

FRANCHISE DISCLOSURE DOCUMENT

Weathersby Guild, Inc.
A Georgia Corporation
403 Cimaron Park
Peachtree City, GA 30269
(678) 481-7518
www.WeathersbyGuild.com



As a franchisee, you operate a "Weathersby Guild" franchised business that offers furniture repair and restoration services under the name WEATHERSBY GUILD.

The total investment necessary to begin operation of a WEATHERSBY GUILD franchised business ranges from \$71,590 to \$98,130. This includes an initial fee of \$49,000 that must be paid to the franchisor.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the Franchise Administration Department at 403 Cimaron Park, Peachtree City, GA 30269 (678) 481-7518.

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

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

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

DATE OF ISSUANCE: May 1, 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 [H] 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 Weathersby Guild 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 Weathersby Guild franchisee?	Item 20 or Exhibits F and G list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Georgia. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Georgia than in your own state.

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

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

The franchisor is WEATHERSBY GUILD, INC. For ease of reference, WEATHERSBY GUILD, INC. and WEATHERSBY GUILD will be referred to as “we”, “us”, “our”, or “WEATHERSBY GUILD” in this Disclosure Document. We will refer to the person or entity who buys the franchise as “you” and “your” throughout this Disclosure Document. If you are a corporation, certain provisions of the franchise agreement also apply to your owners and will be noted.

We are a Georgia corporation, incorporated on August 5, 2002. We do business as WEATHERSBY GUILD, INC. and WEATHERSBY GUILD. Our principal business address is 403 Cimaron Park, Peachtree City, GA 30269.

We do not have any parents or predecessors. We have 1 affiliate that is the sole supplier of the e-Status software that franchisees must use in the operation of the Licensed Business. EStatus Web Applications, Inc. is a Georgia corporation, formed on March 8, 2004. Its address and telephone number is the same as ours. EStatus Web Applications, Inc. has never engaged in the offer or sale of franchises in this or in any other line of business.

We operate and sell franchises for the operation of a business known as WEATHERSBY GUILD (the “Business” or “WEATHERSBY GUILD business”) within a specific geographic territory (the “Territory”). We operate under our corporate name, WEATHERSBY GUILD, INC. and the service mark “WEATHERSBY GUILD” and no other name. We have offered WEATHERSBY GUILD franchises since 2003. We do not currently, and have not previously, offered franchises in any other line of business. In addition to offering franchises, we also operate a WEATHERSBY GUILD business in the Atlanta, Georgia area.

WEATHERSBY GUILD’s agents for service of process are disclosed in Exhibit A.

The WEATHERSBY GUILD franchise which we offer (the “Franchise”) is a furniture repair and restoration type business that offers repair, restoration and refinishing, of furniture, antiques, doors, millwork, paneling, molding, banisters, cabinetry and mantles, as well as claims handling and related services (the “Services”).

Potential customers for your WEATHERSBY GUILD business include members of the general public as well as businesses, including the household goods moving industry, which has a special need for the Services.

We offer a Franchise Agreement for the development and operation of a single Business operating within a specified territory.

The Business is characterized by; uniform guidelines, specifications, and procedures for operations; procedures for quality control; training and ongoing operational assistance; all of which may be changed, improved, and further developed by WEATHERSBY GUILD from time to time (the “System”).

The System is identified by means of certain trade names, service marks, trademarks, slogans, logos, emblems, and indicia of origin, including, but not limited to, the mark “WEATHERSBY GUILD”, which was registered on the Principal Register of the United States Patent and Trademark Office on June 1, 2004, Registration Number 78235081, and in the State of Georgia on December 22, 2003, Registration No. S-20932.

You will be competing with other businesses that offer some or all of the Services. The market for the Services is highly developed in most areas.

You are solely responsible for complying with all local, state and federal laws and regulations in the operation of your Business. To the best of our knowledge, there are no industry specific laws or regulations applicable to your WEATHERSBY GUILD business. However, it is your responsibility to determine any laws or regulations that may apply in the territory in which you operate your WEATHERSBY GUILD business and you should seek the advice of your attorney or other professionals and make further inquiries about such laws or regulations before you commence operation of your WEATHERSBY GUILD business.

Item 2. BUSINESS EXPERIENCE

The members of the franchisor’s Board of Directors, executives and those employees who have management responsibility related to the sale or operation of the franchises offered in this Franchise Disclosure Document are:

President and CEO: Kent Weathersby

August, 2002–present: President and CEO of Weathersby Guild, Inc. (Peachtree City, Georgia)

Item 3. LITIGATION

In Re Weathersby Guild, was brought by the Commissioner of the Rhode Island Department of Business Regulation, Division of Securities, as a result of the Franchisor’s sale of a franchise in Rhode Island prior to Franchisor having an effective registration or exemption from registration in Rhode Island. The Franchisor self-reported the violation and paid a fine of \$1,500. The Franchisor was required to offer rescission to the Rhode Island franchisee. The matter was concluded on June 29, 2015, with the entry of a Consent Order.

Other than the 1 matter disclosed above, no litigation is required to be disclosed in this Item.

Item 4. BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

Item 5. INITIAL FEES

You pay us an initial franchise fee of \$49,000.00 (the “Initial Franchise Fee”) in a lump sum when you sign the Franchise Agreement. The Initial Franchise Fee is deemed fully earned upon payment and is nonrefundable.

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Item 6. OTHER FEES

Name of Fee	Amount	Due Date	Remarks
Royalty	7% of Gross Sales ¹	Within five (5) business days from the end of each month	Continuing Royalty Fee payable to us without counter-claim or offset.
Brand Fund	An equal share of the costs that we incur in marketing and promoting and creating marketing and promotional materials including eStatus software maintenance (currently \$67 per month)	Upon receipt of invoice	You must share the costs that we incur in marketing and promoting and creating marketing and promotional materials for WEATHERSBY GUILD.
Audit Expenses	Cost of Audit Fees plus interest at 1% per month on underreported sales.	Within ten (10) days after your receipt of audit report	Payable only if an audit shows that your Gross Sales was underreported by more than 2%
Transfer Fee	30% of the then-current Initial Franchise Fee	At the time the transferee executes a new franchise agreement	Payable if you transfer a material portion of the assets of the Business or any interest in you
Training for New or Replacement Managers	\$6,000.00	Prior to the beginning of the training program	Payable by the transferee if you transfer a material portion of the assets of the Business or any interest in you or payable by you if you hire a new manager after completion of the Initial Training Program

Name of Fee	Amount	Due Date	Remarks
Renewal Fee	\$2,000.00	At the time you execute a new franchise agreement	You must sign our then-current franchise agreement, which may contain terms and conditions which are materially different from the Franchise Agreement, however, you will not be required to pay another initial franchise fee
Costs and Attorney's Fees	Will vary	As incurred	Payable if incurred by us in obtaining the enforcement of any provision of your Franchise Agreement
Indemnification	Will vary	As incurred	You must reimburse us if we are held liable for any claims arising from your Business

All of these fees are paid to us. No other fees or payments are paid or payable to us or an affiliate, nor do we impose or collect any other fees or payments for any other third party. All of these fees are non-refundable.

Notes:

- (1) "Gross Sales" means all revenue accrued from the sale of all products and performance of services by the Franchised Business, whether for cash or credit and regardless of collection in the case of credit, and income of every kind and nature related to the Business, including insurance proceeds and/or condemnation awards for loss of sales, profits or business; provided, however, that "Gross Sales" shall not include revenues from any sales taxes or other add on taxes collected from customers by Franchisee for transmittal to the appropriate taxing authority, (the retail value of any complimentary services or trade-outs or credit card discounts from Gross Sales up to a maximum of two percent (2%) of Gross Sales in the aggregate), and the amount of cash refunds to, and coupons used by customers, provided such amounts have been included in Gross Sales. Gross Sales includes any and all revenues, except as expressly provided above, derived from the operation of the Business and/or from providing private or commercial furniture repair or restoration services, including but not limited to business with van line or insurance provider sectors, as well as any and all other business.
- (2) You must share the costs that we incur in marketing and promoting WEATHERSBY GUILD by contributing to the Brand Fund. These costs include the costs for attendance at conferences and visits to adjusters, entertainment and other marketing and promotional costs incurred by us in promoting WEATHERSBY GUILD. These costs will vary and will be shared equally by our franchisees. You pay the same amount as other franchisees. The Brand Fund Contribution is currently \$67 per month per franchisee.

Item 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Fee	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee ¹	\$49,000 - \$49,000	Lump sum	Upon signing of the Franchise Agreement	Us
Computer System	\$640 - \$730	Lump Sum	Upon purchase	Vendors
Real Estate and Improvements ³	\$1,500 - \$5,000	As incurred	As agreed	Outside Suppliers
Tools, Equipment/Supplies ³	\$6,000 - \$7,000	As incurred	As agreed	Outside Suppliers
Utility Deposits ⁴	\$350 - \$400	As agreed	As agreed	Utility company(ies)
Insurance ⁵	\$700	As incurred	As required by carrier.	Insurance Carrier
Licenses and Permits ⁶	\$300	As incurred	As required by licensing authority.	Licensing Authorities
Legal/Accounting ⁷	\$0 - \$1,500	As incurred	As incurred	Professionals consulted by you
Training Expenses ⁸	\$3,100 - \$3,500	As incurred	As incurred	Providers of travel, food & lodging
Additional Funds – 3 months ⁹	\$10,000 - \$30,000	As incurred	As incurred	Outside Suppliers
Total Estimated Initial Investment ¹⁰	\$71,590 to \$98,130			

Notes:

- (1) We describe the Initial Franchise Fee in Item 5.
- (2) Real Estate and Improvements. You will need space for a small office and to store your tools, equipment and supplies. A small workspace might also come in handy.
- (3) Tools, Equipment/Supplies. This line item is for tools, equipment (including office equipment, such as a fax/copy machine, computer, telephone equipment and a storage/file cabinet, and a suitable vehicle, such as a used small van) and supplies.
- (4) Utility Deposits. You will incur expenses associated with certain deposits with local utilities such as gas, electric, water, telephone, etc. The amount of the deposit will vary depending upon the local utility company.
- (5) Insurance. Factors that may affect the costs of your insurance include the location of your Business, the type of vehicle you use and the driving record of the driver(s) of your Business vehicle.

(6) Licenses and Permits. These amounts will vary depending on the location of your Business and whether you build or renovate your Business premises.

(7) Legal and Accounting Expenses. These amounts will vary depending on whether you retain professional services and the amounts you agree to pay for those services.

(8) Training Expenses. You will be required to pay the expenses of travel, room and board and salaries for the employees who attend the Initial Training Program.

(9) Additional funds. This item is an estimate of the funds you will need on hand during the initial phase of business operations. We estimate that you will need \$10,000 to \$30,000 to cover expenses during the initial phase. These pre-opening and post opening figures are estimates and we cannot guarantee that you will not have additional expenses starting the Business.

(10) Total Estimated Initial Investment. You should review these figures carefully with a business advisor before making any decision to purchase the Franchise. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing from other sources will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions. The estimate does not include any finance charge, interest or debt service obligation or your living expenses for at least six (6) months.

Item 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must adhere to the standards and specifications established from time to time by us with respect to office procedures, advertising materials, supplies, tools, equipment, and other items used in the operation of the Business.

You must also use the eStatus™ web application for issuing invoices - you will be granted a royalty-free non-exclusive license to utilize this software, the cost of which is included in the Initial Franchise Fee and Royalty Fees.

Except as provided above, you are not required to purchase or lease any goods, services, supplies, fixtures, tools, equipment, inventory or real estate relating to the establishment or operation of your WEATHERSBY GUILD business from us or from designated or approved suppliers.

You may purchase supplies and equipment that meet our standards and specifications from any supplier. We are not an approved supplier of any product and we do not derive any revenue from purchases of approved products or services by franchisees. Our President, Kent Weathersby owns an interest in our affiliate, EStatus Web Applications, Inc.

A list of approved products and suppliers from whom required products may be purchased are published in our Operations Manual or in policy and procedures statements or other written communication that we provide to you, as amended by us from time to time. The Operations Manual also includes specifications and standards for the operation of your WEATHERSBY GUILD business, use of the Marks, and advertising.

We estimate that required purchases represent between ten percent (10%) and fifteen percent (15%) of the cost to establish a Business and between four percent (4%) and six percent (6%) of total operating costs for goods and services thereafter. These estimates are based upon our limited operating history.

During our fiscal year ended December 31, 2021, neither we or any of our affiliates received any payments based upon your purchases of approved products or from approved suppliers.

You must provide us with copies of all insurance policies required by the Franchise Agreement, or such other evidence of insurance coverage and payment of premiums as we request or permit. You must obtain and keep in force during the term of the Franchise Agreement, the following:

1. (i) Commercial General Liability Insurance, including coverage for products-completed operations, contractual liability, personal and advertising injury, fire damage, medical expenses, having a combined single limit for bodily injury and property damage of \$1,000,000 per occurrence and \$2,000,000 in the aggregate (except for fire damage and medical expense coverage, which may have different limits of not less than \$100,000 for one fire and \$10,000 for one person, respectively); plus (ii) non-owned automobile liability insurance and, if Franchisee owns, rents or identifies any vehicles with any Names and Marks or vehicles are used in connection with the operation of the Business, automobile liability coverage for owned, non-owned, scheduled and hired vehicles having a combined single limit of \$1,000,000.00; plus (iii) excess liability umbrella coverage for the general liability and automobile liability coverage in an amount of not less than \$1,000,000 per occurrence and aggregate. All such coverages shall be on an occurrence basis and shall provide for waivers of subrogation.

2. All-risk property insurance, if franchisee maintains a facility dedicated to furniture repair operations, including theft and flood coverage (when applicable), written at replacement cost value covering the building, improvements, furniture, fixtures, equipment and inventory. Coverage shall be written in a value which will cover not less than eighty (80%) percent of the replacement cost of the building and one hundred (100%) percent of the replacement cost of the contents of the building.

3. Employer's Liability and Worker's compensation Insurance, as required by state law.

4. Business interruption insurance, at franchisee's discretion, of not less than five Thousand Dollars (\$5,000) per month for loss of income and other expenses with a limit of not less than six (6) months of coverage.

You must name us and all affiliates as additional insureds under the insurance policies.

We may receive rebates and other allowances from third party suppliers as a result of your and other franchisee's purchases. While we retain the right to keep any such rebates and/or allowances, there are currently no such arrangements in place and we do not currently receive rebates or other allowances from third party suppliers as a result of your and other franchisee's purchases.

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

Item 9. FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Section in Disclosure Document
(a) Site selection and acquisition/lease	XX.B.	7 and 11
(b) Pre-opening purchases/leases	VIII	8
(c) Site development and other pre-opening requirements	VIII, XII.G. XX.C.	6, 7 and 11
(d) Initial and ongoing training	XX.A.	11
(e) Opening	X.D.	11
(f) Fees	IX and X	5, 6 and 7
(g) Compliance with standards and policies /Operations Manual	XII.A and XII.H	11
(h) Trademarks and proprietary information	XV and XVI	13 and 14
(i) Restrictions on products/services offered	XII.I.	11 and 16
(j) Warranty and customer service requirements	Not Applicable	Not Applicable
(k) Territorial development and sales quotas	VI	12
(l) On-going product/services purchases	XII.I	8
(m) Maintenance, appearance and remodeling requirements	XII.E.	11
(n) Insurance	XIII	7 and 8
(o) Advertising	X.B. and X.C.	6, 7 and 11
(p) Indemnification	XVIII	6
(q) Owner's participation/management/staffing	XII.F. and XII.K	11 and 15
(r) Records/reports	XIV	11
(s) Inspections/audits	XII.S. and XIV.B	6
(t) Transfer	XXII	17
(u) Renewal	VII.B.	17
(v) Post-termination obligations	XXIV	17
(w) Non-competition covenants	XIX	17
(x) Dispute resolution	XXV.C.	17

Item 10. FINANCING

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

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

Except as listed below, we need not provide you with any assistance.

Before you open your Business, we will:

(1) Provide you with specifications for all tools, equipment, and supplies that you must purchase in order to operate your Business. (Franchise Agreement, Section XX.C.) We provide no other assistance with providing equipment, signs, fixtures, opening inventory and supplies. We do not deliver or install any of those items.

(2) Provide a training program consisting of from nineteen to twenty-one days of training (the "Initial Training Program") that is designed to assist your management and technicians in the management and operation of the Business. (Franchise Agreement, Section XX.A.)

(3) Loan to you, during the term of the Franchise Agreement, one copy of our confidential operating manual, which may include one or more manuals and other written materials (collectively, the "Operations Manual" or "Manual"), for the operation of a WEATHERSBY GUILD business, containing mandatory and suggested specifications, standards and operating procedures required by us and information relative to your other obligations under the Franchise Agreement. We have the right to add to, and otherwise modify, the Operations Manual to reflect changes in authorized products and services, as well as changes in specifications, standards and operating procedures of a WEATHERSBY GUILD business. Such changes may increase your operating costs. You must keep the Operations Manual confidential and current and may not copy any part of the Manual. The table of contents of the Manual as of the effective date of this Disclosure Document (which indicates the total number of pages included in the Manual and the number of pages devoted to each subject) is attached to this Disclosure Document as Exhibit E. The total number of pages in the Manual is 64. (Franchise Agreement, Section XX.E.)

(4) Approve or disapprove samples of all local advertising and promotional materials not prepared or previously approved by us and which you submit to use for approval. (Franchise Agreement, Section X.)

During your operation of the Business, we will:

(1) Provide to you and your personnel, such WEATHERSBY GUILD continuing education opportunities at locations designated by us as we deem reasonably necessary. Such opportunities may be provided by forums, newsletters, and other methods. (Franchise Agreement, Section XX.A.)

(2) Advise you of operating problems disclosed by reports submitted by you or inspections made by us and/or furnish you with such guidance and advice in connection with the operation of a WEATHERSBY GUILD business as we deem appropriate. Such guidance and advice may include methods and operating procedures utilized by WEATHERSBY GUILD; additional products and services authorized for sale by WEATHERSBY GUILD; selection, purchasing and installation of products, materials and supplies; formulating and implementing advertising and promotional programs; establishment and operation of administrative, bookkeeping, accounting, inventory control, sales and general operating procedures for the proper operation of a WEATHERSBY GUILD business; and selection and suggested pricing of products and services. (Franchise Agreement, Section XX.D.)

(3) Provide you with additional guidance and advice, at your written request and in our sole discretion, at fees and charges established by us. (Franchise Agreement, Section XX.D.)

(4) Visit the location of your WEATHERSBY GUILD business at least once, if requested, for the purpose of advising you with respect to technical matters related to WEATHERSBY GUILD services and operational and sales matters. You will be responsible for the transportation, room and board and miscellaneous expenses incurred by our personnel during these visits, which will take place as frequently as we deem necessary, and at times and dates selected by us. (Franchise Agreement, Section XX.D.)

(5) Provide the Initial Training Program to any new manager of your WEATHERSBY GUILD business, for the fee noted in Item 6. (Franchise Agreement, Section XX.A.)

Advertising and Promotion.

We are not required to spend any amount on advertising in franchisee's Territory.

Although we do not require that you spend any amount on promoting your WEATHERSBY GUILD in your Territory, all marketing and promotion by you in any manner or medium must be conducted in a professional and dignified manner and must conform to our specified standards and requirements. You must submit to us (through the mail, return receipt requested), for our prior approval (except with respect to prices to be charged), samples of all advertising or promotional plans and materials that you desire to use and that have not been prepared or previously approved by us. If you do not receive written disapproval from us within fifteen (15) days, we will be deemed to have given the required approval. You may not use any marketing or promotional materials that we have disapproved.

Brand Fund

You must share the costs that we incur in marketing and promoting WEATHERSBY GUILD by making a monthly contribution to the Brand Fund. The current monthly Brand Fund contribution is \$67. The monthly Brand Fund contribution is subject to change upon 30 days' advance notice. The Brand Fund is used for attendance at conferences and visits to insurance adjusters, entertainment and other marketing and promotional costs incurred by us in promoting WEATHERSBY GUILD, including costs to maintain and develop the eStatus software, as is more specifically described below.

All franchisees are required to contribute to the Brand Fund. Our Affiliates may contribute to the Brand Fund at a rate equal to or less than the required Brand Fund contribution rate required of franchisees. We may contribute or loan additional funds to the Brand Fund on any terms we deem reasonable.

We will direct all programs that the Brand Fund finances, with sole control over the creative concepts, materials and endorsements used and their geographic, market and media placement and allocation. The Brand Fund may pay for preparing and producing local, regional or national advertisements, video, audio and written materials and electronic media; administering regional and multi-regional marketing and advertising programs, (including, without limitation, using in-house or outside advertising, promotion and marketing agencies and other advisors to provide assistance); and supporting public relations, market research and other advertising, promotion and marketing activities.

We will account for the Brand Fund separately from our other funds (but we are not required to maintain a separate account for the Fund) and will not use the Brand Fund for any of our general operating expenses, except to compensate the reasonable salaries, administrative costs of the Fund), travel expenses and overhead we incur in administering the Brand Fund and its programs, including, without limitation, conducting market research, preparing advertising, promotion and marketing materials, and collecting and

accounting for Brand Fund contributions. We reserve the right to use the Brand Fund for the Brand Internet site, including its maintenance and improvements, for national and regional marketing campaigns and for national and regional meetings and conventions of franchisees. The Brand Fund is not our asset. The Brand Fund is not a trust, and we do not owe you fiduciary obligations because of our maintaining, directing or administering the Brand Fund or any other reason. We will not use Brand Fund contributions for advertising that is principally a solicitation for the sale of franchises except that in certain ads with available space, we may insert certain language as to the availability of franchise opportunities. The Brand Fund may spend in any fiscal year more or less than the total Brand Fund contributions in that year; borrow from us or others to cover deficits or invest any surplus for future use. We will use all interest earned on Brand Fund contributions to pay costs before using the Brand Fund's other assets. We will prepare an annual unaudited statement of Brand Fund collections and expenses and give you the statement upon written request. We may incorporate the Brand Fund or operate it through a separate entity whenever we deem appropriate. During our last fiscal year that ended on December 31, 2022, the Brand Fund collected \$35,080 from franchisees and expended \$35,081.45. The expenditures by the Brand Fund were as follows: 27% on Trade Association advertising and marketing; 14% on entertainment and 59% on software development.

We intend the Brand Fund to maximize recognition of the Marks and patronage of Weathersby Guild businesses. Although we will try to use the Brand Fund to develop advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all Businesses in the System, we need not ensure that Brand Fund expenditures in or affecting any geographic area are proportionate or equivalent to the Brand Fund contributions by Weathersby Guild businesses operating in that geographic area or that any Weathersby Guild business benefit directly or in proportion to its Brand Fund contribution from the development or placement of advertising. We may forgive, waive, settle and compromise all claims by or against the Brand Fund. We assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing or administering the Brand Fund.

We may at any time defer or reduce the Brand Fund contributions of a Weathersby Guild business and, upon thirty (30) days' prior written notice, reduce or suspend Brand Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Brand Fund. If we terminate the Brand Fund, we will distribute all unspent monies to all Weathersby Guild businesses (whether franchised or operated by us or our affiliates) in proportion to their respective Brand Fund contributions during the preceding twelve (12) month period.

We are not obligated to expend the Brand Fund Fee or placement of advertising in territory, or to ensure that your franchise business benefits directly or pro-rata from advertising fee expenditures. We will not use the Brand Fund for creating or placing any advertisements that principally solicit for new franchisees. However, we may use the Brand Fund to prepare general advertising that refers to or mentions advertising opportunities within the advertising creative. For instance, a portion of the Brand Fund may be used to create and maintain one or more pages on our website devoted to advertising franchise opportunities and identifying and screening inquiries submitted by franchise candidates.

Franchisees are not required to participate in any local or regional advertising cooperative. We do not have a national or regional advertising fund to which you are required to contribute.

There is no advertising council comprised of franchisees that advises us on advertising policies.

Site Assistance and Opening of the Franchised Business

We estimate that there will be an interval of time of thirty (30) to sixty (60) days between the execution of the Franchise Agreement and the opening of your WEATHERSBY GUILD business. The

factors that may affect this length of time include obtaining satisfactory office and storage space and local marketing efforts.

We provide no site selection assistance to you nor do we have any site selection criteria, other than your Weathersby Guild business must be located in your territory unless we otherwise consent in writing. We do not approve the site for the business if it is located in your territory.

Training:

Within sixty (60) days following the execution of the Franchise Agreement (and before you commence the operation of your WEATHERSBY GUILD business), the proposed manager of your WEATHERSBY GUILD business (which may be you, if you are an individual) must attend and satisfactorily complete, to our satisfaction, the management training portion of our Initial Training Program and all technicians (employees who will perform the Services and which may also be or include you, if you are an individual) must attend and complete, to our satisfaction, the technical training portion of the Initial Training Program. The Initial Training Program, which consists of days of training conducted at our company headquarters in Peachtree City, Georgia and other locations that we designate in the metropolitan Atlanta area, is free of charge to one person, except that you are responsible for the costs associated with attending the program such as travel, room and board.

Your WEATHERSBY GUILD business will be deemed to be open for business upon your completion of the Initial Training Program.

We may also provide continuing education by way of on-line forums, informational memos, and direct conversations. Mentoring in the field is also available by way of the help line that we maintain. In addition, A WEATHERSBY GUILD principal will visit you if it appears such a visit is necessary to solve operational problems. You must pay or reimburse is for the travel costs associated with such a visit.

The Initial Training Program consists of spans 19 calendar days. Training is not conducted on weekends. The course consists of approximately 31 hours of classroom training and 73 hours of on-the-job training, and includes the following subjects:

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TRAINING PROGRAM

Management Training:

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Claims Handling Industry Architecture	3		All training sessions will be conducted in the metropolitan Atlanta, Georgia Area
Claims Handling Procedures and the Federal Tariff	3		
Report Writing Parameters and Requirements			
eStatus Web Application Procedures	2		
General Marketing	2		
Cross border Tax Accounting (where applicable)	2		
	1		

Technical Training:

Subject	Hours of Classroom Training	Hours of On-the- Job Training	Location
Basic Fill Materials and Methods	4	2	
Color Theory and Replacement	4	2	
Introduction to Fastening Materials and Methods	1	0	

Subject	Hours of Classroom Training	Hours of On-the- Job Training	Location
Chemistry of Coatings	1	0	
Basic Repair of Tops (including sheen management)	2	0	
Advanced Fill Material and Methods	2	8	
Advanced Color Replacement	0	20	
Advanced Fastening Methods	0	21	
Mold Making	0	2	
Advanced Repair of Tops	2	2	
Structural Repairs and Joinery	0	6	
Preparation for Complete Refinishing	0	2	
Site Protection and Clean-up	0	2	
Vendor Management and Supply Sources	0	4	
Top Repair Practices, Materials and Power Tools	2	2	
TOTAL HOURS	31	73	

Kent Weathersby is a master craftsman, has established numerous furniture repair operations in various locations tailored to serve the moving industry and is considered a recognized leader and innovator in the moving damage claims handling industry and the furniture restoration professional community. His experience includes over 50 years in managing repair firms and performing the furniture repair and restoration arts.

Steve Bentz is a master craftsman and has served the furniture repair and restoration industry for over 16 years and is skilled in every facet of the furniture repair and restoration arts, including but not limited to all of the skills training modules included in the Weathersby Guild Initial Program.

Some of the on-the-job training may be conducted by a Weathersby Guild franchise owner practicing in their territory. These trainers have been selected and qualified by Weathersby Guild Headquarters. Each has demonstrated excellent restoration and instructional skills.

The Operations Manual is the primary reference material for the Initial Training Program.

The classroom-training portion of the Initial Training Program is conducted in Peachtree City, Georgia; on-the-job training is conducted in the field at a WEATHERSBY GUILD customer's home in or about Atlanta, Georgia. The schedule for the Initial Training Program is fully detailed in the Operations Manual and may change from time to time.

You may not commence your WEATHERSBY GUILD business until your manager (which may be you, if you are an individual) has completed the management training portion of the Initial Training Program and each of your technicians (which may also be or include you, if you are an individual) have completed the technical training to our satisfaction.

