

## FRANCHISE DISCLOSURE DOCUMENT



Bark Avenue Franchise, LLC  
A Illinois limited liability company  
1340 Deerfield Lane, Bartlett, IL 60103  
(630) 400-2685  
barkavenuefranchise@gmail.com  
www.barkavenuedaycamp.com

As a Bark Avenue Daycamp franchisee, you will operate a doggie daycare and boarding facility, providing boarding and day care services, as well as pet training and grooming.

The total investment necessary to begin operation of a Bark Avenue Daycamp franchise is \$228,275 to \$426,400, including \$40,000 that must be paid to the franchisor or affiliate. The total investment necessary to begin operation under a three- to five-unit Multi-Unit Development Agreement (including the first unit) is \$289,275 to \$551,400, which includes \$100,000 to \$160,000 that must be paid to the franchisor. You must develop at least three Bark Avenue Daycamp units under the Multi-Unit Development Agreement.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, please contact Michelle Sarwas at 1340 Deerfield Lane, Bartlett, IL 60103 and (630) 400-2685.

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

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

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

Issuance date: April 3, 2023

## How to Use This Franchise Disclosure Document

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

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

## What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This Franchise*

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

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

**(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY  
THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)**

**The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.**

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

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

- (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
- (ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

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

**The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.**

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General  
G. Mennen Williams Building, 7th Floor  
525 W. Ottawa Street  
Lansing, Michigan 48909  
Telephone Number: (517) 373 7117

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### **Exhibits**

- A. State Administrators and Agents for Service of Process
- B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
- C. Multi-Unit Development Agreement
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- E. Form of General Release
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- G. Brand Standards Manual Table of Contents
- H. Current and Former Franchisees
- I. State Addenda to Disclosure Document
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- K. EFT Authorization Form

State Effective Dates

Receipt (2 copies)

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

In this disclosure document, “we”, “us,” or “our” refers to Bark Avenue Franchise, LLC. “You” means the person to whom we grant a franchise. If you are a corporation, limited liability company, or other entity, each owner of the franchise entity must sign our Guaranty and Non-Compete Agreement, which means that all of the franchise agreement’s provisions also will apply to your owners.

Us, Any Parents, and Certain Affiliates

Our name is Bark Avenue Franchise, LLC. Our principal business address is 1340 Deerfield Lane, Bartlett, IL 60103. We do not have any parent entities. We do not have any affiliates that offer franchises in any line of business or provide products or services to our franchisees. We began offering franchises at the time of this disclosure document.

**Our Predecessors**

We do not have any predecessors.

Our Business Name

We use the names “Bark Avenue Franchise, LLC” and “Bark Avenue Daycamp”. We do not intend to use any other names to conduct business, except that we may utilize “Paw Print Parkway Canine Center”.

Agent for Service of Process

Our agent for service of process in Illinois is Matthew X. Kelley, and the agent’s principal business address is 1535 W. Schaumburg Rd., Suite 204, Schaumburg, IL 60194-4042. Our agents for service of process in other states are disclosed in Exhibit A.

Business Organization

We are a Illinois limited liability company. We were formed on August 9, 2022.

Information About Our Business and the Franchises Offered

We do not operate businesses of the type being franchised.

We do not have any other business activities. We have not offered franchises in other lines of business.

If you sign a franchise agreement with us, you will develop and operate a doggie daycare facility, providing boarding and day care services, as well as pet training and grooming under the trade name Bark Avenue Daycamp (or such other trademark(s) that we designate in the future). If you sign a Multi-Unit Development Agreement (attached as Exhibit C to this disclosure document), you will develop multiple franchised outlets, on an agreed-upon schedule. For each



future unit franchise, we will require you to sign our then-current form of franchise agreement, which may be different from the form of franchise agreement included in this disclosure document.

Bark Avenue Daycamp offer doggie daycare and overnight boarding services, as well as pet training and grooming services to the general public. Our customers are primarily people who own dogs, with homes or work locations within a radius of 30 miles or less.

The market for our services is highly developed and competitive, and continues to grow and develop as the number of households with pets increases.

Sales are not seasonal; however, there may be times of the year when the volume of requests for services increase.

You will face competition from local, independently owned and operated pet boarding, grooming and training businesses, regional and/or national brands providing canine day care, boarding, kenneling, grooming and training. You will compete against national chains, regional chains, and independent owners. Some of these competitors are franchised.

### Laws and Regulations

We are not aware of any laws or regulations specific to our industry, however, in addition to laws, regulations and ordinances applicable to businesses generally, such as the Americans With Disabilities Act of 1990 (the “ADA”), the Federal and State Wage and Hour Laws and other laws related to employment rights and the Occupational Safety and Health Act of 1970, you may have to comply with certain federal, state and local health and sanitation regulations concerning the operation of your Bark Avenue Daycamp, and state and local zoning and building code requirements governing the construction of your Bark Avenue Daycamp. There may be local or state laws that are applicable to your business.

You alone are responsible for investigating and complying with all applicable laws and regulations, despite any information that we may give you. You should consult with a legal advisor about legal requirements that may apply to your business.

### Prior Business Experience

We have offered franchises since the date of this disclosure document. None of our affiliates has offered franchises in other lines of business. None of our affiliates provides products or services to our franchisees.

Our affiliate, Bark Avenue Daycamp, LLC has operated a Bark Avenue Daycamp in Bartlett, Illinois since July 2007. This affiliate has the same business address as us.

## **Item 2 BUSINESS EXPERIENCE**

**Michelle Sarwas - President.** Michelle Sarwas has been our President since our inception in August 2022, and the President of our affiliate, Bark Avenue Daycare, Inc., since its formation in July 2007. These positions have been held in Bartlett, Illinois.

**Item 3  
LITIGATION**

No litigation is required to be disclosed in this Item except:

Kamberis v. Bark Avenue Daycamp; Illinois Workers’ Compensation Commission; File No. 19-WC-027001. On or about September 17, 2019, the Petitioner, a former employee of our affiliate, filed a workers’ compensation claim arising out of a dog bite. The parties settled this matter with a payment to the petitioner for \$15,000 and expect for the case to be dismissed soon.

**Item 4  
BANKRUPTCY**

No bankruptcy information is required to be disclosed in this Item.

**Item 5  
INITIAL FEES**

Franchise Fee

When you sign your franchise agreement, you must pay us \$40,000 as the initial franchise fee. This fee is uniform and is not refundable.

Multi-Unit Development

If you and we agree that you will develop multiple franchises, then you will sign our Multi-Unit Development Agreement (“MUDA”) in the form of Exhibit C to this disclosure document. Your franchise fees will be reduced to \$30,000 for each franchise after the first franchise. You will pay all franchise fees upon signing the MUDA. They are not refundable.

**Item 6  
OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Royalty	6% of your gross sales	Monthly, on the 5 <sup>th</sup> day of the following month	See Notes 1, 2 and 3.
Marketing Fund Contribution	1% of your gross sales	Monthly, on the 5 <sup>th</sup> day of the following month	We have not yet started the Marketing Fund.

Type of Fee	Amount	Due Date	Remarks
Market Cooperative Contribution	As determined by the cooperative. Currently, none.	Monthly, on the 5 <sup>th</sup> day of the following month	We have the right to establish local or regional advertising cooperatives. If you are a member of a cooperative, you and other members may vote to require each member to contribute between 1% and 5% of gross sales to the cooperative.
Technology Fee	Currently, none.	Weekly, on Tuesday	We reserve the right to charge a commercially reasonable fee for software and other technology products and services we provide. The technology fee will not necessarily be a pass-through of our exact costs. We may add, remove, or alter the software or technology products or services that we provide.
Replacement / Additional Training fee	Currently, \$600	Prior to attending training	If you send a manager or other employee to our training program after you open, we will charge our then-current training fee.
Third party vendors	Pass-through of costs, plus reasonable administrative charge. Currently, none.	Varies	We have the right to require franchisees to use third-party vendors and suppliers that we designate. Examples can include computer support vendors, mystery shopping, and customer feedback systems. The vendors and suppliers may bill franchisees directly, or we have the right to collect payment for these vendors together with a reasonable markup or charge for administering the payment program.
Software subscription	Currently, \$500 to \$800 per month	Monthly	We require you to use certain software as described in Item 11. You pay subscription fees directly to the software supplier, and not to us.
Non-compliance fee	\$500	On demand	We may charge you \$500 if your business is not in compliance with our system specifications or the franchise agreement and you fail to correct the non-compliance after 30 days' notice. Thereafter, we may charge you \$250 per week until you correct such non-compliance.
Reimbursement	Amount that we spend on your behalf, plus 10%	Within 15 days of invoice	If we pay any amount that you owe or are required to pay to a third party, you must reimburse us.

