, or beneficial owners of such partner, member or shareholder, Franchisee or Affiliate (a) is listed on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Asset Control, Department of the Treasury ("OFAC") pursuant to Executive Order No. 13224, 66 Fed. Reg. 49079 (Sept. 25, 2001) (the "Order"); (b) is listed on any other list of terrorists or terrorist organizations maintained pursuant to the Order, the rules and regulations of OFAC or any other applicable requirements contained in any enabling legislation or other Executive Orders in respect of the Order (the Order and such other rules, regulations, legislation or orders are collectively called the "Orders"); (c) is engaged in activities prohibited in the Order; or (d) has been convicted, pleaded nolo contendere, indicted, arraigned or custodially detained on charges involving money laundering or predicate crimes to money laundering.

18.23 No Offer. *The mailing, delivery or negotiation of this Lease by either party or its agents shall not be deemed an offer by such party to enter into this Lease or to enter into any other relationship with the other, whether on the terms contained herein or on any other terms. This Lease shall not be binding upon the parties, and neither party shall have any rights or obligations to the other, unless and until this Lease has been duly executed and delivered by both Landlord and Tenant. Until such execution and delivery of this Lease, either party may terminate negotiations and discussion of the subject matters of the Lease, without cause and for any or no reason, without recourse or liability.*

EXHIBITS

**EXHIBIT A**

SITE PLAN

(Attached)



EXHIBITS

EXHIBIT A-1

LEGAL DESCRIPTION OF LEASED PREMISES

EXHIBITSEXHIBIT B

## FORM OF ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENT (this "Assignment") is made as of \_\_\_\_\_, 20\_\_ (the "Effective Date") between TLE at \_\_\_\_\_, LLC, a Delaware limited liability company, having its principal offices at 210 Hillsboro Technology Drive, Deerfield Beach, Florida 33441 ("Assignor"), and \_\_\_\_\_, a \_\_\_\_\_ having a mailing address at \_\_\_\_\_ ("Assignee").

## RECITALS

WHEREAS, Assignor, as tenant, and [Landlord], a \_\_\_\_\_, as landlord ("Landlord") entered into that certain lease dated as of \_\_\_\_\_, 2015 (the "Lease"), a copy of which is attached to this Assignment as Attachment 2 and made a part of this Assignment;

WHEREAS, pursuant to the Lease, Assignor agreed to lease the premises identified in the Lease from Landlord (the "Leased Premises");

WHEREAS, Assignee is a franchisee under that certain Franchise Agreement with The Learning Experience Systems LLC ("Franchisor"), an Affiliate of Assignor, dated as of \_\_\_\_\_, 20\_\_ (the "Franchise Agreement"); and

WHEREAS, pursuant to the Franchise Agreement and that certain Site Development Service Charge Addendum dated \_\_\_\_\_, Assignor desires to assign, and Assignee desires to assume all rights, liabilities, and duties of Assignor as Tenant in and to the Lease.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows with the intention of being legally bound:

1. Recitals. The Recitals set forth above are true and correct and are incorporated herein by reference. All capitalized terms not defined herein shall have the meanings ascribed to them as set forth in the Lease.

2. Lease. Assignor represents, warrants, and covenants that Attachment 2 to this Assignment sets forth a true and complete copy of the Lease, that Assignor is the lawful owner of all the rights, title and interest of Tenant in and to the Lease, and that Assignor has the lawful right and authority to execute this Assignment and to assign its rights and obligations under the Lease to Assignee. All capitalized terms in this Assignment will have the same meanings given to them in the Lease.

3. Assignment. Assignor does hereby grant, convey, transfer, and assign to Assignee all of Assignor's rights and obligations under the Lease effective as of the Commencement Date of the Lease. This Assignment will continue during the remainder of the term of the Lease and any extensions or renewals of the Lease, as provided in the Lease.

4. Acceptance. Assignee accepts the foregoing assignment and assumes the liability and duty to perform, fulfill and observe all of the terms and conditions of the Lease on the part of Tenant to be performed.

5. Rent. In the event the Lease contemplates that Base Rent during the Rent Concession period of the first Lease Year be calculated based upon Gross Revenue or a similar formula, Assignee shall pay such amounts to Landlord on a monthly or other periodic basis as may be provided in the Lease or as may otherwise be established by Landlord. Assignee recognizes that Landlord may postpone the calculation of such amounts until after the first Lease Year and that Assignee will be liable to pay Landlord any retroactive Base Rent as a result of the delayed calculation.

6. Indemnity.

(a) Assignor agrees to indemnify Assignee and hold Assignee harmless with respect to any claims, costs, expenses or liability, including without limitation, court costs and reasonable attorney fees which Assignee may incur as a result of a breach or default by Assignor of its covenants, warranties, and representations in this Assignment.

(b) Assignee agrees to indemnify Assignor and hold Assignor harmless with respect to any claims, costs, expenses or liability, including without limitation, court costs and reasonable attorney fees which Assignor may incur as a result of a (i) breach or default by Assignee of its covenants, warranties, and representations in this Assignment or (ii) any breach of Assignee's obligations under the Lease.

7. Security Interest. As a material inducement to Assignor to sign and deliver this Assignment and as security for Assignee's faithful performance under the terms of this Assignment and to secure Assignor's rights encompassed in this Assignment, Assignee hereby grants to Assignor a security interest in the Lease and collaterally assigns, transfers and conveys its interest in the Lease to Assignor. In confirmation of the collateral assignment and security interest, Assignor may file a UCC Financing Statement and any and all other instruments reasonably required by Assignor. As further security for this Assignment, Assignee shall cause its principal owners to execute the Indemnity Agreement attached as Attachment 1 to this Assignment.

8. Lease Administration Fee. Assignee shall pay Assignor an annual lease administration fee ("Lease Administration Fee") in an amount equal to the greater of (i) One Dollar Fifty Cents (\$1.50) per square foot or (ii) eight percent (8%) of the annual Base Rent of the Leased Premises. The Lease Administration Fee shall be payable in twelve (12) monthly installments on or before the first day of each month. The Lease Administration Fee is a means of compensating Assignor and its Affiliates for their potential liability to Landlord under the Lease. As such, the Lease Administration Fee shall be due every year of the Lease Term unless and until such time as Assignor and its Affiliates are relieved of all liability under the Lease and any applicable Guaranty.

EXHIBITS

9. Cross-Default. Assignee acknowledges that any uncured default under the terms of the Franchise Agreement will place Assignor and/or its Affiliates at risk. In the event of any uncured default by Assignee under the Franchise Agreement, or under the terms of any other agreement between Assignee and Franchisor or its Affiliates, or in the event of Assignee's failure to pay rent, common area maintenance charges, real estate taxes under the Lease or the breach of any other material provision of the Lease, or the failure to timely provide copies of rent payment checks as described in Section 12 below, such failure or default shall immediately act as a default under this Assignment, and will automatically authorize Assignor, at its option:

(a) to enforce the duty of Assignee to pay rent, common area maintenance charges or taxes under the Lease and to comply with the Lease as would Landlord under the applicable law, including, but not limited to, repossession of the Leased Premises through eviction upon five (5) days' prior written notice (or greater if required under applicable law) and immediate right to possession of the Leased Premises, and judgment for sums remaining unpaid by Assignee. In confirmation of this Assignment, Assignee, as a material inducement to Assignor to sign and deliver this Assignment, agrees not to contest such repossession action by Assignor in accordance herewith; or

(b) to collect an additional Lease Administration Fee in the amount of five percent (5%) of Assignee's Monthly Gross Revenues (as defined in the Franchise Agreement) in order to protect its interest from any default by Assignee.

10. Purchase. In the event Assignee purchases the Leased Premises from Landlord, Assignee shall pay Assignor's real estate Affiliate a real estate commission equal to three percent (3%) of the aggregate purchase price of the Leased Premises. Assignee will not be permitted to purchase the Leased Premises from Landlord until Landlord releases Assignor and its Affiliates from all liability under the Lease, including as Guarantor if applicable, and Assignee is current on payment of all fees and in good standing under the Franchise Agreement and all other agreements with Franchisor and its Affiliates.

11. Assignor Security Deposit. Assignee will post a Security Deposit with Assignor ("Assignor Security Deposit") in an amount equal to the greater of (a) the security deposit required under the Lease, if any, or (b) two (2) month's Base Rent under the Lease. The Assignor Security Deposit will be held by Assignor, without interest, until the expiration of the Term of the Lease. The Assignor Security Deposit shall be in addition to any security deposit that is required to be paid to Landlord pursuant to the Lease.

12. Rent Checks and Invoices. Upon Assignor's request, Assignee shall deliver to Assignor a copy of each Rent check paid to Landlord, along with a copy of any related Landlord's rent invoice and statement within five (5) days after the due date for each Rent payment under the Lease.

13. Survival. All warranties, representations, covenants and agreements in this Assignment will survive the signing of this Assignment.

14. Incorporation of Terms. All terms, covenants, provisions and conditions of the Franchise Agreement are hereby incorporated in this Assignment with the same force and effect as of set forth at length in this Addendum; provided, however, in the event of any inconsistency between this Assignment and the Franchise Agreement, the terms of this Assignment shall control.

IN WITNESS TO THE FOREGOING, the parties have signed this Assignment as of the Effective Date.

WITNESSES:

ASSIGNOR

TLE AT \_\_\_\_\_, LLC, a Delaware limited liability company

BY: The Learning Experience Corp., a Delaware corporation, its Managing Member

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

By:

Name: Richard S. Weissman  
Title: President

ASSIGNEE

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

By:

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

We concur in the terms of this Assignment:

GUARANTOR [FRANCHISOR]:  
THE LEARNING EXPERIENCE CORP. [SYSTEMS LLC]

By: \_\_\_\_\_  
Name: Richard S. Weissman  
Title: President

EXHIBITS

ATTACHMENT 1 TO ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENT

INDEMNITY AGREEMENT

THIS INDEMNITY AGREEMENT (this "Indemnity") is made as of the \_\_\_\_ day of \_\_\_\_, 20\_\_ (the "Effective Date"), by \_\_\_\_\_, individually, having a business address at \_\_\_\_\_ ("Indemnitor"), in favor of TLE at \_\_\_\_\_, LLC, a Delaware limited liability company, having its offices at 210 Hillsboro Technology Drive, Deerfield Beach, Florida 33441 ("Assignor").

RECITALS:

WHEREAS, pursuant to that certain Assignment and Assumption of Lease Agreement dated of even date herewith (the "Assignment"), Assignor has assigned and Assignee has accepted the Lease;

WHEREAS, as a condition to the Assignment, Indemnitor is required to provide the indemnity as set forth below; and

WHEREAS, Indemnitor is a principal owner in Assignee and will materially benefit from the assignment of Lease.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged, it is hereby agreed as follows:

1. The above-described recitals are incorporated into this Addendum. All terms not defined in this Indemnity are defined in the Assignment.

2. Indemnitor [ jointly and severally.] hereby unconditionally indemnifies Assignor, its successors, assigns and Affiliates, from any and all amounts due to Landlord under the Lease, including, without limitation, all Base Rent and Additional Rent, together with any and all fees and costs of collection resulting from Assignee's default under the Lease.

3. Notwithstanding the foregoing, if within five (5) days following Assignee's or Assignor's receipt of Landlord's written notice of default, Assignee voluntarily and peacefully surrenders the Leased Premises to Assignor, then this indemnity shall be limited as follows: (a) Assignee's payment of all past due arrearages under the Lease prior to the voluntary surrender of the Leased Premises, (b) Assignee's payment of the then value of six (6) months of Base Rent and Additional Rent under the Lease, and (c) Assignee's payment of any and all cost of Landlord's attorney's fees and expenses of collection. If the Leased Premises are not voluntarily surrendered to Assignor by Assignee in accordance with this Section 3, then the limitation of indemnity will be null and void.

4. At Assignor's option, this Indemnity Agreement may be assigned to Landlord.

IN WITNESS TO THE FOREGOING, Indemnitor has signed this Indemnity Agreement as of the Effective Date.

INDEMNITOR

\_\_\_\_\_, Individually

EXHIBITSEXHIBIT C

## LANDLORD'S WORK

## LANDLORD'S WORK

A. Landlord's Work.

1. Any capitalized terms used in this Exhibit and not defined herein shall have the definition set forth in the main body of the Lease. Landlord, at its sole cost and expense, shall provide Tenant with a turnkey child care center substantially similar to the child care center described in Tenant's Prototype Plans and Specifications ("Tenant's Plans"), which plans Tenant has previously supplied to Landlord in electronic format. Tenant's Plans include without limitation, prototype plans for the Playground and the Playground equipment. Landlord acknowledges and agrees that in various sections of Tenant's Plans there are certain required vendors that Landlord must use as specified therein. Further, Landlord, at its sole cost and expense, shall be responsible for all site work ("Site Work") surrounding the Building, including without limitation, the curbs, paving, parking lots (including site lighting), grading, utility lines, sidewalks, landscaping (including landscape and grass irrigation system), and fencing. The Building, the Playground and the Site Work, and all work in connection therewith shall be collectively referred to hereinafter as "Landlord's Work."

2. Landlord shall perform Landlord's Work in strict compliance with all Applicable Laws and in a good, first class and workmanlike manner, using only new materials. All glass in the Leased Premises shall be tempered glass and fire suppression sprinklers will be required. The Playground shall be designed with proper drainage.

3. Any site plan or other site rendering ("Site Plan") attached as Exhibit A to this Lease is attached to this Lease for general property location/description only and shall not be regarded as Tenant's approval of the Site Plan.

4. As soon as reasonably practicable following the Effective Date, Tenant shall designate to Landlord a licensed, Tenant-approved Architect (the "Architect"), and Landlord, at its sole cost and expense, shall engage Tenant's designated and approved Architect for the drafting of architectural plans for the completion of Landlord's Work (the "Final Plans"), within seven (7) days of such designation by Tenant. For purposes of the foregoing provision, designation of the Architect via e-mail from Tenant and/or TLE Design to Landlord shall be sufficient. The Final Plans shall include all mechanicals of the Building and fire egress routes and shall recite the student occupancy for the Leased Premises based upon the state child care licensing laws.

5. Landlord acknowledges that TLE Construction and Design Group, LLC ("TLE Design"), an affiliate of Tenant, is Tenant's designated agent for the review of the design and construction of the Leased Premises and Landlord agrees to pay TLE Design a plan review fee ("Review Fee") of \$2.00 per square foot. The Review Fee will cover the costs of (i) TLE Design's assistance with preparation of a basic floor plan of the Building (the "Floor Plan"), which will be used by the Architect for the drafting of the Final Plans, (ii) assistance to the Architect with the design of the Building, (iii) TLE Design's review of the Site Plan and the Final Plans, and (iv) two progress visits by TLE Design during the course of the construction, the earliest such visit being at the time of rough mechanicals. The Review Fee shall be due and payable to TLE Design as follows: fifty percent (50%) upon the Effective Date of this Lease and fifty percent (50%) upon Landlord's initial submission of the Final Plans for TLE Design's review. Landlord shall provide TLE Design with the Site Plan in CAD and PDF format to assist TLE Design in the preparation of the Floor Plan. Further, Landlord shall provide TLE Design with a hard copy set of proposed Final Plans for its review. TLE Design will review and provide comments for correction, and Landlord shall provide corrected Final Plans for TLE Design's final approval. In all cases, Landlord and the Architect shall be required to follow Tenant's Plans.

6. The Final Plans, along with a final version of the Site Plan, shall be submitted to Tenant for approval prior to submission to any governmental agency. Tenant's approval of the Final Plans and/or the Site Plan shall represent only that such plans satisfy Tenant's requirements and shall not be deemed to be a certification that the plans comply with Applicable Law or any other requirement. Once the Final Plans and Site Plan have been approved, Landlord shall not make any changes whatsoever (including without limitation, the size or positioning of the classrooms, Building, Signage, parking or Playground) without Tenant's written consent, which Tenant may withhold in its reasonable discretion. In the event Landlord changes the Final Plans or the Site Plan without Tenant's consent, Tenant shall be entitled to terminate this Lease and seek monetary damages. Landlord, at its sole cost and expense, shall ensure Tenant is provided with a copy of the signed and sealed Final Plans upon their submission to the municipality for a building permit (the "Building Permit").

7. Landlord, at its sole cost and expense, shall enter into a contract with a general contractor ("GC") for the performance of Landlord's Work (the "Construction Contract"). Landlord's selection of the GC is subject to Tenant's approval, which approval shall not be unreasonably withheld or delayed; provided, however, that Tenant's election not to approve any GC that has previously served as a GC on any project for any Tenant Affiliate shall not be deemed unreasonable, if such lack of approval is based upon that GC's prior performance. Any cost overruns shall be the responsibility of Landlord or the GC according to the Construction Contract. In the event Tenant requests a change order ("Change Order"), which shall be signed by both parties, which increases the cost of Landlord's Work above the contracted price for such item, Tenant shall be responsible for such cost overage. The responsibility of Tenant for payment of Change Orders shall not apply to any changes to Tenant Plans or the Final Plans that may be required in connection with the Governmental Approvals (defined below). The GC shall name Tenant as an additional insured on all insurance required to be maintained by GC pursuant to the Construction Contract. Landlord shall retain the sum of ten percent (10%) of the Construction Contract amount for payment upon final approval by Tenant and the issuance of the CO ("Final Retainage"). The Final Retainage shall not be released by Landlord until Tenant has given its written authorization to release such funds certifying that the GC has performed all of its obligations under the Construction Contract, including final Punch List corrections.

8. The Landlord's Work shall be deemed "substantially complete" if the following conditions have been met:

(a) The Leased Premises have been delivered to Tenant in the condition required under the Lease, with the Landlord's Work sufficiently complete so that the Leased Premises may be used by Tenant for its Initial Permitted Use, subject only to the completion of the Punch List items, the completion of which shall not materially interfere with Tenant's use of the Leased Premises.

EXHIBITS

(b) The Leased Premises shall be free from the claims of all materialmen, contractors, subcontractors, laborers and all other mechanics' liens, and the Rent Commencement Date shall not occur until any such claims are fully satisfied. If such a lien or claim arises after Tenant has taken occupancy and/or commenced paying Rent, future Rental payments shall be delayed until satisfaction of such claims and liens;

(c) Landlord shall assign to Tenant all warranties from contractors, subcontractors, suppliers, vendors and any and all other warranties affecting the Leased Premises for any items which are Tenant's responsibility to maintain. Further, Landlord shall obtain a roof warranty for the Term of the Lease, and shall supply new heating, venting and air conditioning units having at least a five (5) year warranty;

(a) The requirements of Section 2.5 of the Lease have all been satisfied; and

(e) Tenant shall inspect Landlord's Work and prepare a written list of any unfinished portions of Landlord's Work (the "Punch List"). Landlord shall complete any Punch List items with all due diligence and in no event later than thirty (30) days after the Commencement Date. Landlord's Work shall not be deemed completed and the Rent Commencement Date shall not occur until completion of any Punch List items that prevent Tenant from obtaining its Child Care License (defined below). Tenant taking occupancy shall not waive any item in the Punch List. If the Punch List items are not completed within the above time period, Landlord shall pay Tenant the sum of its actual damages plus \$500 per each day until completion of all items. With respect to any Punch List items that do not prevent Tenant from obtaining its Child Care License, but that remain incomplete as of the Rent Commencement Date (the "Non-License Related Punch List Items"), Tenant shall be entitled to exercise any of its rights or remedies provided hereunder, at law or in equity, including without limitation the right to complete such Punch List items and deduct the cost of the same from its payment of Rent pursuant to Section 18.7 of the Lease. Furthermore, in the event the Non-License Related Punch List Items have not been completed prior to the scheduled Rent Commencement Date, Tenant may elect to pay any and all Rent due hereunder (the "Lockbox Rent") into a lockbox administered by Landlord's third party lender (the "Landlord's Lender"), pursuant to a lockbox agreement reasonably acceptable to Tenant. Landlord's Lender shall deduct any debt service and third party reserves due to Landlord's Lender on account of the Lease (as such amount shall be proportionately adjusted in the event the Lease is not the sole asset serving as collateral securing Landlord's debt to Landlord's Lender) from the Lockbox Rent. The balance of the Lockbox Rent shall be released to Tenant, until such time as Tenant has been completely reimbursed for all costs incurred in connection with completing the Punch List.

