

FRANCHISE DISCLOSURE DOCUMENT

Kid to Kid Franchise System, LLC
a Delaware Limited Liability Company

39 East Eagle Ridge Drive, #100
North Salt Lake, Utah 84054
(801) 359-0071
david.martell@bcfranchise.com
www.kidtokid.com



Kid to Kid® franchises the right to use its trade name and system to sell new and used children's products and maternity items to the public.

The total investment necessary to begin operation of a Kid to Kid® franchise is \$359,661 to \$594,911 which includes \$35,000 that must be paid to the franchisor or an affiliate.

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 Dave Martell at Kid to Kid® at 39 E. Eagle Ridge Dr. #100, North Salt Lake, Utah 84054 telephone (801) 359-0071, ext. 101.

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

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

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

Issuance Date: April 20, 2023

How to Use This Franchise Disclosure Document

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

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

What You Need to Know About Franchising *Generally*

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

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

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

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

Competition from your 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, which requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or 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 B.

Your state may also 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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation and arbitration, only in Utah. Out-of-state mediation may force you to accept less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Utah than in your own state.
2. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement even though your spouse has no ownership interest in the franchise. This Guarantee will place both your and your spouse's marital and personal assets (perhaps including your house) at risk if your franchise fails.
3. **Mandatory Minimum Payments**. You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
4. **Inventory Control**. You must maintain Minimum Inventory Levels even if you do not need that much. Your inability to make these purchases or to maintain inventory levels at all times may result in termination of your franchise and loss of your investment.
5. **Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
6. **Termination**. If your store is not open within 18 months of signing the Franchise Agreement, Franchisor may terminate the Agreement, without granting you an opportunity to cure (FA Section 3.02).

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.

**THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS
GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW**

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This will 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 will 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 will 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 will include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor will, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan Consumer Protection Division
Attn: Franchise
670 G. Mennen Williams Building
525 West Ottawa
Lansing, Michigan 48933
(517) 373-7117

Despite subparagraph (f) above, we intend to enforce fully the provisions of the arbitration section contained in our Franchise Agreement. We believe that subparagraph (f) is unconstitutional and cannot preclude us from enforcing our arbitration section. You acknowledge that we will seek to enforce that section as written.

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Exhibits

- A. Franchise Agreement
- B. List of State Administrators
- C. Franchisor's Agent for Service of Process
- D. Addendum to Franchise Disclosure Document
- E. Computer Equipment List
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STATE EFFECTIVE DATES
RECEIPT

Item 1: THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, "Kid to Kid[®]", "we", "us", and "our" mean Kid to Kid[®] Franchise System, LLC, the franchisor. "You" and "your" means the person (if you are a sole proprietor, general partner, or personal guarantor of the Franchise Agreement) or entity (if you are a limited liability company, limited partnership, or corporation) that buys the franchise and becomes a franchisee. If you are a limited liability company, limited partnership, or other entity, "you" may also refer to its owners.

Franchisor, Predecessor, Parent, and Affiliates

Franchisor and Predecessor

We were organized as a limited liability company on July 15, 2022, under the laws of the State of Delaware. Our principal place of business is 39 E. Eagle Ridge Drive, #100, North Salt Lake, Utah 84054. We conduct business under the name of Kid to Kid Franchise System, LLC and Kid to Kid[®].

Our predecessor, Kid to Kid Franchise System, Inc. ("K2K"), was organized on November 19, 1993 under the name Kidstuff Franchise System, Inc., and commenced offering franchises in March 1994. It changed its name from Kidstuff Franchise System, Inc. to Kid to Kid Franchise System, Inc. on January 13, 1995. K2K or a related party had owned or managed at least one Kid to Kid[®] store since 1992. It had the same principal business as us.

We acquired the franchise assets related to the Kid to Kid[®] system on September 30, 2022, as the result of a transaction between BaseCamp Parent, LLC and our predecessor K2K. Following the transaction, BaseCamp Parent, LLC contributed all of the acquired assets down into its wholly-owned subsidiary, BaseCamp Franchise Holdings, LLC, which, in turn, contributed those assets down into its wholly-owned subsidiary BaseCamp Franchising, LLC. The acquired franchise agreements associated with the Kid to Kid[®] franchise were subsequently contributed down into Kid to Kid Franchise System, LLC, which is a wholly-owned subsidiary of BaseCamp Franchising, LLC.

We franchise the right to use our Marks and System to sell new and used children's products and maternity items to the public. "Marks" means such service marks, trademarks, trade dress, trade names, logos and commercial symbols, and all configurations and derivations, as may presently exist, or which may be modified, changed, or acquired by us or our affiliates, in connection with the operation of a Kid to Kid store. "System" means the business system, concept, methodology and format to purchase, market and sell new and used children's products and maternity items to the public. The System includes, but is not limited to: market evaluation, site selection and

leasing strategies, store design, layout and fixturing schemes, advertising, merchandising, purchasing and sales techniques, customer and community relations, financing and accounting strategies, management policies and procedures, and training programs as it may be changed from time to time. All stores operating within the franchise system use the name Kid to Kid[®]. We intend to continue to do business under the names "Kid to Kid[®] Franchise System, LLC" and "Kid to Kid[®]." We began franchising in August 2022. We operate no Kid to Kid stores, but as of December 31, 2022, some of our predecessor's officers and founders, Shauna Sloan and Chelsea Sloan Carroll, have ownership interests in various Kid to Kid[®] stores.

Parent and Affiliates

Our immediate parent is BaseCamp Franchising, LLC ("BaseCamp"). BaseCamp Franchising, LLC is wholly-owned by BaseCamp Franchise Holdings, LLC, which is wholly-owned by BaseCamp Parent, LLC. All of these entities are limited liability companies formed on July 15, 2022, in Delaware, with a principal place of business at 39 E. Eagle Ridge Drive, #100, North Salt Lake, Utah 84054.

Our affiliate Uptown Cheapskate Franchise System, LLC is a Delaware limited liability company formed on July 15, 2022 ("UCF"), and has the same principal address as us. It is a franchisor of a franchise system that sells new and used teen and junior products to the public, and commenced selling franchises in August 2022. While these stores target a different base of customers, their operations are similar to ours. UCF's predecessor, Uptown Cheapskate, LLC had owned or managed at least one Uptown Cheapskate store since 2008, and offered franchises from September 2008 to July 2022. As of December 31, 2022, Uptown Cheapskate, LLC had 100 franchise stores in the United States. UCF is not involved in any other business activities, and does not offer franchises in any other lines of business.

BaseCamp provides support services to our franchisees and our affiliate UCF's franchisees, including software, tech support, optional financing, bookkeeping and marketing services. BaseCamp is not involved in any other business activities, and does not offer franchises in any line of business.

Agent for Service of Process

Our agent for service of process is listed in Exhibit C of this Franchise Disclosure Document.

The Business We Offer

As a franchisee, you are granted the right to operate a Kid to Kid[®] store at a designated location and are promised that no other Kid to Kid[®] store will operate within at least five (5) miles driving distance (as measured by Google Maps[®] or another mapping service we

may select) of your store. You will receive assistance in market evaluation, site selection, store design, layout and fixture schemes, advertising, merchandising, purchasing and sales techniques, customer and community relations, policies and procedures, and training programs. You cannot open for business until the franchisee has at least 500 vendors in its database and has purchased the minimum inventory described in Item 7, Note 11.

The general market for the franchisee is retail and consignment clothing and related items. The market is fairly well developed. Goods will be sold primarily to families with children and sales are modestly seasonal, similar to traditional retail, with heavier sales in the fall for Back to School and in the Spring season.

Applicable Regulations

There are no particular federal laws or regulations specific to the industry in which the franchise business operates, but as sellers of children's products our stores must comply with the Consumer Product Safety Improvement Act of 2008 ("CPSIA") which prohibits the sale of unsafe and recalled children's products. There may be laws in your state or municipality related to products with filling in them, such as mattresses, car seats, and bassinets and the sale of second-hand items, that affect you. Some state and local governments regulate businesses which sell second-hand merchandise. Our stores are also subject to regular business laws and regulations, such as those that require that you obtain a Federal EIN number, a business license, a sales tax number, etc.

Competition

Your competitors may include specialty stores, department stores, discount stores, thrift stores, consignment stores, mail order vendors, internet merchants and other resale stores.

Kid to Kid[®] franchisees purchase product primarily from customers in their communities. In most cases, the product is purchased outright rather than consigned. Customers primarily consist of parents, other relatives, friends, and care providers shopping on behalf of children.

Item 2: BUSINESS EXPERIENCE

Zach Gordon: Co-CEO

Mr. Gordon has been our Co-CEO, as well as the Co-CEO of BaseCamp[®] and UCF, since October 2022, and previously served as Co-CEO of the predecessors of those three entities since August 2022. Mr. Gordon has also been Managing Partner of Horizon Point Capital, LLC since November 2020. Prior to that, Mr. Gordon was a Senior Director of Restaurant Brands International, Inc. in Miami, FL from August 2018 to November 2020,

and an Investment Analyst for Tarpon Investimentos S.A. in São Paulo, SP, Brazil from November 2013 to May 2016.

Tyler Gordon: Co-CEO

Mr. Gordon has been our Co-CEO, as well as the Co-CEO of BaseCamp® and UCF, since October 2022, and previously served as Co-CEO of the predecessors of those three entities since August 2022. Mr. Gordon has also been Managing Partner of Horizon Point Capital, LLC since July 2020. Prior to that, Mr. Gordon was a Principal at Apollo Global Management LLC in New York, NY from July 2015 to June 2020.

John Gordon: Director of BaseCamp

Mr. Gordon has been a Director of BaseCamp® since October 2022. Mr. Gordon has also been the Senior Managing Director of Deltec Asset Management Corporation in New York, NY since January 1988.

Brent Sloan: Director of BaseCamp

Mr. Sloan has been a Director of BaseCamp® since October 2022. Mr. Sloan co-founded our predecessor K2K in 1992 and served as the Chairman of the predecessor BaseCamp Franchising, LLC in Salt Lake City, UT from November 1992 to September 2022.

Chelsea Carroll: Director of BaseCamp

Mrs. Carroll has been a Director of BaseCamp® since October 2022. Mrs. Carroll co-founded the predecessor of our affiliate UCF in 2008 and most recently served as its President from January 2013 to September 2022.

Steve Murphy: Director of BaseCamp

Mr. Murphy has been Managing Director of 10K Island Investments, LLC since February 2020. Previously, Mr. Murphy held a variety of positions at Winmark Corporation in Minneapolis, MN from April 2002 to February 2020, including President of Franchising from October 2006 to February 2020.

Item 3: LITIGATION

Predecessor's Prior Actions

Maribeth Vanderbeck and M Three, Inc. v. Uptown Cheapskate, LLC, Kid to Kid Franchise System, Inc. and Basecamp Franchising, LLC. On August 11, 2014, Franchisee filed an arbitration claim against *Uptown Cheapskate, LLC* ("UC"), *Kid to Kid Franchise System, Inc.* ("K2K"), and the predecessor of *Basecamp Franchising, LLC* ("Basecamp") seeking rescission of its franchise agreement and damages, alleging that our affiliate's predecessor, UC, made unlawful earnings claims and provided poor advice and support. UC denied the allegations and defended its position in a binding arbitration action in Minnesota in October 2015. The arbitrator held on December 21, 2015, that "the evidence

demonstrated that M Three (the franchisee) breached the franchise agreement and its obligations under the agreement” and that UC was “entitled to terminate the franchise agreement.” The arbitrator also found that UC failed to advise M Three to seek legal counsel with respect to the lease it negotiated, and held that UC, K2K, and Basecamp were jointly and severally liable to M Three in the amount of \$186,750 to offset some of its rent obligations. The U.S. District Court of Minnesota confirmed the arbitration award Case No.: LLC File No.: 16-cv-00042 (Minn. U.T. filed January 7, 2016).

Other than this action, 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

You will pay us a \$25,000 lump sum franchise fee ("Franchise Fee") when you sign the Franchise Agreement. We will accept your application by signing and returning the Franchise Agreement to you. We will refund the entire Franchise Fee in 10 days if we do not approve your application. There are no refunds under other circumstances.

After you have signed the lease for your store, you will pay our affiliate BaseCamp® a non-refundable fee of \$10,000 to purchase the BaseCamp® software suite, which includes the IMAP™, Baseline™ POS, and Q™ software (the "Software Suite").

Item 6: OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty	5% of Gross Sales ¹	Payable monthly on the 10 th day of the next month	We will take the royalty fees, as well as all other fees, by electronic funds transfer
Post Termination Royalty	150% of stated royalty rate	Payable monthly on the 10 th day of the next month	Only charged if you are operating after franchise termination and a new agreement hasn't been signed
Marketing Fund	.5% of Gross Sales	Same as Royalty fee	For development and management of marketing and advertising materials and programs. In addition to Advertising Expenditure
Advertising Grand Opening or Reopening	At least \$20,000	Around grand opening or reopening	Must be spent between 2 months prior to and 1 month after grand opening or reopening
Advertising After Transfer of Ownership or Relocation	At least \$10,000	Around time of transfer or relocation	Must be spent within 2 months of relocation or transfer of ownership

Type of Fee	Amount	Due Date	Remarks
Advertising Expenditure	You must spend the greater of 5% of Gross Sales or \$2,000/month (in addition to grand opening, reopening, relocation and transfer store expenditures, and Marketing Fund fee). May be modified yearly	Measured each calendar quarter	You are required to report your Advertising Expenditures to us on the 5th day of the month following each calendar quarter
Advertising Penalty	1% of Gross Sales (from sales of prior month)	Payable monthly on the 10 th day of the next month for the 6 calendar months following the application of the penalty	Only charged if you fail to spend the required Advertising Expenditure during a 6-month period; does not count toward the required 5% Advertising Expenditure
Cooperative Fees	4% of Gross Sales with a monthly minimum of \$2,000 and maximum of \$5,000. Minimum and maximum amounts may increase each year (Franchise Agreement, Section 2.06 (c))	Payable monthly on the 20 th day of the month for the prior month	Collected and deposited into an account managed by the Cooperative. Members determine how funds are spent. Counts toward the 5% Advertising Expenditure requirement
Late Fees—Failure to Respond	\$200 fee for late reporting of Gross Sales, late registration for annual meeting, failure to submit other required reports or to respond to related inquiries. Fee shall be applied monthly and increase \$50 per month for each uncured violation	Payable one day after fee is incurred, payable monthly until cured	For failure to report Gross Sales, submit other reports, or register for the annual meeting on time
Late Fees—Failure to Pay on Time	Additional Royalty Fee of \$200 and additional Marketing Fund fee of \$100 for Royalties, Cooperative Fees, Marketing Fund, Computer Support Fees, or any other past-due invoice. Fee shall be applied monthly and increase \$50 per month for each uncured violation	Payable on the 11th day of each month	For failure to make proper funds available for transfer
Interest on Unpaid Royalty and Other Fees	Lesser of 1.5% interest per month or the highest rate allowed by law in the state in which the store is located on the unpaid balance (Maximum annual interest of 10% in California)	When Royalty or other fee is due	
Renewal Fee	25% of the then-current initial franchise fee	When new franchise agreement is signed	
Relocation Fee	\$5,000	Upon request to relocate your store	
Expansion Fee	\$2,500	Upon request for expansion of existing location	Only applies to expansion in current premises
Assignment Fee	\$25,000 to transfer to a new franchisee, \$15,000 to transfer to an existing franchisee	Payable when assignment is signed	Charge for selling your franchise to a third party

Type of Fee	Amount	Due Date	Remarks
Annual Meeting Non-Attendance Penalty Fee	\$1,500. May be adjusted annually We may charge a reasonable fee to cover the costs of the meeting space if you choose not to stay at the hotel or other location we have selected.	Payable on the 10 th day of the month following the annual meeting	For failure to attend the annual meeting
Computer Support Fee	\$250/month. May be adjusted annually	Payable on the 10 th day of the month	Affiliate BaseCamp® provides software upgrades and tech support if you meet the Computer System Standards (see Item 11)
Tech Support Fee	\$50/hour with 30 minute minimum. May be adjusted annually	Payable on the 10 th day of the month following service	Support rate for Software Suite if you do not meet the Computer System Standards
Standards Violation Fees	\$200 for each initial, ongoing, or repeated violation. Fee shall be applied monthly and increase \$50 per month for each uncured violation	The day after the fee is assessed following the 14-day cure period	For failure to cure a standards violation after 14 days' notice
Bookkeeping Service	\$225/month. May be adjusted annually	10 th day of the month following service	Required for the first year of operation, and may be required for an additional 12-month period if you fail to submit required financial reports after the first year of operation
Philanthropy Fee ²	No greater than .5% of Gross Sales	Payable on the 10 th day of the month	For system-wide philanthropy program, when developed
Additional On-site Assistance	Then-current rate. Currently, \$300 per day plus transportation and lodging (3 day maximum). May be adjusted	15 days after billing	Kid to Kid® provides opening assistance for new stores for free - See item 11
Audit	13.5% Royalty Fee and 1.5% Marketing Fund Fee applied to amount of understatement, plus late fees and interest from date of understatement Cost of audit if the understatement is greater than 1% of Gross Sales	2 days after receipt of audit report	Payable if there is an understatement of Gross Sales for any period. If audit shows an understatement of at least 1% of Gross Sales you must also pay the cost of the audit
Closure of Store	Highest average monthly royalty fee over the past 3 years multiplied by the number of months remaining in the franchise agreement	Within 30 days of closure	Payable if you close your store without our prior written consent

Note: We charge uniform fees to our franchisees with the exception that discounted initial Franchise Fees and software installation fees are occasionally offered to purchasers who own a franchise of an affiliate. All fees described above (except Computer Support Fees, Tech Support Fees, and Bookkeeping Service Fees which are paid to affiliate BaseCamp®) are imposed by and payable to us, and all fees are non-refundable. In California, the highest interest rate allowed by law is 10% annually.

¹ “Gross Sales” means the receipts from all sales conducted within, from or through your store or sales of product procured in your store, from vendors or suppliers who sell to your store, or using our brands and Marks, together with the amount of all orders taken or received at the premises, whether such orders are filled at the premises or elsewhere. Gross Sales includes such sales as described above completed via the internet, phone or any other channel. Gross Sales shall not include the amount of any sales, use, or gross receipts tax imposed by any federal, state, municipal or governmental authority directly on sales and collected from customers, provided that the amount thereof is added to the selling price or absorbed therein and paid by you to such governmental authority. Gross Sales shall not include sales of merchandise for which cash has been refunded. The price of merchandise returned by customers for exchange shall be deducted from Gross Sales provided that the price of the merchandise returned was originally included in Gross Sales and provided that the sales price of merchandise delivered to the customer in exchange shall be included in Gross Sales.

² A system-wide Philanthropy fee has not yet been developed, but may be in the future to benefit a charity that has similar objectives and goals about sustainability and bettering the world.

Item 7: ESTIMATED INITIAL INVESTMENT

Your Estimated Initial Investment

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Franchise Fee	\$25,000	Lump sum	At signing of Franchise Agreement	Kid to Kid [®]
Travel and Living Expenses while Training	\$2,000 to \$5,000 (Note 1)	As incurred	During corporate, in-store, and internship training	Airlines, hotel, restaurants, taxis, etc.
Real Estate Deposit	\$5,000 to \$20,000 (Note 2)	Lump sum	At lease signing	Landlord
Real Estate Improvements	\$15,000 to \$160,000 (Note 3)	As incurred	As incurred	Contractors, various vendors
Kid-door	\$3,600 to \$4,800 (Note 4)	As incurred	Prior to Opening	Mill, hardware store, painter, glass shop
Exterior Signs and Graphics	\$12,400 to \$16,800 (Note 5)	Lump sum	Prior to Opening	Various vendors
Interior Signs	\$2,000 to \$4,000 (Note 6)	Lump sum	Prior to Opening	Sign contractor
Trade Fixtures	\$75,250 - \$86,000 (Note 7)	Lump sums	Prior to Opening	FC Dadson, Inc., Carlson Fixtures and Various vendors

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Computers, Scanners, Cash Drawers, Printers, Credit Card Machines, Routers, Cables, I-Pads, TVs, etc.	\$16,611 (Note 8)	Lump sum	Upon signing of lease	Dell, Lenovo, Netgear, CyberPower, various vendors
BaseCamp [®] Software Suite	\$10,000 (Note 9)	Lump sum	Upon installation, prior to Opening	BaseCamp [®] Franchising
Security Camera System	\$1,800 to \$6,000	Lump sum	Prior to Opening	Various vendors
Grand Opening Promotion	\$20,000 to \$25,000 (Note 10)	Lump sums	Prior to Opening	Media, suppliers
Opening Inventory	\$55,000 to \$65,000 (Note 11)	As purchased	Prior to Opening	Various vendors
Incorporation Documents	\$500 to \$1,000	As incurred	Prior to Opening	Attorney, state
Loan Fees	\$3,500 to \$8,500 (Note 12)	Lump sums	At application, at loan closing	Lenders, loan brokers
Licenses, Permits, Utility Deposits	\$1,000 to \$2,000	As incurred	As incurred	City, county, and state agencies, utilities
Supplies, Hangers, Misc. Expenses	\$21,000 to \$24,600 (Note 13)	As incurred	Prior to Opening	Various vendors
Pre-Opening Additional Funds	\$48,000 to \$60,600 (Note 14)	As incurred	As incurred	Employees, vendors, suppliers, utilities, insurance company
Additional Funds [initial period] - 3 months	\$42,000 to \$54,000 (Note 15)	As incurred	As incurred	Employees, vendors, suppliers, utilities, insurance company
TOTAL	\$359,661 to \$594,911 (Note 16)			

Notes:

(1) You will receive approximately 6 days of classroom and in-store training at our corporate office, the Salt Lake City Kid to Kid[®] store, or at another location near Salt Lake City. The Manager of your store must also complete a 5-day internship at a designated host Kid to Kid[®] store, or at another Kid to Kid[®] location that you and we agree upon. Your franchise fee includes training for you and one other individual prior to opening your store. You must pay for travel, lodging, meals, compensation and incidental costs for you and your employee for all training and the internship. To the extent you would like more than you and one other team member to attend training, the cost will be \$1,000 per additional team member.

(2) These fees cover initial payments, such as first and last month's rent, and security deposit, assuming that you will lease a space with approximately 4,000 square feet in a community shopping center. Security deposits and pre-rent payments vary according to the cost per square foot of your space. Rents typically range from \$75,000 to \$140,000+ per year depending on size, condition, location, and market conditions, but are not

included as part of the Initial Investment outlined in this section. Freestanding buildings in highly visible locations may also be considered although rents are usually higher than in community shopping centers. Landlords typically require the first and last month's rent to be paid up-front. Some require security and/or cleaning deposits. They may give rent concessions during the first few months of the lease, but it may take 12 weeks or more to acquire enough inventory to open your store. If you choose to purchase a building, you will probably pay more money up front for the down payment, but the monthly real estate loan payments may be less than monthly rental fees.

(3) These fees cover leasehold improvements, assuming that you will lease a space with approximately 4,000 square feet in a community shopping center and that the landlord will pay for some, but not all of the improvements. If you choose to purchase a building, you will probably pay more money up front for real estate improvements, but the monthly real estate loan payments may be less than monthly rental fees.

(4) Manufacturing and installing the kid-door consists of several steps: milling the door and attaching hardware, then glazing, painting and installing it. Prices typically run between \$3,600 and \$4,800, including installation, which may vary depending on your market. The Kid-door is approximately 5 feet high and 28 inches wide, and is an essential element to the Kid to Kid brand which sets our concept apart.

(5) The lower amount reflects the cost to purchase and install a sign that is at least 18" tall, as well as window graphics in a typical community shopping center. Note that your sign must be as large as the landlord and city/county/jurisdiction allows, and your costs may be higher at those locations that permit you to display a larger sign or add a second or pylon sign.

(6) Signs which describe product categories and sizes or hours of business, window stickers, wall stickers, markdown signs, Kid to Kid signs, point of sale signs, promotional images, restroom and fitting room signs, policy signs, and other signs displayed within or on the exterior of the store.

(7) These are estimated fixture costs for a typical 4,000 square foot store. They include the purchase of a sales and processing counter, storage cabinets, wall and floor fixtures, slat wall, shelves, shelf standards, shelf brackets, wall dividers, hardware, display hooks, end cap bases, and children's play area. Fixture prices may vary but are typically \$20.00 to \$23.00 per square foot.

(8) This cost includes all computer hardware and equipment necessary to purchase, price, tag, and sell inventory, as well as track and report on sales, customers, vendors, inventory, accounts, and expenses (see Item 11). The purchase price (including an estimated tax and a modest contingency), as of March 7, 2023, was \$16,611.

(9) These costs include computer software necessary to purchase, price, tag, and sell inventory; track and report on sales, customers, vendors, inventory, accounts, and expenses. The purchase price is \$10,000 for the BaseCamp® Software Suite.

(10) Your grand opening or re-opening promotion will have two phases: phase one, during which you will advertise that you are purchasing product; and phase two, during which you will promote your opening. The minimum advertising expenditure you must make across these two phases is \$20,000. If you are purchasing a store already in operation or a store that has been relocated, you must spend \$10,000 within two months following the grand reopening. In addition, you are required to spend the greater of 5% of Gross Sales or \$2,000 per month on advertising during each six-month period of operation, which we may increase annually.

(11) You must have purchased, priced, tagged, and hung or displayed the greater of eight and one-half (8.5) items per square foot of sales area or thirty thousand (30,000) items in gently-used, in-season inventory and the greater of Ten Thousand Dollars (\$10,000) or Three Dollars (\$3.00) per square foot of sales area in new product inventory ("Minimum Inventory")—the type, assortment, and quality of which are specified in the Inventory Section of the Manual. It may take twelve (12) weeks or longer or more to acquire the necessary inventory level.

(12) This estimates loan fees to lenders and loan brokers, such as application fees, origination fees, packaging fees, underwriting fees, and administrative fees that are due at application or at loan closing.

(13) Supplies and miscellaneous expenses include hangers, bags, tags, and cleaning supplies, office supplies, and related items.

(14) This estimates the additional funds required during the Open to Buy period. It includes payroll expenses for store employees, the first installment for store insurance, monthly utility payments, high speed internet charges, rent, and miscellaneous expenses.

(15) This estimates the working capital required during the first 3 months of operation following the Open to Buy Period. It includes payroll expenses for store employees, ongoing advertising expenses, store insurance expenses (see Item 8 below), monthly utility payments, high-speed internet charges, rent, and miscellaneous expenses. This estimate does not include any financing costs associated with the purchase of the franchise.

(16) This total is an estimate of your pre-opening initial investment and expenses incurred during the first 3 months of Store operations. In compiling these estimates, we relied on our and our predecessor's years of combined retail, shopping center, and computer experience since 1992.

Although we do not provide financing for your initial investment, our affiliate, BaseCamp® may loan you money. See Exhibit K.

Apart from a lease deposit which may be refundable at the end of your lease, none of the other costs, fees, and expenses incurred in your Initial Investment are refundable.

Item 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases

We provide specifications in the Training and Operations Tools for each item you are required or suggested to purchase or lease in establishing and operating your store. These specifications include standards for reliability, performance, design, and appearance and have been developed by our support team, with input from our advisory board.

Required and Approved Suppliers

You must purchase your computers and related equipment from Lenovo or Dell® Computers, or other suppliers, as we require. You must purchase fixtures and other materials necessary to outfit your store from FC Dadson, Inc. and Carlson Fixtures. You must also purchase the BaseCamp® Software Suite, which includes the IMAP™, Baseline™ point-of-sale, and Q™ software from our affiliate BaseCamp®.

The estimated proportion of these required purchases to all purchases of goods and services is between 15% and 30% in establishing your business and between 1% and 2% in operating it.

Approval of Alternative Suppliers

All other purchases may be made from any supplier you select, provided the product meets the specifications contained in the Training and Operations Tools, the New Store Build-out Manual, and the General Contractor Manual. In the Training and Operations Tools and New Store Build-out Manual, we provide a general description, technical description, price, and suggested vendor for each product or service you must purchase for your store. We regularly test and evaluate the performance of those products in our corporate and franchise stores. When we find products and services that perform better than those specified in the Training and Operations Tools, the New Store Build-out Manual, and the General Contractor Manual, we may update our materials and send you (and the appropriate suppliers) the revised section or revise the information on our web portal.

There is no fee or penalty for using a supplier that is not included in the Recommended Supplier List, nor is there any material benefit for using a supplier that is included on the

list. However, we reserve the right to require you to purchase specific items from approved suppliers which we designate.

Revenue from Franchisee Purchases

We are not the supplier of any goods and services required to establish and operate your store. You must purchase the BaseCamp® Software Suite from our affiliate BaseCamp®.

From January 1, 2022 to September 30, 2022, BaseCamp's predecessor received the following revenue: \$278,000 from the sale of BaseCamp® Software Suite, which includes Baseline™, IMAP™ and Q (which was 4.12% of the predecessor's total 2022 revenue of \$6,746,934), \$421,298 from Computer Support (representing 6.24% of total revenue), \$153,770 from the bookkeeping service (representing 2.28% of total revenue), and \$127,571 from the marketing service (representing 1.89% of total revenue).

From October 1, 2022 to December 31, 2022, we received the following revenue: \$151,595 from Computer Support (representing 24.60% of total revenue of \$616,294), \$53,855 from the bookkeeping service (representing 8.74% of total revenue), and \$46,778 from the marketing service (representing 7.59% of total revenue).

The \$10,000 purchase price for the BaseCamp® Software Suite represents approximately 2% to 3% of the costs associated with opening your Store, and the Computer Support Fee is expected to average less than 1% of annual operating costs.

Except for the BaseCamp® Software Suite, the software maintenance and upgrades, tech support, equipment and inventory financing, optional marketing and optional or required bookkeeping services offered by affiliate BaseCamp®, there are no approved suppliers in which any of our officers, directors, principal owners or key employees owns any interest. Except for marketing and bookkeeping support, we receive no income or material consideration as a result of required purchases or leases.

Cooperatives

Except for Local Marketing Cooperatives (see Item 6), we have no purchasing or distribution cooperatives, but may, from time to time, purchase products and services in bulk and offer them to franchisees at the bulk rate or a reduced price.

Negotiated Prices

We periodically negotiate the prices, and evaluate the quality, delivery time, flexibility, and service provided by suppliers. Suppliers which perform well in these areas are added to the Recommended Supplier List on our web portal, in the Training and Operations Tools, New Store Build-out Manual, and General Contractor Manual. Suppliers that fail to perform consistently in any of these areas are removed from the Recommended

Supplier List. From time to time Recommended and Approved Supplier Lists are updated on our web portal.

Material Benefits

Except for receiving a franchise-tested quality and service assurance that the product or service meets our Standards, you will not receive any material benefit if you buy from sources we recommend or mandate. However, we reserve the right to obtain rebates or other types of commissions from your purchases from approved suppliers.

Insurance

You must maintain the types of insurance in amounts that we may require. This insurance is in addition to any other insurance that may be required by applicable law, your landlord, or otherwise. The insurance must meet the following requirements:

- The insurance policies must name us and our parent as additional insureds.
- The insurance must be placed with an approved vendor and a carrier with a Best's Rating of "A+" or better.
- The insurance may not be subject to cancellation, or any material change except after 30 days' written notice to us.
- The insurance policies must provide that even if you do not comply with the contract, or engage in other conduct, the insurance coverage will not be voided or otherwise affect the coverage afforded to us and our affiliates.
- The insurance policies must contain a waiver of subrogation in favor of us or our insurer.
- Minimum coverage requirements include: general liability insurance for not less than \$2,000,000 per occurrence with a \$2,000,000 annual aggregate limit; products and completed operations insurance for not less than \$1,000,000 per occurrence with a \$2,000,000 annual aggregate limit; personal and advertising injury insurance for not less than \$1,000,000; tenant fire legal liability insurance for not less than \$100,000; medical payments insurance for not less than \$5,000; hired and non-owned auto liability insurance for not less than \$1,000,000. You shall also keep in force, as applicable, combined single limit bodily injury and property damage insurance for not less than \$1,000,000 for autos owned by your company. In addition, you must carry workers' compensation and employer's liability insurance for not less than \$100,000 for bodily injury by accident (for each accident), not less than \$500,000 for bodily injury by disease (aggregate limit), and not less than \$100,000 for bodily injury by disease (each employee).

Note: This is just a summary. Please see Franchise Agreement Section 2.09 for details. If you do not obtain or maintain the requisite coverage, we will have the right (but not

the obligation) to pay any premium or obtain the required coverage on your behalf and charge you back for those premiums.

Item 9: FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 1.01, 3.02, 4.01	Items 7, 11 and 12
b. Pre-opening purchases/ leases	Sections 3.02, 3.03, 3.05, 4.01	Items 7, 8, 11
c. Site development and other pre-opening requirements	Sections 3.01, 3.02, 3.03, 3.04, 3.06, 4.01	Items 7, 11 and 12
d. Initial, ongoing, and refresher training	Sections 1.03, 1.04, 2.12, 3.04, 4.01, 4.08, 4.09, 6.03	Items 6 and 11
e. Opening	Sections 2.06, 3.06, 4.01, 4.08	Item 11
f. Fees	Article 2, Sections 2.01-2.15, 4.02, 4.11, 4.15, 6.03	Items 5, 6, 7
g. Compliance with standards and policies/Operating Manual	Article 4, Sections 4.01 – 4.16, 6.03	Item 11
h. Trademarks and Proprietary information	Article 5, Sections 5.01-5.06	Items 13 and 14
i. Restrictions on products/services offered	Sections 4.01, 4.03, 4.05	Items 8 and 16
j. Warranty and customer service requirements	Sections 4.01, 4.03, 4.05	Item 11
k. Territorial development and sales quotas	Sections 3.02, 3.04	Item 12
l. Ongoing product/service purchases	Section 4.01, 4.03, 4.05	Item 8
m. Maintenance, appearance and remodeling requirements	Sections 1.03, 3.03, 4.01, 4.13	Items 6 and 11
n. Insurance	Section 2.09, 4.07	Item 7
o. Advertising	Sections 2.05, 2.06, 4.01, 4.03, 4.04, 4.05, 4.11, 5.03, 5.04	Items 7 and 11
p. Indemnification	Section 2.16	Item 11
q. Franchisee participation/management/ staffing	Sections 2.12, 3.04, 4.01, 4.03, 4.07, 4.08, 4.09, 4.10, 4.11	Items 11 and 15
r. Records and reports	Sections 2.06, 2.07, 2.15, 4.01, 4.12, 4.14, 4.15	Item 11
s. Inspections/audits	Sections 4.14, 4.15	Item 11
t. Transfer	Sections 2.06, 2.11, 6.01-6.06, Article 8	Items 6 and 17
u. Renewal	Sections 1.03, 2.10, 4.01	Item 17
v. Post-termination obligations	Article 8	Item 17
w. Non-competition covenants	Sections 5.05, 5.06	Item 17
x. Dispute Resolution	Sections 10	Item 17
y. Personal Guarantee	Appendix "D"	Item 15

Item 10: FINANCING

We do not offer direct financing, but you may qualify to borrow up to \$100,000 to purchase inventory, fixtures, equipment and leasehold improvements needed to operate your store from our affiliate BaseCamp[®]. If BaseCamp[®] decides to loan you money, the term, annual percentage rate, and monthly payment will depend on a number of factors which include, but are not limited to, your financial strength, your credit history and the current prime rate.

BaseCamp[®] requires no down payment but you must pay an up-front document fee of \$500, plus an annual interest rate (compounded monthly) of between 15% and 20%. Amortized principal and interest payments are drawn from your account on the 20th day of each month over a term of 12, 24 or 36 months.

For example, if you borrowed \$25,000 at 18% interest over 24 months, you would pay a document fee of \$500, and 24 monthly payments of \$1,248.10.

BaseCamp[®] requires a security interest in the assets plus a personal guarantee signed by the franchisee (or its owners if the franchisee is an entity). The loan can be repaid at any time without penalty.

If you do not pay on time BaseCamp[®] can demand immediate payment of the outstanding balance, repossess the assets and obtain court costs and attorney's fees if a collection action is necessary. You waive your rights to notice of a collection action and to assert any defenses to collection against us or BaseCamp[®].

We work with Wells Fargo[®], Key Bank[®] Lendio[®] BaseCamp[®] and other lenders to assist our franchisees with financing but receive no direct or indirect payments from them for placing financing.

BaseCamp[®] does not plan to sell your note to a third party but reserves the right to do so.

We do not guarantee your loan, your lease, or any other obligation.

See Exhibit K for additional details.