Computer System:

You must purchase and use, in connection with the operation of the Business, a computer and the accounting software program required by us or another software accounting program approved by us, in advance. We currently require you to use the most recent version of QuickBooks Pro for recording receipts and expenses and reporting sales to us and eStatus for issuing invoices. You can purchase your computer and software from any vendors. The current cost of the computer system ranges from \$640 to \$730. We will have unlimited independent access to the information generated and stored on your computer system.

Item 12. TERRITORY

You will be granted an exclusive Territory within which to operate your WEATHERSBY GUILD business. Your exclusive Territory will be identified in your Franchise Agreement. You must operate your WEATHERSBY GUILD business within the Territory. You may not conduct business in any other geographic area without our express written consent.

You may not solicit business outside of your exclusive Territory, except to the extent that any telephone directory in which you advertise may be distributed outside of your Territory, and you may not accept business outside of your Territory without our express written permission. If you receive any inquiries for products or services offered by WEATHERSBY GUILD from prospective customers located outside your Territory, you must promptly refer those inquiries to us. You also do not have the right to use other channels of distribution, such as the Internet, catalogue sales, telemarketing or other direct marketing, to make sales outside the Territory.

We will not, during the term of your Franchise Agreement, operate or license another party to operate a WEATHERSBY GUILD business with rights to use our Marks within your Territory. We will also not use alternate methods of distribution to compete with you in your Territory.

Your Territory will not be altered without your consent even if there is a population increase or decrease. It will also not be affected by your sales volume.

We have not established, and do not presently intend to establish, other franchises or company-owned businesses selling similar services under a trade name or trademark different from the Marks either within or outside of your exclusive Territory.

Item 13. TRADEMARKS

Under the Franchise Agreement, we grant you the nonexclusive right to use the Marks in connection with the operation of your Business. Our primary trademark is “WEATHERSBY GUILD”. We have the right to use and to license others to use the Marks and under any other trade name, trademarks, service marks and logos currently used or that may hereafter be used in the operation of the Business. You must use the Marks only for the operation of your WEATHERSBY GUILD business and in the manner authorized by us.

The trademark “WEATHERSBY GUILD” was registered on the Principal Register of the United States Patent and Trademark Office on June 1, 2004, Registration #2847516 by Kent Weathersby. All required affidavits have been timely filed.

The trademark “WEATHERSBY GUILD” has also been registered in the State of Georgia, on December 22, 2003, Registration No. S-20932 by Kent Weathersby.

Under a License Agreement between Kent Weathersby and us dated November 1, 2014, (the “License Agreement”) Kent Weathersby has licensed to us the non-exclusive right to use the Mark and to sublicense it to our franchisees to use in operating their Weathersby Guild businesses. The License Agreement is for a term of 20 years and will renew automatically for additional 20 year terms after the expiration of the initial term unless Kent Weathersby or we terminate the license. However, termination of the license agreement will not affect existing franchise agreements. No other agreement limits our right to use or license the Mark.

There are no presently effective determinations of the United States Patent and Trademark Office, the Trademark Trial And Appeal Board, the trademark administrator of any state or any court, nor any pending interference, opposition or cancellation proceeding or material litigation involving the Marks.

There are no other agreements currently in effect that significantly limit our rights to use or license others to use the trademarks and service marks in any manner material to the franchise.

You must notify us immediately in writing of any apparent infringement of or challenge to your use of any Mark, or claim by any person of any rights in any Mark or any similar trade name, trademark or service mark of which you become aware. We have the sole discretion to take such action as we deem appropriate and the right to exclusively control any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding. Provided that you use the Marks in the manner provided herein and, in the Manual,, we will defend and indemnify you if you are a party to any administrative or judicial proceeding involving your use of any Mark.

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

If it becomes advisable at any time, in our sole discretion, to modify or discontinue use of any Mark, and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions with respect thereto within a reasonable time after notice thereof by us. In connection with the use of a new or modified Mark, you may be required, at your own expense, to remove existing signage and to purchase and install new signage. We have no liability to you in connection therewith.

To the best of our knowledge, there are no infringing uses that could materially affect your use of the Marks.

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

All your usage of the Marks and any goodwill you establish are to our exclusive benefit and you retain no right or rights in the Marks on the termination or expiration of the Franchise Agreement. You may not use the marks as a part of any corporate or trade name, nor may you use any trade name, trademark, service mark, emblem or logo other than the Marks, as we may designate from time to time. You must prominently display the Marks on such items and in the manner we designate. You must obtain such fictitious or assumed name registrations as we require or may be required under applicable law. You must identify yourself as the owner of your Business by placing your name on the Business and on all checks, invoices, receipts, contracts and other documents that bear any of the Marks, and on all printed materials your name must be followed by the phrase "A franchisee of WEATHERSBY GUILD" or such other phrase as we from time to time direct.

Item 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We claim copyright protection of our Manual, and related materials, and advertisement and promotional materials although such materials have not been registered with the United States Copyright Office. These materials are considered proprietary and confidential and are considered our property and may be used by you only as provided in the Franchise Agreement. We reserve the right to register any of our copyrighted materials at any time we deem appropriate.

There currently are no effective determinations of the Copyright Office or any court regarding any of the copyrighted materials. There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. There are no infringing uses actually known to us which could materially affect your use of the copyrighted materials in any state. The Franchise Agreement does not require us to protect or defend any patent, trademark, or copyright. We may control any action we choose to bring, even if you voluntarily bring the matter to our attention. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a patent or copyright.

We possess certain confidential information including the methods, techniques, formats, specifications, procedures, information, systems and knowledge of and experience in the operation and franchising of WEATHERSBY GUILD (the Confidential Information). We will disclose certain of the

Confidential Information to you during the training programs and seminars, the Operations Manual and in guidance furnished to you during the term of the Franchise Agreement.

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

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

The Franchise Agreement provides that your WEATHERSBY GUILD business must at all time be under your direct, day-to-day, full time supervision or, if you are incorporated or are a partnership, under the direct, day-to-day supervision of your managing shareholder or partner of the corporation or partnership, approved by us. The manager of your WEATHERSBY GUILD business (if you do not act as manager) must also be approved by us and must have completed the Initial Training Program to our satisfaction.

You (or your managing partner or shareholder) must use best efforts in the operation of your WEATHERSBY GUILD business.

If you are a corporation or partnership, each shareholder or partner must personally guarantee your obligations under the Franchise Agreement, and also agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement, agree to be bound by the confidentiality provisions and non-competition provisions of the Franchise Agreement and agree to certain restrictions on their ownership interests. The required Guaranty of Obligations is attached hereto as Exhibit C.

Item 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You are required to offer for sale only products and services specified by us in the Operations Manual and any updates to be incorporated in the Manual from time to time.

You may sell WEATHERSBY GUILD products and services only to customers located within your Territory. Except as noted in this Item 16, we place no restrictions upon your ability to serve customers provided you do so in accordance with our standards and specifications (see Item 12).

Item 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

Provision	Section in Franchise Agreement	Summary
(a) Term of the franchise	Section VII.A.	8 years
(b) Renewal or extension of the term	Section VII.B.	Successive 8-year extensions if you meet the requirements for renewal.
(c) Requirements for you to renew	Section VII.B.	You must give us written notice, you must have been in full compliance with the franchise agreement, you must sign a general release (subject to state law) and our then-current form of Franchise Agreement, which may contain materially different terms and conditions than your original Franchise Agreement.
(d) Termination by you	Section XXIII.E.	If we fail to comply with any material provision of the Franchise Agreement and fail to cure such breach within 30 days following our receipt of written notice (subject to state law).
(e) Termination by us without cause	None	N/A
(f) Termination by us with cause	Section XXIII.A.	If you fail to comply with any provision of the Franchise Agreement.
(g) “Cause” defined and which cannot be cured	Section XXIII.C.	Abandonment of business, surrender of control, misrepresentation or omission in application, felony conviction, unauthorized assignment upon death or disability, loss of possession of Business, unauthorized use of Confidential Information, failure to pay taxes or liens, dishonest or unethical conduct, assignment for benefit of creditors, bankruptcy, quota or repeated violations.
(h) “Cause” defined and which can be cured	Section XXIII.D.	All violations, with the exception of those violations which cannot be cured, can be cured within the applicable cure period. You have 10 days to cure for failure to pay amounts owed and 30 days for all other defaults.
(i) Your obligations on termination/renewal	Section XXIV	Cease operating the Business, cease use of Confidential Information and Marks, deliver property containing the Marks, cancel assumed or similar name registrations, pay outstanding amounts and damages, deliver manuals, assign phone numbers and comply with post-term covenants.
(j) Assignment of contract by us	Section XXII.B.	There is no restriction on our right to assign.
(k) “Transfer” by you – definition	Section XXII.A.	Includes transfer of any interest in the Franchise Agreement, the Business or its assets, or you.
(l) Our approval of transfer by you	Section XXII.A.	All transfers by you must be approved by us.

Provision	Section in Franchise Agreement	Summary
(m) Conditions of our approval of transfer	Section XXII.A.	Full compliance, transferee qualifies, all amounts due are paid in full, completion of training by transferee, payment of transfer fee, transferee execution of the then-current form of our Franchise Agreement by transferee, and execution and delivery of other required documents, including a general release.
(n) Our right of first refusal to acquire your business	Section XXII.D.	We have the right to match any offer that you receive.
(o) Our option to purchase your Business upon termination or non-renewal	Section XXIV.F.	We have the right to purchase your Business for fair market value determined by an appraisal if you and we are unable to agree.
(p) Your death or disability	Section XXII.C.	Your Franchise Agreement must be assigned to an approved transferee within 6 months.
(q) Non-competition covenants during the term of the Franchise Agreement	Section XIX.B.	You may not provide any furniture repair or refinishing services other than through your Business (subject to state law).
(r) Non-competition covenants after the Franchise Agreement has expired or is terminated	Section XIX.B.	You may not provide any furniture repair or refinishing services for 2 years or within your Territory or within 100 miles of either your territory or the territory of any other WEATHERSBY GUILD business (subject to state law).
(s) Modification of the Franchise Agreement	Section XXV.J.	There can be no material modifications without your consent, but our Operations Manual is subject to change from time to time, in our sole discretion, and your costs may increase as a result of such change.
(t) Integration/merger clause	Section XXV.K.	Only the terms of the Franchise Agreement are binding. Any representations or promises outside of the Franchise Agreement or this disclosure document should not be relied upon and may not be enforceable. Nothing in the Franchise Agreement or in any related agreement is intended to disclaim the representations made in the franchise disclosure document. (Subject to state law)
(u) Dispute resolution by Arbitration	Section XXV.C.	Arbitration and/or Mediation in Gwinnett County, Georgia. (Subject to State law)
(v) Choice of forum	Section XXV.G.	American Arbitration Association, Atlanta, Georgia. (Subject to state law)
(w) Choice of law	Section XXV.G.	Georgia laws apply (unless prohibited by the laws of state where the Business is located), with the exception of its conflict of law rules. (Subject to state law)

Item 18. PUBLIC FIGURES

We currently do not use any public figure to promote the Franchise.

Item 19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make such representations either orally or in writing that are not contained in this Item 19. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Kent Weathersby, President, Weathersby Guild, Inc., 403 Cimaron Park, Peachtree City, GA 30269, (678) 481-7518, the Federal Trade Commission and any appropriate state regulatory agencies.

Item 20. OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1

SYSTEMWIDE OUTLET SUMMARY
FOR YEARS 2020 TO 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the end of the year	Net Change
Franchised	2020	56	59	+3 [^]
	2021	59	58	-1
	2022	58	53	-5
Company Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Outlets	2020	56	59	+3
	2021	59	58	-1
	2022	58	53	-5

Note: A change has been made to correct the total number of franchises due to an error in the number of North Carolina increasing the number by 1 for 2020 and 2021.

TABLE NO. 2

TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
 (OTHER THAN FRANCHISOR OR AN AFFILIATE)
 FOR YEARS 2020 TO
 2022

State	Year	Number of Transfers
CA	2020	0
	2021	1
	2022	0
FL	2020	2
	2021	0
	2022	1
GA	2020	0
	2021	1
	2022	0
MO	2020	0
	2021	1
	2022	0
NM	2020	0
	2021	1
	2022	0
NC	2020	2
	2021	0
	2022	0
TX	2020	0
	2021	1
	2022	0
WA	2020	0
	2021	1
	2022	0
Totals	2020	4
	2021	6
	2022	1

TABLE NO. 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS 2019 TO 2021

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations- Other Reasons	Outlets at End of Year
AL	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	1	0
AZ	2020	0	2	0	0	0	0	2
	2021	2	2	0	0	0	0	2
	2022	2	0	0	0	0	0	2
CA	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
CO	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
CT	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	1	0
FL	2020	6	0	0	0	0	0	6
	2021	6	1	0	0	0	0	7
	2022	7	0	0	0	0	0	7
GA	20120	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
HI	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	1	0
IL	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

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
KS	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
KY	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
MD	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
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	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
MO	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	1	1
	2022	1	0	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
NH	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
NJ	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
NM	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
NY	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	1	1
NC	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
OH	2020	3	1	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
OK	2020	2	0	2	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	1	0
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	3	0	0	0	0	0	3
	2021	3	0	0	0	0	1	2
	2022	2	0	0	0	0	0	2
RI	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
SC	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
TN	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
TX	2020	4	1	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
UT	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
VA	2020	2	1	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
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
WI	2020	1	0	0	0	0	0	1
	2021	1	0	1	0	0	0	0
	2022	0	0	0	0	0	0	0
Totals	2020	56	5	2	0	0	0	59
	2021	59	3	1	0	0	3	58
	2022	58	0	0	0	0	5	53

Notes:

1. A change has been made to correct the number of franchises in North Carolina , increasing the number by 1 for 2020 and 2021

2. *The outlet that opened in Kansas in 2021 was a transfer from the Missouri franchisee located in Kansas City, Missouri. The transferring franchisee in Missouri has been listed as Ceased Business -Other Reasons.

TABLE 4

STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2020 TO 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets sold to Franchisee	Outlets At End of Year
All States	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Totals	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

TABLE NO. 5

PROJECTED OPENINGS AS OF
DECEMBER 31, 2022

State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in The Current Fiscal Year (2023)	Projected New Company-Owned Outlets in the Current Fiscal Year (2023)
CT	0	1	0
ID	0	1	0
TN	0	1	0
WI	0	1	0
TOTAL	0	4	0

A list of the names of all franchisees as of December 31, 2022 and the addresses and telephone numbers of their Businesses is attached as Exhibit F to this Disclosure Document. A list of the name and last known home address and telephone number of every franchisee who has had its franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during fiscal year 2022 or who has not communicated with us within 10 weeks of our application date is attached as Exhibit G. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

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

There are no trademark-specific franchisee organizations associated with the franchise system being offered in this FDD.

Item 21. FINANCIAL STATEMENTS

Our audited financial statements as of December 31, 2020, December 31, 2021 and December 31, 2022 and our unaudited balance sheet and profit and loss statement as of February 28, 2023 are attached to this Disclosure Document as Exhibit H. Our fiscal year end is December 31.

Item 22. CONTRACTS

The following agreements are attached as exhibits to this Disclosure Document:

Exhibit B	Franchise Agreement
Exhibit C	Guarantee of Obligations
Exhibit D	Release
Exhibit J	State Addenda to Franchise Agreement

Item 23. RECEIPTS

Two copies of a detachable acknowledgment of receipt are attached to this disclosure document as Exhibit J.

EXHIBIT A

LIST OF STATE AGENCIES

California

Commissioner of Financial Protection and
Innovation
2101 Arena Blvd.
Sacramento, CA 95834
(415) 972-8559

Michigan

Franchise Administrator

Michigan Department of the Attorney General
Consumer Protection Division
525 W. Ottawa Street
Lansing, Michigan 48909
(517) 373-1140

Hawaii

Securities Examiner

Department of Commerce and Consumer Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

Minnesota

Franchise Examiner

Minnesota Department of Commerce
Securities-Franchise Registration
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1500

Illinois

Franchise Examiner

Office of the Attorney General
Franchise Bureau
500 South Second Street
Springfield, Illinois 62703
(217)782-4465

Nebraska

Securities Analyst
Department of Banking & Finance
Bureau of Securities
1200 N Street, The Atrium, Suite 311
Lincoln, Nebraska 68508
(402) 471-3445

New York

Office of the New York State Attorney General
Investor Protection Bureau
Franchise Section
120 Broadway, 23rd Floor
New York, NY 10271-0332
(212) 416-8236 Phone
(212) 416-6042 Fax

Maryland

Office of the Attorney General
200 St. Paul Place, 20th Floor
Baltimore, Maryland 21202
(410) 576-6360

Oregon

Department of Consumer and Business Services
Division of Finance and Corporate Securities
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4387

Rhode Island

Chief Securities Examiner
Division of Securities
233 Richmond Street, Suite 232
Providence, Rhode Island 02903
(401) 277-3048

South Dakota

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

Texas

Statutory Document Section
Secretary of State
P.O. Box 12887
Austin, Texas 78711
(512) 475-1769

North Dakota

Franchise Examiner
Office of the Securities Commissioner
600 East Boulevard Avenue, 5th Floor
Bismarck, North Dakota 58505
(701)328-2910

Virginia

State Corporation Commission
Division of Securities and Retail Franchising
1300 E. Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9733

Washington

Administrator
Dept. of Financial Institutions
Securities Division
150 Israel Rd., SW
Tumwater, WA 98501
(360) 902-8760

Wisconsin

Franchise Administrator
Department of Financial Institutions
Division of Securities
345 W. Washington Avenue, 4th Floor
Madison, Wisconsin 53703
(608) 266-1064

Utah

Division of Consumer Protection
Utah Department of Commerce
160 East Three Hundred South
P.O. Box 45804
Salt Lake City, Utah 84145-0804
(801) 530-6601

AGENTS FOR SERVICE OF PROCESS

<p>California Commissioner of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 (415) 972-8559</p>	<p>Minnesota Minnesota Department of Commerce Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198</p>
<p>Florida NRAI Services, Inc. 526 E. Park Avenue Tallahassee, Florida 32301</p>	<p>New Jersey National Registered Agents, Inc. 51 Everett Drive, Suite 107B P.O. Box 927 West Windsor, New Jersey 08550-0927</p>
<p>Georgia Kent Weathersby 403 Cimaron Park Peachtree City, Georgia 30269</p>	<p>New York New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492</p>
<p>Hawaii Commissioner of Securities Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813</p>	<p>North Dakota Office of the Securities Commissioner 600 East Boulevard, 5th Floor Bismarck, North Dakota 58505</p>
<p>Illinois Office of the Attorney General 500 South Second Street Springfield, Illinois 62706</p>	<p>Rhode Island Department of Business Regulation 1511 Pontiac Avenue, Building 69-1 Cranston, Rhode Island 02920</p>
<p>Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204</p>	<p>South Carolina Robert S. Lowery 125 Daytona Road Conway, South Carolina 29526</p>
<p>Maryland Maryland Securities Commissioner 200 Saint Paul Place Baltimore, Maryland 21202-2020</p>	<p>South Dakota Director of Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501</p>

<p>Virginia Clerk of the State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street – 1st Floor Richmond, Virginia 23219</p>	<p>Wisconsin Department of Financial Institutions Division of Securities 345 W. Washington Avenue, 4th Floor Madison, Wisconsin 53703</p>
<p>Washington Department of Financial Institutions 150 Israel Rd., SW Tumwater, WA 98501</p>	

EXHIBIT B

WEATHERSBY GUILD®

FRANCHISE AGREEMENT

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WEATHERSBY GUILD, INC.
FRANCHISE AGREEMENT

THIS AGREEMENT (“Agreement”) is made by WEATHERSBY GUILD, INC., a Georgia corporation (hereinafter referred to as WEATHERSBY GUILD, "Franchisor", “we” or “us”) and _____ (hereinafter referred to as "Franchisee" or “you”) to evidence the agreement and understanding between the parties with respect to your purchase and operation of a WEATHERSBY GUILD franchise.

RECITALS

WHEREAS, Franchisor has developed and has the right to license a uniform system (the “System”) for the establishment and operation of a WEATHERSBY GUILD business (the “Business” or “WEATHERSBY GUILD business”), including expertise; uniform standards, specifications, and procedures for operations; procedures for quality control; training and ongoing operational assistance; advertising and promotional programs; and other related benefits for use of Franchisee under the Names and Marks, all of which may be changed, improved, and further developed by WEATHERSBY GUILD from time to time; and

WHEREAS, Franchisor is the owner of the entire right, title and interest in the trade name, service mark and trademark WEATHERSBY GUILD, and such other trade names, service marks and trademarks as are now designated as part of and may hereinafter be designated by the Company, and the Company continues to develop, use and control such Marks for the benefit and exclusive use of itself and its franchisees in order to identify to the public the source of goods and services marketed there under and the Franchisor’s system and represent the system’s high standards of quality, appearance and services; and

WHEREAS, WEATHERSBY GUILD identifies the System by means of certain trade names, service marks, trademarks, logos, emblems, trade dress and other indicia of origin, including but not limited to the mark “WEATHERSBY GUILD” and such other trade names, service marks, trademarks and trade dress as are now designated (and may hereinafter be designated by WEATHERSBY GUILD in writing) for use in connection with its System (the "Names and Marks"); and

WHEREAS, WEATHERSBY GUILD continues to develop, use, and control the use of such Names and Marks to identify for the public the source of services and products marketed there under and under the System, and to represent the System's high standards of consistent quality, appearance, and service; and

WHEREAS, Franchisor has established substantial goodwill and business value in its Names and Marks, expertise and System; and

WHEREAS, Franchisee recognizes the benefits to be derived from being identified with and licensed by Franchisor and understands and acknowledges the importance of WEATHERSBY Guild’s high standards of quality, cleanliness, appearance, and service and the necessity of operating the Business in conformity with WEATHERSBY Guild’s standards and specifications; and

WHEREAS, Franchisee desires to obtain a franchise for the right to use the System in connection with the operation a WEATHERSBY GUILD business in the territory described below.

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows:

I. FRANCHISEE'S ACKNOWLEDGEMENT OF BUSINESS RISK AND ABSENCE OF GUARANTEE

Franchisee (and each member, partner or shareholder, if Franchisee is a limited liability company, partnership or corporation) hereby represents that he, she or it has conducted an independent investigation of the Business and System and recognizes that the business venture contemplated by this Agreement involves business risks and that Franchisee's success will depend upon Franchisee's efforts and abilities. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business contemplated by this Agreement.

II. FRANCHISEE'S ACKNOWLEDGEMENTS CONCERNING RECEIPT AND THOROUGH EVALUATION OF AGREEMENT

Franchisee acknowledges having received Franchisor's Franchise Disclosure Document and the attachments thereto, including a copy of this Agreement, at least fourteen (14) days prior to the date on which this Agreement was executed or such longer time as may be required under applicable state law. Franchisee further acknowledges that it has read, and understands, Franchisor's Franchise Disclosure Document and the attachments thereto and that Franchisor has advised Franchisee, and accorded Franchisee ample time and opportunity, to consult with independent legal counsel and other advisors of its own choosing concerning the potential benefits and risks of entering into this Agreement. Franchisee further acknowledges that it has received a completed copy of this Agreement, and the attachments referred to herein and agreements relating hereto, at least five (5) business days prior to the date on which this Agreement was executed.

Franchisee acknowledges that any statements, oral or written, by WEATHERSBY GUILD or its agents preceding the execution of this Agreement were for informational purposes only and do not constitute any representation or warranty by WEATHERSBY GUILD. The only representations, warranties and obligations of WEATHERSBY GUILD are those specifically set forth in the Franchise Disclosure Document and this Agreement. Franchisee is not relying on, and the parties do not intend to be bound by, any statement or representation not contained herein or therein.

Franchisee acknowledges that WEATHERSBY GUILD will not provide financial assistance to Franchisee and has made no representation that it will buy back from Franchisee the Business or any products, supplies, tools or equipment purchased by Franchisee in connection with the Business.

III. ACTUAL, AVERAGE, PROJECTED OR FORECASTED FRANCHISE SALES, PROFITS OR EARNINGS

Franchisor does not make or present and has not prepared "Financial Performance Representations" and has not made any such representations in its Franchise Disclosure Document.

Franchisee, and each party executing this document hereto, acknowledges that WEATHERSBY GUILD, itself or through any officer, director, employee or agent, has not made, and that Franchisee has not received or relied upon, any oral or written, visual, express or implied information, representations, assurances, warranties, guarantees, inducements, promises or agreements concerning the actual, average,

projected or forecasted franchise sales, revenues, profits, earnings or likelihood of success that Franchisee might expect to achieve from operating the Business.

IV. INDEPENDENT CONTRACTOR

A. Franchisee is an Independent Contractor.

During the term of this Agreement, and any renewals or extensions hereof, Franchisee shall hold itself out to the public as an independent contractor operating its business pursuant to a franchise from the Franchisor. Franchisee agrees to take such affirmative action as may be necessary, including, without limitation, exhibiting multiple public notices of that fact, the content and display of which Franchisor shall have the right to specify. For example, such notices shall be provided on letterhead, business cards, bank account names, bank checks, and signs at the place of business.

B. Franchisor Is Not In A Fiduciary Relationship With Franchisee.

It is understood and agreed by the parties hereto that this Agreement does not establish a fiduciary relationship between them, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of the other for any purpose whatsoever.

It is understood and agreed that nothing in this Agreement authorizes Franchisee, and Franchisee shall have no authority, to make any contract, agreement, warranty, or representation on behalf of WEATHERSBY GUILD, or to incur any debt or other obligation in WEATHERSBY Guild's name; and that WEATHERSBY GUILD shall in no event assume liability for, or be deemed liable hereunder or there under as a result of any such action; nor shall WEATHERSBY GUILD be liable by reason of any act or omission of Franchisee in its conduct of the Business or for any claim or judgment arising there from against Franchisee or WEATHERSBY GUILD.

V. FRANCHISE GRANT

Franchisor hereby grants to Franchisee, and Franchisee hereby accepts, upon the terms and conditions herein contained, the right, license, and privilege (the "Franchise") to operate a Business within the territory described in **Exhibit "A"** (the "Territory"), with the right to use, solely in connection therewith, the Franchisor's Names and Marks, advertising and merchandising methods, and System, as they may be changed, improved and further developed from time to time by Franchisor, provided the Franchisee shall faithfully adhere to the terms and conditions hereof. Franchisee must operate the WEATHERSBY GUILD business only within the Territory and may not conduct business in any other geographic area without Franchisor's express written consent. Franchisee shall not advertise its services to potential customers located outside the Territory and will promptly refer to Franchisor any inquiries for products or services offered by WEATHERSBY GUILD from prospective customers located outside the Territory.

VI. EXCLUSIVITY

As long as you are in compliance with this Agreement, we will not operate or grant a franchise for the operation of another Weathersby Guild business within the Territory during the term of this Agreement. Notwithstanding anything contained hereto to the contrary, if you are unable to provide adequate levels of service in accordance with WEATHERSBY Guild's standards as described in the WEATHERSBY GUILD Operations Manual (the "Operations Manual" or "Manual"), we, at our sole discretion, may operate or allow another WEATHERSBY GUILD franchisee to operate within your Territory on a case- by-case basis.

VII. TERM AND RENEWAL OF AGREEMENT

A. Term.

The Franchise herein granted shall be for a term of eight (8) years from the date of execution and acceptance (the "Effective Date") of this Agreement by WEATHERSBY GUILD, subject to earlier termination as herein provided.

B. Renewal.

Franchisee may, at its option, renew the Franchise for unlimited additional periods of eight (8) years each, if Franchisor is still offering Franchises at that time, subject to the following conditions, all of which must be met prior to renewal:

1. Franchisee shall give the Franchisor written notice of its election to renew not less than six (6) months prior to the end of the then current term;
2. Franchisee must not be in default under any provision of the Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisor and Franchisee, and Franchisee shall have complied with all the terms and conditions of all such agreements during the terms thereof;
3. Franchisee shall not have received a notice of default from Franchisor at any time during the term of this Agreement, whether or not cured after notice;
4. Franchisee shall have satisfied all monetary obligations owed by Franchisee to Franchisor and any affiliate, and shall have timely met these obligations throughout the previous term;
5. Franchisee shall execute, before the renewal term, Franchisor's then-current form of Franchise Agreement, which shall supersede this Agreement in all respects and the terms of which may materially differ from the terms of this Agreement;
6. Franchisee shall pay Franchisor a renewal fee of Two Thousand dollars (\$2,000.00);
7. Franchisee shall satisfy and/or comply with Franchisor's then- current qualification and training requirements; and

8. Franchisee shall execute a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its affiliates, if any, and their respective officers, directors, agents and employees, if such release is not contrary to any applicable local, state or federal laws.