B. Governmental Approvals.

1. Landlord, at its sole cost and expense, shall obtain all municipal, county state and federal governmental and quasi-governmental approvals, licenses, agreements and permits ("Governmental Approvals") required to construct and occupy the Leased Premises in accordance with the Final Plans, the Site Plan and the Initial Permitted Use. The Governmental Approvals shall include, without limitation, any required Site Plan Approval, variances or rezoning, Health Department approval (municipal, county and/or state, as applicable), signage permits, the Building Permits, the CO, and the payment of any affordable housing, sewer/water, impact or similar developer contribution fees. In the event that any Governmental Approvals seek to limit student occupancy, such number shall not be fewer than the student occupancy number that is reflected on the Final Plans (e.g. if the Final Plans reflect a student occupancy of at least 188 children, the Site Plan Approval cannot limit occupancy below that number).

2. Notwithstanding anything to the contrary herein, Tenant, at its sole cost and expense, shall obtain all licenses that are required to operate a child care center from the state department having specific jurisdiction over the operation of child care centers (the "Child Care License").

3. Landlord acknowledges that the municipality may have specific requirements for the size and location of playgrounds. Landlord agrees to confirm these requirements with the municipality as soon as possible. Landlord further acknowledges that Tenant's approval of the Site Plan shall not constitute confirmation of any such requirements.

4. Landlord shall expedite Landlord's Work and shall use best efforts to obtain the Governmental Approvals at the earliest reasonable date.

5. If, in connection with any Governmental Approvals, a governing authority seeks to impose restrictions upon the operation of Tenant's business relative to child capacity, parking restrictions, Playground size or otherwise, the application for such Governmental Approvals shall be coordinated with Tenant prior to any presentation or agreement with the governing authority. If Tenant determines, in good faith, that Landlord has failed to so coordinate, Tenant may terminate this Lease on written notice to Landlord.

6. Notwithstanding anything contained in the Lease or any Exhibit to the contrary, if, for any reason, within one (1) year following the Effective Date, Landlord is unable to obtain the Governmental Approvals necessary to start Landlord's Work, then Tenant shall have an immediate right to terminate this Lease on written notice to Landlord. Landlord shall provide a copy of any and all Governmental Approvals within seven (7) days after Landlord's receipt of same.

C. FF&E.

1. Landlord shall pay Tenant for certain furniture, fixtures and equipment ("FF&E") not included in Tenant's Plans a cash sum equal to Eight Dollars and Fifty Cents (\$8.50) per square foot of rentable space (the "FFE Allowance") in full within ninety (90) days of issuance of the Building Permit. In the event the payment is delinquent for more than thirty (30) days, Tenant may set-off said outstanding sums from Tenant's Rent obligations plus a late charge equal to ten percent (10%) of the unpaid amount.

2. Landlord, at its sole cost and expenses, shall provide a 40-yard roll off dumpster until Tenant's setup is complete.

D. Tenant Signage.

## EXHIBITS

1. Landlord, as part of Landlord's Work and at its sole cost and expense, shall purchase and install/construct the following signage for Tenant's exclusive use: (a) a Building façade sign, (b) Tenant's trademarked *ABCD/1234* blocks, (c) a monument/pylon sign at the front drive way entrance to the Leased Premises; and (d) a temporary "Coming Soon" sign. All such signage shall be constructed in accordance with Tenant's Signage Specifications, which are attached hereto as Exhibit C-1.

2. The Coming Soon sign shall be installed promptly after the Pre-Sheet rock inspection and shall at all times be clearly visible from the street. Landlord shall forward a photograph of the Coming Soon sign to TLE Design upon its installation. In the event that the Coming Soon sign is removed in order to facilitate any part of the construction process, it shall be restored immediately upon completion of the task that necessitated its removal. In the event that the municipality limits the number of temporary signs on the Leased Premises, Tenant shall have first priority to install its Coming Soon over the signage of the GC, the construction lender or any other party. Upon the issuance of a Building Permit, Landlord shall order the other signage, and upon receipt of same, shall install the signage when the Building shell is completed or as soon as possible thereafter as to not interfere with completion of the Building.

3. Tenant Signage shall be subject to Applicable Law. However, in the event that Applicable Law precludes any material portion or aspect of Tenant's Signage, Landlord shall make commercially reasonable efforts to obtain a variance, waiver or such from the Applicable Law requirements so that such signage can be provided as contemplated herein.

### E. HVAC Requirements.

1. In order to ensure proper design and performance of the HVAC units required to be installed at the Leased Premises, Landlord shall be required to retain a mechanical engineer approved by TLE Design. As of the Effective Date, the approved mechanical engineers are: (i) Jarmel Kizel Architects & Engineers, Inc. (also a Tenant-approved Architect), (ii) CASCO Architecture and Engineering, (also a Tenant-approved Architect), (iii) Griner Engineering, Inc., and (iv) JCAA Consulting Engineers, LLC. Landlord may seek approval from TLE Design of an alternate mechanical engineer, but TLE Design may reject such alternate mechanical engineer in its sole discretion. TLE Design's approval of any such alternate mechanical engineer shall be contingent upon an independent overall plan review and analysis of the mechanical plans and HVAC design, and in such event Landlord shall pay to TLE Design a Ten Thousand Dollar (\$10,000.00) HVAC design review fee.

2. In addition to the services provided by TLE Design pursuant to Paragraph A(5) hereof, TLE Design shall coordinate periodic plan reviews of the HVAC design and installation with the mechanical engineer, the HVAC manufacturer, and either the GC or its HVAC installation subcontractor, as appropriate. Such reviews shall occur upon the completion of fifty percent (50%) of the mechanical plans and upon the completion of ninety-five percent (95%) of the mechanical plans.

3. As of the Effective Date, Tenant's Plans call for the use of Trane HVAC equipment. Landlord acknowledges and agrees that the startup of all Trane HVAC equipment must be performed by Trane personnel, and shall not be performed by any other contractor or sub-contractor. TLE Design, in its sole discretion, may permit the use of HVAC equipment from an alternative manufacturer upon Landlord's written request. In such event, however, TLE Design's approval of such alternate HVAC equipment shall be conditioned upon Landlord's engagement of either a manufacturer's representative or a certified third-party commissioning agent to perform the startup of such alternate HVAC equipment.

EXHIBITS


EXHIBIT C-1

TENANT SIGNAGE SPECIFICATIONS





EXHIBITS

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<p style="text-align: center;">Phone number to be obtained from TLE Corporate post pre-sheetrock inspection.</p> <p>1 - 4' X 8' DIGITALLY PRINTED GRAPHICS LAMINATED AND MOUNTED TO 1/4" ALUMALITE WITH WOODEN POSTS COVERED WITH PVC SLEEVES AND BALL FINIALS. DOUBLE SIDED.                      Part Quantity: 2                      Total Needed: 2                      Name: STANDARD VINYL                      Part Qty: 2                      Width:96"                      Height:48"</p>																									

EXHIBITS

EXHIBIT D

FORM OF LANDLORD'S SUBORDINATION OF LIEN

WHEREAS, \_\_\_\_\_ ("Lender"), has made a loan to \_\_\_\_\_ ("Borrower"), which loan is secured among other things by a security interest in furniture, fixtures, machinery and equipment owned or hereafter acquired by Borrower;

WHEREAS, Borrower is leasing from [Landlord], \_\_\_\_\_ ("Landlord") the property described and known as \_\_\_\_\_ in which to conduct and operate the business known as "The Learning Experience;" and

WHEREAS, Lender desires that its security interest be hereby recognized and acknowledged by Landlord.

NOW, THEREFORE, Landlord hereby agrees:

1. To give Lender sixty (60) days' notice prior to eviction of Borrower for any default in the payment of rent under the Lease.
2. That Lender shall have the right to remove its collateral from the Leased Premises for purposes of sale, or in the alternative, upon agreement, to conduct said sale upon the Leased Premises upon payment of a reasonable storage charge for such period of time as Lender needs to advertise and conduct a sale. Landlord hereby subordinates any claim to that of the Lender for such property, which includes the following: all interest of Borrower in any furniture, fixtures, machinery, equipment, insurance proceeds general intangibles, goods, inventory, deposit accounts, cash and receivables owned or hereafter acquired by Borrower.
3. That Lender shall have the right to pay defaulted rent to maintain the Lease in "good standing" but shall be under no obligation to do so.
4. That Lender may, with the consent of Landlord, find and install a substitute tenant satisfactory to Landlord, if it would be beneficial to both Lender and Landlord to do so.
5. That Lender's security interest is superior in nature to a lien in favor of Landlord for unpaid rent or other default.

[LANDLORD]

By: \_\_\_\_\_  
Name:  
Title:

Date: \_\_\_\_\_, 20\_\_

Note: This is applicable only where a Franchisee obtains an SBA Loan.

**EXHIBITS**

**EXHIBIT E**

**CO-BROKER AGREEMENT**

This Co-Broker Agreement (“Agreement”) is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by and between COMREALTY GROUP, LLC, an out-of-state real estate broker (the “Out-of-State Broker”) and \_\_\_\_\_, a real estate broker who holds a valid active license under the laws of the State of \_\_\_\_\_ (the “Broker of Record”). This Agreement relates to the marketing and leasing of property located at \_\_\_\_\_ (the “Property”).

1. Terms of Cooperation. The parties hereby agree to work in cooperation pursuant to the requirements of the laws and regulations governing real estate brokerage activities in the State of \_\_\_\_\_ (the “State”) including, without limitation, rules governing brokerage by out-of-state licensees within the State. The specific terms of the cooperation between the parties are as follows: Pursuant to Part I(i) and Article XIII of that certain Lease Agreement between \_\_\_\_\_, as Landlord, and TLE at \_\_\_\_\_, LLC, as Tenant, dated \_\_\_\_\_, to which this Agreement is attached as Exhibit E.

2. Statement of Out-of-State Broker. The Out-of-State Broker hereby pledges to the Broker of Record that it and all of its agents will adhere to the laws of the State throughout the term of this Agreement.

3. Documents. Upon execution of this Agreement, the Out-of-State Broker will deliver to the Broker of Record a copy of a current certificate of good standing from any jurisdiction in which the Out-of-State Broker maintains an active real estate license.

4. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State.

5. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same original instrument. Facsimile and .pdf signatures shall be binding as originals.

COMREALTY GROUP, LLC

By: \_\_\_\_\_  
Name: Estelle Kronstat Title: Broker of Record

BROKER OF RECORD:

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT L TO DISCLOSURE DOCUMENT****MULTIPLE FRANCHISE CENTER ADDENDUM**

THIS MULTIPLE FRANCHISE CENTER ADDENDUM (this “Addendum”) is dated as of \_\_\_\_\_, 20 (the “Effective Date”), and is entered into by and between THE LEARNING EXPERIENCE SYSTEMS LLC, a Delaware limited liability company, having its principal offices at 210 Hillsboro Technology Drive, Deerfield Beach, Florida 33441 (“we”, “our”, “us” or the “Franchisor”) and \_\_\_\_\_, having a mailing address at \_\_\_\_\_ (“you,” “your,” “yours” or the “Franchisee”).

## RECITALS:

WHEREAS, you and us have entered into a Franchise Agreement dated \_\_\_\_\_, 20 (“Franchise Agreement”) granting you, among other things, the license to operate one (1) Center (“Center”) as a Franchisee of The Learning Experience;

WHEREAS, you are now desirous, through this Addendum, of modifying your Franchise Agreement by expanding your license to develop and operate from one (1) Center to four (4) Centers, and becoming a Multiple Franchisee as that term is defined in this Addendum;

WHEREAS, we are desirous of expanding your license to operate, but only upon the terms and conditions contained in this Addendum;

WHEREAS, upon execution, this Addendum will supplement and be fully incorporated by reference into the Franchise Agreement;

WHEREAS, all terms not otherwise defined in this Addendum will have the meanings ascribed to them in the Franchise Agreement; and

WHEREAS, this Addendum modifies and supersedes any contrary provisions of the Franchise Agreement.

NOW, THEREFORE, based upon the representations, warranties, and covenants contained in this Addendum, you and us agree as follows:

1. Recitals. The above-described recitals are incorporated into this Addendum.
2. Expansion of License. Upon execution of this Addendum, Section 4.1 of the Franchise Agreement will be conditionally modified to expand your license to operate a Center from one (1) to four (4) Centers at approved locations within the following geographic target area: \_\_\_\_\_ using our trade name, marks and system (“Multiple Franchise License” or “License,” and in which you become a “Multiple Franchisee”).
3. Controlling Agreement. The four Centers, will each be governed by a separate Franchise Agreement for each Center developed and operated by you. Upon matching to each additional Center after the first Center, you and us mutually agree to execute a new Franchise Agreement.
  - (a) Upon execution of this Addendum, you will be required to make a service election for your first Center, and execute the appropriate addendum. For each Center developed and operated thereafter, up to a total of four, you must make a separate service election, either through a Site Development Service Charge Addendum (“SDSC Addendum”) or a Site Coordination Addendum (“SC Addendum”). After you

are approved for Matching as is more fully described in Section 4 below, you must sign the applicable and then-current form of the Franchise Agreement for each Center; however, all fees related to the service election, no matter when elected, will be on the terms and rates contained in the now-current documents.

4. Conditions to Matching. Your ability to extend your License to develop and operate up to four (4) Centers will be staggered and conditional. After you open your first Center, you will not be permitted to expand your License to your second Center unless you: (a) are and have been in Good Standing (as defined in the Franchise Agreement); (b) have maintained profitability in your first Center for the two consecutive quarterly periods prior to the request to expand; and (c) have demonstrated to our satisfaction financial stability and sufficient Additional Funds for the operation of multiple units. The same conditions apply for expansion from the second Center to the third Center, and from the third Center to the fourth Center. In the event, however, you are denied the ability to expand your License to a second, third or fourth Center due to your failure to meet any one of the conditions above, you may cure the failure at any time before the expiration of the term of this Addendum; except that, if you are denied the ability to expand due to Section 4(a) above, and you fail to cure that condition within thirty (30) days after receiving notice from us that you were so denied, then and in that event, this Addendum will automatically terminate and all monies paid will be forfeited, unless you are notified otherwise by us.

(i) When you have met all of the criteria enumerated above in Section 4, you must affirmatively contact us to begin the process of being matched to your next Center. Upon establishing to us that you are eligible and ready for your next Center, you must then make your service election for that Center and execute the Franchise Agreement and the appropriate service addendum, and then make the payments. After you have completed this process for your second Center, you will repeat it for your third and fourth.

(ii) The terms of this MFC Addendum will be governed by the terms contained in Section 4.3 of the Franchise Agreement; provided, however, that you must remain in Good Standing throughout the term, the failure of which will result in a forfeiture of all the rights conveyed under this Addendum and, along with our other remedies, all monies paid pursuant to this Addendum will become non-refundable.

5. Payments. Upon your signing of this Addendum, you must pay the Franchise Fee for all four (4) Centers, but with a thirty percent (30%) discount from the total standard amount, equaling One Hundred Sixty-Eight Thousand Dollars (\$168,000). You must also execute a service addendum for the first Center, and make the payments under the terms and conditions contained in that addendum (SDSC or Site Coordination Fee). As a condition for you to maintain the thirty percent (30%) Franchise Fee discount for each Center, you need to: (i) open and keep operating two (2) centers in the first three (3) years from the Effective Date of this MFC Addendum; and (ii) have four (4) Centers open and operating in 5 years from the Effective Date of this MFC Addendum.

6. Refund and Termination. Your rights to terminate this Addendum and receive a refund of the monies paid to us depend solely upon your service election. If you elect to execute the SC Addendum, all monies paid to us upon the execution of this Addendum will be non-refundable.

7. Site Development Election. If you elect to retain us for the Site Development Service, the following guidelines apply:

(a) First Center. If we fail to fulfill our Site Location Obligation as defined in the SDSC Addendum for your first Center, and you elect to terminate the Franchise Agreement, then and in that event, the termination will also apply to this Addendum, and all monies paid to us will be refunded dollar for dollar in accordance with the terms and provisions contained in the SDSC Addendum;

(b) Second Center. If we fail to fulfill our Site Location Obligation for your second Center, notwithstanding anything contained to the contrary in any Franchise Agreement, SDSC Addendum or any other agreement with us or our Affiliates, you may not terminate the Franchise Agreement. You may, however, elect to terminate this Addendum. In such a case, you will receive a refund of the Franchise Fee paid for your additional Centers only, as well as any monies paid in accordance with the SDSC Addendum for those Centers. Thereafter, you will no longer maintain any licensing rights as a Multiple Franchisee, but the Franchise Agreement will continue in full force and effect with respect to your first Center;

(c) Third and Fourth Center. If we fail to fulfill our Site Location Obligation for your third or fourth Center, as the case may be, then notwithstanding anything contained to the contrary in any Franchise Agreement, SDSC Addendum or any other agreement with us or our Affiliates, you may not terminate the Franchise Agreement or this Addendum. You may, however, elect to terminate the applicable service addendum, whereupon you will receive a refund of the Franchise Fee paid, depending on whether the third or fourth Center is being cancelled, as well as any monies paid in accordance with the SDSC Addendum for that Center. Thereafter, this Addendum and the Franchise Agreement will continue in full force and effect for those Centers open and operating.

8. Cross-Default. Any default under the terms of the Franchise Agreement, or any other agreement entered into by and between us and/or our Affiliates and you, will act as a default under this Addendum and will automatically authorize us to exercise any and all remedies available to us under the terms of this Addendum and/or the Franchise Agreement, or any other agreement by and between you and us.

9. Complete Agreement. This Addendum is the full and complete agreement between you and us concerning the terms of this Addendum, and supersedes all prior agreements relating thereto. There are no representations, inducements, promises or agreements, oral or otherwise, between you and us that are not embodied in this Addendum, which are of any force or effect with reference to this Addendum or otherwise. No amendment, change or variance from this Addendum will be binding on you or us unless signed in writing by you and us. If there is any conflict between the provisions of this Addendum and those of the Franchise Agreement, the provisions of this Addendum will control.

10. Severability. It is understood that each section, part, term and/or provision of this Addendum will be considered severable, and if, for any reason, any section, part, term and/or provision of this Addendum is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation, such will not impair the operation of or affect the remaining portions, sections, parts, terms and/or provisions of this Addendum, and the latter will continue to be given full force and effect and bind you and us and the invalid sections, parts, terms and/or provisions will be considered not part of this Addendum. It is provided, however, that if we determine that a finding of illegality adversely affects the basic consideration of this Addendum, we may terminate this Addendum.

11. Successors and Assigns. Notwithstanding anything to the contrary in this Addendum, nothing in this Addendum is intended nor will it be considered to confer upon any person or legal entity other than you and any of your respective successors and assigns as may be contemplated by this Addendum, any rights or remedies under or by reason of this Addendum.

12. Attorneys' Fees and Costs. If a claim is asserted in any legal proceeding for amounts owed to us or you, or if you or us are required to enforce this Addendum, the prevailing party in any proceeding will be entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees, whether incurred before or in preparation of or in contemplation of the filing of any action or thereafter.

13. Incorporation of Terms. All terms covenants, provisions and conditions of the Franchise Agreement are hereby incorporated in this Addendum with the same force and effect as of set forth at length in this Addendum; provided, however, in the event of any inconsistency between this Addendum and the Franchise Agreement, the terms of this Addendum shall control.

IN WITNESS TO THE FOREGOING, the parties, intending to be legally bound, have duly signed and delivered this Addendum as of the Effective Date.