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 Assistance

Before you open your business, we will:

A. Assist you in the selection, leasing or purchase of your store location. We generally do not own the premises you will lease, nor do we select the site or approve the area in which you will operate. Instead, we may make recommendations regarding proposed sites to you, your licensed real estate agent, or attorney (see Franchise Agreement, Sections 1.01 and 3.02). The factors we typically consider in evaluating a proposed site include: nearby population, traffic, flows, competition, specific location attributes, area reputation, proximity of the store to other Kid to Kid[®] stores (which must exceed 5 miles' driving distance as measured by Google Maps[®] or another mapping service we may select), rental rates and terms. It typically takes 3 to 6 months to select a site and negotiate a lease;

B. Consult with your draftsman or architect, who will draft and file plans to obtain the required permits for the remodeling of your store in compliance with our requirements, as well as all local, state, and federal regulations. These may include, but are not limited to, health, sanitation, sign, utility, and building codes (see Franchise Agreement - Section 3.03);

C. Provide suggestions and input to your general contractor who will construct, remodel and decorate the premises;

D. Provide you and up to one other person with 6 days of training and a 5-day internship (see Franchise Agreement - Sections 3.04 and 4.08(c));

E. Provide you with written specifications, prices and recommended or required vendors for fixtures, computers, equipment and supplies after you notify us that you have leased or purchased your store location (see Franchise Agreement - Section 3.03). We generally do not provide, sell, or deliver any of the items you need to establish your business. Except for the BaseCamp[®] Software Suite, Tech Support and the bookkeeping service, all of which you are required to purchase from our affiliate BaseCamp[®] (see Franchise Agreement Section 2.15), you may purchase the items needed to establish and operate your store from any vendor you choose, provided that those items meet our specifications;

F. Provide access to our extranet and/or loan you a copy of our Training and Operations Tools which contain specifications, standards, policies, and procedures relating to the establishment and operation of your business (see Franchise Agreement - Sections 4.01 and 4.03). The Training and Operations Tools are confidential and remain the sole property of Kid to Kid[®]. We may modify them from time to time, but any modification will not alter your status and rights under the Franchise Agreement (see Franchise Agreement - Section 4.03).;

G. Provide you (through our affiliate, BaseCamp®) with advice and support during regular business hours for the installation and use of your computer system (see Franchise Agreement - Section 4.01(g)); and

H. Provide you with the on-site assistance the day before and the day of your grand opening (see Franchise Agreement - Section 3.06. Applies to first store only).

The length of time between (a) the earlier of the signing of the Franchise Agreement or the first payment of fees for the Franchise, and (b) the opening of the business is typically eight (8) to twelve (12) months. If you fail to open your store 18 months after you sign the Franchise Agreement, we can, in our sole discretion, either reduce or eliminate your Protected Area and/or terminate the Franchise Agreement. This time period could be affected by numerous factors, such as the ability to obtain a lease, financing, building permits, zoning and local ordinances, weather conditions, the economy, shortages, travel restrictions, delayed installation of equipment, fixtures and signs, etc. You cannot open the store to sell products until you have at least 500 vendors in your data base and have purchased the Minimum Inventory described in Item 7.

Post-Opening Assistance

During the operation of the franchised business, we will assist you with:

A. Becoming familiar with the characteristics and features of the products and services you will be offering (see Franchise Agreement - Sections 3.05 and 4.01);

B. Training of managers and employees (see Franchise Agreement - Sections 3.04, 4.08, 4.09);

C. Implementing potential modifications and improvements to the Kid to Kid® System, which we may make from time to time at our sole discretion (see Franchise Agreement - Sections 4.01 and 4.03);

D. POS related computer technical support, through our affiliate BaseCamp. So long as you pay the computer support fee and meet the Computer System Standards, this service is provided at no additional cost during regular business hours (see Computer Requirements, below, Item 6, and Franchise Agreement - Section 4.01);

E. Purchasing and pricing strategies of the products and services you will be offering in certain circumstances (see Franchise Agreement - Section 4.01); and

I. Administrative, operational, bookkeeping, accounting, reporting and inventory control procedures (see Franchise Agreement - Article 3, Sections 4.01, 4.03, 4.08, 4.12, 4.14, and 4.15). During the term of the Agreement, you may contact us at any time during business hours to discuss problems and ways to improve your store. We may hold Refresher Trainings (which may be required if your sales are not above the System average) and may hold annual and regional conferences or performance groups to discuss operational issues that may include: purchasing, pricing, inventory control, sales techniques, personnel, bookkeeping, accounting, marketing, merchandising procedures, or other subjects (see Franchise Agreement, Section 2.12). You must pay your travel, lodging, meals and living expenses. We may charge a reasonable registration or attendance fee to offset conference facility costs and may charge a pro-rated share of the conference facility expenses. Each year you are required to attend the annual meeting, if it is held. Annual meetings are typically held at or near the corporate headquarters or at a hotel or resort and may be for up to six days each year. Regional meetings are typically held at a hotel in a market with multiple stores, and performance groups are typically held at a franchise store or in conjunction with an annual meeting.

Advertising

You may advertise and promote your store through the following media: television, radio, newsprint, billboards, bench signs, direct mail, flyers, email, SMS texting, digital marketing (such as Instagram[®], Google Ads[®], Twitter[®], Facebook[®], TikTok[®], Pinterest[®]) and other media you choose with our prior written approval. Specific considerations include:

A. We may provide you with designs for business cards, envelopes, letterhead, and bags, as well as electronic media such as digital ads, web pages and emails upon your request. You may also receive designs for ads, posters, in-store signs, window displays, banners, radio and television spots and miscellaneous point-of-sale items (see Franchise Agreement - Section 2.05). You will receive access to an electronic copy at no charge. You must meet our requirements with respect to the music and videos broadcast within your store (see Franchise Agreement – Section 4.01 (i));

B. We and our franchisees create and place advertising ourselves and with the services of outside local agencies. We may also utilize the services of a national agency from time to time;

C. You may develop advertising materials for your own use, at your own cost using our style guide that lists the approved fonts and images. We must approve the advertising materials in advance and in writing. We will respond to

your request to use such advertising materials within seven (7) days of receipt. (see Franchise Agreement - Section 4.04);

D. Kid to Kid[®] franchise owners have an Advisory Association in which you must participate (see Franchise Agreement - Section 4.10). It establishes its own organizational rules but must grant each franchise store and corporate store one vote. The Advisory Association's purpose is to enhance communication between us and Kid to Kid[®] franchisees and to advise us in the development and placement of advertising. It has the power to administer itself and report to its members in the manner they see fit, subject to our approval. The Advisory Association may not charge its members fees, and we may form, change, or dissolve the Association if we choose;

E. You will be required to participate in a Local Advertising Cooperative in the Area of Dominant Influence ("ADI") if there are two or more stores in your market (see Franchise Agreement – Sections 2.06 (c) and 4.11). The ADI is determined by us with input from potential members of the cooperative. Cooperative members are required to contribute monthly "Cooperative Fees" an amount equal to the greater of \$2,000 or 4% of Gross Sales per month ("Minimum Monthly Base", up to a maximum of \$5,000 per month ("Maximum Monthly Ceiling")), to a trust account. The funds will be used to advertise the stores represented in the cooperative, build the Kid to Kid brand, and perform all other organizational and administrative functions within the cooperative. We may modify the Minimum Monthly Base and Maximum Monthly Ceiling at the beginning of each calendar year. The expenditures of funds in the trust account are determined by cooperative members. The cooperative must operate from written governing documents (see Franchise Agreement, Appendix G), and shall prepare an annual report that is made available for the review of its members, prospective franchisees, and Kid to Kid[®]. Each member of the cooperative shall be entitled to one vote for each store they own in determination of cooperative policies, expenditures and other decisions. In the event that a vote results in a tie, we may cast a deciding vote. We retain the right to dissolve the cooperative and approve decisions made by it. We require that corporate-owned stores and any stores owned by affiliates participate in the cooperative on the same basis as franchisees;

F. Each store, whether owned individually or by Kid to Kid[®], is required to contribute one-half of one percent (0.5%) of Gross Sales to the Marketing Fund in addition to the advertising requirement described below in Section H. The Marketing Fund is administered by our accounting and marketing personnel. Any remaining funds not spent in the fiscal year are carried over to the following fiscal year. We may make loans to the Marketing Fund bearing reasonable interest to cover any deficit of the Marketing Fund and cause the Marketing Fund to invest in a surplus for future use by the Marketing Fund. Any separate account established for the Marketing Fund is not a trust or escrow account, and we have no fiduciary

obligations regarding any such account. An unaudited accounting of the receipts and disbursements of the Marketing Fund will be available upon request 60 days after the end of each fiscal year;

From January 1, 2022 to September 30, 2022, our predecessor made the following expenditures from the Marketing Fund:

Category:	Expenditure:
Production	81.62%
Media Placement	18.25%
Administrative Expenses	.13%
TOTAL	100%

From October 1, 2022 to December 31, 2022, we made the following expenditures from the Marketing Fund:

Category:	Expenditure:
Production	86.59%
Media Placement	13.41%
TOTAL	100%

G. We may receive income from the Marketing Fund to offset our marketing-related administrative costs, in-house production, and marketing reimbursements. We use the Marketing Fund to create, test, and manage marketing materials and programs and to place advertising that primarily benefits the entire Kid to Kid[®] system. We are not required to spend any money on advertising in the area in which your store is located (see Franchise Agreement - Section 2.05(b)). Marketing materials created with Marketing Fund contributions may also be used in materials submitted to prospective franchisees as examples of our use of such funds to benefit franchisees (see Franchise Agreement - Section 2.05(b)). No contributions are used for advertising that is principally a solicitation for the sale of a franchise;

H. In addition to the Marketing Fund Fee described above, you must invest at least Twenty Thousand Dollars (\$20,000) to advertise and promote the grand opening (or re-opening) of your store during the period commencing two (2) months prior to the store opening (or re-opening) and ending one (1) month after the store opens (or re-opens). In many markets, to successfully advertise your Open to Buy period and grand opening will require a higher marketing budget. If you are purchasing a store that is already operating that has not been closed ("Transfer Store"), or relocating a store, you must invest at least Ten Thousand Dollars (\$10,000) over the first two (2) months from the date of ownership or relocation; and

I. In addition to the Marketing Fund Fee, grand opening and marketing, you are required to spend the greater of \$2,000 per month or 5% of Gross Sales ("Advertising Expenditure") to advertise and promote your store. If you are required to participate in a Local Advertising Cooperative described in Section E above, your contributions will count toward your total advertising requirement. You are required to report your Advertising Expenditures to us on the 15th day of the month following each calendar quarter. If during any reporting interval, you fail to report that you spent at least the required Advertising Expenditure during that prior six (6) month period, you shall make available for electronic withdrawal from your operating account into our account, for the next six (6) calendar months, a fee ("Advertising Penalty") equal to one percent (1%) of the Gross Sales for the prior calendar month. Funds disbursed to satisfy this Advertising Penalty do not count toward the Advertising Requirement for the contemporaneous periods. We may modify the Advertising Expenditures each year.

Franchise Assistance Awards

Our franchisees are generally helpful to prospects that approach them with questions about purchasing a Kid to Kid[®] franchise. We appreciate that assistance and recognize that it can be a distraction to our franchisees. Under certain circumstances, we give our franchisees a \$50 gift card for responding to inquiries from prospective franchisees.

Computer Requirements

Kid to Kid[®] will assist you with purchasing a computer system to manage your operations. The computer system you are required to purchase is estimated to cost \$16,611 and is described in Exhibit E of this Disclosure Document. If you purchase the computer system with financing from our affiliate BaseCamp[®], you will likely make payments over 24 to 36 months.

BaseCamp[®] offers technical support during regular business hours for all BaseCamp[®] software, which includes the Inventory Management Appraisal Program (IMAP[™]), Baseline[™] point-of-sale, Q[™] software, and QuickBooks[®], for those franchisees that use the bookkeeping service, via telephone, internet chat, or other on-line communication provided that you meet the following Computer System Standards:

- A. Your computer system, including hardware and software components, back-up, networking, and anti-virus programs continue to meet our specifications;
- B. Your staff is reasonably trained in the operation of the computer system and is following standard procedures;

- C. You use any documented instructions that we have provided to self-resolve issues before calling or after receiving instruction;
- D. You participate in support discussions if requested by BaseCamp®;
- E. Unattended access is set up for and provides independent access to the Tech Team to log onto your computer at any time; and
- F. You leave your computers running 24 hours/day.

If you do not meet the Computer System Standards, you may purchase technical support from BaseCamp® at its then-current rate (currently fifty dollars (\$50) per hour) with a minimum thirty (30) minute charge. Intuit®, P.O. Box 1420, Downers Grove, Illinois, 60515, the provider of QuickBooks®, also provides free technical support via telephone.

You must upgrade and/or replace your computer software and the hardware necessary to run such software as we require (see Franchise Agreement Sections 2.13 and 4.01(g)), but the cost to maintain and upgrade the Baseline™ point-of-sale, IMAP™, and Q™ software is included in the Computer Support Fee you pay to BaseCamp®.

The following components of the computer system are used as follows:

Software: We use six or more software programs, including Baseline™, IMAP™, Q™, Google® Docs, and Microsoft® Office or similar software, and QuickBooks®. Baseline™ is a custom program that tracks inventory, purchases, sales, customers, and employee performance. IMAP™ is a custom program that trains and assists franchisees in the purchasing, management and pricing of inventory and produces useful reports. Q™ is a custom program that facilitates vendor Check-in. Google Docs is used for collaborative operations management. Microsoft Office (or similar) is used for correspondence, to summarize and report on management information, and for training. QuickBooks® is a simplified yet powerful accounting program that works like a checkbook.

Hardware: The POS/Buying Stations are part of a system that assists you in pricing, purchasing, tagging, tracking, and selling inventory. You will be required to outfit your POS/Buying Stations with all requisite hardware needed to operate the system and software effectively. Credit Card Processing hardware enables you to conduct credit card transactions. An Office Computer provides us direct access to your sales, inventory, and accounting data. We are not limited in the information we can extract from your computer via the internet or other computer-to-computer transmission.

Except for the BaseCamp® Software Suite, which you must purchase from our affiliate BaseCamp®, we do not provide you with any computer equipment or software but shall assist you in purchasing such equipment (see Franchise Agreement - Sections 2.13,

3.03(c), 3.06, 4.01(g)), or leasing it through BaseCamp® (see Item 10). Except for reasonable shipping and handling charges (where applicable), we receive no fee, special discount, or profit of any kind from your equipment. Our affiliate BaseCamp® charges a \$250 per month Computer Support Fee and may charge an additional fee for any computer-related support you require if you fail to meet the Computer System Standards (see Franchise Agreement Section 2.13). BaseCamp® is the sole vendor for the BaseCamp® Software Suite that you must purchase.

Please see Item 6 for a disclosure of expenses and fees of a recurring nature.

Training and Operations Tools

You will be given access to “Training and Operations Tools,” which consist of online training modules on the BaseCamp® Training Portal, our Annual Priorities Workbook, Operating Manuals, and other documentation located on our intranet site (BaseCamp® Central). These materials contain mandatory and suggested specifications, standards, systems, and procedures. The Training and Operations Tools are proprietary, confidential, and remain our property. We may modify or improve them from time to time, but the modifications will not alter your status and rights under the Franchise Agreement (see Franchise Agreement - Section 4.03).

Currently, the Training and Operations Tools available online include the following:

ONLINE TRAINING	
Subject	Number of Hours
K2K-1 New Hire Training Program	2
K2K-2 Register Training	1
K2K-3 Advanced Associate	.5
K2K-4 Gatekeeper	1
K2K-5 Buyer	10
K2K-6 Manager	12
K2K-Additional Resources (Meetings, etc.)	Varies
TOTAL	26.5

OPERATIONAL MANUALS	
Subject	Number of Pages
New Store Build-out (on BaseCamp® Wiki)	100
Annual Priorities	254
Buyer Notebook	60
Quarterly Communication Log	400

BaseCamp® Wiki	200 (est.)
Managerial Accounting Workbook	35
TOTAL	1,049

The table of contents for our Operating Manuals is found in Exhibit L.

BASECAMP CENTRAL (BCC)	Number of Pages
Intranet where pertinent franchisee-related documentation is housed, including: forms, compliance checklists, Buyer Notebook, Communication Log, management binders, marketing materials, supplier lists, new-product vendor lists	Hundreds (constantly changing)

Training Program

Prior to attending our formal training program, all attendees must complete the new franchisee At-Home Training requirements outlined by the trainer, which typically take about 25 hours to complete. Our initial training consists of the following:

AT-HOME TRAINING

Subject	Hours of Classroom Training (Internet-Based In-Home)	Hours of On-the-job Training	Location
Store Operations	4	0	Your home
Product Knowledge	2	0	Your home
Buying	9	0	Your home
Personnel and Inventory Management	12	0	Your home

A summary of our formal training program is outlined below:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-job Training	Location
Welcome & Introduction to System	2	0	North Salt Lake, UT
Facility & Equipment	3	0	North Salt Lake, UT
Marketing & Sales	6	0	North Salt Lake, UT
Merchandising	2	0	
Products	8	1	North Salt Lake, UT
Purchasing	10	3	North Salt Lake, UT
Computers & Accounting	4	2	North Salt Lake, UT
Store Operations	5	4	North Salt Lake, UT
Management and Other	4	0	North Salt Lake, UT
Review	3	0	North Salt Lake, UT
TOTAL	47	10	

A more detailed outline of our training program is included in Exhibit I: Training Program.

Our 6-day training program is held at one or several of the following locations: at our corporate office in North Salt Lake, Utah, at a Salt Lake City area Kid to Kid[®] store, at another location within 50 miles of Salt Lake City, or at a combination of these locations. There is no charge for any of this training for up to two members of your team, but you will be responsible for all transportation, meals, lodging, compensation and incidental expenses.

We conduct our training program at various times throughout the year. We often modify the schedule, classes, topics, and instructors based on the specific circumstances.

The Manager designated by you and up to one other team member shall attend and successfully complete the 6-day training outlined above before you begin to purchase inventory and open your store. If you are an existing franchisee, the manager designated by you and up to one other team member shall attend our 5-day Advanced franchisee Training, if held. In addition to the 6-day Training or 5-day Advanced Franchisee Training, the Manager must complete an internship to our satisfaction by working in a designated host Kid to Kid[®] store that you and we agree upon for at least forty (40) hours over five (5) business days. As outlined for the training, there is no charge for the internship itself, but you will be responsible for all transportation, meals, lodging, compensation and incidental expenses. To the extent you would like more than two of your team members to attend training, the cost will be \$1,000 per additional team member.

The primary instructional materials and tools are 1) the Training and Operations Tools, 2) the Annual Priorities Book, 3) presentations and hands-on practice using Baseline[™]

IMAP™, and QuickBooks®, 4) video and PowerPoint® presentations, and 5) miscellaneous forms, handouts, and articles.

The experiences of the instructors for our training program are as follows:

Amy Deal: Ms. Deal has been with Kid to Kid® and our affiliate Uptown Cheapskate® since 2017. She has served as the Director of Operations for Kid to Kid® since July 2022 and was previously a Special Operations Manager for the company starting in July 2021. Prior to that, Ms. Deal was a Franchise Business Consultant for Kid to Kid® from 2019 and the manager of the flagship Kid to Kid® store in Salt Lake City from 2017. Ms. Deal also has 8 years of management experience with Target.

Anne Goodwin: Ms. Goodwin has been with Uptown Cheapskate® since 2013. She has served as the Head of Training for both Kid to Kid® and Uptown Cheapskate® since July 2022 and was previously the manager of the flagship Uptown Cheapskate® store in Salt Lake City starting in 2015. Ms. Goodwin has also been Uptown Cheapskate®'s in-store new franchisee trainer since 2018.

Brandee Rowley: Ms. Rowley joined Uptown Cheapskate® as a Franchise Business Consultant in 2016 and has served as a Special Operations Consultant for both Kid to Kid® and Uptown Cheapskate® since July 2021. Over that time, Ms. Rowley has helped develop and update brand training protocols. Ms. Rowley also has three years of previous business ownership experience with a brick-and-mortar resale/consignment shop.

Tamra Merrill: Ms. Merrill joined Kid to Kid® as a New Store Representative in 2017 and has served as Kid to Kid® Brand Lead since 2021. Previously, Ms. Merrill was an Administrator, Manager and Marketing Specialist for companies across several industries.

One of our representatives will help you on-site the day before, the day of, and the day following the grand opening of your first store. For second and subsequent stores, or Transfer Stores, no representative will attend or provide the same on-site support. For the grand opening or reopening of those stores, you may purchase up to three (3) days of on-site support at our then-current rate (currently, \$300/day). The supplemental on-site support rate is subject to change.

After you have signed a lease, you must attend each Annual Meeting and it is recommended that you attend Regional Meetings and Performance Groups, if held, at locations and during the times we choose (see Section 2.12 of the Franchise Agreement).

During any two successive years of operation, if you fail to exceed the average System sales, you are required to attend and complete a 5-Day Refresher Training, if offered. There is no cost for the training, but you are required to pay for the travel, lodging, meals, and incidental expenses related to it (see Franchise Agreement – Section 3.04 (b)).

5 DAY REFRESHER TRAINING

Subject	Hours of Classroom Training	Hours of In-Store Training	Location ⁽¹⁾
Keys to Success	2	0	Salt Lake City area, Utah
Efficiency	6	1.5	Salt Lake City area, Utah
Management	8	0	Salt Lake City area, Utah
Marketing	3	0	Salt Lake City area, Utah
Store Operations	14	1.5	Salt Lake City area, Utah
Computers & Accounting	2	0	Salt Lake City area, Utah
TOTAL	35	3	

You and your associates may be required to participate in online training modules and attend additional training meetings and refresher courses from time-to-time at our corporate offices or at another location we designate. You must pay for your travel, lodging, meals, compensation, and incidental expenses. We may charge a reasonable attendance fee to offset conference facility costs to attend such meetings and courses.

Item 12: TERRITORY

As a Kid to Kid[®] franchisee, you will receive an exclusive right to locate and operate a store in a specific location (the "Store Location"). Your right with respect to your Store Location includes a commitment by us not to permit the opening of another corporate or franchise Kid to Kid[®] store within five (5) miles' driving distance (as measured by Google[®]Maps[®] or another mapping service we select) of your Store Location (the "Protected Area"). You will not receive an **exclusive territory**. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

You may relocate your store only with our prior written permission. If permission is granted, you must pay a Relocation Fee of \$5,000 (see Franchise Agreement – Section 1.04) and bring the relocated store up to our then-current system standards. Unless otherwise agreed to by addendum or amendment, you may not establish additional stores or franchises unless you purchase them from us (see Franchise Agreement – Section 1.01).

We and our affiliates retain all other rights, and may, among other things, on any terms and conditions we deem advisable, and without granting you any rights therein:

- (1) establish, and license others to establish Kid to Kid[®] store, at any location outside the Protected Area, notwithstanding their proximity to your Store Location or their actual or potential impact on sales at your Store Location;

(2) establish, acquire or operate, or license others to establish and operate, stores under other systems or other proprietary marks, which stores may offer or sell products or services that are different from the products and services offered by your Store, and which stores may be located within or outside the Protected Area, notwithstanding such stores' proximity to your Store Location or their actual or potential impact on sales at your Store Location; and

(3) sell and distribute, directly or indirectly, or license others to sell and distribute, directly or indirectly, any products, services or merchandise, from any location or to any purchaser (including, but not limited, to sales made at retail locations, via catalogue, mail order, and on the Internet), so long as such sales are not conducted from a Kid to Kid® store located inside the Protected Area.

If you have not opened your store in 18 months, we have the right, in our sole discretion, either reduce or eliminate your Protected Area and/or terminate the Franchise Agreement.

No minimum sales quota is needed to keep your territory, but you may be required to attend a 5-Day Refresher Training if your sales fail to meet the System average for two consecutive years. You maintain the rights to your franchise even if the population increases within the Protected Area.

After eighteen (18) months of operation you must have acquired, and for the remainder of the Term you must maintain, the greater of Five Dollars (\$5) per square foot of Sales Area or Ten Thousand Dollars (\$10,000) in new product inventory and at least thirteen (13) items per square foot of Sales Area of gently used inventory ("Minimum Inventory Levels"). For example, if you have leased a store with 3,600 Sale Area square feet, you must acquire and maintain at least \$18,000 of new product and 46,800 used product items. Failure to meet these standards is a default under the Franchise Agreement. We may modify the Minimum Inventory Levels from time to time.



You may not seek compensation if a corporate store, affiliate or other franchisee solicits customers within your market (see Franchise Agreement Section 1.01).

We have not established company or other similar franchise outlets (except for Uptown Cheapskate® stores; or other resale or retail-related affiliates) under a different trademark in or near markets where Kid to Kid® stores are or may be operating.

Item 13: TRADEMARKS

We grant you the right to operate a Kid to Kid® store under the name Kid to Kid®. You may use our other current or future trademarks to operate your store as we may designate. You must follow our rules when using these trademarks. By trademarks we mean trade names, trademarks, service marks and logos used to identify your store, product, and services.

Our affiliate, BaseCamp Franchising, LLC, owns the following Marks registered on the Principal Register with the United State Patent and Trademark Office (“USPTO”) and intends to file all required affidavits and renewals:

Mark	Registration	Registration No.
Kid to Kid	March 19, 1996	1,963,469
Kid to Kid	June 11, 2013	4,349,558
	December 3, 2013	4,442,902
	April 5, 2016	4,929,957
KID TO KID Kid to Kid (and design)	August 7, 2018 January 10, 2023	5,536,188 6,946,551

Mark	Application Date	Application No.
Kid to Kid (and design)	November 24, 2021	97,134,615

BaseCamp has been granted the perpetual right to use and sublicense others to use the principal Marks, as well as other Marks under a trademark license agreement with an effective date of September 30, 2022. BaseCamp may terminate the trademark agreement if any misuse of these Marks materially impairs the goodwill associated with these Marks, if we violate any provision of the license agreement or we do not comply with BaseCamp’s instruction concerning the quality of these Marks. If the trademark agreement is terminated, any then-existing sublicenses (franchises) will continue for the term of the sublicenses, provided that the sublicensees (franchisees) comply with all other terms of their franchise agreements. The trademark license agreement contains no other limitations.

With respect to our trademarks, there are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court; or any pending infringement, opposition or cancellation proceedings.

There is no pending material litigation regarding our use or ownership rights in any of our trademarks. With the following exceptions, we have not received notice of any infringement, cancellation or opposition of or to its marks: Several non-profit children’s organizations use the name, or a name similar to Kid *to* Kid[®] in conjunction with their philanthropy. They include: Kid to Kid in Santa Rosa, California, a project of the Children’s Hunger Relief Fund, Kids to Kids program of Heifer International, and Kidz 2 Kidz Klozet,

a foster-care program in Peoria, Arizona. So long as the missions of these organizations remain charitable and do not compete with Kid to Kid[®], we will permit them to use the mark. We know of no prior rights or infringing uses that could materially affect your use of the trademark in the state.

No agreements limit our right to use or license the use of our trademarks.

You must notify us if anyone uses or challenges your use or our use of any of the trademarks. When we receive such notice, we may take any action we deem appropriate. We have the right to control any litigation or administrative proceeding relating to the trademarks. We will indemnify and reimburse you for all damages for which you are held liable for your use of the trademarks in accordance with the Franchise Agreement. While we are not required to defend you against a claim relating to using our trademark, we will pay all reasonable costs you incur in defense of such a claim, provided you used the trademark in accordance with the Franchise Agreement.

You agree that should we decide, as a result of a proceeding or settlement, or in our discretion, that it is advisable or necessary to modify or discontinue the use of any or all of the trademarks, that you will modify or stop using the trademarks without any obligation on our part at your sole expense.

You must not contest our right to our trademarks. We are not aware of superior or prior rights or infringing uses that could materially affect your use of the principal trademarks in the state in which your store is to be located.

Item 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We do not own rights in, or licenses to, any patents, and do not have any pending patent applications, which are material to the franchise. You do not receive the right to use an item covered by a patent or copyright, but you may use the proprietary information in our Operating Manual (see Item 11). Although neither Kid to Kid[®] nor our affiliate BaseCamp[®] has filed applications for copyright registrations for the Operating Manual, Baseline[™], IMAP[™], or Q[™], they claim copyrights and consider the information proprietary. Kid to Kid[®] and BaseCamp[®] may decide to file for copyright registrations in the future. Section 5.05 of the Franchise Agreement describes limitations on the use of the manual by you and your employees.

You acknowledge that we possess and shall possess in the future certain proprietary information, consisting of the Training and Operations Tools, as well as all concepts, methods, techniques, formats, specifications, procedures, information, systems, marketing approaches, ideas, research, improvements and materials, owned or developed by us and not otherwise publicly available, whether or not published or suitable for registration or copyright, and the goodwill associated with them, which is used in the operation of Kid to Kid[®] franchises (hereinafter "Proprietary Information"). We may, in

our discretion, disclose the Proprietary Information to you in the Training and Operations Tools, in training, and in providing guidance and assistance to you in the operation of your Franchise.

You acknowledge that we possess and that we and you shall possess in the future, certain marketing information, consisting of names, addresses, telephone numbers, contact persons, purchase orders and other identifying information relating to customers, and vendors, information with respect to needs and requirements of customers and vendors, rate, cost, and price information, financial information with respect to our other stores and your business, personnel data relating to your and our Agents, confidential information contained in verbal or audio communication, files, interoffice documents, and other internal and external documents and correspondence prepared by or for you and us, which marketing information is not otherwise publicly available (hereafter the "Marketing Information"). We may, in our discretion, disclose the Marketing Information to you and other Franchisees in the Training and Operations Tools, in training, and in providing guidance, assistance, and support to you and other franchisees, but in no event shall we divulge any specific financial information or Marketing Information pertaining exclusively to a specific Kid to Kid® store to other parties or prospective franchisees without first obtaining the permission of the owner of that store.

You acknowledge and agree that you will not acquire any interest in the Proprietary Information or Marketing Information during or after the Term of this Agreement, other than the right to utilize it in the development and operation of the Franchise during the Term thereof, and that the use or duplication of the Proprietary Information and/or Marketing Information in any other business would constitute an unfair method of competition, that such information could be used to compete with and significantly injure us, Kid to Kid®, and/or other resale-related affiliates, and that such information has significant value to competitors of us, Kid to Kid®, and/or other resale-related affiliates and that the relationship between such information, you, and us involves elements of personal service and trust.

You must promptly tell us when you learn about unauthorized use of this proprietary information. We are not obligated to defend you or take any action but may choose to do so. If we do become involved, we shall have the right to control the proceeding or litigation. We will indemnify you for losses brought by a third party concerning your use of this information. You must also agree not to contest our interest in these or our other trade secrets. If we decide to add, modify, or discontinue the use of an item, or process covered by a patent or copyright, you must also do so. Our sole obligation is to reimburse you for the tangible cost of complying with this obligation (see Franchise Agreement - Article 5).

We have no knowledge of any infringement of our proprietary information as of the effective date of this Kid to Kid® Franchise Disclosure Document.

Item 15: OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

If you are an individual, you must directly supervise your Kid to Kid[®] business while working in the store for a period of at least 6 months after the store opens. If you are a partnership, limited liability company, or corporation, the direct, on-site supervision for the first six (6) months of operations must be fulfilled by a person who owns at least 10% of the partnership, membership, or corporate equity. After the first six (6) months, or when you open an additional store, you or a manager who has successfully completed our training program must directly manage the business on-site (see Franchise Agreement - Section 4.08). We recommend that your store always be managed by a franchise owner on-site.

Each franchisee, manager, and associate must sign a written agreement to maintain confidentiality of the proprietary information and trade secrets described in Item 14 and to conform to the covenants not to compete described in Item 17 (see Franchise Agreement - Sections 5.05, 5.06).

If you are a limited liability company, limited partnership, or corporation, we require that the members, limited partners, and shareholders guarantee the performance of the entity by signing the guarantee contained at the end of the Franchise Agreement (see Exhibit A). We also require that spouses and/or domestic partners guarantee the Franchise Agreement whether you are a sole proprietor or a legal entity.

Item 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must purchase and sell the following: new and used maternity products, and certain new and used children's clothing (infant's sizes through size 14), baby equipment, toys, footwear, linens and miscellaneous related items that are approved for sale. If notified by us in writing, you may be required to sell additional products which we, in our discretion, determine that stores in our System shall sell. We also retain the right to limit or discontinue your sale of certain products and services. You cannot sell any other products or provide any other services other than what we permit (see Franchise Agreement, Section 4.01(m)).

As long as you comply with the marketing and promotion requirements outlined in Sections 4.01(i) and 4.03 of the Franchise Agreement, you are not restricted from soliciting any customers, no matter where they are located.

Item 17: RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise or other Agreement	Summary
a. Length of the franchise term	Section 1.02	10 years
b. Renewal or extension	Section 1.03	If you are in good standing, you may renew for 5 years by signing the then-current franchise agreement that may have materially different terms and conditions from your original agreement
c. Requirements for franchisee to renew or extend	Section 1.03	Demonstrate that you are not in default by meeting franchise standards and requirements, that obligations are current, receive our permission, sign the then-current form of the franchise agreement that may have materially different terms and conditions from your original franchise agreement, pay renewal fee, remodel store to current standards, sign release, attend Refresher Training
d. Termination by franchisee	Sections 2.03, 7.03, 7.04	You may terminate if you are unable to obtain financing, a store location, or if we breach the Agreement
e. Termination by franchisor without cause	None	Not applicable
f. Termination by franchisor with cause	Section 7.05	Kid to Kid [®] can terminate only if you breach or default
g. "Cause" defined – curable defaults	Section 7.05(b)	You have 30 days to cure: non-payment of fees, misconduct relating to use of marks, incompatibility, licensing, operations problems, repeated breaches, violations of the code of conduct, and other defaults listed in Section 7.05(b)
h. "Cause" defined – non-curable defaults	Section 7.05(a)	Non-curable defaults: conviction of felony or misdemeanor, unauthorized transfer, voluntary bankruptcy, involuntary bankruptcy (if not dismissed), bankruptcy of guarantor or partner, liens, insolvency, misrepresentation, unsatisfied judgment, violation of laws, 3 submissions of understated sales, repeated breaches, and other defaults listed in Section 7.05(a)
i. Franchisee's obligations on termination/ non-renewal	Article 8, Section 1.03	Obligations include complete de-identification, transfer of telephone and payments of amounts due (see r. below)
j. Assignment of contract by franchisor	Section 6.01	No restriction on our right to assign

Provision	Section in Franchise or other Agreement	Summary
k. "Transfer" by you - defined	Section 6.02	Transfer includes change of ownership, assets, or encumbrance
l. Franchisor approval of transfer by franchisee	Section 6.03	We have the right to approve all transfers but will not unreasonably withhold approval
m. Conditions for franchisor approval of transfer	Section 6.03	New franchisee qualifies and is prepared to meet current fit-up standards, transfer fee paid, purchase agreement approved, training arranged, release signed by you and current agreement signed by new franchisee (see r. below)
n. Franchisor's right of first refusal to acquire franchisee's business	Section 6.04	We can match any offer for your business
o. Franchisor's option to purchase franchisee's business	None	None
p. Death or disability of franchisee	Section 6.06	Franchise must be assigned by estate to approved buyer within 6 months who is then required to complete New Franchisee training within 6 months
q. Non-competition covenants during the term of the franchise (subject to state law)	Sections 4.08(e), 4.09(c), 5.05, 5.06	No involvement in competing or similar business. No sharing of proprietary information
r. Non-competition covenants after the franchise is terminated or expires (subject to state law)	Article 8, Sections 4.08(e), 4.09(c), 5.05, 5.06	No competing business for 2 years from: the Store Location, within the Protected Area, within a 15-mile radius of your Protected Area, and within a 15-mile radius of any other Kid to Kid® store
s. Modification of the Agreement	Sections 2.06(b), 2.06(c), 2.12(c), 2.13(b), 2.15, 7.02, 11.05	No modifications generally but the Training and Operations Tools, Standards, and fees (including the Advertising Expenditure; Cooperative Minimum Monthly Base; Annual Meeting Non-Attendance Penalty; Computer Service Fee and Tech Support rate; Bookkeeping Service Fee) are subject to change
t. Integration/ merger clause	Sections 11.03, 11.04	Only the terms of the Franchise Agreement and other related written agreements are binding, (subject to state law). Any representations or promises made outside the disclosure document may not be enforceable. Nothing in the Franchise Agreement or in any related agreement is intended to disclaim our representations made in this disclosure document
u. Dispute resolution by binding mediation	Article 10	Except for certain claims, all disputes must be mediated and arbitrated in Salt Lake City, Utah (subject to state law)
v. Choice of forum	Section 10.01	Dispute resolution must be conducted in Utah (subject to state law)
w. Choice of Law	Section 10.01	Utah (subject to state law)

The conditions under which your Franchise can be terminated and your rights upon non-renewal may be affected by state law.