VIII. FRANCHISEE'S INITIAL INVESTMENT

Franchisee hereby certifies that Franchisee has reviewed the estimated start-up costs detailed in the Franchise Disclosure Document and has sufficient cash resources available to meet said expenses.

IX. STARTING THE BUSINESS

Within sixty (60) days after execution of this Agreement, Franchisee shall complete all preparations of the Business to Franchisor's satisfaction, in accordance with specifications set forth in the Manual, and as required by local governmental agencies, including the completion of the Initial Training Program and purchase of tools, equipment, supplies and inventory. The Franchised Business will be deemed opened for business upon Franchisee's completion of the Initial Training Program.

X. FEES.

A. Initial Franchise Fee.

Upon its execution of this Agreement, Franchisee shall pay WEATHERSBY GUILD an initial franchise fee in the amount of \$49,000.00 (the "Initial Franchise Fee"), in a lump sum, payable in U.S. funds. The Initial Franchise Fee shall be deemed fully earned in consideration of administrative and other expenses incurred by WEATHERSBY GUILD in granting this Franchise and for WEATHERSBY Guild's lost or deferred opportunity to franchise others and is nonrefundable.

B. Royalty Fees.

In addition to the Initial Franchise Fee described in Section X.A. above, Franchisee shall, on a recurring monthly basis, pay to WEATHERSBY GUILD a royalty fee (the "Royalty Fee") in an amount equal to seven (7%) percent of your Gross Sales within five (5) business days of the end of each month.

"Gross Sales" means all revenue accrued from the sale of all products and performance of services, whether for cash or credit and regardless of collection in the case of credit, and income of every kind and nature related to the Franchised Business including insurance proceeds and/or condemnation awards for loss of sales, profits or business; provided, however, that "Gross Sales" shall not include revenues from any sales taxes or other add on taxes collected from customers by Franchisee for transmittal to the appropriate taxing authority, (the retail value of any complimentary services or trade-outs or credit card discounts from Gross Sales up to a maximum of two percent (2%) of Gross Sales in the aggregate), and the amount of cash refunds to, and coupons used by customers, provided such amounts have been included in gross sales, but shall not include income from any specific product when the State, City or County that your franchise is located in specifically forbids such practice, and only then. The sale and delivery of products and services away from the Business is strictly prohibited; however, should we approve such sales in the future, these sales will be included in computing Gross Sales. Gross Sales includes any and all revenues, except as expressly provided above, derived from the operation of the Business and/or from providing private or commercial furniture repair or restoration services, including but not limited to business with van line or insurance provider sectors, as well as any and all other furniture repair or restoration business.

The Royalty Fee is nonrefundable and is not collected on behalf of nor paid to any third party. The Royalty Fees must be actually received by Franchisor, together with the monthly reports required by Section IV.C., within five (5) business days from the end of each month. WEATHERSBY GUILD, at its discretion, may require Franchisee to make direct deposit payments into WEATHERSBY Guild's corporate bank account.

Any payment or report not actually received by WEATHERSBY GUILD on or before the specified date shall be deemed overdue. If any payment is overdue, in addition to the right to exercise all rights and remedies available to WEATHERSBY GUILD under this Agreement and by law, Franchisee shall pay WEATHERSBY GUILD, in addition to the overdue amount, interest on such amount from the date it was due until paid at the lesser of eighteen (18%) percent per annum and the maximum rate allowed by the laws of the state in which Franchisee's business is located or any successor or substitute law (hereinafter, the "Default Rate").

C. Brand Fund Contribution

Franchisor has established a Brand Fund for the marketing, promotion and advertising the System. The Brand Fund Contribution is subject to change upon 30 days' advance notice and will be subject to a cap on annual increases of 20% Brand Fund Contributions will be paid by Franchisee upon its receipt of an invoice or as otherwise specified by Franchisor. The current monthly Brand Fund Contribution is Sixty-seven (\$67.00) Dollars.

XI. FINANCING ARRANGEMENTS

Franchisee hereby acknowledges that financing is the sole responsibility of Franchisee and that Franchisor does not finance or guarantee the obligations of Franchisee.

XII. OBLIGATIONS OF FRANCHISEE

A. Follow Operations Manual and Directives of Franchisor.

Franchisee acknowledges and agrees that use of Franchisor's System and adherence to the Operations Manual and Franchisor's standard practices are essential to the image and goodwill thereof. In order to further protect the System and the goodwill associated therewith, Franchisee shall:

1. Operate the Business and use the Operations Manual solely in the manner prescribed by Franchisor;
2. Comply with such requirements respecting any service mark, trade name, trademark, or copyright protection and fictitious name registrations as Franchisor may, from time to time, direct;
3. Follow the methods of operation and the standards of service as set forth by Franchisor and in effect from time to time;
4. Use only such supplies, equipment, and products as conform to Franchisor's specifications in effect from time to time where such specifications have been provided;
5. Sell only such products and services as may be specified by Franchisor and not sell or offer for sale any other products or services of any kind or character without first obtaining the express

approval of Franchisor, which shall be at the sole discretion of Franchisor who shall have the sole right of decision in regards to all products and services to be sold by the Business; Franchisor shall have the right to not approve any product or service for any reason whatsoever or for no reason whatsoever;

6. Discontinue selling or offering for sale or using any products or services that Franchisor may, in its absolute discretion, delete from its standards and specifications for any reason whatsoever or for no reason whatsoever;

7. Maintain in sufficient supply, products, materials, supplies, tools and equipment as conform to WEATHERSBY Guild's specifications and to comply with methods and standards of service as set forth in the WEATHERSBY GUILD Operations Manual and refrain from deviating therefrom by using non-conforming items or methods without WEATHERSBY Guild's prior written consent;

8. Purchase such equipment, supplies, or products as may be required by WEATHERSBY GUILD, for the appropriate handling and selling of any services and products that become approved for offering under the System;

9. Require clean uniforms conforming to such specifications as to color, design, etc. as Franchisor may designate, from time to time, to be worn by all of Franchisee's employees at all times while in attendance at the Business or providing services, and cause all employees to present a clean, neat appearance and render competent and courteous service to customers, as may be further detailed in the Operations Manual;

10. Employ a sufficient number of employees and maintain sufficient inventories as may be necessary to operate the Business at its maximum capacity as prescribed or approved by WEATHERSBY GUILD and to comply with all applicable laws with respect to such employees;

11. Not engage in any trade practice or other activity or sell any product or service which Franchisor determines to be harmful to the goodwill or to reflect unfavorably on the reputation of Franchisee or WEATHERSBY GUILD, the Business, or the products and services sold by the Business; or which constitutes deceptive or unfair competition, or otherwise is in violation of any applicable laws (the above limitations are closely related to the business image, purpose and marketing strategy of the System, and therefore, any change there from would fundamentally change the nature of the Business);

12. Respond promptly to any customer complaints and take all action necessary to remedy any such complaint or issue to the customer's satisfaction. Should you fail to adequately resolve any customer complaint, we reserve the right to take all actions necessary to resolve the complaint, including the right to terminate this Agreement in the event of repeated or unresolved customer complaints, and to charge the cost of our remedial action to you which you must pay upon your receipt of our invoice; and

13. Cooperate and assist Franchisor with any customer or marketing research program which Franchisor may institute from time to time, including, but not limited to, the distribution, display and collection of customer comment cards, questionnaires, and similar items.

B. Operate Franchised Business Only.

Franchisee shall use the System and the Names and Marks provided to Franchisee by Franchisor solely for the operation of the Business and shall not use them in connection with any other line of business or any other activity. Neither Franchisee, nor any of its principals or employees, may conduct any business other than that authorized pursuant to this Agreement, without the prior written approval of

Franchisor. Neither Franchisee, nor any of its employees, may conduct any activity which is illegal, or which could result in damage to the Business or the Names and/or Marks or the reputation and goodwill of Franchisor.

C. Comply With Laws.

Franchisee shall comply with all federal, state and local laws and regulations, and shall obtain and at all times maintain any and all permits, certificates, or licenses necessary for full and proper operation of the Business franchised under this Agreement.

D. Maintain Confidentiality of Proprietary Information.

Neither Franchisee nor any of its partners, officers, directors, agents, or employees shall, except as required in the performance of the duties contemplated by this Agreement, disclose or use at any time, whether during the term of this Agreement or thereafter, any information disclosed to or known by Franchisee or any such person as a result of this Agreement. Such information, includes, but shall not be limited to, information conceived, originated, discovered, or developed by Franchisee or by any employee of Franchisee which is not generally known in the trade or industry about Franchisor's products, services, or licenses, including information relating to discoveries, ideas, manufacturing, purchasing, accounting, engineering, marketing, merchandising or selling.

E. Maintain Competent Staff.

Franchisee shall maintain a fully trained competent staff capable of rendering courteous quality service in a manner in keeping with the standards set by Franchisor.

F. Complete Pre-Opening Obligations.

Franchisee shall complete the Initial Training Program and purchase of tools, equipment, supplies and inventory in accordance with the provisions of Section IX.

G. Operate Business in Strict Conformity to Requirements.

Franchisee shall operate the Business in strict conformity with such standards, techniques, and procedures as Franchisor may from time to time prescribe in the Manual, or otherwise in writing, and shall not deviate there from without Franchisor's prior written consent. Franchisee further agrees to offer its customers all products and services which Franchisor may, from time to time, prescribe, to offer its customers only those products and services which meet Franchisor's standards of quality and which Franchisor has approved in writing to be offered in connection with the Business's operations, and to discontinue offering any products or services which Franchisor may, in its sole discretion, disapprove in writing at any time.

H. Use Approved Supplies and Products.

1. Franchisee shall utilize only "WEATHERSBY GUILD" approved items and related products which may, from time to time, be specified in writing, designated, and approved for sale or use by Franchisor. The approved products are listed in the Operations Manual. Franchisee may purchase these and other approved products from the supplier of its choice.

2. To ensure the consistent high quality and uniformity of products and services offered by "WEATHERSBY GUILD", Franchisee shall purchase all tools, equipment, inventory,

and other supplies, products, and materials used in the operation of a “WEATHERSBY GUILD” business as Franchisor may specify from time to time.

3. Franchisor reserves the right to require Franchisee to purchase designated proprietary items and products, and products bearing the Names and Marks, as may be specified in the Manual from time to time, from Franchisor or a related or affiliated entity or from sources designated or approved by Franchisor, should such products be developed, to the extent permitted by law.

I. Use Approved Tools, Equipment and Supplies.

In operating the Business, Franchisee shall use only the tools, equipment and supplies specified by Franchisor.

J. Full-Time Manager Required.

Franchisee agrees to maintain a competent, conscientious, trained staff, including at least one (1) fully trained, full-time Manager (which may be Franchisor, if Franchisor is an individual) approved by Franchisor, and to take such steps as are necessary to ensure that its employees preserve good customer relations at all times.

K. Maintain Regular Business Hours.

Franchisee shall keep the Business open and in normal operation during normal business hours for its geographical region, unless otherwise authorized in writing by Franchisor (subject to local ordinances or lease restrictions, if any). Such minimum hours and days of operation may be changed as WEATHERSBY GUILD may from time to time specify in the Manual.

L. Maintain Uniform Operating Standards.

Franchisee understands and acknowledges that every detail of the design and operation of the Business is important to Franchisee, Franchisor and other franchisees in order to develop and maintain uniform operating standards, to increase the demand for the products and services sold by the Business under the System, and to protect Franchisor’s reputation and goodwill, and agrees to comply with the uniform operating standards established and specified by Franchisor.

M. Telephone Number(s) of the Business.

Franchisee understands and agrees that the telephone number(s) for the Business constitute a part of the System and are subject to the restrictions of this Agreement. Accordingly, Franchisee shall not change the telephone number(s) for the Business without prior notice and written approval by Franchisor. Franchisee shall advertise and publicize the telephone number(s) for the Business in the manner prescribed by Franchisor.

N. Disclose and Assign Discoveries and Ideas to Franchisor.

Franchisee shall promptly disclose to Franchisor all discoveries, inventions or ideas, whether patent able or not, relating to Franchisor’s business, which are conceived or made by Franchisee or any partner, officer, director, agent, or employee of Franchisee solely or jointly with others, during the term of this Agreement, whether or not Franchisor’s facilities, materials, or personnel are utilized in the conception or making of such discoveries or ideas. Franchisee hereby acknowledges and agrees that all such discoveries, inventions or ideas are the exclusive property of Franchisor, and that Franchisor shall

have no obligation to Franchisee with respect thereto. The purpose of this clause is to ensure that ideas for improvements to the System that may be generated by franchisees within the System will be distributed to the other franchisees as a benefit of belonging to the System. Franchisee hereby assigns all intellectual property rights that it may have in any such inventions, discoveries, or ideas, to the Franchisor.

O. Permit Franchisor to Make Inspections.

Franchisee shall permit Franchisor and its agents or representatives to conduct inspections of Franchisee's operations, at any reasonable time, and shall cooperate fully with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request, and, upon notice from Franchisor or its agents, and without limiting Franchisor's other rights under this Agreement, shall take such steps as may be deemed necessary to immediately correct any deficiencies detected during such inspections. In the event Franchisee fails or refuses to correct immediately any deficiency detected during such inspection, Franchisor shall have the right to make or cause to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand. The foregoing shall be in addition to any other remedies Franchisor may have pursuant to this Agreement.

P. Additional Requirements for Corporate Franchisee.

If Franchisee is or becomes a corporation, limited or general partnership or other organization or entity, the following requirements shall apply:

1. Franchisee shall confine its activities to the establishment and operation of the Franchised Business.

2. Franchisee's Certificate or Articles of Incorporation and Bylaws (or comparable governing documents) shall at all times provide that its activities are confined exclusively to operation of the Business and that the issuance, redemption, purchase for cancellation and transfer of voting stock, or other ownership interest therein, is restricted by the terms of this Agreement. Franchisee shall furnish WEATHERSBY GUILD promptly upon request copies of Franchisee's Articles of Incorporation, Bylaws, and other governing documents, and any other documents WEATHERSBY GUILD may reasonably request and any amendments thereto, from time to time.

3. Franchisee shall maintain a current list of all owners of record and beneficial owners of any class of voting stock of Franchisee and shall furnish such list to Franchisor upon request.

4. Franchisee shall maintain stop transfer instructions against the transfer on its record of any equity securities (voting or otherwise) except in accordance with the provisions of Article XV. All securities issued by Franchisee shall bear the following legend, which shall be printed legibly and conspicuously on each stock certificate or other evidence of ownership interest:

THE TRANSFER OF THESE SECURITIES IS SUBJECT TO THE TERMS AND CONDITIONS OF A FRANCHISE AGREEMENT WITH WEATHERSBY GUILD, INC. DATED _____. REFERENCE IS MADE TO SAID AGREEMENT AND TO THE RESTRICTIVE PROVISIONS OF THE ARTICLES AND BYLAWS OF THIS CORPORATION.

5. All shareholders of Franchisee shall jointly and severally guarantee Franchisee's performance hereunder and shall bind themselves to the terms of this Agreement, provided,

however, that the requirements of this Section XII.T shall not apply to any corporation registered under the Securities Exchange Act of 1934 (hereinafter known as a “Publicly-Held Corporation”).

6. If Franchisee is or becomes a partnership, Franchisee shall furnish WEATHERSBY GUILD promptly upon request a copy of its partnership agreement and any other documents WEATHERSBY GUILD may reasonably request, and any amendments thereto, from time to time.

7. Franchisee shall maintain a current list of all general and limited partners and all owners of record and all beneficial owners of any class of voting stock of Franchisee and shall furnish the list to WEATHERSBY GUILD promptly upon request, from time to time.

8. Each individual who or entity which holds a ten percent (10%) or greater ownership or beneficial ownership interest in Franchisee, directly or indirectly, (including each individual holding a fifty (50%) or greater interest in any partnership or corporation which has a ten percent (10%) or greater interest in Franchisee) shall enter into a continuing guaranty agreement under seal, in the form attached hereto, as such form may be amended or modified by WEATHERSBY GUILD, from time to time (if such guaranty agreement is to be executed subsequent to the date hereof in accordance with the terms of this Franchise Agreement).

Q. Training.

1. Within sixty (60) days following the execution of this Agreement, Franchisee’s manager (which may be Franchisee, if Franchisee is an individual) shall attend, at Franchisee’s expense, and complete to WEATHERSBY Guild’s satisfaction, the “management training” portion of the Initial Training Program offered by WEATHERSBY GUILD and each employee of Franchisee who will perform furniture repair or refinishing services shall attend, at Franchisee’s expense, and complete to Franchisor’s satisfaction, the “skills” portion of the Initial Training Program. The Initial Training Program will be conducted at such location(s) as may be determined by WEATHERSBY GUILD. WEATHERSBY GUILD shall provide instructors and training materials for all required training programs; and Franchisee or its employees shall be responsible for all other expenses incurred by Franchisee or its employees in connection with any training programs, including, without limitation, the cost of transportation, lodging, meals, and wages.

2. At WEATHERSBY Guild’s option, key personnel subsequently employed by Franchisee shall also complete all or either portion of the Initial Training Program to WEATHERSBY Guild’s satisfaction. WEATHERSBY GUILD may, at its discretion, make available additional training programs, seminars, as well as refresher courses, to Franchisee and/or Franchisee’s designated individual(s) from time to time.

R. Miscellaneous.

1. Before instituting any legal action against Franchisor, Franchisee shall give WEATHERSBY GUILD advance written notice, specifying the basis for such proposed action in reasonable detail, and grant WEATHERSBY GUILD thirty (30) days from receipt of said notice to cure the alleged act upon which such legal action is to be based or to submit the dispute to mediation under the auspices of the American Arbitration Association.

2. Franchisee agrees to return all furniture or other property received by Franchisee from any customer (or shipper) or customer’s (or shipper’s) agent or representative for any purpose. If Franchisee fails to return said furniture or property, Franchisee agrees to pay full replacement

cost of said furniture or property. Payment of full replacement cost of unreturned furniture or other property will be made to the customer (or shipper) who owned the furniture or other property when it was received by Franchisee or Franchisee's agent.

XIII. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO INSURANCE

A. Overall Coverage Required.

Franchisee shall procure, prior to opening the Business, and shall maintain in full force and effect during the term of this Agreement, at Franchisee's expense, an insurance policy or policies protecting Franchisee and Franchisor, and the officers, directors, partners, and employees of both Franchisor and Franchisee against any loss, liability, personal injury, death, property damage, or expense whatsoever arising or occurring upon or in connection with operating the Business. Franchisor shall be named as an additional insured on all such policies.

Prior to the opening of the Business and thereafter at least thirty (30) days prior to the expiration of any such policy or policies, Franchisee shall deliver to WEATHERSBY GUILD certificates of insurance evidencing the proper coverage with limits not less than those required hereunder. All certificates shall expressly provide that not less than thirty (30) days prior written notice shall be given to WEATHERSBY GUILD in the event of material alteration to termination, non-renewal, or cancellation of the coverage's evidenced by such certificates.

B. Insurance Carrier Must Be Approved by Franchisor.

Such policy or policies shall be written by an insurance company rated A-minus or better, in Class 10 or higher, by Best Insurance Ratings Service and satisfactory to WEATHERSBY GUILD in accordance with standards and specifications set forth in the Manual or otherwise in writing, from time to time, and shall include, at a minimum (except as additional coverage's and higher policy limits may be specified by WEATHERSBY GUILD from time to time), the following initial minimum coverage:

1. (i) Commercial General Liability Insurance, including coverage for products-completed operations, contractual liability, personal and advertising injury, fire damage, medical expenses, having a combined single limit for bodily injury and property damage of \$1,000,000 per occurrence and \$2,000,000 in the aggregate (except for fire damage and medical expense coverage, which may have different limits of not less than \$100,000 for one fire and \$10,000 for one person, respectively); plus (ii) non-owned automobile liability insurance and, if Franchisee owns, rents or identifies any vehicles with any Names and Marks or vehicles are used in connection with the operation of the Business, automobile liability coverage for owned, non-owned, scheduled and hired vehicles having a combined single limit of \$1,000,000.00; plus (iii) excess liability umbrella coverage for the general liability and automobile liability coverage in an amount of not less than \$1,000,000 per occurrence and aggregate. All such coverages shall be on an occurrence basis and shall provide for waivers of subrogation.

2. Franchisee may, at his discretion, also maintain comprehensive crime and blanket employee dishonesty insurance in an amount of not less than \$5,000.

3. All-risk property insurance, if franchisee maintains a facility dedicated to furniture repair operations, including theft and flood coverage (when applicable), written at replacement cost value covering the building, improvements, furniture, fixtures, equipment and inventory. Coverage shall be written in a value which will cover not less than eighty (80%) percent of the replacement cost of the building and one hundred (100%) percent of the replacement cost of the contents of the building.

4. Employer's Liability and Worker's compensation Insurance, as required by state law.

5. Business interruption insurance, at franchisee's discretion, of not less than five Thousand Dollars (\$5,000) per month for loss of income and other expenses with a limit of not less than six (6) months of coverage.

Franchisee's obligation to obtain and maintain, or cause to be obtained and maintained, the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by WEATHERSBY GUILD, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section XVIII. of this Agreement.

C. No Limitations on Coverage.

Franchisee's obligations to obtain and maintain the foregoing insurance policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in this Agreement. Franchisee may maintain such additional insurance as it may consider advisable.

D. Franchisee Must Provide Evidence of Coverage to Franchisor.

Upon obtaining the insurance required by this Agreement and on each policy renewal date thereafter, Franchisee shall promptly submit evidence of satisfactory insurance and proof of payment to Franchisor, together with, upon request, copies of all policies and policy amendments and endorsements. The evidence of insurance shall include a statement by the insurer that the policy or policies will not be cancelled or materially altered without giving at least thirty (30) days prior written notice to Franchisor.

E. Franchisor May Procure Insurance Coverage.

Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as described from time to time by the Manual or otherwise in writing, Franchisor shall have the right and authority (but no obligation) to procure such insurance and to charge same to Franchisee, which charges, together with a reasonable fee for Franchisor's expenses in so acting, shall be payable by Franchisee immediately upon notice from Franchisor.

XIV. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO ACCOUNTING AND RECORDS.

A. Bookkeeping, Accounting and Records.

Franchisee shall maintain during the term of this Agreement and shall preserve for a minimum of three (3) years, full, complete accurate records of sales, closeout sheets, payroll, and accounts payable in accordance with the standard accounting system described by Franchisor in the Manual or otherwise specified in writing.

B. Franchisor's Right to Audit.

WEATHERSBY GUILD or its designated agents shall have the right, at all reasonable times, to examine and copy, at WEATHERSBY Guild's initial expense, the books, records, and tax returns of

Franchisee and the Business. WEATHERSBY GUILD shall also have the right, at any time, to have an independent audit made of the books of the Business. If an inspection should reveal that any payments to Franchisor have been understated in any report to WEATHERSBY GUILD, then Franchisee shall immediately pay to WEATHERSBY GUILD, upon demand, the amount understated, together with interest on such amount from the date such amount was due until paid, at the Default Rate, calculated on a daily basis. If an inspection discloses an understatement in any payment to Franchisor of two percent (2%) or more, Franchisee shall, in addition, reimburse WEATHERSBY GUILD for any and all costs and expenses relating to the inspection (including, without limitation, travel, lodging and wage expenses and reasonable accounting and legal costs), and, at Franchisor's discretion, thereafter submit audited financial statements prepared, at Franchisee's expense, by an independent certified public accountant satisfactory to WEATHERSBY GUILD. If an inspection discloses an understatement in any payment to Franchisor of four percent (4%) or more, such act or omission shall constitute grounds for immediate termination of this Agreement, as set forth in Section XXIII. Hereof. The foregoing remedies shall be in addition to any other remedies WEATHERSBY GUILD may have pursuant to this Agreement and as provided at law and in equity.

C. Reporting of Gross Sales.

Franchisee shall submit to WEATHERSBY GUILD during the term of this Agreement, after the opening of the Business, (a) a royalty report, on a one (1) month accounting period basis, in the form of a Sales Report generated by the accounting software required by WEATHERSBY GUILD, or such other form as may be prescribed by WEATHERSBY GUILD from time to time, accurately reflecting all Gross Sales during each preceding one month accounting period, and such other data or information as WEATHERSBY GUILD may require, from time to time, which must be actually received by Franchisor within five (5) business days from the date of expiration of each one (1) month accounting period. At Franchisor's discretion, Franchisee may also be required to submit (a) profit and loss statements, balance sheets and trial balances prepared in accordance with generally accepted accounting principles, consistently applied, for each accounting period, to be received by Franchisor within fifteen (15) days after the date of expiration of each period covered by the report, (b) copies of all tax returns relating to sales by the Business to be received by Franchisor within ten (10) days of the end of the state sales tax reporting period, and (c) such other data or information as WEATHERSBY GUILD may require, from time to time.

D. Submission of Financial Statements.

At Franchisor's discretion, Franchisee shall, at its expense, submit to Franchisor, within thirty (30) days of the end of each calendar quarter during the term of this Agreement, on forms prescribed by Franchisor, a financial statement, which may be unaudited, for the preceding quarter, including both an income statement and balance sheet. Each financial statement shall be signed by Franchisee or by Franchisee's Treasurer or Chief Financial Officer, attesting that the statement is true and correct. Franchisee shall also, at its expense, submit to Franchisor, within sixty (60) days of the end of each fiscal year of Franchisee during the terms of this Agreement, a complete financial statement for said fiscal year, including, without limitation, both an income statement and balance sheet, which may be un-audited, together with such other information in such form as Franchisor may require. Franchisee shall also submit to Franchisor the current financial statement and other forms, records, reports, information, and data as Franchisor may reasonably designate, in the form, and at the times and the places reasonably required by Franchisor, upon request, and as specified from time to time in the Manual or otherwise in writing.

E. Disclosure of Financial Statements.

Franchisee hereby grants permission to WEATHERSBY GUILD to release to Franchisee's landlord, lenders or prospective landlords or lenders, any financial and operational information relating to

Franchisee and/or the Business; however, WEATHERSBY GUILD has no obligation to do so.

F. Accounting Software and Procedures.

Franchisee shall use, in connection with the operation of the Business, the software program(s) required by Franchisor, from time to time (currently, the most recent version of QuickBooks Pro and eStatus) to issue invoices, record and report all receipts and expenses according to standard accounting practices and report sales to us. Sales reports must be provided to WEATHERSBY GUILD in the manner specified by Franchisor. All receipts from non-claims related revenues must be reflected on sequential receipts signed by the customer and copies of signed receipts must accompany the monthly revenue reports.

XV. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO USES OF NAMES AND MARKS

A. Names and Marks are Owned by Franchisor.

Franchisor warrants with respect to the proprietary Names and Marks that:

1. It has the right to license the Mark “WEATHERSBY GUILD” to Franchisee;
2. Franchisor is taking and will take such steps as are reasonably necessary to preserve and protect the ownership and validity of such Names and Marks; and
3. Franchisor will use and permit Franchisee and other franchisees to use the Names and Marks with the System and standards attendant thereto, which underlie the goodwill associated with and symbolized by the Names and Marks.

B. Franchisee’s License to Use Names and Marks.

With respect to Franchisee’s franchised use of the Names and Marks pursuant to this Agreement, Franchisee agrees that:

1. Franchisee shall use only the Names and Marks as are approved in writing by Franchisor for Franchisee’s use, and shall use them only in the manner authorized and permitted by Franchisor and that in any use whatsoever of the Names and Marks of Franchisor that the Names and Marks are identified as being registered to or owned by Franchisor;
2. Franchisee shall use the Names and Marks only in connection with the operation of the Business and in advertising for the Business conducted at or from the Accepted Location;
3. Franchisee shall use and display, as Franchisor may require in the operation of the Business, a notice in the form approved by Franchisor indicating that Franchisee is a “Franchised Operator” under the System and that the Names and Marks are used by Franchisee under such Franchise;
4. Unless otherwise authorized or required by Franchisor, Franchisee shall operate and advertise the Business under the Name and Mark “WEATHERSBY GUILD “;
5. Franchisee’s right to use the Names and Marks is limited to such usage as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of Franchisor’s rights;

6. Franchisee shall not use the Names and Marks to incur any obligations or indebtedness on behalf of Franchisor;

7. Franchisee shall not use the Names and Marks or any part thereof as part of its corporate or other legal name;

8. Franchisee shall comply with Franchisor's instructions in filing and maintaining the requisite trade name or fictitious name registration, and shall execute any documents deemed necessary by Franchisor or its counsel to obtain protection for the Names and Marks or to maintain their continued validity and enforceability;

9. In the event any litigation involving the Names and Marks is instituted or threatened against Franchisee, Franchisee shall promptly notify Franchisor and shall cooperate fully with Franchisor in defending such litigation; and

10. During the term of this Agreement and any renewal hereof, Franchisee shall identify itself as the owner of the Business in conjunction with any use of the Names and Marks, including, but not limited to, on invoices, order forms, receipts, and contracts, as well as at such conspicuous locations on the premises of the Business as WEATHERSBY GUILD may designate in writing. The form and content of such identification shall comply with standards set forth in the Manual.