FRANCHISOR:

THE LEARNING EXPERIENCE SYSTEMS LLC,  
a Delaware limited liability company

BY: \_\_\_\_\_

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

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

FRANCHISEE:

\_\_\_\_\_, a \_\_\_\_\_

BY: \_\_\_\_\_

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

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



**EXHIBIT M TO DISCLOSURE DOCUMENT****THE LEARNING EXPERIENCE FRANCHISEES AS OF DECEMBER 31, 2022**

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

<b>FRANCHISEE</b>	<b>STREET ADDRESS</b>	<b>CITY</b>	<b>STATE</b>	<b>ZIP</b>	<b>PHONE</b>
Amita Gairola	3735 S Arizona Ave	Chandler	Arizona	85248	480-534-5230
Jim Stewart	727 N Higley Rd	Gilbert	Arizona	85234	480-687-4518
Manoj Sadhwani	3111 E Pecos Road	Gilbert	Arizona	85297	480-272-7031
Bob Hagaman	430 W Guadalupe Rd	Mesa	Arizona	85210	480-590-4970
Bob Hagaman	5015 E Chandler Blvd.	Phoenix	Arizona	85048	480-590-1028
Jim Stewart	1720 W. Happy Valley Rd	Phoenix	Arizona	85085	623-215-2997
Bob Hagaman	15351 W Cactus Rd	Surprise	Arizona	85379	623-248-3486
Raji Ponnaluri	4831 Lone Tree Way	Antioch	California	94531	925-281-7640
Kunal Rao	2800 Calloway Drive	Bakersfield	California	93312	661-679-6024
Kunal Rao	2106 Shaw Avenue	Clovis	California	93611	559-765-4148
Kristen Kirschenmann	12754 Limonite Ave.	Eastvale	California	92880	951-817-8817
Sejal Patel	4174 Avenida De La Plata	Oceanside	California	92056	760-940-6932
Jiayang Sun	1025 Parkford Dr	Redlands	California	92374	909-748-0430
Aishwarya Advani	515 E Alessandro Blvd	Riverside	California	92508	951-776-2459
Kunal Rao	24615 Copper Hill Dr	Santa Clarita	California	91354	661-360-9405
Cavinda Wijeweera	2003 Yosemite Ave	Simi Valley	California	93063	805-520-5913
Jiayuan Luo	1959 Peabody Road	Vacaville	California	95687	707-305-4336
Dustin Berg	189 S 50th St	Brighton	Colorado	80601	303-659-2110
Arnold Talleyrand	6585 Issaquah Dr	Colorado Springs	Colorado	80923	719-559-5545
Rashid Khan	4020 Lee Vance Dr.	Colorado Springs	Colorado	80920	719-358-9393
Drenna Hill	15701 East 104th Avenue	Commerce City	Colorado	80022	720-574-1825
Chonta Echols	5660 North Tower Road	Denver	Colorado	80249	303-862-5515
Sara Brownell	4775 Boardwalk Drive	Fort Collins	Colorado	80525	970-223-3377
John Korah	2314 Highway 287	Lafayette	Colorado	80026	303-666-7645
Sara Brownell	4198 St Cloud Dr	Loveland	Colorado	80538	970-966-8920
John Korah	11901 Holly Street	Thornton	Colorado	80234	303-450-9652
Denis Olver	10190 Wadsworth Pkwy	Westminster	Colorado	80021	303-465-4100
John Korah	13539 HURON STREET	Westminster	Colorado	80234	303-451-1373
Deepash Patel	181 Shunpike Road	Cromwell	Connecticut	06416	860-316-2766
Deepash Patel	11 Shaker Rd	Enfield	Connecticut	06082	860-835-5500
Deepash Patel	1375 Kings Hwy	Fairfield	Connecticut	06824	203-331-8566
Deepash Patel	86 Oak St	Glastonbury	Connecticut	06033	860-781-8363

FRANCHISEE	STREET ADDRESS	CITY	STATE	ZIP	PHONE
Deepash Patel	520 Martin Luther King Blvd	New Haven	Connecticut	06519	203-507-2405
Stella Carter	395 Willard Ave	Newington	Connecticut	06111	860-500-7031
Indra Sen	274 South Main Street, Building A	Newtown	Connecticut	06470	203-304-9130
Deepash Patel	10 Sedona Circle	South Windsor	Connecticut	06074	860-730-4749
Lynn Ann Zazzali	421 Atlantic St	Stamford	Connecticut	06901	203-595-5271
Stella Carter	2285 Reservoir Ave	Trumbull	Connecticut	06611	203-220-8959
Krishna Tokala	88 Executive Square	Wethersfield	Connecticut	06109	860-785-8889
Indra Sen	213 Danbury Rd	Wilton	Connecticut	06897	203-563-0056
Manoj Gandhi	711 E Chestnut Hill Rd	Newark	Delaware	19713	302-273-3103
Richard Kerper	6302 30th St. N.E.	Apollo Beach	Florida	33572	813-649-0056
Rehan Haider	2295 East Semoran Boulevard	Apopka	Florida	32703	407-703-9480
Michael Brown	10160 Lyons Rd.	Boynton Beach	Florida	33473	561-200-4243
Eric Muller	413 E Bloomingdale Ave	Brandon	Florida	33511	813-330-7051
Michael Brown	4161 Turtle Creek Drive	Coral Springs	Florida	33067	954-341-1332
Emily Reader	13144 Wolf Bay Drive	Jacksonville	Florida	32218	904-757-7590
Emily Reader	12550 Flagler Center Blvd	Jacksonville	Florida	32258	904-647-6262
Grace Huxtable-Mount	8411 Southside Blvd.	Jacksonville	Florida	32256	904-620-8320
Grace Huxtable-Mount	11945 San Jose Boulevard	Jacksonville	Florida	32223	904-880-1695
Grace Huxtable-Mount	220 Oakleaf Village Parkway	Jacksonville	Florida	32222	904-374-0042
Neelam Bhagchandani	7095 County Road 46A	Lake Mary	Florida	32746	407-804-1080
Richard Kerper	14425 Arbor Green Trail	Lakewood Ranch	Florida	34202	941-251-4046
Jhana Pardue	16232 Bayberry Glen Dr	Lithia	Florida	33547	813-681-5544
Jhana Pardue	17682 Harpers Run	Lutz	Florida	33558	813-926-6725
Albert Samaan	4470 Hollywood Boulevard	Melbourne	Florida	32904	321-327-2515
Arnold Talleyrand	7530 Redmond Dr	Orlando	Florida	32836	407-778-1380
Divyang Vyas	1087 Wellness Way	Oviedo	Florida	32765	904-902-0725
Deepal Rodrigo	7020 Fairway Drive	Palm Beach Gardens	Florida	33418	561-408-3103
Eric Swartz	70 Greenleaf Dr.	Ponte Vedra Beach	Florida	32081	904-295-3129
Arnold Talleyrand	10709 Crest Side Blvd	Riverview	Florida	33569	813-741-3391
Olive Saroopchand	65 Benton Lane	Saint Augustine	Florida	32259	904-342-2458
Jhana Pardue	20780 Trout Creek Dr.	Tampa	Florida	33647	813-575-8268
Eric Muller	5440 Post Oak Blvd	Wesley Chapel	Florida	33544	813-994-3865
Antonio Salvioli	1969 Red Trail	West Palm Beach	Florida	33409	561-712-0071
Yunfeng Xu	6290 Lake Smith Circle	Windermere	Florida	34786	407-614-0338

FRANCHISEE	STREET ADDRESS	CITY	STATE	ZIP	PHONE
Francesca Messina	9275 Miley Dr	Winter Garden	Florida	34787	407-614-3622
Apurva Parkeh	11855 Jones Bridge Rd	Alpharetta	Georgia	30005	770-733-1272
Albert Samaan	1281 115 Street	Bolingbrook	Illinois	60490	630-914-5170
Albert Samaan	4110 W. Peterson Ave.	Chicago	Illinois	60646	773-754-7984
Joseph Scharnak	20970 S La Grange Rd	Frankfort	Illinois	60423	815-277-0305
Cynthia Umphrey	465 North Riverside Drive	Gurnee	Illinois	60031	224-656-5309
Roshan Patel	1065 South Rand Road	Lake Zurich	Illinois	60047	224-662-4879
Alok Jhamnani	15434 West 127th Street	Lemont	Illinois	60439	630-243-9945
Alok Jhamnani	91 Templeton Dr	Oswego	Illinois	60543	630-383-5100
Joseph Scharnak	301 W Black Rd	Shorewood	Illinois	60404	815-782-8983
Albert Samaan	343 W Dundee Rd	Wheeling	Illinois	60090	847-777-1212
Kimberly Thompson	1221 Baltimore Pike	Bel Air	Maryland	21014	443-981-3551
Prassanni Sharma	9300 Lyons Mills Rd	Owings Mills	Maryland	21117	410-581-9798
Eric Jacquish	3360 Middletown Road	Waldorf	Maryland	20603	301-885-0008
Jessica Bristol (Green)	194 Bedford St	Abington	Massachusetts	02351	781-261-9674
Manoj Gandhi	161 River Rd	Andover	Massachusetts	01810	978-655-1867
Sushreeta L Patel	194 Chelmsford Street	Chelmsford	Massachusetts	01824	978-244-0049
Manoj Gandhi	960 Washington St	Dedham	Massachusetts	02026	781-686-9726
Manoj Gandhi	121 Main St.	Foxboro	Massachusetts	02035	508-543-3837
Manoj Gandhi	206 Great Rd	Littleton	Massachusetts	01460	978-486-3390
Vidhyadhar Mitta	70 Simarano Dr.	Marlborough	Massachusetts	01752	508-485-7500
Manoj Gandhi	350 E Main St Ste 6	Milford	Massachusetts	01757	508-473-6300
Manoj Gandhi	210 Treble Cove Rd	North Billerica	Massachusetts	01862	978-667-5437
Vidhyadhar Mitta	889 Boston Turnpike	Shrewsbury	Massachusetts	01545	508-365-1360
Vidhyadhar Mitta	639 Washington St.	South Easton	Massachusetts	02375	508-238-2934
Anupam Gupta	1522 Turnpike Street	Stoughton	Massachusetts	02072	781-436-8977
Vidhyadhar Mitta	1593 Andover St.	Tewksbury	Massachusetts	01876	978-851-3300
Vidhyadhar Mitta	81 Westford Road	Tyngsboro	Massachusetts	01879	978-226-5738
Vidhyadhar Mitta	220 R Main Street	Wilmington	Massachusetts	01887	978-447-5296
Cynthia Umphrey	7210 Sashabaw Road	Clarkston	Michigan	48348	248-625-5285
Albert Samaan	23500 Orchard Lake Road	Farmington	Michigan	48336	248-427-0072
Sandy Gani	5354 Hall St SE	Grand Rapids	Michigan	49546	616-719-1808
Cynthia Umphrey	7763 Cottonwood Drive	Jenison	Michigan	49428	616-551-1872
Sandy Gani	26120 Town Center Drive	Novi	Michigan	48375	248-675-2950
Cynthia Umphrey	53318 10 Mile Road	South Lyon	Michigan	48178	248-446-6283
Cynthia Umphrey	20836 Pontiac Trail	South Lyon	Michigan	48232	248-667-9197
Kelly Gvozdic	5660 New King Drive	Troy	Michigan	48098	248-267-9090
Norm Modzelewski	51779 Van Dyke	Utica	Michigan	48316	586-997-0050
Amber Limkemann	8251 N. Flintlock Rd	Kansas City	Missouri	64158	816-429-6612

FRANCHISEE	STREET ADDRESS	CITY	STATE	ZIP	PHONE
Ankit Patel	600 Bond St.	St. Peters	Missouri	63376	636-244-2120
Jhana Pardue	6830 S. Ft. Apache Rd	Las Vegas	Nevada	89148	702-463-7442
Sejal Patel	920 W. Washburn Rd.	Las Vegas	Nevada	89031	702-844-8444
Katina Medina	188 Mt. Airy Rd	Basking Ridge	New Jersey	07920	908-630-9400
James Winschel Jr.	839 Route 9	Bayville	New Jersey	08721	732-606-1770
Darpan Thakur	2176 Route 206	Belle Mead	New Jersey	08502	908-829-3921
Lee Handis	606 Little Gloucester Rd.	Blackwood	New Jersey	08012	856-232-9501
Angela Emiliani	1041 Broad St	Bloomfield	New Jersey	07003	973-338-0374
Deepali Patel	1940 US 22 East	Bound Brook	New Jersey	08807	732-646-6540
Angela Emiliani	1090 Pompton Ave	Cedar Grove	New Jersey	07009	973-837-9180
Jyoti Jhurani	421 Third Avenue	Cherry Hill	New Jersey	08002	856-662-6002
Corinne Aulov	3121 Route 10 East	Denville	New Jersey	07834	973-442-5760
Manoj Gandhi	405 Route 18 South Ste 9	East Brunswick	New Jersey	08816	732-432-7605
Arvish Patel	201 Hackensack St.	East Rutherford	New Jersey	07073	201-933-0044
Sapna Gahlot	761 NJ-33 Bldg D	East Windsor	New Jersey	08520	609-426-1145
James Winschel Jr.	94 Broad St	Eatontown	New Jersey	07724	732-542-1769
Darpan Thakur	4175 US-130	Edgewater Park	New Jersey	08010	609-733-4179
Manuel Jacome	2650 Woodbridge Avenue	Edison	New Jersey	08837	732-494-7151
Lisa Sanger	21 Sylvan Ave.	Englewood Cliffs	New Jersey	07632	201-242-8800
Bill Rosen	65 State Route 33	Englishtown	New Jersey	07726	732-462-0015
Bulent Yesilyurt	861 Franklin Avenue	Franklin Lakes	New Jersey	07417	201-848-9900
Jo-Anne Sayki	1885 Route 57	Hackettstown	New Jersey	07840	908-850-1222
Jyoti Jhurani	3225 Nottingham Way	Hamilton	New Jersey	08619	609-228-3126
Jyoti Jhurani	345 Auten Road	Hillsborough	New Jersey	08844	908-369-3904
Lynn Ann Zazzali	900 Monroe Street	Hoboken	New Jersey	07030	201-533-1848
James Winschel Jr.	795 Denow Road Bldg B	Hopewell	New Jersey	08534	609-737-2300
James Winschel Jr.	2369 Route 9 North	Howell	New Jersey	07731	732-780-1320
James Winschel Jr.	178 North County Line Rd	Jackson	New Jersey	08527	732-961-0605
Darpan Thakur	4126 Quakerbridge Road	Lawrenceville	New Jersey	08648	609-936-3743
Manoj Gandhi	986 Route 46	Ledgewood	New Jersey	07852	973-927-1446
Angela Emiliani	42 Okner Parkway	Livingston	New Jersey	07039	973-422-1080
Corinne Aulov	518 Stuyvesant Ave.	Lyndhurst	New Jersey	07071	201-460-0040
Colleena Lieter	1600 Route 72 West	Manahawkin	New Jersey	08050	609-978-2900
Krystyn Gallant	2601 Educational Lane	Manasquan	New Jersey	07719	732-528-4625
Chris Dent	910 Route 73 South	Marlton	New Jersey	08053	856-810-1010
Nipam Patel	762 State Route 34	Matawan	New Jersey	07747	732-290-2591

FRANCHISEE	STREET ADDRESS	CITY	STATE	ZIP	PHONE
Sejal Patel	1287 NJ- 35	Middletown Township	New Jersey	07748	732-796-7314
Navin Gautam	3754 US Highway 1	Monmouth Junction	New Jersey	08852	732-422-7400
Dana Grossman	1861 Burlington - Mount Holly Rd.	Mount Holly	New Jersey	08060	609-267-5437
Mark Grossman	809 S. Church Street	Mount Laurel	New Jersey	08054	856-581-0297
Romina Mehra	45-53 William St (at Washington St)	Newark	New Jersey	07102	862-237-7009
Bina Zalawadia	7108 Kennedy Boulevard	North Bergen	New Jersey	07047	201-624-8200
Deepak Shah	347 Old Georges Road	North Brunswick	New Jersey	08902	732-422-8000
Alicia Antoine	895 Belmont Ave.	North Haledon	New Jersey	07508	973-949-4672
Jyoti Jhurani	280 Texas Road	Old Bridge	New Jersey	08857	732-561-3376
Arvish Patel	1159 Parsippany Blvd.	Parsippany	New Jersey	07054	973-331-3215
Deepak Shah	1624 Stelton Rd.	Piscataway	New Jersey	08854	732-777-7320
Samir Sheth	4447 Rt 27	Princeton	New Jersey	08540	609-580-1390
Manoj Gandhi	160 N. Franklin Turnpike	Ramsey	New Jersey	07446	201-327-5200
Deepali Patel	121 US Hwy 202	Raritan	New Jersey	08869	908-707-2088
Manoj Gandhi	688 Westwood Avenue	River Vale	New Jersey	07675	201-664-6414
Darpan Thakur	710 Broad St	Riverton	New Jersey	08077	856-389-5520
Angela Emiliani	123 Harrison Ave.	Roseland	New Jersey	07068	862-210-8067
Meeta Kalawadia	521 Raritan St.	Sayreville	New Jersey	08872	732-753-9000
Jagdeep Singh	1351 Tanyard Road	Sewell	New Jersey	08080	856-415-7434
Navin Gautam	12 Cedar Grove Lane	Somerset	New Jersey	08873	732-868-1919
Angela Emiliani	109 W South Orange Ave	South Orange	New Jersey	07079	973-327-4823
Imad Baghal	87 County Road	Tenaflly	New Jersey	07670	201-227-7500
James Winschel Jr.	4059 Asbury Avenue	Tinton Falls	New Jersey	07753	732-643-9900
Bob Hagaman	90 Bey Lea Road	Toms River	New Jersey	08753	732-349-6840
Romina Mehra	2234 Morris Ave	Union	New Jersey	07083	908-810-5600
Armand Troiano	401 S Burnt Mill Rd.	Voorhees	New Jersey	08043	856-346-4140
Lynn Ann Zazzali	132 Hopper Avenue	Waldwick	New Jersey	07463	201-445-6901
Paul Barry	3300 Highway 138	Wall	New Jersey	07719	732-556-0009
Katina Medina	76 Stirling Road, Suite 300	Warren	New Jersey	07059	908-222-7620
Deepal Rodrigo	356 Princeton Hightstown Road	West Windsor	New Jersey	08550	609-716-1100
Mohit Anand	2084 Falcon Way Blvd	Williamstown	New Jersey	08081	856-740-5017
Meeta Kalawadia	414 Rahway Avenue	Woodbridge	New Jersey	07095	732-602-1200
Ruben Gomez	31-57 31st Street	Astoria	New York	11106	718-204-1352
Ericka Keller-Wala	215-15 Northern Boulevard	Bayside	New York	11361	718-224-1760