Item 18: PUBLIC FIGURES

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

Item 19: FINANCIAL PERFORMANCE REPRESENTATION

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.

Basis

The following charts were compiled from unaudited financial reports (using the accrual basis) submitted to us from 79 franchise units which operated in the United States during the period of November 1, 2021, through October 31, 2022. 112 stores were in operation during that period—22 of which were in Portugal, Spain and Canada and are not included in this report. Of the remaining stores, K2K received adequate reports from 79 that were in operation for the entire period. Stores that were open for less than 12 months were excluded from this report. Stores have been separated into quartiles by gross sales.

Assumptions

The study measured our franchisees' performance in a variety of different markets and is based on historical data concerning the franchise system's units.

Written substantiation for the financial performance data will be made available to you upon reasonable request.

These financial statements have been prepared without an audit. Prospective franchisees or sellers of franchises should be advised that no independent certified public accountant has audited these figures or expressed an opinion with regard to their content or form.

FIRST QUARTILE

Annualized Average, Median and Range of Profit and Loss
for the First Quartile of US Stores—Consisting of 20 Units
Operating from November 1, 2021 through October 31, 2022

	Average	Median	Average % of Sales	# of Stores At or Above Average	% of Stores At or Above Average	Low Range ¹	High Range ¹
Income							
Gross Sales (2)	1,342,070	1,208,288	100%	6	30.0%	1,001,538	2,710,424
Cost of Goods Sold (3)	461,694	421,660	34%	6	30.0%	338,555	921,183
Gross Profit (4)	880,377	786,628	66%	6	30.0%	640,085	1,789,241
Expense							
Franchise Royalty (5, 10)	60,783	55,262	4.5%	6	30.0%	35,202	108,417
Administration (6)	50,505	50,298	3.8%	10	50.0%	28,397	89,681
Facility (7)	165,856	163,516	12.4%	9	45.0%	79,478	364,235
Marketing	70,655	67,032	5.3%	7	35.0%	42,043	117,100
Sales Expense (8)	11,576	10,137	0.9%	6	30.0%	5,360	27,865
Labor (9)	323,303	297,462	24.1%	7	35.0%	208,795	584,817
Total Expenses	682,678	643,706	50.9%	6	30.0%	517,848	1,260,938
Net Income	197,698	142,922	14.7%	7	35.0%	18,886	528,303

Notes (which apply to the above table and following three tables):

- (1) These numbers illustrate the range for individual stores. Since different stores are included in these two columns, the numbers do not total.
- (2) Gross Sales means all revenue from the franchise location and online sales, excluding sales or use tax. This term is defined in Item 6.
- (3) Cost of Goods includes the costs and expenses related to retail items. This includes shrinkage (loss of product due to theft, donations, etc.) and markdowns.
- (4) Gross Profit means Gross Sales minus Cost of Goods Sold.
- (5) Franchise Royalty numbers do not equal 5% of gross sales because of discount for multiple stores and the fact that charges for one month are paid in the following month.
- (6) Administration includes insurance, credit card processing fees, bad debt, bank charges, checking account fees, equipment lease, equipment repairs, licenses, dues, office supplies, payroll processing fees, property tax, security, training expense and travel expense.
- (7) Facility includes rent, repairs, ancillary charges and utilities.

- (8) Sales Expense includes bags, tags, and related supplies.
 (9) Labor includes wages, taxes and benefits, but does not include owner compensation received by owner.
 (10) Royalty fees are waived in certain circumstances for a period of time, typically because of a franchise development incentive.

SECOND QUARTILE

Annualized Average, Median and Range of Profit and Loss
 for the Second Quartile of US Stores—Consisting of 20 Units
 Operating from November 1, 2021 through October 31, 2022

	Average	Median	Average % of Sales	# of Stores At or Above Average	% of Stores At or Above Average	Low Range ¹	High Range ¹
Income							
Gross Sales (2)	873,654	875,701	100%	11	55.0%	765,064	990,386
Cost of Goods Sold (3)	293,565	284,806	34%	8	40.0%	240,257	354,024
Gross Profit (4)	580,089	590,895	66%	10	50.0%	486,564	673,467
Expense							
Franchise Royalty (5, 10)	39,162	38,418	4.5%	9	45.0%	30,603	49,519
Administration (6)	39,897	37,193	4.6%	8	40.0%	28,558	60,044
Facility (7)	115,087	116,544	13.2%	10	50.0%	68,653	162,047
Marketing	49,537	51,127	5.7%	12	60.0%	24,451	67,591
Sales Expense (8)	7,227	6,919	0.8%	10	50.0%	1,012	19,969
Labor (9)	203,145	197,626	23.3%	8	40.0%	155,382	274,993
Total Expenses	454,055	447,825	52.0%	9	45.0%	389,872	547,182
Net Income	126,033	143,070	14.4%	8	40.0%	13,047	247,724

THIRD QUARTILE

Annualized Average, Median and Range of Profit and Loss
for the Third Quartile of US Stores—Consisting of 20 Units
Operating from November 1, 2021 through October 31, 2022

	Average	Median	Average % of Sales	# of Stores At or Above Average	% of Stores At or Above Average	Low Range ¹	High Range ¹
Income							
Gross Sales (2)	689,093	687,881	100%	10	50.0%	640,713	744,012
Cost of Goods Sold (3)	233,813	235,734	34%	11	55.0%	198,040	260,759
Gross Profit (4)	455,280	452,146	66%	9	45.0%	396,190	511,018
Expense							
Franchise Royalty (5, 10)	31,493	32,211	4.6%	12	60.0%	25,629	37,201
Administration (6)	35,914	33,039	5.2%	8	40.0%	20,825	69,844
Facility (7)	118,661	114,339	17.2%	9	45.0%	62,000	199,074
Marketing	36,068	37,106	5.2%	11	55.0%	12,189	54,662
Sales Expense (8)	4,943	3,886	0.7%	7	35.0%	229	13,285
Labor (9)	158,170	163,171	23.0%	11	55.0%	88,207	231,430
Total Expenses	385,249	383,751	55.9%	10	50.0%	292,995	467,259
Net Income	70,031	68,395	10.2%	10	50.0%	(65,995)	191,067

FOURTH QUARTILE

Annualized Average, Median and Range of Profit and Loss
for the Fourth Quartile of US Stores—Consisting of 19 Units
Operating from November 1, 2021 through October 31, 2022

	Average	Median	Average % of Sales	# of Stores At or Above Average	% of Stores At or Above Average	Low Range ¹	High Range ¹
Income							
Gross Sales (2)	523,216	568,994	100%	13	68.4%	205,625	638,717
Cost of Goods Sold (3)	176,577	184,503	34%	14	73.7%	73,667	224,106
Gross Profit (4)	346,639	384,491	66%	13	68.4%	131,958	429,889
Expense							
Franchise Royalty (5, 10)	24,668	26,314	4.7%	10	52.6%	9,247	31,936
Administration (6)	30,342	28,947	5.8%	7	36.8%	14,764	59,146
Facility (7)	99,979	96,453	19.1%	9	47.4%	57,613	142,726
Marketing	25,922	28,458	5.0%	10	52.6%	2,091	40,666
Sales Expense (8)	4,701	4,710	0.9%	10	52.6%	-	13,310
Labor (9)	120,153	124,524	23.0%	10	52.6%	41,928	176,861
Total Expenses	305,766	309,406	58.4%	11	57.9%	151,942	405,896
Net Income	40,873	75,085	7.8%	11	57.9%	(92,483)	110,871

Some stores have earned these amounts. Your individual results may differ. There is no assurance that you will earn as much.

Other than the preceding financial performance representation, 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 franchise store, we may provide you with the actual records of that franchise. 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 Zach Gordon, 39 E. Eagle Ridge Dr., #100, North Salt Lake, Utah 84054, (801) 359-0071, ext. 105, 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

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	101	99	-2
	2021	99	97	-2
	2022	97	100	+3
Company Owned	2020	11	12	+1
	2021	12	11	-1
	2022	11	13	+2
Total Outlets	2020	112	111	-1
	2021	111	108	-3
	2022	108	113	+5

Table No. 2

**Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor) for years 2020 to 2022**

State/Country	Year	Number of Transfers
AZ	2020	1
	2021	0
	2022	1
GA	2020	0
	2021	1
	2022	0
TN	2020	0
	2021	1
	2022	0
TX	2020	2
	2021	0
	2022	2
VA	2020	1
	2021	1
	2022	0
Portugal	2020	1
	2021	0
	2022	3
TOTAL	2020	5
	2021	3
	2022	6

Table No. 3
Status of Franchised Outlets
For years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations—Other Reasons	Outlets at End of Year
AZ	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
CA	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
CO	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	1	3
FL	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	2	0	0	0	0	4
GA	2020	9	0	0	0	0	0	9
	2021	9	1	0	0	0	1	9
	2022	9	0	0	0	0	0	9
ID	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
IN	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
KS	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
KY	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
LA	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	1	0	0
MD	2020	3	1	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
MI	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
MN	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
NV	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
NJ	2020	1	0	0	0	0	1	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations—Other Reasons	Outlets at End of Year
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
NC	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
NY	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	1	0	2
	2022	2	0	0	0	0	0	2
OR	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
PA	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
SC	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
TN	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
TX	2020	22	0	0	0	0	2	20
	2021	20	0	0	0	0	0	20
	2022	20	1	0	1	0	0	20
UT	2020	7	1	0	0	0	0	8
	2021	8	0	0	0	0	1	7
	2022	7	0	0	0	0	0	7
VA	2020	5	0	0	0	1	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
WA	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
TOTALS	2020	78	2	0	0	1	3	76
	2021	76	2	0	0	1	0	75
	2022	75	6	0	1	1	1	78
INTERNATIONAL								
Canada	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Portugal	2020	21	0	0	0	0	0	21
	2021	21	0	0	0	0	1	20
	2022	20	0	0	0	0	0	20
Spain	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
TOTALS	2020	23	0	0	0	0	0	23
	2021	23	0	0	0	0	1	22
	2022	22	0	0	0	0	1	22

Table No. 4

**Status of Company-Owned Outlets
For years 2020 to 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
GA	2020	1	0	0	0	0	1
	2021	1	0	0	0	1	0
	2022	0	0	0	0	0	0
LA	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	1	0	0	1
NV	2020	1	0	0	0	0	1
	2021	1	0	0	1	0	0
	2022	0	0	0	0	0	0
NY	2020	0	0	0	0	0	0
	2021	0	0	1	0	0	1
	2022	1	0	0	0	0	1
NC	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
PA	2020	3	0	0	0	0	3
	2021	3	0	0	0	0	3
	2022	3	1	0	0	0	4
TX	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
UT	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
VA	2020	1	0	1	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
TOTALS	2020	11	0	1	0	0	12
	2021	12	0	1	1	1	11
	2022	11	1	1	0	0	13

The Utah, New York, and Texas stores are owned by limited liability entities owned by Shauna Sloan. The Louisiana, North Carolina, Pennsylvania, and Virginia stores are owned by limited liability entities owned by Chelsea Sloan Carroll. Ms. Sloan and Ms. Carroll are individuals that are related and affiliated with our predecessor. As of December 31, 2022, their stores were treated as "Company-Owned" outlets.

Table No. 5

**Projected Openings
As of December 31, 2022**

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
CO	1	1	0
FL	1	1	0
MI	1	1	0
NC	1	1	0
SD	1	1	0
TX	1	1	0
UT	1	1	0
Total	7	7	0
INTERNATIONAL			
Canada	2	1	0
Total	2	1	0

Franchisee List as of December 31, 2022

A list of our franchisees that were operational as of December 31, 2022, is found in Exhibit F.

Exhibit F also lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet transferred, terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Confidentiality Agreements

Our franchisees do not sign confidentiality agreements restricting them from talking openly about their experiences with Kid to Kid[®], except that they may not disclose trade secrets and financial information about other stores in our system.

Franchisee Associations

The following independent franchisee association has asked to be included in this disclosure document:

IABCF, an Independent Association of BaseCamp[®] Franchisees

A Chapter of the American Association of Franchisees & Dealers
PO Box 10158
Palm Desert, CA 92255-1058
Phone: (619) 209-3775
Fax: (866) 855-1988
Email: IABCF@aafdchapters.org

Item 21: FINANCIAL STATEMENTS

Attached as Exhibit G are the audited financial consolidated statements of BaseCamp Franchise Holdings, LLC and its Subsidiaries for the period from July 15, 2022 (inception) through December 31, 2022. Our and Basecamp Franchise Holdings, LLC's fiscal year end is December 31. We have not been in business for three years or more and cannot include all the financial statements required by the Rule.

BaseCamp Franchise Holdings, LLC has absolutely and unconditionally guaranteed our obligations under your Franchise Agreement. A copy of the Guarantee of performance is found in Exhibit J.

Item 22: CONTRACTS

The following agreements are attached to this disclosure:

- Exhibit A. Franchise Agreement
- Exhibit D. Addendum to Franchise Disclosure Document
- Exhibit H. General Release
- Exhibit K. Loan

Item 23: RECEIPT

The last pages of this Disclosure Document are two copies of a detachable receipt acknowledging your receipt of this Disclosure Document. Please promptly sign and return one copy of the Receipt to us. This does not obligate you to purchase a franchise and it does not obligate Kid to Kid[®] to sell you a franchise.

Exhibit A – Franchise Agreement



Franchise Agreement

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FRANCHISE AGREEMENT

This Kid to Kid Franchise Agreement (the "Agreement") is entered into between Kid to Kid Franchise System, LLC, a Delaware limited liability company located at 39 E. Eagle Ridge Dr., #100, North Salt Lake, Utah 84054, ("Kid to Kid" "we", "our", "us"); and

_____ whose address is _____

City of _____ State of _____,
_____ (zip code) and

_____ whose address is _____

City of _____ State of _____,
_____ (zip code), (hereinafter collectively referred to as the

"Franchisee" or "you.")

RECITALS

A. Kid to Kid[®] has developed a business system, concept, methodology and format (the "System") to purchase, market and sell new and used children's products and maternity products. The System includes, but is not limited to: market evaluation, site selection, store design, layout and fixturing schemes, advertising, merchandising, purchasing and sales techniques, customer and community relations, financing and accounting strategies, management policies and procedures, and training programs. The System may be updated from time to time.

B. As a Kid to Kid[®] franchisee, you are entitled to receive assistance (pursuant to Article 3) with the financing, business organization, management, marketing, site selection, construction, and fixturing of your Kid to Kid[®] business. This assistance ("Assistance") means providing you with suggestions, recommendations, and advice based on the experience of Kid to Kid's associates who are familiar with the System. Our Assistance will help you establish and operate your business in conformity with the System standards. We make no guarantee that the information it provides is accurate or that it will result in your success. Review our suggestions, recommendations, and advice with your financial consultant, licensed real estate agent, architect, contractor, Certified

Public Accountant, and attorney, as well as any other experts of your choosing, prior to making critical business decisions.

C. We have the right to license such service marks, trademarks, trade dress, trade names, logos and commercial symbols, and all configurations and derivations, as may presently exist, or which may be modified, changed, or acquired by us or our affiliates, in connection with the operation of a Kid to Kid[®] store (which marks and names are hereinafter collectively referred to as the "Marks").

D. We have the right to promote and use the System and Marks and the right to authorize others, including franchisees, to promote and use the System and Marks.

E. You have applied to Kid to Kid[®] for one Kid to Kid[®] Franchise (the "Franchise"), as described in this Agreement. We have approved your application in reliance on your representations that you have the financial capacity, organizational ability, marketing experience, health, facilities and interest to promote our image, goodwill and Marks, and the desire and commitment to meet the standards of performance in areas such as sales, promotion, personnel, training, financing, payment of obligations and other areas set forth in this Agreement.

F. You acknowledge that you have carefully read this Agreement and attached Franchise Disclosure Document and attached exhibits and that you have been given an opportunity to clarify any provision that you did not understand. You acknowledge that you understand and accept the terms, conditions, and promises contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service and to protect our goodwill and the goodwill of our Marks.

TERMS OF AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the delivery, receipt, and sufficiency of which are hereby acknowledged; and according to the terms, conditions, promises, warranties, and representations found in this Agreement, you and Kid to Kid[®] mutually agree as follows:

1. GRANT, TERM, AND RENEWAL OF FRANCHISE

1.01 Grant and Acceptance.

Kid to Kid[®] grants to you, and you agree to open and operate, a Kid to Kid[®] Franchise for a store which shall be located at the following location ("Store Location"):

City of _____

County of _____, State of _____.

In the event you are unable to lease or purchase the Store Location described above (or subsequent locations you select), you shall, pursuant to Section 3.02, promptly lease or purchase another store which is located within ten (10) miles of the Store Location (as measured by Google Maps[®] or another mapping service we select) and at least five (5) miles (as measured by Google Maps[®] or another mapping service we select) from any other Kid to Kid[®] store, or a greater distance if the franchise agreement with an adjacent Kid to Kid[®] franchisee so provides. Once that site is leased or purchased, it shall become the Store Location for the purposes of this Agreement.

The Franchise includes: (a) the exclusive right to carry on business as a Kid to Kid[®] store at the Store Location; (b) the right to promote, advertise, solicit, establish, service, and maintain customers and potential customers (hereinafter "Customers") in the communities surrounding the Store Location; and (c) a license to operate the business, utilize the Marks, and promote and use the System in conjunction with the operation of the Franchise at the Store Location ("Store"). By granting you a Franchise, we are not promising that other Kid to Kid[®] stores will not advertise to Customers nor draw Customers from your Store. Rather, we promise not to permit the opening of another corporate or franchise Kid[®] to Kid store within five (5) miles (as measured by Google Maps[®] or another mapping service we select) of your Store Location ("Protected Area").

We and our affiliates retain all other rights, and may, among other things, on any terms and conditions we deem advisable, and without granting you any rights therein: (1) establish, and license others to establish, Kid to Kid[®] stores at any location outside the Protected Area, notwithstanding their proximity to your Store Location or their actual or potential impact on sales at your Store; (2) establish, acquire or operate, or license others to establish and operate, stores under other systems or other proprietary marks, which stores may offer or sell products or services that are different from the products and services offered by your Store, and which stores may be located within or outside the Protected Area, notwithstanding such stores' proximity to your Store Location or their actual or potential impact on sales at your Store; and (3) sell and distribute, directly or indirectly, or license others to sell and distribute, directly or indirectly, any products, services or merchandise, from any location or to any purchaser (including, but not limited to, sales made at retail locations, via catalogue, mail order, and on the Internet), so long as such sales are not conducted from a Kid to Kid[®] store located inside the Protected Area.

If you own another Kid to Kid, Uptown Cheapskate (as defined below), and/or another resale-related affiliate store, you agree to update all other franchise agreements to the current terms, conditions, promises, warranties, and representations found in this Agreement by signing the then-current form of the Franchise Agreement for all other stores you own. Notwithstanding the foregoing requirements of this subsection, your royalty rate may not increase, the expiration date of the initial agreement will not change, and you will not be required to meet the remodeling requirements until the expiration of each agreement.

“Uptown Cheapskate” means the franchise offered by our affiliate, Uptown Cheapskate Franchise System, LLC. This franchise system sells new and used items for teens and young adults.

1.02 Term.

This Agreement shall become effective once you and we have each signed it (the “Effective Date”), and this Agreement shall continue for a term of ten (10) years from the date you sign a Lease, or the possession date of the building you currently own or purchase for use as the Store Location (the “Term”). This Agreement may also be terminated pursuant to Article 7, or Section 11.03, whichever occurs first.

1.03 Renewal.

At the end of the Term, you may request that we renew this Agreement for an additional period of five (5) years. Such request must be made to us in writing at least six (6) months prior to the end of the Term of this Agreement. If we agree to renew, in the reasonable exercise of our discretion, you must:

(a) demonstrate that you have not been repeatedly in default, (as defined in Section 7.05(a)(8) below) and are not currently in default of any provision of this Agreement or any other agreement between you and Kid to Kid, our subsidiaries or affiliates or other Kid to Kid[®] franchisees, and that you have substantially complied with all the terms and conditions of such agreements;

(b) demonstrate that all accounts with Kid to Kid[®], vendors and other contractors are current;

(c) sign the then-current form of the Franchise Agreement. With the exception of the renewal fee described in item (d) below, this will require that you pay royalty, marketing fund, technical support, and other fees then currently charged to franchisees, immediately modify your operating processes to strictly align to the System, and within two months of the renewal, renovate, paint, and redecorate your Store, and modernize your fixtures and equipment to meet our then current Standards;

(d) pay a renewal fee equal to twenty-five percent (25%) of the then-current initial Franchise Fee;

(e) sign a general release of claims or mutual termination and release any other document we reasonably require to terminate this Agreement—if such releases are permitted by the laws of your state;

(f) attend and complete to our satisfaction an “Advanced Franchisee Training” program for up to five (5) days within two (2) months of renewing—should we determine to hold one. There is no charge for you to attend this training, however, you are responsible for transportation, meals, lodging, compensation and incidental costs you and your employees incur. Training is conducted at our corporate office or at another location or locations we shall designate and at such times as we designate; and

(g) update the franchise agreements for all Kid to Kid[®], Uptown Cheapskate[®], and/or other resale-related affiliate stores that you own to the most up-to-date terms, conditions, promises, warranties, and representations by signing the then-current form of the Franchise Agreement. Notwithstanding the foregoing requirements of this subsection, your royalty rate will not increase, the expiration date of the initial agreement will not change, and you will not be required to meet the remodeling requirements until the original expiration of each agreement or a transfer under this Agreement.

Notwithstanding the foregoing, if you continue to operate your Store with our express or implied consent following the expiration of the Term of this Agreement, the continuation (“Continuation Term”) will be considered a month-to-month

extension of this Agreement, unless otherwise set forth in writing. All provisions of this Agreement will apply while you continue to operate your Store during the Continuation Term, except that you shall pay a Royalty Fee equal to one hundred and fifty percent (150%) of the Royalty Fee required by Section 2.04, below. Under these circumstances only, this Agreement will then be terminable by either party on 30 days written notice to the other party.

1.04 Relocation and Expansion.

You agree that you will not use the Marks, directly or indirectly, relocate your Store, or operate or otherwise expand your Franchise beyond your marketing area, without our prior written consent.

If we consent to a relocation, (which may or may not result in an expansion) you agree to:

(a) pay us a relocation fee (“Relocation Fee”) of Five Thousand Dollars (\$5,000) and incur all costs of relocating;

(b) attend and complete to our satisfaction an “Advanced Franchisee Training” program for up to five (5) days—should we determine to hold one. There is no charge for you to attend this training, but you are responsible for transportation, meals, lodging, compensation and incidental costs you and your employees incur. Training is conducted at our corporate office or at another location or locations we shall designate and at such times as we designate;

(c) meet the minimum inventory level requirements outlined in Sections 3.05 and 4.01(m) below;

(d) meet all then-current franchise Standards outlined in Section 4.01 below;

(e) update the franchise agreements for all Kid to Kid, Uptown Cheapskate and/or other resale-related affiliate stores that you own to the most up-to-date terms, conditions, promises, warranties, and representations by signing the then-current form of the Franchise Agreement. Notwithstanding the foregoing requirements of this subsection, your royalty rate may not increase, the expiration date of the initial agreement will not change, and you will not be required to meet the remodeling requirements until the expiration of each agreement; and

(f) spend at least Ten Thousand Dollars (\$10,000) to advertise your Store in the new location during the first two (2) months after the relocation as described in Section 2.06(a).

If we consent to an expansion at your existing location, you agree to:

(a) pay an expansion fee (“Expansion Fee”) of Two Thousand Five Hundred Dollars (\$2,500) and all other costs related to the expansion;

(b) meet the minimum inventory level requirements outlined in Sections 3.05 and 4.01(m) below; and

(c) meet all then-current franchise Standards outlined in Section 4.01 below.

2. FINANCIAL OBLIGATIONS

2.01 Franchise Fee.

You agree to pay Kid to Kid[®] a franchise fee (“Franchise Fee”) of Twenty-Five Thousand Dollars (\$25,000) for the first franchise and each subsequent franchise. The Franchise Fee shall be paid to us by check or by electronic means when you sign this Agreement and submit it for approval. When we receive the signed Agreement and Franchise Fee, and we accept and sign it, we shall provide you with the “Receipt for Franchise Fee” identical or similar to that shown in Appendix “B” which is attached to and made a part of this document.

2.02 Advisory Association Fees.

The Advisory Association of franchisees does not charge its members fees.

2.03 Refund of Franchise Fee.

(a) If we do not sign this Agreement and grant you a Franchise within ten (10) days after you submit it to us for approval, the entire Franchise Fee shall be immediately refunded.

2.04 Royalty Payments.

In consideration of the rights granted to you under this Agreement, you agree to report to us by the fifth (5th) day of each calendar month, and make available for withdrawal into our account by the tenth (10th) day of each calendar month, by ACH or other electronic method of our choosing, a royalty fee (“Royalty Fee”) equal to 5.00% of Gross Sales for the prior calendar month.

We may, in our sole discretion, change the date that your Gross Sales report is due to us and the date that you must make the Royalty Fee available for electronic transfer. We may, upon notice to you, change the method of payment we require for any and all fees. If you fail to report your Gross Sales, we shall be entitled to withdraw Two Thousand Five Hundred Dollars (\$2,500) from your account as an “Estimated Royalty Fee.” An adjustment between the Estimated Royalty Fee and

the actual Royalty Fee owed shall be made during the following month's reporting and payment cycle.

Gross Sales ("Gross Sales") means the receipts from all sales conducted within, from or through your Store or sales of product procured in your Store, from vendors or suppliers who sell to your Store, or using our brands and Marks, together with the amount of all orders taken or received at the premises, whether such orders are filled at the premises or elsewhere. Gross Sales includes such sales as described above completed via the internet, phone or any other channel. Gross Sales shall not include the amount of any sales, use, or gross receipts tax imposed by any federal, state, municipal or governmental authority directly on sales and collected from Customers, provided that the amount thereof is added to the selling price or absorbed therein, and paid by you to such governmental authority. Gross Sales shall not include sales of merchandise for which cash has been refunded. The price of merchandise returned by Customers for exchange shall be deducted from Gross Sales provided that the price of the merchandise returned was originally included in Gross Sales and further provided that the sales price of merchandise delivered to the Customer in exchange shall be included in Gross Sales.

2.05 Marketing Fund.

(a) You agree to report to us by the fifth (5th) day of each calendar month and make available for electronic transfer into our account by the tenth (10th) day of each calendar month, a marketing fee ("Marketing Fund Fee") equal to one-half of one percent (0.5%) of the Gross Sales for the prior calendar month. We may, in our sole discretion, change the date upon which you must report and pay the Marketing Fund Fee.

(b) We shall hold the Marketing Fund Fee received from you together with amounts received from other franchisees and corporately owned stores in an account ("Marketing Fund") for the payment of costs associated with the creation, production, distribution, media placement, and administration of local, state and/or national advertising programs, market research, and public relations programs designed to promote and enhance the franchise System and the Marks, for reasonable accounting, bookkeeping, reporting, legal and other expenses incurred in administering the Marketing Fund and for any taxes levied on the Marketing Fund. We may receive income from the Marketing Fund to offset our marketing-related administrative costs, in-house production, and marketing reimbursements. The Marketing Fund shall be used in a manner that primarily benefits the entire Kid to Kid[®] system, although Marketing Funds may reasonably be spent to provide store or market-specific solutions. We are not required to spend any money on advertising in the area in which your Store is located. We shall determine the programs and media used in connection with the Marketing Fund in our sole

discretion. Advertising programs, market research, and public relations programs which are created, conducted, and produced with the Marketing Fund may be used by us as examples of the use of such funds for the benefit of franchisees in materials submitted to prospective franchisees. All funds not expended during any fiscal year shall be carried over and may be used during the next fiscal year. We may make loans to the Marketing Fund bearing reasonable interest to cover any deficit of the Marketing Fund and cause the Marketing Fund to invest in a surplus for future use by the Marketing Fund. Any separate account established for the Marketing Fund is not a trust or escrow account, and we have no fiduciary obligations regarding any such account.

(c) We will make available to you an unaudited accounting of the receipts and disbursements of the Marketing Fund upon written request by you 60 days after the end of each fiscal year.

2.06 Advertising Requirement, Advertising Penalty and Cooperative Fees.

(a) Grand Opening, Transferring Ownership, and Relocation. You agree to spend at least Twenty Thousand Dollars (\$20,000) to advertise and promote the grand opening (or re-opening) of your Store during the period commencing two (2) months prior to the Store opening (or re-opening) and ending one (1) month after the Store opens (or re-opens). In many markets, to successfully advertise your open-to-buy period and grand opening will require a higher marketing budget. If you are purchasing a store that is already operating that has not been closed ("Transfer Store"), or a store that has been relocated, you must spend at least Ten Thousand Dollars (\$10,000) within the first two (2) months following the grand reopening.

The expenditures described in this Subsection 2.06(a) are in addition to the requirements of the following Subsection 2.06(b).

(b) Advertising Expenditure and Penalty. You acknowledge that the regular, consistent advertising and promotion of your Franchise is essential to your success and the growth of the Kid to Kid[®] system. Accordingly, you agree to spend the greater of Two Thousand Dollars (\$2,000) per month or five percent (5%) of Gross Sales for advertising and promotions ("Advertising Expenditure") during each calendar quarter. The Marketing Fund Fee described in Section 2.05, and the grand opening, re-opening, or Transfer Store marketing expenditures described in Subsection 2.06(a) are required in addition to the Advertising Expenditure.

We may modify the Advertising Expenditure at the beginning of each calendar year.

You are required to report your Advertising Expenditures to us on the 15th day of the month following each calendar quarter. If during any reporting interval, you fail to report that you spent at least the required Advertising Expenditure during that prior calendar quarter, you shall make available for electronic withdrawal from your operating account, by the tenth (10th) day of each of the next six (6) calendar months, a fee ("Advertising Penalty") equal to one percent (1%) of the Gross Sales for the prior calendar month. Funds disbursed to satisfy this Advertising Penalty do not count toward the Advertising Requirement for the contemporaneous periods.

(c) Local Advertising Cooperative Fees. If there are two or more stores in the Area of Dominant Influence ("ADI") in which your Store is located (as determined by us as set forth in Section 4.11 below), you agree to participate in a "Local Advertising Cooperative" and to pay monthly "Cooperative Fees" equal to four percent (4%) of Gross Sales—with a "Minimum Monthly Base" of Two Thousand Dollars (\$2,000) and a "Maximum Monthly Ceiling" of Five Thousand Dollars (\$5,000). We may modify the Minimum Monthly Base and Maximum Monthly Ceiling at the beginning of each calendar year.

You shall make Cooperative Fees available to us for electronic withdrawal and deposit into an account under the control of the officers of your Cooperative or another party that they may designate.

(d) Philanthropy Fee. You acknowledge that as part of the Kid to Kid[®] franchise network, we have an obligation to give back to our community and the planet in general. You also appreciate the good will created as a result of all stores within our System supporting one or a number of worthy causes. Accordingly, you agree to support and participate in any worthy cause or causes we select. You must pay us a Philanthropy Fee not to exceed one-half of one percent (0.5%) of Gross Sales by the 10th day of each month.

2.07 Late Fees and Interest.

(a) Late Fees:

(1) For each failure to respond, communicate, or submit documents, including but not limited to executed lease agreements, legal documents, reports, QuickBooks[®] files, other files, backups, surveys, meeting registrations, questionnaires, insurance information, annual meeting registrations, and other relevant documents, whether in verbal, written, printed, electronic, or other form, at the time and in the manner we reasonably request, you shall pay a base late fee of Two Hundred Dollars (\$200) each month which shall increase by Fifty Dollars (\$50) each month, until proof is given that such documents or reports

have been provided. Late fees shall be paid by electronic withdrawal from your operating account on the day after such item is due.

(2) For failure to pay on time. In the event that you fail to make the proper funds available for electronic withdrawal from your operating account by the tenth (10th) day of each calendar month, you agree to pay an additional Royalty Fee of Two Hundred Dollars (\$200) and an additional Marketing Fund Fee of One Hundred Dollars (\$100) each month until such fees have been paid. Late fees shall be paid by electronic withdrawal from your operating account on the day after such item is due.

(b) Interest. Unpaid Royalty Fees, Marketing Fund Fees, late fees incurred or other sums due and owing to us shall bear interest on the unpaid balance at the rate of one and one-half percent (1.5%) per month or the highest rate allowed by law in the state in which the Franchise is located, whichever is lower. We shall apply payments received from you, by electronic or other means, for sums due and owing to us and the Marketing Fund, in proportion to the amounts owed to us and the Marketing Fund.

2.08 Payment of Obligations.

You will pay promptly when due and be responsible for all expenses, costs, taxes, licenses, accounts payable, and indebtedness of any kind incurred or suffered by you or the Franchise in the conduct of business, including, but without limitation, business expenses related to: living, relocating, traveling, entertaining, clothing, marketing, advertising, administration, operations, inventory, consignment purchases, utilities, rent, insurance, associates, employees, benefits, law, accounting, computers, and other obligations of indebtedness. (see Section 4.01, Compliance with Standards.)

2.09 Insurance.

Commencing with the date you take possession of your Store Location, and at all times during the Term of this Agreement, you shall pay for and keep in force, at a minimum, all amounts and types of insurance that we require and as required by law. Minimum coverage requirements include: general liability insurance for not less than \$2,000,000 per occurrence with a \$2,000,000 annual aggregate limit; products and completed operations insurance for not less than \$1,000,000 per occurrence with a \$2,000,000 annual aggregate limit; personal and advertising injury insurance for not less than \$1,000,000; tenant fire legal liability insurance for not less than \$100,000; medical payments insurance for not less than \$5,000; hired and non-owned auto liability insurance for not less than \$1,000,000. You shall also keep in force, as applicable, combined single limit bodily injury and property damage insurance for not less than \$1,000,000 for autos owned by your

company. In addition, you must carry workers' compensation and employer's liability insurance for not less than \$100,000 for bodily injury by accident (for each accident), not less than \$500,000 for bodily injury by disease (aggregate limit), and not less than \$100,000 for bodily injury by disease (each employee).

All insurance policies shall be issued by companies having not less than Best's A+ rating and shall name us and our parent as an additional insureds, for the mutual and joint protection and benefit of both you and us. You shall promptly deliver to us insurance policies or certificates of coverage which shall designate the name and address of the issuer, the policy number, amount and provisions thereof. All policies shall contain a provision that the policy shall not be canceled, terminated, or materially or adversely modified without thirty (30) days' prior notice from the insurance company to us. You agree that at least ten (10) days before the expiration of any insurance policy, you will deliver to us either written evidence that the policy has been renewed or a certificate of coverage from another company. All policies shall provide that the insurance companies waive subrogation or consent to waiver of right of recovery against us. You hereby agree that you will not make any claim against us to recover any loss or damage covered by insurance. We may make, at our option, any necessary payments to keep any insurance required in this agreement in force if you fail to do so, and you shall immediately reimburse us for such payments. Your obligation to carry insurance shall not be reduced because of any insurance we may carry, nor shall any insurance we carry relieve you of liability under the indemnity provision in Section 2.16. We have the right to make changes to any amount and type of insurance we require you to have.

2.10 Renewal or Relocation Fees.

See Sections 1.03 and 1.04, respectively.

2.11 Transfer Fees.

Any party to whom you assign the Franchise shall agree to and shall pay us a transfer and training fee of Twenty Five Thousand Dollars (\$25,000) if they are a new Kid to Kid[®] franchisee, and Fifteen Thousand Dollars (\$15,000) if they are an existing Kid to Kid[®] franchisee as a part of such transfer of the Franchise. See Section 6.03(d) below.

2.12 Continuing Education and Annual Meeting Non-Attendance Penalty.

You recognize that in order to be a successful Kid to Kid[®] franchisee, you must continuously train, study, and learn more about the resale industry, the characteristics of your market, and customers. We invest significant time, effort, and resources in the development and presentation of our annual meeting

(“Annual Meeting”), regional meetings (“Regional Meetings”), and performance groups (“Performance Groups”). Active participation in these meetings can improve your Store’s performance by sharpening your retail and business skills and providing networking with other franchisees. Accordingly, you agree to:

(a) Register for the Annual Meeting by the method we require by registration deadline, which will be at least two (2) months after receiving the registration materials, or pay a Late Fee of Two Hundred Dollars (\$200) per month until registration has been made (see Subsection 2.07(a)(3));

(b) Attend the Annual Meeting, if held, at the location and during the time of our choosing for up to six (6) days each year. You shall receive at least three (3) months’ notice of the Annual Meeting date and shall bear all the costs of attending, including, but not limited to transportation, transfers, lodging, meals, materials, incidental expenses, taxes, and tips. We may charge a reasonable fee to cover the costs of the meeting space if you choose not to stay at the hotel or other location we have selected. There shall be no additional charge for the organizing or the training we provide to you at the Annual Meeting, but we may charge a reasonable registration or attendance fee to offset conference facility costs for you, your associates and employees attending;

(c) Make available for electronic withdrawal from your operating account by the tenth (10th) day of the month following each Annual Meeting, One Thousand Five Hundred Dollars (\$1,500) (“Annual Meeting Non-Attendance Penalty”) for each store you own if you failed to attend the Annual Meeting for any reason other than sickness or a family emergency, exemptions that must be reported to and approved by us. We may modify the Annual Meeting Non-Attendance Penalty at the beginning of each calendar year; and

(d) Make reasonable efforts to attend Regional Meetings and Performance Groups which may be held by us from time to time as your needs, schedule and resources allow.