C. Franchisee Will Not Challenge Franchisor's Rights in its Names and Marks.

Franchisee expressly understands and acknowledges that:

1. As between the parties hereto, Franchisor is the owner of all right, title, and interest in and to the Names and Marks and the goodwill associated with and symbolized by them;

2. The Names and Marks are valid and serve to identify the System and those who are franchised under the System;

3. Franchisee shall not directly or indirectly contest the validity or the ownership of the Names and Marks;

4. Franchisee's use of the Names and Marks pursuant to this Agreement does not give Franchisee any ownership interest or other interest in or to the Names and Marks, except the non-exclusive Franchise granted herein;

5. Any goodwill arising from Franchisee's use of the Names and Marks in its Business under the System shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement and the Franchise herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Names and Marks;

6. Franchisor reserves the right to substitute different Names and Marks for use in identifying the System, the Business and other franchised businesses operating thereunder;

7. Franchisee hereby agrees not to register or attempt to register the Names and Marks in Franchisee's name or that of any other firm, person or corporation; and

8. The right and license of the Names and Marks granted hereunder to Franchisee is

nonexclusive, and WEATHERSBY GUILD thus has and retains the rights, among others:

- a. To use the Names and itself in connection with selling products and services;
- b. To grant other licenses for the Names and Marks, in addition to those licenses already granted to existing franchisees; and
- c. To develop and establish other systems using similar Names and Marks, or any other proprietary marks, and to grant licenses or franchises thereto at any location(s) whatsoever without providing any rights therein to Franchisee.

9. Franchisee understands and acknowledges that Franchisor has the unrestricted right to engage, directly or indirectly, through its or their employees, representatives, licensees, assigns, agents and others, at wholesale, retail and otherwise, in the production, distribution and sale of products bearing the Names and Marks licensed hereunder or other names or marks, including without limitation, products included as part of the System. Franchisee shall not under any circumstances engage in any wholesale trade or sale of System products for resale.

XVI. SPECIFIC OBLIGATIONS OF THE FRANCHISEE RELATING TO CONFIDENTIALITY OF PROPRIETARY INFORMATION

A. Franchisee Will Learn Proprietary Matters.

Franchisee acknowledges that it will obtain knowledge of proprietary matters, techniques and business procedures of Franchisor that are necessary and essential to the operation of the Business, without which information Franchisee could not effectively and efficiently operate such business, including, without limitation, knowledge regarding the System, the Business and the Manual. Franchisee further acknowledges that such proprietary information was not known to Franchisee prior to execution of this Agreement and that the methods of Franchisor are unique and novel to the System. As used herein, "Proprietary Information" shall mean confidential information concerning:

1. Persons, corporations or other entities which are, have been or become franchisees of the System and any investors therein;
2. Persons, corporations or other entities which are, have been or become customers of the Business;
3. The terms of and negotiations relating to past or current Franchise Agreements with respect to the System;
4. The operating procedures of the System, including without limitation: distinctive management, bookkeeping and accounting systems and procedures, advertising, promotional and marketing methods, personnel hiring and training procedures, the manufacturers, suppliers and uses of equipment, and lists of vendors and suppliers;
5. The economic and financial characteristics of the System and franchisees, including without limitation: pricing policies and schedules, profitability, earnings and losses, and capital and debt structures;

6. The services and products offered to customers of the Business, including, without limitation, the scope of services performed, and services refused; and

7. All documentation of the information listed in Sections XVI.A.1. through XVI.A.6. hereof, including, without limitation, the Manual. During the term of this Agreement and for a period of five (5) years following the expiration or termination of this Agreement, Franchisee agrees not to divulge, directly or indirectly, any Proprietary Information, without the prior written consent of Franchisor. Nothing contained herein shall be construed so as to require Franchisor to divulge any secret processes, formulas, or the like.

B. Franchisee's Employees Will Not Disclose Proprietary Information.

Franchisee may disclose Proprietary Information only to such of its employees, agents and representatives as must have access to it in order to operate the Business. Franchisee shall obtain from each such employee, representative or agent an agreement that such person shall not during the course of his employment, representation, or agency with Franchisee, or for a period of five (5) years thereafter, use, divulge, disclose or communicate, directly or indirectly, in any form or manner, to any person, firm or corporation, any of the Proprietary Information of Franchisor.

C. Injunctive Relief is Available to Franchisor.

Franchisee acknowledges that any failure to comply with the requirements of this Section XVI will cause Franchisor irreparable injury, and Franchisor shall be entitled to obtain specific performance of, or an injunction against any violation of, such requirements; Franchisee waives any requirements for the posting of any bond(s) relating thereto. Franchisee agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining specific performance of, or an injunction against, violation of requirements of this Section XVI. The foregoing remedies shall be in addition to any other legal or equitable remedies which Franchisor may have.

D. Franchisor's Patent Rights and Copyrights.

Franchisor does not own rights in or to any patents that are material to the Business. However, Franchisor intends to obtain copyright protection for the Manual and certain marketing, sales, and operations literature. Furthermore, Franchisor claims rights to certain trade secrets and confidential information as discussed above.

XVII. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO TAXES, PERMITS AND LAWSUITS

A. Franchisee Must Notify Franchisor of Lawsuits.

Franchisee shall notify Franchisor in writing within five (5) days of the commencement of any action, suit, or proceeding against Franchisee, and of the issuance of any inquiry, subpoena, order, writ, injunction, award or decree of any court, agency, or other governmental instrumentality, which arises out of, concerns, or may affect the operation or financial condition of the Business, including, without limitation, any criminal action or proceedings brought by Franchisee against its employees, customers, or other persons.

B. Franchisee Must Comply With Laws.

Franchisee shall, at Franchisee's expense, comply with all federal, state and local laws, rules, regulations and ordinances and shall timely obtain and shall keep in force as required throughout the term of this Agreement all permits, certificates and licenses necessary for the full and proper conduct of the Business, including, without limitation, any required permits, licenses to do business, fictitious name registrations, sales tax permits, and fire clearances.

C. Franchisee Must Pay Taxes Promptly.

Franchisee shall promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of any kind incurred by Franchisee in the conduct of the Business. Franchisee shall pay Franchisor an amount equal to any sales tax, gross receipts tax or similar tax imposed on Franchisor with respect to any payments to Franchisor required under this Agreement, unless tax is credited against income tax otherwise payable by Franchisor.

D. Franchisee May Contest Tax Assessments.

In the event of any bona fide dispute as to any liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law. However, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor to occur against the premises of the Business, or any improvements thereon.

XVIII. SPECIFIC OBLIGATION OF FRANCHISEE RELATING TO INDEMNIFICATION

Franchisee understands and agrees that nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name. Franchisee further understands and agrees that Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action, or by reason of any act or omission of Franchisee in its operation of the Business or any claim or judgment arising therefrom against Franchisee. Franchisee shall indemnify and hold Franchisor and Franchisor's officers, directors, shareholders and employees harmless against any and all claims arising directly or indirectly from, as a result of, or in connection with, Franchisee's ownership and/or operation of the Business, as well as all costs, including attorney's fees, of defending against same.

XIX. MISCELLANEOUS COVENANTS OF FRANCHISEE

A. Covenants are Independent.

The parties agree that each covenant herein shall be construed to be independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Agreement is held to be unenforceable or unreasonable by a court or agency having competent jurisdiction in any final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resultant covenant were separately stated in and made a part of this Agreement.

B. Non-Competition and Non-Solicitation.

1. Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of WEATHERSBY GUILD and the System.

2. Franchisee covenants and agrees that, during the term of this Agreement, except as otherwise approved in writing by WEATHERSBY GUILD, Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with, any person, persons, or legal entity (a) employ or seek to employ any person who is at that time employed by WEATHERSBY GUILD or by any other franchisee or affiliate of WEATHERSBY GUILD, or otherwise directly or indirectly induce such person to leave his or her employment; or (b) own, maintain, operate, engage in, be employed by, or have any interest in any business providing furniture repair or refinishing services.

3. Franchisee further covenants and agrees that, except as otherwise approved in writing by WEATHERSBY GUILD, Franchisee shall not, for a continuous uninterrupted period commencing upon the expiration, termination, transfer or non-renewal of this Agreement, regardless of the cause for termination, and continuing for two years thereafter, either directly or indirectly, for itself or through, on behalf of, or in conjunction with, any person, persons or legal entity (1) own, maintain, operate, engage in, be employed by, or have any interest in any business providing furniture repair or refinishing services within the Territory or within 100 miles from either the Territory or the protected territory of any of any other WEATHERSBY GUILD business in existence or planned as of the time of termination or expiration of this Agreement, as identified in the Franchise Disclosure Document of WEATHERSBY GUILD in effect as of the date of expiration or termination of this Agreement; or (2) solicit or accept claims handling, furniture repair and/or refinishing business or referrals of same, from any adjusters or other claims representatives from whom Franchisee received furniture repair and/or refinishing work or referrals and who were introduced to Franchisee by Franchisor during the term of this Agreement.

C. Exception to Non-Competition and Non-Solicitation Covenants.

Section XIX.B. hereof shall not apply to ownership by Franchisee of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly held corporation.

D. Franchisee Will Not Divert Business.

During the term of this Agreement and for a period of two (2) years following the expiration, termination, transfer or non-renewal of this Agreement, regardless of the cause of termination, Franchisee covenants that it will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity:

1. Divert or attempt to divert business or customers of the Business with which or with whom Franchisee has had contact during the term of this Agreement to any competitor including Franchisee) by direct or indirect inducement or otherwise; or

2. Do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Names and Marks or the System or both; or

3. Induce, directly or indirectly, any person who is at that time employed by Franchisor or by any other Franchisee of Franchisor, to leave his or her employment. The provisions of this Section XIX.D. shall apply only in the geographical area lying within the Territory.

E. Franchisor Is Entitled to Injunctive Relief.

Franchisee acknowledges that any failure to comply with the requirements of this Section XIX. will cause Franchisor irreparable injury for which no adequate remedy at law may be available, and Franchisee hereby accordingly consents to the issuance by a court of competent jurisdiction of an injunction prohibiting any conduct by Franchisee in violation of the terms of this Section XIX. and waives any requirement for the posting of any bond(s) relating thereto. Franchisor may further avail itself of any legal or equitable rights and remedies which it may have under the Agreement or otherwise.

F. Covenants Are Enforceable Independent of Claims.

Franchisee expressly agrees that the existence of any claim it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants of this Section XIX. Franchisee further agrees that Franchisor shall be entitled to set off any amounts owed by Franchisor to Franchisee against any loss or damage to Franchisor resulting from Franchisee's breach of this Section XIX.

G. No Defense or Right of Set-Off.

Franchisee expressly agrees that the existence of any claims it may have against WEATHERSBY GUILD, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by WEATHERSBY GUILD of the covenants in this Section XIX. Franchisee agrees to pay all damages, costs and expenses (including reasonable attorney's fees) incurred by WEATHERSBY GUILD in connection with the enforcement of this Section XIX.

XX. OBLIGATIONS OF THE FRANCHISOR: SUPERVISION, ASSISTANCE OR SERVICES

Franchisor shall provide Franchisee with the following assistance and services:

A. Initial Training Program.

1. The Franchisor will provide the Initial Training Program concerning the operation of the Business, consisting of a minimum of 14 days, unless amended on an individual basis by Franchisor, or such greater number of days as may be deemed necessary by Franchisor, of training to Franchisee's manager (or to Franchisee, if Franchisee is an individual and will manage the Business) at or near Franchisor's Home Office in Georgia. The exact days of the program will be mutually agreed upon by Franchisor and Franchisee. Franchisor shall provide such training program to Franchisee's manager (or to Franchisee, if Franchisee is an individual and will act as manager) at no additional charge to Franchisee, however, Franchisee shall be responsible for any travel, lodging, meal or other costs for the attendee(s) of the training program. In addition, any person subsequently employed as a manager of the Business will also be required by Franchisor to complete the Initial Training Program to Franchisor's satisfaction. Satisfactory completion of all mandatory training sessions is required. Failure to do so shall result in a breach of this Agreement.

2. WEATHERSBY GUILD shall also offer training resources, at a cost to Franchisee to be determined by WEATHERSBY GUILD, to assist Franchisee at its business location for hourly employees. No employee will be permitted to conduct furniture repair or unsupervised furniture repair or

restoration unless trained by Weathersby Guild Headquarters personnel and/or certified by Weathersby Guild Headquarters.

3. WEATHERSBY GUILD shall provide such continuing advisory assistance to Franchisee in the operation, advertising and promotion of the Business as WEATHERSBY GUILD deems advisable. WEATHERSBY GUILD shall also provide such refresher training programs for Franchisee and Franchisee's employees as WEATHERSBY GUILD deems appropriate.

4. WEATHERSBY GUILD may, from time to time, provide to Franchisee, at Franchisee's expense, such advertising and promotional plans and materials for local advertising as described in Section X.C. of this Agreement and may direct the discontinuance of such plans and materials, from time to time. All other advertising and promotional materials which Franchisee proposes to use must be reviewed and approved by WEATHERSBY GUILD, pursuant to Section X.C. hereof

5. Franchisor may conduct additional seminars or other training programs for the benefit of Franchisee, and Franchisee (and/or Franchisee's employees) may attend any such seminar or program. Franchisor may charge a reasonable fee for such seminar or program if it is deemed appropriate. Any and all traveling, living and other expenses incurred by anyone attending training shall be paid by Franchisee.

6. Franchisee may make reasonable request for training in addition to that specified above, and Franchisor shall provide such training, at Franchisee's expense, including without limitation, any travel, lodging, meals and other related costs.

7. Franchisee shall complete and/or shall cause its employees to complete, to Franchisor's satisfaction, such other additional training as Franchisor may reasonably require from time to time.

8. WEATHERSBY GUILD may provide Franchisee, from time to time, as WEATHERSBY GUILD deems appropriate, such merchandising, marketing and other data and advice as may from time to time be developed by WEATHERSBY GUILD and deemed by WEATHERSBY GUILD to be helpful in the management and operation of the Business.

9. WEATHERSBY GUILD may provide such periodic individual or group advice, consultation and assistance, rendered by personal visit or telephone, or by newsletter or bulletins made available from time to time to all WEATHERSBY GUILD franchisees, as WEATHERSBY GUILD may deem necessary or appropriate.

10. WEATHERSBY GUILD may provide such bulletins, brochures, manuals and reports, if any, as may from time to time be published by or on behalf of WEATHERSBY GUILD regarding its plans, policies, developments and activities. In addition, WEATHERSBY GUILD may provide such communication concerning new developments, techniques and improvements management which WEATHERSBY GUILD feels are relevant to the operation of the Business.

11. WEATHERSBY GUILD shall provide the requirements for a standardized system for accounting, cost control and inventory control.

12. WEATHERSBY GUILD shall seek to maintain the high standards of quality, appearance, and service of the System, and to that end shall conduct, as it deems advisable, inspections of the Business franchised hereunder, and evaluations of the products sold and services rendered therein.

13. Franchisor shall such take action to preserve the Names and Marks against unauthorized operations which infringe on such Names and Marks as Franchisor deems appropriate.

14. All obligations of WEATHERSBY GUILD under this Agreement shall benefit only Franchisee, and no other party is entitled to rely on, enforce, benefit from or obtain relief for breach of such obligations, either directly or by subrogation.

B. Post-Training Assistance.

In addition to the assistance rendered to Franchisee prior to opening, Franchisor may provide such continuing consultation and advice regarding business, financial, operational, technical, pricing, legal, sales and advertising matters, products, management of supplies, styles and type of service, operation of the Business, and development of personnel policies as Franchisor deems appropriate. Franchisor will provide such assistance by telephone or, if the situation warrants, through on-site assistance of appropriate Franchisor personnel.

C. Operations Manual.

In order to protect the reputation and goodwill of WEATHERSBY GUILD and to maintain high standards of operation under WEATHERSBY Guild's Proprietary Marks, Franchisee shall conduct its business in accordance with this Agreement and the Manual (one copy of which Franchisee shall acknowledge in writing upon receipt has been received on loan from WEATHERSBY GUILD for the term of this Agreement), other written directives which WEATHERSBY GUILD may issue to Franchisee from time to time, whether or not such directives are made part of the Manual, and any other manuals, videotapes, and materials created or approved for use in the operation of the Business by Franchisor, from time to time.

Franchisee shall at all times treat the Manual, any written directives of WEATHERSBY GUILD, any business plans and specifications, and any other manuals created for or approved for use in the operation of the Business, and any supplements thereto, and the information contained therein, in trust and as confidential information, and shall use all reasonable efforts to maintain such information as secret and confidential. Franchisee shall not at any time copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person.

The Manual, written directives, other manuals and materials, and any other confidential communications provided or approved by WEATHERSBY GUILD, shall at all times remain the sole property of WEATHERSBY GUILD and shall at all times be kept and maintained in a secure place on the Business premises.

WEATHERSBY GUILD may from time to time revise the contents of the Manual and the contents of any other manuals and materials created or approved for use in the operation of the Business, and Franchisee expressly agrees that each new or changed standard shall be deemed effective upon receipt by Franchisee or as specified in such standard.

Franchisee shall at all times ensure that its copy of the Manual is kept current and up-to-date; and, in the event of any dispute as to the contents of the Manual, the master copy of the Manual maintained by WEATHERSBY GUILD at WEATHERSBY GUILD headquarters shall be controlling.

Any suggestions Franchisee may have concerning the improvement of products, equipment, uniforms, business facilities, service format and advertising are encouraged and shall be considered by WEATHERSBY GUILD when adopting or modifying the standards, specifications and procedures for the System.

D. Selecting Suppliers.

Franchisor shall provide Franchisee a list of approved suppliers of necessary supplies.

E. Recommended Price Schedules.

Franchisor shall advise Franchisee, from time to time, concerning suggested retail prices. Franchisor and Franchisee agree that any list or schedule of prices furnished to Franchisee by Franchisor is Franchisor's recommended maximum retail price list only and that Franchisee shall have the sole right to determine the prices charge by Franchisee for the products and/or services offered and provided by the Business. Nothing contained herein shall be deemed a representation by Franchisor that the use of the Franchisor's suggested prices will in fact optimize profits.

F. Advertising and Promotion.

Franchisor may develop and provide creative materials for local and regional advertising and make such advertising materials available to Franchisee for publication or distribution in the Franchisee's market area at Franchisee's own expense. Franchisor shall provide specific guidelines for advertising initiated by Franchisee and shall reserve the right to disapprove any advertising which, in the Franchisor's opinion, is not in accordance with these guidelines. However, no approval shall be unreasonably withheld or denied. Immediately upon notification to do so, Franchisee shall discontinue any advertising that would, in Franchisor's opinion, be detrimental.

G. Brand Fund.

1. Franchisor has established a separate fund for the purpose of enhancing the goodwill and public image of the System through promoting and protecting the Brand ("Brand Fund"). All franchisees will be required to make Brand Fund Contributions in an amount to be determined by Franchisor on an annual basis. Franchisees' Brand Fund Contribution will be equal to the Franchisee's pro-rata share of expenditures made by Franchisor in its discretion to promote the System and for updates to the eStatus software. Company-owned units may, in their sole discretion, contribute to the Brand Fund.

2. The Brand Fund will be administered by Franchisor or its designee. Any unused funds in any fiscal year will be applied to the following fiscal year's Brand Fund. Franchisor reserves the right to contribute or loan additional funds to the Brand Fund on any terms Franchisor deems reasonable. Since the Brand Fund is not audited, Franchisor will not make audited financial statements available to Franchisee. Upon Franchisee's written request, within one hundred twenty (120) days after the fiscal year end, Franchisor will provide an un-audited accounting from the Brand Fund that shows how the Brand Fund proceeds have been spent for the previous year. Franchisor shall not be required to provide such accounting more than one time per fiscal year, nor will Franchisor be required to provide any other periodic accounting of the Brand Fund.

3. Franchisor or its designee will administer the Brand Fund with sole discretion over all operational and advertising decisions including: (i) the creative concepts, materials, endorsements and media used in connection with such programs (which may include television, radio, internet and print advertising, maintenance of a website and use of Social Media Platforms as funds permit); (ii) the source of the advertising, marketing, lead generation and/or promotional efforts (which may be in-house or through an outside agency located locally, regionally or nationally); (iii) the placement and allocation of such programs (which will be local or regional); and (iv) the composition of all geographic territories and market areas for the development and implementation of such programs.

4. The Brand Fund will not be used primarily by Franchisor to advertise and promote the sale of franchises. Franchisor intends the Brand Fund to maximize recognition of the Principal Trademarks and patronage of the System in any manner Franchisor determines will be effective, including but not limited to expenditures related to the development and maintenance of the Websites, and direct mail programs. Franchisor may structure the organization and administration of the Brand Fund in any way it determines best benefits the System in its sole discretion. Franchisor will attempt to spend Brand Fund expenditures in such a way as to provide benefits to all participating franchisees but makes no guarantees that Franchisee will benefit pro rata or at all from its Brand Fund Contributions. Franchisor need not ensure that Brand Fund expenditures in or affecting any geographic area, are proportionate or equivalent to Brand Fund Contributions by Weathersby Guild franchisees operating in that geographic area. The Brand Fund will not be used to advertise and promote any individual franchised business, except to benefit the System as determined by Franchisor in its sole discretion.

5. Franchisee further acknowledges and agrees that Franchisor may use Brand Fund Contributions to duplicate, print and purchase logo items including but not limited to any sales, advertising and point of purchase materials to be resold to Weathersby Guild franchisees and any profits from such sales shall be paid to the Brand Fund.

6. Franchisee further acknowledges and agrees that Franchisor may use Brand Fund Contributions to pay for expenses incurred in connection with meetings between Franchisor and Weathersby Guild franchisees, including the Convention.

7. Franchisor will account for the Brand Fund separately from its other funds and not use the Brand Fund for any of its general operating expenses. However, Franchisor may use the Brand Fund to pay the reasonable salaries and benefits of personnel who manage and administer the Brand Fund, the Brand Fund's other administrative costs, travel expenses of personnel while they are on Brand Fund business, meeting costs, overhead relating to the Brand Fund business, costs relating to maintaining the website, and other expenses that Franchisor incurs in activities reasonably related to administering or directing the Brand Fund and its programs, including, without limitation, conducting market research, public relations, preparing Advertising Materials, Social Media Materials, and collecting and accounting for Brand Fund Contributions.

8. The Brand Fund will not be Franchisor's asset. Although the Brand Fund is not a trust, Franchisor will hold all Brand Fund contributions for the benefit of the contributors and use contributions only for the purposes described in this Section. Franchisor does not owe any fiduciary obligation to Franchisee for administering the Brand Fund or for any other reason. The Brand Fund may spend in any fiscal year more or less than the total Brand Fund Contributions in that year, borrow from Franchisor or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. The Brand Fund will use all interest earned on Brand Fund Contributions to pay costs before using the Brand Fund's other assets. Franchisor reserves the right to establish an advisory council or subcommittee for advertising, which if established, would only have advisory responsibilities and authority.

9. Franchisor may at any time defer or reduce Franchisee's Brand Fund Contribution rate. Franchisor may upon thirty (30) days' prior notice to Franchisee, reduce or suspend Brand Fund operations and contributions for one or more periods of any length and terminate (and, if terminated, reinstate) the Brand Fund. If Franchisor terminates the Brand Fund, Franchisor will distribute all unspent monies to its franchisees and Affiliates in proportion to their respective Brand Fund Contributions during the preceding twelve (12) month period.

10. Franchisor has the right but not the obligation to use collection agents and institute legal proceedings to collect Brand Fund Contributions at the Brand Fund's expense. Franchisor may also forgive, waive, settle and compromise all claims by or against the brand Fund. Except as expressly provided in this Subsection, Franchisor assumes no direct or indirect liability or obligation to Franchisee for collecting amounts due to, maintaining, direct or administering the Brand Fund.

XXI. VARYING STANDARDS

Because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole and absolute discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any franchisee based upon the peculiarities of a particular location or circumstance, density of population, business potential, population or trade area, existing business practices, or any other condition which Franchisor deems to be of importance to the successful operation of such franchisee's business. Franchisee shall not have any right to complain about a variation from standard specifications and practices granted to any other franchisee and shall not be entitled to require Franchisor to grant to Franchisee a like or similar variation.

XXII. SALE OF FRANCHISE

A. Assignment by Franchisee.

This Agreement restricts Franchisee's right to assign the Agreement to a third party. Neither this Agreement, nor any of Franchisee's rights or privileges, shall be assigned, transferred, shared, redeemed or divided by operation of law or otherwise, in any manner, without the prior written consent of Franchisor, which consent will not be withheld or delayed unreasonably. In granting any such consent, Franchisor may impose reasonable conditions, including, without limitation, the following:

1. Franchisee must be in full compliance with the terms of this Franchise Agreement, including being paid in full on all fees due and payable to us;

2. The proposed assignee (or its partners, managers, directors, officers, or controlling shareholders, if it is a corporation or partnership) must meet the then-applicable standards of Franchisor;

3. The proposed assignee must not operate a franchise, license or other business offering services similar to those offered by the Business;

4. Franchisor shall not charge such assignee an Initial Franchise Fee for the Franchise, but Franchisee pay Franchisor a transfer fee in an amount equal to Thirty Percent (30%) of the then-current initial franchise fee charged by Franchisor;

5. Franchisee shall have substantially complied with all of the terms and provisions of this Agreement, any amendment hereof or successor hereto, or any other agreements between the Franchisee and WEATHERSBY GUILD, its subsidiaries or affiliates and, at the time of transfer, shall not be in default thereof;

6. The transferor shall have executed a general release under seal, in a form satisfactory to WEATHERSBY GUILD, of any and all claims against WEATHERSBY GUILD and its officers, directors, shareholders, and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances;

7. The transferee (and, if the transferee is other than an individual, such principals and/or owners of a beneficial interest in the transferee as WEATHERSBY GUILD may request) shall enter into a written assumption agreement, in a form satisfactory to WEATHERSBY GUILD, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement;

8. The transferee shall demonstrate, to WEATHERSBY Guild's satisfaction, that the transferee meets WEATHERSBY Guild's educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the Business (as may be evidenced by prior related business experience or otherwise); and has adequate financial resources and capital to operate the Business;

9. The transferee (and, if the transferee is other than an individual, such principals and/or owners of a beneficial interest in the transferee as WEATHERSBY GUILD may request) shall execute, for a term ending on the expiration date of this Agreement and with such renewal term, if any, as may be provided by this Agreement, the standard form franchise agreement then being offered to new System franchisees and such other ancillary agreements as WEATHERSBY GUILD may require for the Business, which agreements shall supersede this Agreement in all respects and the terms of which agreements may differ from the terms of this Agreement, including, without limitation, a higher percentage royalty rate, advertising contribution, and service charge for goods; provided; however, that the transferee shall not be required to pay an initial franchise fee;

10. The transferee, at its expense, shall upgrade the Business to conform to the then-current standards and specifications of the new entry System and shall complete the upgrading and other requirements within the time specified by WEATHERSBY GUILD;

11. Franchisee shall remain liable for all of the obligations to WEATHERSBY GUILD in connection with the Business prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by WEATHERSBY GUILD to evidence such liability;

12. Franchisee shall agree to remain obligated under the covenants against competition of this Agreement as if this Agreement had been terminated on the date of the transfer;

13. At the transferee's expense, the transferee and, if applicable, the transferee's designated individual manager shall complete any training programs then in effect for franchisees upon such terms and conditions as WEATHERSBY GUILD may reasonably require; and

14. The transferee shall agree to a sublease or to a transfer and assignment, and assumption of the lease of the Business premises from Franchisee and shall obtain the landlord's approval if required prior to any transfer or sublease, if applicable.