FRANCHISEE	STREET ADDRESS	CITY	STATE	ZIP	PHONE
Lynn Ann Zazzali	530 N State Rd	Briarcliff Manor	New York	10510	914-923-2191
Anthony Benevenia	2916 Bruckner Blvd	Bronx	New York	10465	718-828-5134
Anupam Gupta	3210 Riverdale Ave.	Bronx	New York	10463	718-708-5884
Aparna Sinha	8902 5th Ave	Brooklyn	New York	11209	718-921-8750
Kartik Kathpalia	185 Marcy Ave	Brooklyn	New York	11211	718-782-5791
Kejal Patel	1012 Bay Ridge Avenue	Brooklyn	New York	11219	718-238-3606
Norice Ormsby	412 Kings Highway	Brooklyn	New York	11223	718-627-7340
Reena Abraham	174 Clifton Place	Brooklyn	New York	11238	718-636-2000
Paul Mezzullo	10 Holbrook Road	Centereach	New York	11720	631-468-8676
Lynn Ann Zazzali	29 Hamilton St.	Dobbs Ferry	New York	10522	914-591-4580
Gina Desruisseaux	3084 Jericho Tpke	East Northport	New York	11731	631-499-0592
Brooke Attard	5795 Merrick Rd	Massapequa	New York	11758	516-590-7446
Darlene White	2920 NY-112	Medford	New York	11763	631-696-0600
Ruben Gomez	453 NY-211 East	Middletown	New York	10940	845-394-0056
Alicia Antoine	3555 Mohegan Avenue	Mohegan Lake	New York	10547	914-528-7970
Lynn Ann Zazzali	1 Bally Place	New Rochelle	New York	10801	914-636-5300
Manoj Gandhi	816 Amsterdam Ave	New York	New York	10025	212-316-0890
Manoj Gandhi	572 11th Ave	New York	New York	10036	646-590-2511
Michael Brown	28 Washington St	New York	New York	10004	212-797-1110
Paul Mezzullo	1014 Fort Salonga Road	Northport	New York	11768	631-651-8322
Brooke Attard	1076 Old Country Rd	Plainview	New York	11803	516-935-1524
Diane Stalzer	32 Hallock Landing Road	Rocky Point	New York	11778	631-821-3211
Brooke Attard	156 Ronkonkoma Ave	Ronkonkoma	New York	11779	631-588-0703
Lynn Ann Zazzali	610 Mamaroneck Ave	White Plains	New York	10605	914-448-4723
Kamlesh Shah	560 Evening Star Dr.	Apex	North Carolina	27502	919-303-7475
Vivek Gaddam	2016 Middleton Farm Dr	Belmont	North Carolina	28012	704-829-3095
Dia Shah	2185 Davis Drive	Cary	North Carolina	27519	919-463-1104
Jithendar Kancharla	501 E Barbee Chapel Rd.	Chapel Hill	North Carolina	27517	919-442-0515
Bob Hagaman	8208 Mt. Holly Huntersville Rd	Charlotte	North Carolina	28216	980-299-1811
Elias Garcia	11625 Providence Rd. West	Charlotte	North Carolina	28277	704-752-5200
Towanda Rooks	3937 West Arrowood	Charlotte	North Carolina	28277	704-588-4504
Hardik Patel	5020 NC Highway 55	Durham	North Carolina	27713	919-544-4104
Hardik Patel	2020 Marquee Lane	Fuquay Varina	North Carolina	27526	919-762-0902
Kamlesh Shah	801 Holly Springs Road	Holly Springs	North Carolina	27540	919-557-3085
Jithendar Kancharla	16604 Old Statesville Rd.	Huntersville	North Carolina	28078	704-274-9496
Jithendar Kancharla	123 Legacy Village Blvd.	Mooresville	North Carolina	28117	704-660-3380

FRANCHISEE	STREET ADDRESS	CITY	STATE	ZIP	PHONE
Bhavin Shah	8101 Target Side Drive	Raleigh	North Carolina	27616	919-876-3428
Jane Patel	8213 Quoin Way	Raleigh	North Carolina	27613	919-803-5333
Vivek Gaddam	15055 Idlewild Road	Stallings	North Carolina	28104	704-882-0115
Jithendar Kancharla	1200 Corporate Chaplain Dr.	Wake Forest	North Carolina	27587	919-562-1070
Elias Garcia	1425 Providence Rd S	Waxhaw	North Carolina	28173	704-256-3304
Ronza Oweis	6320 Perimeter Loop Road	Dublin	Ohio	43017	614-789-1871
Ronza Oweis	9158 South Old State Rd.	Lewis Center	Ohio	43035	614-781-4600
Hina Mehta	5800 Central College RD	New Albany	Ohio	43054	614-412-3484
Ravinder Madhavaram	501 North Liberty Rd	Powell	Ohio	43065	614-389-1576
Joseph Scharnak	7570 Foster Lane	West Chester	Ohio	45069	513-847-4160
Myia Ellington	25211 Center Ridge Rd	Westlake	Ohio	44145	440-617-6279
Sanjana Dewan	901 South Trooper Rd	Audubon	Pennsylvania	19403	484-831-5690
James Winschel Jr.	2955 Linden St	Bethlehem	Pennsylvania	18017	610-419-4530
Bob Hagaman	104 Hopewell Road	Downingtown	Pennsylvania	19335	610-269-7300
Jennifer Eckfield	1721 South Easton Rd	Doylestown	Pennsylvania	18901	215-343-3007
Jill Neuhaus	476 Creamery Way	Exton	Pennsylvania	19341	610-363-7001
Kumar Natarajan	8829 New Falls Rd.	Levittown	Pennsylvania	19054	215-943-1010
Gwen Cromer	6687 Stein Way	Macungie	Pennsylvania	18062	610-391-1420
Michael McKenna	4076 Jandy Blvd.	Nazareth	Pennsylvania	18064	610-759-8477
Angela Salas	1 Brown St	Philadelphia	Pennsylvania	19123	215-451-1912
James Winschel Jr.	1601 Vine Street, Suite 100	Philadelphia	Pennsylvania	19103	267-319-8426
James Winschel Jr.	2501 Washington Ave	Philadelphia	Pennsylvania	19146	215-545-0190
Bob Hagaman	101 Keystone Dr	Royersford	Pennsylvania	19468	610-495-3300
Michael McKenna	915 Old Fern Hill Road	West Chester	Pennsylvania	19380	610-692-5004
Nick Hemond	60 Jefferson Park Rd	Warwick	Rhode Island	02888	401-785-4900
Kondalarayadu Akula	748 Herlong Ave	Rock Hill	South Carolina	29732	803-329-3447
Elias Garcia	919 Hubert Graham Way	Tega Cay	South Carolina	29708	803-547-4700
Kunal Rao	120 Swanson Branch Way	Franklin	Tennessee	37064	615-814-2959
Bob Hagaman	190C Saundersville Road	Hendersonville	Tennessee	37075	615-800-2196
Amanda Oaks	115 Belinda Parkway	Mount Juliet	Tennessee	37122	615-553-2453
Lisa LeVitus	4043 Franklin Dr	Murfreesboro	Tennessee	37128	615-995-7119
Kristin Sherman	850 South Allen Heights Dr	Allen	Texas	75002	469-675-3374
Nilambari Naik	27077 E. University Drive	Aubrey	Texas	76227	972-347-9177
Anand Chhitubhai	7814 W US Highway 290	Austin	Texas	78736	512-432-5304
Anand Chhitubhai	1602 N Ranch Road 620	Austin	Texas	78734	512-294-2147

FRANCHISEE	STREET ADDRESS	CITY	STATE	ZIP	PHONE
Erin Kohlbrenner	15542 Ranch Road 620 N	Austin	Texas	78717	512-218-6905
Leonardo Taves	825 Main St	Buda	Texas	78610	512-523-8831
Roderick Evans	425 W. Rendon Crowley Rd	Burleson	Texas	76028	682-385-5980
Gurpinder Kaur	800 West Whitestone Boulevard	Cedar Park	Texas	78613	512-528-5646
Ayesha Baqar	123 E. Sandy Lake Rd.	Coppell	Texas	75019	972-462-7775
Gauri Salwan	17997 Shaw Rd	Cypress	Texas	77429	281-547-8581
Vikram Malpani	10110 Greenhouse Rd.	Cypress	Texas	77433	281-256-7655
Asmita Patel	3224 Teasley Ln	Denton	Texas	75065	940-218-6932
Elhadji Toure	2351 FM 646 Rd W	Dickinson	Texas	77539	281-309-9600
Alexandra Onyekaba	12800 Josey Lane	Farmers Branch	Texas	75234	469-372-6978
Kamakhya Singh	1611 Justin Road	Flower Mound	Texas	75028	469-451-5066
Prathyusha Lella	9056 Tehema Ridge Pkwy	Fort Worth	Texas	76177	817-306-2171
David King	1821 Westinghouse Road	Georgetown	Texas	78626	512-296-2040
David King	4816 Williams Dr	Georgetown	Texas	78633	512-688-1692
Michelle Barrett	15221 Spencer Rd	Houston	Texas	77095	281-861-4797
Norma Townsend	2435 Eldridge Parkway S	Houston	Texas	77077	281-497-0842
Vikram Malpani	3701 Bellaire Blvd	Houston	Texas	77025	281-501-3297
Vikram Malpani	7743 N Sam Houston Pkwy E	Humble	Texas	77396	281-441-6005
Vamsi Mellacheruvu	771 Grapevine Highway	Hurst	Texas	76054	817-479-7216
Marisol Lockett	20908 Burgan Path	Hutto	Texas	78634	512-990-2581
Guangyu (Kevin) Xu	25785 Katy Fwy	Katy	Texas	77494	281-665-2500
Ramesh Tinnanooru	150 Ridge Point Pkwy	Keller	Texas	76248	817-837-5935
Syed Jaffery	30251 Loop 494	Kingwood	Texas	77339	281-312-6417
Michelle Barrett	115 Kohlers Crossing Bldg 5	Kyle	Texas	78640	512-262-7499
Gabriel Gomez	3821 E League City Pkwy	League City	Texas	77573	281-334-1011
Jaideep Manwani	248 W Metro Dr	Leander	Texas	78641	512-690-9588
Sakina Asger Ali	2401 FM 544	Lewisville	Texas	75056	972-394-0410
Kristin Sherman	1252 N. Holland Rd	Mansfield	Texas	76063	682-422-3400
Osatohanmwun Igbinovia	1460 Hardin Blvd	McKinney	Texas	75071	214-491-4253
Sakina Asger Ali	4501 S. Ridge Road	McKinney	Texas	75070	214-592-0210
Callyross Serrano	4112 Bees Loop	Missouri City	Texas	77459	832-440-0264
Reema Lamba	3451 FM 1092 Road	Missouri City	Texas	77459	832-539-6816
Nitika Khetan	3547 McHard Rd	Pearland	Texas	77581	281-997-7833
Jaideep Manwani	701 Farm to Market 685	Pflugerville	Texas	78660	512-202-3261
Sakina Asger Ali	8744 Ohio Drive	Plano	Texas	75024	469-362-6998
Ramesh Tinnanooru	524 Centennial Blvd	Richardson	Texas	75081	972-707-0862



FRANCHISEE	STREET ADDRESS	CITY	STATE	ZIP	PHONE
Dedria Tomlinson	1838 FM 359 Rd	Richmond	Texas	77406	832-945-6335
Vikram Malpani	24414 Mirandola Lane	Richmond	Texas	77406	281-232-2323
Anand Chhitubhai	1101 Louis Henna Blvd	Round Rock	Texas	78664	512-358-4077
Norma Townsend	6121 FM 2920	Spring	Texas	77379	281-257-4815
Qudsia Taqvi	30016 Aldine Westfield Rd	Spring	Texas	77386	281-884-3250
Bob Hagaman	5701 State Highway 121, Suite 190	The Colony	Texas	75058	469-902-0050
Manoj Gandhi	20005 Riverside Commons Plaza	Ashburn	Virginia	20147	571-291-2686
Manoj Gandhi	4150 Pleasant Valley Rd.	Chantilly	Virginia	20151	703-378-7391
Navin Gautam	4683 Pouncey Tract Road	Glen Allen	Virginia	23060	804-360-4226
Desiree Zamora	8120 Ashton Ave.	Manassas	Virginia	20109	703-257-7900
Grace Huxtable-Mount	1901 Chartermark Dr.	Midlothian	Virginia	23114	804-566-1461
Desiree Zamora	8710 Park Central Drive	Richmond	Virginia	23227	804-264-3054
Albert Samaan	12631 Smoketown Road	Woodbridge	Virginia	22192	703-590-4740
Jagdish Patel	17512 Bothell Everett Hwy	Bothell	Washington	98012	425-892-8498
James Winschel Jr.	9335 North Green Bay Road	Brown Deer	Wisconsin	53223	414-797-2291
James Winschel Jr.	9651 W Drexel Ave	Franklin	Wisconsin	53132	414-301-5048
James Winschel Jr.	N58W15453 Shawn Circle	Menomonee Falls	Wisconsin	53051	262-509-4217
James Winschel Jr.	4822 S. Forest Point Blvd	New Berlin	Wisconsin	53151	262-439-8268
James Winschel Jr.	2750 Ironwood Drive	Sun Prairie	Wisconsin	53590	608-478-1190

**THE LEARNING EXPERIENCE FRANCHISEE LISTING AS OF DECEMBER 31, 2022  
SIGNED AGREEMENTS – NOT YET OPEN OR NOT YET MATCHED TO A SITE**

FRANCHISEE NAME	CITY	STATE	PHONE
Melanie Harris	Not Matched	AL	(804) 892-3133
Melanie Harris	Not Matched	AL	(804) 892-3133
Jim Stewart	Glendale	AZ	(903) 449-2959
Manoj Sathwani	Goodyear	AZ	(602) 741-4338
Shams Ur Rehman	Mesa	AZ	(847) 363-9992
Amita Gairola	Not Matched	AZ	(602) 618-1773
Amita Gairola	Queen Creek	AZ	(602) 618-1773
Jiayang Sun	Bermuda Dunes	CA	(626) 390-9992
Eric Altman	Calimesa	CA	(913) 221-8159
Siyi Chen	Corona	CA	(415) 797-8788
Pervin Mistry	Elk Grove	CA	(408) 838-8259
Hollie Murphy	Fresno	CA	(559) 974-2872
Supul Wickramarachchi	Menifee	CA	(310) 755-4573
Adrianto Guanawan	Murrieta	CA	(213) 842-5235
Jamie Rhee	Murrieta - Winchester Rd	CA	(949) 672-8500
Eric Altman	Newbury Park	CA	(913) 221-8159
Aishwarya Advani	Not Matched	CA	(714) 396-3236
Jianwen Kang	Not Matched	CA	(617) 817-6876
Mayank Gupta	Not Matched	CA	(408) 464-4384
Siqi Xu	Not Matched	CA	(818) 599-3899
Adrianto Guanawan	Wildomar	CA	(213) 842-5235
Aishwarya Advani	Winchester	CA	(714) 396-3236
Arnold Talleyrand	Cimarron Hills	CO	(813) 741-3391
Mayela Diarte	Littleton	CO	(720) 727-3898
Arnold Talleyrand	Lone Tree	CO	(813) 741-3391
Jamie Rhee	Loveland	CO	(949) 672-8500
Neha Ranjan	Parker	CO	(408) 480-9580
Deepash Patel	Avon	CT	(860) 316-2766
Deepash Patel	Cheshire	CT	(860) 316-2766
Deepash Patel	Southington	CT	(860) 316-2766
Manoj Gandhi	Washington	DC	(703) 844-3312
Chisom Ahunanya	Hockessin	DE	(732) 372-5949
Camisha Burchett	New Castle	DE	(609) 647-4546
Arvish Patel	Cape Coral	FL	(908) 688-3549
Neelam Bhagchandani	Clermont	FL	(407) 256-6687
Nicole Rosa	Cooper City	FL	(561) 756-5422
Ketankumar Patel	Davenport	FL	(386) 523-6092
Victoria Lopez	Davenport	FL	(321) 695-6586

FRANCHISEE NAME	CITY	STATE	PHONE
Michael Brown	Estero	FL	(312) 371-0180
Katina Medina	Jonathan Bay	FL	(908) 442-0275
Donna Brown	Longwood	FL	(347) 728-7446
Venkat Puskur	Melbourne	FL	(321) 948-8555
Albert Samaan	Not Matched	FL	(240) 381-6598
Albert Samaan	Not Matched	FL	(240) 381-6598
Albert Samaan	Not Matched	FL	(240) 381-6598
Albert Samaan	Not Matched	FL	(240) 381-6598
Deepal Rodrigo	Not Matched	FL	(609) 937-0269
Eshwar Vanaparthi	Not Matched	FL	(410) 940-8387
Grace Huxtable-Mount	Not Matched	FL	(904) 699-2232
Grace Huxtable-Mount	Not Matched	FL	(904) 699-2232
Grace Huxtable-Mount	Not Matched	FL	(904) 699-2232
Grace Huxtable-Mount	Not Matched	FL	(904) 699-2232
Lynn Ann Zazzali	Not Matched	FL	(201) 783-4171
Lynn Ann Zazzali	Not Matched	FL	(201) 783-4171
Lynn Ann Zazzali	Not Matched	FL	(201) 783-4171
Marie Roger	Not Matched	FL	(561) 707-8542
Michael Brown	Not Matched	FL	(312) 371-0180
Pratik Patel	Not Matched	FL	(352) 216-1480
Vishnu Gandra	Not Matched	FL	(408) 634-8069
Ketankumar Patel	Odessa	FL	(386) 523-6092
Deepal Rodrigo	Palm City	FL	(609) 937-0269
Grace Huxtable-Mount	Palm Coast	FL	(904) 699-2232
Anthony Laforte	Port St Lucie	FL	(954) 806-0505
Bree Weaver	Sarasota	FL	(608) 358-5998
Arvish Patel	St Cloud	FL	(908) 688-3549
Venkat Puskar	Viera	FL	(321) 948-8555
Manoj Gandhi	Wellington	FL	(703) 844-3312
Arvish Patel	West Palm Beach	FL	(908) 688-3549
Michael Brown	West Palm Beach	FL	(312) 371-0180
Grace Huxtable-Mount	Winter Garden	FL	(904) 699-2232
Lauren Perazic	Acworth	GA	(773) 457-4734
Shalin Patel	Brownsburg	IN	(317) 345-0656
Disha Patel	Fishers	IN	(317) 869-6344
Krishna Patel	Noblesville	IN	(848) 213-7470
Manali Jadawala	Westfield	IN	(401) 523-0884
Amber Limkemann	Blue Valley	KS	(913) 406-9559
Manoj Gandhi	Attleboro	MA	(703) 844-3312
Cynthia Umphrey	Grand Rapids	MI	(248) 361-3857
Rana Moussa	Wixom	MI	(248) 326-5279
Tej Korat	Cary-Maynard	NC	(610) 663-5309

FRANCHISEE NAME	CITY	STATE	PHONE
Towanda Rooks	Greensboro	NC	(910) 539-1095
Vivek Gaddam	Harrisburg	NC	(732) 221-0937
Jane Patel	Not Matched	NC	(919) 793-3011
Jithendar Kancharla	Not Matched	NC	(908) 731-1786
Zarina Sandhu	Not Matched	NC	(919) 946-6705
Elias Garcia	Rolesville	NC	(704) 752-5200
Yash Chandra	Bordentown	NJ	(856) 308-2180
Dina Fahmy	Brick	NJ	(732) 397-7061
Jyoti Jhurani	Medford	NJ	(862) 220-0223
Alicia Antoine	Not Matched	NJ	(201) 390-8496
Jyoti Jhurani	Not Matched	NJ	(862) 220-0223
Jyoti Jhurani	Not Matched	NJ	(862) 220-0223
Jyoti Jhurani	Not Matched	NJ	(862) 220-0223
Lynn Ann Zazzali	Summit	NJ	(201) 783-4171
Lynn Ann Zazzali	Watchung	NJ	(201) 783-4171
Siqi Xu	Las Vegas	NV	(818) 599-3899
Brooke Attard	Brooklyn	NY	(631) 513-3182
Brooke Attard	Brooklyn	NY	(631) 513-3182
Claytisha Walden	Brooklyn	NY	(917) 903-7042
Dorothy Rumala	Brooklyn	NY	(347) 326-2425
Manoj Gandhi	Brooklyn	NY	(703) 844-3312
Gina Desruisseaux	Farmingdale	NY	(631) 499-0592
Terry Chung	New City	NY	(201) 638-5667
Manoj Gandhi	New York City	NY	(703) 844-3312
Manoj Gandhi	New York City	NY	(703) 844-3312
Alicia Antoine	Not Matched	NY	(201) 390-8496
Brooke Attard	Not Matched	NY	(631) 513-3182
Brooke Attard	Not Matched	NY	(631) 513-3182
Manoj Gandhi	Not Matched	NY	(703) 844-3312
Nida Shafqat	Not Matched	NY	(631) 355-3215
Sandra Greatheart	Not Matched	NY	(917) 821-5048
Gladys Llubes	Oceanside	NY	(631) 241-8431
Shaney Nolasco	Queens	NY	(347) 373-7151
Angelica Piscitello	Staten Island	NY	(917) 242-6824
Manoj Gandhi	Tuckahoe	NY	(703) 844-3312
Nicole Wilson	Delaware	OH	(614) 975-2795
Hina Mehta	Westerville	OH	(847) 997-7697
Claudia Soruco	Edmond	OK	(479) 957-1494
Frank Taylor	Oklahoma City	OK	(620) 805-2475
Tej Korat	Collegeville	PA	(610) 663-5309
Chunfang "Grace" Zhao	Glen Mills	PA	(717) 903-2863
Remon Mikhail	Lansdale	PA	(484) 802-2588