Type of Fee	Amount	Due Date	Remarks
Late fee	\$100 plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law)	On demand	We may charge a late fee if you fail to make a required payment when due.
Insufficient funds fee	\$30 (or, if such amount exceeds the maximum allowed by law, then the maximum allowed by law)	On demand	We may charge an insufficient funds fee if a payment made by you is returned because of insufficient funds in your account.
Costs of collection	Our actual costs	As incurred	Payable if we incur costs (including reasonable attorney fees) in attempting to collect amounts you owe to us.
Special support fee	Our then-current fee, plus our expenses. Currently, \$600 per day.	On demand	If we provide in-person support to you in response to your request, we may charge this fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).
Customer complaint resolution	Our expenses		We may take any action we deem appropriate to resolve a customer complaint about your business. If we respond to a customer complaint, we may require you to reimburse us for our expenses.
Records audit	Our actual cost	On demand	Payable only if (1) we audit you because you have failed to submit required reports or other non-compliance, or (2) the audit concludes that you under-reported gross sales by more than 3% for any 4-week period.
Convention fee	As determined by us; currently, none.	Prior to convention	If we elect to conduct a national or regional convention, we will charge you the attendance fee even if you do not attend. You are responsible for all travel and living expenses of attending any such meeting or convention.

Type of Fee	Amount	Due Date	Remarks
Special inspection fee	Currently \$600, plus our out-of-pocket costs	On demand	Payable only if we conduct an inspection of your business because of a governmental report, customer complaint or other customer feedback, or your default or non-compliance with any system specification.
Non-compliance cure costs and fee	Our out-of-pocket costs and internal cost allocation, plus 10%	When billed	We may cure your non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance for you), and you will owe our costs plus a 10% administrative fee.
Transfer fee	\$10,000 plus any broker fees and other out-of-pocket costs we incur	When transfer occurs	Payable if you sell your business.
Relocation fee	\$5,000	Half due when we have agreed to work with you to relocate your business and the remainder due when we have accepted a relocation request	Payable if you ask us to consider relocating your business. You cannot relocate your business to new premises without our approval. We have no obligation to approve of any relocation request.
Liquidated damages	An amount equal to royalty fees and marketing fund contributions for the lesser of (i) 2 years or (ii) the remaining weeks of the franchise term.	On demand	Payable if we terminate your franchise agreement because of your default, or if you terminate the franchise agreement without the right to do so.
Indemnity	All of our costs and losses from any legal action related to the operation of your franchise	On demand	You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the operation of your franchise (unless caused by our misconduct or negligence).

Type of Fee	Amount	Due Date	Remarks
Temporary management fee	10% of gross sales plus our expenses	On demand	We have the right to temporarily manage your business and charge this fee if (i) you die or become incapacitated, (ii) we exercise our right to purchase your business after your franchise agreement end, or (iii) you operate the business in a dangerous manner.
Prevailing party's legal costs	Our attorney fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party	On demand	In any legal proceeding (including arbitration), the losing party must pay the prevailing party's attorney fees, court costs and other expenses.

All fees are payable only to us (other than software subscription charges). All fees are imposed by us and collected by us (other than software subscription charges). All fees are non-refundable. We do not represent that all fees are uniform for all franchisees; we reserve the right to change, waive, or eliminate fees for any one or more franchisees as we deem appropriate. There are currently no marketing cooperatives, purchasing cooperatives, or other cooperatives that impose fees on you.

Notes

1. "Gross Sales" is defined in our franchise agreement as the total dollar amount of all sales generated through your business for a given period, including, but not limited to, payment for any services or products sold by you, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected, or (iii) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales).

2. You must report your gross sales to us each month. If you fail to report your gross sales, we will withdraw estimated royalty fees and marketing fund contributions based on 125% of the most recent gross sales you reported. We will true-up the actual fees after you report gross sales.

3. We currently require you to pay royalty fees and other amounts due to us by pre-authorized bank draft. However, we can require an alternative payment method. If we permit you to pay by credit card or any other method which causes us to incur a processing fee, you will be responsible for the amount of the processing fee.

**Item 7**  
**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT - FRANCHISE AGREEMENT**

<b>Type of expenditure</b>	<b>Amount</b>	<b>Method of payment</b>	<b>When due</b>	<b>To whom payment is to be made</b>
Initial franchise fee (see Note 1)	\$40,000 - \$40,000	Check or wire transfer	Upon signing the franchise agreement	Us
Rent (one month) (see Note 2)	\$2,925 - \$20,000	Check	Upon signing lease	Landlord
Utilities	\$300 - \$1,500	Check, debit, and/or credit	Upon ordering service	Utility providers
Leasehold Improvements	\$70,000 - \$150,000	Check	As incurred or when billed	Contractors
Market Introduction Program	\$6,000 - \$10,000	Check, debit, and/or credit	As incurred or when billed	Vendors and suppliers
Furniture, Fixtures, and Equipment	\$40,000 - \$55,000	Check, debit, and/or credit	As incurred	Vendors and suppliers
Computer Systems	\$2,000 - \$5,000	Check, debit, and/or credit	As incurred	Vendors and suppliers
Insurance (12 months)	\$600 - \$3,600	Check	Upon ordering	Insurance company
Signage	\$3,000 - \$15,000	Check, debit, and/or credit	Upon ordering	Vendor
Office Expenses	\$250 - \$500	Check, debit, and/or credit	As incurred	Vendors
Inventory	\$3,000 - \$7,500	Check, debit, and/or credit	Upon ordering	Vendors
Licenses and Permits	\$500 - \$800	Check	Upon application	Government
Dues and Subscriptions	\$3,700 - \$4,500	Check, debit, and/or credit	As incurred	Vendors, trade organizations
Professional Fees (lawyer, accountant, etc.)	\$1,000 - \$3,000	Check, debit, and/or credit	As incurred or when billed	Professional service firms

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Travel, lodging and meals for initial training	\$5,000 - \$10,000	Cash, debit or credit	As incurred	Airlines, hotels, and restaurants
Additional funds (for first 3 months) (see Note 3)	\$50,000 - \$100,000	Varies	Varies	Employees, suppliers, utilities
Total	\$228,275 - \$ 426,400			

### YOUR ESTIMATED INITIAL INVESTMENT - MULTI UNIT DEVELOPMENT AGREEMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
First franchise (see table above)	\$228,275 - \$426,400			
Additional initial franchise fees (see Note 4)	\$60,000 - \$120,000	Check or wire transfer	Upon signing the MUDA	Us
Business planning and miscellaneous expenses	\$1,000 - \$5,000	Check	As incurred	Vendors and suppliers
Total	\$289,275 - \$551,400			

#### Notes

1. Your lease security deposit and utility deposits will usually be refundable unless you owe money to the landlord or utility provider. None of the other expenditures in this table will be refundable. Neither we nor any affiliate finances any part of your initial investment.

2. Our estimates in this table assume you pay one month rent plus a security deposit before you open for business. For this to occur, you would need to negotiate a “free rent” period for the time it takes to build out your business. We expect that you will rent your location. If you choose to purchase real estate instead of renting, your costs will be significantly different.

3. This includes any other required expenses you will incur before operations begin and during the initial period of operations, such as payroll, additional inventory, rent, and other operating expenses in excess of income generated by the business. It does not include any salary or compensation for you. In formulating the amount required for additional funds, we relied on the following factors, basis, and experience: the development of a Bark Avenue Daycamp business by our affiliate, and our general knowledge of the industry.

4. This estimate assumes you sign a Multi-Unit Development Agreement for three to five franchises. The franchise fee for your first unit is counted in the “Estimated Initial Investment



– Franchise Agreement” table. Your initial franchise fees are reduced to \$30,000 for the second and each additional franchise. You will pay all franchise fees upon signing the MUDA.

## **Item 8**

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

#### Generally

We have the right to require you to purchase or lease all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your business (1) either from us or our designee, or from suppliers approved by us, or (2) according to our specifications. You must comply with any changes we make in the future to these requirements.

#### Specific Obligations

The following are our current specific obligations for purchases and leases:

A. Real Estate. Your business location is subject to our approval and must meet our specifications. If you lease your location from a third party, you must use reasonable efforts to have the landlord sign our form of Rider to Lease Agreement (attached to this disclosure document as Exhibit D).

B. Insurance. You must obtain insurance as described in the Franchise Agreement and in our Brand Standards Manual, which includes (i) “Special” causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Business, for full repair and replacement value (subject to a reasonable deductible); (ii) Business interruption insurance covering at least 12 months of income; (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an “occurrence” policy form in an amount of not less than \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit, (iv) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000, and (v) Workers Compensation coverage as required by state law. Your policies (other than Workers Compensation) must list us and our affiliates as an additional insured, must include a waiver of subrogation in favor of us and our affiliates, must be primary and non-contributing with any insurance carried by us or our affiliates, and must stipulate that we receive 30 days’ prior written notice of cancellation.

C. Point-of-sale software and hardware, and related software and hardware. You must purchase (or lease) the point-of-sale software and hardware, and related software and hardware, that we specify. See Item 11 for more details.

D. Equipment and products. You must purchase your pet grooming equipment and products, including retail products, such as dog treats, dog training tools, dog kennels, dog leashes and collars for resale from suppliers that we approve (“Approved Suppliers”), or under specifications in the Manual. These specifications include standards for performance, maintenance, design and appearance.

E. Design Services. We do not currently have Approved Suppliers for architecture, design or engineering. However, you must receive our approval before hiring anyone.

F. Advertising and Marketing. Except as otherwise provided in the Brand Standards Manual and advertising or marketing materials that we furnish to you, you must submit all advertising and marketing materials to us for our written approval before use. You must ensure that all advertising or marketing materials that you use are clear, factual, ethical, and not misleading; comply with our brand standards; and comply with all laws. We have the right to establish and control all digital marketing

### Us or our Affiliates as Supplier

Neither we nor any affiliate is currently a supplier of any good or service that you must purchase, although we reserve to the right to be a supplier (or the sole supplier) of a good or service in the future.