B. Assignment by Franchisor.

Franchisor has an unrestricted right to transfer or assign all or part of its rights or obligations under this Agreement to any assignee or other legal successor to the interests of Franchisor.

C. Transfer Upon Death or Mental Incapacity.

Upon the death or mental incapacity of any person with an interest in the Business (a "Principal"), the executor, administrator, or personal representative of that person must transfer his interest to a third party approved by Franchisor within six (6) months after death or mental incapacity. These

transfers, including, without limitation, transfers by devise or inheritance, will be subject to the same restrictions and conditions as any inter vivos transfer. However, in the case of a transfer by devise or inheritance, if the heirs or beneficiaries of any deceased person are unable to meet the conditions of this Agreement, the personal representative of the deceased Franchisee shall have a reasonable time to dispose of the deceased's interest in the Business, which disposition will be subject to all the terms and conditions for transfer contained in this Agreement. If the interest is not disposed of within a reasonable time, Franchisor may terminate this Agreement.

Pending assignment, upon the death of a Principal, or in the event of any temporary or permanent mental or physical disability of a Principal, a manager shall be employed for the operation of the Business who has completed the Initial Training Program to Franchisor's satisfaction. If, after the death or disability of a Principal, the Business is not being managed by such trained manager, WEATHERSBY GUILD is authorized to appoint a manager to operate the Business until an approved assignee is able to assume the management and operation of the Business, but in no event for a period exceeding one (1) year without the approval of the personal representative of the Principal. Such manager shall be deemed an employee of Franchisee. All funds from the operation of the Business during the period of management by such appointed or approved manager shall be kept in a separate fund and all expenses of the Business, including compensation of such manager, other costs and travel and living expenses of such appointed or approved manager (the "Management Expenses"), shall be charged to such fund. As compensation for the management services provided, in addition to the fees otherwise due hereunder, WEATHERSBY GUILD shall charge such fund the full amount of the direct expenses incurred by WEATHERSBY GUILD during such period of management for and on behalf of Franchisee, provided that WEATHERSBY GUILD shall only have a duty to utilize reasonable efforts and shall not be liable to Franchisee, the Principal or personal representative of the Principal, Franchisee or any person or entity having an interest in Franchisee, losses or obligations incurred by the Business, or to any creditor of Franchisee or the Principal during any period in which it is managed by a WEATHERSBY GUILD appointed or approved manager.

D. Sale of Franchised Business.

If the Franchisee (or its owners) desires to sell the Business, or part or all of the ownership of the Business, then Franchisor will reasonably assist Franchisee (or its owners) in connection therewith. If Franchisee (or its owners) shall obtain a *bona fide* written offer to purchase the Business, or such ownership, such offer shall be submitted promptly to Franchisor. For a period of thirty (30) days from the date of Franchisor's receipt of such offer, Franchisor shall have the right, exercisable by written notice to Franchisee (or its owners), to purchase the Business, or such ownership, for the price and on the same terms and conditions contained in such offer, provided that Franchisor may substitute cash for any form of payment proposed in such offer. If Franchisor does not exercise its right of first refusal, the bona fide written offer may be accepted by Franchisee or its owners, subject to the prior written approval of Franchisor. To enable WEATHERSBY GUILD to determine whether it will exercise its option, Franchisee and the seller shall provide such information and documentation, including financial statements, as WEATHERSBY GUILD may require. In the event that WEATHERSBY GUILD elects to purchase said interest, closing on such purchase must occur within ninety (90) days from the date of notice to the seller of the election to purchase said Interest by WEATHERSBY GUILD. Failure of WEATHERSBY GUILD to exercise the option afforded by this Section XXII.D. shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section XXII., with respect to a proposed transfer of any Interest. Any subsequent change in the terms of any offer prior to closing shall constitute a new offer subject to the same rights of first refusal by WEATHERSBY GUILD as in the case of an initial offer.

XXIII. TERMINATION OF FRANCHISE

A. By Franchisor With Cure.

Franchisee acknowledges that the strict performance of all the terms of this Agreement is necessary not only for protection of Franchisor, but also the protection of Franchisee and other franchisees of Franchisor. As a result, Franchisee therefore acknowledges and agrees that strict and exact performance by Franchisee of each of the covenants and conditions contained herein is a condition precedent to the continuation of this Agreement. Except as provided in Section XXIII.B, if Franchisee shall breach any provision of this Agreement, then Franchisor shall notify Franchisee in writing of such breach, specifying its nature and giving Franchisee ten (10) days, in the case of monetary default, or thirty (30) days, in the case of a non-monetary default, or such longer period as applicable law may require, within which to remedy same to Franchisor's reasonable satisfaction. If Franchisee shall fail to remedy such breach within the applicable cure period, then Franchisor can terminate this Agreement and the Franchise effective upon delivery of a notice of termination to Franchisee.

B. By Franchisor Without Cure.

Notwithstanding the foregoing, Franchisee shall be deemed to be in breach and Franchisor, at its option, may terminate this Agreement and all rights granted under it, without affording Franchisee any opportunity to cure the breach, effective immediately upon Franchisor notifying Franchisee in writing of such breach, if Franchisee does any of the following:

1. Abandons, surrenders, or transfers control of the operation of the Business or fails to continuously and actively operate the Business, unless precluded from doing so by damage to the premises of the Business due to war, act of God, civil disturbance, natural disaster, labor dispute or other events beyond Franchisee's reasonable control;
2. Consistently fails or refuses to submit when due any financial statement, tax return or schedule, or to pay when due the Royalty Fees, or any other payments due Franchisor or its affiliate;
3. Operates the Business in a manner that violates any federal, state, or local law, rule, regulation or ordinance;
4. Has made a material misrepresentation or omission on the application for the Franchise;
5. Transfers, assigns this Agreement or subfranchises the Business without having the prior written consent of Franchisor, as set forth herein;
6. Discloses or divulges the contents of the Manual or any other Proprietary Information provided to Franchisee by Franchisor;
7. Repeatedly fails to comply with any of the requirements imposed by this Agreement, whether or not cured after notice;
8. Within any sixty (60) day period receives (4) or more customer or claims adjuster complaints, regardless of whether Franchisee has resolved such complaints;

9. Engages in any activity which has a material adverse effect on Franchisor or the Names and Marks;
10. Is convicted of a felony or has pleaded nolo contendere to a felony;
11. Engages in dishonest or unethical conduct;
12. Fails to discharge any valid lien placed against the property of the Business;
13. Makes an assignment for the benefit of creditors or an admission of the Franchisee's inability to pay its obligations as they become due;
14. Files a voluntary petition in bankruptcy or any pleading seeking any reorganization, arrangement, disposition, adjustment, liquidation, dissolution or similar release under any law, or admitting or failing to contest the material allegations of any such pleading filed against him, or is adjudicated bankrupt or insolvent, or a receiver is appointed for a substantial part of the assets of the Franchisee or the Business, or the claims of creditors of Franchisee or the Business are abated or subject to a moratorium under any laws;
15. Becomes insolvent or makes a general assignment for the benefit of creditors;
16. If a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee;
17. If a receiver or other custodian (permanent or temporary) of the Business, Franchisee, or Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction or by private instrument or otherwise;
18. If proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee;
19. If a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedes bond is filed); or if Franchisee is dissolved or is wound up;
20. If execution is levied against Franchisee's Business or property or against any ownership interest in Franchisee;
21. If any real or personal property of Franchisee's Business shall be sold after levy thereupon by any sheriff, marshal, or constable;
22. If, in violation of the terms of Sections XII., XVI. and/or XX. hereof, Franchisee, its principals, representatives, agents or employees disclose or divulge the contents of the Manual or other confidential information provided to Franchisee by WEATHERSBY GUILD, or if Franchisee maintains false books or records, or submits any false reports to WEATHERSBY GUILD;
23. If any inspection of Franchisee's records discloses an understatement of payments due WEATHERSBY GUILD of four percent (4%) or more; or
24. If Franchisee engages in any business in violation of Section XIX.B.(2) hereof.

25. If Franchisee fails to attend, participate in, and pay the expenses of a corrective training program as mandated by Franchisor to address deficiencies in craftsmanship and business practices which have come to the attention of Franchisor. Franchisee's repeated failure to maintain Franchisor's high standards of craftsmanship and professional standards is a material breach of this Agreement and will be grounds for termination of this Franchise Agreement.

C. By Franchisee.

If Franchisee is in compliance with this Agreement and Franchisor materially breaches this Agreement and fails to cure such breach within thirty (30) days after written notice thereof which describes the breach in reasonable specificity is delivered to Franchisor, then Franchisee may terminate this Agreement effective thirty (30) days after delivery to Franchisor of a notice of termination. Any termination of this Agreement and the Franchise by Franchisee, without complying with the foregoing requirements, or for any reason other than material breach of this Agreement by Franchisor and Franchisor's failure to cure such breach within thirty (30) days after receipt of written notice thereof, shall be deemed a material default by Franchisee under this Agreement.

D. Right to Require Retraining.

In the event that Franchisor reasonably determines that Franchisee's operation of the Business and/or any of the services provided by Franchisee have failed to fully conform to all of Franchisor's requirements, Franchisor may require Franchisee to be retrained by Franchisor in Atlanta, Georgia, at Franchisee's expense, within ninety (90) day period following Franchisee's receipt of notice from Franchisor, at a time convenient to Franchisor. The scope and length of such retraining shall be determined by Franchisor. In the event that Franchisee fails to schedule and successfully complete such retraining, Franchisor shall have the right to terminate this Agreement upon notice to Franchisee without any right to cure the default.

XXIV. FRANCHISEE'S OBLIGATIONS UPON TERMINATION OR EXPIRATION

A. Franchisee Shall Cease Using Names and Marks.

Franchisee agrees that, upon termination or expiration of this Agreement, Franchisee shall immediately and permanently cease to use, by advertising, or any manner whatsoever, any confidential methods, procedures, descriptions of products, and techniques associated with Franchisor and the Names and Marks and any proprietary marks and distinctive forms, slogans, symbols, signs, logos or devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, stationery, forms, and any other articles which display the Names and Marks. Franchisee shall comply with the covenant not to compete and the agreement to maintain the confidentiality of proprietary information.

B. Franchisee Shall Cease Operating the Business.

Franchisee shall immediately cease to operate the Business and shall not, thereafter, directly or indirectly, represent itself to the public or hold itself out as a present or former Franchisee of Franchisor.

C. Franchisee May Not Adopt Confusingly Similar Names and Marks.

Franchisee shall not to use any reproduction, counterfeit, copy or colorable imitation of the Names and Marks in any way which is likely to cause confusion, mistake or deception, or which is likely

to dilute Franchisor's exclusive rights in and to the Names and Marks, and further agrees not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor or a former association or connection with Franchisor.

D. Franchisee Shall Cancel Assumed Names and Transfer Phone Numbers.

Upon termination or expiration of this Agreement, Franchisor will take such action as may be required to cancel all assumed names or equivalent registrations relating to its use of any Names or Marks and notify the telephone company and listing agencies of the termination or expiration of Franchisee's right to use any telephone number in any classified ad and any other telephone directory listings associated with the Names and Marks or with the Business and to authorize transfer of same to Franchisor. Franchisee acknowledges that, as between Franchisor and Franchisee, Franchisor has the sole rights to and interest in all telephone number and directory listings associated with any Names or Marks of the Business. Franchisee further authorizes Franchisor, and hereby appoints Franchisor as its attorney in fact, to direct the telephone company and all listing agencies to transfer same to Franchisor, should Franchisee fail or refuse to do so, and the telephone company and all listing agencies may accept such direction in this Agreement as conclusive evidence of the exclusive rights of Franchisor in such telephone numbers and directory listings and its authority to direct their transfer.

E. Franchisee Must Return Manual and Other Materials.

Franchisee further agrees that upon termination or expiration of this Agreement, it will immediately return to Franchisor all copies of the Manual, training aids and any other materials which have been loaned to it by Franchisor. Franchisee further agrees to turn over to Franchisor any other manuals, computer programs, software, customer lists, records, files, instructions, correspondence and brochures, and any and all other confidential and proprietary materials relating to the operation of the Business in Franchisee's possession, custody, or control, and all copies thereof (all of which are acknowledged to be Franchisor's property), and only Franchisee's copy of this Agreement and any correspondence between the parties, and any other document copies which Franchisee reasonably needs for compliance with any provision of law may be retained by Franchisee.

F. Franchisor May Purchase Inventory and Equipment.

Franchisor shall have the right (but not the duty), to be exercised by notice of intent to do so within thirty (30) days after termination or expiration, to purchase any or all inventory, tools, equipment, supplies, signs, advertising materials and items used by Franchisee in connection with the operation of the Business, at fair market value (less the amount of any outstanding liens or encumbrances and any amounts owed by Franchisee to Franchisor). If the parties cannot agree on a fair market value within a reasonable time, an independent appraiser shall be designated by Franchisor, and determination of such appraiser shall be binding. If Franchisor elects to exercise any option to purchase as herein provided, it shall have the right to set off all amounts due from Franchisee, and the cost for the appraisal, if any, against any payment therefore.

G. Franchisee Must Pay Monies Owed to Franchisor.

Franchisee shall pay to Franchisor, within fifteen (15) days after the effective date of termination or expiration of this Agreement, such Royalty Fees, National Fund contributions, payments for inventory, tools, equipment or merchandise, or any other sums owed to Franchisor by Franchisee, which are then unpaid. Franchisee shall pay to WEATHERSBY GUILD all damages, costs, and expenses, including reasonable attorney's fees, incurred by WEATHERSBY GUILD in obtaining injunctive or other relief for the enforcement of any provisions of either Section XIX or this Section XXIV.

XXV. ENFORCEMENT

A. Franchisee May Not Withhold Payments Due Franchisor.

Franchisee agrees that it will not withhold payments of any Royalty Fees or any other amounts of money owed to Franchisor for any reason, on grounds of alleged nonperformance by Franchisor of any obligation hereunder. All such claims by Franchisee shall, if not otherwise resolved by Franchisor and Franchisee, be submitted to arbitration as provided in this Agreement.

B. Severability and Substitution of Valid Provisions.

All provisions of this Agreement are severable, and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and any partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. If any applicable law or rule requires a greater prior notice of the termination of this Agreement than is required hereunder or requires the taking of some other action not required hereunder, the prior notice or other action required by such law or rule shall be substituted for the notice or other requirements hereof.

C. Arbitration.

Except insofar as either party elects to obtain injunctive relief or specific performance pending arbitration, all disputes and claims relating to any provision hereof, any specification, standard or operating procedure, or any other obligation of Franchisee prescribed by Franchisor, or any obligation of Franchisor, or the breach thereof (including, without limitation, any specification, standard or operating procedure or any other obligation of Franchisee or Franchisor, which is illegal or otherwise unenforceable or voidable under any law, ordinance, or ruling) shall be settled by mandatory binding arbitration in Gwinnett County, Georgia in accordance with the U.S. Arbitration Act, if applicable, and the Rules of the American Arbitration Association (in accordance with the rules relating to the arbitration of disputes arising from franchise and license agreements, if any, or otherwise in accordance with the general rules of commercial arbitration), provided that, at the option of either party, the arbitrator shall be selected from a list of retired federal or state judges supplied by the American Arbitration Association (if obtainable, or otherwise in accordance with the customary procedures for selecting an arbitrator). The arbitrator shall allow discovery in accordance with the Federal Rules of Civil Procedure and may apply the sanctions relating to noncompliance with discovery orders therein provided. The arbitrator shall issue a written opinion explaining the reasons for his or her decision and award and shall have the right to award or include in the award the specific performance of this Agreement. Judgment upon the award of the arbitrator may be entered by either Franchisor or Franchisee in any court having competent jurisdiction. During the pendency of any arbitration proceeding hereunder, Franchisee and Franchisor shall each fully perform their respective obligations, if any, pursuant to the terms and conditions of this Agreement.

D. Rights of Parties Are Cumulative.

The rights of Franchisor and Franchisee are cumulative, and the exercise or enforcement by Franchisor or Franchisee of any right or remedy shall not preclude the exercise or enforcement by Franchisor or Franchisee of any other right or remedy hereunder which Franchisor or Franchisee is entitled by law to enforce by the provisions of this Agreement or of the Manual.

E. Judicial Enforcement, Injunction and Specific Performance.

Franchisor shall have the right to enforce by judicial process its right to terminate this Agreement for the causes enumerated in Section XXIII. of this Agreement, to collect any amounts owed to Franchisor for any unpaid Royalty Fees, or other unpaid charges due hereunder, arising out of the business conducted by Franchisee pursuant hereto, and to pursue any rights it may have under any leases, subleases, sales, purchases, or security agreements or other agreements with Franchisee. Franchisor shall be entitled, without bond, to the entry of temporary or permanent injunctions and orders of specific performance enforcing any of the provisions of this Agreement. If Franchisor secures any such injunction or orders of specific performance, Franchisee agrees to pay to Franchisor an amount equal to the aggregate costs of obtaining such relief, including, without limitation, reasonable attorneys' fees, costs of investigation, court costs, and other litigation expenses, travel and living expenses, and any damages incurred by Franchisor as a result of the breach of any provision of this Agreement.

F. Construction.

Any other agreements or instruments referred to herein or which relate to the purchase or lease by Franchisee from Franchisor of any fixtures, signs, equipment, merchandise, or the like, constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between Franchisor or Franchisee relating to the subject matter of this Agreement. The headings of the several sections and paragraphs hereof are for convenience only and do not define, limit, or construe the contents of those sections or paragraphs. The term "Franchisee" as used herein is applicable to one or more persons, a corporation or partnership, as the case may be, the singular usage includes the plural, and the masculine and neuter usages include the other and the feminine. References to "Franchisee" applicable to an individual or individuals shall mean the principal owner or owners of the equity or operating control of Franchisee if Franchisee is a corporation or partnership.

G. Georgia Law Applies.

Except to the extent governed by the U.S. Trademark Act of 1946 (Lanham Act, 15 U.S.C., Section 1051 et. seq.) or the U.S. Arbitration Act, this Agreement shall be governed by the laws of the State of Georgia, except for its rules with respect to conflict of laws, and venue shall lie in Gwinnett County, Georgia.

H. Attorney's Fees.

In the event any legal proceedings between the parties hereto arise under this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and court costs from the other party.

I. Binding Effect.

This Agreement is binding upon the parties hereto and their respective permitted assigns and successors in interest.

J. There Are No Unwritten Agreements; Operations Manual is Subject to Change.

This instrument contains the entire agreement between the parties relating to the rights herein granted and the obligations herein assumed. Any oral representations or modifications concerning this Agreement shall be of no force or effect unless a subsequent modification in writing is signed by the

parties hereto. Notwithstanding anything contained herein to the contrary, the Manual may be amended at any time by Franchisor, from time to time, and Franchisee shall adapt its methods or procedures to comply with the requirements thereof, which may increase Franchisee's costs of operating the Business.

K. Entire Agreement.

This Agreement, the documents referred to herein, and the attachments hereto, if any, constitute the entire, full, and complete Agreement between WEATHERSBY GUILD and Franchisee concerning the subject matter hereof, and supersede all prior agreements. Except for those acts permitted to be made unilaterally by WEATHERSBY GUILD hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Nothing in the Franchise Agreement or in any related agreement is intended to disclaim the representations made in the franchise disclosure document.

L. Force Majeure.

Except for monetary obligations hereunder, or as otherwise specifically provided in this Agreement, if either party to this Agreement shall be delayed or hindered in or prevented from the performance of any act required under this Agreement by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war, or other causes beyond the reasonable control of the party required to perform such work or act under the terms of this Agreement not the fault of such party, then performance of such act shall be excused for the period of the delay, but in no event to exceed ninety (90) days from the stated time periods as set forth in Section IX. of this Agreement.

XXVI. APPROVALS AND WAIVERS

Whenever this Agreement requires the prior approval or consent of WEATHERSBY GUILD, Franchisee shall make a timely written request to WEATHERSBY GUILD therefore, and such approval or consent shall be obtained in writing.

WEATHERSBY GUILD makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee or in connection with any consent, or by reason of any neglect, delay, or denial of any request therefore.

No failure of Franchisor to exercise any power reserved to it by this Agreement or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with any of the terms herein. Waiver by Franchisor of any particular default or breach by Franchisee shall not affect or impair Franchisor's rights with respect to any subsequent default or breach of the same, similar or different nature, nor shall any delay, forbearance, or omission, breach or default by Franchisor to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants hereof, affect or impair Franchisor's right to exercise the same, nor shall such constitute a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

XVII. AUTHORITY

Franchisee or, if Franchisee is a corporation or partnership, the individuals executing this Agreement on behalf of such corporation or partnership, warrant to Franchisor, both individually and in their capacities as partners or officers, that all the partners in the partnership or all of the shareholders of the corporation, as the case may be, have read and approved this Agreement, including the restrictions which this Agreement places upon their right to transfer their respective interests in the partnership or corporation, as set forth in Section XXII. herein.

XXVIII. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by certified, registered or express mail, return receipt requested, or by overnight delivery service, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor:

Weathersby Guild, Inc.
403 Cimaron Park
Peachtree City, GA 30269
Attention: President

Notices to Franchisee:

NAME OF FRANCHISEE

ADDRESS OF FRANCHISEE

Any notice by certified, registered or express mail, or overnight delivery service, shall be deemed to have been given at the earlier of the date and time of receipt or refusal of receipt or, if by mail, three (3) business days after being deposited in the United States mail.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Agreement in duplicate as of the ___ day of _____, 202__.

WEATHERSBY GUILD, INC.

By: _____
Name: Kent Weathersby
Title: President

FRANCHISEE:

By: _____
Name:
Title:

EXHIBIT C

G U A R A N T Y

FOR VALUE RECEIVED, the receipt and sufficiency of which is hereby acknowledged, and to induce WEATHERSBY GUILD, INC., to enter into the above attached franchise agreement (the "Franchise Agreement"), the undersigned (jointly and severally if more than one) unconditionally guarantee to WEATHERSBY GUILD, INC., its successors and assigns, the prompt payment and performance of any and all payments, indebtedness, obligations and liabilities of every kind or nature now or at any time hereafter owing to WEATHERSBY GUILD, INC. by the franchisee identified in the Franchise Agreement ("Franchisee"), whether directly or indirectly, and the prompt, full and faithful performance and discharge by Franchisee of each of the terms, conditions, representations, warranties and provisions on the part of Franchisee contained in the Franchise Agreement or any modification, extension, renewal or substitution thereof. The undersigned agrees that no extension, compromise, arrangement, alteration in time or method of payment, and no other act or omission by WEATHERSBY GUILD, INC. shall release or relieve the undersigned with respect to this Guaranty.

The undersigned agree on demand to pay or reimburse WEATHERSBY GUILD, INC. for all expenses, collection charges, and attorneys' fees, whether out of court or in litigation, including appeals in bankruptcy court proceedings incurred by WEATHERSBY GUILD, INC. in endeavoring to collect, enforce or defend WEATHERSBY GUILD, INC.'s rights against Franchisee or under this Guaranty, with interest thereon subsequent to default at the highest lawful contract rate.

The undersigned waive (a) notice of demand, default, nonpayment, protest, any adverse change in Franchisee's financial condition, and all other notices to which Franchisee or the undersigned might otherwise be entitled, (b) WEATHERSBY GUILD, INC.'s grant of indulgences or extensions of terms of payment or performance, and (c) WEATHERSBY GUILD, INC. releasing Franchisee, any guarantor or other person primarily or secondarily liable for failing to prosecute, collect or assert any remedies against any of them or against any collateral therein appertaining.

The undersigned agree that no delay or failure on WEATHERSBY GUILD, INC. part in the exercise of any right or remedy against Franchisee or any of the undersigned shall operate as a waiver thereof, and no single or partial exercise by WEATHERSBY GUILD, INC. of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy.

The undersigned agree that this Guaranty shall be fully assignable by WEATHERSBY GUILD, INC. and shall bind each of the undersigned, together with their heirs, legal representatives, successors and assigns directly, unconditionally and primarily.

This Guaranty shall be governed and construed in accordance with Georgia law, except for its rules with respect to conflict of laws, and all disputes and claims relating to this Guaranty shall be settled by mandatory binding arbitration in Gwinnett County, Georgia in accordance with the U.S. Arbitration Act, if applicable, and the Rules of the American Arbitration Association (in accordance with the rules relating to the arbitration of disputes arising from franchise and license agreements, if any, or otherwise in accordance with the general rules of commercial arbitration), provided that, at the option of either party, the arbitrator shall be selected from a list of retired federal or state judges supplied by the American Arbitration Association (if obtainable, or otherwise in accordance with the customary procedures for selecting an arbitrator). The arbitrator shall issue a written opinion explaining the reasons for his or her decision and award. Judgment upon the award of the arbitrator may be entered by either Franchisor or Franchisee in any court having competent jurisdiction.

Dated this ____ day of _____, 202__

Name _____

Signature

Witness

EXHIBIT D

RELEASE

KNOW THAT _____ and its successors, assigns, agents, affiliates, successors, parents, subsidiaries and assigns, together with their past, present and future principals, owners, shareholders, controlling persons, officers, directors, successors and assigns (collectively, "RELEASOR"), in consideration of the right to assign or transfer its Franchise Agreement with WEATHERSBY GUILD, INC. ("Franchisor") and other good and valuable consideration, receipt and sufficiency whereof is hereby acknowledged, releases and discharges Franchisor and its officers, directors, employees, stockholders, agents and servants, affiliates and their respective officers, directors, employees, agents and servants and their respective successors and assigns (collectively, "RELEASEE") from any and all actions, causes of actions, suits, debts, liens, agreements, accounts, promises, liabilities, judgments, demands, losses, cost or expense, of any nature whatsoever, in law or equity, whether known or unknown, suspected or unsuspected, claimed or concealed, fixed or contingent, relating to any events or circumstances existing from the beginning of time through the date this Release is executed, which the RELEASOR, its heirs, executors, administrators, successors and assigns does have or hereafter can, shall or may have against the RELEASEE for, upon, or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this RELEASE.

This RELEASE may not be changed orally.

IN WITNESS WHEREOF, the RELEASOR has executed this RELEASE on _____, 202__.