FRANCHISEE NAME	CITY	STATE	PHONE
Sara Marozsan	Phoenixville	PA	(610) 906-2302
Gwen Cromer	Wyomissing	PA	(610) 391-1420
Elias Garcia	Fort Mill	SC	(704) 752-5200
Vivek Gaddam	Indian Land	SC	(732) 221-0937
Elias Garcia	Lake Wylie	SC	(704) 752-5200
Elias Garcia	Mt Pleasant	SC	(704) 752-5200
Elias Garcia	Nexton	SC	(704) 752-5200
Elias Garcia	Not Matched	SC	(704) 752-5200
Elias Garcia	Not Matched	SC	(704) 752-5200
Elias Garcia	Not Matched	SC	(704) 752-5200
Kunal Rao	Bellevue	TN	(310) 866-1620
Michelle Ragsdale	Brentwood	TN	(661) 333-0306
Michelle Ragsdale	East Franklin	TN	(661) 333-0306
Lisa Edwards	Not Matched	TN	(901) 481-1993
Kunal Rao	Spring Hill	TN	(310) 866-1620
Manoj Balasooriya	Anderson Mills	TX	(512) 965-6345
Nilambari Naik	Anna	TX	(678) 469-9644
Jaideep Manwani	Austin	TX	(650) 823-0252
Abhishekh Neeraty	Bee Cave	TX	(425) 951-9220
Harshal Saraya	Dallas	TX	(405) 537-2804
Kisa Zehra	Frisco	TX	(469) 971-8269
Sakina Asger Ali	Frisco	TX	(972)-394-0410
Sakina Asger Ali	Hickory Creek	TX	(972)-394-0410
Syed Jaffery	Houston	TX	(281)-312-6417
Vikram Malpani	Houston	TX	(832) 499-1099
Anand Chhitubhai	Hutto	TX	(520) 313-8699
Brandi Chitturi	Jersey Village	TX	(443) 454-2516
Asra Bilgrami	Katy	TX	(281) 772-2740
Sakina Asger Ali	Leander	TX	(972) 394-0410
Anand Chhitubhai	Manor	TX	(520) 313-8699
Edward Ricco	Not Matched	TX	(832) 499-7573
Manoj Balasooriya	Not Matched	TX	(512) 965-6345
Naveen Gollapally	Not Matched	TX	(860) 818-6286
Nicole Underwood	Not Matched	TX	(903) 812-0185
Sakina Asger Ali	Not Matched	TX	(972)-394-0410
Sakina Asger Ali	Not Matched	TX	(972)-394-0410
Lakeisha Coleman-Fox	Rowlett	TX	(214) 562-0912
Ghazala Javed	Sachse	TX	(312) 437-0779
Anand Chhitubhai	San Antonio	TX	(520) 313-8699
Callyross Serrano	San Antonio	TX	(713) 295-1216
Jaideep Manwani	San Antonio	TX	(650) 823-0252
Juliet Nnaji	San Antonio	TX	(580) 483-5494

FRANCHISEE NAME	CITY	STATE	PHONE
Jaideep Manwani	Schertz	TX	(650) 823-0252
Jaideep Manwani	Schertz	TX	(650) 823-0252
Binal Bhakta	Tomball	TX	(361) 739-9505
Saba Salman	Aldie	VA	(703) 268-0946
Tarek Gouda	Alexandria	VA	(919) 995-4076
Puneet Bhatia	Ashburn	VA	(281) 630-3439
Manoj Gandhi	Bristow	VA	(703) 844-3312
Grace Huxtable-Mount	Chesterfield	VA	(904) 699-2232
Deepak Jain	Sterling	VA	(732) 901-5522
Grace Huxtable-Mount	Williamsburg	VA	(904) 699-2232
Albert Samaan	Woodbridge	VA	(240) 381-6598
Alex Gomez	Edgewood	WA	(763) 360-2846
Lyndee Stuart	Lacey	WA	(206) 334-7287
Alex Gomez	Maple Valley	WA	(763) 360-2846
Grishm Patel	Not Matched	WA	(408) 250-1565
Inder Singh	Not Matched	WA	(916) 233-6057
Kushal Patel	Not Matched	WA	(570) 582-7782
Sneha Bhikha	Not Matched	WA	(870) 882-0332
Cynthia Umphrey	Oak Creek	WI	(248) 361-3857
Cynthia Umphrey	Pleasant Prairie	WI	(248) 361-3857

**THE LEARNING EXPERIENCE CORPORATE/AFFILIATE OWNED CENTERS AS OF  
DECEMBER 31, 2022**

CENTER NAME	STREET ADDRESS	CITY	STATE	ZIP CODE	PHONE
Palm Valley	13922 Avalon Dr.	Goodyear	Arizona	85395	623-536-3197
Eastmark	4744 S Eastmark Parkway	Mesa	Arizona	85212	480-809-6079
Huntington Beach	17131 Beach Blvd	Huntington Beach	California	92647	657-244-8948
Rohnert Park	6150 Commerce Blvd	Rohnert Park	California	94928	707-585-5992
Torrance	21321 Hawthorne Blvd	Torrance	California	90503	310-540-1730
Arvada West	14815 West 64th Avenue	Arvada	Colorado	80007	303-422-4000
Centennial	6500 South Peoria Street	Centennial	Colorado	80111	303-706-0964
Timnath CO – River Pass Rd	6600 River Pass Road	Timnath	Colorado	80547	970-232-9445
Boca Raton	331 E Yamato Rd	Boca Raton	Florida	33431	561-757-5475
Clearwater	3090 Sunset Point Road	Clearwater	Florida	33759	727-240-0213
Deerfield Beach	200 Hillsboro Technology Drive	Deerfield Beach	Florida	33441	954-531-0082
Sunrise	9410 W Commercial Blvd	Fort Lauderdale	Florida	33351	954-766-4770
Lake Worth	8474 W. Lantana Rd.	Lake Worth	Florida	33467	561-963-7625
Oldsmar	3933 Tampa Rd	Oldsmar	Florida	34677	813-855-7572
Orlando-Lake Nona	11800 Narcoossee Road	Orlando	Florida	32832	407-313-0791
Addison	890 S. Rohlwing Rd.	Addison	Illinois	60101	630-613-2122
Bucktown	2642 N Jones St.	Chicago	Illinois	60647	773-772-0728
West Loop	1215 W Jackson Blvd	Chicago	Illinois	60607	312-733-3141
Elgin IL	1023 M Randall Rd	Elgin	Illinois	60123	630-503-2272
Naper-Plainfield	2816 Hassert Blvd (Next to Starbucks on Illinois 59 and Hassert Blvd)	Naperville	Illinois	60564	331-226-2199
Overland Park West	13305 Pflumm Rd	Overland Park	Kansas	66213	913-814-3734
Hackensack	30 Woodridge Ave	Hackensack	New Jersey	7601	201-546-8304
Paramus	280 E Midland Ave.	Paramus	New Jersey	7652	201-225-0001
Wayne	220 Berdan Ave	Wayne	New Jersey	7470	973-839-1515
Rio Rancho	1510 Unser Blvd. S.E.	Rio Rancho	New Mexico	87124	505-896-8843
Deer Park	570 Commack Rd.	Deer Park	New York	11729	631-522-1227
Long Island City	27-28 Thomson Avenue	Long Island City	New York	11101	718-433-4007
Bixby	12606 S. Memorial Drive E.	Bixby	Oklahoma	74008	918-943-5867
Collierville	780 E Winchester Blvd.	Collierville	Tennessee	38017	901-221-7945
Germantown	3750 S. Forest Hill Irene Rd.	Memphis	Tennessee	38125	901-203-7960
Riverview	3705 S. US Highway 301	Riverview	Florida	33578	813-626-6971
Miramar	12280 Miramar Blvd	Miramar	Florida	33025	954-367-3773
Ladera	4131 Coors Blvd NW	Albuquerque	New Mexico	87120	505-418-4050
Huntington NY	305 W Jericho Turnpike	Huntington	New York	11743	631-683-5330

<b>CENTER NAME</b>	<b>STREET ADDRESS</b>	<b>CITY</b>	<b>STATE</b>	<b>ZIP CODE</b>	<b>PHONE</b>
Jenks	406 W 121 <sup>st</sup> St S	Jenks	Oklahoma	74037	918-300-3764
Greeley	4801 25 <sup>th</sup> St.	Greeley	Colorado	80634	970-627-4896
Quail Springs	15008 Gambles Trail Dr.	Oklahoma City	Oklahoma	73134	405-849-6040
Paradise Hills	4580 Nunzio Ave NW	Albuquerque	New Mexico	87114	505-309-3939



**EXHIBIT N TO DISCLOSURE DOCUMENT**

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

This is a list of franchisees that left the System in 2022. There are no additional franchisees with whom we have not been in contact in the last ten weeks.

<b>CENTER NAME</b>	<b>STATE</b>	<b>CONTACT</b>	<b>PHONE</b>
River Vale	New Jersey	Irene Anevski Peter Anevski	201-664-6414
Riverview*	Florida	Nadeem Akhtar Albert Samaan	703-472-5687
Marlborough*	Massachusetts	Vamshi Madadi Jithendar Kancharla	908-731-1786
Bloomfield	New Jersey	Rosalind Hitchman	570-801-1058
Gambrills	Maryland	Yasmeen Kaur Harmanpreet Singh	443-244-0946
Corona	California	Ladita McBride	310-525-8236
Audubon	Pennsylvania	Annie Kretzer Allison Kretzer	201-961-3360
Cary-Marynard	North Carolina	Gloria Campbell	919-961-1757
Parkville*	Maryland	Nadeem Akhtar Albert Samaan	703-472-5687
Miramar*	Florida	Grace Huxtable- Mount	904-699-2232
West New York*	New Jersey	Aparna Sinha	201-289-9913
Cooper City*	Florida	Angela Emiliani Elizabeth Emiliani	201-259-3097
Harrisburg	North Carolina	Kondalarayadu Akula	901-826-5561
Austin (Manchaca Rd.)	Texas	Raj Patel	330-348-6174
Watchung*	New Jersey	Arvish Pinkal Patel	908-688-3549
Pickerington	Ohio	Manoj Gandhi	703-844-3312
Odessa	Florida	Priyanka Dhir	863-430-5871

\* Indicates franchisee who currently still owns one or more Centers in our System.

**EXHIBIT O TO DISCLOSURE DOCUMENT****FRANCHISE TERMINATION AND GENERAL RELEASE AGREEMENT***Franchise #* \_\_\_\_

This FRANCHISE TERMINATION AND GENERAL RELEASE AGREEMENT (this “Agreement”) is executed as of \_\_\_\_\_ (“Effective Date”) by and among:

- **THE LEARNING EXPERIENCE SYSTEMS LLC**, a Delaware limited liability company having an address at 210 Hillsboro Technology Drive, Deerfield Beach, Florida 33441 (“Franchisor”); and
- \_\_\_\_\_, residents of \_\_\_\_\_ having an address at \_\_\_\_\_ (“\_\_\_\_\_”).

In this Agreement, term “Franchisee Party” refers to Franchisee and \_\_\_\_\_, together, individually, and in any combination.

**RECITALS:**

WHEREAS, \_\_\_\_\_, as “Franchisee”, and the Franchisor are parties to a The Learning Experience Franchise Agreement (“Franchise Agreement”) and a Site Development Service Charge Addendum (“SDSC Addendum”), both dated \_\_\_\_\_, relating to the development and operation of a franchised “The Learning Experience” childcare center to be located at \_\_\_\_\_ (the “Center”);

WHEREAS, in this Agreement, the term “Franchise Documents” is used to refer to the Franchise Agreement and SDSC Addendum, together and individually;

WHEREAS, as of the Effective Date, the Franchisee Party has paid the Franchisor a total of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) under the Franchise Documents (the “Initial Fees”);

WHEREAS, as of the Effective Date, the Center is still in the development stage and has not yet opened for business;

WHEREAS, the Franchisee Party has informed the Franchisor that they no longer wish to develop and operate the Center and have requested that: (a) the Franchise Agreement and SDSC Addendum be terminated (the “Termination”); and (b) the Initial Fees be refunded (the “Refund”); and

WHEREAS, the Franchisor is willing to agree to the Termination and the Refund, so long as the Franchisee Party complies with the terms and conditions specified in this Agreement.

NOW THEREFORE, in consideration of the mutually agreed upon promises and covenants stated herein, and for other good and valuable consideration, the sufficiency of which is acknowledged, the parties hereby agree as follows:

1. **Termination.** Subject to the parties' compliance with all of the terms of this Agreement (including but not limited to the Franchisee Party' compliance with the Post-Termination Obligations detailed below), the parties mutually and amicably agree that as of the Effective Date, the following agreements shall be fully and finally terminated:

1.1. The Franchise Agreement and all of its attachments, exhibits and addenda, but excluding the Non-Disclosure, Non-Interference and Non-Competition Agreement Attachment described in Section 3 below; and

1.2. The SDSC Addendum.

2. **Post-Termination Obligations.** The Franchisee Party acknowledges and agrees that:

2.1. Except as otherwise specified in this Agreement, the Franchisee Party acknowledges and agrees that all obligations set forth in the Franchise Documents that by their nature survive termination shall remain in full force and effect (including, without limitation Sections 9.2 (Relationship of the Parties) and 11.4 (Rights and Obligations after Termination) of the Franchise Agreement, and Attachment 3 to the Franchise Agreement (Non-Disclosure, Non-Interference and Non-Competition Agreement)).

2.2. The Franchisee Party agree not to make any public statements that are critical, derogatory, or which may tend to injure the reputation or business of the Franchisor or any of its affiliates, executives, or employees, and the Franchisee Party agrees to instruct their officers, directors, employees, agents, and any other persons under the Franchisee Party' control to refrain from making any such statements.

2.3. If there is a violation of any of the covenants in this Section 2, the Franchisee Party agrees that: (a) the Franchisor will be irreparably harmed; (b) there may be no adequate remedy at law for such a violation; and (c) in addition to and without limiting any other remedies that may be available to any party hereto, upon any such violation or threatened violation, the Franchisee Party agrees that the Franchisor shall be entitled to immediate injunctive relief (without the necessity to post a bond).

3. **Refund of Initial Fees.**

3.1. Franchisor agrees to refund the Franchisee Party the Initial Fees pursuant to Section 3.2 below within ten (10) business days of the Effective Date.

3.2. Franchisor shall make the payment payable to \_\_\_\_\_ and sent to \_\_\_\_\_.

4. **Mutual Releases.**

4.1. *By The Franchisee Party.* As of the Effective Date and again as of the Closure Date, the Franchisee Party agrees to release and forever discharge each of the TLE Parties from any and all Demands (as those terms are defined below). The Franchisee Party represents and warrants, and agrees, that they may later learn of new or different facts, but that still, it is their intention to fully, finally, and forever release all of the Demands that are released above.

4.2. *By the Franchisor.* As of the Effective Date, the Franchisor releases and forever discharges the Franchisee Party from any and all Demands (as that term is defined below), excluding: (i) monies due in the ordinary course of business from the Franchisee Party or their affiliates; and (ii) the Franchisee's obligations under this Agreement and the Franchise Documents.

4.3. The releases given above by the Franchisee Party and the Franchisor include the waiver of any state laws that might apply to limit a release (such as Calif. Civil Code Section 1542, which states that “[a] general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party”).

4.4. As used in this Amendment, the term “Demands” is agreed to mean:

- 4.4.1. any and all claims, assertions, liabilities, and/or causes of action of any kind or nature;
- 4.4.2. whether vested or contingent, whether known or unknown, and whether suspected or unsuspected;
- 4.4.3. that the Franchisee Party now owns and holds, or ever owned or held, or may at any time own or hold, against any one or more of the TLE Parties (or, in the case of the Franchisor's release, that the Franchisor now owns and holds, or ever owned or held, or may at any time own or hold, against the Franchisee Party); and
- 4.4.4. that arose at any time before (and including) the date of this Agreement, whether arising in law, equity, or otherwise.
- 4.4.5. The term “Demands” also includes any claim by any party seeking repayment of amounts in connection with the occupancy and operation of the Center (including without limitation funds that we advanced to, or on behalf of, you).

4.5. As used in this Agreement, the term “TLE Parties” is agreed to mean the Franchisor and its past, present, and future corporate predecessors, affiliates and successors, as well as their respective past, present, and future corporate parents, affiliates, officers, members, managers, directors, agents, attorneys, and employees (individually, collectively, and in any combination).

5. **Indemnification.** The Franchisee Party shall indemnify, protect, save, defend, and keep harmless the TLE Parties (as defined above), from and against, any and all claims, actions,

suits, costs and expenses (including without limitation lawyers' fees and expenses) of whatever nature imposed on, incurred by, or asserted against any TLE Party in any way relating to or arising out of this Agreement and/or the Franchisee Party' operation of the Center. This paragraph is in addition to, and not in place of, the indemnification provisions under the Franchise Documents.

6. **General Terms.**

6.1. Each of the parties represent and warrant to the others, and agree, that: (a) they have the full and complete authority to enter into this Agreement, (b) there is no legal obligation to prevent that party from entering into or carrying out its responsibilities under this Agreement; (c) with respect to the claims that are released under this Agreement, they have not previously filed a lawsuit, initiated an arbitration proceeding, nor has it transferred to anyone any of the claims released under this Agreement; and (d) they have not transferred to anyone any of the claims released under this Agreement.

6.2. Each of the parties agree that: (a) this Agreement is the entire, full, and complete contract among the parties concerning the subject matter hereof, and supersedes all prior agreements and communications concerning the subject matter of this Agreement; (b) no representations other than the words of this Agreement induced that party to sign this Agreement; and (c) that party did not rely upon anything other than the words of this Agreement in deciding whether or not to enter into this Agreement.

6.3. No amendment, change, or variance from this Agreement shall be binding unless it is in writing and signed by all of the parties hereto.

6.4. Each party confirms that it had the full and complete opportunity to review this document with a lawyer of its/her/his own choosing (even if it chose not to do so).

6.5. By signing this Agreement, each party intends to bind its spouse, heirs, legal representatives, assigns, and anyone else claiming for that party.

*[Signature page follows]*

IN WITNESS WHEREOF, the parties, agreeing to be bound by this Agreement, has signed and delivered this Agreement as of the Effective Date.

**THE LEARNING EXPERIENCE  
SYSTEMS LLC**

\_\_\_\_\_

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

Name: Brian Alexander

Title: EVP, Chief Legal Officer & Secretary

\_\_\_\_\_

\_\_\_\_\_, in trust for an  
entity to be formed, and individually

**EXHIBIT P-1**  
**AUDITED FINANCIAL STATEMENTS**



Academy of Early Education

# **The Learning Experience® Systems, LLC**

**Financial Statements**

**December 31, 2022 and 2021**

**With Independent Auditor's Report**



**The Learning Experience® Systems, LLC**  
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**December 31, 2022 and 2021**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Member of  
The Learning Experience® Systems, LLC:

### Opinion

We have audited the accompanying financial statements of The Learning Experience® Systems, LLC (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income and changes in member's capital, and cash flows for the years ended December 31, 2022, 2021 and 2020, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Learning Experience® Systems, LLC as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years ended December 31, 2022, 2021 and 2020 in accordance with accounting principles generally accepted in the United States of America.