We may designate a single supplier or multiple suppliers for any given item or service and may concentrate purchases with one or more suppliers in our business judgment. These suppliers may include, and may be limited to, us or an affiliate of ours.

### Ownership of Suppliers

None of our officers owns an interest in any supplier to our franchisees.

### Alternative Suppliers

If you want to use a supplier that is not on our list of approved suppliers, you must request our approval in writing. We have the sole discretion to approve or reject an alternative supplier. We may condition our approval on criteria we deem appropriate, such as evaluations of the supplier's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Our criteria for approving suppliers are not available to you. We permit you to contract with alternative suppliers who meet our criteria only if you request our approval in writing, and we grant approval. There is no fee for us to review or approve an alternate supplier. We will provide you with written notification of the approval or disapproval of any supplier you propose within 30 days after receipt of your request. We may grant approvals of new suppliers or revoke past approvals of suppliers on written notice to you, or by updating our Manual.

### Issuing Specifications and Standards

We issue specifications and standards to you for applicable aspects of the franchise in our Manual and/or in written directives. We may issue new specifications and standards for any aspect of our brand system, or modify existing specifications and standards, at any time by revising our Manual and/or issuing new written directives (which may be communicated to you by any method we choose). We will generally (but are not obligated to) issue new or revised specifications after evaluating the intended changes. We may also conduct limited market testing in one or more outlets.

### Revenue to Us and Our Affiliates

We currently do not derive revenue from the required purchases and leases by franchisees. However, the franchise agreement does not prohibit us from doing so.

### Proportion of Required Purchases and Leases

We estimate that the required purchases and leases to establish your business are 50% to 80% of your total purchases and leases to establish your business.

We estimate that the required purchases and leases of goods and services to operate your business are 50% to 80% of your total purchases and leases of goods and services to operate your business.

### Payments by Designated Suppliers to Us

We do not currently receive payments from any designated suppliers based on purchases by you or other franchisees. However, the franchise agreement does not prohibit us from doing so. We have the right to earn a profit from any product we supply or from designated suppliers. We are not required to give you an accounting of any payments we receive from designated suppliers, nor are we required to share any benefits of supplier payments with you or with any other franchisee.

### Purchasing or Distribution Cooperatives

No purchasing or distribution cooperative currently exists.

### Negotiated Arrangements

Currently, we do not negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees. However, we may do so in the future.

### Benefits Provided to You for Purchases

We do not provide any material benefit to you based on your purchase of particular goods or services, or your 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.**

<b>Obligation</b>	<b>Section in agreement</b>	<b>Disclosure document item</b>
a. Site selection and acquisition/lease	§§ 6.1, 6.2	Item 11
b. Pre-opening purchase/leases	§§ 6.2, 6.3	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	Article 6	Items 5, 7, 8 and 11
d. Initial and ongoing training	§§ 5.2, 6.4, 7.6	Items 5, 6, 8 and 11
e. Opening	§§ 6.5, 6.6	Items 7, 8 and 11
f. Fees	Article 4, §§ 5.3, 6.7, 7.8, 8.4, 10.5, 11.2, 11.3, 11.13, 14.5, 15.2, 16.1, 17.6	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	§§ 6.3, 7.1, 7.3, 7.5, 7.9 – 7.13, 7.15, 9.1, 9.2, 10.1, 10.4, 11.1	Items 8, 11 and 14
h. Trademarks and proprietary information	Article 12, § 13.1	Items 13 and 14
i. Restrictions on products/services offered	§ 7.3	Items 8, 11 and 16
j. Warranty and customer service requirements	§§ 7.3, 7.8, 7.9	Item 8
k. Territorial development and sales quotas	§ 2.2	Item 12
l. Ongoing product/service purchases	Article 8	Items 6 and 8
m. Maintenance, appearance, and remodeling requirements	§§ 3.2, 7.12, 7.13, 15.2	Items 6, 7 and 8
n. Insurance	§ 7.15	Items 6, 7 and 8
o. Advertising	Article 9	Items 6, 7, 8 and 11
p. Indemnification	Article 16	Items 6 and 8
q. Owner’s participation/management/staffing	§ 2.4	Items 15
r. Records and reports	Article 10	Item 11
s. Inspections and audits	§§ 10.5, 11.2	Items 6 and 11
t. Transfer	Article 15	Items 6 and 17

Obligation	Section in agreement	Disclosure document item
u. Renewal	§ 3.2	Items 6 and 17
v. Post-termination obligations	Article 13, § 14.3	Item 17
w. Non-competition covenants	§ 13.2	Item 17
x. Dispute resolution	Article 17	Items 6 and 17

## Item 10 FINANCING

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

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

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

### Our Pre-Opening Obligations

Before you open your business:

A. *Your site.* We will review and advise you regarding potential locations that you submit to us. (Section 5.2). If you sign a Multi-Unit Development Agreement, we will approve the location of future sites and territories for those sites, and our then-current standards for sites and territories will apply. We are not obligated to further assist you in locating a site or negotiating the purchase or lease of the site.

- (i) We generally do not own your premises and lease it to you.
- (ii) If your site is not already known and approved by us when you sign your franchise agreement, then we and you will specify in your franchise agreement the area in which you must select a site (Franchise Agreement, Summary Page). We do not select your site. You must find a potential site and submit your site to us for approval, together with all information and documents about the site that we request. When we accept a site, we will issue a Location Acceptance Letter (in the form of Attachment 2 to the Franchise Agreement).
- (iii) The factors we consider in approving sites are general location and neighborhood, competition, trade area demographics, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms.
- (iv) The time limit for us to approve or disapprove your proposed site is 30 days after you submit all of our required documents and information. (Section 6.1). If we and

you cannot agree on a site, you will be unable to comply with your obligation to develop and open the franchise by the deadline stated in the franchise agreement. Unless we agree to extend the deadline, you will be in default and we may terminate your franchise agreement.

- (v) We are not obligated to assist you in conforming the premises of your site to local ordinances and building codes and obtaining any required permits. This will be your responsibility.

B. *Constructing, remodeling, or decorating the premises.* We will advise you regarding the layout, design, and build-out of your business. (Section 5.2)

C. *Hiring and training employees.* Our opening support (as described below) includes assisting you in training employees. All hiring decisions and conditions of employment are your sole responsibility. (Section 7.5)

D. *Necessary equipment, signs, fixtures, opening inventory, and supplies.* We will provide you a list of our specifications and approved suppliers for equipment, signs, fixtures, opening inventory, and supplies necessary to open your business. (Section 5.2) We do not provide these items directly; we only provide the names of approved suppliers. We do not deliver or install these items.

E. *Brand Standards Manual.* We will give you access to our Brand Standards Manual in such format as we deem appropriate (Section 5.1).

F. *Initial Training Program.* We will conduct our initial training program. (Section 5.2). The current initial training program is described below.

G. *Business plan review.* If you request, we will review your pre-opening business plan and financial projections. (Section 5.2)

H. *Market introduction plan.* We will advise you regarding the planning and execution of your market introduction plan. (Section 5.2)

I. *On-site opening support.* We will have a representative provide on-site support for at least 1-3 days in connection with your business opening, at our expense. (Section 5.2)

### Length of Time to Open

The typical length of time between signing the franchise agreement and the opening of your business is 6 to 12 months. Factors that may affect the time period include your ability to obtain a lease, obtain financing, develop your location, obtain business permits and licenses, and hire employees.

### Our Post-Opening Obligations

After you open your business:

A. *Developing products or services you will offer to your customers.* Although it is our intent to refine and develop products or services that you will offer to your customers, the franchise agreement does not obligate us to do so.

B. *Hiring and training employees.* All hiring decisions and conditions of employment are your sole responsibility. (Section 7.5)

C. *Improving and developing your business; resolving operating problems you encounter.* If you request, we will provide advice to you (by telephone or electronic communication) regarding improving and developing your business, and resolving operating problems you encounter, to the extent we deem reasonable. If we provide in-person support or additional training in response to your request, we may charge a fee (currently \$600 per day) plus any out-of-pocket expenses (such as travel, lodging, and meals for our employees providing onsite support). (Section 5.3)

D. *Establishing prices.* Upon your request, we will provide recommended prices for products and services. (Section 5.3).

E. *Establishing and using administrative, bookkeeping, accounting, and inventory control procedures.* We will provide you our recommended procedures for administration, bookkeeping, accounting, and inventory control (Section 5.3). We may make any such procedures part of required (and not merely recommended) procedures for our system.

F. *Marketing Fund.* We will administer the Marketing Fund once it is established (Section 5.3). We will prepare an unaudited annual financial statement of the Marketing Fund within 120 days of the close of our fiscal year and will provide the financial statement to you upon request. (Section 9.3)

G. *Website.* We will maintain a website for the Bark Avenue Daycamp brand, which will include your business information and telephone number. (Section 5.3)

### Advertising

*Our obligation.* Once established, we will use the Marketing Fund only for marketing and related purposes and costs. Media coverage is primarily local. We use outside vendors and consultants to produce advertising. We are not required to spend any amount of advertising in the area or territory where any particular franchisee is located. We will maintain the brand website (which may be paid for by the Marketing Fund). We have no other obligation to conduct advertising.