2.13 Computer Software, Support Fee and Tech Support.

You recognize the need for a reliable, state-of-the-art computer software and system to enhance the manageability and profitability of your Store. Upon signing a lease for your Store, you must purchase all necessary computer hardware and software, including all ancillary components thereof, that we designate, and comply with our Computer System Standards. Additionally, prior to opening, you must pay our affiliate BaseCamp Franchising, LLC (“BaseCamp”) a non-refundable fee of \$10,000 to obtain the right to use the BaseCamp software suite, which includes IMAP™, Baseline™ POS, and Q™ software (the “Software Suite”).

Further, you agree to make available, and pay by electronic withdrawal from your operating account by the tenth (10th) day of each calendar month, a "Computer Support Fee" of Two Hundred Fifty Dollars (\$250) which entitles you to:

(a) Tech Support for the Software Suite and related hardware via telephone, internet chat, or other on-line communication determined by BaseCamp at no additional cost, provided that you meet the Computer System Standards described in Subsection 4.01(g). You recognize that BaseCamp may not be able to solve your tech problem and that outside help may be required at your own expense. If you do not meet the Computer System Standards, a Tech Support fee will be billed at Fifty Dollars (\$50) per hour, which is subject to change, with a minimum charge of thirty (30) minutes; and

(b) The periodic development and upgrading of the BaseCamp Software Suite at no additional cost. See Subsection 4.01(g).

BaseCamp may modify the Computer Support Fee and hourly Tech Support rate annually.

2.14 Standards Violations Fees.

Should you receive notification of a Standards violation (as described in Section 4.02) and fail to act within fourteen (14) days to cure it, you will be charged a "Standards Violation Fee" of Two Hundred Dollars (\$200) for the first month, which will increase by Fifty Dollars (\$50) each subsequent month until proof is given that the violation has been cured. Standards Violation Fees may be withdrawn from your operating account by electronic means by us as soon as the day after they have been charged.

2.15 Bookkeeping Service Fee.

From your grand opening date through the first full year of operation, you will subscribe to the monthly bookkeeping service provided by our affiliate, BaseCamp, and pay a "Bookkeeping Service Fee" of Two Hundred and Twenty Five Dollars (\$225) per store by electronic withdrawal from your operating account on the 10th day of each month. BaseCamp may modify the Bookkeeping Service Fee at the beginning of each calendar year.

After the first year of operation, you may discontinue the service, but if you later fail to submit any required financial reports and required back-up data to us as provided by Section 4.12(b), you agree to subscribe to and pay for the BaseCamp bookkeeping service for the twelve (12) month period following your failure to submit such required reports.

2.16 Indemnification.

You shall, to the fullest extent permissible under applicable law, indemnify and hold us and our affiliates, and their respective officers, directors, members, managers, employees, and agents, harmless against any and all claims, obligations, and damages arising directly or indirectly from, as a result of, or in connection with this Agreement, your Store, Franchisee's operation of your Store, the business conducted under this Agreement, your and your employees' actions and inaction, or your breach of this Agreement, including, without limitation, those alleged to be caused by our negligence, as well as legal fees, including, but not limited to, attorneys' fees, costs, and expenses (and interest on such fees, costs, and expenses), of defending against them, unless (and then only to the extent that) the claims, obligations, and damages are determined to be caused solely by our gross negligence or willful misconduct according to a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction. In the event that we incur any costs or expenses, including, without limitation, legal fees, including, but not limited to, attorneys' fees, costs, and expenses (and interest on such fees, costs, and expenses), travel expenses, and other charges, in connection with any proceeding involving you in which we are not a party, you shall reimburse us for all such costs and expenses promptly upon presentation of invoices. You acknowledge and agree that your indemnification and hold harmless obligations under this Section 2.16 shall survive the termination or expiration of this Agreement.

3. ESTABLISHMENT OF BUSINESS

3.01 Financing.

Upon the Effective Date of this Agreement, you shall immediately prepare, with our Assistance (as defined in Paragraph B. of the Recitals), a "Projected Income Statement" and "Sources and Uses of Funds Statement" for your Franchise. You shall then immediately apply for any additional financing you need to establish and operate your Franchise with the lending institution of your choice.

3.02 Site Selection.

Upon the Effective Date of this Agreement, you shall attempt to lease or purchase the Store Location identified in Section 1.01 above. We will assist you in hiring a qualified commercial real estate broker for your market whom you may hire, retain, and/or fire. Although we are not licensed real estate brokers or attorneys, we may offer suggestions during the site selection and leasing process based on the knowledge and experience we have gained by assisting other franchisees. By helping you select a broker and offering suggestions, we are not promising that your business is likely to achieve any level of sales or profits. You are solely responsible for your real estate leasing and purchasing decisions.

GIVEN THE IMPORTANCE OF FINDING AN ACCEPTABLE SITE AND PURCHASING OR ENTERING INTO A FAVORABLE LEASE, WE ENCOURAGE YOU TO SEEK ADDITIONAL REAL ESTATE AND LEGAL ADVICE THROUGHOUT THIS PROCESS.

If, after a diligent effort, you are unsuccessful in leasing or purchasing the Store Location identified in Section 1.01, you shall promptly lease or purchase another store which is located within ten (10) miles of the Store Location (as measured by Google Maps[®] or another mapping service we select) identified in Section 1.01 and at least five (5) miles' driving distance (as measured by Google Maps[®] or another mapping service we select) from any other Kid to Kid[®] store, or a greater distance if the franchise agreement with an adjacent Kid to Kid[®] franchisee so provides. Within one hundred and eighty (180) days of the Effective Date, if you have been unsuccessful in leasing or purchasing an adequate location, pursuant to Section 7.03 below, or you have not obtained financing, you may request that this Agreement be terminated.

If your Store is not open within eighteen (18) months of the Effective Date, we may, in our sole discretion, either reduce or eliminate your Protected Area or terminate this Agreement upon notice to you without granting you an opportunity to cure.

3.03 Construction, Remodeling, and Fixturing.

You are responsible for providing accurate measurements of the Store you have purchased or leased as all plans will be based on those measurements. Any costs related to modifications of the plan or construction costs to make changes to meet franchise standards related to errors in measurement will be borne by you. Within six (6) weeks of notifying us in writing that you have purchased or leased a Store, and have included in that communication accurate measurements of the Store you have leased or purchased, we shall provide you with a fixture layout plan, a fixture list, a supply list, and an equipment list, which shall describe the number, type and configuration of the fixtures, equipment, and supplies that you must purchase and install and/or use in your Store. With our assistance you shall diligently and promptly (and in a manner that meets the requirements of Sections 4.01 and 4.03):

(a) contract with a registered architect or draftsman to prepare plans and specifications for constructing, remodeling, or decorating the premises, which comply with all federal, state, and local regulations including health, sanitation, sign, utility, and building codes;

(b) contract with a licensed general contractor to file plans and construct, remodel, and/or decorate the premises according to the plans and specifications in a professional and first-class workmanlike manner. Nothing in this section shall

prevent you from participating in the work performed in your space provided that a general contractor oversees and guarantees such work; and

(c) purchase or lease and install all furniture, fixtures, equipment, flooring, signage, supplies, and other items that are identified in Section 4.01, Appendix “A”, or the Training and Operations Tools described in Section 4.03, or that are otherwise necessary for the operation of your Store.

3.04 Training and Internship.

(a) Prior to opening the Store to purchase or sell inventory:

(i) You must designate one of your owners as manager (“Manager”), who shall be responsible for its day-to-day operations (Section 4.08 (a)).

(ii) The Manager and another owner or employee, if you choose, shall attend and complete to our satisfaction our six (6) day training program (“Training”)—or, if you are an existing franchisee—our five (5) day Advanced Franchisee Training, if held. There is no charge for Training or Advanced Franchisee Training, but you are responsible for the transportation, meals, lodging, compensation and incidental costs for you, your employees and Managers for such training. Training and Advanced Franchisee Training are conducted at our corporate office or at another location and time as we designate.

(iii) The Manager must complete an “Internship” to our satisfaction by working in an existing Kid to Kid[®] store in the Salt Lake City area, or another approved Kid to Kid[®] store located elsewhere (or another store that we determine) for at least forty (40) hours over five (5) business days. The location, time, and schedule of the Internship shall be mutually agreed upon by the Manager, Kid to Kid[®] and the management of the store in which the Internship takes place. There is no charge for the Internship itself, but you shall be responsible for all transportation, meals, lodging, compensation, and incidental costs related to it. Neither you nor the Manager shall receive compensation from us or the franchisee for the Internship.

(b) If during the second full calendar year of operation, and any calendar year thereafter, the sales of your Store do not exceed the average System sales, you may be required to attend and complete to our satisfaction (should we decide to hold it) a five (5) day “Refresher Training” at the time and location we schedule, and after giving you at least sixty (60) days advance notice. Failure to make time to attend reasonably scheduled and offered Refresher Trainings over a ninety (90) day period is a default of this Agreement. There is no charge for Refresher Training but you (and up to two other owners or team members as you elect to bring) are

responsible for the transportation, meals, lodging, compensation and incidental costs for you and your team members and Managers associated with such training.

3.05 Initial Inventory Purchase.

After you have completed Training and the Internship, have substantially completed the installation of your fixtures and improvements described in Sections 3.03, 4.01(f) and the Training and Operations Tools (Section 4.03), and have purchased and received your computer equipment described in Section 4.01(g) and Appendix “A”, you shall commence purchasing inventory in your Store. Because HAVING ADEQUATE INVENTORY IN YOUR STORE IS CRITICAL TO YOUR SUCCESS, you shall not open or reopen your Store to sell product until you have acquired at least five hundred (500) new vendors in your data base, and have purchased, priced, tagged, and hung or displayed the greater of eight and one half (8.5) items per square foot of Sales Area or thirty thousand (30,000) items in gently-used, in-season inventory, and the greater of Ten Thousand Dollars (\$10,000) or Three Dollars (\$3.00) per square foot of new product inventory (“Minimum Inventory”)—the type, assortment, and quality of which are specified in Section 4.01(m) and the Inventory Section of the Manual.

3.06 Pre-Opening Operational Assistance.

Our representative will help you on-site one day before, the day of, and the day following the grand opening of your first Store. For second and subsequent stores, or Transfer Stores, no representative will attend and provide on-site support at your grand opening or acquisition. In those cases, you may purchase up to three (3) days of on-site support at the rate of \$300/day in connection with your grand opening or reopening. The on-site support rate may be adjusted each year. Except for providing you with the pre-opening support described above, as well as a fixture layout plan, fixture list, supply list, equipment list, training, systems, and checklists, and the Assistance identified in Sections 3.01, 3.02, and 3.03 of this Agreement, we are not responsible for establishing or operating your business. However, you may contact us during regular business hours for advice on operational issues.

4. OPERATIONS AND PROCEDURES

4.01 Compliance with Standards.

You understand the benefit of, and agree to comply fully with, all franchise standards, approaches, specifications, operating procedures and rules (collectively “Standards”), prescribed and modified by us from time to time. These Standards, which are contained in the Training and Operations Tools (Section 4.03) may be modified from time to time in other verbal, electronic, or written communications from us to you, and may relate to all the following items:

- (a) Performance guidelines, goals, and training;
- (b) Operation, administration, bookkeeping, accounting, general function, and safety of the Franchise;
- (c) Representations, statements, warranties and guarantees regarding services and products offered by you, Kid to Kid[®], and other franchisees;
- (d) Qualifications, conduct, demeanor, dress, use and condition of uniforms, grooming, and general appearance of you and your employees;
- (e) Size, layout, configuration, decor, presentation, condition, neatness and cleanliness of your Store. You recognize the importance of keeping the interior and exterior look, feel, and function of your Store current with the trends and styles in the children's fashion industry—which are constantly changing. We periodically modify our Standards to better meet consumer preferences. Accordingly, you agree to remodel your Store within ninety (90) days after we send you written notice, provided, however, you are not required to spend more than fifty percent (50%) of your initial fixture and fit-up costs for remodeling every five (5) years. Notwithstanding the foregoing, you are required to upgrade and remodel your Store to meet current Standards upon renewal, relocation or the exercise of any option;
- (f) Type, number, style, function, arrangement, use, and condition, of your Fixtures which are described in the Training and Operations Tools (See Section 4.03);
- (g) Type, number, style, function, arrangement, use, and condition, of your equipment. You specifically agree to purchase or lease the computer and cash drawer system described in Appendix A, and to upgrade and/or replace all computer software (and the hardware, components, and accessories necessary to run such software) related to purchasing, selling, inventory management, reporting, financial and accounting controls, when and how we request ("Upgrade").

So long as you pay the Computer Support Fee described in Section 2.13 above, BaseCamp will, at no additional cost:

- (1) periodically develop, upgrade and maintain the Software Suite. You shall, however, bear all costs associated with upgrading other software, as well as all hardware, component, and accessory modifications; and
- (2) provide Tech Support for the Software Suite and related hardware via telephone, intranet or other online communication during

BaseCamp's regular business hours, or, for emergencies, during non-business hours, provided that you meet the following "Computer System Standards":

- Your computer system, including hardware and software components, back-up, networking, and anti-virus programs, continue to meet our specifications;
- Your staff is reasonably trained in the operation of the computer system and is following standard procedures;
- You use any documented instructions that we have provided to self-resolve issues before calling or after receiving instruction;
- You personally participate in the support discussion(s) with the tech staff, if requested by us or BaseCamp;
- Unattended access is set up for the tech team to log onto your computer at any time; and
- Your computers are left running 24 hours per day.

If you do not meet the Computer System Standards, you may purchase technical support from BaseCamp at the rate of fifty dollars (\$50) per hour (which is subject to change) with a thirty (30) minute minimum charge.

You agree to obtain, maintain, and use at your cost, and subject to our specifications: high-speed internet access from the Store, an e-mail address, and a Store website that links to the Kid to Kid[®] website;

(h) Keeping the Store open to the public according to the store hours set forth in the Operating Manual. You agree to accept product—and advertise that you accept product—whenever the Store is open, and to purchase products for all seasons, all year, every day you are open, up until one (1) hour before closing;

(i) Marketing, text-message programs, advertising, promotion, display, merchandising, interior and exterior signage. You agree to participate in, and pay for any gift card, in-store music, email marketing, text marketing, and digital marketing programs, if any, that we implement, and to use the approved vendors we designate for broadcast media placement and online advertising. You agree to obtain and hold appropriate licenses to broadcast movies, videos, music, television, and other media we may request. You promise to adhere to the System's requirements with respect to the neutrality of messages, which are designed to avoid offending Customers and potential Customers on the basis of race, religion, gender, sexual orientation, or political views;

You must request and receive our written approval prior to placing an order for exterior signage and graphics.

(j) Use of forms and reports;

(k) Treatment and procedures relating to Customers and vendors, including the handling of complaints;

(l) Building and enhancing the reputation of and trade demand for your Store, the System and its Marks;

(m) Amount, assortment, quality, condition, style, size, brand, and purchase and sales price of inventory. MAINTAINING ADEQUATE INVENTORY IS AMONG THE MOST IMPORTANT KEYS TO YOUR SUCCESS. You must purchase and sell the following: new and used maternity products and certain new and used children's clothing (including apparel from infant size through size 14, baby equipment, toys, footwear, and miscellaneous related items). We reserve the right to modify these requirements from time to time;

After eighteen (18) months of operation you must have acquired, and for the remainder of the Term you must maintain the greater of, Five Dollars (\$5) per square foot of Sales Area or Ten Thousand Dollars (\$10,000) in new product inventory and at least thirteen (13) items per square foot of Sales Area of gently-used inventory ("Minimum Inventory Levels"). For example, if you have leased a store with 3,600 Sale Area square feet, you must acquire and maintain at least \$18,000 of new product and 46,800 used product items. We may modify the Minimum Inventory Levels from time to time.

You may also be required to sell additional products which we, in our discretion, determine that stores in our System shall sell. We also retain the right to limit or discontinue your sale of certain products and services. You will educate yourself and your staff with respect to product safety standards and will carefully follow our protocols relating to recalls and continuously monitor and act upon recall notices issued to the public. You agree to learn and implement our buying, processing, sale, and markdown policies, and to align those procedures to conform with other Kid to Kid[®] stores, especially those in your market.

(n) Readiness of your Store to open (or reopen) for business. You agree that prior to the grand opening or reopening of your Store, or the resumption of business within a store that has been transferred, remodeled, and as a condition of opening or reopening, we shall certify that the Store is in substantial compliance with our Standards and the Training and Operations Tools (as defined in Section 4.03 below). In determining whether the Store is in substantial compliance, we may

consider, but are not limited to, considering Subsections “a” through “m” of this Section 4.01;

(o) Requirement that you make modest and reasonable efforts to assist us and any affiliates in the marketing of our and their franchise opportunities, including, without limitation, via media such as the web, social media, in-store signage, sales bags, direct mail pieces, radio and T.V. campaigns, counter displays, and links in customer e-mail, digital marketing, social media, and other relevant channels; and

(p) Requirement that you join and maintain membership in the retailer’s association operating within your state, and operate in compliance with any applicable second-hand dealer’s laws and ordinances.

All Standards shall be reasonable and be designed to help you in the development of your Store and to build the brand as we deem prudent and appropriate. Without limiting the foregoing, you promise that upon notice from us, you shall immediately take all steps necessary to modify your operation or correct any deviation from the Standards.

You and we acknowledge that in order for the Franchise to adapt to the market, take advantage of technology, and improve its approaches and processes, our System must evolve. Accordingly, we reserve the right to modify the Standards as we deem appropriate. We also reserve the right to specify the source of supply, and to obtain and retain benefits, such as rebates or commissions from suppliers.

During the Term of this Agreement, you may contact us during our regular business hours to discuss operational issues and to receive Assistance in how to meet the Standards and improve the performance of your Store.

4.02 Standards Violations.

Should you violate a Standard, we may notify you to correct the violation within fourteen (14) days as described in Section 2.14. Continued non-compliance will result in the assessment of a Standards Violation Fee for each Violation of Two Hundred Dollars (\$200) by electronic withdrawal from your operating account on the day after such item is charged. Additional Standards Violation Fees will be assessed and increased by Fifty Dollars (\$50) every month until you provide proof that the infraction has been cured. Repeated Standards violations may affect your rights under this Agreement (See Section 7.05(a)(8)).

4.03 Training and Operations Tools.

For the term of this Agreement, we shall give you access to “Training and Operations Tools” which may consist of online training modules, manuals in printed

or electronic form, an Annual Priorities Workbook, and other documents, videos and forms on our intranet site. These materials contain mandatory and suggested Standards. All Training and Operations Tools are proprietary, confidential, and remain the property of Kid to Kid[®]. You may not permit others to view, listen to, or copy them. We have the right to add to, delete, and modify the Training and Operations Tools from time to time to improve the standards of service, product quality, or the efficient operation of the Franchise, to protect or maintain the goodwill associated with the Marks or to meet competition, provided that no such addition or modification shall alter your fundamental status and rights under this Agreement.

The provisions of the Training and Operations Tools, as modified by us from time to time, and the mandatory Standards contained in them, shall constitute provisions of this Agreement as if fully set forth herein. You agree to operate the Franchise in compliance with the Training and Operations Tools.

4.04 Promotion.

You agree to conduct your business ethically, in good faith, and in a manner that will promote good relations with your Customers, associates, other franchisees, and the community. You agree to use your best efforts to promote, advertise, solicit to, and establish, maintain and serve Customers at your Store Location. See Section 2.06, Advertising Requirement, and Section 4.11 Local Advertising Cooperative for additional detail. You shall accurately and truthfully characterize, promote and market the services and products sold by the Franchise in the manner we set forth, and shall not make any representations, statements, warranties or guarantees in conflict therewith or in addition thereto. In the event that you make representations, statements, warranties, or guarantees in conflict with or in addition to those we set forth in the Training and Operations Tools or in other communications, you shall be solely responsible for the resulting liability and shall reimburse and hold us harmless for any losses, costs, expenses, attorney's fees or other liabilities we incur as a result thereof.

You shall use the marketing, text messaging program, advertising, and promotional materials, tools and services prepared and/or furnished by us to promote your Franchise. They may include, but are not limited to, designs for business cards, envelopes, letterhead, bags, ads, posters, in-store signs, window displays, banners, radio and television spots, point-of-purchase items, and material for distribution via the internet, web site, digital marketing, and social media platforms. You will receive an electronic copy at no charge within the standard delivery time frame. Expedited orders may be subject to additional fees. For printed copies, you must pay duplication costs. These materials, tools and services shall be developed and produced by our in-house advertising department,

or by a local, regional or national advertising agency with which we, in our sole discretion, may contract.

You agree to implement required promotional programs, offers, and discounts as directed by the Franchise and promotional programs, offers, and discounts as agreed to by your Local Advertising Cooperative.

You may advertise and promote your Store through the following media: internet, social media, digital marketing, SMS text messaging, email, television, radio, newsprint, billboards, bench signs, direct mail, flyers and other media you choose with our prior written approval.

If you wish to use marketing, advertising, and promotional materials, or tools and services that we do not furnish, you shall first submit such items to us and receive our written approval before using them—which shall be granted or denied within seven (7) days. We may also offer to produce the request for a fee. You agree to pay all costs, including production, of any marketing, advertising, and promotional materials and tools, for services that we do not normally furnish.

4.05 Promotion of Other Products or Services.

You shall not directly or indirectly promote, market, or sell to Customers products and services that are not described in Subsection 4.01(m) of this Agreement, the Training and Operations Tools, or other written or electronic communication with us without our prior written approval.

4.06 Proper Authority.

You hereby covenant, promise, represent, and warrant that you have legal rights in the form of licenses, permits, certificates, and other authority, which grant you the rights and privileges described or contemplated in this Agreement, and that you are authorized to sign and execute this Agreement.

4.07 Laws and Licenses.

You shall comply with all applicable federal (including the CPSIA, or Children's Product Safety Improvement Act), state, and local laws, rules, ordinances and regulations, including, without limitation, all government regulations relating to franchising, solicitations and sales, marketing, advertising, packaging, labeling, occupational hazards and health, consumer protection, unfair and deceptive practices, trade regulation, workers' compensation, unemployment insurance and withholding taxes, social security taxes, sales and use taxes, property taxes and other taxes and obligations. You shall not sell or attempt to sell any item that has been recalled either under a federally mandated recall, or a voluntary manufacturer's recall. You shall not knowingly purchase or sell counterfeit items.

Selling or attempting to sell such items constitutes a default subject to a Standards Violation Fee described in Section 2.14. You agree to promptly furnish us with copies of all reports or warnings issued by any governmental agency or official which reflect or indicate your noncompliance or less than full compliance with any applicable law, rule or regulation. You agree to indemnify and hold us harmless from any costs or liability that may result from a violation of this Section by you or your employees or representatives, including, but not limited to, reasonable attorney's fees and disbursements incurred in defending any civil, criminal or administrative action brought against us or our affiliates and representatives as a result of a violation of this Section.

4.08 Management.

Within forty-five (45) days after the Effective Date of this Agreement and through the remainder of the Term you must designate a Manager, who may be one of your owners. You must carefully monitor and be responsible for the performance of the Manager and his or her replacements. The Franchise shall be under the direction of the Manager who:

(a) for the period commencing forty-five (45) days after the Effective Date of this Agreement until at least six (6) months after your first Store opens to sell product, must own at least ten percent (10%) of the Franchise;

(b) has been approved beforehand by us in writing or electronic communication;

(c) shall have completed the New Franchisee Training Course on the BaseCamp Training Portal, a six (6) day Training, a five (5) day, forty (40) hour Internship, and subsequent training modules and proficiency tests to our satisfaction. We do not charge an additional fee for the training of the initial Manager and up to one other owner or agent, but you are responsible for travel, living, food, compensation, and all other expenses incurred during Training and the Internship. We reserve the right to charge a tuition fee of One Thousand Dollars (\$1,000) for the training of each additional Manager, owner or representative in attendance beyond the initial group of two;

(d) shall, during his or her period as Manager, devote his or her full time, attention, and energies to the performance of his or her duties under this Agreement and as directed by you; and

(e) shall have executed, upon our request, an agreement drafted by us agreeing not to divulge any trade secrets, to keep confidential all proprietary information and marketing information, including the Training and Operations

Tools, as defined by this Agreement, and to comply with the terms of the covenant not to compete prescribed in Section 5.06.

4.09 Associates.

You will hire all employees of the Store, and be exclusively responsible for the terms of their employment, scheduling, benefits, disciplining, compensation, and all other personnel decisions. You shall employ and train competent sales associates who are familiar with, or who are capable and willing to become familiar with, the features and advantages of our products and services, and can effectively demonstrate and explain such features and advantages to potential Customers and vendors. You shall require that your associates attend or otherwise participate in training sessions provided by you in accordance with training standards and procedures we prescribe from time to time and training sessions we provide, if any, at such times and places and for such duration as we shall designate. For such training sessions provided by us, we may charge a reasonable fee to cover the costs of the meeting space, food and incidentals provided for attendees. You shall be responsible for travel, lodging, food, compensation, and all other expenses incurred by your associates during such training. You agree that all associates shall observe the highest standards of professionalism, prompt service, and courtesy to existing and potential customers, vendors, franchisees, and Kid to Kid[®] representatives and shall be attired as designated in the Training and Operations Tools.

You shall register each new employee on the BaseCamp Training Portal as part of the new-hire onboarding process, and monitor his or her progress in completing all required training modules based on his or her responsibility within the timeframe outlined in the Training and Operations Tools.

You shall enter into a written agreement with each of your associates, partners, spouses and other immediate non-minor family members, in a form we provide, and maintain a copy of each executed agreement, which:

(a) provides for termination of such agreement and relationship as they relate to the Franchise upon termination of this Agreement;

(b) prohibits each from selling or promoting the sale of products and services which could be sold in a Kid to Kid[®] store, or from selling products purchased in or through Kid to Kid[®], or purchased from vendors or suppliers who have provided or provide product to your Store; and

(c) prohibits them from divulging any trade secrets and requires that they keep confidential all proprietary information and marketing information, including the Training and Operations Tools, as defined by this Agreement, and information

contained within basecampcentral.com or any other intranet we provide, and comply with the terms of the covenant not to compete prescribed in Section 5.06.

You promise to notify us and deactivate passwords and prevent access to System accounts when an associate is terminated, or the relationship with a partner or spouse ends.

4.10 Advisory Association.

You agree to participate in our advisory association, consisting of representatives from each Kid to Kid[®] store (the “Advisory Association”). Its primary purpose is to advance communication between Kid to Kid[®] and its franchisees, and offer support to meet their needs and goals. Upon the majority vote of its members, the Advisory Association may engage in promotional, educational, and community service activities, and adopt rules and procedures for its operations. However, the Advisory Association may not levy assessments against you or other members for incurred expenses. Franchisees are entitled to one vote for each store they own. For the purposes of this Section, stores we own, if any, are granted no different status than Franchisee-owned stores. Advisory Association members and their elected representatives are responsible for administration of the Association. All such activities and expenses shall be subject to our prior written approval, which may not be unreasonably withheld. Your fundamental rights under this Agreement cannot be diminished by the actions of the Advisory Association. We retain the right to create, change, or dissolve the Advisory Association.

4.11 Local Advertising Cooperative.

You agree to join and participate in a Local Advertising Cooperative (and pay those fees described in Subsection 2.06(d) above) when there are two (2) or more stores in the Area of Dominant Influence (“ADI”) where your Store is located, as we determine. Fees collected by us from members of the Cooperative shall be promptly deposited into an account controlled by its officers or agents. Each Kid to Kid[®] store within the ADI shall be entitled to one vote to determine how to allocate funds. In the event that votes by members of the Local Advertising Cooperative are equal, we may cast an additional, decisive vote. The Local Advertising Cooperative shall operate subject to the rules set forth in Appendix G (which we may reasonably modify from time to time) and may purchase advertising for its ADI, engage in test marketing, conduct surveys on advertising effectiveness, produce advertisements and commercials, develop public relations campaigns and promotions, and pay its own accounting and administrative expenses. It shall prepare a marketing budget and an annual report, which shall be made available for the review of its members, prospective franchisees, and to us. We retain the right to approve decisions made by the Local Advertising Cooperative or to create,

change, or dissolve it to ensure that all its members are treated fairly and that its actions are consistent with the Standards outlined in Section 4.01, above. We shall require that company owned stores participate in the cooperative on the same basis as franchisees.

4.12 Reports, Records, and Bookkeeping.

You shall promptly and accurately complete such reports, forms, and establish a bookkeeping, accounting and record system as we prescribe in the Operating Manual or elsewhere in writing, and shall deliver all such reports, forms, and records to us in the manner (whether by post, email, internet or computer modem transmission), and to the places we specify, or be subject to a late fee outlined in Section 2.07. You agree to utilize the reporting periods and methods we prescribe in reporting financial and other information, and specifically agree to report to us:

(a) by the fifth (5th) day of each calendar month, the Sales/On Hand Report for the preceding month (see Sections 2.04 and 2.05) by providing access to the IMAP™ program operating in your computers;

(b) by the fifteenth (15th) day of each month following the calendar quarter, (April, July, October, January—with an annual summary due each January 15th,) electronic backups of your QuickBooks® files. We may later decide to request that this report is submitted monthly. If you fail to submit to us accurate and up-to-date backups of your files as we require, you agree to subscribe to the BaseCamp Booking Service for the next twelve (12) months and pay the subscription fee it charges by electronic withdrawal from your operating account on tenth (10th) day of each calendar month;

(c) by the first day of December each calendar year, a Budget and Marketing Expenditure Overview for the upcoming year;

(d) by the fifteenth (15th) of January, April, July, and October, the Advertising Expenditures made for the preceding three (3) full calendar months (See Section 2.06(b)); and

(e) all operational, financial, inventory, sales, marketing, or other information we request from time to time. You specifically grant to us independent access to such data or information via internet at any time we reasonably request.

4.13 Notices.

All notices required or permitted to be given by this Agreement must be made in writing and delivered by mail, in person, or by email. Mailed notices shall be addressed to the parties as their addresses appear on the first page of this Agreement, unless written notice is given of a change of address. In that event,

notices shall be mailed to the party at the new address. Emailed notices shall be sent to the Store-issued email address.

4.14 Inspections.

In order to assist you in maintaining the standards of operation established by us and to ensure your compliance with this agreement, you grant us, or other designated representatives, the right at any time and without prior notice to you, to inspect the Franchise, the offices, places of business and assets, and all business records, including, but not limited to, sales reports, billings, account records, customer lists, potential customer lists, financial statements, tax returns, purchase orders, invoices, payroll records, check stubs, tax records and other records and documents of all types of the Franchise, and to take a physical inventory of the assets of the Franchise. Such inspections shall be made at our expense; provided that if we are required to make two (2) inspections in connection with your failure to comply with this Agreement, we shall have the right to charge you for the costs of making all further inspections in connection with such failure to comply, including, without limitation, the charges of any independent certified public accountants and the travel expenses, room, board and compensation of us, our employees, and other representatives involved therewith.

4.15 Audits.

We and our representatives shall have the right to audit and copy or cause to be audited or copied all business records, including, but not limited to, sales reports, inventory records, other reports, customer lists, potential customer lists, financial statements, tax returns, purchase orders, invoices, payroll records, check stubs, tax records, reports, statements and returns required under Section 4.12, and other records and documents of all types of the Franchise. For this purpose, all such business records (including state and local sales tax reports and federal, state, and local income tax returns) shall be made available to us or our representatives upon request. In the event that any such audit discloses an understatement of your Gross Sales for any period or periods, you shall pay to us within two (2) days after receipt of the audit report, a Royalty Fee equal to thirteen and one-half percent (13.5%) and a Marketing Fund Fee equal to one and one-half percent (1.5%) of such understatement plus late fees and interest due thereon (see Section 2.07). In the event that such understatement for any period or periods shall be one percent (1%) or more of your Gross Sales for such period or periods, you shall reimburse us for the cost of the audit, including all charges of any independent certified public accountants and the travel expenses, room, board and compensation of us, or other representatives involved therewith.

4.16 Variances.

We may approve exceptions or changes to the Standards which we, in our sole discretion, believe necessary or desirable under particular circumstances. You understand that you have no right to object to such Standards, and that any exception or change from the Standards for your activities must be approved in advance by us in writing.

5. PROTECTION OF RIGHTS AND INFORMATION

5.01 Ownership of Marks.

Nothing in this Agreement shall be construed as an assignment or grant to you of any right, title or interest in or to the Marks, it being understood that we reserve all rights relating thereto. You recognize the great value of the goodwill associated with the Marks and acknowledge that the Marks and all rights therein and goodwill pertaining thereto belong exclusively to us. You agree that your every use of the Marks shall inure to our benefit and that you shall not at any time acquire rights in the Marks by virtue of any use you make of the Marks. You shall use each Mark only in full compliance with such rules as we may from time to time prescribe. You shall not use any Mark as part of any corporate or other name, while this Agreement is in effect and after its termination, except as we may consent otherwise in writing, whether with any prefix, suffix or other modifying words, terms, designs or symbols, nor may you use any Marks in connection with the sale of any unauthorized product or service or in any other manner that we have not explicitly authorized. Any consent or authorization given under the preceding sentence shall be deemed revoked upon termination of the Agreement. You agree that you will not, while this Agreement is in effect and thereafter, attack the title or any of our rights in and to the Marks, or attack the validity of this license for the use of the Marks or do anything which would jeopardize or diminish our rights to or the value of the Marks.

5.02 Protection of Marks.

You shall immediately notify us of any infringement of or challenge to your or our use of any Marks or claim by any person or entity of any rights in any Mark. We shall have sole discretion to take such action as we deem appropriate and the right to exclusively control any litigation or Patent and Trademark Office or other proceeding arising out of any such infringement, challenge or claim relating to such Marks, and you agree to execute any and all instruments and documents, render such assistance and do such acts and things as may, in the opinion of our counsel, be necessary or advisable to protect and maintain our interests in any such litigation or Patent and Trademark Office or other proceeding or to otherwise protect and maintain our interest in the Marks. We agree to indemnify you against and to reimburse you for all damages for which you are held liable in any proceeding arising out of the use of any Mark in compliance with this Agreement

and for all costs reasonably incurred by you in the defense of any such claim brought against you.

5.03 Use of Marks in Advertising.

You agree that during the term of this Agreement:

(a) the Franchise shall be operated under the name used in the Marks and that all signs and advertising shall prominently display the Marks;

(b) all real and fictitious names under which you do business must be approved in writing by us before use. In conjunction with the Marks, your own name must be displayed conspicuously on all licenses and permits required for the operation of the Franchise, on all tax returns, on all stationery and business cards, and on all contractual agreements you enter into. The format for the display of your own name in conjunction with the Marks must be approved in writing by us before use.

(c) all stationery, business cards and contractual agreements entered into by you must conspicuously state "This Kid to Kid Franchise is Independently Owned and Operated." You shall install a sign in your Store which reads: "This store is an independent Franchise and is owned and operated by [insert your name]."

5.04 Change of Marks.

You agree that if it becomes advisable at any time, in our sole discretion, for us to modify or discontinue the use of any or all of the Marks and/or use one or more additional Marks to substitute for any or all of the Marks, you will do so without any obligation on our part with respect thereto at your sole expense.

5.05 Protection of Information.

(a) You acknowledge that we possess and shall possess in the future certain proprietary information, consisting of the Training and Operations Tools, as well as all concepts, methods, techniques, formats, specifications, procedures, information, systems, marketing approaches, ideas, research, improvements and materials, owned or developed by us and not otherwise publicly available, whether or not published or suitable for registration or copyright, and the goodwill associated with them, which is used in the operation of Kid to Kid[®] franchises (hereinafter "Proprietary Information"). We may, in our discretion, disclose the Proprietary Information to you in the Training and Operations Tools, in training, and in providing guidance and assistance to you in the operation of your Franchise.