### Basis of Opinion

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

### Management's Responsibility for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Learning Experience® Systems, LLC's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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

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

In performing an audit in accordance with GAAS, we:

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

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

*William Smith + Brown, PC*

March 15, 2023

**The Learning Experience® Systems, LLC**  
**Balance Sheets**  
**Years Ended December 31, 2022 and 2021**

	31-Dec-22	31-Dec-21
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 7,818,268	\$ 4,570,684
Accounts receivables, net of allowance for doubtful accounts	3,408,273	2,610,874
Franchise fees receivable	3,359,813	2,595,142
Prepaid expenses	1,113,957	1,802,484
Notes receivable, current portion	634,112	588,410
Total current assets	<u>16,334,423</u>	<u>12,167,594</u>
Other assets		
Notes receivable, long-term, net	3,239,097	4,147,824
Prepaid expenses	1,862,431	1,857,039
Property and equipment, net	5,614,997	4,656,378
Goodwill	67,104,437	67,104,437
Other intangible assets, net	55,800,327	53,696,239
Total other assets	<u>133,621,289</u>	<u>131,461,917</u>
<b>Total Assets</b>	<u>\$ 149,955,712</u>	<u>\$ 143,629,511</u>
<b>Liabilities and Member's Capital</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 4,213,642	\$ 4,186,803
Other fees payable	245,000	519,999
Current portion of long-term debt	1,040,177	--
Capital expenditures payable	2,082,214	1,768,567
Unearned revenue	3,447,260	3,352,019
Total current liabilities	<u>11,028,293</u>	<u>9,827,388</u>
Other liabilities		
Unearned revenue	14,657,902	7,492,605
Deferred rent	--	187,997
Security deposits	8,281,877	7,309,997
Long-term debt	1,859,695	--
Total other liabilities	<u>24,799,474</u>	<u>14,990,599</u>
Total liabilities	<u>35,827,767</u>	<u>24,817,987</u>
Member's capital	<u>114,127,945</u>	<u>118,811,524</u>
<b>Total Liabilities and Member's Capital</b>	<u>\$ 149,955,712</u>	<u>\$ 143,629,511</u>

**The Learning Experience® Systems, LLC**  
**Statements of Income and Changes in Member's Capital**  
**Years Ended December 31, 2022, 2021 and 2020**

	2022	2021	2020
<b>Revenues</b>			
Royalties	\$ 33,743,118	\$ 21,582,871	\$ 12,985,393
Franchise and related fees	10,458,128	9,609,511	5,739,754
Other	7,435,799	5,298,358	3,633,742
Total revenues	<u>51,637,045</u>	<u>36,490,740</u>	<u>22,358,889</u>
<b>Operating expenses</b>			
Selling, general and administrative	25,272,963	17,643,180	14,995,316
Amortization and depreciation	5,537,430	5,333,332	5,132,148
Total operating expenses	<u>30,810,393</u>	<u>22,976,512</u>	<u>20,127,464</u>
Income from operations	20,826,652	13,514,228	2,231,425
<b>Other (income) expense</b>			
Interest income, net	(334,261)	(214,372)	(120,568)
Deferred rent	-	39,459	54,892
Legal settlements	25,000	250	73,106
Loan reserves	217,374	603,813	95,426
Total other (income) expense	<u>(91,887)</u>	<u>429,150</u>	<u>102,856</u>
Net income	20,918,539	13,085,078	2,128,569
Member's capital, beginning of period	118,811,524	125,561,934	129,456,030
Equity based compensation (see Note 9)	549,025	272,108	257,180
Distributions to Parent	<u>(26,151,143)</u>	<u>(20,107,596)</u>	<u>(6,279,845)</u>
Member's capital, end of period	<u>\$ 114,127,945</u>	<u>\$ 118,811,524</u>	<u>\$ 125,561,934</u>

**The Learning Experience® Systems, LLC**  
**Statements of Cash Flows**  
**Years Ended December 31, 2022, 2021 and 2020**

	2022	2021	2020
<b>Cash flows from operating activities</b>			
Net income	\$ 20,918,539	\$ 13,085,079	\$ 2,128,569
Adjustments to reconcile net income to net cash provided by operating activities			
Amortization and depreciation	5,537,430	5,333,332	5,132,148
Deferred rent	(187,997)	39,459	54,891
Interest on notes receivable	--	--	(5,696)
Bad debt and loan reserves	316,391	727,085	523,290
Equity based compensation	549,025	272,108	257,180
Change in			
Accounts receivable	(896,416)	(1,077,931)	306,686
Franchise fees receivable	(764,671)	(3,720,906)	(408,817)
Prepaid expenses	321,966	(1,102,581)	(577,322)
Accounts payable and accrued expenses	26,839	2,014,733	(614,805)
Other fees payable	(274,999)	24,999	(40,000)
Unearned revenue	7,260,539	2,323,038	(341,578)
Security deposits payable	971,880	1,098,265	(22,292)
Net cash provided by operating activities	<u>33,778,526</u>	<u>19,016,680</u>	<u>6,392,253</u>
<b>Cash flows from investing activities</b>			
Issuance of notes receivable	(532,182)	(631,310)	(505,537)
Repayment of notes receivable	1,177,832	1,862,996	998,150
Purchases of property and equipment	(2,589,096)	(1,600,731)	(1,138,662)
Acquisition of other intangibles	(2,500,000)	--	--
Capital expenditures payable	313,647	(420,092)	564,785
Net cash used in investing activities	<u>(4,129,799)</u>	<u>(789,137)</u>	<u>(81,264)</u>
<b>Cash flows from financing activities</b>			
Payment of long-term debt	(250,000)	--	(125,000)
Distributions to parent, net	(26,151,143)	(19,611,976)	(6,279,845)
Net cash used in financing activities	<u>(26,401,143)</u>	<u>(19,611,976)</u>	<u>(6,404,845)</u>
Change in cash, cash equivalents and restricted cash	3,247,584	(1,384,433)	(93,855)
<b>Cash, cash equivalents and restricted cash</b>			
Beginning of period	4,570,684	5,955,117	6,048,972
End of period	<u>\$ 7,818,268</u>	<u>\$ 4,570,684</u>	<u>\$ 5,955,117</u>
<b>Supplemental disclosure of cash flow information</b>			
Cash paid during the period for			
Income taxes	\$ --	\$ --	\$ --
Interest	\$ --	\$ --	\$ --
Supplemental disclosure of non-cash investing and financing activities			
Conversion of accrued franchise fees receivable into notes receivable	\$ --	\$ 3,415,831	\$ 368,750
Acquisition of other intangibles through the issuance of loan payable	\$ 3,149,872	\$ --	\$ --
Other non-cash distributions to Parent	\$ --	\$ (495,620)	\$ --

The Notes to Financial Statements are an integral part of these statements.

**The Learning Experience® Systems, LLC**  
**Notes to Financial Statements**  
**December 31, 2022, 2021, and 2020**

**1. Description of Business**

The Learning Experience® Systems, LLC (the “Company” or “TLE Systems”) was organized in April 2003 to engage in the business of franchising, design, and supervising the development of education-based childcare learning centers (Learning Centers) under the trade name “The Learning Experience® Academies of Early Education.” The Company is a wholly-owned subsidiary of The Learning Experience Corp. (the “Parent” or “TLE Corp.”).

The Company is committed to social and emotional development through its consistent, high-quality curriculum and teaching methodology that is used system-wide. The Company pursues growth by establishing franchise sales in major metro markets nationally and primarily on the East Coast, Texas, Colorado, Illinois, Wisconsin, California, Oklahoma, Tennessee, New Mexico, Michigan, Washington and Florida at the current time. The following represents a summary of franchised centers and corporate-owned centers by the Parent for the period / years ended:

	2022	2021	2020
Franchisees under contract, beginning of the year	371	326	309
New contracts during the year	145	68	29
Terminated contracts during the year	(9)	(12)	(9)
Franchised centers closed during the year	(1)	(6)	(8)
Corporate-owned centers sold to franchisees	2	-	9
Franchised centers re-acquired by Parent	(2)	(5)	(4)
Franchisees under contract, end of the year	<u>506</u>	<u>371</u>	<u>326</u>
Franchised centers operating, beginning of the year	290	265	242
Franchised centers opened during the year	22	36	26
Franchised centers closed during the year	(1)	(6)	(8)
Corporate-owned centers sold to franchisees	2	-	9
Franchised centers re-acquired by Parent	(2)	(5)	(4)
Franchised centers operating, end of the year	<u>311</u>	<u>290</u>	<u>265</u>
Corporate-owned centers	<u>39</u>	<u>34</u>	<u>24</u>
Total centers operating	<u>350</u>	<u>324</u>	<u>289</u>

The Learning Experience® Systems, LLC, the Parent, and other affiliates intend to expand the number of Learning Centers through a combination of new franchise sales, with both new franchisees and existing franchisees seeking additional centers and corporate-owned centers. The Company does not have any one franchisee that currently owns more than fifteen franchises and as such, has no reliance on any one franchise operator that could impact the Company’s growth.

The franchise agreement provides for an initial term of fifteen years commencing on the opening date of the franchise and is extendable for up to three additional five-year terms provided the franchisee meets certain conditions as defined in the agreement.

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The Company has numerous relationships with affiliates, which are primarily wholly-owned by the Parent that are directly related to the conduct, operation, and development of its business. Among these relationships are the following: a) licensing agreements with MWR Holdings (“MWR”) for the rights by the franchisee to use certain proprietary products, b) ComRealty, LLC and ComRealty Group, LLC are responsible for negotiating lease terms with the landlords and receive a brokerage fee and c) various affiliates, which have been or will be organized specifically to hold the lease of the property in which the franchisee’s operations are located until such time it is assigned to the franchisee.

Certain other affiliates’ leases may be partially guaranteed by the Parent. Upon substantial completion of site development, the lease is assigned to the franchisee through a standard form of the Company known as an Assignment and Assumption Agreement.

The franchise agreement provides for cross defaults if a franchisee defaults on the lease and/or the franchise agreement. The Company believes that this gives greater security to the Company to have the opportunity to evict the franchisee in the event of a franchise default.

## **2. Summary of Significant Accounting Policies**

Significant accounting policies followed by the Company in the preparation of the accompanying financial statements are summarized as follows:

### **Cash, Cash Equivalents and Restricted Cash**

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less at the time of acquisition to be cash equivalents.

Cash held related to the advertising fund classified within cash. The Company intends to use these funds solely to support the advertising fund rather than to fund operations. Total cash balances related to the advertising fund as of December 31, 2022 and 2021 amounted to approximately \$1,288,000 and \$758,000, respectively.

### **Property and Equipment**

Property and equipment are recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets, generally two to five years for furniture, fixtures and equipment, three years for software and the lesser of the estimated useful life of the asset or the lease term for leasehold improvements.

Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and the resulting gain or loss is included in income.

### **Intangible Assets**

Identifiable intangible assets acquired in a business combination are recognized and reported separately from goodwill. Intangible assets acquired in an asset acquisition are recognized using the cost accumulation model.

Intangible assets with a finite life are amortized over their estimated useful life. Intangible assets with an indefinite life are not amortized but are reviewed annually for impairment in accordance with ASC 350 Goodwill and Other Intangible Assets.

For goodwill and intangible assets not subject to amortization, the Company first performs a qualitative assessment to determine if the fair value of the reporting unit is more likely than not greater than the carrying amount. In the event the Company were to determine that a reporting unit’s carrying value would more likely than not exceed its fair value, quantitative testing would be performed which consists of a comparison of each reporting unit’s fair value to its carrying value. The fair value of a reporting unit is an estimate of the amount for which the unit as a whole could be sold in a current transaction between willing parties. If the carrying value of a reporting unit exceeds its fair value, goodwill and/or intangible assets not subject to amortization, is written down to its implied fair value.



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**Impairment or Disposal of Long-Lived Assets**

The Company assesses the impairment of long-lived assets under the standard relating to accounting for the impairment or disposal of long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. For long-lived assets to be held and used, the Company recognizes an impairment loss only if the carrying amount is not recoverable and exceeds its fair value. The carrying amount of the long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposal of the asset. The Company has concluded that no impairment occurred for its long-lived assets during the periods presented within these financial statements.

**Deferred Rent**

The Parent's operating space lease agreements include lease incentives and lease escalations throughout their respective terms. Prior to the adoption of Accounting Standard Update ("ASU") 2016-02 "Leases (Topic 842)", the Parent allocated the Company its share of deferred rent attributable to recognizing rent expense on a straight-line basis over the term of the Parent's lease which resulted from the differences between amounts paid and amounts charged to expense. As a result of the Company's adoption of ASU 2016-02, the deferred rent balance as of January 1, 2022 was eliminated.

**Concentration of Credit Risk**

The Company maintains cash balances at financial institutions which at times may exceed the amount insured by the Federal Deposit Insurance Corporation. Management monitors the soundness of the institutions and has not experienced any losses to date with these institutions.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Significant estimates included in the preparation of these financial statements include the classification between current and non-current liabilities for unearned revenue, the methodologies used to determine the fair values of share-based compensation, and the estimated useful lives of intangible assets.

**Advertising Costs**

Advertising costs are charged to activities when incurred. Advertising expense amounted to approximately \$5,072,000, \$4,210,000, and \$2,578,000 for the years ended December 31, 2022, 2021 and 2020, respectively.

**Revenue Recognition**

Revenue is recognized in accordance with a five-step revenue model, as follows: identifying the contract with the customer; identifying the performance obligations in the contract; determining the transaction price; allocating the transaction price to the performance obligations; and recognizing revenue when (or as) the Company satisfies a performance obligation.

The Company sells individual franchises which typically require the franchisee to pay initial nonrefundable franchise fees prior to opening the respective Learning Centers and continuing fees, or royalty income, on a monthly basis based upon a percentage of franchisee gross revenue. The initial term of franchise agreements is typically 15 years with renewal options available.

In addition to the franchise license granted, the Company has identified two additional performance obligations for each individual Learning Center, 1) delivery and setup of furniture, fixture, and equipment ("FF&E"), and 2) initial live management training for the franchisee. Initial franchise fees and market entry fees for each arrangement are allocated to each Learning Center and recognized over the term of the respective franchise agreement from the date of the Learning Center opening. Revenue is recognized for delivery and setup of FF&E and the initial live management trainings at the time the services are provided. Royalty income is also recognized over the term of the respective franchise agreement based on the royalties earned each period as the underlying franchisee sales occur.

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Renewal fees, if any, are generally recognized over the renewal term for the respective Learning Center from the start of the renewal period. Transfer fees are recognized over the remaining term of the franchise agreement beginning at the time of transfer.

Franchisees are required to sign an addendum to the franchise agreement with respect to the location and construction of the Learning Center. Franchisees have the choice of either (a) having the Company provide the franchisee with a turnkey Learning Center through the execution of a Site Development Service Charge Addendum ("SDSC agreement"), or (b) selecting and building their own Learning Center with the approval of the Company through the execution of the Site Coordination addendum ("SC agreement"). The Company has identified various performance obligations within the SDSC agreement including identification of a suitable location, site plan approval from the local municipality, substantial completion of construction drawings, site permit or building permit and receipt of certificate of occupancy. The Company recognizes revenue as the performance obligations associated with the SDSC agreement are satisfied.

Franchise agreements typically require the franchisee to pay continuing advertising fees on a monthly basis based on a percentage of franchisee gross revenue, which represents a portion of the consideration received for the single performance obligation of the franchise license. Continuing advertising fees are recognized over the term of the respective franchise agreement based on the fees earned each period as the underlying sales occur.

Fees received or receivable that are expected to be recognized as revenue within one year are classified as current unearned revenue in the balance sheets.

**Security Deposits**

As part of the final closing process for the franchisees to open for business, they are required to sign an Assignment and Assumption of Lease Agreement. One of the stipulations of the agreement is that they post a Security Deposit with the Company in an amount equal to the greater of the security deposit required under the lease, if any, or two month's base rent under the lease. The Company holds the security deposit for the term of the franchise agreement.

**Accounts Receivables**

Accounts receivables are unsecured and primarily consist of royalties due from franchisees. The Company monitors the financial condition of franchisees and records provisions for estimated losses on receivables when it believes that a franchisee is unable to make their required payments. While the Company uses the best information available in making its determination, the ultimate recovery of recorded receivables is also dependent upon future economic events and other conditions that may be beyond the Company's control. The balance in the allowance for doubtful accounts at December 31, 2022 and 2021 was approximately \$411,000 and \$323,000, respectively. Accounts receivable are written off against the allowance for doubtful accounts when it is probable the receivable will not be recovered. Past due accounts are determined based on contractual terms with the franchisees.

Franchise fees receivable are due and payable as each milestone of the development of the center is reached. As each milestone is met, a distinct benefit has been met and it is deemed to be fully earned. If there is a default in payment, the Company has the right to terminate the Franchise Agreement causing the loss of the matched center and monies paid is non-refundable.

**Unearned Revenue**

Unearned revenue represents all amounts paid by franchisees and received by the Company in accordance with the franchise agreement and prior to substantially completing the attributable service required of the Company. At December 31, 2022 and 2021, unearned revenue is net of a fair value adjustment of approximately \$199,000 both years, resulting from the application of push-down accounting in prior years.

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**Income Taxes**

Under federal tax law the Company is treated as a disregarded entity and its income or loss is included in the income tax returns of the consolidated tax group TLE Parent LLC. In accordance with Accounting Standards Update (“ASU”) 2019-12, Income Taxes (ASC Topic 740), the Company is not required to record its allocable share of income tax expense since the Company is both not subject to tax and disregarded by the IRS as a single-member LLC.

**Accounting Pronouncements Adopted in the Current Year**

In February 2016, the Financial Accounting Standards Board (“FASB”) issued an ASU amending the accounting for leases. The Company adopted the new standard effective January 1, 2022, using the modified retrospective approach. Comparative prior periods were not adjusted upon adoption, as the Company utilized the practical expedient available under the guidance. Further, the Company elected to implement the package of practical expedients, whereby the Company did not (i) reassess existing contracts for embedded leases, (ii) reassess existing lease agreements for finance or operating classification, or (iii) reassess existing lease agreements in consideration of initial direct costs. The implementation of this standard did not have a material impact to the balance sheets, statements of income or cash flows.

**Accounting Pronouncements Not Yet Effective**

In June 2016, the FASB issued ASU 2016-13 “Financial Instruments-Credit Losses” that will require the earlier recognition of credit losses on loans and other financial instruments based on an expected loss model, replacing the incurred loss model that is currently in use. Under the new guidance, an entity will measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The expected loss model will apply to loans and leases, unfunded lending commitments, held-to-maturity (HTM) debt securities and other debt instruments measured at amortized cost. In November 2019, the FASB issued ASU 2019-10 extending the implementation of ASU 2016-13. This ASU is effective for fiscal years beginning after December 15, 2022. The Company is currently evaluating the effect that this pronouncement will have on its financial statements and related disclosures.

**3. Revenue Recognition**

**Disaggregation of Revenue**

Revenues are disaggregated by timing of revenue recognition for the years ended December 31, as follows:

<b>Revenue recognized over time</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Royalty income	\$ 33,743,118	\$ 21,582,871	\$ 12,985,393
Initial franchise fees	537,680	527,013	469,986
Advertising fees and related income	5,625,545	3,648,440	1,834,509
	<u>39,906,343</u>	<u>25,758,324</u>	<u>15,289,888</u>
<b>Revenue recognized at a point in time</b>			
SDSC and SC franchise fees	\$ 9,346,750	\$ 8,149,885	\$ 4,619,765
FF&E delivery and initial live training	528,698	932,613	650,003
Other revenues	1,855,254	1,649,918	1,799,233
	<u>11,730,702</u>	<u>10,732,416</u>	<u>7,069,001</u>
Total revenues	<u>\$ 51,637,045</u>	<u>\$ 36,490,740</u>	<u>\$ 22,358,889</u>

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**Contract Balances**

Information about receivables and unearned revenue subject to ASC 606 as of December 31 are as follows:

	2022	2021	2020
Franchise fees receivable	\$ 3,359,813	\$ 2,595,142	\$ 2,290,067
Unearned revenue	\$ 18,105,162	\$ 10,844,624	\$ 8,521,585

**Transaction Price Allocated to Remaining Performance Obligations**

Estimated revenue expected to be recognized in the future related to initial franchisee fee performance obligations that are either unsatisfied or partially satisfied as of December 31, 2022 is as follows:

Year	Amount
2023	\$ 581,994
2024	569,250
2025	550,272
2026	536,383
2027	518,839
Thereafter	2,800,152
Total	<u>\$ 5,556,890</u>

Estimated revenue expected to be recognized in the future related to development fee performance obligations that are unsatisfied as of December 31, 2022 is as follows:

Year	SDSC and SC franchise fees	FF&E delivery and initial live training	Initial franchise fees not substantially complete (1)	Advertising Fund	Not reasonably estimatable (2)	Total
2023	\$ 221,000	\$ 1,610,877	\$ 114,608	\$ 448,842	\$ -	\$ 2,395,327
2024	930,000	1,215,223	199,593	-	-	2,344,816
2025	420,000	791,308	252,439	-	-	1,463,747
2026	-	-	252,439	-	-	252,439
2027	-	-	252,439	-	-	252,439
Thereafter	-	-	2,715,072	-	3,323,931	6,039,003
Total	<u>\$ 1,571,000</u>	<u>\$ 3,617,408</u>	<u>\$ 3,786,590</u>	<u>\$ 448,842</u>	<u>\$ 3,323,931</u>	<u>\$ 12,747,771</u>

The estimated revenue disclosed above is net of a fair value discount of approximately \$199,000.