Executed and delivered in the presence of:

FRANCHISEE

EXHIBIT E

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EXHIBIT F

LIST OF FRANCHISEES
(as of December 31, 2021)

ARIZONA

Weathersby Guild Phoenix – Barry Abrams
522 N. Central Ave. #41
Phoenix, Arizona 85001
Phone: 928-595-1152

Weathersby Guild Tucson – Barry Abrams
141 S. 6th Ave. #1533
Tucson, Arizona 85702
Phone: 928-595-1152

CALIFORNIA

Weathersby Guild Los Angeles - Michael Ondrejka
Address: P. O. Box 661923
Arcadia, CA 91006
Phone: 714-829-8920

Weathersby Guild Sacramento – Travis Makela
Address: PO Box 679
Benecia, CA 91006
Phone: 707-742-4502

Weathersby Guild San Francisco - Travis Makela
Address: P. O. Box 679
Benicia, CA 94510
Phone: 707-742-4502

Weathersby Guild San Diego – Karl Eulberg
Address: 4855 Marguerita Lane
La Mesa, CA 91941
Phone: 619-648-9370

Weathersby Guild San Jose - Dusan Kudelka
Address: 3165 Heritage Valley Drive
San Jose, CA 95148
Phone: 310-279-6908

COLORADO

Weathersby Guild Denver - Marcus Rambo
Address: 45490 N. Eagle Nest Circle
Elizabeth, CO 80107
Phone: 303-663-7503

FLORIDA

Weathersby Guild Orlando - Bobby Pacheco
Address: 843 Blairmont Lane
Lake Mary, FL 32746
Phone: 407-312-5236

Weathersby Guild Fort Myers – Chuck Devin
Address: 5810 Lancewood Way
Naples, FL 32065
Phone: 239-285-0058

Weathersby Guild Gainesville, FL – Robert Cervenka
Address: 9200 NW 39th Ave. Suite 130
Gainesville, FL 32606
Phone: 949-212-1585

Weathersby Guild - Jacksonville, FL - Peter Magdolen
Address: 1820 State Rd. 13, Suite 11-11
St. Johns FL 32259
Phone: 904-720-2055

Weathersby Guild South Florida – John Quini
Address: 5630 NE 7th Ave.
Boca Raton, FL 33437
Phone: 561-702-1075

Weathersby Guild Tampa - Daniel Blankenship
Address: 8526 Cherry Hill Dr.
Lakeland, FL 33810
Phone: 678-313-2925

Weathersby Guild Gulf Coast – Jan Krbavec
Address: 225 Pace Blvd
Pensacola, FL 32505
Phone: 850-558-2526

GEORGIA

Weathersby Guild Atlanta – Andrew Malizewski
3781 Lawrenceville Highway
Tucker, GA 30084
Phone: 770-491-0387

ILLINOIS

Weathersby Guild Chicago - Greg Miller
Address: 37W941 Bowes Road
Elgin, IL 60123
Phone: 847- 697-0100

INDIANA

Weathersby Guild Indianapolis – Brian Haley
Address: 12460 E 79th Street
Indianapolis, IN 46236 Phone: 317-255-9373

KANSAS

Weathersby Guild Kansas City – Bill Olsen
3016 W. 83rd Terrace
Leawood, KS 66206
Phone: 913-432-9819

KENTUCKY

Weathersby Guild Louisville – Pat Coomes
Address: 5405 Apache Road
Louisville, KY 40207
Phone: 502-905-2290

MARYLAND

Weathersby Guild - Central Maryland - Keston Rattan
Address: 804 Thurman Avenue
Hyattsville, MD 20783
Phone: 301-437-3891

MICHIGAN

Weathersby Guild Detroit – Randy Michael
Address: 2744 Loon Lake Road
Wixom, MI 48393
Phone: 248-431-1201

MINNESOTA

Weathersby Guild - Twin Cities – Jerry Otto
Address: 5139 34th Avenue South
Minneapolis, MN 55417
Phone: 612-600-5180

MISSOURI

Weathersby Guild - St. Louis - Mike Noel
Address: 6352 Devonshire Avenue
St. Louis, MO 63109
Phone: 314-265-1424

NEVADA

Weathersby Guild – Sergio and Suzanne Delarosa
Address: 8174 S. Las Vegas Blvd, Suite #109-247,
Las Vegas, NY 89123
Phone: 702-514-4044

NEW HAMPSHIRE

Weathersby Guild Northern New England – David DeGagne
Address: 215 South Broad #187
Salem, NH 03079
Phone: 603-703-7267

NEW JERSEY

Weathersby Guild Northern New Jersey - Ron Goldstein Address: PO
Box 104
Rutherford, NJ 07070
Phone: 201-618-6762

NEW MEXICO

Weathersby Guild New Mexico – Joe Bieg
Address: 520 Camino Solano
Santa Fe, New Mexico 87505
Phone: 505-709-0889

NEW YORK

Weathersby Guild – New York City – Dean Robin
425 East 79th St., Suite 2H
New York, NY 10075
Phone: 877-803-7476

NORTH CAROLINA

Weathersby Guild - Eastern North Carolina - Jeff Walton
Address: 310 N. Front St, #165
Wilmington, NC 28401
Phone: 910-719-9052

Weathersby Guild Greensboro – Jeff Walton
Address: 1289 Fordham Blvd., Suite 336
Chapel Hill, NC 27516
Phone: 919-663-3061

Weathersby Guild – Raleigh-Durham – Jeff Walton
Address: 1289 Fordham Blvd., Suite 336
Chapel Hill, NC 27516
Phone: 919-663-3061

OHIO

Weathersby Guild Cincinnati – Craig Wilson
Address: 1594 Saint John Place
Kings Mill, OH 45034
Phone: 513-233-5613

Weathersby Guild Dayton – Craig Wilson
Address: 1594 Saint John Place
Kings Mill, OH 45034
Phone: 513-233-5613

Weathersby Guild Cleveland – Miro Valent
Address: 142 Lost Creek Drive
Youngstown, OH 44512
Phone: 304-419-2033

Weathersby Guild Columbus, Ohio – Dan Gerritsen
Address: 778 Linncrest Drive
Waterville, OH 43081
Phone: 419-619-4227

OREGON

Weathersby Guild – Portland – Corey Saffer
Address: 1327 SE Tacoma Street, Number 105
Portland, OR 97202
Phone: 971-255-6115

PENNSYLVANIA

Weathersby Guild – Central Pennsylvania – Martin Valent
Address: 831 Lewisberry Rd
Lewisberry PA 17339
Phone: 717-775-9599

Weathersby Guild – Pittsburgh – Miro Valent
Address: PO Box 16055
Pittsburgh, PA 15242
Phone: 304-419-2033

SOUTH CAROLINA

Weathersby Guild - Savannah-Beaufort-Hilton Head Island - Chris Armes
Address: 22 Bostick Circle
Beaufort, SC 29902
Phone: 843-252-9098

Weathersby Guild – Greenville-Charlotte, SC - Jim Hufstetler
Address: 3106 Bethel Rd. #8
Simpsonville, SC 29681
Phone: 864-346-8476

Weathersby Guild - Charleston - Dana Rathbun
Address: 5124 Torrey Lane
Summerville, SC 29485

Phone: 843-285-8638

TENNESSEE

Weathersby Guild - Tennessee Valley - David Windes

Address: P.O. Box 9472

Chattanooga, TN 37412.

Phone: 423-903-6553

TEXAS

Weathersby Guild - Dallas - Ft. Worth - Lisa Like

Address: 10228 E NW, Suite 80

Dallas, TX 75238

Phone: 214-784-0358

Weathersby Guild - Houston – Scott Jones

Address: PO Box 218781

Houston, TX 77218

Phone: 281-458-3868

Weathersby Guild San Antonio – Austin – Mark Magdolen

Address: 10410 Perrin Beitel Rd

San Antonio, TX 78265

Phone: 210-251-3019

Weathersby Guild El Paso – Jose Lopez

Address: 13617 Lartington,

El Paso, Texas 79928

Phone: 915-271-4401

UTAH

Weathersby Guild Salt Lake City – Kurt Wood

Address: 1115 East Fairway View Drive

Fruit Heights, UT 84037

Phone: 801-628-5106

VIRGINIA

Weathersby Guild Richmond – Jason Migliore

Address: 4500 Hidden Hills Drive

Prince George, VA 23875

Phone: 804-920-0086

Weathersby Guild Central Virginia – James Hennessey

Address: 927 Fawn Lane

Culpeper, VA 22701

Phone: 540-212-4546

Weathersby Guild Northern Virginia – Keston Rattan
Address: 804 Thurman Avenue
Hyattsville, MD 20783
Phone: 301-437-3891

WASHINGTON

Weathersby Guild Seattle – Vlad Steklac
Address: 1420 NW Gilman Blvd., Suite 2 #8049
Issaquah, WA 9827
Phone: 949-922-8502

EXHIBIT G

FRANCHISEES WHO HAVE LEFT/OTHER THE SYSTEM DURING 2022

ALABAMA

Weathersby Guild Northern Alabama – Ceased Operations/Retired
Address: 105 South Washington St.
Tuscumbia, AL 35674
Phone: 256-412-6799

CONNECTICUT

Weathersby Guild Westchester Fairfield- Bill Hauck – Ceased Operations/Retired
Address: 12 Fawn Crest Drive
New Fairfield, CT 06812
Phone: 203 470-8459

FLORIDA

Weathersby Guild Gulf Coast- Ed Schroeder - Transfer
Address: 3650 Pine Forest Road
Cantonment, FL32533
Phone: 850-375-2422

HAWAII

Weathersby Guild Hawaii- Mark Dyer – Ceased Operations/Retired
Address: PO Box 968
Kailua, HI 96734
Phone: (808) 286-6815

NEW YORK

Weathersby Guild Eastern New York – Mike Chiusano- Ceased Operations/Retired
Address: 12 Central Ave
Saratoga Springs, NY 12866
Phone: 518-312-2724

OKLAHOMA

Weathersby Guild Oklahoma City – Peter Magdolen – Ceased Operations
Address: 941 Frontage Road 116 #335
Edmond, Oklahoma 75407
Phone: 405-434-5991

FRANCHISEES WHO HAVE NOT COMMUNICATED WITH US WITHIN
THE PAST 10 WEEKS

NONE

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

EXHIBIT H

WEATHERSBY GUILD, INC.

FINANCIAL STATEMENTS

FOR THE YEARS

2020/2021/2022

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

Weathersby Guild, Inc.
Cash Balance Sheet
As of February 28, 2023

Cash Basis

	Feb 28, 23
ASSETS	
Current Assets	
Checking/Savings	
Truist_0554	46,180.73
1010 · Savings Account	62,711.52
1012 · Truist-6990	35,000.02
Total Checking/Savings	143,892.27
Accounts Receivable	
1200 · Accounts receivable - trade	-4,664.00
Total Accounts Receivable	-4,664.00
Other Current Assets	
1203 · Accounts Receivable - Fees	19,000.00
1251 · Allowance for credit losses	-12,000.00
Total Other Current Assets	7,000.00
Total Current Assets	146,228.27
Fixed Assets	
1820 · Office furniture & equipment	560.76
1830 · Machinery and equipment	0.43
1840 · Computer Equipment	6,189.28
1845 · Computer Software	-0.08
1920 · A/D - office furniture & equip	-560.76
1930 · A/D - machinery & equipment	-0.43
1940 · Accum Depre Computer Equipment	-5,520.30
1945 · Accum. Depre. Computer Software	0.05
Total Fixed Assets	668.95
Other Assets	
1201 · Accounts receivable - royalties	42,943.00
1202 · Accounts receivable	3,157.00
1601 · Contract Asset	146,935.00
1995 · Loan to eStatus	0.14
280 · Intangible assets	
281 · Organization costs	155.00
282 · Accum amortizat'n - organizat'n	-155.00
283 · Start-up costs	10,755.67
284 · Accum amortizat'n - start-up	-10,755.67
Total 280 · Intangible assets	0.00
Total Other Assets	193,035.14
TOTAL ASSETS	339,932.36
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	

Weathersby Guild, Inc.
Cash Balance Sheet
As of February 28, 2023

Cash Basis

	Feb 28, 23
2000 · Accounts Payable	4,250.00
Total Accounts Payable	4,250.00
Credit Cards	
Shareholder credit cards	
2005 · Am Express Sky Miles -4001/5008	2,967.13
Total Shareholder credit cards	2,967.13
Total Credit Cards	2,967.13
Other Current Liabilities	
2001 · Salaries Payable	8,527.00
2140 · Federal Withholding Tax	1,329.70
2201 · Deferred franchise fee revenue	269,871.00
2202 · Deferred Royalty Revenue	5,940.00
327 · SS Company	477.40
328 · SS Employee	477.40
329 · Medicare Company	111.65
330 · Medicare Employee	111.65
331 · GA Withholding Tax	383.22
336 · GA Unemployment Tax	163.40
337 · Federal Unemployment Tax	84.00
Total Other Current Liabilities	287,476.42
Total Current Liabilities	294,693.55
Total Liabilities	294,693.55
Equity	
3100 · Capital stock	500.00
3500 · Profit Distributions	-337,193.64
3600 · Retained earnings	453,391.12
3601 · Prior Period Adjustments	-95,872.00
Net Income	24,413.33
Total Equity	45,238.81
TOTAL LIABILITIES & EQUITY	339,932.36

Weathersby Guild, Inc.
Cash Profit & Loss
 January through February 2023

Cash Basis

	Jan - Feb 23
Ordinary Income/Expense	
Income	
4400 · Franchise sales	13,250.00
4425 · Transfer Fee	13,250.00
Total 4400 · Franchise sales	13,250.00
4500 · Royalties	
4500.01 · Abrams	2,083.52
4500.5 · Arnes, Chris	2,037.35
4502.4 · Bieg	814.11
4502.5 · Blankenship, Daniel	803.00
4504.9 · Cervenka, Robert	1,205.00
4505.2 · Coomes	929.93
4506.1 · DeGagne, David	2,823.15
4506.2 · Delarosa, Sergio	3,082.00
4506.3 · Devin, Chuck	2,845.68
4506.5 · Karl Eulberg	2,295.23
4508.1 · Gerritsen	1,451.87
4508.5 · Goldstein	1,025.57
4510.1 · Haley	2,015.90
4510.76 · Hennessey	1,500.00
4511 · Hufstetler	2,548.58
4511.66 · Jones, Scott	3,399.00
4511.75 · Kudeika	2,419.34
4511.80 · Krbavec, Jan	215.00
4511.85 · Lopez	968.85
4514.5 · Malizewski	3,134.00
4515.1 · Magdolen, Mark	3,000.00
4515.2 · Magdolen, Peter	2,410.76
4515.6 · Makela	1,500.00
4516.1 · Michael	308.00
4516.5 · Migliore	5,040.00
4519 · Noel	1,500.00
4519.01 · Olson	1,905.19
4519.05 · Ondrejka	3,000.00
4519.06 · Otto, Jerry	1,006.25
4519.07 · Pacheco, Bobby	1,545.61
4519.6 · Quini	1,866.39
4520 · Rambo	1,500.00
4520.1 · Rathbun, Dana	1,098.30
4521 · Rattan	5,912.00

Weathersby Guild, Inc.
Cash Profit & Loss
 January through February 2023

Cash Basis

	Jan - Feb 23
4522.1 · Robin, Dean	1,283.47
4522.56 · Saffer	2,549.52
4523.1 · Steklac, Vlad	6,844.24
4524.3 · Valent, Martin	771.75
4524.5 · Valent, Miro	1,505.00
4525 · Walton	5,612.65
4526.1 · Wilson	993.39
4527 · Windes	877.27
Total 4500 · Royalties	89,625.95
4800 · Reimbursed expenses	7,336.00
Total Income	110,211.95
Cost of Goods Sold	
5200 · Supplies	3,577.68
5300 · Subcontract services	5,000.00
Total COGS	8,577.68
Gross Profit	101,634.27
Expense	
6010 · Officer salary	15,400.00
715 · Advertising and promotion	2,387.99
716 · Background checks	60.00
721 · Bank & Cr Card Service Charges	119.00
735 · Interest Charges	148.29
741 · Office expense	29.99
742 · Office supplies	530.05
743 · Payroll taxes	
744 · SS Co.	954.80
745 · Medicare Co.	223.30
748 · SUTA Tax	163.24
749 · FUTA Tax	84.00
Total 743 · Payroll taxes	1,425.34
751 · Postage and delivery	81.89
752 · Printing	281.05
755 · Professional fees	
755.1 · Accounting	600.00
755.3 · Legal Fees	2,532.92

Weathersby Guild, Inc.
Cash Profit & Loss
 January through February 2023

Cash Basis

	Jan - Feb 23
755.5 · Tax Preparation	4,500.00
Total 755 · Professional fees	7,632.92
756 · Brokerage fee	0.00
775 · Taxes and licenses	
775.1 · Federal	20,084.00
775.4 · State	4,000.00
775 · Taxes and licenses - Other	307.00
Total 775 · Taxes and licenses	24,391.00
778 · Telecommunications	2,326.86
780 · Trainer services	6,200.00
783 · Travel & entertainment	
783.15 · Car Wash	12.29
783.2 · Meals	2,057.01
783.4 · Airplane/fees/seats/luggage	1,465.69
783.45 · Travel Ins.	69.82
783.5 · Rental Car	
783.5a · Gas for Rental Car	21.20
783.5 · Rental Car - Other	461.99
Total 783.5 · Rental Car	483.19
783.7 · Parking and Tolls	4.23
Total 783 · Travel & entertainment	4,092.23
793 · Expensed Computer supplies	
793.5 · Software	1,268.96
Total 793 · Expensed Computer supplies	1,268.96
794 · Web Development	10,525.18
Total Expense	76,920.75
Net Ordinary Income	24,713.52
Other Income/Expense	
Other Income	
810.5 · Bank correction	-0.19

Weathersby Guild, Inc.
Cash Profit & Loss
January through February 2023

Cash Basis

	Jan - Feb 23
Total Other Income	-0.19
Other Expense	
865 - Charitable contributions	300.00
Total Other Expense	300.00
Net Other Income	-300.19
Net Income	<u>24,413.33</u>

Weathersby Guild, Inc.

Audited Financial Statements

As of and for the Years Ended December 31, 2022 and 2021



Weathersby Guild, Inc.

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Independent Auditor's Report

To the Management and Stockholder of
Weathersby Guild, Inc.
Peachtree City, Georgia

Opinion

We have audited the accompanying financial statements of Weathersby Guild, Inc. (a Georgia corporation) (the Company), which comprise the balance sheets as of December 31, 2022 and 2021 and the related statements of operations, stockholder equity, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

K. Glenn Aldridge
K. Glenn Aldridge, PC
(d/b/a Aldridge & Associates)
Duluth, GA
April 18, 2023

Weathersby Guild, Inc.Balance Sheets
As of December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 115,629	\$ 142,031
Accounts receivable	61,404	53,100
Current portion of contract asset	29,400	40,150
Total current assets	<u>206,433</u>	<u>235,281</u>
Noncurrent assets:		
Property and equipment, net	334	669
Contract asset, net	65,385	106,785
Other assets	-	46
Total noncurrent assets	<u>65,719</u>	<u>107,500</u>
Total assets	<u>\$ 272,152</u>	<u>\$ 342,781</u>
LIABILITIES AND STOCKHOLDER EQUITY		
Current liabilities:		
Accounts payable	\$ 12,016	\$ 7,380
Salaries payable	8,416	8,527
Payroll liabilities	3,000	2,272
Current portion of contract liability	50,974	65,204
Deferred revenue	-	5,940
Total current liabilities	<u>74,406</u>	<u>89,323</u>
Noncurrent liabilities:		
Contract liability, net	<u>145,115</u>	<u>204,667</u>
Total liabilities	<u>219,521</u>	<u>293,990</u>
Stockholder equity:		
Common stock (\$0.00 par value; 1,000 shares authorized, issued and outstanding)	-	-
Additional paid-in capital	500	500
Retained earnings	52,131	48,291
Total stockholder equity	<u>52,631</u>	<u>48,791</u>
Total liabilities and stockholder equity	<u>\$ 272,152</u>	<u>\$ 342,781</u>

See accompanying notes to financial statements.

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Weathersby Guild, Inc.

Statements of Operations
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenues:		
Franchise royalty fees	\$ 499,939	\$ 441,038
Initial franchise fees	96,482	99,253
Other revenue	37,030	39,001
Total revenues	<u>633,451</u>	<u>579,292</u>
Selling, general and administrative expenses	<u>278,284</u>	<u>274,589</u>
Net income	<u>\$ 355,167</u>	<u>\$ 304,703</u>

See accompanying notes to financial statements.

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Weathersby Guild, Inc.

Statements of Stockholder Equity
For the Years Ended December 31, 2022 and 2021

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total Stockholder Equity</u>
Balance, December 31, 2020	-	500	58,042	58,542
Stockholder distributions	-	-	(314,454)	(314,454)
Net income	-	-	304,703	304,703
Balance, December 31, 2021	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 48,291</u>	<u>\$ 48,791</u>
Stockholder distributions	-	-	(351,327)	(351,327)
Net income	-	-	355,167	355,167
Balance, December 31, 2022	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 52,131</u>	<u>\$ 52,631</u>

See accompanying notes to financial statements.

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Weathersby Guild, Inc.Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Cash provided by operating activities:		
Cash received from franchise royalty fees	\$ 480,485	\$ 443,077
Cash received from initial franchise fees	28,700	48,580
Cash received from other sources	36,240	39,523
Cash used by operating activities:		
Cash paid to employees	(93,636)	(93,244)
Cash paid to service providers and vendors	(126,529)	(123,243)
Net cash provided by operating activities	<u>325,260</u>	<u>314,693</u>
Cash flows from financing activities:		
Stockholder distributions	(351,327)	(314,454)
Net cash used by financing activities	<u>(351,327)</u>	<u>(314,454)</u>
Net increase (decrease) in cash and cash equivalents	(26,402)	239
Cash and cash equivalents, beginning of year	<u>142,031</u>	<u>141,792</u>
Cash and cash equivalents, end of year	<u>\$ 115,629</u>	<u>\$ 142,031</u>

See accompanying notes to financial statements.

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Weathersby Guild, Inc.

Statements of Cash Flows (Continued)
For the Years Ended December 31, 2022 and 2021

Reconciliation of net income to net cash provided by operating activities:

Net income	\$ 355,167	\$ 304,703
Depreciation	335	1,207
Credit loss expense	335	-
Contract asset amortization	52,150	42,400
Contract liability earned	(73,782)	(43,673)
Adjustments to reconcile net income to net cash provided by operating activities:		
Accounts receivables	(8,639)	(10,379)
Other assets	46	(46)
Accounts payable	4,636	6,194
Salaries payable	(111)	8,527
Payroll liabilities	728	(180)
Deferred revenue	(5,940)	5,940
Net cash provided by operating activities	<u>\$ 324,925</u>	<u>\$ 314,693</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid for interest	\$ 427	\$ -
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Weathersby Guild, Inc.

Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

1. Description of Business

Weathersby Guild, Inc. (the Company) was formed on August 5, 2002 in the state of Georgia and began franchising in 2003.

The Company is a franchisor that grants franchise agreements to businesses (the franchisees) at locations approved by the Company. Under the terms of the franchise agreements, franchisees establish and operate a furniture repair and claims handling business. In addition to initial franchise fees, the Company retains a fixed portion of gross sales executed by the franchisees for marketing and royalties.

A summary of franchisee activity by reporting period follows:

	Owners	Locations
Franchisees at December 31, 2020	50	59
2021 additions	6	7
2021 terminations	(7)	(8)
Franchisees at December 31, 2021	49	58
2022 additions	1	1
2022 terminations	(5)	(6)
Franchisees at December 31, 2022	45	53

2. Summary of Significant Accounting Policies

Basis of Accounting

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Estimates and Assumptions

The preparation of 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 financial statements and, the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions. Significant estimates underlying the accompanying financial statements include the application of guidance for revenue recognition, prepaid acquisition costs, and depreciation.

Weathersby Guild, Inc.

Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

Change in Accounting Estimate

During 2021, management made changes to its estimates of depreciation from previous years. This change in accounting estimate was accounted for prospectively in the 2021 financial statements. Accordingly, expenses increased, and net income was decreased by \$761.

Cash and Cash Equivalents

The Company may from time to time maintain bank deposits more than Federal Deposit Insurance Corporation (FDIC) limits. The Company believes it mitigates any risks by depositing cash with reputable financial institutions. The Company considers all highly liquid investments purchased with an original maturity of ninety days or less to be cash equivalents.

Accounts Receivable

Accounts receivable, which consist of amounts owed to the Company related to franchise royalty fees, marketing fees, initial franchise fees, transfer fees, and other fees from franchisees, are recorded at the amounts owed by franchisees less an estimated allowance for credit loss expense and charge backs. The Company has determined that no allowance for credit losses or charge backs was required as of December 31, 2022 and 2021.

Contract Asset

The Company capitalizes certain incremental costs to obtain customer contracts, and certain costs to fulfill contracts pursuant to ASC 340 – *Other Assets and Deferred Cost*; accordingly, amounts spent on franchise sales commission, referral fees, and broker fees, when applicable, are recorded as contract assets upon signing of the franchise agreement and amortized over the life of the franchise agreements.

Property and Equipment

The Company's capitalization policy is to capitalize, at cost, property and equipment with a purchase price more than \$1,000 and which has a useful life greater than one year.

Maintenance and repairs, which do not improve or extend the life of the respective assets are expensed currently. Property items retired, or otherwise disposed of, are eliminated from the asset and accumulated depreciation accounts, and gains or losses from disposals are included in the statement of operations and the statement of cash flows.

Depreciation is provided over the estimated useful lives of the individual assets using the double-declining-balance method with a half year convention as follows: computer equipment, 5 years; furniture and equipment, 7 years.

Weathersby Guild, Inc.

Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

Intangibles

The Company has entered into exclusive intercompany royalty-free license agreements with related parties for intangible software and trademarks owned and developed by the related parties. This agreement allows the Company the right to use and sublicense these intangibles to franchisees in connection with the establishment and operation of franchisees and is perpetual unless terminated by either party for discontinuation of operation by either party, bankruptcy by either party, failure to pay debts by either party, or using the agreement as collateral or assigning interest in the agreement by either party. No value has been assigned to these related party licensing agreements given that no monetary consideration was required of the Company.

Impairment

Long-lived assets, such as property and equipment, are evaluated for impairment when events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. An impairment loss would be recognized when estimated undiscounted future cash flows expected to result from the use of these assets and its eventual disposition are less than its carrying amount. Impairment, if any, is assessed by using internally developed discounted cash flows estimates, quoted market prices, when available, and independent appraisals to determine fair value. The determination of whether long-lived assets have become impaired involves a significant level of judgement in the assumptions underlying the approach used to determine the estimated future cash flows expected to result from the use of those assets. Changes in the Company's strategy, assumptions, and / or market conditions could significantly impact these judgements and require adjustments to recorded amounts of long-lived assets. No impairment triggering events were identified during 2022 and 2021.

Contract Liability

Amounts received relating to contracts are recorded as a contract liability and recognized as revenue when earned.

As of December 31, 2021, the balance for amounts yet to be recognized for contracts with franchisees was \$269,871. \$95,891 of the prior year's balance was recognized as revenue during 2022.

As of December 31, 2022, the balance for amounts yet to be recognized for contracts with franchisees \$196,089. All remaining revenue to be recognized pertains to contracts for franchises that have already begun operations. The remaining balances must be amortized over the remaining length of each franchise agreement, which ranges from 1 – 121 months. Accordingly, \$50,974 of the remaining revenue is classified as the current portion of contract liability, and \$145,115 of the remaining revenue is classified as contract liability, net of the current portion.

Weathersby Guild, Inc.

Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

Revenue Recognition

The Company recognizes revenue in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services using a five-step model.

Revenue from franchisees, which is primarily comprised of initial franchise fees, transfer fees, franchise royalty fees, and marketing fees, is generated pursuant to a eight-year renewable contract between the Company and a franchisee.

Initial Franchise Fees

As of December 31, 2022 and 2021, each franchisee looking to purchase a brand new franchise location is required to pay an initial franchise fee of \$49,000 and \$51,000, respectively, upon signing a franchise agreement.

As of December 31, 2022, there were six franchisees that owned two locations each, and one franchisee that owned three locations. As of December 31, 2021, there were seven franchisees that owned two locations each, and one franchisee that owned three locations.

The initial franchise fee obligates the Company to perform certain pre-opening services, such as providing an operations manual, providing training, providing, tools and inventory specifications, and reviewing and advising the franchisee's business and market introduction plans. Pursuant to ASU 2021-02 *Franchisors-Revenue from Contracts with Customers (Subtopic 952-606)*, the Company has determined that these pre-opening services are distinct from the franchise license and has elected to recognize pre-opening services as a single performance obligation.

As of December 31, 2022 and 2021, each franchisee looking to purchase an existing franchise location being sold by a current franchisee is required to pay a transfer fee equal to 30% of the then-current initial franchise fee, equal to \$14,700, upon signing a franchise agreement. The transfer fee obligates the Company to perform the same pre-opening services related to an initial franchise sale.

Weathersby Guild, Inc.

Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

The Company has determined, based on the observable prices approach, that a portion of the initial franchise fees, or transfer fees, should be recognized in the month a franchisee opens for business and the remainder of the initial franchise fees should be recognized over the eight-year life of the franchise contract as follows:

	2022	2021
Initial franchise fee for new franchisee:		
Portion of revenue recognized in the month that a franchisee opens for business	24%	23%
Portion of revenue recognized over the 8-year life of the franchise contract	76%	77%
Initial franchise fee for current franchisee:		
Portion of revenue recognized in the month that a franchisee opens for business	10%	9%
Portion of revenue recognized over the 8-year life of the franchise contract	90%	91%
Transfer fee for new franchisee:		
Portion of revenue recognized in the month that a franchisee opens for business	82%	78%
Portion of revenue recognized over the 8-year life of the franchise contract	18%	22%
Transfer fee for current franchisee:		
Portion of revenue recognized in the month that a franchisee opens for business	0%	33%
Portion of revenue recognized over the 8-year life of the franchise contract	100%	67%

Initial franchise fee and transfer fee revenue not yet recognized is included in contract liability on the balance sheet until earned.