(b) You acknowledge that we possess and that we and you shall possess in the future, certain information, consisting of names, addresses, telephone numbers, contact persons, purchase orders and other identifying information relating to Customers and vendors, information with respect to needs and requirements of Customers and vendors, rate, cost, and price information, financial information with respect to our other stores and your business, personnel data relating to you, your employees and representatives, confidential information contained in verbal or audio communication, files, interoffice documents, and other internal and external documents and correspondence prepared by or for you and us, which constitute marketing information that is not otherwise publicly available (hereafter the “Marketing Information”). We may, in our discretion, disclose the Marketing Information to you and other Franchisees in the Training and Operations Tools, in training, and in providing guidance, assistance, and support to you and other franchisees, but in no event shall we divulge any specific financial information or Marketing Information pertaining exclusively to a specific Kid to Kid[®] store to other parties or prospective franchisees without first obtaining the permission of the owner of that store.

(c) You acknowledge and agree that you will not acquire any interest in the Proprietary Information or Marketing Information during or after the Term of this Agreement, other than the right to utilize it in the development and operation of the Franchise during the Term thereof, and that the use or duplication of the Proprietary Information and/or Marketing Information in any other business would constitute an unfair method of competition, that such information could be used to compete with and significantly injure us, Uptown Cheapskate and/or other resale-related affiliates, that such information has significant value to competitors of us, Uptown Cheapskate and/or other resale-related affiliates, and that the relationship between such information, you, and us involves elements of personal service and trust. You acknowledge and agree that the Proprietary Information and Marketing Information are our trade secrets and are disclosed to you on the condition that you will:

(1) not use the Proprietary Information or Marketing Information in any other business or capacity during the term of this Agreement or at any time thereafter;

(2) maintain the absolute confidentiality of the Proprietary Information and Marketing Information during the term of this Agreement and thereafter;

(3) not make unauthorized copies of any portion of the Proprietary Information or Marketing Information disclosed or held in written, audio, video, or computer form; and

(4) adopt and implement all reasonable procedures we prescribe from time to time to prevent the unauthorized use or disclosure, as described in parts (1) through (3) above, of the Proprietary Information and Marketing Information, including, without limitation, restrictions on disclosure to and by your employees and the use of nondisclosure and non-competition clauses in employment agreements with each of such persons who have access to the Proprietary Information and Marketing Information.

5.06 Covenant Not To Compete.

You acknowledge that this Agreement will give you access to valuable and Proprietary Information regarding the System, including our business development strategy and the operational, sales, promotional and marketing methods of a Kid to Kid[®] store. You agree that during the term of this Agreement, you will not, without our prior written consent, either directly or indirectly through any other person or entity:

(a) Own, manage, engage in, be employed by, advise, make loans to, consult for, rent or lease to, or have any other interest in any business that operates, or grants franchises or licenses to operate, a store, or a similar business that offers new or used children and maternity and products substantially similar to those then offered by a Kid to Kid[®] store (a "Competitive Business");

(b) Divert or attempt to divert any business or customer, or potential business or customer, to any Competitive Business; or

(c) In any manner interfere with, disturb, disrupt, impair, diminish, or otherwise jeopardize our business or that of our affiliates or any of our franchisees.

For two (2) years after the expiration or termination of this Agreement or an approved transfer to a new franchisee, you may not directly or indirectly own, manage, engage in, be employed by, advise, make loans to, consult for, rent or lease to, or have any other interest in, any Competitive Business that is, or intends to operate: (i) at your Store Location; (ii) within the Protected Area; (iii) within a fifteen (15) mile radius of your Protected Area; or (iv) within a fifteen (15) mile radius of any other Kid to Kid[®] store operating or under construction to operate under the System as of the time that the obligations under this Section 5.06 commence, except as permitted by any franchise agreements that remain in effect between you and us. You agree that the length of time in this Section 5.06 will be tolled for any period during which you are in breach of the covenants set forth in this Section 5.06, or any other period during which we seek to enforce this Agreement.

You will cause all owners (and their spouses) to personally bind themselves to this Section 5.06 by signing this Agreement and/or the attached Guarantee and Assumption of Risk attached as Appendix D to this Agreement. With respect to your owners and their spouses, the time period in this Section 5.06 will run from the expiration, termination, or transfer of this Agreement or from the termination of the owner's relationship with you, whichever occurs first. You must also require and obtain execution of covenants similar to those set forth in Section 5.05 regarding Proprietary Information, and this Section 5.06 (as modified to apply to an individual), from any or all of the following persons: your officers, directors, and employees. These persons and the owners and their spouses are each a "Restricted Party." Your failure to obtain execution of a covenant required by this Section 5.06 will constitute a default under this Agreement.

You may not attempt to circumvent these restrictions by engaging in prohibited activity indirectly through any other person or entity (including through a spouse, parent, sibling, or child).

You agree that the existence of any claim you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of this Section 5.06. You agree to pay all costs and expenses that we reasonably incur in enforcing this Section 5.06, including reasonable attorneys' fees. You acknowledge that a violation of the terms of this Section 5.06 would result in irreparable injury to us for which no adequate remedy at law may be available. Accordingly, you consent to the issuance of an injunction prohibiting any conduct in violation of the terms of this Section 5.06. Such injunctive relief will be in addition to any other remedies that we may have.

If any restriction in this Section 5.06 is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity. Specifically, if any part of these restrictions is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court to the amount deemed reasonable.

The terms of this Section 5.06 will survive the termination, expiration, or any Transfer of this Agreement. The parties agree this Section 5.06 will be construed as independent of any other provision of this Agreement.

6. SALE OR TRANSFER

6.01 Transfer by Kid to Kid[®].

We have the unrestricted right to transfer or assign all or any part of our rights and/or our obligations under this Agreement to any person or legal entity without your consent. You agree that we will have no liability after the effective date of transfer or assignment for the performance of, or for any failure to perform, any obligations we have transferred. We also have the absolute right to delegate the performance of any of our duties or obligations or assign any of our benefits under this Agreement to third parties that are not parties to an agreement with you.

6.02 Transfer by You.

This Agreement and the Franchise are personal to you and neither the Agreement, the Franchise, nor any part of the ownership of Franchise (which shall mean and include voting stock, securities convertible thereto, and proprietorship, general partnership, and limited liability company interests), or the assets of the Franchise, may be voluntarily, involuntarily, directly or indirectly assigned or otherwise transferred or encumbered by you or its owners (including without limitation, by will, declaration of or transfer in trust or the laws of intestate succession or by operation of law) without our prior written approval, and any such assignment, transfer, or encumbrance without such approval shall constitute a breach of this Agreement. We may void any unauthorized assignment, transfer, encumbrance or similar action by you. This Agreement does not give you the right to grant a distributorship, franchise, sub-franchise or similar right.

6.03 Conditions for Approval.

We have the right to reasonably disapprove any person or entity that would have actual, legal, or effective control over the Franchise, including any designated Manager, (see also Section 4.07(b)), upon a sale, exchange, transfer or change of ownership. We shall approve a sale, exchange, transfer or change of ownership of your franchise under the following conditions:

(a) **Compliance.** That you have substantially performed your past and current obligations and duties under this Agreement and must not then be in breach or default hereunder.

(b) **Payments.** That we, your Advertising Cooperative, your landlord, your lender, and all of your other creditors are paid the sums you owe them, under this and all other agreements, including, but not limited to, obligations incurred but otherwise payable in the future.

(c) Release. That you agree to remain liable for all obligations and events which occurred prior to the transfer and to continue to be bound by all of the provisions of this Agreement which apply after termination or transfer, and that you and the transferee execute a general release of any and all claims against us, to the extent permitted by applicable law.

(d) New Agreement and Fee. That the transferee or assignee executes a new franchise agreement and other agreements and documents, all as then customarily being used by us in granting franchises to other franchisees, except that the transferee shall pay us a transfer and training fee (“Transfer Fee”) in the amount of Twenty Five Thousand Dollars (\$25,000) if they are a new owner, and Fifteen Thousand Dollars (\$15,000) if they are an existing qualified owner, in lieu of any Franchise Fee.

(e) Assumption of Liabilities. That the transferee agrees to assume all liabilities and obligations from the prior operation of the Franchise and comply with other reasonable requirements we may impose.

(f) Governmental Compliance. That the transfer complies with all applicable laws.

(g) Transferee or Assignee. That the transferee(s) or assignee(s):

(1) possess good moral character;

(2) have adequate financial resources and liquid capital with which to upgrade and update the store to comply with the following subsection (3) and to operate the Franchise;

(3) meet our then-applicable standards for franchisees, which include, but are not limited to: store design and layout, fixtures, equipment, computers and related software, signage, supplies, and inventory;

(4) are not then operating, franchising or licensing the operation of any other similar businesses, and shall not in the future;

(5) have completed the training requirements outlined in Subsection 3.04(a); and

(6) update all other franchise agreements to the current terms, conditions, promises, warranties, and representations found in this Agreement by signing the then-current form of the Franchise Agreement for all other Kid to Kid[®], Uptown Cheapskate[®] and/or other resale-related affiliate stores they own. Notwithstanding the foregoing, the royalty rate will not increase, the expiration date

of the initial agreement will not change, and the time frame for the remodeling requirements shall not be altered from the original agreements.

(h) Documents. That you must provide us with, and receive our approval (which approval shall not be unreasonably withheld) for, all documents to be executed by us and the proposed assignee or transferee at least fifteen (15) days prior to execution.

6.04 Kid to Kid[®]'s Right of First Refusal.

Notwithstanding anything in this Article 6 to the contrary, if you or any of the owners of the Franchise propose to sell the Franchise or part or all of the ownership of the Franchise, you or the owners shall obtain and deliver to us a bona fide executed written offer to purchase the Franchise which shall, for a period of four (4) weeks from the date of delivery of such offer, have the right, which may be exercised by written notice to you, to purchase the Franchise or such ownership for the price and on the terms and conditions contained in such offer; provided that we may substitute equivalent cash for any form of payment proposed in such offer. If we do not exercise this right of first refusal, the offer may be accepted by you, subject to our prior written approval as provided in Section 6.03. If we do not exercise our right of first refusal as described above and the contract contained in such offer is not consummated within sixty (60) days of the date of the offer, we shall again have the right of first refusal described herein.

6.05 Ownership Changes.

If you are a partnership, limited liability company or corporation, you agree to notify us of any change of partnership, membership, or stock ownership interests while this Agreement is in effect, which, together with all prior changes, constitutes a change of ten percent (10%) or more. Any such change that, together with all prior changes, constitutes a change of fifty percent (50%) or more shall be considered a transfer subject to the provisions of Sections 6.02, 6.03, and 6.04 hereof, unless such transfers of ownership are between immediate family members. You agree to provide to us the necessary documentation to substantiate any such ownership changes.

6.06 Death or Disability.

In the event that you or any guarantor under Section 9.02 should die or become permanently disabled, the administrator, executor, conservator or other personal representative of such person shall transfer his or her interest within a reasonable time, not to exceed six (6) months from the date of death or permanent disability, to a third party we approve. If the business is assumed by a spouse or family member, he or she is required to complete New Franchisee training within six (6)

months of the transfer. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to all of the terms and conditions for assignments and transfers contained in Section 6.03 of this Agreement (with the exception of Subsection 6.03(d), which shall be excluded), and unless transferred by gift, devise or inheritance, subject to the terms of 6.04 of this Agreement. Failure to so dispose of such interest within said period of the time shall constitute a breach of this Agreement. Our consent to an assignment of any interest, subject to the restrictions of this Section, shall not constitute a waiver of any claims we may have against the assignor, nor shall it be deemed a waiver of our rights to demand exact compliance with any of the terms or conditions of the Franchise by the assignee. Pending assignment, the Franchise shall be operated by a competent and trained Manager appointed by the assignee or the executor, administrator, conservator or other personal representative of the deceased or permanently disabled owner or guarantor that we approve. If a competent and trained Manager is not so appointed and approved within sixty (60) days after the death or permanent disability of you or a guarantor, then you shall be deemed in breach of this Agreement.

7. BREACH, DEFAULT, AND TERMINATION

7.01 Expiration.

This Agreement may be terminated pursuant to this Article and Section 11.03 and it shall terminate automatically at the end of its Term as specified in Section 1.02 unless it is renewed pursuant to Section 1.03.

7.02 Mutual Consent.

This Agreement may be terminated by mutual written consent of you and Kid to Kid[®].

7.03 Termination by You.

(a) **Without Opening.** If you make a diligent effort, but are unsuccessful in obtaining the financing you have disclosed to us as necessary to purchase the Franchise, or have been unsuccessful in leasing or purchasing a suitable Store Location as set forth in Section 3.01 hereof, you may terminate this Agreement by notifying us in writing within one hundred and eighty (180) days of the Effective Date.

(b) **After Opening.** The parties recognize that when a store closes, Kid to Kid[®], the System, and its customers are injured. If you desire to discontinue operating your Store for any reason, you are encouraged to sell it to another qualified buyer. If you close your Store after it has been opened, without our written permission or consent, you shall pay us within thirty (30) days of the closure, as

liquidated damages for the premature termination of this Agreement and not as a penalty, an amount equal to the highest average monthly royalty owed by your store for each of the past three (3) years multiplied by the number of months remaining under the terms of this Agreement. We agree that this stipulated damages amount is reasonable because it approximates the amount of injury, and the actual injury is uncertain.

Example (where there are three years remaining under the Agreement):

	<u>3 Years Ago</u>	<u>2 Years Ago</u>	<u>Last Year</u>
Average Monthly Sales	\$50,000	\$65,000	\$60,000
Average Monthly Royalties	\$2,500	\$3,250	\$3,000

The liquidated damages from closing the Store would be \$117,000: 36 months multiplied by \$3,250.

7.04 Breach by Kid to Kid[®].

If you are in compliance with this Agreement, you may terminate this Agreement for a material breach or a material default of the Agreement by Kid to Kid[®] thirty (30) days after giving Kid to Kid[®] notice of such intent, specifying the breach or default, if the breach or default remains uncured at the end of the 30-day period; provided, however, that if the nature of Kid to Kid[®]'s breach or default is such that more than thirty (30) days are reasonably required for performance or cure, then Kid to Kid[®] shall not be in breach or default if it commences performance within the thirty (30) day period and thereafter diligently continues and cures the breach or default. Except as otherwise provided in this Agreement, a termination of this Agreement by you without complying with the foregoing requirements, or for any reason other than Kid to Kid[®]'s breach of this Agreement and failure to cure within thirty (30) days after receipt of written notice thereof, shall be deemed a termination by you without cause and not in accordance with the provisions of this Agreement.

7.05 Breach by You.

If you breach this Agreement under the following circumstances, we shall have all rights and remedies permitted by law or equity, including the right of termination:

(a) Without Notice. We may terminate this Agreement without giving advance notice and without giving an opportunity to cure for any of the following breaches or defaults:

(1) Criminal Acts. Your criminal conviction or plea of guilty or no contest to fraudulent conduct, a felony, or misdemeanor involving moral turpitude;

(2) Unauthorized Transfer. A transfer in violation of Article 6 of this Agreement;

(3) Voluntary Bankruptcy. If you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated as bankrupt or insolvent, file or acquiesce in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consent to or acquiesce in the appointment of a trustee or receiver for you or your Franchise. Note, however, that the provisions of this paragraph (3) shall apply only to the extent they are enforceable in the state in which you live.

(4) Involuntary Bankruptcy. If proceedings are commenced to have you adjudicated as bankrupt or to seek to reorganize you under state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within ninety (90) days, or a trustee or receiver is appointed for you or the Franchise without your consent and the appointment is not vacated within ninety (90) days.

(5) Bankruptcy of Guarantor, Partner, or Member. The occurrence of any event in items (3) and (4) above involving any guarantor, general partner (if you are a partnership), or member (if you are a limited liability company) under Section 9.02, but only if a new guarantor, partner or member is not substituted and approved in writing by us within thirty (30) days.

(6) Liens. Levy of a writ of attachment or execution or the placement of other liens against you or any guarantor under section 9.02 or any of their assets which is not released or bonded against within thirty (30) days.

(7) Insolvency. The insolvency of you or any guarantor under Section 9.02 in either the bankruptcy or equitable sense.

(8) Repeated Breaches. Breach, default or failure to comply with this Agreement by you on three or more occasions within any twelve (12) month period during the term, whether or not any of such breaches, defaults or failures to comply are corrected after notice thereof is delivered to you and whether or not they are the same, similar or different.

(9) Misrepresentations or Fraud. Any misrepresentation, material omission, or false representation, statement, warranty, guaranty, report, or claim, or fraudulent, unethical or dishonest conduct, distortion, act of concealment, or attempt at any of the foregoing, made by you in connection with obtaining the Franchise or this Agreement, or with respect to this Agreement or performance hereunder to us, our other franchisees, your Customers, vendors, and suppliers, and the general public, whether or not injury or loss results.

(10) Unsatisfied Judgment. A judgment is obtained against you which remains unsatisfied for a period of more than thirty (30) days after all rights of appeal have been exhausted.

(11) Laws. Violation by you of any fair trade practices, consumer protection, trade regulation or similar laws, ordinances or regulations.

(12) Understated Gross Sales. Submission within any two (2) year period of three (3) or more monthly, quarterly, or annual financial statements, reports, sales, income tax returns, or other reports to us that understate by two percent (2%) or more the Gross Sales or other material information they contain.

(b) With Notice. Unless otherwise specified in this Agreement, we may terminate this Agreement thirty (30) days after giving you written notice specifying the following breaches or defaults by you if they remain uncured at the end of the 30-day period:

(1) Nonpayment. Failure to pay when due any sum that is owed to us or our affiliates under this Agreement.

(2) Misconduct. Any misuse of the Marks, Proprietary Information or Marketing Information, or conduct which reflects unfavorably upon the operation or reputation of you, the Franchise, Kid to Kid[®], or our other franchisees.

(3) Licensing. Failure of you or your employees to have any permit, license, or authorization necessary for the operation of the Franchise or for performance under this Agreement.

(4) Operating Procedures. Failure to adhere to any Standard, requirement, operating procedure or rule we prescribe in the Training and Operations Tools or elsewhere;

(5) Code of Conduct. Failure to treat us, fellow franchisees, or our affiliate BaseCamp's staff, vendors, or Customers with professionalism or respect; or exhibiting to those individuals harassing language or behavior, whether it be sexual or non-sexual in nature, or creating an intimidating, hostile, or offensive workplace or relationship; or

(6) Others. Default, breach, or failure to comply with or perform any of your obligations, agreements, covenants, promises, representations, warranties or requirements under this Agreement or any other agreement between you and us.

8. RIGHTS AND DUTIES UPON TRANSFER OR TERMINATION

You agree that upon termination of this Agreement or upon the sale, transfer, or assignment of the Franchise or this Agreement by you, the following shall occur:

(a) Acceleration of Payments to us and Others. All money you owe us, the Kid to Kid[®] Marketing Fund, and any other of your creditors arising from or related to the Franchise business, shall be immediately due and payable.

(b) Franchise Revoked. All rights and licenses granted to you under this Agreement shall terminate.

(c) Forfeiture of Funds. All funds held in the Local Advertising Cooperative or other accounts shall be forfeited.

(d) Use of Marks. You shall cease using the Marks, including use of any Mark as part of any corporate or other name, and all confidential information relating to the Franchise (including Proprietary Information and Marketing Information), and shall cease doing business or in any manner identifying or advertising yourself as a franchisee of Kid to Kid[®].

(e) Products and Supplies. You shall cease using and shall, upon our instructions, destroy or deliver to us (or another party we designate) all copyrighted material, Training and Operations Tools, and all other items which are our property.

(f) Signs. You shall immediately remove or destroy all signs, the kid door, posters, sheets, placards, cards, nameplates, names or similar items which designate you as an authorized franchisee or which include any Mark.

(g) Telephone, Email, and Social Media. You shall cease using all telephone numbers, email and social media accounts or listings used in connection with the Franchise, transfer all such numbers, accounts and listings to us or other party we designate and promptly direct and authorize the vendors to make such transfers or, if we direct, to disconnect the numbers, and/or terminate service.

(h) Publications. You shall immediately notify and instruct publications and persons who may publish your name or the names of any of your employees as an authorized franchise of Kid to Kid[®], to discontinue such listings.

(i) Registrations. Take such action as may be required to cancel all of your assumed name, business name, corporate name, trade name, trademark, service mark or all equivalent registrations which use the Marks, in part or in whole.

(j) **Modify Property.** If you retain possession of any business properties, you shall make such alterations and modifications as are necessary to prevent identification as a franchise of Kid to Kid®.

(k) **Custom Fixtures.** We shall have the right to approve or deny the sale or transfer of custom designed racks, counters, bookcases, processing carts, and other fixtures.

(l) **Power of Attorney.** You hereby irrevocably appoint us as your attorney-in-fact to execute in your name and on your behalf all documents necessary to discontinue your use of the Marks.

(m) **Non-competition and Proprietary Information and Marketing Information.** You shall continue to be bound by all of the provisions of Sections 5.05 and 5.06 hereof.

(n) **Execution of Documents.** You shall comply with all applicable laws and shall execute and deliver all documents necessary to vest title and ownership to us or our nominee, free and clear of all liens and encumbrances, except those assumed by us.

(o) **Delivery of Documents.** You shall deliver promptly to us or any party we designate, all files, memoranda, research, forms, tapes, videos, Proprietary Information, Marketing Information and other documents and information supplied to or developed or created by you in connection with the Franchise (including all copies of the foregoing) in your possession or control, and acknowledge that all such documents and information are and remain our sole and exclusive property.

(p) **Discontinuance of Payments.** We, rather than you, shall be entitled to all payments and compensation from Customers on sales made after the termination date.

(q) **Notification to Landlord.** You grant us the right to notify your landlord that the franchise agreement is terminated.

(r) **Other Rights.** We shall have all other appropriate rights and remedies permitted by this Agreement, whether at law or in equity, including, but not limited to, damages, injunctions, and restraining orders.

9. RELATIONSHIPS

9.01 Relationship of Parties.

You and we acknowledge that the relationship created under this Agreement is that of independent contractors. This Agreement does not create the relationship

of principal and agent or employer and employee between the parties, and under no circumstances shall either party or their agents be considered the agents of the other party. Neither you nor we shall act or represent ourselves, directly or by implication, as agent or employee of the other, or in any manner assume or attempt to assume or create any obligation or make a contract, agreement, representation or warranty on behalf of or in the name of the other, except to the extent authorized in writing by the other, and except as otherwise specified in this Agreement. Except as provided in this Agreement, neither you nor we shall guarantee the obligations of the other or become obligated for the debts or expenses of the other. Neither you nor we shall share in the profits of the other, except as provided under this Agreement.

Except as otherwise provided in this Agreement, you shall be responsible for the success, management and control of the Franchise business, including, without limitation, directing its daily operations, determining the specific means of achieving performance guidelines, directing and managing your employees, paying all costs and expenses associated with the business, purchasing all necessary supplies, samples, inventory, products, materials and other items, and obtaining necessary financing and other matters.

9.02 Legal Entity of Franchisee.

If you are a corporation, limited liability company, partnership, joint venture, or other business entity, or if this Agreement or the Franchise is assigned to a corporation, limited liability company, partnership, joint venture, or other business entity, such corporation, partnership, limited liability company, joint venture, or other business entity shall conduct no business other than the Franchise and other franchises of Kid to Kid[®] under franchise agreements with us, as well as franchises of Uptown Cheapskate[®] and/or other resale-related affiliate stores, and shall not engage in any public offering of its securities unless we, in our sole discretion, consent to such offering.

All individuals, partnerships and their general partners, corporations and their officers, directors and shareholders, limited liability companies and their members, joint ventures and their individual joint venturers, businesses or entities, whether their interest is direct or indirect, shall, prior to the execution, assignment and/or transfer of this Agreement:

- (a) execute this Agreement and be bound jointly and severally by all the provisions it contains;
- (b) reveal, represent and warrant their percentage ownership interest in the Franchise and/or any entities which may own it;

- (c) warrant that they are all of the persons required to sign this Agreement pursuant to this Section and the rules governing their respective entities;
- (d) furnish to us the financial information we require;
- (e) sign a separate written consent to a credit check which is identical or similar to Appendix C, which is attached to and made a part of this Agreement;
- (f) agree to the restrictions and obligations placed on them by this Agreement (including without limitation, the restrictions on the transfer of their interests in the Franchise, confidentiality, and ability to compete);
- (g) execute a separate written guarantee of your payments and performance under the terms of this Agreement on a form similar to that shown in Appendix D, which is attached to and made a part of this Agreement; and
- (h) provide us with the partnership or joint venture agreement, operating agreement, articles of incorporation, bylaws and other organizational documents of such partnerships, joint ventures, limited liability companies and corporations, which shall, to the extent permitted by law, recite that the issuance and transfer of any interest therein is subject to the restrictions of Article 6 hereof. All issued and outstanding partnership certificates, membership certificates, stock certificates of such entities must bear a legend referring to the restrictions contained in this Agreement.

If you, as Franchisee, are an entity, then the beneficial owners of such entity must identify from among them a natural person to act as “Designated Representative”. The Designated Representative shall have full authority to act on behalf of the Franchisee in all matters related to the performance of this Agreement. Kid to Kid may rely on any and all directions, elections, information and other communications from the Designated Representative as being made on behalf of the Franchisee, even if Kid to Kid receives information from any other owner or person who claims to have an ownership interest in the Franchisee, or any other person whatsoever, which may be contrary to or different from the information provided by the Designated Representative. Kid to Kid has no duty or obligation to inquire into or resolve any conflicting information provided by the Designated Representative and any other person on behalf of the Franchisee.

The Designated Representative must at all times beneficially own, either directly or indirectly, at least twenty-five percent (25%) of the Franchisee and, as a condition to this Agreement, must personally execute Appendix D, which is attached to and made a part of this Agreement. If, during the Term of this Agreement, the Designated Representative is not able to continue to serve in the capacity of Designated Representative, the Franchisee shall promptly notify Kid to

Kid and, within thirty (30) days after the Designated Representative ceases to serve, provide evidence satisfactory to Kid to Kid that owners of more than fifty percent (50%) of the ownership interests in the Franchisee have designated a duly qualified replacement. Such replacement will also be required to execute Appendix D within thirty (30) days of appointment. Any failure to comply with the requirements of this Section 9.02 shall be deemed a material breach of this Agreement.

9.03 Notice of Potential Profit.

We advise you that we and/or our affiliates periodically may make available to you goods, products and/or services for use in the Store, and may make a profit on the sale of such goods, products and/or services. We further advise you that we and our affiliates periodically may receive consideration from suppliers and manufacturers respecting sales of goods, products or services to you or in consideration for services provided or rights licensed to such persons. You agree that we and our affiliates will be entitled to such profits and consideration.

10. ENFORCEMENT

10.01 Dispute Resolution.

(a) Mediation. Except as otherwise stated in this Subsection 10.01(a), we reserve the right in our sole discretion to submit any claim, controversy or dispute arising out of or relating to this Agreement (and attachments) or the relationship created by this Agreement to non-binding mediation before bringing such claim, controversy or dispute to arbitration or to a court. The mediation will be conducted either through an individual mediator or a mediator appointed by a mediation services organization, experienced in the mediation of similar disputes as may arise between you and us, and such mediator will be agreed upon by the parties. If the parties do not agree on a mediator or mediation services organization within fifteen (15) days after either party has notified the other of its desire to seek mediation, the dispute will be mediated by the American Arbitration Association pursuant to its rules governing mediation, in the county where our headquarters is located. Before commencing any legal action against us with respect to any such claim or dispute, you must submit a notice to us, which specifies, in detail, the precise nature and grounds of such claim or dispute. We will have a period of thirty (30) days following receipt of such notice within which to notify you as to whether we elect to exercise our option to submit such claim or dispute to mediation. You may not commence any action against us with respect to any such claim or dispute in any arbitration proceeding unless we fail to exercise our option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator that further mediation efforts are not worthwhile; or (ii) as a result of a written

declaration by us. The costs and expenses of mediation, including compensation of the mediator, will be borne equally by the parties. If the parties cannot resolve the claim, controversy or dispute within sixty (60) days after conferring with the mediator, either party may submit such claim or controversy for binding arbitration as described in Subsection 10.01(b) below. We may bring an action under the applicable provisions of this Section 10, without first submitting the action to mediation under this Subsection 10.01(a), for injunctive relief or for monies you owe us.

(b) Arbitration. Except to the extent we elect to enforce the provisions of this Agreement by injunction as provided in Subsection 10.01(c) below, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including validity or enforceability of this Agreement or any provisions hereof, claims of fraud in the inducement, and other claims of fraud in the arbitrability of any matter) that have not been settled by or are not otherwise subject to mediation as described in Subsection 10.01(a) above will be resolved by arbitration on an individual basis under the authority of the Federal Arbitration Act in the county where our headquarters is located. The proceedings will be conducted by a single arbitrator under the Commercial Arbitration Rules of the American Arbitration Association (“AAA”), or the rules of such other arbitration services organization as the parties otherwise may agree upon in writing, to the extent such rules are not inconsistent with the provisions of this arbitration provision or the Federal Arbitration Act. The arbitrator will have a minimum of five (5) years’ experience in franchising or distribution law and will have the right to award specific performance of this Agreement. The decision of the arbitrator will be final and binding on all parties; provided, however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; (2) assess punitive or exemplary damages; or (3) make any award that extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance we establish. Any arbitration proceeding will be limited to controversies between you and us, and will not be expanded to include any other Kid to Kid® franchisee, Uptown Cheapskate® franchisee, or include any class action claims. This Section 10.01 will survive termination or nonrenewal of this Agreement. Judgment upon the award of an arbitrator may be entered in any court having jurisdiction thereof. During any arbitration proceeding, we and you will fully perform our respective obligations under this Agreement. The parties agree that all arbitration proceedings, including any arbitration award or ruling, will be confidential in nature, except as otherwise required by law or court order or as necessary to confirm, vacate or enforce the award and for disclosure in confidence to the parties’ respective attorneys and tax advisors. The costs and expenses of arbitration, including compensation and

expenses of the arbitrators, shall be borne exclusively by the non-prevailing party, including those incurred by the prevailing party.

(c) Injunctive Relief. Notwithstanding Subsections 10.01(a) and 10.01(b) above, you recognize that a single franchisee's failure to comply with the terms of its agreement could cause irreparable damage to us and/or to some or all other Kid to Kid[®] businesses. Therefore, if you breach or threaten to breach any of the terms of this Agreement, then, to the greatest extent permitted by applicable law, we will be entitled to an injunction restraining such breach and/or a decree of specific performance, without showing or proving any actual or irreparable damage and without the need to post bond for security, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining such equitable relief, until such time as a final and binding determination is made by the arbitrator.

(d) Venue. Subject to the provisions of Subsections 10.01(a) and 10.01(b) above, any cause of action, claim, suit or demand allegedly arising from or related to this Agreement or the relationship of the parties, must be brought exclusively in any state or federal court of competent jurisdiction in the county where our headquarters is located. We also have the right to file any such suit against you in the federal or state court where the Store is located. Any such action will be conducted on an individual basis, and not as part of a consolidated, common, or class action, and you and your owners waive any and all rights to proceed on a consolidated, common, or class basis. Each of us and you irrevocably consent to the jurisdiction of such courts and waive all rights to challenge personal jurisdiction and venue.

(e) Attorneys' Fees. The non-prevailing party will pay all costs, expenses, and interest, including reasonable attorneys' fees, that the prevailing party incurs in any action brought to enforce any provision of this Agreement or to enjoin any violation of this Agreement.

10.02 Waivers.

We assume no liability or obligation to you by granting any waiver, approval, and consent to you, or by reason of any neglect, delay or denial of any request therefore. No waiver of any breach of any agreement, condition, covenant, promise, representation, warranty or term in this Agreement shall constitute a continuing waiver of any subsequent breach of the same or any other agreement, condition, covenant, promise, representation, warranty or term. Any waiver of any provision of this Agreement must be written and signed by the waiving party to be enforceable.

Failure of either party to enforce any of the provisions of, or rights and elections associated with, this Agreement, or failure to exercise any election provided for

within it, shall not be considered a waiver of such provisions, rights, or elections, or in any way affect the validity of this Agreement. The failure of you or Kid to Kid[®] to exercise any of the provisions, rights, or elections shall not preclude or prejudice such party from later enforcing or exercising the right or any other provisions, rights, or elections which it may have under this Agreement.

10.03 Mutual Waiver of Class Actions.

Any lawsuit, claim, counterclaim, or other action must be conducted only on an individual basis, and must not be as part of a consolidated, common, or class action. YOU HEREBY AGREE NOT TO SEEK JOINDER OF ANY OF YOUR CLAIMS WITH THOSE OF ANY OTHER PARTY.

10.04 Mutual Waiver of Jury Trial.

YOU AND WE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

10.05 Mutual Waiver of Punitive Damages.

EXCEPT AS PROVIDED IN SECTION 7.03(B), EACH OF US WAIVES ANY RIGHT TO LOST FUTURE PROFITS OR CLAIM OF PUNITIVE, EXEMPLARY, MULTIPLE, OR CONSEQUENTIAL DAMAGES AGAINST THE OTHER IN ARBITRATION AND/OR LITIGATION AND AGREES TO BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED.

10.06 Time Period to Bring Claims.

Except as otherwise provided in this Section 10.06, and except for those claims brought under the indemnification in Article 16 or insurance coverage provisions in Section 2.16, any and all Claims arising out of or relating to this Agreement, the relationship between you and us, or your operation of the Franchise brought by any party hereto against the other must be commenced before the expiration of the earlier of: (a) the time period for bringing an action under any applicable state or federal statute of limitations; (b) one (1) year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged Claim; or (c) two (2) years after the first act or omission giving rise to an alleged Claim. In all other cases, it is expressly acknowledged and agreed by all parties that such Claims shall be irrevocably barred. Claims attributable to your underreporting of sales, and claims of your failure to pay monies owed and/or to provide indemnification, shall be subject only to the applicable state or federal statute of limitations. As used in this Section 10.05, "Claim" means any allegation, challenge,

demand, cause of action, lawsuit, arbitration, dispute, controversy, investigation or administrative proceeding.

11. INTERPRETATION, MODIFICATION, AND SUBSTITUTION

11.01 Construction of Language.

The language of this Agreement shall be construed according to its fair meaning and not strictly for or against either party. All words in this agreement refer to whatever number or gender the context requires. If you consist of more than one party or person, your obligations shall be joint and several. Headings are for reference purposes and do not control interpretation.

The following provisions will apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement and the relationship between the parties:

(a) **Our Rights.** Whenever this Agreement provides that we reserve or retain a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop and change the System in any manner that is not specifically precluded by the provisions of this Agreement.

(b) **Our Reasonable Business Judgment.** Whenever we reserve discretion in a particular area or where we agree or are required to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise reasonable business judgment in making our decision or exercising our rights. A decision or action by us will be deemed to be the result of reasonable business judgment, even if other reasonable or arguably preferable alternatives are available, if our decision or action is intended to promote or benefit the System generally. This holds even if the decision or action also promotes a financial or other individual interest of ours. Examples of items that will promote or benefit the System include enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System. Neither you nor any third party (including a trier of fact), will substitute their own judgment for our reasonable business judgment.

11.02 Governing Law.

Subject to our rights under federal trademark laws, this Agreement and the relationship between the parties shall be governed by and will be construed exclusively in accordance with the procedural and substantive laws of the State of Utah. Nothing in this Section 11.02 is intended by the parties to subject this

Agreement to any franchise, business opportunity, antitrust consumer protection or similar law, rule or regulation to which this Agreement would not otherwise be subject. The parties agree that any state law or regulation applicable to the offer or sale of franchises or the franchise relationship will not apply unless the jurisdictional provisions are independently met. You waive, to the fullest extent permitted by law, the rights and protections provided by any such franchise law or regulation.

11.03 Severability.

You and we agree that if any provision of this Agreement is capable of two constructions, one which would render the provision illegal, voidable or unenforceable and the other which would render the provision valid and enforceable, the provision shall have the meaning which is enforceable. If any provision of this Agreement is deemed to be invalid, inoperative or contrary to law for any reason, that provision shall be deemed modified to the extent necessary to make it valid, operative and consistent with the law, or if it cannot be so modified, then severed and eliminated, and the remainder of the Agreement shall continue in full force and effect as if the Agreement had been signed with the invalid portion so modified or eliminated; provided, however, that if any part of this Agreement relating to payments to us or protection of the Marks, Proprietary Information or Marketing Information is declared invalid, unenforceable or contrary to law, then we, at our option, may terminate this Agreement upon written notice to you.

11.04 Entire Agreement.

The recitals are a part of this Agreement which constitutes the entire agreement between the parties with respect to the subject matter addressed within it, and all prior and contemporaneous statements, agreements, understandings, conditions, warranties and representations, whether written or oral, except to the extent otherwise set forth in this Agreement, as may relate to the Franchise, are hereby superseded by this Agreement. Nothing contained within this Agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document.