The timing of recognition of future development fee revenue often times varies by the geographic location of the franchisee due to differences in governing by the local municipalities.

- (1) Represents the amount of the franchise contract that has been allocated to initial franchise fees for which revenue recognition has not begun.
- (2) Represents the collection of initial franchise fees, together with FF&E delivery and initial live training fees, as well as development fees from franchisees under existing contracts the Company cannot reasonably estimate when revenue will be recognized because the franchisees have not been matched to an agreed upon location.

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**Payment Terms**

Royalty income and advertising and related income is due on the first day of each month following the month that franchisee's sales occur.

As of December 31, 2022, the following represents the typical payment terms associated with the Company's development fee revenue associated with the franchise agreements:

Upon execution of franchise agreement (1)	\$	90,000
Upon obtaining site plan approval from local municipality		30,000
Upon substantial completion of construction drawings		30,000
Upon issuance of site permit / building permit		60,000
Balance due upon certificate of occupancy		80,000
	<u>\$</u>	<u>290,000</u>

(1) This amount is typically allocated among the following performance obligations: i) initial franchise fee, ii) FF&E delivery, iii) initial live training and iv) mutually agreed upon matching of Center location.

The franchise agreements include a provision to refund these fees only if various pre-conditions have been fully satisfied.

**4. Notes Receivable**

As of December 31, 2022 and 2021, the Company had outstanding loan agreements with various franchisees. The notes are negotiated and range in terms from 12 months to 10 years, with interest ranging from interest free to 8.00 percent over the term of the loan. Security for the notes at a minimum has been the assets of the franchise, personal guarantees and may or may not include further collateral of the franchisees. The loans range in value from approximately \$35,000 to \$450,000. At December 31, 2022 and 2021, the outstanding balance amounted to approximately \$3,873,000 and \$4,736,000, respectively, which are net of a valuation allowance.

The Company assesses the collectability of each loan for impairment. Notes receivable are carried at amortized cost and each note is reduced by a valuation allowance that reflects management's best estimate of the amount that will not be collected. Management individually reviews all notes based on an assessment of current creditworthiness and estimates the portion, if any, of the balance that will not be collected. Activity in the valuation allowance for the periods ended is as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Valuation allowance, beginning of period	\$ 955,342	\$ 539,825	\$ 460,833
Provisions	217,374	603,813	95,426
Write-offs	<u>(434,057)</u>	<u>(188,296)</u>	<u>(16,434)</u>
Valuation allowance, end of period	<u>\$ 738,659</u>	<u>\$ 955,342</u>	<u>\$ 539,825</u>

The Company does not customarily and is not contractually required to offer financing to its franchisees and in the event an offer is extended, it is at the discretion of the Company.

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**5. Property and Equipment**

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Furniture, fixtures and equipment	\$ 5,381,569	\$ 4,889,583
Software	8,254,096	6,215,903
Leasehold improvements	<u>2,102,780</u>	<u>2,043,862</u>
	15,738,445	13,149,348
Less: Accumulated depreciation and amortization	<u>(10,123,448)</u>	<u>(8,492,970)</u>
Property and equipment, net	<u>\$ 5,614,997</u>	<u>\$ 4,656,378</u>

Depreciation and amortization expense amounted to approximately \$1,630,000, \$1,630,000, and \$1,429,000 for the years ended December 31, 2022, 2021 and 2020, respectively.

The Company is continuously developing internally developed software and information technology systems with various individual projects. These costs are capitalized and depreciated beginning when they are complete and placed in service. The Company incurred costs of approximately \$8,254,000 and \$6,216,000 at December 31, 2022 and 2021, respectively, with accumulated amortization of these costs of approximately \$4,742,000 and \$3,915,000, respectively. Management of the Company evaluates these projects for impairment on an annual basis and has determined that no impairment exists as of December 31, 2022 and 2021.

**6. Intangibles**

A summary of intangibles is as follows at December 31:

	<b>Useful Life (Years)</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Goodwill	n/a	<u>\$ 67,104,437</u>	<u>\$ 67,104,437</u>
Franchise agreements	18	\$ 66,657,400	\$ 66,657,400
Re-acquired rights	14	6,011,041	-
Less: Accumulated amortization		<u>(16,868,114)</u>	<u>(12,961,161)</u>
		<u>\$ 55,800,327</u>	<u>\$ 53,696,239</u>

For the years ended December 31, 2022, 2021 and 2020, amortization expense amounted to approximately \$3,907,000, \$3,703,000 and \$3,703,000, respectively.

The estimated aggregate amortization expense for the next five years and thereafter is set forth below:

<b>Year</b>	<b>Amount</b>
2023	\$ 4,110,721
2024	4,110,721
2025	4,110,721
2026	4,110,721
2027	4,110,721
Thereafter	<u>35,450,686</u>
	<u>\$ 56,004,291</u>

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**Reacquired Rights**

The Company treats reacquired centers and zone developer rights as asset acquisitions as substantially all the fair value of the gross assets acquired are concentrated in a single identifiable asset, reacquired franchise rights or zone developer rights. The Board of Directors of the Company has approved a long-term growth strategy to selectively acquire previously granted rights to zone developers and franchise units from Franchisees. The acquisition of defaulted centers is not mandatory by the Company and is solely a strategy by the Company when it feels it can improve and create value of poor / ineffectively managed franchise centers. These defaulted centers may only be held for short periods of time to stabilize and resell to other performing franchisees.

During the year ended December 31, 2022, the Company reacquired the rights to four zone developer agreements which previously granted the zone developers the exclusive right within a defined territory to own and operate several franchised locations, market to prospective franchisees on behalf of the Company, locate developers for prospective locations for Learning Centers and assist the Company in managing franchisees within the defined territory. Total consideration given amounted to approximately \$6,011,000 of which \$2,500,000 was paid in cash at closing, \$361,000 of prepaid zone developer fees were reclassified to reacquired rights and \$3,150,000 will be paid in accordance with an agreed upon payment schedule (see Note 7).

**7. Long-term Debt**

The Company has the following long-term debt agreements as of December 31, 2022 and 2021:

**Loan Payable – Re-acquired Rights**

During June 2022, the Company re-acquired the rights for 4 zones from a zone developer through a zone termination and general release agreement whereby the zone developer sold back its exclusive rights within a defined territory in exchange for approximately \$5,650,000, of which approximately \$3,150,000 was financed through the issuance of a note. Included within the initial face value of the note are Earnout Rights available to the developer provided the developer is also the direct landlord. There are specific markets where the Earning Rights apply and they are limited to 12 leases with a maximum of 3 in each 12 month period amounting to \$100,000 per location. The value of the earnouts was calculated assuming a 95% probability and discounted at 5% per year. The Earnout Rights were initially valued at approximately \$1,025,000. The note is required to be repaid in 36 monthly installments (with Earnout payments extending out to 48 months) ranging from \$38,690 to \$250,000, non-interest bearing and unsecured. The balance outstanding as of December 31, 2022 and 2021 amounted to \$2,899,872 and \$-0-, respectively.

Future maturities of long-term debt amount to the following as of December 31:

Year	Amount
2023	\$ 1,040,177
2024	637,677
2025	984,647
2026	237,371
	<u>\$ 2,899,872</u>

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**8. Related Party Transactions**

**MWR**

The Parent and the Company have a licensing agreement for the use of certain trademarks and intellectual properties with MWR, a sister company of the Parent, whose sole member is the sole member of the Company's Parent, for which the Parent and the Company agreed to pay a licensing fee equal to 50 percent of all initial franchise fees. During November 2014, the term of the agreement was amended to be effective for 5 years expiring November 2019 followed by automatically renewable successive five-year terms. Provisions of the licensing agreement include a maximum prepaid licensing fee per franchisee of \$35,000 and a maximum prepaid annual amount of \$350,000. Any excess licensing fees were to be paid to the licensor by the Parent only upon certain contingent events, including an initial public offering, maintaining specified cash flow amounts or in the event of liquidation, in accordance with an agreed upon formula. Attendant with the change in ownership of the Company's parent in prior years, TLE Holdings, the parent of TLE Corp, has suspended all provisions of the licensing agreement.

**TLE Corp.**

TLE Corp. leases office space in Florida under non-cancelable lease agreements expiring in 2027. For the years ended December 31, 2022, 2021 and 2020, TLE Corp. charged the Company approximately \$407,000, \$712,000 and \$733,000, respectively, in connection the Company's use of this office space. The Company and TLE Corp. have not entered into a formal agreement nor has TLE Corp. conveyed control over the use of the office space to the Company. As such, the Company does not account for this arrangement under ASC 842. Additionally, TLE Corp. does not anticipate charging the Company occupancy fees in future years.

**9. Commitments and Contingencies**

**FF&E Commitment**

In accordance with the franchise agreements, the Company has an obligation of providing a turnkey facility to the franchisee, for the purchase and delivery of certain furniture, fixtures, and equipment ("FF&E"). In accordance with the franchise agreements, the purchase of the FF&E is funded by the landlord and provided to the Company. In connection with these obligations, at December 31, 2022 and 2021, the Company has received funds from landlords in excess of the amounts paid for the purchase of FF&E in the amount of approximately \$2,082,000 and \$1,769,000, respectively, which is included in capital expenditures payable within the balance sheets.

Based on lease signings and existing franchise agreements at December 31, 2022, the Company is committed to purchase approximately \$12,135,000 of FF&E, of which approximately \$10,053,000 is remaining to be funded by the landlords prior to the opening of the centers.

**Loan Guarantees**

The Company, along with the Parent and other subsidiaries of the Parent, have guaranteed notes payable of TLE Holdings with an outstanding balance of \$109,825,000 and \$33,979,250 and a revolving line of credit with an outstanding balance of \$10,000,000 at December 31, 2022. As of December 31, 2022, the revolving line of credit had an additional \$15,000,000 of borrowing available. The notes payable and the revolving line of credit mature in June 2024. Events of default which could require the Company to perform under the guarantee are governed by the credit agreement with the lender.

**Other Commitments**

*Zone Developer Agreements*

The Company had four 25-year zone developer agreements whereby the zone developers have acquired certain rights from the Company including the exclusive right within a defined territory to own and operate several franchised locations, market to prospective franchisees on behalf of the Company, locate developers for prospective locations for Learning Centers and assist the Company in managing franchisees within the defined territory. In exchange the Company receives a non-refundable development fee. These agreements were terminated in June 2022 and the reacquired rights are reflected in other intangible assets within the balance sheets (see Note 6).



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*Legal Matters*

The Company is currently involved in various claims and legal actions. Management is currently of the opinion that these claims and legal actions have no merit, and the ultimate outcome will not have a material adverse impact on the financial position of the Company or its results of operations.

**10. Equity-based Compensation**

In connection with the change in ownership of the Company's parent, the ultimate parent of TLE Holdings, TLE TopCo, LLC ("TLE TopCo") created a management incentive unit ("MIU") equity plan (the "Plan") authorizing the issuance of up to 25,834,091 Class B units to allow for certain employees and service providers to participate in future value growth of the Company.

The Company accounts for MIU grants as equity awards under ASC 718 "Compensation – Stock Compensation" whereby the fair value of the MIUs are determined on the grant date and compensation expense recorded over the service period which generally coincides with the vesting period. Equity-based compensation expense is allocated between TLE Corp. and the Company consistent with TLE Corp.'s allocation of salaries and benefits.

During July 2018, TLE TopCo granted 24,228,409 MIUs to various employees of TLE Corp, the Company and consultants. These units generally vest at each 1-year anniversary over a 4-year period and become fully vested in the event the Company is sold. Compensation expense recorded as a charge to operations amounted to approximately \$549,000, \$272,000, and \$257,000 for the years ended December 31, 2022, 2021 and 2020, respectively. As of December 31, 2022, approximately \$1,432,000 of compensation expense is anticipated to be charged to operations through October 31, 2026. The Company recognizes forfeitures as they occur.

2018 Grants

The fair value of each MIU was estimated to be approximately \$0.27 per unit using a contingent claim analysis based on the Merton framework which takes into account as of the grant date TLE TopCo's total equity value (\$193.7m), equity volatility (35 percent), a risk-free interest rate (2.73 percent), an estimated time to a liquidity event (4.5 years) and a marketability discount (15 percent).

2019-2022 Grants

The fair value of each MIU was estimated using a total enterprise value ("TEV") or current value method ("CVM") whereby the Company's equity value is determined and allocated to the various share classes of the current capital structure. Significant inputs necessary to arrive at the TEV primarily include the Company's EBITDA adjusted for early-stage operating centers, an anticipated multiple of earnings and the net debt of the Company. For the periods ended December 31, 2022, 2021 and 2020, the fair value of MIU grants was estimated to be \$1.26, \$0.36 and \$0.36 per MIU, respectively.

**11. Risks and Uncertainties**

**COVID-19**

In March 2020, the Company began to experience the impact of the COVID-19 pandemic on its operations, as required business and government ordered school closures and shelter-in-place mandates requiring the remaining opened centers in a majority of cases to only offer service to essential workers (those that care and support services to the children whose parents work on the front lines of the response to the pandemic) resulting in the temporary closure or significant reduction in child occupancy in a significant portion of the Company's corporate-owned and franchised child care centers. State and local jurisdictions have since lifted restrictions, and the Company has re-opened the temporarily closed centers. All of the Company's centers were operating without enrollment restriction at the end of 2021 as opposed to the specific COVID-19 protocols in place in order to protect the health and safety of children, families, and staff, including concierge service procedures for pick-up and drop-off, daily health checks, the use of face masks by the Company's staff, limited group sizes, and enhanced hygiene and cleaning practices.

**The Learning Experience® Systems, LLC**  
**Notes to Financial Statements**  
**December 31, 2022, 2021, and 2020**

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During the temporary closure of a significant portion of the Company's childcare centers, the Company implemented measures to mitigate the impact on the Company's financial position and operations, as well as improve liquidity and access to financial resources. With the enrollment restrictions lifted and the centers back to operating at normal capacity, these mitigating measures have also been lifted and the Company's operations are back to pre-pandemic levels.

**12. Subsequent Events**

The Company has evaluated subsequent events occurring after the balance sheet date through the date of March 15, 2023, which is the date the financial statements were available to be issued. Based on that evaluation, the Company has determined that no subsequent events have occurred which require disclosure in or adjustment to the financial statements.

**EXHIBIT P-2**  
**UNAUDITED BALANCE SHEET**

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

**The Learning Experience® Systems, LLC**  
**Balance Sheets**  
**Quarter Ended March 31, 2023 and Year Ended December 31, 2022**

	31-Mar-23	31-Dec-22
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 7,158,476	\$ 7,818,268
Accounts receivables, net of allowance for doubtful accounts	3,936,558	3,408,273
Franchise fees receivable	3,445,313	3,359,813
Prepaid expenses	421,803	1,113,957
Notes receivable, current portion	<u>634,112</u>	<u>634,112</u>
Total current assets	15,596,262	16,334,423
Other assets		
Notes receivable, long-term, net	3,101,946	3,239,097
Prepaid expenses	1,953,431	1,862,431
Property and equipment, net	5,989,458	5,614,997
Goodwill	67,104,437	67,104,437
Other intangible assets, net	<u>54,772,648</u>	<u>55,800,327</u>
Total other assets	<u>132,921,920</u>	<u>133,621,289</u>
<b>Total Assets</b>	<b><u>\$ 148,518,182</u></b>	<b><u>\$ 149,955,712</u></b>
<b>Liabilities and Member's Capital</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 5,484,787	\$ 4,213,642
Other fees payable	456,195	245,000
Current portion of long-term debt	790,177	1,040,177
Capital expenditures payable	1,337,170	2,082,214
Unearned revenue	<u>5,572,457</u>	<u>3,447,260</u>
Total current liabilities	13,640,786	11,028,293
Other liabilities		
Unearned revenue	14,657,902	14,657,902
Deferred rent	--	--
Security deposits	8,549,677	8,281,877
Long-term debt	<u>1,782,315</u>	<u>1,859,695</u>
Total other liabilities	<u>24,989,894</u>	<u>24,799,474</u>
Total liabilities	38,630,680	35,827,767
Member's capital	<u>109,887,502</u>	<u>114,127,945</u>
<b>Total Liabilities and Member's Capital</b>	<b><u>\$ 148,518,182</u></b>	<b><u>\$ 149,955,712</u></b>

**EXHIBIT Q TO DISCLOSURE DOCUMENT****EXCLUSIVE CENTER MANAGEMENT AGREEMENT**

Franchise #\_\_

This **Exclusive Center Management Agreement** (this “Agreement”) is executed as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the “Effective Date”) by and among \_\_\_\_\_, a \_\_\_\_\_ having an address at \_\_\_\_\_ (the “Franchisee”), and **THE LEARNING EXPERIENCE CORP.**, a Delaware corporation having an address at 210 Hillsboro Technology Drive, Deerfield Beach, Florida 33441 (the “Manager”).

## RECITALS

WHEREAS, Franchisee and Manager’s affiliate, The Learning Experience Systems, LLC (the “Franchisor”) entered into that certain Franchise Agreement dated \_\_\_\_\_ (the “Franchise Agreement”);

WHEREAS, in accordance with the Franchise Agreement, Franchisee is operating a TLE franchise childcare center located at \_\_\_\_\_ (the “Center”);

WHEREAS, Franchisee desires, at its own discretion, to seek assistance from Manager in the management of the Center; and

WHEREAS, although under no obligation to do so, Manager has agreed to offer such management assistance to the Center, pursuant to the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the mutually agreed upon promises and covenants stated herein, and for other good and valuable consideration, the sufficiency of which is acknowledged, and intending to be bound hereto, the parties hereby agree as follows:

1. Recitals; Capitalized Terms; Controlling Document. All above Recitals are true and correct and are incorporated herein by reference. Any capitalized terms not defined in this Agreement shall have the meanings ascribed thereto in the Franchise Agreement. All provisions of the Franchise Agreement are incorporated herein. If there are any conflicts or inconsistencies between the terms of the Franchise Agreement and the terms of this Agreement, the terms contained in the Franchise Agreement shall govern and control.

2. Assumption of Center Operations.

(a) As of the Effective Date, Manager shall assume authority over the management and operations of the Center and its tuitions. Manager may open a segregated bank account under Franchisee’s tax ID number to manage and pay bills on behalf of the franchise. Franchisee hereby grants absolute power of attorney, as shown on Exhibit “A” attached hereto, appointing Manager as its attorney-in-fact to act in its place and stead on all matters pertaining to the Center; provided, however, that Manager and its affiliates shall not assume or otherwise incur any liability in regard to its management of the Center, and Franchisee does hereby agree to release and hold harmless Manager and its affiliates from any liability arising from its management of the Center, except for any liability resulting from the willful misconduct of Manager.

(b) Any and all direct and reasonable out-of-pocket costs incurred by Manager or its affiliates as a result of its management of the Center shall be reimbursed by Franchisee (“Reimbursements”) upon written demand therefore, with interest at the rate of ten percent (10%) per annum (the “Default Rate”) until paid in full. Simultaneous with the execution of this Agreement, Franchisee will execute the Bookkeeping Agreement attached hereto as Exhibit “B.”

(c) All fees (collectively, the “Fees”) that Franchisee is required to pay Franchisor and/or its affiliates, including, without limitation Royalties, Lease Administration Fees, and Software Fees, shall be paid when due.