Franchise Royalty Fees

The franchise agreement stipulates monthly royalty fees based on 7% of the gross revenue of a franchisee and obligates the Company to ongoing services, such as continuing education, business guidance and advice, additional training, and assistance in operational procedures.

The Company recognizes franchise royalty fees by applying the sales-and usage-based royalties exception, estimating the sales of services by franchisees when the service is executed, net of chargebacks.

Weathersby Guild, Inc.

Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

Marketing Fees

The franchise agreement stipulates monthly marketing fund contributions of \$67 and obligates the Company to ongoing marketing services, such as setting advertising standards and requirements, maintaining the brand website, and approving franchisee marketing plans and materials. The Company reports all marketing fees as other revenue.

The Company has determined that it controls how marketing fund contributions are to be spent, and that marketing services are performed at the brand level and not on an individual franchisee basis, or to solicit other franchisees; accordingly, the monies collected for marketing are recognized gross as part of revenue in the same manner as franchise royalty fees are recognized and advertising and marketing expenses are recognized as incurred.

Other Fees

Other fees, such as audit expenses, additional training for new managers, attorney's fees, and indemnification are recognized as revenue in the period earned.

Income Taxes

The Company has elected under the Internal Revenue Code to be taxed as an S corporation. Accordingly, no provision for federal and state income taxes is necessary since income, losses and credits are reported on the stockholder's individual income tax returns.

Pursuant to ASC 740, *Income Taxes*, which provides guidance for how uncertain tax positions should be recognized, measured, presented, and disclosed in financial statements, the Company evaluates its uncertain tax provisions using the provisions of FASB ASC 450, *Contingencies*. The Company only recognizes the tax benefit from an uncertain tax position taken or to be taken if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Management has analyzed all federal tax positions and those for all state jurisdictions where the Company operates. Management believes that income tax positions would be sustained upon examination and does not anticipate that any adjustments would result in a material adverse effect on the Company's financial condition, results of operations or cash flows. Accordingly, the Company has not recorded any reserves, or related accruals for interest and penalties for uncertain tax positions at December 31, 2022 and 2021.

The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Company believes it is no longer subject to income tax examinations for years prior to 2019.

Weathersby Guild, Inc.

Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

Advertising

The Company expenses advertising and marketing costs as incurred. Advertising and marketing expenses charged to operations and recorded in general and administrative expenses totaled \$9,821 in 2022 and \$6,797 in 2021, respectively.

Stockholder Distributions

Stockholder Distributions are recorded when declared. Stockholder distributions totaled \$351,327 in 2022 and \$314,454 in 2021, respectively.

3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Computer equipment	\$ 6,189	\$ 6,189
Furniture and equipment	561	561
Accumulated depreciation	(6,416)	(6,081)
	<u>\$ 334</u>	<u>\$ 669</u>

Depreciation totaled \$335 in 2022 and \$1,207 in 2021, respectively.

Weathersby Guild, Inc.

Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

4. REVENUE DISAGGREGATION

A summary of disaggregated revenue by type, timing, and geography follows:

	2022	2021
Types of revenue stream:		
• Initial franchise and transfer fees, earned at opening	\$ -	\$ 30,000
• Initial franchise and transfer fees, earned monthly over contract	96,482	69,253
• 7% royalty fees earned monthly based on gross revenue of franchisees	499,939	441,038
• Other revenue from franchisees, earned when received	37,030	39,001
Total revenues	\$ 633,451	\$ 579,292
Timing of revenue recognition:		
Recognized at a point in time	\$ 536,969	\$ 510,039
Transferred over time	96,482	69,253
Total revenues	\$ 633,451	\$ 579,292
Revenue by geography:		
• West	23.7%	19.8%
• Southwest	13.2%	13.8%
• Midwest	13.8%	15.0%
• Northeast	13.7%	13.0%
• Southeast	35.6%	38.4%
Total revenues	100.0%	100.0%

A summary of assets and liabilities from contracts with customers follows:

	2022	2021	2020
Accounts receivable	\$ 61,404	\$ 53,100	\$ 42,721
Contract asset, current	29,400	40,150	42,400
Contract asset, noncurrent	65,385	106,785	146,935
Contract liability, current	50,974	65,204	68,030
Contract liability, noncurrent	145,115	204,667	245,514

5. STOCKHOLDER EQUITY

The Company has one class of no par value stock with 1,000 shares authorized, issued and outstanding. One stockholder owns 100% of the shares issued and outstanding, and distributions are made after approval by the stockholder. The stockholder also has full voting rights.

Weathersby Guild, Inc.

Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

6. COMMITMENTS

According to the terms of signed agreements between the Company and its franchisees, the Company is obligated to support the franchisees as outlined in the franchise agreements.

7. RELATED PARTY TRANSACTION

The Company uses office space within the shareholder's personal residence. The shareholder was reimbursed \$12,000 during 2022 and 2021 for the use of these facilities.

8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 18, 2023, which is the date on which the financial statements were available to be issued. In general, these events are recognized in the financial statements if the conditions existed at the date of the balance sheet but are not recognized if the conditions did not exist at the balance sheet date. The Company discloses non-recognized events if required to keep the financial statements from being misleading. There were no subsequent events identified by the Company for disclosure.

Weathersby Guild, Inc.
Accrual Balance Sheet
As of April 30, 2022

Accrual Basis

	<u>Apr 30, 22</u>
Total Current Liabilities	2,397.12
Long Term Liabilities	
370 · Business LOC 2005-2021	-180.01
Total Long Term Liabilities	-180.01
Total Liabilities	2,217.11
Equity	
3000 · Opening Bal Equity	0.36
3100 · Capital stock	500.00
3500 · Profit Distributions	-1,496,440.39
3600 · Retained earnings	1,551,370.97
3601 · Prior Period Adjustments	46,648.00
Net Income	100,064.61
Total Equity	202,143.55
TOTAL LIABILITIES & EQUITY	<u>204,360.66</u>

Weathersby Guild, Inc.
Cash Profit & Loss
February through April 2022

	Feb - Apr 22
4526.1 · Wilson	2,455.68
4527 · Windes	1,601.39
4528 · Wood	1,114.75
Total 4500 · Royalties	117,308.15
4800 · Reimbursed expenses	9,132.00
Total Income	127,940.72
Cost of Goods Sold	
5300 · Subcontract services	7,500.00
Total COGS	7,500.00
Gross Profit	120,440.72
Expense	
6010 · Officer salary	23,400.00
715 · Advertising and promotion	1,021.08
742 · Office supplies	182.07
743 · Payroll taxes	
744 · SS Co.	1,450.80
745 · Medicare Co.	339.29
748 · SUTA Tax	118.72
749 · FUTA Tax	37.20
Total 743 · Payroll taxes	1,946.01
751 · Postage and delivery	17.03
755 · Professional fees	
755.3 · Legal Fees	1,350.00
755.5 · Tax Preparation	4,000.00
Total 755 · Professional fees	5,350.00
775 · Taxes and licenses	-402.44
778 · Telecommunications	
778.1 · Computer support	83.99
778 · Telecommunications - Other	2,885.88
Total 778 · Telecommunications	2,969.87
783 · Travel & entertainment	
783.2 · Meals	717.44
783.6 · Hotel	628.29
Total 783 · Travel & entertainment	1,345.73
793 · Expensed Computer supplies	
793.5 · Software	1,045.91
Total 793 · Expensed Computer supplies	1,045.91
794 · Web Development	9,607.99

Weathersby Guild, Inc.

Audited Financial Statements

As of and for the Years Ended December 31, 2021 and 2020



Weathersby Guild, Inc.

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Independent Auditor's Report

To the Management and Stockholder of
Weathersby Guild, Inc.
Peachtree City, Georgia

Opinion

We have audited the accompanying financial statements of Weathersby Guild, Inc. (a Georgia corporation) (the Company), which comprise the balance sheets as of December 31, 2021 and 2020 and the related statements of operations, stockholder equity, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Auditor's Updated Opinion on 2020 Financial Statements

In our report dated May 17, 2021, we expressed an opinion that the 2020 financial statements did not fairly present the financial position, results of operations, and cash flows in accordance with U.S. GAAP because the Company was not in adherence with FASB ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and ASC Topic 340 – *Other Assets and Deferred Cost (ASC 340)*. As described in Note 3, the Company recorded a prior period adjustment to decrease retained earnings by \$145,650 as of December 31, 2019 to correct these errors and restate its 2020 financial statements to conform with U.S. GAAP. Accordingly, our present year opinion on the 2020 financial statements, as presented herein, is different from that expressed in our previous report.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

K. Glenn Aldridge
K. Glenn Aldridge, PC
(d/b/a Aldridge & Associates)
Duluth, GA
April 27, 2022

Weathersby Guild, Inc.Balance Sheets
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets:		
Cash	\$ 142,031	\$ 141,792
Accounts receivable	53,100	42,721
Current portion of contract asset	40,150	42,400
Total current assets	<u>235,281</u>	<u>226,913</u>
Noncurrent assets:		
Property and equipment, net	669	1,876
Contract asset, net of current portion	106,785	146,935
Other assets	46	-
Total noncurrent assets	<u>107,500</u>	<u>148,811</u>
Total assets	<u>\$ 342,781</u>	<u>\$ 375,724</u>
LIABILITIES AND STOCKHOLDER EQUITY		
Current liabilities:		
Accounts payable	\$ 7,380	\$ 1,186
Salaries payable	8,527	-
Payroll liabilities	2,272	2,452
Current portion of contract liability	65,204	68,030
Deferred revenue	5,940	-
Total current liabilities	<u>89,323</u>	<u>71,668</u>
Noncurrent liabilities:		
Contract liability	<u>204,667</u>	<u>245,514</u>
Total liabilities	<u>293,990</u>	<u>317,182</u>
Stockholder equity:		
Common stock (\$0.00 par value; 1,000 shares authorized, issued and outstanding)	-	-
Additional paid-in capital	500	500
Retained earnings	48,291	58,042
Total stockholder equity	<u>48,791</u>	<u>58,542</u>
Total liabilities and stockholder equity	<u>\$ 342,781</u>	<u>\$ 375,724</u>

See accompanying notes to financial statements.

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Weathersby Guild, Inc.

Statements of Operations
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues:		
Franchise royalty fees	\$ 441,038	\$ 382,404
Initial franchise fees	99,253	94,935
Other revenue	39,001	41,486
Total revenues	<u>579,292</u>	<u>518,825</u>
Selling, general and administrative expenses	<u>274,589</u>	<u>242,844</u>
Net income	<u>\$ 304,703</u>	<u>\$ 275,981</u>

See accompanying notes to financial statements.

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Weathersby Guild, Inc.

Statements of Stockholder Equity
For the Years Ended December 31, 2021 and 2020

	Common Stock	Additional Paid-In Capital	Retained Earnings	Total Stockholder Equity
Balance, December 31, 2019 (as reported)	\$ -	\$ 500	\$ 185,045	\$ 185,545
Prior period adjustment	-	-	(145,650)	(145,650)
Balance, December 31, 2019 (as restated)	\$ -	\$ 500	\$ 39,395	\$ 39,895
Stockholder distributions	-	-	(257,334)	(257,334)
Net income	-	-	275,981	275,981
Balance, December 31, 2020	-	500	58,042	58,542
Stockholder distributions	-	-	(314,454)	(314,454)
Net income	-	-	304,703	304,703
Balance, December 31, 2021	\$ -	\$ 500	\$ 48,291	\$ 48,791

See accompanying notes to financial statements.

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Weathersby Guild, Inc.

Statements of Cash Flows For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Cash provided by operating activities:		
Cash received from franchise royalty fees	\$ 443,077	\$ 386,149
Cash received from initial franchise fees	48,580	85,250
Cash received from other sources	39,523	41,668
Cash used by operating activities:		
Cash paid to employees	(93,244)	(94,731)
Cash paid to service providers and vendors	(123,243)	(156,629)
Net cash provided by operating activities	314,693	261,707
Cash flows from financing activities:		
Stockholder distributions	(314,454)	(257,334)
Net cash used by financing activities	(314,454)	(257,334)
Net increase in cash	239	4,373
Cash, beginning of year	141,792	137,419
Cash, end of year	\$ 142,031	\$ 141,792
Reconciliation of net income to net cash provided by operating activities:		
Net income	\$ 304,703	\$ 275,981
Depreciation	1,207	744
Contract asset amortization	42,400	41,244
Adjustments to reconcile net income to net cash provided by operating activities:		
Accounts receivables	(10,379)	3,927
Contract asset	-	(53,000)
Other assets	(46)	5,000
Accounts payable	6,194	(2,504)
Salaries payable	8,527	-
Payroll liabilities	(180)	-
Contract liability	(43,673)	(9,685)
Deferred revenue	5,940	-
Net cash provided by operating activities	\$ 314,693	\$ 261,707

See accompanying notes to financial statements.

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Weathersby Guild, Inc.

Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

1. Description of Business

Weathersby Guild, Inc. (the Company) was formed on August 5, 2002 in the state of Georgia and began franchising in 2003.

The Company is a franchisor that grants franchise agreements to businesses (the franchisees) at locations approved by the Company. Under the terms of the franchise agreements, franchisees establish and operate a furniture repair and claims handling business. In addition to initial franchise fees, the Company retains a fixed portion of gross sales executed by the franchisees for marketing and royalties.

A summary of franchisee activity by reporting period follows:

	Owners	Locations
Franchisees at December 31, 2019	51	58
2020 additions	2	5
2020 terminations	(3)	(4)
Franchisees at December 31, 2020	50	59
2021 additions	6	8
2021 terminations	(7)	(8)
Franchisees at December 31, 2021	49	59

Of the locations added during 2021, one addition is the breakout of a territory that was owned in 2020, but not considered its own location.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Weathersby Guild, Inc.

Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

Estimates and Assumptions

The preparation of 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 financial statements and, the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions. Significant estimates underlying the accompanying financial statements include the application of guidance for revenue recognition, prepaid acquisition costs, and depreciation.

Change in Accounting Estimate

During 2021, management made changes to its estimates of depreciation from previous years. This change in accounting estimate was accounted for prospectively in the 2021 financial statements. Accordingly, expenses increased, and net income was decreased by \$761.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported stockholder's equity.

Cash and Cash Equivalents

The Company may from time to time maintain bank deposits more than Federal Deposit Insurance Corporation (FDIC) limits. The Company believes it mitigates any risks by depositing cash with reputable financial institutions. The Company considers all highly liquid investments purchased with an original maturity of ninety days or less to be cash equivalents.

Accounts Receivable

Accounts receivable, which consist of amounts owed to the Company related to franchise royalty fees, marketing fees, initial franchise fees, transfer fees, and other fees from franchisees, are recorded at the amounts owed by franchisees less an estimated allowance for bad debt expense and charge backs. The Company has determined that no allowance for credit losses or charge backs was required as of December 31, 2021 and 2020.

Weathersby Guild, Inc.

Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

Contract Asset

The Company capitalizes certain incremental costs to obtain customer contracts, and certain costs to fulfill contracts pursuant to ASC 340 – *Other Assets and Deferred Cost*; accordingly, amounts spent on franchise sales commission, referral fees, and broker fees, when applicable, are recorded as contract assets upon signing of the franchise agreement and amortized over the life of the franchise agreements.

Property and Equipment

The Company's capitalization policy is to capitalize, at cost, property and equipment with a purchase price more than \$1,000 and which has a useful life greater than one year.

Maintenance and repairs, which do not improve or extend the life of the respective assets are expensed currently. Property items retired, or otherwise disposed of, are eliminated from the asset and accumulated depreciation accounts, and gains or losses from disposals are included in the statement of operations and the statement of cash flows.

Depreciation is provided over the estimated useful lives of the individual assets using the double-declining-balance method with a half year convention as follows: computer equipment, 5 years; furniture and equipment, 7 years.

Intangibles

The Company has entered into exclusive intercompany royalty-free license agreements with related parties for intangible software and trademarks owned and developed by the related parties. This agreement allows the Company the right to use and sublicense these intangibles to franchisees in connection with the establishment and operation of franchisees and is perpetual unless terminated by either party for discontinuation of operation by either party, bankruptcy by either party, failure to pay debts by either party, or using the agreement as collateral or assigning interest in the agreement by either party. No value has been assigned to these related party licensing agreements given that no monetary consideration was required of the Company.

Weathersby Guild, Inc.

Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

Impairment

Long-lived assets, such as property and equipment, are evaluated for impairment when events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. An impairment loss would be recognized when estimated undiscounted future cash flows expected to result from the use of these assets and its eventual disposition are less than its carrying amount. Intangible assets are primarily evaluated on an annual basis. Impairment, if any, is assessed by using internally developed discounted cash flows estimates, quoted market prices, when available, and independent appraisals to determine fair value. The determination of whether or not long-lived assets have become impaired involves a significant level of judgement in the assumptions underlying the approach used to determine the estimated future cash flows expected to result from the use of those assets. Changes in the Company's strategy, assumptions, and / or market conditions could significantly impact these judgements and require adjustments to recorded amounts of long-lived assets.

Revenue Recognition

The Company recognizes revenue in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services using a five-step model.

Revenue from franchisees, which is primarily comprised of initial franchise fees, transfer fees, franchise royalty fees, and marketing fees, is generated pursuant to a eight-year renewable contract between the Company and a franchisee.

Initial Franchise Fees

As of December 31, 2021 and 2020, each franchisee looking to purchase a brand new franchise location is required to pay an initial franchise fee of \$51,000, upon signing a franchise agreement.

As of December 31, 2021, there were eight franchisees that owned two locations each, and one franchisee that owned three locations. As of December 31, 2020, there were seven franchisees that owned two locations each, and one franchisee that owned three locations.

The initial franchise fee obligates the Company to perform certain pre-opening services, such as providing an operations manual, providing training, providing, tools and inventory specifications, and reviewing and advising the franchisee's business and market introduction plans. Pursuant to ASU 2021-02 *Franchisors-Revenue from Contracts with Customers (Subtopic 952-606)*, the Company has determined that these pre-opening services are distinct from the franchise license and has elected to recognize pre-opening services as a single performance obligation.

Weathersby Guild, Inc.

Notes to Financial Statements For the Years Ended December 31, 2021 and 2020

As of December 31, 2021 and 2020, each franchisee looking to purchase an existing franchise location being sold by a current franchisee is required to pay a transfer fee equal to 30% of the then-current initial franchise fee, equal to \$15,300, upon signing a franchise agreement. The transfer fee obligates the Company to perform the same pre-opening services related to an initial franchise sale.

The Company has determined, based on the observable prices approach, that a portion of the initial franchise fees, or transfer fees, should be recognized in the month a franchisee opens for business and the remainder of the initial franchise fees should be recognized over the eight-year life of the franchise contract, as follows:

	2021	2020
Initial franchise fee for new franchisee:		
Portion of revenue recognized in the month that a franchisee opens for business	23%	21%
Portion of revenue recognized over the 8-year life of the franchise contract	77%	79%
Initial franchise fee for current franchisee:		
Portion of revenue recognized in the month that a franchisee opens for business	9%	8%
Portion of revenue recognized over the 8-year life of the franchise contract	91%	92%
Transfer fee for new franchisee:		
Portion of revenue recognized in the month that a franchisee opens for business	78%	72%
Portion of revenue recognized over the 8-year life of the franchise contract	22%	28%
Transfer fee for current franchisee:		
Portion of revenue recognized in the month that a franchisee opens for business	33%	
Portion of revenue recognized over the 8-year life of the franchise contract	67%	100%

Initial franchise fee and transfer fee revenue not yet recognized is included in contract liability on the balance sheet until earned.

Weathersby Guild, Inc.

Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

Franchise Royalty Fees

The franchise agreement stipulates monthly royalty fees based on 7% of the gross revenue of a franchisee and obligates the Company to ongoing services, such as continuing education, business guidance and advice, additional training, and assistance in operational procedures.

The Company recognizes franchise royalty fees by applying the sales and usage based royalties exception, estimating the sales of services by franchisees when the service is executed, net of chargebacks.

Marketing Fees

The franchise agreement stipulates monthly marketing fund contributions of \$67 and obligates the Company to ongoing marketing services, such as setting advertising standards and requirements, maintaining the brand website, and approving franchisee marketing plans and materials. The Company reports all marketing fees as other revenue.

The Company has determined that it controls how marketing fund contributions are to be spent, and that marketing services are performed at the brand level and not on an individual franchisee basis, or to solicit other franchisees; accordingly, the monies collected for marketing are recognized gross as part of revenue in the same manner as franchise royalty fees are recognized and advertising and marketing expenses are recognized as incurred.

Other Fees

Other fees, such as audit expenses, additional training for new managers, attorney's fees, and indemnification are recognized as revenue in the period earned.

Income Taxes

The Company has elected under the Internal Revenue Code to be taxed as an S corporation. Accordingly, no provision for federal and state income taxes is necessary since income, losses and credits are reported on the stockholder's individual income tax returns.

Weathersby Guild, Inc.

Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

Pursuant to ASC 740, *Income Taxes*, which provides guidance for how uncertain tax positions should be recognized, measured, presented, and disclosed in financial statements, the Company evaluates its uncertain tax provisions using the provisions of FASB ASC 450, *Contingencies*. The Company only recognizes the tax benefit from an uncertain tax position taken or to be taken if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Management has analyzed all federal tax positions and those for all state jurisdictions where the Company operates. Management believes that income tax positions would be sustained upon examination and does not anticipate that any adjustments would result in a material adverse effect on the Company's financial condition, results of operations or cash flows. Accordingly, the Company has not recorded any reserves, or related accruals for interest and penalties for uncertain tax positions at December 31, 2021 and 2020.

The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Company believes it is no longer subject to income tax examinations for years prior to 2018.

Advertising

The Company expenses advertising and marketing costs as incurred. Advertising and marketing expenses charged to operations and recorded in general and administrative expenses totaled \$6,797 in 2021 and \$13,512 in 2020.

Stockholder Distributions

Stockholder Distributions are recorded when declared.

3. ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS

In our report dated May 17, 2021, we expressed an opinion that the 2020 financial statements did not fairly present the financial position, results of operations, and cash flows in accordance with U.S. GAAP because the Company was not in adherence with FASB ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and ASC Topic 340 – *Other Assets and Deferred Cost (ASC 340)*. During 2021, management retroactively implemented the new accounting pronouncements for 2020, which resulted in recording a prior period adjustment that decreased retained earnings as of December 31, 2019 by \$145,650 to correct these errors and restate the 2020 financial statements.

Weathersby Guild, Inc.

Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

Revenue from Contracts with Customers

Revenue from Contracts with Customers (ASU 2014-09) ("Topic 606") supersedes the existing revenue recognition guidance and provides a new framework for recognizing revenue. The core principle of the standard is that an entity should recognize revenue for the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Additionally, the guidance requires improved disclosure to help users of financial statements better understand the nature, amount, timing and uncertainty of revenue that is recognized. Guidance subsequent to ASU 2014-09 has been issued to clarify various provisions in the standard, including principal versus agent considerations, identifying performance obligations, licensing transactions, as well as various technical corrections and improvements. According to the superseding standards 2015-04 and 2020-05, that deferred the effective dates of the preceding, and because the Company is a private company, the standard became effective for the Company on January 1, 2020.

This standard may be adopted using either a retrospective or modified retrospective method. The Company adopted this standard by recognizing the cumulative effect as an adjustment to opening stockholder equity at January 1, 2020, under the modified retrospective method for contracts not completed as of the day of adoption. Under the modified retrospective method, the Company was not required to restate comparative financial information prior to the adoption of these standards and, therefore, such information presented prior to January 1, 2020 continue to be reported under the Company's previous accounting policies. The details of the significant changes and quantitative impact of the changes are discussed in Note 2, and the quantitative impact of the changes are discussed below.

Other Assets and Deferred Cost

Other Assets and Deferred Costs (ASC 340) was enacted along with Topic 606 to provide a new framework for recognizing unique costs. ASC 340-40 requires companies to defer certain incremental costs to obtain customer contracts, and certain costs to fulfill customer contracts.

Since this standard is adopted along with Topic 606, the standard may be adopted using either a retrospective or modified retrospective method. The Company adopted this standard by recognizing the cumulative effect as an adjustment to opening stockholder equity at January 1, 2020, under the modified retrospective method for contracts not completed as of the day of adoption. Under the modified retrospective method, the Company was not required to restate comparative financial information prior to the adoption of these standards and, therefore, such information presented prior to January 1, 2020 continue to be reported under the Company's previous accounting policies. The details of the significant changes and quantitative impact of the changes are discussed in Note 2, and the quantitative impact of the changes are discussed below.

Weathersby Guild, Inc.

Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

Quantitative Impact of Recently Adopted Accounting Pronouncements

Upon adoption of Topic 606 and ASC 340, the Company decreased 2020 opening stockholder equity in the amount of \$323,229 related to a decrease in previously recognized revenue and increased 2020 opening stockholder equity in the amount of \$177,579 related to a decrease in previously recognized expenses, resulting in a net decrease in 2020 opening stockholder equity of \$145,650. During 2020, the adoption of Topic 606 decreased revenue \$63,250 related to revenue previously recognized, and increased revenue \$72,935 due to deferred revenue being recognized, resulting in a net increase to revenue of \$9,685. During 2020, the adoption of ASC 340 decreased expenses \$53,000 due to previously recognized expenses, and increased expenses \$41,244 due to capitalized expenses being recognized, resulting in a net decrease to expenses of \$11,756. As of December 31, 2020, the cumulative net impact to stockholder equity was a decrease of \$124,209.

The table below summarizes the changes management made to 2020 opening stockholder equity:

Balance Sheet	<u>As Reported</u>	<u>Adjustments due</u>	<u>As</u>
	<u>Legacy GAAP</u>	<u>to Topic 606</u>	<u>Reported</u>
December 31, 2019			
Assets:			
Cash	\$ 141,792	\$ -	\$ 141,792
Accounts receivable	42,721	-	42,721
Property and equipment, net	1,876	-	1,876
Contract asset	-	177,579	177,579
Liabilities:			
Accounts payable	(1,186)	-	(1,186)
Payroll liabilities	(2,452)	-	(2,452)
Contract liability	-	(323,229)	(323,229)
Stockholder equity	\$ (182,751)	<u>\$ 145,650</u>	\$ (37,101)

Weathersby Guild, Inc.

Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

4. REVENUE DISAGGREGATION

A summary of disaggregated revenue by type and geography follows:

	2021	2020
Types of revenue stream:		
• Initial franchise and transfer fees, earned at opening	\$ 30,000	\$ 22,000
• Initial franchise and transfer fees, earned monthly over contract	69,253	72,935
• 7% royalty fees earned monthly based on gross revenue of franchisees	441,038	382,404
• Other revenue from franchisees, earned when received	39,001	41,486
Total revenues	\$ 579,292	\$ 518,825
Timing of revenue recognition		
Recognized at a point in time	\$ 510,039	\$ 445,890
Transferred over time	69,253	72,935
Total revenues	\$ 579,292	\$ 518,825

	2021	2020
Revenue by geography:		
• West	19.8%	19.1%
• Southwest	13.8%	14.9%
• Midwest	15.0%	14.1%
• Northeast	13.0%	14.7%
• Southeast	38.4%	37.2%
Total revenues	100.0%	100.0%

5. STOCKHOLDER EQUITY

The Company has one class of no par value stock with 1,000 shares authorized, issued and outstanding. One stockholder owns 100% of the shares issued and outstanding, and distributions are made after approval by the stockholder. The stockholder also has full voting rights.

Weathersby Guild, Inc.

Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

6. COMMITMENTS

According to the terms of signed agreements between the Company and its franchisees, the Company is obligated to support the franchisees as outlined in the franchise agreements.

7. RELATED PARTY TRANSACTION

The Company uses office space within the shareholder's personal residence. The shareholder was reimbursed \$12,000 during 2021 and 2020 for the use of these facilities.

8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 27, 2022, which is the date on which the financial statements were available to be issued. In general, these events are recognized in the financial statements if the conditions existed at the date of the balance sheet but are not recognized if the conditions did not exist at the balance sheet date. The Company discloses non-recognized events if required to keep the financial statements from being misleading. There were no subsequent events identified by the Company for disclosure.