11.05 Modification.

Except as otherwise provided in this Agreement, no provision contained within it may be altered, modified, amended or changed, in whole or in part, except within a written document executed by both you and us.

11.06 Successors.

Except as otherwise provided in this Agreement, this Agreement shall be binding on the respective parties, their heirs, successors, assignees, transferees, grantees, executors, personal representatives, and administrators.

11.07 Cumulative Rights.

Your rights and our rights are cumulative and no exercise or enforcement by you or us of any right or remedy hereunder shall preclude the exercise or enforcement by you or us of any other right or remedy hereunder or to which the party is entitled by law or equity to enforce.

11.08 Acknowledgment of Receipt of Documents.

You acknowledge that you knowingly and truthfully executed Appendix E, which is attached to this document and is made a part of it, or a document identical to it, and that in Appendix E you acknowledge various risks, agree to certain provisions, and acknowledge receipt of this Agreement together with all Appendixes and other documents as noted therein.

11.09 Risk Disclosure Statement.

YOU REPRESENT THAT YOU HAVE READ THIS AGREEMENT AND KID TO KID[®]'S FRANCHISE DISCLOSURE DOCUMENT IN THEIR ENTIRETY, AND THAT YOU HAVE BEEN GIVEN THE OPPORTUNITY TO CLARIFY ANY PROVISIONS AND INFORMATION THAT YOU DID NOT UNDERSTAND AND TO CONSULT WITH AN ATTORNEY OR OTHER PROFESSIONAL ADVISOR. YOU FURTHER REPRESENT THAT YOU UNDERSTAND THE TERMS, CONDITIONS AND OBLIGATIONS OF THIS AGREEMENT AND THE FRANCHISE AND AGREE TO BE BOUND THEREBY.

NO PERSON HAS THE AUTHORITY TO BIND OR OBLIGATE KID TO KID[®] EXCEPT AN AUTHORIZED OFFICER OF KID TO KID[®] BY A WRITTEN DOCUMENT. NO REPRESENTATIONS, PROMISES, GUARANTEES OR WARRANTIES OF ANY KIND WERE MADE BY KID TO KID[®] OR ITS REPRESENTATIVES EXCEPT AS SPECIFICALLY SET FORTH IN THIS AGREEMENT. YOU UNDERSTAND THAT YOUR SUCCESS AS A FRANCHISEE WILL DEPEND ON YOUR OWN EFFORTS AND JUDGMENT, YOUR ABILITY TO FOLLOW FRANCHISE SYSTEMS, AND THE SERVICES OF THOSE YOU EMPLOY.

YOU UNDERSTAND AND AGREE THAT KID TO KID[®] HAS NO OBLIGATION TO ACCEPT THIS AGREEMENT AND MAY REFUSE TO GRANT A FRANCHISE FOR ANY REASON, OR NO REASON, WITHOUT DISCLOSING THE BASIS FOR ITS DECISION. YOU ACKNOWLEDGE THAT UNLESS AND UNTIL KID TO

KID[®] NOTIFIES YOU IN WRITING THAT YOU HAVE BEEN GRANTED A FRANCHISE, YOU ARE NOT A FRANCHISEE AND MAY NOT RELY ON BECOMING A FRANCHISEE.

IN AGREEMENT WHEREOF, the parties hereto have signed this Kid to Kid[®] Franchise Agreement.

“Franchisee”

Date _____

By _____

Its _____

Date _____

By _____

Its _____

“Franchisor”

KID TO KID FRANCHISE SYSTEM,
LLC

Date _____

By _____

Its _____

FRANCHISEE OFFICERS, DIRECTORS, SHAREHOLDERS,
MEMBERS AND PARTNERS

In accordance with Section 9.02, the undersigned personally join in this agreement on behalf of Franchisee:

<u>Name</u>	<u>Position</u>	<u>Signature</u>	<u>Date</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

APPENDIX “A” – Computer Equipment List

The computer equipment you must purchase to open and operate your franchise is found in Exhibit E – Computer Equipment List of the Disclosure Document and incorporated by this reference.

APPENDIX "B" – Receipt for Franchise Fee

Name of Franchise Applicant: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Kid to Kid, LLC acknowledges the receipt of the sum of: _____

(\$_____) in the form of _____ check number _____ OR by _____
electronic means, as the Franchise Fee for a Kid to Kid Franchise System, LLC
Franchise for the following Store Location: _____

City of _____, County of _____, State of _____
_____. This is the _____ franchise
purchased by Franchisee.

This Franchise Fee shall be refunded in full by the undersigned unless the undersigned executes the Kid to Kid Franchise Agreement, (the "Agreement") signed and submitted by you, the Franchisee, to Kid to Kid®, the Franchisor, within ten (10) days of the below date or at such later date as may be agreed upon in writing by the parties.

If you have made your best efforts to obtain, but have been unsuccessful in obtaining the financing you necessary to purchase the Franchise, or have been unable to lease or purchase a suitable Store Location (as set forth in Section 3.02) prior to one hundred and eighty days (180) after the Effective Date of this Agreement, you may terminate the Agreement by notifying us in writing. This right to terminate, if not exercised one hundred and eighty days (180) after the Effective Date of the Agreement, shall expire.

Dated this _____ day of _____ 20 _____.

Kid to Kid Franchise System, LLC

By: _____

Its: _____

APPENDIX “C” – Consent to Credit Check

The undersigned applicants hereby agree that, in conjunction with the obtaining of a Kid to Kid[®] Franchise, he or she shall furnish such financial and other information including, but not limited to tax returns, financial statements, documents and information regarding income, assets and liabilities as Kid to Kid[®] shall request, and shall complete such credit or other statements as Kid to Kid[®] shall indicate, with all of the foregoing being accomplished within such time period(s) as Kid to Kid[®] shall reasonably designate.

Furthermore, the undersigned hereby consents and authorizes Kid to Kid[®] to make all inquiries as it deems necessary to verify the accuracy of the information and statements described above and to determine the creditworthiness and financial condition of the undersigned.

Dated this ____ day of _____ 20 _____.

APPENDIX “D” – Guarantee and Assumption of Obligations

THIS GUARANTEE AND ASSUMPTION OF OBLIGATIONS IS GIVEN this _____ day of _____, 20_____ by _____

In consideration of and as an inducement to the execution of that certain Kid to Kid[®] Franchise Agreement of even date (the “Agreement”) by Kid to Kid Franchise System, LLC. (“Kid to Kid[®]”), each of the undersigned hereby personally and unconditionally (a) guarantees to Kid to Kid[®] and its successors and assigns, for the Term of the Agreement, that _____ (“Franchisee”) shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including, without limitation, the provisions of Sections 5.05 and 5.06.

Each of the undersigned consents and agrees that:

(1) his or her direct and immediate liability under this guarantee shall be joint and several;

(2) he or she shall render any payment or performance required under the Agreement upon demand if Kid to Kid[®] fails or refuses punctually to do so;

(3) such liability shall not be contingent or conditioned upon pursuit by Kid to Kid[®] of any remedies against Franchisee or any other person; and

(4) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit, or other indulgence which Kid to Kid[®] may from time to time grant to Franchisee or to any other person, including without limitation the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the Term of this Agreement.

IN WITNESS WHEREOF, each of the undersigned has written his or her signature on the same day and year as the Agreement was executed.

Guarantor(s):

Ownership Percentage of Franchise

_____	_____
_____	_____
_____	_____
_____	_____

APPENDIX "E" -- Risk Disclosure Statement and Agreement

As you know, Kid to Kid Franchise System, LLC ("we" or "Franchisor") and you are entering into a Franchise Agreement for the operation of a Kid to Kid® franchised business ("Business"). The purpose of this Acknowledgment Agreement is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question.

Acknowledgments and Representations.

1. Did you receive a copy of our franchise disclosure document ("FDD") (and all exhibits and attachments) at least 14 calendar days prior to signing the Franchise Agreement? Yes _____ No _____
2. Did you sign a receipt for the FDD indicating the date you received it? Yes _____ No _____
3. If we materially altered the provisions of the Franchise Agreement (except as a result of negotiations you initiated), did you receive a copy of the Franchise Agreement at least 7 calendar days before signing it? Yes _____ No _____
4. Have you personally reviewed our FDD, Franchise Agreement and related exhibits attached to them? Yes _____ No _____
5. Do you understand all of the information contained in the FDD, Franchise Agreement and related exhibits provided to you? Yes _____ No _____

If no, what parts of the disclosure document, Franchise Agreement and related exhibits do you not understand? (Attach additional pages, as needed.)

6. Do you understand that the Franchise Agreement contains a number of provisions that may affect your legal rights, including those with respect to the Business for any judicial proceedings, a waiver of a jury trial, a waiver of punitive or exemplary damages, limitations on when claims may be filed,

and other waivers and limitations? Yes _____ No _____

7. Have you reviewed the FDD and Franchise Agreement with an attorney, accountant, or other professional advisor and discussed the benefits and risks of establishing and operating the Business with these professional advisors? Yes _____ No _____

If No, do you wish to have more time to do so? Yes _____ No _____

8. Has anyone speaking on the Franchisor's behalf made any statement or promise to you concerning the revenues, profits or operating costs of a Kid to Kid[®] business operated by the franchisor (or its affiliates) or its franchisees that is different from the information contained in the FDD? Yes _____ No _____
9. Has anyone speaking on our behalf made any statement or promise to you about the amount of money you may earn in operating the Business that is different from the information contained in the FDD? Yes _____ No _____
10. Has anyone speaking on our behalf made any statement or promise concerning the total amount of revenue your Business will or may generate that is different from the information contained in the FDD? Yes _____ No _____
11. Has anyone speaking on our behalf made any statement or promise regarding the costs you may incur in operating your Business that is different from the information contained in the FDD? Yes _____ No _____
12. Has anyone speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating Business? Yes _____ No _____
13. Has anyone speaking on our behalf made any statement or promise, or made an agreement with you, concerning how much service and assistance the Franchisor will provide to you (for example, concerning advertising, marketing, training, and support) that is different from the information contained in the FDD? Yes _____ No _____
14. Have you entered into any binding agreement with us concerning the purchase of this franchise before today? Yes _____ No _____
15. Have you paid any money to us concerning the purchase of this franchise before today? Yes _____ No _____

16. If you have answered "Yes" to any of questions 9-16, please provide a full explanation of each "yes" answer in the following blank lines. (Attach additional pages, as needed, and refer to them below.) If you have answered "no" to each of questions 9-16, then please leave the following lines blank.

17. Do you understand that the territorial rights you have been granted are subject to limitations and exceptions? Yes _____ No _____

18. Do you understand that we may eliminate your territory or terminate the Franchise Agreement if you fail to meet annual minimum performance requirements? Yes _____ No _____

19. Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise rights for the Business, meaning that any prior oral or written statements not set out in the Franchise Agreement will not be binding? Yes _____ No _____

20. Do you acknowledge and represent to Franchisor that (a) you or the entity that you form to be a franchisee will be the employer of all of your employees and will have sole discretion and authority to hire, fire, discipline, compensate and schedule working hours for, all of your employees; and (b) us and our affiliates will have no control, or right to control, any of the employment actions or decisions in your business? *We recommend that you retain employment law counsel to advise you with your employment issues and questions.* Yes _____ No _____

I signed the Franchise Agreement and Addenda (if any) on _____, 20_____, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

THIS QUESTIONNAIRE DOES NOT WAIVE ANY LIABILITY THAT THE FRANCHISOR MAY HAVE UNDER THE WASHINGTON FRANCHISE INVESTMENT PROTECTION ACT, RCW 19.100, AND THE RULES ADOPTED THEREUNDER.

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

Signed: _____ Signed: _____

Printed Name: _____ Printed Name: _____

Date: _____ Date: _____

APPENDIX “F” – Maryland Amendment to Kid to Kid® Franchise Agreement

You and Kid to Kid® hereby modify the Franchise Agreement to comport with Maryland law as follows:

Sections 2.01 and 4.01 of the Franchise Agreement is hereby modified to include the following provision: Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

You shall pay the \$25,000 Franchise Fee, the \$10,000 for the BaseCamp® software suite, which includes the IMAP™, Baseline™ point-of-sale, and “Q™” software from affiliate BaseCamp® after Kid to Kid® has completed its material pre-opening obligations and you have opened for business.

Section 7.05(a) of the Franchise Agreement says it is a breach under the Franchise Agreement for you to file a voluntary petition in bankruptcy or to have an involuntary bankruptcy proceeding commenced against you which is not dismissed within 90 days. Termination of the Franchise Agreement for those reasons is not enforceable under federal bankruptcy law.

Section 10.01 of the Franchise Agreement is hereby modified to include the following provision: This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

Section 10.01 of the Franchise Agreement provides for binding mediation. Any limitation on the period of time mediation claims must be brought shall not act to reduce the three (3) year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under such Maryland Law must be brought within three (3) years after the grant of the franchise.

Section 10.01 of the Franchise Agreement provides that any claim or controversy arising out of or relating to the Franchise Agreement shall be settled by binding mediation. You are required to mediate in Maryland. The Franchise Agreement provides that Maryland law governs all mediation proceedings.

Nothing contained in the Franchise Agreement is intended to nor shall it (a) act as a release, estoppel or waiver of any liability incurred under, or (b) deny you the right to bring a lawsuit in the State of Maryland for claims arising under, the Maryland Franchise Registration and Disclosure Law.

Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Agreed to this _____ day of _____, _____.

Franchisor:

Franchisee:

Kid *to* Kid Franchise System, LLC

By: _____

By: _____

Its: _____

Its: _____

APPENDIX “G” -- Local Advertising Cooperative Agreement

AGREEMENT OF THE _____, ADVERTISING COOPERATIVE (Kid to Kid®)

ARTICLE 1: NAME

The cooperative shall be known as the Kid to Kid® _____ Local Advertising Cooperative (the “Co-op”).

ARTICLE 2: PURPOSE

To increase the sales and improve the profitability of each Member’s store and to maximize the effectiveness of their marketing investments by:

1. Pooling financial resources and cooperatively placing advertisements in the Co-op market area.
2. Establishing a checking account into which Cooperative Fees are deposited each month by Kid to Kid Franchise System, LLC (K2K).
3. Planning and executing marketing campaigns, in-store promotions, charity events, and by standardizing buying and selling procedures and parameters, event dates, etc.
4. Retaining a Media Buyer to facilitate the planning and budgeting process.
5. Maximizing the effectiveness of the time and money invested in developing, launching, and managing marketing campaigns in the Co-op.
6. Tracking results and effectiveness of marketing campaigns and programs and reporting results to K2K.
7. Developing and adhering to Coop Principles, Guidelines and Requirements outlined in Exhibit A.

Campaigns will be designed by K2K as per Sections 4.01 and 4.04 of the Franchise Agreement.

ARTICLE 3: THE COOPERATIVE AREA

The Co-op Area is inclusive of all Kid to Kid® stores in the cooperative market area, and the surrounding Area of Dominant Influence (“ADI”).

ARTICLE 4: MEMBERSHIP

Each Kid to Kid® franchise owner operating within the cooperative area shall join the Co-op and shall sign this Membership Agreement as required within Section 4.11 of their franchise agreements, including any new or replacement franchise owners.

Each Co-op Member in good standing with K2K is entitled to one vote for each store they own. Only Members who attend the meeting (either in person, virtually, or by telephone) may vote. Members who are not able to attend and have an approved absence (illness, emergency, work related travel) may vote by proxy by another cooperative member or their manager, or may attend and vote telephonically. Members who do not attend meetings are not entitled to vote on the issues discussed. Should a vote be required, a majority of votes are necessary. In an instance of a tie, K2K reserves the right to cast a vote.

K2K retains the right to create, change, or dissolve the Co-op to ensure that all Co-op Members are treated fairly and that its actions are consistent with franchise standards.

ARTICLE 5: CONTRIBUTIONS

Each Member hereby agrees to contribute a monthly "Cooperative Contribution" of four percent (4%) of Gross Sales for the prior calendar month, but in no event shall the Contribution be less than Minimum Cooperative Fee of \$2,000 nor greater than the Maximum Cooperative Fee of \$5,000. The Cooperative Contribution counts toward the Advertising Requirement outlined in Section 2.06(b) of each Member's franchise agreement. Minimum and Maximum Cooperative Fees may be modified by K2K at the beginning of each calendar year.

Gross Sales shall be reported to K2K as required by Section 2 of the franchise agreement and the Contribution shall be available to K2K for electronic withdrawal and deposit into a Cooperative-controlled bank account by the twentieth (20th) day of each calendar month.

A majority of the Co-op Members shall determine how the Contributions shall be spent and the Co-op Officers shall ensure that those directives are carried out.

ARTICLE 6: OFFICERS

Co-op Officers shall be elected for two-year terms by a majority vote by the Members. If voting does not produce a majority, K2K maintains the right to cast an additional vote. The officers and their duties shall be:

President: Who shall preside at all member meetings, and shall organize, direct, and oversee the activities of the Co-op and communicate directly with K2K.

Vice President: Who shall assist the President in performing the above tasks and preside in the President's absence.

The following two positions may be jointly held by the President and Vice President (in a small co-op) or separately held (in a large one):

Secretary: Who shall record, copy, and distribute to Members the minutes of all meetings, and who shall notify Members of new meetings.

Treasurer: Who shall create invoices for collections, distribute invoices to Members and to K2K, pay invoices for services and products and account for all funds that are within the control of the Co-op. Electronic withdrawals are made by K2K on the 20th day of each month.

The initial Officers shall be elected by a majority vote. If voting does not produce a majority, K2K maintains the right to cast an additional vote.

ARTICLE 7: EXPENSES

It is expected that each Officer, committee Member, and Member promote the purposes of the Co-op without compensation. All Members are expected to serve from time to time so as not to unduly burden other Members. In certain cases reimbursement for travel or other expenses may be appropriate but only if approved by a majority of the Members. The Co-op may retain the services of a bookkeeper to manage the cooperative finances. Payment for these services will be taken from the Member Cooperative Contributions made into the advertising account.

ARTICLE 8: COMMITTEES

The Members that hold the four officer positions shall make up the executive committee. Other committees may be formed for any reasonable purpose consistent with this Agreement including but not limited to:

1. Submitting and proofing ad requests and coordinating distribution to various media outlets;
2. Coordinating new product orders; and
3. Coordinating public relations activities or community projects

ARTICLE 9: MEETINGS

It is anticipated that the Co-op shall meet one time per month. A notice of the date and place of the meeting shall be sent to Members by the Secretary at least fourteen (14) days in advance. The President will create an agenda, prepare or coordinate materials, arrange for guest presentations, and oversee the meetings.

The primary purpose of the meetings will be to determine where to place marketing dollars to build store sales. Meetings will typically include presentations by outside vendors, allowing Members to explore cooperative marketing options including, but not limited to, outdoor advertising, television or radio, local magazines or publications, fairs, expos, social media management, digital advertising, search engine optimization, online reviews, etc. Meetings will typically also include discussion of best practices, management techniques, customer service tips, and exchange of ideas among Members. They may also include opportunities to place cooperative orders for new product, supplies, or purchase products on-site from local vendors.

A majority (i.e. at least 50%) of the Members shall be deemed to constitute a quorum for all purposes except as otherwise provided in Article 10, below.

ARTICLE 10: AMENDMENTS

Rules and amendments to this Agreement may be proposed and adopted at any scheduled meeting provided that:

1. A plurality of the Members are present to constitute a quorum.
2. Written notice of any proposed amendment hereto shall be sent to the Members at least 3 days prior to the meeting at which a vote shall be held.
3. At least 75% of the members present vote in favor of such rule or amendment.
4. Amendment meets cooperative perimeters and requirements outlined in Member franchise agreement.

Dated this _____ day of _____, _____.

Member:	Store:	Member:	Store:
By: _____	_____	By: _____	_____
By: _____	_____	By: _____	_____
By: _____	_____	By: _____	_____
By: _____	_____	By: _____	_____
By: _____	_____	By: _____	_____
By: _____	_____	By: _____	_____

Exhibit B – List of State Administrators

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
California	Commissioner of Financial Protection and Innovation California Department of Financial Protection and Innovation	320 West 4 th Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
Hawaii (State Administrator)	Commissioner of Securities Dept. of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch	335 Merchant Street Room 203 Honolulu, HI 96813
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana (State Administrator)	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Maryland (State Administrator)	Office of the Attorney General Division of Securities	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building, 1 st Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7 th Place East, Suite 280 St. Paul, MN 55101-2198
New York (State Administrator)	NYS Department of Law Investor Protection Bureau	28 Liberty Street, 21 st Floor New York, NY 10005 212-416-8222
North Dakota	Securities Commissioner North Dakota Securities Department	600 East Boulevard Avenue State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510
Rhode Island	Director, Department of Business Regulation, Securities Division	1511 Pontiac Avenue John O. Pastore Complex – Building 68-2 Cranston, RI 02920
South Dakota	Department of Labor and Regulation Division of Insurance – Securities Regulation	124 S. Euclid, Suite 104 Pierre, SD 57501
Virginia (State Administrator)	State Corporation Commission Division of Securities and Retail Franchising	1300 East Main Street, 9 th Floor Richmond, VA 23219 804-371-9051
Washington	Department of Financial Institutions Securities Division	150 Israel Road SW Tumwater, WA 98501 360-902-8760
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705

Exhibit C – Franchisor’s Agent for Service of Process

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
California	Commissioner of Financial Protection and Innovation California Department of Financial Protection and Innovation	320 West 4 th Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
Hawaii	Commissioner of Securities Dept. of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch	335 Merchant Street Room 203 Honolulu, HI 96813
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana (Agent)	Indiana Secretary of State	302 West Washington Street, Room E018 Indianapolis, IN 46204
Maryland (Agent)	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building, 1 st Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7 th Place East, Suite 280 St. Paul, MN 55101-2198
New York (Agent)	Secretary of State	99 Washington Avenue Albany, NY 12231
North Dakota	Securities Commissioner North Dakota Securities Department	600 East Boulevard Avenue State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510
Rhode Island	Director, Department of Business Regulation, Securities Division	1511 Pontiac Avenue John O. Pastore Complex – Building 68-2 Cranston, RI 02920
South Dakota	Department of Labor and Regulation Division of Insurance – Securities Regulation	124 S. Euclid, Suite 104 Pierre, SD 57501
Virginia (Agent)	Clerk of the State Corporation Commission	1300 East Main Street, 1st Floor Richmond, VA 23219-3630
Washington	Department of Financial Institutions Securities Division	150 Israel Road SW Tumwater, WA 98501 360-902-8760
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705

Exhibit D - Addendum to Franchise Disclosure Document

Unless your state is listed below, no addenda is required.

State-specific addenda for California, Illinois, Hawaii, Indiana, Maryland, Minnesota, New York, North Dakota, Rhode Island, and Washington follow:

STATE OF CALIFORNIA

SUPPLEMENTAL INFORMATION

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

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

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

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

The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires arbitration in Salt Lake City, Utah with the costs for the mediator to be shared between the parties. Each party is responsible for their own witness and attorney's fees. Damages are limited to the termination of the Franchise Agreement and an award not to exceed the Franchise Fee paid.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 200409.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

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

Neither the Franchisor, nor any person or franchise broker in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

Franchisor's affiliate BaseCamp® Franchising, LLC does not have authority as a lender in California, and as a result, Exhibit K – Loan does not apply to franchises sold in California or to California residents.

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

Before the franchisor can ask you to materially modify your existing franchise agreement, Section 31125 of the California Corporations Code requires the franchisor to file a material modification application with the Department of Financial Protection and Innovation that includes a disclosure document showing the existing terms and the proposed new terms of your franchise agreement. Once the application is registered, the franchisor must provide you with that disclosure document with an explanation that the changes are voluntary.

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

Revise 3.10.114.1(c)(1) - California Instructions for the UFOC, to add Corporations Code section 31119 language "14 DAYS PRIOR TO EXECUTION OF AGREEMENT" at end of statement.

Franchisor's website: kidtokid.com

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

**ILLINOIS ADDENDUM TO THE KID TO KID
FRANCHISE DISCLOSURE DOCUMENT
AND FRANCHISE AGREEMENT**

Illinois law governs the Franchise Agreement(s).

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

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

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

There are "standards" applicable to your ability to receive Computer Support services and Technical Support from the Franchisor's affiliate. Make sure you understand the standards, along with the additional fees/expenses you will incur for each type of computer and technical support if you do not meet the standards.

Dated this _____ day of _____, _____.

Franchisor:

Franchisee:

Kid to Kid Franchise System, LLC

By: _____

By: _____

Its: _____

Its: _____

MARYLAND ADDENDUM TO THE KID TO KID FRANCHISE DISCLOSURE DOCUMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

Risk Factor:

Ownership Change: The franchisor recently had a change of ownership. The support provided by the franchisor may be different from previous owners. Therefore, the expenses related to operating the franchise and the potential revenue you might achieve may be different from past performance.

Item 17, Additional Disclosures:

Our termination of the Franchise Agreement because of your bankruptcy may not be enforceable under applicable federal law (11 U.S.C.A. 101 et seq.).

You may bring a lawsuit in Maryland for claims arising 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 general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Franchisee Acknowledgment / Compliance Certification:

All representations requiring prospective to assets 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.

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

MARYLAND ADDENDUM TO THE KID TO KID FRANCHISE AGREEMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

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.

Nothing in the Franchise Agreement prevents the franchisee from bringing a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Nothing in the Franchise Agreement operates to reduce the 3-year statute of limitations afforded to a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Further, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The Federal Bankruptcy laws may not allow the enforcement of the provisions for termination upon bankruptcy of the franchisee.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

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

4. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

Franchisee's Initials:

Franchisor's Initials:

**MINNESOTA MODIFICATIONS TO THE
KID TO KID FRANCHISE DISCLOSURE DOCUMENT
AND FRANCHISE AGREEMENT**

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

State Cover Page and Item 17, Additional Disclosures:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document shall abrogate or reduce any of your rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.

Item 6, Additional Disclosure:

NSF checks are governed by Minn. Stat. 604.113, which puts a cap of \$30 on service charges.

Item 13, Additional Disclosures:

The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes upon the trademark rights of the third party. The franchisor does not indemnify against the consequences of a franchisee's use of a franchisor's trademark except in accordance with the requirements of the franchise agreement, and as the condition to an indemnification, the franchisee must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to the franchisor. If the franchisor accepts tender of defense, the franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Item 17, Additional Disclosures:

Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation, organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise to be operated in the State of Minnesota to waive compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void.

We will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5, which requires, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure), 180 days notice for nonrenewal of the Franchise Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.

The limitations of claims section must comply with Minn. Stat. Sec. 80C.17, subd. 5.

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 4 which requires that except for certain specified cases, that franchisee be given 180 days' notice for non-renewal of this Franchise Agreement.

The Minnesota Department of Commerce requires that franchisor indemnify franchisees whose franchise is located in Minnesota against liability to third parties resulting from claims by third parties that the franchisee's use of franchisor's trademarks ("Marks") infringe upon the trademark rights of the third party. Franchisor does not indemnify against the consequences of a franchisee's use of franchisor's trademark but franchisor shall indemnify franchisee for claims against franchisee solely as it relates to franchisee's use of the Marks in accordance with the requirements of the Franchise Agreement and franchisor's standards. As a further condition to indemnification, the franchisee must provide notice to franchisor of any such claim immediately and tender the defense of the claim to franchisor. If franchisor accepts tender of defense, franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 3 which requires that except for certain specified cases, a franchisee be given 90 days' notice of termination (with 60 days to cure). Termination of the franchise by the franchisor shall be effective immediately upon receipt by franchisee of the notice of termination where its grounds for termination or cancellation are: (1) voluntary abandonment of the franchise relationship by the franchisee; (2) the conviction of the franchisee of an offense directly related to the business conducted according to the Franchise Agreement; or (3) failure of the franchisee to cure a default under the Franchise Agreement which materially impairs the goodwill associated with the franchisor's trade name, trademark, service mark, logo type or other commercial symbol after the franchisee has received written notice to cure of at least twenty-four (24) hours in advance thereof.

According to Minn. Stat. Sec. 80C.21 in Minnesota Rules or 2860.4400J, the terms of the Franchise Agreement shall not in any way abrogate or reduce your rights as provided for in Minn. Stat. 1984, Chapter 80C, including the right to submit certain matters to the jurisdiction of the courts of Minnesota. In addition, nothing in this Franchise Agreement shall abrogate or reduce any of franchisee's rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedy provided for by the laws of the State of Minnesota.

Any claims franchisee may have against the franchisor that have arisen under the Minnesota Franchise Laws shall be governed by the Minnesota Franchise Law.

The Franchise Agreement contains a waiver of jury trial provision. This provision may not be enforceable under Minnesota law.

Franchisee consents to the franchisor seeking injunctive relief without the necessity of showing actual or threatened harm. A court shall determine if a bond or other security is required.

The Franchise Agreement contains a liquidated damages provision. This provision may not be enforceable under Minnesota law.

Any action pursuant to Minnesota Statutes, Section 80C.17, Subd. 5 must be commenced no more than 3 years after the cause of action accrues.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

Dated this _____ day of _____, _____.

Franchisor:
Kid to Kid Franchise System, LLC

Franchisee:

By: _____
Its: _____

By: _____
Its: _____

**NEW YORK MODIFICATIONS TO THE KID TO KID
FRANCHISE DISCLOSURE DOCUMENT
AND FRANCHISE AGREEMENT**

The following additions and modifications to this franchise disclosure document have been made to clarify it.

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

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

To the end of Item 3 add the following:

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

A) No such party has pending any administrative, criminal or material civil action (or significant number of civil actions irrespective of materiality) alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations.

B) No such party has any pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C) No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of a misdemeanor or held liable in a civil action by

final judgment or been the subject of a material complaint or other legal proceeding if such misdemeanor, conviction, or charge or civil action, complaint or other legal proceeding involved violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations.

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

To the end of Item 4 add:

Neither Kid to Kid® nor any predecessor, officer, or general partner of Kid to Kid® has during the 15 year period immediately preceding the date of this offering prospectus been adjudged bankrupt or reorganized due to insolvency during or within 1 year after the period that such officer or general partner of Kid to Kid® held such position in such company or partnership and in no case has any such bankruptcy or reorganization proceeding been commenced.

To the end of Item 5 add:

The Franchisee Fee will be placed in the general operations account and used by Kid to Kid® to 1-offset costs associated with establishing your business, for 2-operational and administrative expenses, and for 3-profit. Kid to Kid®'s costs associated with establishing Your business may include, but are not limited to: site selection, lease negotiation, business planning, loan application assistance, store fit-up, training, computer support, and grand opening support. Operation and administrative expenses may include: Ongoing training and seminars, store visits, marketing programs for stores, marketing programs for the franchise system, office overhead, support staff salaries, legal, accounting, computer, and other consulting, legal compliance, new product development, interest and debt reduction.

To the end of Item 6 add:

A definition and description of the Advisory Association is provided in Item 11, page 20.

Insert the following to Item 11:

The Advisory Association will be created when, in the sole discretion of Kid *to* Kid®, the number of stores operating in the System makes informal and individual communication relating to marketing issues difficult. When created, the Advisory Association will provide store owners and Kid *to* Kid® with a regular opportunity to share marketing, research, promotional, educational, and related experiences and ideas. The advisory Association may make marketing campaign recommendations to Kid *to* Kid® which, if approved, may result in the assessment of fees to Association members. All such fees must be used for programs or campaigns which benefit all franchisees.

To the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled, "**Conditions for franchisor approval of transfer**" add the following:

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

The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**": You may terminate the agreement on any grounds available by law.

The following language replaces the "Summary" section of Item 17(v) titled "**Choice of forum**", and Item 17(w) titled "**Choice of Law**":

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

**STATE OF NEW YORK
FRANCHISE SALES AGENT STATEMENT**

No other person other than those listed in Section 2 of the Disclosure Statement is a Franchise Salesman for Kid *to* Kid®. Hence, all material required in this Statement is found in the Disclosure Statement.

NORTH DAKOTA MODIFICATIONS TO THE KID TO KID FRANCHISE AGREEMENT

To the extent the North Dakota Franchise Investment Law, N.D. Cent. Code, §§51-19-01 – 51-19-17 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any release executed in connection with a renewal shall not apply to any claims that may arise under the North Dakota Franchise Investment Law.

Covenants not to compete during the term of and upon termination or expiration of the franchise agreement are enforceable only under certain conditions according to North Dakota law. If the Franchise Agreement contains a covenant not to compete that is inconsistent with North Dakota law, the covenant may be unenforceable.

The choice of law other than the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. If the laws of a state other than North Dakota govern, to the extent that such law conflicts with North Dakota law, North Dakota law will control.

The waiver of punitive or exemplary damages may not be enforceable under the North Dakota Franchise Investment Law.

The waiver of trial by jury may not be enforceable under the North Dakota Franchise Investment Law.

The requirement that arbitration be held outside the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. Any mediation or arbitration will be held at a site agreeable to all parties.

The requirement that a franchisee consent to termination or liquidated damages has been determined by the Commissioner to be unfair, unjust and inequitable within the intent of the North Dakota Franchise Investment Law. This requirement may not be enforceable under North Dakota law.

The Franchise Agreement states that franchisee must consent to the jurisdiction of courts located outside the State of North Dakota. This requirement may not be enforceable under North Dakota law.

The Franchise Agreement requires the franchisee to consent to a limitation of claims. To the extent this requirement conflicts with North Dakota law, North Dakota law will apply.

Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by Franchisor in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

All initial fees and payments owed by franchisees shall be deferred until the franchisor completes all initial obligations owed to franchisee under the franchise agreement or other documents have been fulfilled by the franchisor and the franchisee has commenced doing business pursuant to the franchise agreement.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

Dated this _____ day of _____, _____.

Franchisor:

Franchisee:

Kid to Kid Franchise System, LLC

By: _____

By: _____

Its: _____

Its: _____

**RHODE ISLAND ADDENDUM TO THE
KID TO KID FRANCHISE AGREEMENT**

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."

Dated this _____ day of _____, _____.

Franchisor:

Franchisee:

Kid to Kid Franchise System, LLC

By: _____

By: _____

Its: _____

Its: _____

**VIRGINIA ADDENDUM TO THE
KID TO KID FRANCHISE DISCLOSURE DOCUMENT
AND FRANCHISE AGREEMENT**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Kid to Kid Franchise System, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure: The following statements are added to Item 17.h.

Under 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 not be enforceable.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____, 20_____.

Prospective Franchisee

WASHINGTON FRANCHISE AGREEMENT ADDENDUM AND ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site 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.

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

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

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

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

The franchisor may use the services of franchise brokers to assist in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until (a) franchisor has fulfilled its initial pre-opening obligations to the franchisee, and (b) the franchisee is open for business.

Section 9.03. The "profit and consideration" referenced in this section will comply with RCW 19.100.180(2)(d).

Section 11.01(b). In accordance with RCW 19.100.180(1), revise entire subsection to the following:

"(b) The parties shall deal with each other in good faith."

Section 11.02. In accordance with RCW 19.100.180(2)(g) and RCW 19.100.220(2), Delete the last sentence of this section: **"You waive, to the fullest extent permitted by law, the rights and protections provided by any such franchise law or regulation."**

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____, 20_____.