*Your own advertising material.* You may use your own advertising or marketing material only with our approval. To obtain our approval, you must submit any proposed advertising or marketing material at least 14 days prior to use. If we do not respond, the material is deemed rejected. If you develop any advertising or marketing materials, we may use those materials for any purpose, without any payment to you. We have the right to establish and control all social media accounts and other digital marketing. You must ensure that all advertising or marketing materials that you use are clear, factual, ethical, and not misleading; complies with our brand

standards; and complies with all laws. We have the right to establish and control all digital marketing.

*Advertising council.* We do not have an advertising council composed of franchisees. The franchise agreement does not give us the power to form an advertising council.

*Local or Regional Advertising Cooperatives.* We do not currently have any local or regional advertising cooperatives. We have the right to require you to participate in a local or regional advertising cooperative. We will define the area of the cooperative based on media markets, or other geographic criteria that we deem appropriate. Each franchisee in the area would have one vote per outlet (unless the franchisee is in default under its franchise agreement). The amount you must contribute to the cooperative will be determined by vote of the members, but not less than 1% and not more than 5% of gross sales. If our own outlets are members of a cooperative, they must contribute to the cooperative on the same basis as franchisees, and they will vote on the same basis as other members. We administer the cooperative, but we have the right to delegate responsibility for administration to an outside company such as an advertising agency or accounting firm, or to the franchisee members of the cooperative. We have the right to require the cooperative to operate from written bylaws or other governing documents that we determine. The documents are not currently available for you to review. Cooperatives will prepare annual financial statements which will be made available for review only by us and by the members of the cooperative. We have the power to require cooperatives to be formed, changed, dissolved, or merged.

*Marketing Fund.* You and all other franchisees must contribute to our Marketing Fund once it is established. Your contribution will be 1% of gross sales per week. We reserve the right to have other franchisees contribute a different amount or at a different rate. Outlets that we or our affiliates own are not obligated to contribute to the Marketing Fund. We administer the fund. The fund is not audited. We will make unaudited annual financial statements available to you upon request.

Because we are a new franchisor, we did not spend any money from the Marketing Fund in our most recently concluded fiscal year.

If less than all marketing funds are spent in the fiscal year in which they accrue, the money will remain in the Marketing Fund to be spent in the next year.

No money from the Marketing Fund is spent principally to solicit new franchise sales.

*Market introduction plan.* You must develop a market introduction plan and obtain our approval of the plan at least 30 days before the projected opening date of your business.

*Required spending.* After you open, you must spend at least 2% of gross sales each month on marketing your business. This amount is only a minimum requirement, and we do not represent that it is the optimal amount of money for you to spend on marketing.



## Point of Sale and Computer Systems

We require you to obtain a personal computer with common office software, peripherals such as printer and scanner, and internet access.

We also require you to use KennelLink as your point-of-sale (“POS”) system. This POS system is a cloud based kennel management software solution that tracks the day to day daycare, boarding, and grooming activities and reservations. KennelLink allows you to create customer accounts and make reservations for daycare, boarding, and grooming . With the card processor, you can accept deposits and payments.

We also require you to use Broadly for Pet Services software. Broadly is a reputation management solution that assists businesses in streamlining operations related to lead capture, mobile payments and feedback collection. It provides a built-in web chat functionality, which enables you to establish two-way communication with potential customers and prospects.

We also require you to use Pack Pro Training software. This is a software program that assists franchisees’ employees learn and improve on their dog behavior training.

We also require you to use Recovery Initiative which is an online Canine CPR course. Every employee will be required to complete this course.

These systems will assist you with training your employees to enable them to take the highest quality care of the dogs in your care. These systems will generate or store data such as sales data, customer information, inventory, various customer and sales reporting.

We estimate that these systems will cost between \$2,000 to \$5,000 to acquire.

The estimated fees for the software listed above are as follows:

KennelLink - \$75 set up fee plus a monthly subscription fee that will range from \$100 - \$500 depending on the number of kennels you are managing and which option services you sign up for (i.e. texting & document management). Note that this does not include any fees for using their credit card processing.

Broadly – This is a subscription based tool and the fee is approximately \$300/month

Pack Pro Training – This is a subscription based tool that is \$99/month for unlimited users. Note that during periods that you are not training employees you may pause the subscription and will not be charged.

Recovery Initiative charges \$35 per employee as a one-time fee to take their course. There are no subscription fees.

We are not obligated to provide any ongoing maintenance, repairs, upgrades, or updates. We do not require you enter into any such contract with a third party, except that you must maintain your system, and we require you to maintain a subscription with KennelLink, Broadly, and Pack Pro Training.

You must upgrade or update any system when we determine. There is no contractual limit on the frequency or cost of this obligation.

We estimate that the annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be between \$6,000 to \$8,000.

You must give us independent access to the information that will be generated or stored in these systems. The information that we may access will include sales, customer data, and reports. There is no contractual limitation on our right to access the information.

Brand Standards Manual

See Exhibit G for the table of contents of our Brand Standards Manual as of the date this disclosure document, with the number of pages devoted to each subject. The Manual has 250 pages.

Training Program

Our training program consists of the following:

**TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location</b>
Front Desk Operation <sup>1</sup>	10-12	12-16	Franchisor owned Store
General Manager Duties <sup>1</sup>	3-4	4-6	Franchisor owned Store
Daycare Procedures <sup>1</sup>	2-3	30-40	Franchisor owned Store
Website Management (Training Classes etc.) <sup>1</sup>	6-8	0	Franchisor owned Store
Video (Content & format) <sup>1</sup>	6-8	0	Online and Franchisor owned Store
Exec Management <sup>2</sup>	6-8	20-24	Franchisor owned Store
Dog Training Paperwork <sup>3</sup>	6-8	0	Franchisor owned Store
Dog Training Programs <sup>3</sup>	6-8	30-40	Franchisor owned Store
<b>TOTALS:</b>	45-59	96-126	Franchisor owned Store

<sup>1</sup> This training is for the franchise owner &/manager (if the manager is not the franchise owner)

<sup>2</sup> This training is for the franchise owner

<sup>3</sup> This training is for the franchise owner and lead dog trainer (if the lead dog trainer is not the franchise owner)

Training classes will be scheduled in accordance with the needs of new franchisees. We anticipate holding training classes three to six times per year. Training will be held at our offices and business location in Bartlett, Illinois, except that a small portion of the training will be held online and is to be completed prior to the in-person classroom training. We reserve the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the initial training program.

The instructional materials consist of the Brand Standards Manual and other materials, lectures, discussions, and on-the-job demonstration and practice.

Training classes will be led or supervised by Michelle Sarwas. Her experience is described in Item 2. She has 15 years of experience in our industry, and 15 years of experience with us or our affiliates.

There is no fee for up to 4 people to attend training. You must pay the travel and living expenses of people attending training.

You (or your Principal Executive, if you are an entity) and your general manager and lead dog trainer must attend training. You may send any additional people to training that you want (up to the maximum described above). You must complete training to our satisfaction at least three weeks before opening your business.

Your business must at all times be under your on-site supervision or under the on-site supervision of a general manager who has completed our training program. If you need to send a new general manager to our training program, we will charge a fee, which is currently \$600. Otherwise, we do not currently require additional training programs or refresher courses, but we have the right to do so.

## **Item 12 TERRITORY**

### Your Location

Your franchise is for a specific location. If the specific location is not known at the time you sign a franchise agreement, then your location is subject to our approval.

### Grant of Territory

Your franchise agreement will specify a territory, which will be determined by us. Your territory will have a population of approximately 100,000 people. Your territory will usually be specified as a radius around your location; however, we may use other boundaries (such as county lines or other political boundaries, streets, geographical features, or trade area). If your business location is not known when you sign your franchise agreement, then we will state your location and territory in a "Location Acceptance Letter" when we approve your location. If we do not state your territory in writing before you open your business to the public, your territory will be deemed to be a 1-mile radius around your location.

### Relocation; Establishment of Additional Outlets

You do not have the right to relocate your business, and we have no obligation to approve any request for relocation. Our policy is to approve relocation of a franchisee's business on a case-by-case basis, considering factors such as changes in demographics, profitability of your current business, or a loss of your premises due to circumstances beyond your control.

If you request our approval for you to relocate your business, you must pay us a \$5,000 fee. Half is due when you make the request, and the other half is due if and when we approve the request. If we approve, you must comply with the conditions described in the franchise agreement for developing a location and satisfy any other conditions we require.

You do not have the right to establish additional franchised outlets unless you sign a Multi-Unit Development Agreement ("MUDA") in the form attached as Exhibit C to this disclosure document. If you and we sign a MUDA, then you will have the right to establish a mutually-agreed number of additional outlets on a mutually-agreed schedule. Under the MUDA, your right to develop additional outlets is subject to (1) you must comply with the mutually-agreed development schedule, (2) you must have sufficient financial and organizational capacity to develop, open, operate, and manage each additional Bark Avenue Daycamp business, (3) you must be in compliance with all brand requirements at your open Bark Avenue Daycamp business(es), and (4) you must not be in default under any other agreement with us. We will approve the location of future sites and territories for those sites, and our then-current standards for sites and territories will apply. For each future site, you must sign our then-current form of Franchise Agreement, which may be materially different than the original Franchise Agreement that you signed. You are not obligated to develop additional outlets under the MUDA, and you may terminate it any time without penalty. If you do not meet your development schedule in the MUDA, we have the right to terminate your right to develop additional outlets.