Weathersby Guild, Inc.
403 Cimaron Park
Peachtree City, Georgia

Independent Auditor's Consent

We consent to the use in the Franchise Disclosure Document issued by Weathersby Guild, Inc. (the Franchisor) on May 19, 2021 of our report dated May 17, 2021, relating to the financial statements of the Franchisor for the year ended December 31, 2020.



K. Glenn Aldridge

K. Glenn Aldridge, PC
(d/b/a Aldridge & Associates)
March 19, 2021

CERTIFIED PUBLIC ACCOUNTANTS
3235 Satellite Blvd.
Building 400, Suite 300
Duluth, GA 30096
www.kga-cpa.com

Weathersby Guild, Inc.

Audited Financial Statements

Year Ended December 31, 2020



Weathersby Guild, Inc.

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Independent Auditor's Report

To the Management and Stockholder of
Weathersby Guild, Inc.
Peachtree City, Georgia

Report on Financial Statements

We have audited the accompanying financial statements of Weathersby Guild, Inc., which comprise the balance sheet as of December 31, 2020 and the related statements of operations, stockholder equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

As more fully described in Note 3 to the financial statements, the Company records certain revenues related to initial franchise fees and costs related to brokerage fees as they are received or paid. In our opinion, such revenues and expenses should be recorded in accordance with FASB ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and ASC Topic 340 – *Other Assets and Deferred Cost (ASC 340)*, to conform with U.S. GAAP. Under Topic 606, companies recognize revenue for the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Additionally, the guidance requires improved disclosure to help users of financial statements better understand the nature, amount, timing and uncertainty of revenue that is recognized. Under ASC 340, companies defer certain Incremental costs to obtain customer contracts and, and certain

costs to fulfill customer contracts. Quantification of the effects of these departures from U.S. GAAP on the financial statements of Weathersby Guild, Inc. is not practicable.

Qualified Opinion

In our opinion, except for the effects of the departures as discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Weathersby Guild, Inc. as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with U.S. GAAP.

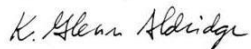
Correction of Error

As described in Note 7 to the financial statements, beginning stockholder equity, as previously reported, was increased by \$46,648 to correct accounts receivable, which management determined was incorrectly reported at December 31, 2019. Our conclusion is not modified with respect to this matter.

Prior Year Financial Statements

The financial statements of Weathersby Guild, Inc. for the year ended December 31, 2019, before the restatement described in Note 7, were audited by another auditor whose report dated March 20, 2020, expressed an unmodified opinion on those statements.

As part of our audit of the December 31, 2020 financial statements, we also audited the adjustment described in Note 7 that were applied to restate the December 31, 2019 financial statements. In our opinion, such adjustment is appropriate and has been properly applied. We were not engaged to audit, review, or apply any procedures to the December 31, 2019 financial statements of Weathersby Guild, Inc. other than with respect to the adjustment; accordingly, we do not express an opinion or any other form of assurance on the December 31, 2019 financial statements as a whole.



K. Glenn Aldridge, PC
(d/b/a Aldridge & Associates)
May 17, 2021

Weathersby Guild, Inc.

Balance Sheet
December 31, 2020

ASSETS

Current assets:	
Cash	\$ 141,792
Accounts receivable	42,721
Total current assets	<u>184,513</u>
Property and equipment:	
Furniture and equipment	561
Computer equipment	6,189
Less accumulated depreciation and amortization	<u>(4,874)</u>
Property and equipment, net	<u>1,876</u>
Total assets	<u>\$ 186,389</u>

LIABILITIES AND STOCKHOLDER EQUITY

Current liabilities:	
Accounts payable	\$ 1,186
Payroll liabilities	2,452
Total current liabilities	<u>3,638</u>
Stockholder equity:	
Common stock (\$0.00 par value; 1,000 shares authorized, issued and outstanding)	-
Additional paid-in capital	500
Retained earnings	<u>182,251</u>
Total stockholder equity	<u>182,751</u>
Total liabilities and stockholder equity	<u>\$ 186,389</u>

Weathersby Guild, Inc.

Statement of Operations
For the Year Ended December 31, 2020

Revenues:		
Franchise royalty fees	\$	382,404
Initial franchise fees		91,250
Other revenue		<u>35,486</u>
Total revenues		509,140
Selling, general and administrative expenses		<u>254,600</u>
Net income	\$	<u>254,540</u>

See accompanying notes to financial statements.

Weathersby Guild, Inc.

Statement of Stockholder Equity
For the Year Ended December 31, 2020

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total Stockholder Equity</u>
Balance, December 31, 2019 (as reported)	\$ -	\$ 500	\$ 138,397	\$ 138,897
Prior period adjustment	-	-	46,648	46,648
Balance, December 31, 2019 (as restated)	\$ -	\$ 500	\$ 185,045	\$ 185,545
Stockholder distributions	-	-	(257,334)	(257,334)
Net income	-	-	254,540	254,540
Balance, December 31, 2020	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 182,251</u>	<u>\$ 182,751</u>

See accompanying notes to financial statements.

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Weathersby Guild, Inc.

Statement of Cash Flows For the Year Ended December 31, 2020

Cash flows from operating activities:	
Cash provided by operating activities:	
Cash received from franchise royalty fees	\$ 386,149
Cash received from initial franchise fees	91,250
Cash received from other sources	35,668
Cash used by operating activities:	
Cash paid to employees	(94,731)
Cash paid to service providers and vendors	<u>(156,629)</u>
Net cash provided by operating activities	<u>261,707</u>
Cash flows from financing activities:	
Stockholder distributions	<u>(257,334)</u>
Net cash used by financing activities	<u>(257,334)</u>
Net increase in cash	4,373
Cash, beginning of year	<u>137,419</u>
Cash, end of year	<u>\$ 141,792</u>
Reconciliation of net income to net cash provided by operating activities:	
Net income	\$ 254,540
Depreciation	744
Adjustments to reconcile net income to net cash provided by operating activities:	
Accounts receivables	3,927
Loan to related party	5,000
Accounts payable	<u>(2,504)</u>
Net cash provided by operating activities	<u>\$ 261,707</u>

See accompanying notes to financial statements.

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Weathersby Guild, Inc.

Notes to Financial Statements
December 31, 2020

1. Description of Business

Weathersby Guild, Inc. (the Company) was formed on August 5, 2002 in the state of Georgia and began franchising in 2003. As a franchisor, the Company enters into agreements with franchisees in accordance with its Franchise Disclosure Document (FDD). Under the terms of the franchise agreements, franchisees establish and operate a furniture repair and claims handling business.

The Company grants franchise agreements to associate agency owners (the franchisees) at locations approved by the Company. In addition to initial franchise fees, the Company retains a fixed portion of gross sales executed by the franchisees for marketing and royalties.

A summary of franchisee activity by reporting period follows:

	Owners	Locations
Franchisees at December 31, 2019	51	58
2020 additions	2	5
2020 terminations	(3)	(4)
Franchisees at December 31, 2020	50	59

2. Summary of Significant Accounting Policies

Basis of Accounting

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Estimates and Assumptions

The preparation of 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 financial statements and, the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions. Significant estimates underlying the accompanying financial statements include the useful lives of property and equipment.

Cash and Cash Equivalents

The Company may from time to time maintain bank deposits in excess of Federal Deposit Insurance Corporation (FDIC) limits. The Company believes it mitigates any

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Weathersby Guild, Inc.

Notes to Financial Statements
December 31, 2020

risks by depositing cash with reputable financial institutions. The Company considers all highly liquid investments purchased with an original maturity of ninety days or less to be cash equivalents.

Accounts Receivable

Accounts receivable, which consist of amounts owed to the Company related to franchise royalty fees, marketing fees, and other fees from franchisees, are recorded at the amounts owed by franchisees less an estimated allowance for bad debt expense and charge backs. The Company has determined that no allowance for doubtful accounts or charge backs was required as of December 31, 2020.

Property and Equipment

The Company's capitalization policy is to capitalize, at cost, property and equipment with a purchase price in excess of \$1,000 and which has a useful life greater than one year.

Maintenance and repairs which do not improve or extend the life of the respective assets are expensed currently. Property items retired, or otherwise disposed of, are eliminated from the asset and accumulated depreciation accounts, and gains or losses from disposals are included in the statement of operations and the statement of cash flows.

Depreciation is provided over the estimated useful lives of the individual assets using the double-declining-balance method with a half year convention as follows: computer equipment, 5 years; furniture and equipment, 7 years.

Intangibles

The Company has entered into exclusive intercompany royalty-free license agreements with related parties for intangible software and trademarks owned and developed by the related parties. This agreement allows the Company the right to use and sublicense these intangibles to franchisees in connection with the establishment and operation of franchisees and is perpetual unless terminated by either party for discontinuation of operation by either party, bankruptcy by either party, failure to pay debts by either party, or using the agreement as collateral or assigning interest in the agreement by either party. No value has been assigned to these related party licensing agreements given that no monetary consideration was required of the Company.

Impairment

Long-lived assets, such as property and equipment, are evaluated for impairment when events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. An impairment loss would be recognized when estimated undiscounted future cash flows expected to result from the use of these assets and its eventual disposition are less than its carrying amount. Intangible assets are primarily evaluated on an annual basis. Impairment, if any, is assessed by using internally developed discounted cash flows estimates, quoted market prices, when available, and independent appraisals to determine fair value. The determination of

Weathersby Guild, Inc.

Notes to Financial Statements
December 31, 2020

whether or not long-lived assets have become impaired involves a significant level of judgement in the assumptions underlying the approach used to determine the estimated future cash flows expected to result from the use of those assets. Changes in the Company's strategy, assumptions, and / or market conditions could significantly impact these judgements and require adjustments to recorded amounts of long-lived assets.

Revenue Recognition

As discussed in Note 3 to the financial statements, the Company has not yet implemented FASB ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*; accordingly, revenue is still recorded under legacy U.S. GAAP.

Pursuant to legacy U.S. GAAP, the Company recognizes revenues from franchise sales when the franchise agreement is signed and initial payment is received. Franchise royalty and monthly marketing fund revenue are recognized at the end of the period to which it applies. Revenue from reimbursable expenses is recognized when received. The Company reports monthly marketing fund revenue and reimbursable expenses as other income.

Income Taxes

The Company has elected under the Internal Revenue Code to be taxed as an S corporation. Accordingly, no provision for federal and state income taxes is necessary since income, losses and credits are reported on the stockholder's individual income tax returns.

The FASB has released FASB ASC Topic 740, Income Taxes, which provides guidance for how uncertain tax positions should be recognized, measured, presented, and disclosed in financial statements. The Company evaluates its uncertain tax provisions using the provisions of FASB ASC Topic 450, Contingencies. The Company only recognizes the tax benefit from an uncertain tax position taken or to be taken if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Management has analyzed all federal tax positions and those for all state jurisdictions where the Company operates. Management believes that income tax positions would be sustained upon examination and does not anticipate that any adjustments would result in a material adverse effect on the Company's financial condition, results of operations or cash flows. Accordingly, the Company has not recorded any reserves, or related accruals for interest and penalties for uncertain tax positions at December 31, 2020.

The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Company believes it is no longer subject to income tax examinations for years prior to 2017.

Weathersby Guild, Inc.

Notes to Financial Statements
December 31, 2020

Advertising

The Company expenses advertising and marketing costs as incurred. Advertising and marketing expenses charged to operations and recorded in general and administrative expenses totaled \$13,512 in 2020.

Stockholder Distributions

Stockholder Distributions are recorded when declared.

3. DEPARTURE FROM U.S. GAAP

The Company has not implemented Topic 606 pursuant to the requirements of ASU 2014-09 *Revenue from Contracts with Customers*, or ASC Topic 340 – *Other Assets and Deferred Cost (ASC 340)*. Under Topic 606, companies recognize revenue for the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Additionally, the guidance requires improved disclosure to help users of financial statements better understand the nature, amount, timing and uncertainty of revenue that is recognized. Under ASC 340, companies defer certain incremental costs to obtain customer contracts, and certain costs to fulfill customer contracts. Quantification of the effect of the departure is not practicable at this time. The Company is in the process of implementing these new requirements.

4. STOCKHOLDER EQUITY

The Company has one class of no par value stock with 1,000 shares authorized, issued and outstanding. One stockholder owns 100% of the shares issued and outstanding, and distributions are made after approval by the stockholder. The stockholder also has full voting rights.

5. COMMITMENTS

According to the terms of signed agreements between the Company and its franchisees, the Company is obligated to support the franchisees as outlined in the franchise agreements.

6. RELATED PARTY TRANSACTION

The Company uses office space within the shareholder's personal residence. The shareholder was reimbursed \$12,000 during 2020 for the use of these facilities.

Weathersby Guild, Inc.

Notes to Financial Statements
December 31, 2020

7. RETAINED EARNINGS RESTATEMENT

During 2020, management determined that the balance of accounts receivable was not properly recorded as of December 31, 2019 ; accordingly, beginning stockholder equity as previously reported, was increased by \$46,648 to correct this error. If management had properly recorded accounts receivable as of December 31, 2019, the Company would have reported a 2019 increase in stockholder equity of \$114,798 instead of an increase of \$68,150.

8. SUBSEQUENT EVENTS

The Company discloses material events that occur after the balance sheet date through the date to which the financial statements were available to be issued. In general, these events are recognized in the financial statements if the conditions existed at the date of the balance sheet, but are not recognized if the conditions did not exist at the balance sheet date. The Company discloses non-recognized events if required to keep the financial statements from being misleading.

The following subsequent event was identified by the Company for disclosure:

COVID-19

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact operation results. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration and related financial impact.

EXHIBIT I

STATE SUPPLEMENTS AND ADDENDA

SUPPLEMENT TO DISCLOSURE DOCUMENT
for
CALIFORNIA

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.
2. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.
3. You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).
4. Neither the franchisor, 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 these persons from membership in the association or exchange.
5. Item 17 of the Disclosure Document is amended to add the following:
6. The 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.
7. 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.*).
8. The Franchise Agreement contains a covenant not to compete that extends beyond the term of the agreement. This provision might not be enforceable under California law.
9. The Franchise Agreement requires litigation to be conducted in a court located outside of the State of California. This provision might not be enforceable for any cause of action arising under California law.
10. The Franchise Agreement requires application of the laws of a state other than the State of California. This provision might not be enforceable under California law.
11. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
12. The Franchise Agreement requires binding arbitration. The arbitration will occur at the forum indicated in Item 17 with the costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult legal counsel to determine the applicability of California and federal laws (including Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to

a forum outside the State of California.

13. Item 19 of the Disclosure Document is amended to add the following:

The earnings claims figures do not reflect the costs of sales, operating expensed or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees listed in the disclosure document may be one source of this information.

14. The following URL address is for the franchisor's website:

www.WEATHERSBYGUILD.com

15. FRANCHISOR'S WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. 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

**ADDENDUM TO FRANCHISE AGREEMENT
FOR TRANSACTIONS
REGULATED BY
CALIFORNIA**

To the extent of any conflict between the following Special Stipulations and the printed provisions of this Agreement, the Special Stipulations shall control:

1. If this Agreement contains a provision that is inconsistent with California Business and Professions Code Sections 20000 through 20043, California Business and Professions Code Sections 20000 through 20043 shall control.

2. This Agreement requires the Franchisee to sign a general release of claims as a condition of renewal or transfer of the franchise. Section 31512 of the California Corporations Code provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Franchise Investment Law or any rule or order under it is void. Therefore, any general release of claims that you are required to sign under the Franchise Agreement will be considered amended to delete any waiver of Weathersby Guild's compliance with the Franchise Investment Law. This will not prevent Weathersby Guild from requiring you to sign a general release of claims arising under the Franchise Investment Law, as part of the negotiated settlement of a dispute.

3. Notwithstanding anything to the contrary contained in Paragraph IX. FRANCHISEE'S INITIAL FRANCHISE FEE, Subparagraph (C), the Initial Franchise Fee is not due and payable until such time as the Franchisee's Weathersby Guild business opens.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Agreement in duplicate as of the ___ day of _____, 202__.

WEATHERSBY GUILD, INC.

By: _____
Name: Kent Weathersby
Title: President

FRANCHISEE:

By: _____
Name:
Title:

SUPPLEMENT TO THE DISCLOSURE DOCUMENT
FOR THE STATE OF HAWAII

1. The Franchise Agreement has been amended as follows:

The Hawaii Franchise Investment Law provides rights to the franchisee concerning non-renewal, termination and transfer of the Franchise Agreement. If the Franchise Agreement contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

the Franchise Agreement require franchisee to sign a general release as a condition of renewal or transfer of the franchise and requires franchisee to sign a general release as a condition to receiving a refund of a portion of the franchise fee following a termination of the franchise; this release shall exclude claims arising under the Hawaii Franchise Investment Law.

Any provision of the Franchise Agreement which terminates the Franchise Agreement upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

2. The Receipt Pages are amended to add the following:

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

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

SUPPLEMENT TO THE DISCLOSURE DOCUMENT FOR THE STATE OF ILLINOIS

1. For choice of law purposes, and for the interpretation and construction of the Franchise Agreement, the Illinois Franchise Disclosure Act, 815 ILCS 705 governs.
2. No action for liability under the Illinois Franchise Disclosure Act shall be maintained unless brought before the expiration of 3 years after the act or transaction constituting the violation upon which it is based, the expiration of 1 year after the franchisee becomes aware of facts or circumstances reasonably indicating that he may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to the franchisee of a written notice disclosing the violation, whichever shall first expire.
3. Illinois law governs the Franchise Agreement (without regard to conflict of laws), and jurisdiction and venue for court litigation shall be in Illinois.
4. Any provision in the Franchise Agreement requiring a general release is void if the provision requires a waiver of compliance with the Illinois Franchise Disclosure Act.
5. Any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside the State of Illinois is void.
6. Item 5 of the Disclosure Document is amended to add the following: “The Franchisee is not required to pay the Initial Franchise Fee until the Franchisor has performed its pre-opening obligations to Franchisee and the Franchisee is open for business. This deferral requirement has been imposed by the Illinois Attorney General’s Office based on the Franchisor’s financial condition.
7. Item 17 of the Disclosure Document is amended to add the following:

The conditions under which a franchise can be terminated and your rights upon non-renewal, as well as the application by which you must bring any claims, may be affected by Sections 705/19 and 20 of the Illinois Franchise Disclosure Act of 1987, 815 ILCS 705/19 and 705/20.

The Illinois Franchise Disclosure Act provides that any provision in the Franchise Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois.
8. Item 5 of the Disclosure Document is amended to add the following:

“Payment of the initial franchise fees will be deferred until Franchisor has met all of its initial obligations to Franchisee, and Franchisee has commenced doing business. This financial assurance requirement was imposed by the Illinois Attorney General’s office due to Franchisor’s financial status.”

**ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR ILLINOIS FRANCHISEES**

This Addendum to Franchise Agreement (“Franchise Agreement”) dated _____ between WEATHERSBY GUILD, INC. (“Franchisor”) and _____ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being signed because: (a) the offer or sale of the franchise to Franchisee was made in the State of Illinois; (b) Franchisee is a resident of the State of Illinois; and/or (c) the Weathersby Guild Franchised Business will be located or operated in the State of Illinois.

2. Section 41 of the Illinois Franchise Disclosure Act states that, “any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void.” To the extent that any provision in the Franchise Agreement is inconsistent with Illinois law, Illinois law will control.

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

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

5. Item 5 of the Disclosure Document is amended to add the following:

“Payment of the initial franchise fees will be deferred until Franchisor has met all of its initial obligations to Franchisee, and Franchisee has commenced doing business. This financial assurance requirement was imposed by the Illinois Attorney General’s office due to Franchisor’s financial status.”

6. 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.

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

FRANCHISOR:

Weathersby Guild, Inc.

By: _____

Printed Name: Kent Weathersby

Title: President

Date: _____

FRANCHISEE:

By: _____

Printed Name: _____

Title: _____

Date: _____

SUPPLEMENT TO THE DISCLOSURE DOCUMENT

FOR THE STATE OF MARYLAND

1. Item 17 of the Disclosure Document is amended to add the following:

Under the Maryland Franchise Registrations and Disclosure Law, Md. Code Ann. Bus. Reg. §14-201 et seq., no general release shall be required as a condition of renewal, termination and/or transfer that is intended to exclude claims under the Maryland Franchise Registration and Disclosure Law.

Any litigation between Franchisee and Franchisor may be instituted in any court of competent jurisdiction, including a court in the State of 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.

In the event of a conflict of laws if required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.

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

2. Item 5 of the Disclosure Document is amended to add the following:

Payment of the initial franchise fee is deferred until the franchisor has completed all of its pre-opening obligations and the franchisee is open for business.

**ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR MARYLAND FRANCHISEES**

This Addendum to Franchise Agreement (“Franchise Agreement”) dated _____ between WEATHERSBY GUILD, INC. (“Franchisor”) and _____ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being signed because: (a) the offer or sale of the franchise to Franchisee was made in the State of Maryland; (b) Franchisee is a resident of the State of Maryland; and/or (c) the Weathersby Guild Franchised Business will be located or operated in the State of Maryland.

2. The following sentence is added to the end of Section 1:

Representations in the Franchise Agreement are not intended to, nor shall they act as a release, estoppels, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

3. The following sentence is added to the end of Sections 2.2 and 12.4:

The general release required as a condition of renewal or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. The following sentence is added to the end of Section 15.2:

Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law, provided that the Franchise Agreement may provide for arbitration in a forum outside of Maryland.

5. Section X(a) the initial franchise fee is amended to add the following:

The payment of the initial franchise fee is deferred until the franchisor has completed all of its pre-opening obligations and the Franchisee is open for business.

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

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

FRANCHISOR:

Weathersby Guild, Inc.

By: _____
Printed Name: Kent Weathersby

Title: President

Date: _____

FRANCHISEE:

By: _____
Printed Name: _____

Title: _____

Date: _____

SUPPLEMENT TO DISCLOSURE DOCUMENT FOR THE STATE OF MINNESOTA

1. Item 13 of the Disclosure Document is amended as follows:

As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any costs incurred by you in the defense of your right to use the marks, so long as you were using the marks in the manner authorized by us, and so long as we are timely notified of the claim and given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

2. Item 17 of the Disclosure Document is amended as follows:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement.

Item 17 shall not provide for a prospective general release of claims against us that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.

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

**ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR MINNESOTA FRANCHISEES**

This Addendum to Franchise Agreement (“Franchise Agreement”) dated _____ between WEATHERSBY GUILD, INC. (“Franchisor”) and _____ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being signed because: (a) the offer or sale of the franchise to Franchisee was made in the State of Minnesota; (b) Franchisee is a resident of the State of Minnesota; and/or (c) the Weathersby Guild Franchised Business will be located or operated in the State of Minnesota.

2. The following sentence is added to the end of Articles VII B and XXIII:

With respect to franchises governed by Minnesota law, Franchisor will comply with Minnesota Statute § 80C.14, subdivisions 3,4,and 5 which require, except in certain cases, that Franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the Franchise Agreement.

3. The following sentence is added to the end of Articles VII B and XII A:

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

4. The following sentences are added to the end of Article XXV C and E:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit Franchisor from requiring arbitration or litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or the Franchise Agreement can abrogate or reduce any of Franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

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

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

FRANCHISOR:

Weathersby Guild, Inc.

By: _____
Printed Name: Kent Weathersby
Title: President

Date: _____

FRANCHISEE:

By: _____
Printed Name: _____
Title: _____

Date: _____

**SUPPLEMENT TO DISCLOSURE DOCUMENT
for
NEW YORK**

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

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

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

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

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations.

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

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, anti-fraud or securities law, fraud; embezzlement, fraudulent conversion or misappropriation of property, unfair or deceptive practices; or comparable allegations.

D. No such party is subject to a currently effective injunction or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or

is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

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

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

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

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

1. 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.

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

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

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

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

**ADDENDUM TO FRANCHISE AGREEMENT
FOR
NEW YORK**

To the extent of any conflict between the following Addendum and the printed provisions of the Franchise Agreement, the following provisions shall control:

1. WEATHERSBY GUILD shall not impose any new or different requirements through any modification to the Operations Manual that would unreasonably increase Franchisee’s obligations or place an excessive economic burden on the Franchisee’s operations.
2. Section XXII B. is amended by adding the following, “Notwithstanding anything to the contrary set forth in this Section XXII B, no assignment shall be made except to an assignee who in the good faith judgment of WEATHERSBY GUILD is able to assume its obligations under the Franchise Agreement.”
3. Section XXV G. is amended by adding the following: “However, the foregoing choice of law should not be considered a waiver of any right conferred upon the Franchisee by the provisions of Article 33 of the New York State General Business Law.”

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Agreement in duplicate as of the ___ day of _____, 202__.

WEATHERSBY GUILD, INC.

By: _____
Name: Kent Weathersby
Title: President

FRANCHISEE:

By: _____
Name:
Title:

SUPPLEMENT TO DISCLOSURE DOCUMENT
for
VIRGINIA

The disclosures contained in this state supplement supersede any contrary or inconsistent disclosures contained elsewhere in this Franchise Disclosure Document.

ITEM 5:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the Initial Franchise Fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the Franchise Agreement.

ITEM 17:

The following statements are added to Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. I any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

**ADDENDUM TO FRANCHISE AGREEMENT
for
VIRGINIA**

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires the Franchisor to defer payment of the Initial Franchise Fee and other initial payments owed by Franchisee to the Franchisor until the Franchisor has completed its pre-opening obligations under the Franchise Agreement.

Therefore, notwithstanding anything to the contrary contained in Paragraph IX. FRANCHISEE'S INITIAL FRANCHISE FEE, Subparagraph (C), of the Franchise Agreement, the Initial Franchise Fee is not due and payable until such time as the Franchisor has completed its obligations under Sections XX.(A)(1), XX.(A)(11) and XX.(C)-(E) of the Franchise Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Agreement in duplicate as of the ___ day of _____, 202__.

WEATHERSBY GUILD, INC.

By: _____
Name: Kent Weathersby
Title: President

FRANCHISEE:

By: _____
Name:
Title:

SUPPLEMENT TO THE DISCLOSURE DOCUMENT

FOR THE STATE OF WASHINGTON

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.

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

**ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR WASHINGTON FRANCHISEES**

This Addendum to the Franchise Agreement (“Franchise Agreement”) dated _____ between Weathersby Guild, Inc. (“Franchisor”) and _____ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement, This Addendum is being signed because: (a) the offer or sale of the franchise to Franchisee was made in the State of Washington; (b) Franchisee is a resident of the State of Washington; and/or (c) the Weathersby Guild Franchised Business will be located or operated in the State of Washington.
2. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
3. 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.
4. 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.
5. 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.
6. Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.
7. 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.
8. 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.

9. Section 4.1 of the franchise agreement is amended to add the following:

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

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

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

FRANCHISOR:

Weathersby Guild, Inc.

By: _____

Printed Name: Kent Weathersby

Title: Chief Executive Officer

Date: _____

FRANCHISEE:

By: _____

Printed Name: _____

Title: _____

Date: _____

SUPPLEMENT TO THE DISCLOSURE DOCUMENT

FOR THE STATE OF WISCONSIN

Item 17 of the Disclosure Document is amended to add the following:

The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Section 135.01-135.07 may affect the termination provision of the Franchise Agreement.

State Effective Dates

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

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

State	Effective Date
California	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
Rhode Island	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT J

RECEIPT
(Our Copy)

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

If Weathersby Guild, Inc. offers you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with us, or make a payment to us or an affiliate in connection with the proposed franchise sale or grant. Under Illinois, Iowa, Maine, Maryland, Nebraska, Oklahoma, Rhode Island or South Dakota law, if applicable, we must provide this disclosure document to you at your 1st personal meeting to discuss the franchise. New York law requires a franchisor to provide the franchise disclosure document at the earlier of the first personal meeting or 10 days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Weathersby Guild, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise is: Kent Weathersby, 403 Cimaron Park, Peachtree City, GA 30269 (678) 481-7518, and the following broker(s), if applicable: _____.

See Exhibit A for our registered agents authorized to receive service of process.

Date of Issuance: May 1, 2023

I have received a disclosure document, dated May 1, 2023, that included the following Exhibits:

- A List of State Agencies/Agents for Service of Process
- B Franchise Agreement
- C Guaranty of Obligations
- D Release
- E Operations Manual Table of Contents
- F List of Franchisees
- G Franchisees Who Have Left the System
- H Financial Statements
- I State Supplements and Addenda
- J Receipts

Date

Signature

Printed Name