FRANCHISOR

FRANCHISEE

Exhibit E - Computer Equipment List – Kid to Kid

Item	Technical Description	Function	Qty	Total Price	Approved Substitute
Computers: Registers(3) Linux Server(1) Office(1)	Lenovo/Dell Micro, 16g DDR4, 256g Nvme	POS System	5	\$3,245	None
Non touch Monitor	Dell E Series 23"	Office Display	1	\$130	Comparable
Touch Monitors	23.8" LED Touch-Screen Monitor, P2418HT	POS monitor	3	\$1,200	Comparable
Network/ Server Battery Backup (Rack Mounted)	CyberPower UPS System, 700VA/400W, 6 Outlets,	up to an hour of backup power	1	\$300	None
CyberPower Rack Mount surge	Surge protection 120V/15A, 12 Outlets	Expand rack Battery power	1	\$60	None
Wireless Access Point	TP-Link EAP245	Q wifi extender	1	\$90	None
Router	Netgear R7000 (AC1900)	Router	1	\$150	None
Switch (Rack Mounted)	TP-Link 24-Port TL-SG3428	Network Hardware	1	\$180	None
Rack Shelf	StarTech CABSHELF1U Server Rack Cabinet Shelf	Network Hardware	1	\$30	Comparable
Patch Panel	Cable Matters Rackmount 24 Port Cat6 panel	Network Hardware	1	\$45	Comparable
Network Rack	8U Wall Mount Server Rack	Network Hardware	1	\$90	Comparable
Network Cables	1-2' Cat6 LAN Patch Cable (24 Pack)	Network Connectivity	1	\$40	Comparable
Network Cables	5-10' Cat6 LAN Cables (5 Pack)	Network Connectivity	1	\$30	Comparable
Label Printer	Zebra ZD410	Item labels	3	\$780	None
Receipt Printer	TSP100	Prints Receipts	3	\$900	None
Cash Drawer	APG 4000 Cash Drawer	Store cash	3	\$700	None
Barcode Scanner	Honeywell Barcode Scanner 1300G	Scans items into POS	3	\$345	Comparable
Scanner Stand	Honeywell Scanner Stand	Eases Scanning	3	\$100	Comparable
Surge Protector	Belkin BE107200-06 7 Outlets	Power Extension	3	\$45	Comparable
Battery Backup	CyberPower CP1350AVRLCD	Register's Battery Backup	3	\$540	Comparable
Acer Chromebox	Chromebox	Digital Signage	2	\$970	None
iPads	10.9" 1-year manufacturer limited warranty	Q Checkin /Gatekeeper	2(Q) 2 (Citygro)	\$1,800	None
iPad Kiosk	iPad Kiosk Stands 10.9 Ipad	Holds iPads	2 (Q) 2 (Citygro)	\$760	None
Credit Card Machine	Compatible Credit Card Machine	CC Payments	3	\$1,500	Recommend Vertex (SICC)

Item	Technical Description	Function	Qty	Total Price	Approved Substitute
TV	46-55 inch TV with 1080p or higher resolution (Black)	Digital Signage (Chromebit Display)	2	\$1,000	Comparable
TV Mount	Wall or Ceiling Mount	Digital Signage	2	\$80	Comparable

Sub Total: \$15,110

Estimated tax, shipping, and market variability: \$1,501

Total: \$16,611

With the exception of the PC computers, report printer, Network equipment, and surge protectors, all items listed above are sold to you at special or wholesale prices. These prices were in effect March 7, 2023, after which time they were subject to change.

The components of the computer system that may not be substituted are:

Component/Software	Proprietor/Phone	Address	Length of Time used by Uptown Cheapskate
Lenovo/Dell Computers: Registers, Linux, Office	Lenovo Group Limited (855) 253-6686	Lenovo.com Dell.com	64 months
CyberPower UPS System, 1350 VA/815W, 10 Outlet	CyberPower UPS	Cyberpowersystems.com	64 months
CyberPower Rack Mount Battery Backup		Cyberpowersystems.com	36 months
Wireless Access Point	TP Link	Tp-link.com	64 months
Netgear R6700 (AC1750)	Netgear	Netgear.com	64 months
TP-Link 24-Port Gigabit Ethernet Switch	TP Link	Tp-link.com	36 months
iPad Kiosks	Bouncepad	bouncepad.com	64 months
Star TSP 100 Receipt Printer	Various	9997 Rose Hills Road Whittier, CA, 90601	158 months
Zebra Label Printer	Various	9997 Rose Hills Road Whittier, CA, 90601	62 months
AGP Series 4000 Cash Drawer	Various	9997 Rose Hills Road Whittier, CA, 90601	208 months
High Speed Internet	Various	Local Provider	224+ months
Chromebit/Chromebox	Arreya DSS	Google.com	62 months

The computer equipment listed above is the proprietary property of third parties.

Exhibit F - List of Franchisees

Franchisees operational as of December 31, 2022 - Kid to Kid

ARIZONA

- Franchisee: Ahwatukee, AZ: Angel and Edel Jaquez
5030 East Ray Road, Suite 11, Phoenix, AZ 85044, (480) 753-3506
- Franchisee: Gilbert, AZ: Erica Gentile
1652 N. Higley Road, Gilbert, AZ 85234, (480) 813-1978
- Franchisee: Tatum, AZ: Chris Fay
15030 North Tatum Blvd., Suite 2, Phoenix, AZ 85032, (602) 404-4441
- Franchisee: Peoria, AZ: Migiam Flores
13644 North 75th Ave. #104, Peoria, AZ 85381, (623) 776-7555

COLORADO

- Franchisee: Arvada, CO: Serena & Joe Wailes
7310 West 52nd Ave. Unit U, Arvada, CO 80002, (303) 422-1000
- Franchisee: Aurora, CO: Cynthia & Greg Radovcich
15035 East Mississippi, Aurora, CO 80012, (303) 752-2757
- Franchisee: Littleton, CO: Serena & Joe Wailes
8601 W. Cross Drive Suite A-7, Littleton, CO 80123, (303) 933-2213

CALIFORNIA

- Franchisee: Pasadena, CA: Oksana & Steve Wilder
456 East Colorado Blvd, Pasadena, CA 91101, (626) 469-0079

FLORIDA

- Franchisee: Fort Myers, FL: Jay Carney
3242 Forum Blvd, #407, Fort Myers, FL 33905, (239) 920-4443
- Franchisee: Hodges Pointe, FL: Amy Green
13500 Beach Boulevard, Unit #33, Jacksonville, FL 32224, (904) 518-4915

Franchisee: Jacksonville, FL: Amy Green
10601 San Jose Blvd., Suite 11, Jacksonville, FL 32257, (904) 513-3910

Franchisee: Palm Beach Gardens, FL: Francesca & Dave Brown
3934 Northlake Blvd, Palm Beach Gardens, FL 33403, (561) 508-3364

GEORGIA

Franchisee: Alpharetta, GA: Margie & Andy Gelernter
11770 Haynes Bridge Road, #601-604, Alpharetta, GA 30009, (770) 807-3245

Franchisee: Augusta, GA: Shannon Unger
2701 Washington Road, Suite 2, Augusta, GA 30909, (706) 364-9202

Franchisee: Buford, GA: Mary Campbell
1600 Mall of Georgia Blvd., Suite 1220, Buford, GA 30519, (678) 541-0222

Franchisee: Cumming, GA: Margie & Andy Gelernter
535 Lakeland Plaza, Cumming, GA 30040, (770) 888-8500

Franchisee: Dunwoody, GA: Shannon Unger
4498 Chamblee, Dunwoody, GA 30338, (770) 455-1506

Franchisee: Evans, GA: Shannon Unger
4088 Washington Road, Evans, GA 30907, (706) 364-6408

Franchisee: Johns Creek, GA: Margie & Andy Gelernter
5900 State Bridge Road B, Johns Creek, GA 30097, (770) 495-4888

Franchisee: Kennesaw, GA: Shannon Unger
2953 North Cobb Parkway, Suites 3 & 4, Kennesaw, GA 30152, (770) 426-2395

Franchisee: Lawrenceville, GA: Cesar & Martha Hernandez
3370 Sugarloaf Pkwy Suite F3, Lawrenceville, GA, (678) 292-6535

IDAHO

Franchisee: Boise, ID: Bill and Heidi Long
1507 Milwaukee, Boise, ID 83704, (208) 376-6488

INDIANA

Franchisee: Ft. Wayne, IN: Amy & Andrew Gustin
4122 Lima Rd. Suite A-1, Ft. Wayne, IN 46805, (260) 739-6156

KANSAS

Franchisee: Wichita, KS: Mollie Schell
2243 North Tyler Road #109, Wichita, KS 67205, (316) 729-7020

KENTUCKY

Franchisee: Lexington, KY: Molly & Jason Newland
3090 Helmsdale Place, Suite 340, Lexington, KY 40509, (859) 309-9701

Franchisee: Richmond/Madison County, KY: Ron & Amy Lasher
1013 Sylvia Drive, Richmond, KY 40475, (859) 608-2328

MARYLAND

Franchisee: Bel Air, MD: Tanya Lee
515 Baltimore Pike, Bel Air, MD 21014, (410) 420-2333

Franchisee: Rockville, MD: Leily Kiani
11711 C Parklawn Drive, Rockville, MD 20852, (240) 242-3345

Franchisee: Salisbury, MD: Nancy Kline, Emily Schramm & LeAnna Bush
2632 N. Salisbury Blvd., Unit 3, Salisbury, MD 21801, (443) 736-7036

Franchisee: Timonium, MD: Ruth Weiskopf
2149 York Road, Lutherville-Timonium, MD 21093, (410) 567-8267

MINNESOTA

Franchisee: Eagan, MN: Amy Daniels
1278 Town Centre Dr., #140B, Eagan, MN 55123, (615) 493-1447

NEVADA

Franchisee: Summerlin, NV: Dan & Weiyang Maserang
9326 West Sahara Ave, Suite 2, Las Vegas, NV 89117, (702) 240-4783

MICHIGAN

Franchisee: Kentwood, MI: Amanda & Patrick Funnell
3110 28th St. SE, Kentwood, MI, 49512, (616) 214-7108

NEW YORK

Franchisee: Tonawanda, NY: Michelle & Chris Talley
1060 Niagara Falls Blvd., Tonawanda, NY 14150, (716) 831-8300

Franchisee: West Seneca, NY: Michelle & Chris Talley
980 Union Road #42A, West Seneca, NY 14224, (716) 675-0483

NORTH CAROLINA

Franchisee: Huntersville, NC: Erin & Arthur Martin
9931-A Rose Commons Drive, Huntersville, NC 28078, (704) 525-7500

OREGON

Franchisee: Medford, OR: Angie Renick-Hayes & Jake Hayes
2324 Poplar Drive, Medford, OR 97504, (541) 779-3884

PENNSYLVANIA

Franchisee: Drexel Hill, PA: Jan Mauger
1244 Township Line Road, Drexel Hill, PA 19026, (610) 446-2544

Franchisee: Pittsburgh, PA: Whitney & Mary Jo Haynes
7440 McKnight Road, Pittsburgh, PA 15237, (412) 837-1601

SOUTH CAROLINA

Franchisee: Fort Mill, SC: Cheri Mays
1046 Regent Parkway, Fort Mill, SC 29715, (803) 274-1110

Franchisee: Greenville, SC: Lori & Aaron Wilson
1175 Woods Crossing Road, Suite 7B, Greenville, SC 29607, (864) 221-8983

Franchisee: Mount Pleasant, SC: Jon Charles
3034 South Morgan's Point Rd, Ste H, Mt Pleasant, SC 29466, (843) 469-7571

TENNESSEE

Franchisee: Brentwood, TN: Clint & Lynn Ferguson
95 Seaboard Lane, Brentwood, TN 37027, (615) 309-0903

Franchisee: Chattanooga, TN: Jennifer Cross
7047 Lee Highway, Suite 201, Chattanooga, TN 37421, (423) 362-7795

Franchisee: Murfreesboro, TN: Randy & Margaret Ward
155 Mall Circle Drive, Murfreesboro, TN 37129, (615) 396-0401

TEXAS

Franchisee: Allen, TX: Amy & Danny Phillips
190 E Stacy Road, Suite 1308, Allen, TX 75002, (972) 678-0076

Franchisee: Arlington, TX: Debbie & Wayne Farrar, Jeremy Farrar, Santa Elizabeth Levy 1201
W. Arbrook #115, Arlington, TX 76015, (817) 468-1995

Franchisee: Atascocita, TX: Shawna & Bret Duplantis
6932 FM 1960, Humble, TX 77346, (281) 312-6442

Franchisee: Austin, TX: Stephaney Gipson
14010 N. US Highway 183, Suite 420, Austin, TX 78717, (512) 336-5550

Franchisee: Bryan College Station, TX: Sherri Sakson
910 N. Earl Rudder FWY Ste. 350, Bryan, TX 77802, (979) 776-7004

Franchisee: Burleson, TX: Debbie & Wayne Farrar, Jeremy Farrar, Santa Elizabeth Levy 251
Southwest Wilshire Blvd. #115, Burleson, TX 76082, (281) 419-3339

Franchisee: Champions, TX: Tina & David Marroy
16694 Champion Forest Drive, Spring, TX 77379, (713) 389-8651

Franchisee: Ft. Worth, TX: Misti McCay
4750 Bryant Irvin Road, Fort Worth, TX 76132, (817) 263-4660

Franchisee: Greenville, TX: Nicole & Chris Pollard
5029 Wesley Street, Greenville, TX 75401, (903) 454-1955

Franchisee: Katy, TX: Victoria Fry & Elizabeth Santos
610 Katy Fort Bend Road, Suite 200, Katy, TX 77494, (346) 667-3616

Franchisee: Keller, TX: Darren & Dana Aper
8420 Denton Highway, Suite 108, Watauga, TX 76148, (817) 428-6500

Franchisee: Kyle, TX: Fadi Safi & Natalie Safi
575 E. FM 150 East, Suite D, Kyle, TX 78640, (512) 268-9334

- Franchisee: Lake Worth, TX: Misti McCay
6628 Lake Worth Blvd. #800, Lake Worth, TX 76135, (817) 238-6903
- Franchisee: Rockwall, TX: Jana Wu
2455 Ridge Rd., Suite 143, Rockwall, TX 75087, (972) 722-2980
- Franchisee: San Antonio, TX: Ken & Kristen Krawczynski
1321 N Loop 1604 E. Suite 109, San Antonio, TX 78258, (210) 402-0191
- Franchisee: San Antonio, TX: Ken & Kristen Krawczynski
11703 Huebner Road #102, San Antonio, TX 78230, (210) 558-7988
- Franchisee: San Antonio, TX: Ken & Kristen Krawczynski
4911 NW Loop 410, San Antonio, TX 78229, (210) 680-3496
- Franchisee: South Austin, TX: Shelby Mowry
5300 South MoPac Expy Ste 102B, Austin, TX 78749, (512) 358-0915
- Franchisee: Texarkana, TX: Ashley & Sonny Watkins
4242A St. Michaels Dr., Texarkana, TX 75503, (430) 200-0109
- Franchisee: The Woodlands, TX: Mariette Paur
6777 Woodlands Parkway #312, The Woodlands, TX 77382, (281) 419-3339
- Franchisee: Weatherford, TX: Debbie & Wayne Farrar
118 College Park Drive, Weatherford, TX 76086, (817) 594-3380

UTAH

- Franchisee: American Fork, UT: Ele Morgan
1438 East Main Street, Lehi, UT 84043, (801) 766-8400
- Franchisee: Layton, UT: Sandy & Tim Eastley
1827 West Antelope Drive, Layton, UT 84041, (801) 773-3323
- Franchisee: Ogden, UT: Sandy & Tim Eastley
3925 Wall Avenue, South Ogden, UT 84405, (801) 394-3464
- Franchisee: Orem, UT: Jen Meyers
390 E University Parkway, Orem, UT 84058 (385) 273-5073
- Franchisee: Sandy, UT: Holly & Rob Aguero
792 East 9400 South, Sandy, UT 84094, (801) 572-2144

Franchisee: South Jordan, UT: Kelli & Stephen Purser
1604 South Jordan Parkway, South Jordan, UT 84095, (801) 253-4436

Franchisee: St. George, UT: Dustin & Amanda Taylor
435 North 1680 East, Suite 20, St. George, UT 84790, (435) 628-5610

VIRGINIA

Franchisee: Centreville, VA: Joseph Abed
6039 Centreville Crest Lane, Centreville, VA 20121, (703) 222-4595

Franchisee: Charlottesville, VA: Cheryl Baugher; Sam Savla; Mike Mabery
1885 Seminole Trail, Suite 103, Charlottesville, VA 22901, (434) 529-8988

Franchisee: Chester, VA: Gordon & Diana Jenkins
12232 Bermuda Crossroad Lane, Chester, VA 23831, (804) 295-5921

Franchisee: Mechanicsville, VA: Alicia & Armando Borjorquez
7230 Bell Creek Road e, Mechanicsville, VA 23111, (804) 789-1313

WASHINGTON

Franchisee: Kent, WA: Gina & James Payne
12924 SE Kent Kangley Road, Kent, WA 98030, (253) 236-4269

CANADA

Franchisee: Mississauga, Ontario: Cheryl & Nathan Browne
2273 Dundas Street West Unit 20, Mississauga, ON L5K, 2A7, (905) 997-5437

PORTUGAL

Franchisee: Alverca, Portugal: Gisela Fonseca
R. Maria Eduarda Segura Faria 2 Alverca 2615-107
011 351 219 575 157

Franchisee: Aviero, Portugal: Carina Pascoal
Av. De Santa Sta Joana, 13 R/C Esq., Aviero 3810-329
011 351 234 109 009

Franchisee: Braga, Portugal: Susana Botelho
Rua do Raio, 9, Braga 4710-923
011 351 253 215 379

- Franchisee: Carnaxide, Portugal: Rute Noronha / Sofia P Lima / Vanessa Almeida
Edifício PUJOL, Av. do Forte, 8 - Frç R, Carnaxide 2790-072
011 351 214 188 013
- Franchisee: Cascais, Portugal: Gisela Fonseca, Rute Noronha, & Sofia Pereira de Lima
Rua dos Cheirinhos, Lt.1, Cascais, 2645-106
011 351 218 044 648
- Franchisee: Coimbra, Portugal: Conceicao & Nuno Assis
Rua Padre Estêvão Cabral, 88, Coimbra 3000-317
011 351 239 722 555
- Franchisee: Expo, Portugal: Rita & Diogo Madaleno
Passeio dos Fenícios, 10 Lisboa 1990-352
011 351 211 982 312
- Franchisee: Faro, Portugal: Catarina Cunha
Rua dos Bombeiros n22, Faro 8000-233
011 351 289 092 532
- Franchisee: Funchal, (Madeira) Portugal: Antoneia Dias
Rua Vale de Ajuda, Bloco 3.2 0 n°23, Jardins Forum Plaza III –S. Martinho
011 351 291 776 321
- Franchisee: Leiria, Portugal: Helena Cabral
Av. Marques De Pombal, 6 Norte Loja R/C E Leiria 2400-137
11 351 244 854 430
- Franchisee: Massama, Portugal: Marta & Claudia Soares
Av. 25 de Abril 154 loja, Massama 2745-862
11 (351) 216 011 748
- Franchisee: Matosinhos, Portugal: Cristina de Carvalho Barreira
Av. de Republica, n 886, Matosinhos 4450-240
011 351 229 387 460
- Franchisee: Montijo, Portugal: Ana Marques
Rua Damiao de Gois 103, Montijo, 2870-108
11 351 211 303 146
- Franchisee: Picoas, Portugal: Sofia & Jose M. Pereira de Lima
Rua Pedro Nunes, 47, Lisboa 1050-053
011 315 213 156 217

Franchisee: Ponta Degada, Portugal: Catarina Afonso
Ave. Antero de Quental 49, Ponta Delgada 9600-160
11 351 296 288 132

Franchisee: Seixal, Portugal: Paulo Costa & Ana Pinheiro, Susana & Nuno Pedroso
EN.N10-Av.1 Dezembro de 1640, nº475 Bloco B3, Casal do Marco 2840-009
11 351 212 222 712

Franchisee: Setubal, Portugal: Ana Ramos & Hélder Morgado
Av. Do Alentejo, 20A, Setubal 2910-381
11 351 212 222 712

Franchisee: Viseu, Portugal: Mario Oliveira
Rua Serpa Pinto, 30, Viseu 3510-110
11 351 232 428 603

Franchisee: V.N. Gaia, Portugal: Juóa Silva & Rui Ferreira
R. Marquês Sá da Bandeira, 310, Vila Nova de Gaia 4400-999
11 351 223 248 187

Master Licensee: Telheiras, Portugal: Paulo Costa & Ana Pinheiro
Rua Aristides Sousa Mendes, 8, Lisboa 1600-412
11 351 217 159 789 / 11 351 915 450 334

SPAIN

Master Licensee: Madrid-Las Tablas, Spain: Paulo Costa & Ana Pinheiro
Calle de la Sierra de Atapuerca, 2, 28050, Madrid, Spain
34 917 64 97 12 / 34 639 756 745

Corporate Store List as of December 31, 2022

NEW YORK

Rochester, NY*: Jessica St. Lous, Manager
2505 W Ridge Rd, Rochester, NY 14626, (585) 720-0025

TEXAS

Frisco, TX*: Alex Quisenberry, Manager
5580 Preston Road, Suite 103, Frisco, TX 75034, (469) 362-7777

UTAH

Salt Lake City, UT*: Lauri Baird, Manager
675 East 2100 South, Salt Lake City, UT 84106, (801) 463-7864

West Valley City, UT*: Lauri Baird, Manager
2222 West 3500 South, West Valley City, UT 84119, (801) 908-5226

* The above stores are owned by entities controlled by Shauna Sloan, owners of our predecessor and/or officer of franchisor, and accordingly treated as corporate stores.

LOUISIANA

Bossier City, LA**: Annette Varwig, Manager
2001 Airline Drive, Bossier City, LA 71111
(318) 626-5668

NORTH CAROLINA

Charlotte, NC**: Michael Moss, General Manager
3407 Pineville Matthews Road, The Arboretum, Charlotte, NC 28226
(704) 541-0049

Park Road, NC**: Michael Moss, General Manager
4211 Park Road, The Park Road Shopping Center, Charlotte, NC 28209
(704) 525-7500

PENNSYLVANIA

Chambersburg, PA**: Rosezella Eveland, Manager
428 Gateway Ave, Chambersburg, PA 17201, (717) 414-7642
State College, PA**: Sarah Parfitt, Manager
154 Rolling Ridge Road, Hills Plaza South, Route 322, State College, PA 16801,
(814) 237-5432

West York, PA**: Britney Litz, Manager
850 Town Centre Dr., York, PA 17408, (717) 430-0055

York, PA**: Britney Litz, Manager
180 Leader Heights, York, PA 17402, (717) 747-5437

VIRGINIA

Midlothian, VA**: Blakley Newbill, District Manager
4800 Commonwealth Centre Pkwy, Midlothian, VA 23112, (804) 763-0708

Short Pump, VA**: Blakley Newbill, District Manager
11740 W. Broad Street #105, Richmond, VA 23233, (804) 728-1529

** The above stores are owned by an entity controlled by Chelsea Carroll, an officer of franchisor and affiliated with Kid to Kid, and accordingly, treated as corporate stores.

Franchisees with signed agreements but not operational as of December 31, 2022:

COLRADO

Franchisee: Centennial, CO: Karen Rubesne
7475 E Arapahoe Road, #10, Centennial, CO 80112, (303) 568-9817

FLORIDA

Franchisee: Pensacola, FL: Hannah Tilden
(850) 503-9152

MICHIGAN

Franchisee: Wyoming, MI: Brian & Nicole Reer
(616) 262-4437

NORTH CAROLINA

Franchisee: Garner: Molly & Jamie Duncan
(919) 820-7449

SOUTH DAKOTA

Franchisee: Sioux Falls, SD: Alexa Goodroad
(605) 351-6471

TEXAS

Franchisee: Brownsville, TX: Laura & Anibal Hees-Garcia
(956) 369-6477

UTAH

Franchisee: Logan, UT: Jenifer & Steve Kangas
(435) 890-5959

CANADA

Franchisee: Burlington, ONT: Ivy Lueng
+1 (647) 627-0618

Franchisee: Hamilton, ONT: Ivy Lueng
+1 (647) 627-0618

During our most recent fiscal year (2022), the following franchisees have had an outlet terminated, cancelled, transferred, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement or has not communicated with us within 10 weeks of the disclosure document issuance date:

Franchisee: Bedford, TX: Darren & Dana Aper
2200 Airport Freeway, Suite. 540A, Bedford, TX 76022, (817) 283-6364

Franchisee: Northglenn, CO: Jolene & Conan Donahue
10615 Melody Drive, Unit B, Northglenn, CO 80234, (303) 993-3536

Exhibit G – Financial Statements

This exhibit contains the following:

Audited consolidated financial statements of BaseCamp Franchise Holdings, LLC and its Subsidiaries for the period from July 15, 2022 (inception) through December 31, 2022. Our and Basecamp Franchise Holdings, LLC's fiscal year end is December 31. We have not been in business for three years or more and cannot include all the financial statements required by the Rule.

BASECAMP FRANCHISE HOLDINGS, LLC AND SUBSIDIARIES
(A Limited Liability Company)
CONSOLIDATED FINANCIAL STATEMENTS
PERIOD FROM JULY 15, 2022 (INCEPTION)
THROUGH DECEMBER 31, 2022

BASECAMP FRANCHISE HOLDINGS, LLC AND SUBSIDIARIES
(A Limited Liability Company)
FOR THE PERIOD FROM JULY 15, 2022 (INCEPTION)
THROUGH DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Member
BaseCamp Franchise Holdings, LLC and Subsidiaries

Opinion

We have audited the accompanying consolidated financial statements of BaseCamp Franchise Holdings, LLC and Subsidiaries (a limited liability company), which comprise the consolidated balance sheet as of December 31, 2022, and the related consolidated statements of operations and member's equity and cash flows for the period from July 15, 2022 (inception) through December 31, 2022, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of BaseCamp Franchise Holdings, LLC and Subsidiaries as of December 31, 2022, and the results of their operations and their cash flows for the period from July 15, 2022 (inception) through December 31, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



CERTIFIED PUBLIC ACCOUNTANTS

New York, New York
April 20, 2023

BASECAMP FRANCHISE HOLDINGS, LLC AND SUBSIDIARIES
(A Limited Liability Company)
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2022

ASSETS

Current assets:	
Cash	\$ 1,132,811
Accounts receivable	1,121,659
Accounts receivable - related party	68,762
Inventory	172,114
Prepaid expenses and other current assets	164,591
Prepaid commissions - current portion	<u>44,775</u>
Total current assets	<u>2,704,712</u>
Property and equipment, net	<u>69,110</u>
Operating lease right-of-use-asset	<u>2,559,797</u>
Other assets:	
Prepaid commissions - net of current portion	190,406
Goodwill, net	28,058,658
Intangible assets, net	<u>29,347,500</u>
Total other assets	<u>57,596,564</u>
TOTAL ASSETS	<u>\$ 62,930,183</u>

LIABILITIES AND MEMBER'S EQUITY

Current liabilities:	
Accounts payable and accrued expenses	\$ 1,535,263
Deferred franchise fees - current portion	753,124
Loan payable - current portion	1,050,000
Current portion of operating lease liability	<u>220,265</u>
Total current liabilities	<u>3,558,652</u>
Long-term liabilities:	
Deferred franchise fees - net of current portion	111,383
Loan payable - net of current portion	12,950,000
Note payable - Seller	4,000,000
Operating lease liability, net of current portion	<u>2,345,510</u>
Total long-term liabilities	<u>19,406,893</u>
Total liabilities	22,965,545
Commitments and contingencies (Notes 9, 10 and 13)	
Member's equity	<u>39,964,638</u>
TOTAL LIABILITIES AND MEMBER'S EQUITY	<u>\$ 62,930,183</u>

See accompanying notes to consolidated financial statements.

BASECAMP FRANCHISE HOLDINGS, LLC AND SUBSIDIARIES
(A Limited Liability Company)
CONSOLIDATED STATEMENT OF OPERATIONS AND MEMBER'S EQUITY
FOR THE PERIOD FROM JULY 15, 2022 (INCEPTION)
THROUGH DECEMBER 31, 2022

Revenues:	
Royalties	\$ 2,385,947
Franchise fee income	64,062
Marketing service revenue	63,334
Marketing fund revenue	272,981
Technology fee revenue	151,595
Other revenue	<u>68,672</u>
Total revenues	<u>3,006,591</u>
Selling, general and administrative expenses:	
Selling, general and administrative expenses, excluding depreciation and amortization	2,045,171
Depreciation and amortization	<u>1,478,845</u>
Total selling, general, and administrative expenses	<u>3,524,016</u>
Loss from operations	<u>(517,425)</u>
Other income (expense):	
Interest income	1,351
Interest expense	<u>(387,934)</u>
Other expense, net	<u>(386,583)</u>
Net loss	<u>(904,008)</u>
Member's equity - beginning	-
Member contribution	600,000
Member contribution - in connection with the Reorganization (Note 3)	<u>40,268,646</u>
MEMBER'S EQUITY - ENDING	<u>\$ 39,964,638</u>

See accompanying notes to consolidated financial statements.

BASECAMP FRANCHISE HOLDINGS, LLC AND SUBSIDIARIES
(A Limited Liability Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM JULY 15, 2022 (INCEPTION)
THROUGH DECEMBER 31, 2022

Cash flows from operating activities:	
Net loss	\$ (904,008)
Adjustments to reconcile net (loss) to net cash provided by operating activities:	
Depreciation and amortization	1,478,845
Non-cash lease expense	48,246
Changes in assets and liabilities:	
Accounts receivable	150,672
Accounts receivable - related party	27,294
Inventory	(81,301)
Prepaid expenses	(49,881)
Contract commissions	(1,681)
Accounts payable and accrued expenses	(85,457)
Deferred franchise fees	15,990
Other current liabilities	(19,035)
Operating lease liabilities	<u>(42,268)</u>
Net cash provided by operating activities	537,416
Cash used in investing activities:	
Purchases of property and equipment	(4,605)
Cash provided by financing activities:	
Member contribution	<u>600,000</u>
Net increase in cash	1,132,811
Cash - beginning	<u>-</u>
CASH - ENDING	<u>\$ 1,132,811</u>
Supplemental disclosures of cash flow information:	
Interest paid	<u>\$ 299,407</u>
Member contribution - in connection with the Reorganization (Note 3)	<u>\$ 40,268,646</u>
Operating right-of-use asset and lease liability recognized in connection with Accounting Standards Codification 842	<u>\$ 2,608,043</u>

See accompanying notes to consolidated financial statements.

BASECAMP FRANCHISE HOLDINGS, LLC AND SUBSIDIARIES
(A Limited Liability Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS

BaseCamp Franchise Holdings, LLC and Subsidiaries (the "Company" or "BaseCamp Holdings"), a wholly-owned subsidiary of BaseCamp Parent, LLC (the "Parent"), was formed on July 15, 2022, as a Delaware limited liability company to be the holding company for its wholly-owned subsidiary, BaseCamp Franchising, LLC ("BaseCamp") and BaseCamp's wholly-owned subsidiaries, Uptown Cheapskate Franchise System, LLC ("Uptown") and Kid to Kid Franchise System, LLC ("Kid to Kid").

BaseCamp was formed on July 15, 2022, as a Delaware limited liability company, to hold the Company's intellectual property as further described in Note 12, as well as to provide support services to Uptown, Kid to Kid and their respective franchisees.

Uptown was formed on July 15, 2022, as a Delaware limited liability company. Uptown is the franchisor of the Uptown Cheapskate name and system. Franchisees of Uptown operate businesses under the "Uptown Cheapskate" name and system, which is a retailer of new and used young adult, teen, and junior products.

Kid to Kid was formed on July 15, 2022, as a Delaware limited liability company. Kid to Kid is the franchisor of the Kid to Kid name and system. Franchisees of Kid to Kid operate businesses under the "Kid to Kid" name and system, which is a retailer of new and used children's products and maternity items.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The accompanying consolidated financial statements include the accounts of BaseCamp Holdings, BaseCamp, Uptown and Kid to Kid. All significant intercompany accounts and transactions have been eliminated in the accompanying consolidated financial statements.

Basis of accounting

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

Use of estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Actual results could differ from those estimates.

Revenue and cost recognition

The Company derives substantially all its revenue from franchise agreements related to franchise fee revenue, transfer fees, royalty revenue, technology fees, and marketing fund and service revenue.

BASECAMP FRANCHISE HOLDINGS, LLC AND SUBSIDIARIES
(A Limited Liability Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and cost recognition (continued)

Franchise fees, royalties and other franchise-related fees

Contract consideration from franchisees consists primarily of initial or renewal franchise fees, sales-based royalties, sales-based marketing fund fees, technology fees, bookkeeping fees and transfer fees payable by a franchisee for the transfer of their franchise unit to another franchisee. The initial franchise fees are nonrefundable and collectible when the underlying franchise agreement is signed by the franchisee. Sales-based royalties, sales-based marketing fund fees, technology fees and bookkeeping fees are payable monthly. Renewal and transfer fees are due from franchisees when an existing franchisee renews the franchise agreement for an additional term or when a transfer to a third party occurs, respectively.

The Company's primary performance obligation under the franchise agreement includes granting certain rights to the Company's intellectual property in addition to a variety of activities relating to opening a franchise unit. Those services include training and other such activities commonly referred to collectively as "pre-opening activities." Pre-opening activities consistent with those under the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") ASU No. 2021-02, *Franchisors—Revenue from Contracts with Customers (Subtopic 952-606)* ("ASU 2021-02"), are recognized as a single performance obligation. For all other pre-opening activities, if any, the Company will determine if a certain portion of those pre-opening activities provided is not brand specific and provides the franchisee with relevant general business information that is separate from the operation of a Company-branded franchise unit. The portion of pre-opening activities that is not brand specific will be deemed to be distinct, as it provides a benefit to the franchisee and is not highly interrelated to the use of the Company's intellectual property, and will therefore be accounted for as a separate performance obligation. All other pre-opening activities are highly interrelated to the use of the Company's intellectual property and will therefore be accounted for as a single performance obligation, which is satisfied by granting certain rights to use the Company's intellectual property over the term of each franchise agreement.

The Company estimates the stand-alone selling price of pre-opening activities using an adjusted market assessment approach. The Company first allocates the initial franchise fees and the fixed consideration under the franchise agreement to the stand-alone selling price of the pre-opening activities and the residual, if any, to the right to access the Company's intellectual property. Consideration allocated to pre-opening activities, other than those included under ASU 2021-02, which are not brand specific is recognized ratably as those services are rendered. Consideration allocated to pre-opening activities that are not brand specific are recognized when those performance obligations are satisfied.

Initial and renewal franchise fees allocated to the right to access the Company's intellectual property are recognized as revenue on a straight-line basis over the term of the respective franchise agreement.

BASECAMP FRANCHISE HOLDINGS, LLC AND SUBSIDIARIES
(A Limited Liability Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and cost recognition (continued)

Franchise fees, royalties and other franchise-related fees (continued)

Royalties are earned as a percentage of franchisee gross sales ("sales-based royalties") over the term of the franchise agreement, as defined in each respective franchise agreement. Franchise royalties which represent sales-based royalties that are related entirely to the use of the Company's intellectual property are recognized as franchisee sales occur and the royalty is deemed collectible.

Marketing fund

The Company maintains a marketing fund established to collect and administer funds contributed for use in marketing programs for franchise units. Marketing fund income is collected from franchisees based on a percentage of franchisee gross sales. The Company has determined that it acts as a principal in the collection and administration of the marketing fund and therefore recognizes the revenues and expenses related to the marketing fund on a gross basis. The Company has determined that the right to access its intellectual property and administration of the marketing fund are highly interrelated and therefore will be accounted for as a single performance obligation. As a result, revenues from the marketing fund will represent sales-based revenue related to the funding of advertising and marketing initiatives to the benefit of the franchisees, which will be recognized as franchisee sales occur.

If marketing fund income exceeds the related marketing fund expenses in a reporting period, advertising costs will be accrued up to the amount of marketing fund revenues recognized.

Other revenues

The Company recognizes revenue from other fees and other services provided to the franchisees as a single performance obligation, when the services are rendered.

Incremental costs of obtaining a contract

The Company capitalizes direct and incremental costs, principally consisting of commissions, associated with the sale of franchises and amortizes them over the term of the franchise agreement.

Accounts receivable

Accounts receivable are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of some of its franchisees to make required payments. Management considers the following factors when determining the collectibility of specific franchisee accounts: franchisee creditworthiness, past transaction history with the franchisee, and current economic industry trends. If the financial conditions of the Company's franchisees were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Company has made reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Generally, the Company does not require collateral to support accounts receivable. There were no allowances for doubtful accounts at December 31, 2022.

BASECAMP FRANCHISE HOLDINGS, LLC AND SUBSIDIARIES
(A Limited Liability Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes

As a single-member limited liability company and, therefore, a disregarded entity for income tax purposes, the Company's assets and liabilities are combined with and included in the income tax return of the Parent. Accordingly, the accompanying consolidated financial statements do not include a provision or liability for federal, state or local income taxes.

Uncertain tax positions

The Company recognizes and measures its unrecognized tax benefits in accordance with FASB Accounting Standards Codification ("ASC") 740, *Income Taxes*. Under that guidance, management assesses the likelihood that tax positions will be sustained upon examination based on the facts, circumstances and information, including the technical merits of those positions, available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that requires a change. There were no uncertain tax positions at December 31, 2022.

Inventory

Inventory consists primarily of items held in stock for new store development. These items mainly consist of computers that are transferred at cost to new stores as they open. Inventory is valued at the lower of cost or net realizable value, with cost determined using primarily the first-in, first-out basis.

Goodwill and other intangible assets

The Company accounts for goodwill in accordance with FASB ASC 350-20, *Goodwill*. Goodwill is amortized on a straight-line basis over a 10-year useful life. An accounting policy election was also made to test goodwill for impairment at the entity level.

The Company's other intangible assets consist of software and trademark assets that have a finite life of greater than one year.

Goodwill and other intangible assets with finite useful lives must be tested for impairment when an event occurs or circumstances change indicating that the fair value of the entity may be below its carrying amount (a "Triggering Event"). If no Triggering Event occurs, further impairment testing is not necessary. The Company determined that there were no Triggering Events for goodwill or intangible assets during the period from July 15, 2022 (inception) through December 31, 2022.