### Options to Acquire Additional Franchises

You do not receive any options, rights of first refusal, or similar rights to acquire additional franchises.

### Territory Protection

In your franchise agreement, we grant you an exclusive territory. In your territory, we will not establish either a company-owned or franchised outlet selling the same or similar goods or services under the same or similar trademarks or service marks as a Bark Avenue Daycamp outlet. The continuation of your territorial exclusivity does not depend on achieving a certain sales volume, market penetration, or other contingency. There are no circumstances that permit us to modify your territorial rights.

If you sign a MUDA, you do not receive an exclusive territory as an area developer. Therefore, with respect to a MUDA, we make the following disclosure: You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Restrictions on Us from Soliciting or Accepting Orders in Your Territory

There are no restrictions on us from soliciting or accepting orders from consumers inside your territory. We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory using our principal trademarks or using trademarks different from the ones you will use under your franchise agreement. We do not pay any compensation to you for soliciting or accepting orders from inside your territory.

Soliciting by You Outside Your Territory

There are no restrictions on you from soliciting or accepting orders from consumers outside of your territory, except that all marketing and advertising is subject to our approval.

Competition by Us Under Different Trademarks

Neither we nor any of our affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark selling goods or services similar to those you will offer. However, the franchise agreement allows us to do so.

**Item 13  
TRADEMARKS**

Principal Trademark

The following are the principal trademarks that we license to you. These trademarks are owned by our affiliate, Bark Avenue Daycamp, Inc. We do not have a federal registration for our principal trademark. Therefore, our trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses. An application for registration on the Principal Register of the United States Patent and Trademark Office has been filed.

Trademark	Application Date	Serial Number
	June 20, 2022	97466744
Bark Avenue Daycamp	June 20, 2022	97466733

We may also license the following mark to you, which is also owned by our affiliate, Bark Avenue Daycamp, Inc. We do not have a federal registration for this mark, and this mark does not have many legal benefits and rights as a federally registered trademark. If our right to use the

trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses. An application for registration on the Principal Register of the United States Patent and Trademark Office has been filed.

<b>Trademark</b>	<b>Application Date</b>	<b>Serial Number</b>
Paw Print Parkway Canine Center	November 7, 2022	97665330

### Determinations

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court. There are no pending infringement, opposition, or cancellation proceedings.

### Litigation

There is no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

### Agreements

There are no currently effective agreements that significantly limit our rights to use or license the use of trademarks listed above in a manner material to the franchise.

Bark Avenue Daycamp, Inc., our affiliate, owns the trademarks described in this Item. Under an Intercompany License Agreement between us and Bark Avenue Daycamp, Inc., we have been granted the exclusive right to sublicense the trademarks to franchisees throughout the United States. The agreement has no expiration. It may be modified only by mutual consent of the parties. It may be terminated by our affiliate only if (1) we materially misuse the trademarks and fail to correct the misuse, or (2) we discontinue commercial use of the trademarks for a continuous period of more than one year. The Intercompany License Agreement specifies that if it is ever terminated, your franchise rights will remain unaffected.

### Protection of Rights

We protect your right to use the principal trademarks listed in this Item, and we protect you against claims of infringement or unfair competition arising out of your use of the trademarks, to the extent described in this section.

The franchise agreement obligates you to notify us of the use of, or claims of rights to, a trademark identical to or confusingly similar to a trademark licensed to you. The franchise agreement does not require us to take affirmative action when notified of these uses or claims. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you.

If you use our trademarks in accordance with the franchise agreement, then (i) we will defend you (at our expense) against any legal action by a third party alleging infringement by your

use of the trademark, and (ii) we will indemnify you for expenses and damages if the legal action is resolved unfavorably to you.

Under the franchise agreement, we may require you to modify or discontinue using a trademark, at your expense. You will have a reasonable period of time to comply with the change, not to exceed 90 days. After such period, you would no longer have the right to use the unmodified or discontinued trademark. Your rights under the franchise agreement do not change, other than the modification or discontinuation of the trademark.

#### Superior Prior Rights and Infringing Uses

We do not know of either superior prior rights or infringing uses that could materially affect your use of the principal trademarks. However, on or about March 31, 2023, the USPTO issued an office action contending that there is a likelihood of confusion with another mark for “Bark Avenue Pet Spa LLC” for pet grooming services. We do not believe that this is a superior prior right and we intend on contesting the office action in due course. However, in the event that our applications for the Bark Avenue Daycamp marks do not proceed to registration, we reserve the right to require you to utilize the PAW PRINT PARKWAY CANINE CENTER mark or any other trademark.

There may be other uses of marks similar to our trademarks that may affect your use of our trademarks. We cannot represent with certainty that we have exclusive or superior rights to our marks in all geographical areas.

### **Item 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

#### Patents

We do not own rights in, or licenses to, patents that are material to the franchise. We do not have any pending patent applications.

#### Copyrights

All of our original works of authorship fixed in a tangible medium of expression are automatically protected under the U.S. Copyright Act, whether or not we have obtained registrations. This includes our Brand Standards Manual as well as all other sales, training, management and other materials that we have created or will create. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for your franchised business.

We do not have any registered copyrights. There are no pending copyright applications for our copyrighted materials. There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court regarding any copyright.

There are no agreements currently in effect that limit our right to use or license the use of our copyrighted materials.

We have no obligation to protect any of our copyrights or to defend you against claims arising from your use of copyrighted items. The franchise agreement does not require us to take affirmative action when notified of copyright infringement. We control any copyright litigation. We are not required to participate in the defense of a franchisee or indemnify a franchisee for expenses or damages in a proceeding involving a copyright licensed to the franchisee. We may require you to modify or discontinue using the subject matter covered by any of our copyrights, at your expense.

We do not know of any copyright infringement that could materially affect you.

### Proprietary Information

We have a proprietary, confidential Brand Standards Manual and related materials that include guidelines, standards and policies for the development and operation of your business. We also claim proprietary rights in other confidential information or trade secrets that include all methods for developing and operating the business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

All customer data and point-of-sale data generated by your business is confidential information and is exclusively owned by us. We license such data back to you without charge solely for your use in connection with your Bark Avenue Daycamp business.

You (and your owners, if the franchise is owned by an entity) must protect the confidentiality of our Brand Standards Manual and other proprietary information, and you must use our confidential information only for your franchised business. We may require your managers and key employees to sign confidentiality agreements.

You must disclose to us all ideas, plans, improvements, concepts, methods, and techniques relating to your Bark Avenue Daycamp business that you conceive or develop. We will automatically own all such innovations, and we will have the right to incorporate any innovations into our system for use by all franchisees, without any compensation to you.

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

### Your Participation

You must devote substantial time and attention to your business.

You must designate one person as your “Principal Executive”. The Principal Executive is the executive primarily responsible for your business and has decision-making authority on behalf of the business. The Principal Executive must own at least 30% of the business. The Principal Executive must complete our initial training program. The Principal Executive must complete any post-opening training programs that we develop in the future. The Principal Executive must make reasonable efforts to attend all in-person meetings and remote meetings (such as telephone or video



conference calls), including regional or national brand conferences, that we require. The Principal Executive cannot fail to attend more than three consecutive required meetings.

If your business is owned by an entity, all owners of the business must sign our Guaranty and Non-Compete Agreement (see Attachment 3 to Exhibit B).

#### “On-Premises” Supervision

You are not required to personally conduct “on-premises” supervision (that is, act as general manager) of your business. However, we recommend on-premises supervision by you.

There is no limit on who you can hire as an on-premises supervisor or general manager, and such person is not required to be an owner of the franchise; however, each person acting as on-premises supervisor or general manager (whether that is you or a hired person) must successfully complete our training program.

If the franchise business is owned by an entity, we do not require that the general manager own any equity in the entity.

#### Restrictions on Your Manager

If we request, you must have your general manager/on-site supervisor (and other key employees that we reasonably designate) sign a confidentiality and non-compete agreement. We will not require you to enter into a confidentiality and non-compete agreement that violates applicable state law or that prohibits a person from being employed by another Bark Avenue Daycamp outlet. We do not require you to place any other restrictions on your manager or on-site supervisor.

### **Item 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must offer for sale only goods and services that we have approved.

You must offer for sale all goods and services that we require. We have the right to change the types of authorized goods or services, and there are no limits on our right to make changes.

We do not restrict your access to customers, except that all sales must be made at or from your premises.