(d) Franchisee shall have no contact with the Center Director or any other employee of the Center except in connection with their own children at the Center, if any. Any and all Franchisee communications, questions or concerns relating to the Center or this Agreement shall be addressed/directed to \_\_\_\_\_, as agent of Franchisor, or his/her designee(s). Further, any Franchisor communications to Franchisee shall be made only to \_\_\_\_\_, as the designated representative(s) of Franchisee and its members.

(e) Manager’s authority to pay Center expenses is limited to day-to-day expenses, and all standard and typical payments that are required to perform Manager’s role for operating the Center and any payment of any SBA loans outstanding in connection with the Center. Notwithstanding same, any expense over \$5,000 that is not required pursuant to a written agreement (such as payments under the Lease) shall require Franchisee’s approval. Franchisee further agrees to work with Manager for the success of the Center, but will use its best efforts not to interfere with Manager’s management of the Center.

### 3 Term.

(a) The initial term of this Agreement shall be for a period of sixty (60) months, commencing from the date of opening of the Center.

(b) Upon expiration of the initial term, this Agreement shall thereafter be automatically renewed for successive periods of sixty (60) months each unless either party provides the other with a thirty (30) day written notice to terminate, subject to Section 3(c) below.

(c) In the event that the Center, after twenty-four (24) months from the Effective Date, is not operating at a positive Free Cash Flow (defined below) for three consecutive months (exclusive of July and August of any calendar year), then either party may terminate this Agreement. If this Agreement is terminated pursuant to this Paragraph 3(c), after such termination is effective Franchisee must strictly follow Manager’s operational guidelines with respect to the operations of the Center, Franchisor’s System and the Manual. If Manager determines, in its sole discretion, that Franchisee is not strictly following the operational guidelines, the System and/or the Manual, the termination shall be automatically rescinded, this Agreement shall be reinstated without the need for any written documentation, and Manager shall resume operations of the Center pursuant to the terms hereof.

4. Management Fees. Franchisee acknowledges that Manager will contribute invaluable effort to Franchisee as contemplated by this Agreement, as well as monetary contributions such as the guaranty of that certain Lease agreement for the Center dated \_\_\_\_\_ (the “Lease”), and assigned to Franchisee on \_\_\_\_\_. In consideration thereof, and in addition to all Fees owed to Franchisor and its affiliates, Franchisee shall pay Manager or its designee a continuing management fee (the “Management Fee”) to manage the Center of the greater of four percent (4%) of the Center’s Gross Revenue or \$2,500, to be paid monthly in arrears on the first day of each month.

Franchisee acknowledges that the Manager will contribute significant and valuable intangible property and services to the Center, including without limitation, the formation, planning and execution of all aspects of the transaction contemplated by this Agreement, its vast experience as a child care operator, and its guaranty of the Lease. In consideration of the foregoing, in addition to the Management Fee set forth above, the manger shall be entitled to further consideration of a participating fee of twenty percent (20%) of the Center’s Free Cash Flow (the “Profit Participation”), to be paid monthly in arrears on the tenth day of each month. The Manager, or any party designated by the Manager, shall determine the Free Cash Flow as of the end of each calendar month based upon the financial reports prepared by Manager pursuant to GAAP accounting methods but prior to non-cash expenses, i.e. depreciation, amortization. For purposes of this Agreement, “Free Cash Flow” shall mean funds available to the Center after payment of reasonable and customary expenses incurred by a child care center, including without limitation, any Franchisor or Assignor loans, and all franchise fees owed under the Franchise Documents, such as Royalties, Brand

Awareness Fund contributions, Lease Administration Fees, and Software Fees, and after reasonable reserves as solely determined by Franchisor and/or Assignor, but prior to non-cash expenses (i.e. amortization and depreciation). Free Cash Flow will be determined after the payment of the Management Fee.

5. Independent Contractor. This Agreement is not one of general agency by Manager for Franchisee, but one with Manager engaged independently in the business of managing the Center on Franchisee's behalf, as an independent contractor, and in that respect having only limited agency as specifically set forth in this Agreement. All employment arrangements are therefore solely Franchisee's concern and Manager and its affiliates shall have no liability with respect thereto, including without limitation, all matters pertaining to the employment and compensation of such employees, and all applicable laws and regulations having to do with workmen's compensation, social security, unemployment insurance, hours of labor, wages, working conditions, and other employer-employee related subjects.

6. Reports. On or before the 25th day of each calendar month, Manager shall use commercially reasonable efforts to provide Franchisee with:

- (i) Copies of cancelled rent checks;
- (ii) Month-end management reports; and
- (iii) P&L (cash basis) for prior month.

7. Franchisee Warranties and Representations.

(a) Franchisee represents and warrants that as of the Effective Date, all Franchise Fees, as well as all costs and expenses associated with the Center and the Lease, including, without limitation, any loan (SBA or otherwise) payments, rent, real estate taxes and payroll taxes, have been paid in full.

(b) Franchisee shall be responsible for full compliance with all federal, state and municipal laws, ordinances, regulations and orders relative to the leasing, use, operation, repair and maintenance of the Center and with the rules, regulations or orders of the local Board of Fire Underwriters or other similar bodies, and will promptly remedy any violation of any such law, ordinance, rule, regulation or order which comes to its attention. Expenses incurred in remedying violations shall be paid from the Center's operating account.

(c) Franchisee shall remain responsible for full compliance with all terms and conditions contained in the Lease. Manager or its affiliates shall not be required to incur any liability on account thereunder.

(d) Franchisee, as a Center operating expense, will maintain adequate insurance against physical damage (e.g., fire with extended coverage endorsement, boiler and machinery, etc.) and against liability for loss, damage or injury to Center or persons which might arise out of the occupancy, management, operation or maintenance of the Center as required in the Lease and the Franchise Agreement. Franchisee shall ensure that Manager and its affiliates are covered as an additional named insured in all liability insurance maintained with respect to the Center and that Manager shall receive notice of any cancellation thereof. Franchisee shall indemnify and hold Manager and its affiliates harmless from any liability on account of loss, damage or injury actually incurred by Manager or its affiliates. Franchisee agrees that Manager shall have the exclusive right, at its option, to conduct the defense to any claim, demand or suit within limits prescribed by the policy or policies of insurance.

(e) Franchisee acknowledges that Manager's agreement to assume the management of the Center does not constitute a guarantee, assurance or warranty, express or implied, of the successful operation or profitability of the Center. Franchisee further acknowledges that it has been advised to have an attorney review and evaluate this Agreement and has had ample time to do so.

(f) Franchisee agrees and represents that it understands that there are no express or implied representations by Manager with respect to the Center's operations, and Franchisee further agrees that the performance by Manager hereunder will not be used by Franchisee as a basis for any claim, suit or other cause of

action, or otherwise as a claim against Manager or its affiliates under the Franchise Agreement or any related documents.

8. Default. In the event that Franchisee fails to comply with any provision of this Agreement within five (5) days following written notice from Manager, Franchisee shall be in material default of this Agreement, whereupon all accrued Fees, Reimbursements, and any loans made by Manager or its affiliates to Franchisee (whether prior to or subsequent to the date hereof), plus interest thereon at the Default Rate, shall be immediately due and payable to Manager or its designee. In addition, Manager, at its option, may exercise any of the default provisions contained in the Franchise Agreement, including without limitation, termination of the franchise. Any defaults under the Franchise Agreement shall likewise constitute a default under this Agreement.

9. Release and Indemnification. Franchisee does hereby agree to indemnify, release, cancel, forgive, forever discharge and hold harmless Manager, its predecessors, parent corporations, holding companies, divisions, subsidiaries, affiliates, franchises, heirs, successors and assigns, and all of their respective officers, directors, employees, shareholders, representatives, insurers and agents from and against any and all existing actions, claims, demands, damages, obligations, liabilities, controversies and executions, of any kind or nature whatsoever, whether known or unknown, whether suspected or not, arising under, resulting from or in any way connected to the Franchise Agreement, this Agreement, the Center, its operations and Manager’s management thereof, and does specifically waive any claim or right to assert any cause of action or alleged case of action or claim or demand which has, through oversight or error, intentionally or unintentionally, or through a mutual mistake, been omitted from this release. Should any claims, demands, suits or other legal proceedings be made or instituted by any person against Manager or its affiliates which arise out of any of the matters relating to this Agreement, Franchisee shall give Manager all pertinent information possessed by Franchisee and reasonable assistance in the defense or other disposition thereof.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands as of the Effective Date.

FRANCHISEE:

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MANAGER:

THE LEARNING EXPERIENCE CORP.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**EXHIBIT A TO EXHIBIT Q TO DISCLOSURE DOCUMENT**

**POWER OF ATTORNEY**

WHEREAS, \_\_\_\_\_, a \_\_\_\_\_ (the “Company”) is a franchisee of The Learning Experience Systems LLC (“Systems”);

WHEREAS, as a franchisee, the Company owns and operates a child care center at \_\_\_\_\_ (the “Center”);

WHEREAS, THE LEARNING EXPERIENCE CORP., a Delaware corporation (“TLE”), is an affiliate of Systems and has assumed all operations of the Center;

WHEREAS, Company desires to provide TLE with an unlimited power of attorney in connection with its management of the Center’s operations.

NOW, THEREFORE, the Company does hereby make, constitute and appoint TLE and its authorized employees, its true and lawful attorney-in-fact, for the Company and in its name, place and stead, to act generally in relation to all matters of every kind in which the Company may be interested or concerned with respect to the operation, management and ownership of the Center.

IN WITNESS WHEREOF, the Company has hereunto set its hand as of the \_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT B TO EXHIBIT Q TO DISCLOSURE DOCUMENT****BOOKKEEPING SERVICES AGREEMENT**

This BOOKKEEPING SERVICES AGREEMENT (the “Agreement”) is entered into this \_\_\_ day of \_\_\_\_\_, 20\_\_ (the “Effective Date”), by and between The Learning Experience Systems, LLC, a Delaware limited liability company (the “Franchisor”) and \_\_\_\_\_, LLC, a \_\_\_\_\_ limited liability company (the “Franchisee”).

**R E C I T A L S**

WHEREAS, Franchisee is required to generate regular periodic financial and other operating reports relating to its Franchise Center under the terms of that certain Franchise Agreement between the parties dated \_\_\_\_\_ (the “Franchise Agreement”); and

WHEREAS, Franchisee desires to utilize Franchisor’s bookkeeping services to generate such regular periodic reports; and

WHEREAS, Franchisor agrees to provide such bookkeeping services to Franchisee for a fee.

NOW, THEREFORE, in consideration for the mutual promises contained in this Agreement and other good and valuable consideration the parties agree as follows, with the intention of being legally bound hereby:

1. The recitals listed above are true and correct and are hereby incorporated into this Agreement.
2. From and after the date of this Agreement, Franchisee hereby agrees to pay Franchisor a monthly fee of Two Hundred Fifty Dollars (\$250) on the first (1<sup>st</sup>) day of each month for the following services:
  - a. Preparation of Monthly Operating Statement showing current month and year-to-date operations, on a cash basis; and
  - b. Preparation of Monthly Balance Sheets on a cash basis.

Franchisee shall forward such payment to Franchisor simultaneous with its monthly franchise fees as set forth in the Franchise Agreement.

3. Franchisee acknowledges that pursuant to the terms of the Franchise Agreement, Franchisor may require Franchisee to have its financial statements prepared at the direction of Franchisor when Franchisee has been notified that it is in default of the Franchise Agreement.

4. This Agreement will be effective and binding from the Effective Date until the date of expiration or termination of the Franchise Agreement. Notwithstanding same, either party may terminate this Agreement, so long as the terminating party is not in default of this Agreement, the Franchise Agreement or any of the documents related thereto, upon sixty (60) days prior written notice to the other party. This Agreement shall be automatically renewed if the Franchise Agreement is renewed.

5. In the event any monthly payment due Franchisor is not paid on or before the tenth (10th) day of each month, Franchisee shall pay Franchisor, in addition to the amount due and owing, a late charge of ten percent (10%) of each late payment to cover Franchisor’s administrative costs in dealing with the late payment. This is in addition to any interest due and owing.

6. All amounts not paid by Franchisee when due will bear interest from and after their due dates at the highest legal rate allowed in the State of Florida.

7. This Agreement is the full and complete agreement between Franchisor and Franchisee concerning the subject matter of this Agreement, and supersedes all prior agreements related to it. No other representation has induced Franchisee to sign this Agreement. There are no representations, inducements, promises or agreements, oral or otherwise, between the parties that are not embodied in this Agreement. No amendment, change or variance from this Agreement will be binding on either party unless agreed to in writing by both parties.

8. Each section, part, term and/or provision of this Agreement will be considered severable, and if, for any reason, any section, part, term and/or provisions of this Agreement is deemed invalid, the remaining section, part, term or provision not deemed invalid will continue to be given full force and effect and bind the parties thereto, and the invalid sections, parts, terms and/or provisions will not be considered part of this Agreement; provided, however, that if Franchisor determines that the finding of the illegality adversely affects the basic consideration of this Agreement, Franchisor may at its option terminate this Agreement.

9. Franchisee acknowledges and agrees that the collection, retention, timely and accurate reporting, in a form acceptable to Franchisor, of financial information relating to the Franchise Center are among the most important responsibilities that Franchisee incurs under the terms of the Franchise Agreement.

10. In the event a claim is asserted in any legal proceeding for amounts owed to Franchisor or Franchisee, or if Franchisor or Franchisee is required to enforce this Agreement, the successful party in any proceeding will be entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees, whether incurred before or in preparation or contemplation of the filing of such action or thereafter.

11. This Agreement will be governed by the laws of the State of Florida. All actions arising under this Agreement may be brought in the United States District Court for the Southern District of Florida or the Seventeenth Judicial Circuit Court in and for Broward County, Florida without objection to venue and jurisdiction, and any such objections are deemed waived.

12. Franchisor does not represent or warrant that its preparation of financial statements is in accordance with GAAP accounting, as based solely on a cash basis. Further, any information prepared by Franchisor does not render any advice or warranty its accuracy to the statements. Franchisee is encouraged to engage a proper licensed CPA in its local area, as to advice for filing all tax returns, and any and all municipal government filings as may be required, including without limitation all tax returns and the like. This Agreement is limited solely to the preparation of cash basis financial statements, and at no time will Franchisor prepare, file or reply to any governmental required filings as may be required of Franchisee.

14. Franchisee agrees that in the event it fails to timely gather all relevant raw data in the ordinary course of business in a form considered necessary by Franchisor to carry out Franchisor's duties under the terms of this Agreement, Franchisee shall, upon written notice from Franchisor, pay Franchisor an additional One Hundred Fifty Dollars (\$150) per day for each day that Franchisor is required to assign staff to the Franchise Center for the purpose of correcting the information gathering, retention and reporting capacity and functions of Franchisee.

15. Any default by Franchisee under any other agreement between Franchisor and Franchisee, including without limitation, the Franchise Agreement, Secured Promissory Note, Guaranty and Security Agreement, if any, the Software License Agreement, the Sublease or Assignment and Assumption Agreement, will act as a default under this Agreement and will automatically authorize Franchisor to exercise any and all remedies available to it pursuant to the terms of this Agreement.

IN WITNESS TO THE FOREGOING, the parties, intending to be legally bound, have duly signed, sealed and delivered this Agreement as of the Effective Date.

FRANCHISOR:

FRANCHISEE:

THE LEARNING EXPERIENCE SYSTEMS LLC

\_\_\_\_\_

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

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

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

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

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

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

**EXHIBIT R TO DISCLOSURE DOCUMENT**  
**LIST OF FORMER ZONE DEVELOPERS**

**ITEM 1**  
**BACKGROUND INFORMATION RELATING TO ZONE DEVELOPERS**

On behalf of The Learning Experience Systems LLC (“TLE”), our zone developers conduct certain recruiting services and oversee certain operational aspects of The Learning Center businesses in their zones. Our current zone developers are:

<b>ZONE DEVELOPER</b>	<b>PRINCIPAL BUSINESS ADDRESS</b>	<b>PHONE</b>	<b>ZONE</b>	<b>ZONE DEVELOPER SINCE</b>
Nu Dimension Childcare, LLC	32 Edelman Irvine, California 92618	(862) 849- 6070	Los Angeles & Riverside Counties, California	2010

**ITEM 2**  
**BUSINESS EXPERIENCE OF ZONE DEVELOPERS**

**Nu Dimension Childcare, LLC – Managers, Louay Akil & Munano Arafah**

Mr. Akil and Mr. Arafah have been the managers of Nu Dimension Childcare, LLC since April 2012.

**ITEM 3**  
**LITIGATION**

No litigation matters for the Zone Developers are required to be disclosed.

**ITEM 4**  
**BANKRUPTCY**

No bankruptcy matters for the Zone Developers are required to be disclosed.

**ITEM 8**  
**RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

TLE is not aware of any rebates that are paid to the Zone Developers by suppliers based upon purchases made by unit franchisees.

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

Our Zone Developers provide certain operational oversight to franchisees as we request. This oversight may vary from time to time.

**FORMER ZONE DEVELOPERS**  
**As of December 31, 2018**

Florida ZD, LLC  
Rick Kerper  
2430 Estancia Blvd., Suite 112  
Clearwater, FL 33761  
727-510-9878

**EXHIBIT S****STATE EFFECTIVE DATES**

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

This 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:

STATE	REGISTRATION/EXEMPTION EFFECTIVE DATE
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT T:****RECEIPT**

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

If The Learning Experience Systems LLC (TLES) offers you a franchise, it must provide this Disclosure Document to you: (a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale; or (b) Under New York law, if applicable, at the earlier of (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to us or an affiliate in connection with the proposed franchise sale; or (c) Iowa requires that we give you this disclosure document at the earlier of the first personal meeting or 14 days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship; or (d) Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If TLES does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agencies listed in Exhibit A to the Disclosure Document.

TLES is the franchisor and is located at 210 Hillsboro Technology Drive, Deerfield Beach, FL 33441 (561-886-6400). The franchisee sellers for this offering are: Richard S. Weissman, Nicholas Vanella, Essie Kronstat, Chad Weissman, David Slavny, Aaron Allison, Tyler Tannenbaum, Phillip Goldman, Amanda O'Brien and Paul Anderson, each at TLES' offices (210 Hillsboro Technology Drive, Deerfield Beach, FL 33441) (561-886-6400); and Nu Dimension Childcare, LLC (California only), having a principal business address of 6 Lawrence Court, Old Tappan, NJ 07675 (862-849-6070). Any additional franchise sellers are \_.

Issuance date: April 28, 2023.

TLES authorizes the state agencies identified on Exhibit B to receive service of process for it in those states.

I received a Disclosure Document dated April 28, 2023 (with effective dates of state registration as listed in the State Effective Dates page) that included the following Exhibits:

A	State Administrators	J	Conditional Assignment of Telephone Numbers, Listings and all Vendor Contracts
B	State Agents for Service of Process	K	Form of Lease Agreement and Attachments
C	Franchise Agreement and Attachments	L	Multiple Center Franchise Addendum
D	State-Specific Addenda and Amendments	M	Our Franchisees and Corporate Centers
E	Site Acceptance Form	N	Our Former Franchisees
F	Site Development Service Charge Addendum	O	Franchise Termination and General Release
G	Assignment and Assumption of Franchise Documents	P	Financial Statements
H	Assignment and Assumption of Lease Agreement and Attachments	Q	Exclusive Center Management Agreement
I	Site Coordination Addendum and Attachments	R	List of Former Zone Developers
		S	State Effective Dates Page
		T	FDD Receipts

Date \_\_\_\_\_ 202\_\_

Signed: \_\_\_\_\_

Print name: \_\_\_\_\_

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

**YOUR COPY: PLEASE KEEP THIS PAGE**



**EXHIBIT T:****RECEIPT**

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

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		T	FDD Receipts

Date \_\_\_\_\_ 202\_\_

Signed: \_\_\_\_\_

Print name: \_\_\_\_\_

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

**PLEASE PRINT, SIGN, DATE, AND RETURN THIS PAGE TO:**

**The Learning Experience Systems LLC**

**Email: FDD@tlecorp.com / Fax: (561) 886-6364**

**Mail: 210 Hillsboro Technology Drive, Deerfield Beach, Florida 33441 • Attn: Legal Department**