If a Triggering Event is identified, the quantitative goodwill impairment test is based upon a comparison of the estimated fair value of the Company to its carrying value. The fair values utilized in this evaluation would be estimated based upon future cash flow projections. An impairment charge is recognized for any amount by which the carrying amount of goodwill exceeds its implied fair value. Any impairment charges are reported as a separate line item within income from operations in the statement of income.

BASECAMP FRANCHISE HOLDINGS, LLC AND SUBSIDIARIES
(A Limited Liability Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill and other intangible assets (continued)

The quantitative impairment test for intangible assets with finite useful lives is based upon a comparison of the carrying amount of an intangible asset to the estimated future undiscounted net cash flows expected to be generated by the asset. If the estimated future undiscounted net cash flows are less than the carrying amount of the asset, the asset is considered impaired. The impairment expense is determined by comparing the estimated fair value of the intangible asset to its carrying value, with any shortfall from fair value recognized as an expense.

Property and equipment

Property and equipment are carried at cost. Expenditures for maintenance and repairs are expensed currently, while renewals and betterments that materially extend the life of an asset are capitalized. The cost of assets sold, retired, or otherwise disposed of, and the related allowance for depreciation, are eliminated from the accounts, and any resulting gain or loss is recognized.

Depreciation is provided using the straight-line and various accelerated methods over the estimated useful lives of the assets, which are as follows:

Furniture and fixtures	5-7 years
Computer hardware	3 years

Impairment of long-lived assets

In accordance with FASB ASC 360, *Property, Plant, and Equipment*, the Company's long-lived assets are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount of the asset in question may not be recoverable. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount of the asset, the Company recognizes an impairment loss based on the estimated fair value of the asset. There were no indicators of impairment and, accordingly, no impairment charges were required for the the period from July 15, 2022 (inception) through December 31, 2022.

Leases

The Company determines if an arrangement is a lease at the inception of the contract. At the lease commencement date, each lease is evaluated to determine whether it will be classified as an operating or finance lease. For leases with a lease term of 12 months or less (a "Short-term" lease), any fixed lease payments are recognized on a straight-line basis over such term, and are not recognized on the consolidated balance sheet.

Lease terms include the noncancellable portion of the underlying leases along with any reasonably certain lease periods associated with available renewal periods, termination options and purchase options. The Company uses the risk-free discount rate when the rate implicit in the lease is not readily determinable at the commencement date in determining the present value of lease payments.

Advertising

Advertising costs are expensed as incurred and amounted to \$51,176 for the period from July 15, 2022 (inception) through December 31, 2022.

BASECAMP FRANCHISE HOLDINGS, LLC AND SUBSIDIARIES
(A Limited Liability Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently issued but not yet effective accounting pronouncements

In June 2016, FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"). The amendments in this update require a new topic to be added (Topic 326) to the ASC and removes the thresholds that entities apply to measure credit losses on financial instruments measured at amortized cost, such as loans, trade receivables, reinsurance recoverables, and off-balance-sheet credit exposures, and held-to-maturity securities. Under current U.S. GAAP, entities generally recognize credit losses when it is probable that the loss has been incurred. The guidance under ASU 2016-13 will remove all current recognition thresholds and will require entities under the new current expected credit loss ("CECL") model to recognize an allowance for credit losses for the difference between the amortized cost basis of a financial instrument and the amount of amortized cost that an entity expects to collect over the instrument's contractual life. The new CECL model is based upon expected losses rather than incurred losses. Additionally, the credit loss recognition guidance for available-for-sale securities is amended and will require that credit losses on such debt securities should be recognized as an allowance for credit losses rather than a direct write-down of amortized cost balance. The ASU is effective for fiscal years beginning after December 15, 2022. The Company is evaluating the effect that ASU 2016-13 will have on its consolidated financial statements and related disclosures.

Subsequent events

In accordance with FASB ASC 855, *Subsequent Events*, the Company has evaluated subsequent events through April 20, 2023, the date on which these consolidated financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in the consolidated financial statements.

NOTE 3. REORGANIZATION

On September 30, 2022, the Parent was assigned certain assets, including the marks, intellectual property, franchise agreements and other assets from Kid to Kid Franchise System, Inc., Uptown Cheapskate, LLC and BaseCamp Franchising LLC (collectively referred to as the "Predecessor Franchisors"). The Parent subsequently contributed all of the assets assigned from the Predecessor Franchisors to BaseCamp Holdings and BaseCamp Holdings contributed the assigned assets to BaseCamp. BaseCamp subsequently contributed the respective assigned franchise agreements to Kid to Kid and Uptown.

Subsequent to the contribution of the assigned assets, HPC BaseCamp Holdings, LLC ("HPC Holdings") acquired 60% of the equity of the Parent in exchange for a total consideration of \$40,600,000, which consisted of \$26,000,000 cash, \$4,000,000 note payable more fully described in Note 10 and the fair value of additional payments to the Predecessor Franchisors based on the achievement of certain targets (the "Earn Out Payment") for the period from October 1, 2022 through December 31, 2024, which amounted to \$10,600,000. The maximum Earn Out Payment is \$12,000,000.

The Company treated the transaction as a business combination in accordance with the acquisition method of accounting pursuant to FASB ASC 805, *Business Combination*, and pushdown accounting was applied to record the fair value of the assets acquired by the Company. Under this method, the purchase price was allocated to the identifiable assets

BASECAMP FRANCHISE HOLDINGS, LLC AND SUBSIDIARIES
(A Limited Liability Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3. REORGANIZATION (CONTINUED)

acquired and liabilities assumed based on their estimated fair values at the date of the transaction. Any excess of the amount paid over the estimated fair value of the identifiable net assets acquired was allocated to goodwill.

The assignment of the assets and subsequent investment is herein after referred to as the "Reorganization."

The following assets and liabilities were recognized in the transaction:

Accounts receivable	\$ 1,272,331
Accounts receivable - related party	96,056
Inventory	90,813
Prepaid expenses	114,710
Prepaid commissions	233,500
Property and equipment	71,654
Accounts payable and accrued expenses	(1,639,755)
Contract liabilities	(848,517)
Intangible assets	<u>30,100,000</u>
Total identifiable net assets	29,490,792
Goodwill	<u>28,777,854</u>
Total assets	58,268,646
Less amounts financed:	
Loan payable (Note 9)	14,000,000
Note payable - Seller (Note 10)	<u>4,000,000</u>
Member's equity	<u>\$ 40,268,646</u>

NOTE 4. FRANCHISED OUTLETS

The following data reflects the status of the Company's franchises for Uptown as of December 31, 2022:

Franchises sold	6
Franchises purchased	-
Franchised outlets in operation	113
Franchisor owned outlets in operation	14

The following data reflects the status of the Company's franchises for Kid to Kid as of December 31, 2022:

Franchises sold	-
Franchises purchased	-
Franchised outlets in operation	113
Franchisor owned outlets in operation	13

BASECAMP FRANCHISE HOLDINGS, LLC AND SUBSIDIARIES
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NOTE 5. CONCENTRATIONS OF CREDIT RISK

Cash

The Company maintains accounts in major banks located in the United States of America, which are insured by the Federal Deposit Insurance Corporation (the "FDIC"). At times, such balances may exceed the FDIC insurance limit. The Company has not experienced any losses on such accounts.

Accounts receivable

Concentrations of credit risk with respect to accounts receivable are limited because a large number of geographically diverse franchisees and their customers make up the Company's customer base, thus spreading the trade credit risk. At December 31, 2022, no franchisee represents greater than 10% of total accounts receivable. The Company controls credit risk through credit approvals, credit limits and monitoring procedures. The Company performs credit evaluations of its franchisees but generally does not require collateral to support accounts receivable.

NOTE 6. MARKETING AND COOPERATIVE FUNDS

Marketing fund

Pursuant to the structured form of the franchising arrangement, the Company reserves the right to collect marketing fund fees up to 0.5% of franchisees' reported sales. These funds are to be spent solely on advertising and related expenses for the benefit of the franchisees with a portion designated to offset the Company's administrative costs to administer the funds, all at the discretion of the Company. As of December 31, 2022, the Company had expended all amounts collected on behalf of its franchisees for advertising and marketing.

Local marketing cooperative fund

In accordance with the franchise agreement, franchisees will be required to contribute into a local marketing cooperative fund if there are two or more stores in any given geographical market. When required, franchisees will contribute the greater of \$2,000 or 4% of their monthly gross revenue, with a maximum of \$5,000. Expenditures of the local marketing cooperative will be determined by the members.

NOTE 7. REVENUES AND RELATED CONTRACT BALANCES

Disaggregated revenue

The Company derives its revenues from franchisees located throughout the United States and internationally. The economic risks of the Company's revenues will be dependent on the strength of the economy in the United States, and the Company's ability to collect on its contracts. The Company will disaggregate revenue from contracts with customers by timing of revenue recognition by type of revenue, as it believes this will best depict how the nature, amount, timing and uncertainty of revenue and cash flows will be affected by economic factors.

BASECAMP FRANCHISE HOLDINGS, LLC AND SUBSIDIARIES
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NOTE 7. REVENUES AND RELATED CONTRACT BALANCES (CONTINUED)

Disaggregated revenue (continued)

Revenues by timing of recognition were as follows:

Point in time:	
Franchise fees	\$ 60,000
Royalty revenue	2,385,947
Marketing service revenue	63,334
Marketing fund revenue	272,981
Technology fees	151,595
Other revenues	<u>68,672</u>
Total point in time	3,002,529
Over time:	
Franchise fees	<u>4,062</u>
Total revenues	<u>\$ 3,006,591</u>

Contract balances

Contract assets include accounts receivable. The balance as of December 31, 2022, is \$1,121,659.

Contract liabilities are comprised of unamortized initial franchise fees received from franchisees, which are presented as "Deferred franchise fees" in the accompanying consolidated balance sheet. A summary of significant changes in deferred revenues during the period from July 15, 2022 (inception) through December 31, 2022 is as follows:

Deferred franchise revenues - inception	\$ -
Deferred franchise revenues - assumed in connection with the Reorganization	848,569
Revenue recognized during the period	(54,062)
Additions for initial franchise fees received	<u>70,000</u>
Deferred franchise revenues - end of period	<u>\$ 864,507</u>

At December 31, 2022, deferred franchise revenues are expected to be recognized as revenue over the remaining term of the associated franchise agreements as follows:

<u>Year ending December 31:</u>	<u>Amount</u>
2023	\$ 753,124
2024	15,624
2025	15,624
2026	15,624
2027	15,546
Thereafter	<u>48,965</u>
Total	<u>\$ 864,507</u>

BASECAMP FRANCHISE HOLDINGS, LLC AND SUBSIDIARIES
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NOTE 7. REVENUES AND RELATED CONTRACT BALANCES (CONTINUED)

Contract balances (continued)

Deferred franchise revenues consisted of the following at December 31, 2022:

Franchise units not yet opened	\$ 737,500
Opened franchise units	<u>127,007</u>
Total	<u>\$ 864,507</u>

At December 31, 2022, the direct and incremental costs, principally consisting of commissions, are included in "Prepaid commissions" in the accompanying consolidated balance sheet, will be recognized over the remaining term of the associated franchise agreements as follows:

<u>Year ending December 31:</u>	<u>Amount</u>
2023	\$ 44,775
2024	22,025
2025	22,525
2026	22,525
2027	22,525
Thereafter	<u>100,806</u>
Total	<u>\$ 235,181</u>

NOTE 8. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2022:

Furniture and fixtures	\$ 10,605
Computer hardware	<u>65,654</u>
Total	76,259
Less: accumulated depreciation	<u>7,149</u>
Net property, plant and equipment	<u>\$ 69,110</u>

Depreciation expense amounted to \$7,149 for the period from July 15, 2022 (inception) through December 31, 2022.

NOTE 9. LOAN PAYABLE

Loan and security agreement

On September 30, 2022, BaseCamp Holdings entered into a five-year \$14,000,000 term loan and security agreement with a financial institution (the "Term Loan") for the purpose of providing a portion of the purchase price for the Reorganization discussed in Note 3, to pay related transaction costs and expenses, and for Delayed Draw Advances as further defined in the loan and security agreement. The Term Loan is payable in quarterly installments of principal that will commence on January 31, 2023, and will mature on September 30, 2027. Interest on the Term Loan will accrue at the greater of 1% and the Secured Overnight Financing Rate ("SOFR") in effect on such date plus the applicable margin as further defined in the Term Loan agreement. The Term Loan subjects the Company to certain financial and non-financial covenants.

BASECAMP FRANCHISE HOLDINGS, LLC AND SUBSIDIARIES
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NOTE 9. LOANS PAYABLE (CONTINUED)

Loan and security agreement (continued)

The future minimum payments due on the Term Loan as of December 31, 2022, are as follows:

<u>Year ending December 31:</u>	<u>Amount</u>
2023	\$ 1,050,000
2024	1,050,000
2025	1,400,000
2026	1,400,000
2027	<u>9,100,000</u>
Total	<u>\$ 14,000,000</u>

Interest expense in connection with the Term Loan for the period from July 15, 2022 (inception) through December 31, 2022, was \$277,030.

NOTE 10. NOTE PAYABLE - SELLER

On September 30, 2022, in connection with the Reorganization more fully discussed in Note 3, BaseCamp Holdings entered into a \$4,000,000 subordinated promissory note with Kid to Kid Franchise System, Inc. at an annual interest rate of 11% payable monthly. The total principal amount is due on March 31, 2028.

Interest expense in connection with this note for the period from July 15, 2022 (inception) through December 31, 2022, was \$110,904.

NOTE 11. GOODWILL

Estimated future amortization of goodwill at December 31, 2022, is as follows:

<u>Year ending December 31:</u>	<u>Amount</u>
2023	\$ 2,877,785
2024	2,877,785
2025	2,877,785
2026	2,877,785
2027	2,877,785
Thereafter	<u>13,669,733</u>
Total	<u>\$ 28,058,658</u>

Amortization expense for goodwill amounted to \$719,196 for the period from July 15, 2022 (inception) through December 31, 2022.

BASECAMP FRANCHISE HOLDINGS, LLC AND SUBSIDIARIES
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NOTE 12. INTANGIBLE ASSETS

Intangible assets consisted of the following at December 31, 2022:

Software	\$ 9,800,000
Trademark - Kid to Kid	4,200,000
Trademark - Uptown Cheapskate	<u>16,100,000</u>
Total	30,100,000
Less: accumulated amortization	<u>752,500</u>
Intangible assets, net	<u>\$ 29,347,500</u>

Intangible assets are amortized on a straight-line basis over 10 years.

Amortization expense for other intangibles amounted to \$752,500 for the period from July 15, 2022 (inception) through December 31, 2022.

Estimated future amortization of the intangible assets at December 31, 2022, is as follows:

<u>Year ending December 31:</u>	<u>Amount</u>
2023	\$ 3,010,000
2024	3,010,000
2025	3,010,000
2026	3,010,000
2027	3,010,000
Thereafter	<u>14,297,500</u>
Total	<u>\$ 29,347,500</u>

NOTE 13. COMMITMENTS AND CONTINGENCIES

Operating leases

The Company has an operating lease agreement for its corporate office expiring in August 2032. Total lease expense, for the period from July 15, 2022 (inception) through December 31, 2022, amounted to \$80,619.

Total future minimum non-cancelable lease payments as of December 31, 2022, are as follows:

<u>Year Ending December 31:</u>	<u>Amount</u>
2023	\$ 312,054
2024	316,550
2025	316,550
2026	316,550
2027	316,550
Thereafter	<u>1,477,235</u>
Total minimum lease payments	3,055,489
Less: amount representing interest	<u>489,714</u>
Present value of net minimum lease payments	2,565,775
Less: current portion	<u>220,265</u>
Long-term portion	<u>\$ 2,345,510</u>

BASECAMP FRANCHISE HOLDINGS, LLC AND SUBSIDIARIES
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NOTE 13. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Operating leases (continued)

The lease term and discount rates were as follows:

Weighted-average remaining lease term (years) of operating leases	<u>9.7</u>
Weighted-average discount rate (%) of operating leases	<u>3.67 %</u>

NOTE 14. RELATED-PARTY TRANSACTIONS

Related-party transactions

The Company, in the normal course of business, regularly enters into transactions with individual franchise locations that are owned or managed by related parties of the Company. As a result of these transactions, revenues from these related-party franchise locations amounted to \$246,524 for the period from July 15, 2022 (inception) through December 31, 2022.

License agreement

On September 30, 2022, Uptown and Kid to Kid each entered into a perpetual royalty-free license agreement with BaseCamp for the use of the registered name "Uptown Cheapskate" and "Kid to Kid," respectively, in the United States of America and international markets (the "license agreement"). Pursuant to the license agreement, Uptown and Kid to Kid acquired the right to sell "Uptown Cheapskate" and "Kid to Kid" franchises, respectively, and the right to earn franchise fees, royalties and other fees from franchisees.

NOTE 15. 401(k) PLAN

The Company sponsors a defined contribution 401(k) profit-sharing plan covering substantially all of its employees. The Company made matching contributions of \$30,506 for the period from July 15, 2022 (inception) through December 31, 2022.

Exhibit H – General Release

GENERAL RELEASE

The following is our current general release language that we expect to include in a release that a franchisee and/or transferor may sign as part of a renewal or an approved transfer as well as on other occasions that we deem appropriate. We may, at our sole option, periodically modify the release.

THIS GENERAL RELEASE (the "**Release**") is made and entered into on this _____ day of _____, 20____ (the "**Effective Date**"), by and between:

- Kid to Kid Franchise System, LLC, a Delaware limited liability company ("**Franchisor**"); and

- _____
a [resident of] [corporation organized in] [limited liability company organized in] _____
[("**Franchisee**")] [("**Transferor**")].

BACKGROUND:

A. Franchisor and [Franchisee] [Transferor] are parties to a Franchise Agreement dated _____ (the "**Franchise Agreement**") regarding the operation of a "Kid to Kid" (also referred to as the "Franchised Business");

B. Franchisor and [Franchisee] [Transferor] have agreed, pursuant to the Franchise Agreement, [to renew or extend Franchisee's rights under the Franchise Agreement (the "**Renewal Transaction**") [to permit a transfer or assignment of _____ pursuant to the Franchise Agreement (the "**Transfer Transaction**")], and in connection with the [Renewal Transaction] [Transfer Transaction], Franchisor and [Franchisee] [Transferor] have agreed to execute this Release, along with such other documents related to the approved [Renewal Transaction] [Transfer Transaction].

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party set forth herein, hereby agree as follows:

1. Release. [Franchisee] [Transferor], its officers and directors and principals, and their respective agents, heirs, administrators, successors and assigns (the "**Franchisee Group**"), hereby forever release and discharge, and forever hold harmless Franchisor, its current and former affiliates and predecessors, and their respective shareholders, partners, members, directors, officers, employees, agents, representatives, heirs, administrators, successors and assigns (the "**Franchisor Group**") from any and all claims, demands, debts, liabilities, actions or causes of action, costs, agreements, promises and expenses of every kind and nature whatsoever, at law or in equity, whether known or unknown, foreseen and unforeseen, liquidated or unliquidated, which [Franchisee] [Transferor] and/or its Principals had, have or may have against any member of the Franchisor Group, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, and any claims or causes of action arising from, in connection with or in any way related or pertaining, directly or indirectly, to the Franchise

Agreement, and Franchisor's performance thereunder, the relationship created by the Franchise Agreement, [all other agreements between either of the Transferors and any member of the Franchisor Group, the sale of franchises to the Transferor,] or the development, ownership or operation of the Franchised Business. The Franchisee Group further indemnifies and holds the Franchisor Group harmless against, and agrees to reimburse them for any loss, liability, expense or damages (actual or consequential) including, without limitation, reasonable attorneys', accountants' and expert witness fees, costs of investigation and proof of facts, court costs and other litigation and travel and living expenses, which any member of the Franchisor Group may suffer with respect to any claims or causes of action which any customer, creditor or other third party now has, ever had, or hereafter would or could have, as a result of, arising from or relating to the Franchise Agreement or the Franchised Business. The Franchisee Group and its Principals represent and warrant that they have not made an assignment or any other transfer of any interest in the claims, causes of action, suits, debts, agreements or promises described herein.

[Note for California Release – add the following:

Except as set forth herein, Franchisee Group expressly relieves and relinquishes all rights and benefits afforded by Section 1542 of the Civil Code of the State of California ("Section 1542"), and does so understanding and acknowledging the significance and consequence of such specific waiver of Section 1542. Section 1542 states as follows:

"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."

Notwithstanding the provisions of Section 1542, and for the purpose of implementing the general release and discharges described in this paragraph, Franchisee Group expressly acknowledges that this Release is intended to include in its effect without limitation, all claims described in this paragraph which Franchisee Group does not know or suspect to exist in its favor at the time of execution hereof, and that this Release contemplates the extinguishment of any such claims.]

[Note for Maryland Release – add the following to Section 1, at the end of the first sentence: "excluding only such claims arising under the Maryland Franchise Registration and Disclosure Law."]

[Note for Minnesota Release – add the following to Section 1, at the end of the first sentence: "excluding only such claims arising under the Minnesota Franchises Law."]

[Note for Washington Release – add the following to Section 1, at the end of the first sentence: "excluding only such claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder."]

2. General Terms.

2.1. This Release will be binding upon, and inure to the benefit of, each party's respective heirs, representatives, successors, and assigns.

2.2. This Release will take effect upon its acceptance and execution by each of the parties hereto.

2.3. This Release may be executed in counterparts, and signatures exchanged by fax or pdf, and each such counterpart, when taken together with all other identical copies of this Release also signed in counterpart, will be considered as one Release.

2.4. The captions in this Release are for the sake of convenience only, and will neither amend nor modify the terms hereof.

2.5 The parties agree that all actions arising under this Release must be commenced in the state or federal court of general jurisdiction in Utah, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he/she/it might have to either the jurisdiction of or venue in those courts. This Release will be interpreted and construed under the laws of the State of Utah. In the event of any conflict of law, the laws of the State of Utah will prevail (without regard to, and without giving effect to, the application of Utah conflict of law rules).

2.6. This Release constitutes the entire, full, and complete agreement between the parties concerning the subject matter hereof, and supersedes all prior agreements and communications concerning the subject matter hereof. No other representations have induced the parties to execute this Release. The parties agree that they have not relied upon anything other than the words of this Release in deciding whether to enter into this Release.

2.7. No amendment, change, or variance from this Release will be binding on either party unless in writing and agreed to by all of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Release in duplicate on the day and year first above written.

Kid to Kid Franchise System, LLC

Franchisor

[Franchisee] [Transferor]

By:_____

By:_____

Name:_____

Name:_____

Title:_____

Title:_____

Exhibit I – Detailed Training Schedule

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
DAY 1			
Welcome & Introduction	.25	0	Corporate Office ⁽¹⁾
Training Overview	.25	0	Corporate Office ⁽¹⁾
Introduction to Fashion	.50	0	Corporate Office ⁽¹⁾
Introduction to Gatekeeper	.50	0	Corporate Office ⁽¹⁾
Store Flow & Check-in Procedure	1.00	0	Corporate Office ⁽¹⁾
Pre-sorting Overview & Practice	2.00	0	Corporate Office ⁽¹⁾
Introduction to Buying Software	1.00	0	Corporate Office ⁽¹⁾
Buying Categories & What Not to Buy	3.50	0	Corporate Office ⁽¹⁾
DAY 2			
Introduction to POS System	1.50	0	Corporate Office ⁽¹⁾
POS System Training	1.50	0	Corporate Office ⁽¹⁾
Buying Categories (cont.)	6.00	0	Corporate Office ⁽¹⁾
DAY 3			
Marketing Training	6.00	0	Corporate Office ⁽¹⁾
Tech Training	1.00	2.00	Corporate Office ⁽¹⁾
Inventory Management	2.00	2.00	Corporate Office ⁽¹⁾
DAY 4			
Accounting Training	3.00	0	Corporate Office ⁽¹⁾
New Product Overview & Receiving	1.50	0	Corporate Office ⁽¹⁾
Merchandising	1.00	0	Corporate Office ⁽¹⁾
Store Flow & Practice	0	1.00	Local Franchise Store ⁽²⁾
In-Store Functions & Practice	0	2.50	Local Franchise Store ⁽²⁾
DAY 5			
Reports Training	3.00	0	Corporate Office ⁽¹⁾
Staffing & Management	2.00	0	Corporate Office ⁽¹⁾
What Happens Next	2.00	0	Corporate Office ⁽¹⁾
Let's Practice / Flex Time	2.00	0	Corporate Office ⁽¹⁾
DAY 6			
Store Practice	0	8.00	Local Franchise Store ⁽²⁾

(1) Training is held at Uptown Cheapskate's Corporate office located at 39 E Eagle Ridge Drive, Suite 100, North Salt Lake, Utah 84054. There is no charge for this training, but you will be responsible for all transportation, meals, lodging, compensation and incidental expenses.

(2) Training is held at a Salt Lake City area Uptown Cheapskate store, or at another location within 50 miles of Salt Lake City. There is no charge for this training, but you will be responsible for all transportation, meals, lodging, compensation and incidental expenses.

(3) Fashion Field Trips are conducted at Salt Lake City area malls, stores, outlets, etc.

EXHIBIT J - Guarantees of Performance

Kid to Kid®'s affiliates Uptown Cheapskate® Franchise System, LLC and BaseCamp® Franchising, LLC have guaranteed the performance of Kid to Kid® with respect to its duties and obligations under the franchise agreed as provided below:

Guarantee of Uptown Cheapskate® Franchise System, LLC

For value received, **Uptown Cheapskate® Franchise System, LLC a Delaware Limited Liability Company**, (the "Guarantor"), located at 39 E. Eagle Ridge Drive, #100, North Salt Lake, UT 84054, absolutely and unconditionally guarantees to assume the duties and obligations of **Kid to Kid® Franchise System, Inc, a Delaware Limited Liability Company**, located at 39 E. Eagle Ridge Drive, #100, North Salt Lake, UT 84054, (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its **2023** Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified, or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at North Salt Lake, Utah, on the 2nd day of March, 2023.

Guarantor:

Uptown Cheapskate Franchise System®, LLC

By: ZD Gordon

Name: Zach Gordon

Title: Co-CEO

Guarantee of BaseCamp® Franchising, LLC

For value received, **BaseCamp® Franchising, LLC a Delaware Limited Liability Company**, (the "Guarantor"), located at 39 E. Eagle Ridge Drive, #100, North Salt Lake, UT 84054, absolutely and unconditionally guarantees to assume the duties and obligations of **Kid to Kid® Franchise System, Inc, Delaware Limited Liability Company**, located at 39 E. Eagle Ridge Drive, #100, North Salt Lake, UT 84054, (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its **2023** Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified, or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at North Salt Lake, Utah, on the 2nd day of March, 2023.

Guarantor:

BaseCamp® Franchising, LLC

By: ZDGordon

Name: Zach Gordon

Title: Co-CEO

Exhibit K – Loan



BaseCamp Loan
 39 E. Eagle Ridge Drive, #100
 North Salt Lake, Utah 84054
 Phone (801) 359-0071
 Fax (801) 359-3207

Company Name (“Borrower” or “you”): _____

Store Address: _____

Store Phone: _____ Store email: _____

TERMS				
Principal	Annual Interest Rate	Payment Due Date	Term (in Months)	Monthly Payment

On this _____ day of, _____ in consideration for a loan to assist in the purchase of furniture, fixtures, and equipment described in the attached Asset Schedule, you (the “Borrower”) promise to pay to BaseCamp Franchising, LLC, (the “Lender”) the Principal together with interest earned at the Annual Interest Rate described in the Terms above. Starting on the Payment Due Date, and continuing for the Term (in Months), you authorize Lender to withdraw by ACH the amortized Monthly Payment from the following account:

Routing #	Checking #
Financial Institution	Branch

All payments shall be first applied to interest and the balance to principal.

Processing Fee – As an inducement to make the loan, you shall pay Lender a non-refundable processing fee of Five Hundred Dollars (\$500) upon the execution of this agreement.

Late Fees - In the event that you do not make funds available for withdrawal by ACH as set forth herein, you shall pay a late fee in the amount of Twenty Five Dollars (\$25) per day, provided that such fee is permitted by law.

Assets – You have listed the furniture, fixtures, and equipment (“Assets”) you are purchasing with the Loan proceeds on the attached Asset Schedule. It is your responsibility to take delivery of, inspect, and approve them. Once the Lender has

disbursed the Principal to you or your designated vendor, you promise to pay the Loan according to its terms and conditions, even if the assets are incomplete, unfit, damaged, deficient, improperly installed, or they fail. You promise to use the Assets in the operation of your Kid to Kid® or Uptown Cheapskate® business, and not for personal or household use, and to keep them in good working order.

Insurance - You promise to purchase and maintain insurance on the Assets, and name the Lender as an additional insured per the attached Insurance Binder Request.

Security Interest – To the extent permitted by the Uniform Commercial Code, you grant the Lender a first priority security interest in the Assets and authorize and assist the Lender in filing a UCC financing statement. If any interest or charge exceeds the provisions of a usury law, then such interest or fee will be treated as a payment to principal and any remaining excess refunded to you.

Borrower's Address - You shall provide prompt written notice to the Lender of any change of address.

Prepayment - This Loan may be prepaid in whole or in part at any time without premium or penalty. All prepayments shall first be applied to interest, and then to principal payments in the order of their maturity.

Taxes – You agree to pay any applicable sales or use taxes related to the purchase of the Assets, and to promptly pay all property taxes levied against them.

Default – You will be in default if any of the following occurs: a. You do not make funds available for ACH withdrawal as required; b. You assign, pledge, lease, allow another to use, convert to personal use, remove, sell or lose possession of the Assets.

Remedies - In the event of default, Lender may do one or more of the following:

a. Take possession and ownership, or designate another to take possession and ownership of the Assets without any court order, and sell, lease or dispose of the Assets in a commercially reasonable manner, with or without notice, at a public or private sale and apply the proceeds (after deducting the costs of sale) to the amount you owe. If the net proceeds do not pay Lender everything you owe, you are liable for the difference.

b. Withdraw from your account, without notice, all past payment due and/or sue you for future payments due under this Loan, plus reasonable collection and legal costs.

c. Exercise any remedy at law or equity, notice being expressly waived by you and your guarantors.

In the event that you fail to make any payment due under the terms of this Loan, or breach any condition relating to any security, security agreement, note, mortgage or lien granted as collateral security for this Loan, seek relief under the Bankruptcy Code, or suffer an involuntary petition in bankruptcy or receivership not vacated within thirty (30) days, the

entire balance of this Loan and any interest accrued thereon shall be immediately due and payable.

You agree to pay all costs and expenses incurred by the Lender, including all reasonable attorney fees (including both hourly and contingent attorney fees as permitted by law) for the collection of this Loan upon default, and including reasonable collection charges (including, where consistent with industry practices, a collection charge set as a percentage of the outstanding balance of this Loan) should collection be referred to a collection agency.

Modification - No modification or waiver of any of the terms of this Agreement shall be allowed unless by written agreement signed by both parties. No waiver of any breach or default hereunder shall be deemed a waiver of any subsequent breach or default of the same or similar nature.

Transfer of the Loan - You hereby waive any notice of the transfer of this Loan by the Lender or by any subsequent holder of this Loan, agree to remain bound by the terms of this Loan subsequent to any transfer, and agree that the terms of this Loan may be fully enforced by any subsequent holder.

Severability of Provisions - In the event that any portion of this Loan is deemed unenforceable, all other provisions of shall remain in full force and effect.

Authority to Sign - You represent that the individuals signing on behalf of the Borrower below have the authority to do so.

Entire Agreement - This Loan constitutes the entire agreement between you and the Lender, and supersedes all prior discussions, communications, and promises, between you, the Lender, and its affiliates.

Choice of Law - All terms and conditions of this Loan shall be interpreted under the laws of the State of Utah and you consent to submit to the exclusive jurisdiction of such courts and waive local venue with respect to any claims under this Loan.

This is a binding contract and cannot be cancelled. Please read it carefully before signing it and call the Lender at (801) 359-0071 if you have any questions.

By: _____
Borrower Company

By: _____
Owner's Signature

Print Owner's Name

Its: _____
Title

By: _____
Owner's Signature

Print Owner's Name

Its: _____
Title

By: _____
Owner's Signature

Print Owner's Name

Its: _____
Title

By: _____
Owner's Signature

Print Owner's Name

Its: _____
Title

ASSET SCHEDULE

Identify whether the item is furniture, a fixture, or equipment.

Lined area for asset entries.

Insurance Rider Request



BASECAMP
FRANCHISING

39 E. Egel Ridge Drive, #100
North Salt Lake, Utah 84054
(801) 359-0071

To: _____

Re: **Insurance Rider Request**

Your insured listed below is financing furniture, fixtures, or equipment through us. Our agreement with your insured requires that they insure those assets, naming BaseCamp Franchising, LLC as an Additional Insured with the following coverages:

Property/Contents: Insurance for fire, theft, extended coverage, vandalism, malicious mischief for the full replaceable value of the equipment.

Public Liability: Minimum limits of \$250,000/\$500,000 for bodily injury and \$250,000/\$500,000 for property damage.

Please send us a certificate of insurance as follows:

YOUR INSURED	LOSS PAYEE/ADDITIONAL INSURED
Company:	BaseCamp Franchising, LLC
Attention:	Attention: Zach Gordon
Address:	39 E. Eagle Ridge Drive, #100
Phone:	North Salt Lake, Utah 84054
Fax:	Phone: (801) 359-0071
Email:	Fax: (801) 359-3207
ASSETS TO BE INSURED	INSURABLE VALUE
EQUIPMENT LOCATION	EFFECTIVE DATE OF INSURANCE

PERSONAL GUARANTEE

In consideration of and as an inducement to the execution of that certain loan agreement ("Note") between BaseCamp Franchising, LLC ("Lender") and _____ ("Borrower"), each of the undersigned Guarantors hereby personally and unconditionally guarantees to Lender and its successors and assigns, the punctual payment of all principal, interest, charges, and fees due Lender under the Note (collectively, the "Obligations").

Each of the undersigned consents and agrees that:

- (1) he or she has carefully read the Note and this Guarantee, and understands all terms;
- (2) his or her direct and immediate liability under this Guarantee shall be joint and several, and may not be revoked;
- (3) he or she shall render any payment or performance required under the Agreement upon demand if Borrower fails or refuses punctually to do so;
- (4) Lender may proceed against him or her to enforce this Guarantee without first proceeding against the Borrower, and that this Guarantee is enforceable even if Borrower goes out of business, declares bankruptcy, or fails to pay for any reason;
- (5) such liability shall not be diminished, relieved or otherwise affected by any set-off, recoupment, deductions, extension of time, credit, or other indulgence which Lender may from time to time grant to Borrower or to any other person, including without limitation the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable until all Obligations have been satisfied;
- (6) he or she waives presentment, demand, protest, or notice;
- (7) he or she is subject to, and consents to the jurisdiction of Utah courts and waives local venue with respect to claims arising hereunder; and
- (8) a facsimile or electronic copy of this Guarantee and Note shall be valid and binding.

Guarantor(s):

X _____
Signature Date

Printed name Social Security Number

Home Address Email

X _____
Signature

Date

Printed name

Social Security Number

Home Address

Email

X _____
Signature

Date

Printed name

Social Security Number

Home Address

Email

EXHIBIT L - Table of Contents for Operating Manuals

Kid to Kid Franchise System, Inc.

Manuals and Sections	# Pages
*New Store Build-out Wiki	
New Owner Responsibilities	40
Computer & Network Configurations	15
Operational and Processing	25
TOTAL PAGES	80
Annual Priorities	
2023 Introduction & Planning Guide	14
Winter 2022-23	7
Spring	42
Summer	20
Fall	40
Winter 2023-24	20
Inventory Management	29
Quick Guide	27
Marketing Your Store	44
BaseCamp Basics	12
TOTAL PAGES	254
Buyer Notebook	
Cover pages	4
Discount Schedule	1
Introduction	3
Monthly pages	52
TOTAL PAGES	60
Communication Log (Quarterly)	
Cover pages	4
How To Guides	6
Daily Pages	197
Resources	21
TOTAL PAGES	226

Manuals and Sections

Pages

Managerial Accounting Workbook

Introduction	11
Quickbooks	23
Checklist	1
TOTAL PAGES	35

***Tech Wiki**

General	3
Hardware	8
Software	6
Baseline	75
IMAP	39
"QTM"	6
Misc.	3
TOTAL PAGES	140

*Note: Page numbers are approximate. The Wiki is constantly being updated and supplemented.

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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 disclosure document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following dates:

<u>State</u>	<u>Effective Date</u>
California	pending
Florida	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 exception of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.