**Item 17**  
**RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**  
**THE FRANCHISE RELATIONSHIP**

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

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	Franchise Agreement (FA): § 3.1 Multi-Unit Development Agreement (MUDA): §1(a)	The term of the franchise agreement is 10 years from date of signing.  The MUDA will expire on the date that your last franchise is scheduled to open.
b. Renewal or extension of the term	FA: § 3.2 MUDA: none	You may obtain a successor franchise agreement for up to two additional 5-year terms.
c. Requirements for franchisee to renew or extend	FA: § 3.2 MUDA: none	For our franchise system, “renewal” means that at the end of your term, you sign our successor franchise agreement for an additional 5-year term. You may be asked to sign a contract with materially different terms and conditions than your original contract.  To renew, you must give advance notice to us; be in compliance with all contractual obligations to us and third parties; renovate to our then-current standards; sign then-current form of franchise agreement and related documents (including personal guaranty); sign general release (unless prohibited by applicable law).  If you continue operating your franchise after the expiration of the term without a renewal agreement, then we may either terminate your operation at any time or deem you to have renewed your agreement for a 5-year term.
d. Termination by franchisee	FA: § 14.1 MUDA: § 4	If we violate a material provision of the franchise agreement and fail to cure or to make substantial progress toward curing the violation within 30 days after notice from you.

Provision	Section in franchise or other agreement	Summary
		If you sign a MUDA, you may terminate it at any time.
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	FA: § 14.2 MUDA: § 4	We may terminate your agreement for cause, subject to any applicable notice and cure opportunity. If you sign a Multi-Unit Development Agreement, termination of your MUDA does not give us the right to terminate your franchise agreement. However, if your franchise agreement is terminated, we have the right to terminate your MUDA.
g. “Cause” defined--curable defaults	FA: § 14.2 MUDA: none	Non-payment by you (10 days to cure); violate franchise agreement other than non-curable default (30 days to cure).
h. “Cause” defined--non-curable defaults	FA: § 14.2 MUDA: § 4	FA: Misrepresentation when applying to be a franchisee; knowingly submitting false information; bankruptcy; lose possession of your location; violation of law; violation of confidentiality; violation of non-compete; violation of transfer restrictions; slander or libel of us; refusal to cooperate with our business inspection; cease operations; operate in a manner dangerous to health or safety (if not corrected within 48 hours); three defaults in 12 months; cross-termination; charge or conviction of, or plea to a felony, or commission or accusation of an act that is reasonably likely to materially and unfavorably affect our brand; any other breach of franchise agreement which by its nature cannot be cured. MUDA: failure to meet development schedule; violation of franchise agreement or other agreement which gives us the right to terminate it.
i. Franchisee’s obligations on termination/non-renewal	FA: §§ 14.3 – 14.6 MUDA: none	Pay all amounts due; return Manual and proprietary items; cancel assumed names; cancel or transfer phone, post office boxes, directory listings, and digital marketing

Provision	Section in franchise or other agreement	Summary
		accounts; cease doing business; remove identification; purchase option by us.
j. Assignment of agreement by franchisor	FA: § 15.1 MUDA: § 7	Unlimited
k. “Transfer” by franchisee - defined	FA: Article 1 MUDA: Background Statement	For you (or any owner of your business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the business, (ii) the franchise agreement, (iii) any direct or indirect ownership interest in the business, or (iv) control of the business.
l. Franchisor’s approval of transfer by franchisee	FA: § 15.2 MUDA: § 7	No transfers without our approval.
m. Conditions for franchisor’s approval of transfer	FA: § 15.2 MUDA: none	Pay transfer fee; buyer meets our standards; buyer is not a competitor of ours; buyer and its owners sign our then-current franchise agreement and related documents (including personal guaranty); you’ve made all payments to us and are in compliance with all contractual requirements; buyer completes training program; you sign a general release (subject to state law); business complies with then-current system specifications (including remodel, if applicable).
n. Franchisor’s right of first refusal to acquire franchisee’s business	FA: § 15.5 MUDA: none	If you want to transfer your business (other than to your co-owner or your spouse, sibling, or child), we have a right of first refusal.
o. Franchisor’s option to purchase franchisee’s business	FA: § 14.6 MUDA: none	When your franchise agreement expires or is terminated, we will have the right to purchase any or all of the assets of your business.
p. Death or disability of franchisee	FA: §§ 2.4, 15.4 MUDA: none	If you die or become incapacitated, a new principal executive acceptable to us must be designated to operate the business, and your executor must transfer the business to an approved new owner within nine months. We have the right to temporarily operate the business if you die or become incapacitated.

Provision	Section in franchise or other agreement	Summary
q. Non-competition covenants during the term of the franchise	FA: § 13.2 MUDA: none	Neither you, any owner of the business, or any spouse of an owner may have ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by, any competitor.
r. Non-competition covenants after the franchise is terminated or expires	FA: § 13.2 MUDA: none	For two years, neither you, any owner of the business, or any spouse of an owner may have ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by a competitor located within five miles of your former territory (or of your development area if no territory had been set) or of the territory of any other franchised business operating on the date of termination or expiration.
s. Modification of the agreement	FA: § 18.4 MUDA: § 7	No modification or amendment of the agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Manual or system specifications.
t. Integration/merger clause	FA: § 18.3 MUDA: § 7	Only the terms of the agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement (or MUDA) may not be enforceable. However, no claim made in any franchise agreement (or MUDA) is intended to disclaim the express representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	FA: § 17.1 MUDA: § 7	All disputes are resolved by arbitration (except for injunctive relief) (subject to applicable state law).
v. Choice of forum	FA: §§ 17.1; 17.5 MUDA: § 7	Arbitration will take place where our headquarters is located (currently, Bartlett, Illinois) (subject to applicable state law). Any legal proceedings not subject to arbitration will take place in the District Court of the United States, in the district where our headquarters is then located, or if this court lacks jurisdiction, the state courts of the state and county where

Provision	Section in franchise or other agreement	Summary
		our headquarters is then located (subject to applicable state law).
w. Choice of law	FA: § 18.8 MUDA: § 7	Illinois (subject to applicable state law).

For additional disclosures required by certain states, refer to Exhibit I - State Addenda to Disclosure Document.

**Item 18  
PUBLIC FIGURES**

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

**Item 19  
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

Summary Gross Revenues and Certain Expenses

The following is a summary of gross revenues and certain expenses for the Bark Avenue Daycamp in Bartlett, Illinois, which was the only outlet operational prior to the date of this disclosure document. There were no franchised outlets that existed during the period January 1, 2018, through December 31, 2022. The data in this chart are the actual gross revenues and costs identified in this outlet.

This outlet may have a different footprint and may serve a different market than yours; however, otherwise, we do not anticipate franchised outlets to differ materially from the affiliate-owned outlet set forth in this Item. These figures are based accounted on an accrual basis.

The information set forth below is a historical financial performance representation and not a projection of future performance.

	<u>NOTES</u>	<u>Calendar Year</u> <u>2018</u>	<u>Calendar Year</u> <u>2019</u>	<u>Calendar Year</u> <u>2020</u>	<u>Calendar Year</u> <u>2021</u>	<u>Calendar Year</u> <u>2022</u>
Gross Revenue	1	\$ 796,242.00	\$ 776,691.00	\$ 609,609.64	\$ 1,154,574.00	\$1,273,755.11
Payroll	2	\$ 358,987.00	\$ 395,536.00	\$ 285,735.00	\$ 564,885.00	\$718,602.43
Rent		\$ 109,967.00	\$ 92,949.00	\$ 120,019.00	\$ 122,299.00	\$115,115.60

Notes:

- 1 “Gross Revenue” means total dollar amount of all sales generated through the business for the given period, including, but not limited to, payment for any services or products. It does not include (i) bona fide refunds to customers or (ii) sales taxes collected.
- 2 “Payroll” is all payroll costs of the business for the given period. It does not include bonuses, commissions, payroll taxes, process fees, or other compensation.
- 3 Your franchise is likely to incur additional expenses. See Item 7 for a listing of other initial expenses.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

**Some outlets have earned this amount. Your individual results may differ. There is no assurance you’ll earn as much.**

Other than the preceding financial performance representation, Bark Avenue Franchise, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Michelle Sarwas, 1340 Deerfield Lane, Bartlett, IL 60103, and (630) 400-2685, the Federal Trade Commission, and the appropriate state regulatory agencies.

**Item 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

**Table 1**  
**Systemwide Outlet Summary**  
**For Years 2020 to 2022**

<b>Column 1 Outlet Type</b>	<b>Column 2 Year</b>	<b>Column 3 Outlets at the Start of the Year</b>	<b>Column 4 Outlets at the End of the Year</b>	<b>Column 5 Net Change</b>
Franchised	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Company-Owned	2020	1	1	0
	2021	1	1	0
	2022	1	1	0
<b>Total Outlets</b>	<b>2020</b>	<b>1</b>	<b>1</b>	<b>0</b>
	<b>2021</b>	<b>1</b>	<b>1</b>	<b>0</b>
	<b>2022</b>	<b>1</b>	<b>1</b>	<b>0</b>

**Table 2**  
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
**For Years 2020 to 2022**

<b>Column 1 State</b>	<b>Column 2 Year</b>	<b>Column 3 Number of Transfers</b>
N/A	2020	0
	2021	0
	2022	0
<b>Total</b>	<b>2020</b>	<b>0</b>
	<b>2021</b>	<b>0</b>
	<b>2022</b>	<b>0</b>



**Table 3**  
**Status of Franchised Outlets**  
**For Years 2020 to 2022**

<b>Column 1 State</b>	<b>Column 2 Year</b>	<b>Column 3 Outlets at the Start of the Year</b>	<b>Column 4 Outlets Opened</b>	<b>Column 5 Termi- Nations</b>	<b>Column 6 Non- Renewals</b>	<b>Column 7 Reacquired by Franchisor</b>	<b>Column 8 Ceased Operations – Other Reasons</b>	<b>Column 9 Outlets at End of the Year</b>
N/A	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
<b>Totals</b>	<b>2020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table 4**  
**Status of Company-Owned Outlets**  
**For Years 2020 to 2022**

<b>Column 1 State</b>	<b>Column 2 Year</b>	<b>Column 3 Outlets at the Start of the Year</b>	<b>Column 4 Outlets Opened</b>	<b>Column 5 Outlets Reacquired from Franchisee</b>	<b>Column 6 Outlets Closed</b>	<b>Column 7 Outlets Sold to Franchisee</b>	<b>Column 8 Outlets at End of the Year</b>
Illinois	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
<b>Totals</b>	<b>2020</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2021</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2022</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

**Table 5**  
**Projected Openings As Of December 31, 2022**

<b>Column 1 State</b>	<b>Column 2 Franchise Agreements Signed but Outlet Not Opened</b>	<b>Column 3 Projected New Franchised Outlets in the Next Fiscal Year</b>	<b>Column 4 Projected New Company- Owned Outlets in the Next Fiscal Year</b>
Illinois	0	1	0
<b>Totals</b>	<b>0</b>	<b>1</b>	<b>0</b>

### Current Franchisees

Exhibit H contains the names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets.

### Former Franchisees

Exhibit H contains the name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date.

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

### Confidentiality Clauses

In the last three fiscal years, no franchisees have signed any contract, order, or settlement provision that directly or indirectly restricts a current or former franchisee from discussing his or her personal experience as a franchisee in our system with any prospective franchisee.

### Franchisee Organizations

There are no trademark-specific franchisee organizations associated with our franchise system.

## **Item 21 FINANCIAL STATEMENTS**

**We have not been in business for three years or more, and therefore cannot include all financial statements required by the Franchise Rule of the Federal Trade Commission.** Exhibit F contains our audited opening financial statements as of December 31, 2022. Our fiscal year end is December 31.

## **Item 22 CONTRACTS**

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

- B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
- C. Multi-Unit Development Agreement
- D. Rider to Lease Agreement
- E. Form of General Release
- J. State Addenda to Agreements
- K. EFT Authorization Form

**Item 23**  
**RECEIPTS**

Detachable documents acknowledging your receipt of this disclosure document are attached as the last two pages of this disclosure document.

## EXHIBIT A

### STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

We may register this Disclosure Document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 866-275-2677 www.dfpi.ca.gov Ask.DFPI@difpi.ca.gov	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, HI 96810 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	

<b>State</b>	<b>State Administrator</b>	<b>Agent for Service of Process (if different from State Administrator)</b>
Minnesota	Minnesota Department of Commerce Securities-Franchise Registration 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Commissioner of Commerce Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500
New York	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, NY 10005 212-416-8222	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue Building 68-2 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563	
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760
Wisconsin	Division of Securities Department of Financial Institutions 4822 Madison Yards Way Madison, WI 53705 (608) 266-0448	Division of Securities Department of Financial Institutions 4822 Madison Yards Way Madison, WI 53705 (608) 261-7577

**EXHIBIT B**  
**FRANCHISE AGREEMENT**



## FRANCHISE AGREEMENT

### SUMMARY PAGE

1. **Franchisee** \_\_\_\_\_
2. **Initial Franchise Fee**    \$ \_\_\_\_\_
3. **Development Area** \_\_\_\_\_
4. **Business Location** \_\_\_\_\_
5. **Protected Store Territory** \_\_\_\_\_
6. **Opening Deadline** \_\_\_\_\_
7. **Principal Executive** \_\_\_\_\_
8. **Franchisee's Address** \_\_\_\_\_

## FRANCHISE AGREEMENT

This Agreement is made between Bark Avenue Franchise, LLC, a Illinois limited liability company (“BAF”), and Franchisee effective as of the date signed by BAF (the “Effective Date”).

### **Background Statement:**

A. BAF and its affiliate Bark Avenue Daycamp, LLC have created and own a system (the “System”) for developing and operating doggie daycare and boarding facilities, providing boarding and day care services, as well as pet training and grooming services under the trade name “Bark Avenue Daycamp”.

B. The System includes (1) methods, procedures, and standards for developing and operating a Bark Avenue Daycamp business, (2) plans, specifications, equipment, signage, and trade dress for Bark Avenue Daycamp businesses, (3) particular products and services, (4) the Marks, (5) training programs, (6) business knowledge, (7) marketing plans and concepts, and (8) other mandatory or optional elements as determined by BAF from time to time.

C. The parties desire that BAF license the Marks and the System to Franchisee for Franchisee to develop and operate a Bark Avenue Daycamp business on the terms and conditions of this Agreement.

### **ARTICLE 1. DEFINITIONS**

“**Action**” means any action, suit, proceeding, claim, demand, governmental investigation, governmental inquiry, or judgment, or appeal thereof, whether formal or informal.

“**Advertising and Promotional Content**” means all advertising, marketing, promotional, customer relationship management, public relations, and other brand-related programs, materials, and content relating to Bark Avenue Daycamp or the Business, including without limitation any printed materials (such as business cards, signs, counter cards, banners, posters, displays, window clings, leaflets, direct mail materials, coupons, and published advertisements); promotional items (such as branded specialty and novelty items, products, and clothing); audio or video advertising (such as radio, television, or podcast ads or online video postings); and Digital Marketing.

“**Approved Vendor**” means a supplier, vendor, or distributor of Inputs which has been approved by BAF.

“**Business**” means the Bark Avenue Daycamp business owned by Franchisee and operated under this Agreement. It also means any other business owned by Franchisee and operated under this Agreement, if BAF directs Franchisee to use a different trademark in the future.

“**Competitor**” means any business which offers canine day care, boarding, kenneling, grooming and/or training.

“**Confidential Information**” means all non-public information of or about the System, BAF, and any Bark Avenue Daycamp business, including all methods for developing and operating the Business, and all non-public plans, data, financial information, processes, vendor pricing, supply



systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

**“Data Security Event”** means any act, both actual or suspected, that initiates either internally or from outside the Business’ computers, point-of-sale terminals, and other technology or networked environment and violates any laws or explicit or implied security policies, including attempts (either failed or successful) to gain unauthorized access (or to exceed authorized access) to the System, other Bark Avenue Daycamp businesses, or their data or to view, copy, or use Privacy Information or Confidential Information without authorization or in excess of authorization; unwanted disruption or denial of service; unauthorized use of a system for processing or storage of data; and changes to system hardware, firmware, or software characteristics without BAF’s knowledge, instruction, or consent.

**“Digital Marketing”** means social media accounts (such as Facebook, Twitter, Instagram, Pinterest, Snapchat, TikTok, etc.), applications, keyword or adword purchasing programs, accounts with websites featuring gift certificates or discounted coupons (such as Groupon, Living Social, etc.), mobile applications, online videos, display banner campaigns, branded content social media campaigns, e-mail marketing campaigns, or other means of digital advertising on the Internet or any other means of digital or electronic communications that are intended to promote Bark Avenue Daycamp and/or the Business.

**“Gross Sales”** means the total dollar amount of all sales generated through the Business for a given period, including, but not limited to, payment for any services or products sold by Franchisee, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected by Franchisee, or (iii) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales).

**“Input”** means any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Business.

**“Location”** means the location stated on the Summary Page. If no location is stated on the Summary Page, then the Location will be determined in accordance with Section 6.1.

**“Losses”** includes (but is not limited to) all losses; damages; fines; charges; expenses; lost profits; reasonable attorneys’ fees; travel expenses, expert witness fees; court costs; settlement amounts; judgments; loss of BAF’s reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

**“Manual”** means BAF’s confidential Brand Standards Manual(s), including any supplements, additions, or revisions from time to time, which may be in any form or media.

**“Marketing Fund”** means the fund established (or which may be established) by BAF into which Marketing Fund Contributions are deposited.

“**Marks**” means the trade name and logo contained on the Summary Page, and all other trade names, trademarks, service marks and logos specified by BAF from time to time for use in a Bark Avenue Daycamp—or successor trademark—business.

“**Owner**” means each person or entity which directly or indirectly owns or controls any equity of Franchisee. If Franchisee is an individual person, then “Owner” means Franchisee.

“**Privacy Information**” means all information that identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer or household. Privacy Information includes but is not limited to, the following if it identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer or household: identifiers such as a real name, alias, postal address, unique personal identifier, online identifier, Internet Protocol address, email address, account name, social security number, driver’s license or state identification card number, passport number, signature, physical characteristics or description, telephone number, insurance policy number, bank account number, credit card number, debit card number or any other financial information, medical information or health insurance information; characteristics of protected classifications under state or federal law; commercial information, including records of personal property, products or services purchased, obtained or considered, or other purchasing or consuming histories or tendencies; biometric information; Internet or other electronic network activity information including, but not limited to, browsing history, search history, and information regarding a consumer’s interaction with an internet website, application, or advertisement; geolocation data; audio or electronic information; professional or employment-related information; education information that is not publicly available personally identifiable information as defined in the Family Educational Rights and Privacy Act (20 USC § 1232g; 34 CFR Part 99); and inferences drawn from any of the information identified in this subsection to create a profile about a consumer reflecting the consumer’s preferences, characteristics, psychological trends, predispositions, behavior, attitudes, intelligence, abilities and aptitudes. Privacy Information does not include publicly available information that is lawfully made available to the general public from federal, state, or local government records.

“**Remodel**” means a refurbishment, renovation, and remodeling of the Location to conform to the building design, exterior facade, trade dress, signage, fixtures, furnishings, equipment, decor, color schemes, presentation of the Marks, and other System Standards in a manner consistent with the image then in effect for a new business utilizing the System.

“**Required Vendor**” means a supplier, vendor, or distributor of Inputs which BAF requires franchisees to use.

“**System Standards**” means, as of any given time, the then-current mandatory procedures, requirements, and/or standards of the System as determined by BAF, which may include without limitation, any procedures, requirements and/or standards for appearance, business metrics, cleanliness, customer service, data protection and privacy, design (such as construction, decoration, layout, furniture, fixtures and signs), environmental protection and sustainability, equipment, inventory, maintenance, marketing and public relations, minimum numbers and types of personnel, operating days, operating hours, presentation of Marks, product and service offerings, quality of products and services (including any guaranty and warranty programs),

reporting, safety, technology (such as computers, computer peripheral equipment, smartphones, point-of-sale systems, back-office systems, information management systems, security systems, video monitors, other software, backup and archiving systems, communications systems (including email, audio, and video systems), payment acceptance systems (including credit and debit card systems, check verification services, and other payment systems, as well as any compliance programs relating to those systems), and internet access, as well as upgrades, supplements, and modifications thereto), temporary operational changes due to special circumstances (such as a pandemic), uniforms, and vehicles.

“**Territory**” means the Protected Store Territory stated on the Summary Page. If no Protected Store Territory is stated on the Summary Page, then the Territory is determined in accordance with Section 6.1.

“**Transfer**” means for Franchisee (or any Owner) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the Business, (ii) this Agreement, (iii) any direct or indirect ownership interest in the Business, or (iv) control of the Business.

## ARTICLE 2. GRANT OF LICENSE

**2.1 Grant.** BAF grants to Franchisee the right to operate a Bark Avenue Daycamp business solely at the Location. If no Location is stated on the Summary Page when this Agreement is signed, then the parties will determine the Location in accordance with Section 6.1. Franchisee shall develop, open and operate a Bark Avenue Daycamp business at the Location for the entire term of this Agreement. Franchisee shall exert its best efforts to promote and enhance the Business.

**2.2 Protected Territory.** BAF shall not establish, nor license the establishment of, another business within the Territory selling the same or similar goods or services under the same or similar trademarks or service marks as a Bark Avenue Daycamp business. This prohibition does not apply to any Bark Avenue Daycamp business operating or under construction when the Territory is determined. BAF and its affiliates retain the right to do any of the following (all without any compensation to Franchisee):

- (i) establish and license others to establish and operate Bark Avenue Daycamp businesses outside the Territory, notwithstanding their proximity to the Territory or their potential impact on the Business;
- (ii) operate and license others to operate businesses anywhere, including within the Territory, that sell the same or similar goods or services as a Bark Avenue Daycamp business under trademarks or service marks that are not the same as or similar to the Marks;
- (iii) sell and license others to sell any products and services in the Territory under any trademarks or service marks (including the Marks) through channels of distribution (including the internet) other than Bark Avenue Daycamp outlets; and

- (iv) acquire or be acquired by (under any form of business transaction) a Competitor that has (or may in the future have) outlets in the Territory which compete with the Business under trademarks or service marks other than the Marks; and
- (v) engage in any action not specifically precluded by the express terms of this Section.

**2.3 Franchisee Control.** Franchisee represents that Attachment 1 (i) identifies each owner, officer and director of Franchisee, and (ii) describes the nature and extent of each owner's interest in Franchisee. If any information on Attachment 1 changes (which is not a Transfer), Franchisee shall notify BAF within 10 days.

**2.4 Principal Executive.** Franchisee agrees that the person designated as the "Principal Executive" on the Summary Page is the executive primarily responsible for the Business and has decision-making authority on behalf of Franchisee. The Principal Executive must have at least 30% ownership interest in Franchisee. The Principal Executive does not have to serve as a day-to-day general manager of the Business, but the Principal Executive must devote substantial time and attention to the Business. If the Principal Executive dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to be the executive primarily responsible for the Business, Franchisee shall promptly designate a new Principal Executive, subject to BAF's reasonable approval.

**2.5 Guaranty.** If Franchisee is an entity, then Franchisee shall have each Owner sign a personal guaranty of Franchisee's obligations to BAF, in the form of Attachment 3.

**2.6 No Conflict.** Franchisee represents to BAF that Franchisee and each of its Owners (i) are not violating any agreement (including any confidentiality or non-competition covenant) by entering into or performing under this Agreement, (ii) are not a direct or indirect owner of any Competitor, and (iii) are not listed or "blocked" in connection with, and are not in violation under, any anti-terrorism law, regulation, or executive order.

### ARTICLE 3. TERM

**3.1 Term.** This Agreement commences on the Effective Date and continues for 10 years.

**3.2 Successor Agreement.** When the term of this Agreement expires, Franchisee may enter into a successor agreement for the Location for up to two additional periods of 5 years each, subject to the following conditions prior to each expiration:

- (i) Franchisee notifies BAF of the election to renew between 90 and 180 days prior to the end of the term;
- (ii) Franchisee (and its affiliates) are in compliance with this Agreement and all other agreements with BAF (or any of its affiliates) at the time of election and at the time of renewal;
- (iii) Franchisee (and its affiliates) have been in substantial compliance with this Agreement and all other agreements with BAF (or any of its affiliates) throughout the term of any such agreement(s);

- (iv) Franchisee has made or agrees to make (within a period of time acceptable to BAF) renovations and changes to the Business as BAF requires to conform to the then-current System Standards; such renovations and changes may include, without limitation, a Remodel, making changes to the façade, installing furnishings or fixtures, changing signage, and making upgrades to any technological features required by the System Standards;
- (iv) Franchisee and its Owners execute BAF's then-current standard form of franchise agreement and related documents (including personal guaranty), which may be materially different than this form (including, without limitation, higher and/or different fees), except that the form of the franchise agreement will be amended to provide that Franchisee will not pay another initial franchise fee and to provide that Franchisee will not receive more renewal or successor terms than originally granted to Franchisee; and
- (v) Franchisee and each Owner executes a general release (on BAF's then-standard form) of any and all claims against BAF, its affiliates, and their respective owners, officers, directors, agents and employees.

#### **ARTICLE 4. FEES**

**4.1 Initial Franchise Fee.** Upon signing this Agreement, Franchisee shall pay an initial franchise fee in the amount stated on the Summary Page. This initial franchise fee is not refundable under any circumstances. The parties agree and acknowledge that, for accounting purposes, the initial franchise fee is for the franchise license (the right to use the System and the Marks) and certain pre-opening services, and that BAF may consider the following pre-opening services, to the extent provided by BAF, distinct from the franchise license: (i) assistance in connection with the selection of a site, (ii) providing the initial training program to Franchisee, (iii) preparation and distribution of manuals and similar material concerning operations, administration, and record keeping, (iv) bookkeeping, information technology, and advisory services, and (v) inspection, testing, and other quality control programs.

**4.2 Royalty Fee.** Franchisee shall pay BAF a monthly royalty fee (the "Royalty Fee") equal to 6% of Gross Sales. Franchisee shall pay the Royalty Fee for any given week so that it is received by BAF on or before the 5<sup>th</sup> day of the following month.

#### **4.3 Marketing Contributions.**

(a) Marketing Fund Contribution. Franchisee shall pay BAF a contribution to the Marketing Fund (the "Marketing Fund Contribution") equal to 1% of Franchisee's Gross Sales (or such lesser amount as BAF determines), at the same time as the Royalty Fee.

(b) Market Cooperative Contribution. If the Business participates in a Market Cooperative, then Franchisee shall contribute to the Market Cooperative a percentage of Gross Sales (or other amount) determined by the Market Cooperative, not to exceed 5%.

**4.4 Technology Fee.** BAF reserves the right to charge Franchisee a commercially-reasonable fee (the "Technology Fee") in exchange for software and other technology-related services and

products provided by or through BAF. The Technology Fee does not have to be a pass-through of BAF's exact costs. BAF has no liability or obligation to Franchisee with respect any third-party software or other technology-related services and products that BAF provides to Franchisee. The Technology Fee for a given period is due and payable at the same time as the Royalty Fee, unless BAF determines otherwise. BAF may add, remove, or alter the software or technology products or services that it provides. BAF may change Technology Fee after at least 30 days' notice.

**4.5 Replacement / Additional Training Fee.** If Franchisee sends an employee to BAF's training program after opening, BAF may charge its then-current training fee. As of the date of this Agreement, the training fee is \$600 per person.

**4.6 Non-Compliance Fee.** BAF may charge Franchisee \$500 for any instance of non-compliance with the System Standards or this Agreement (other than Franchisee's non-payment of a fee owed to BAF) which Franchisee fails to cure after 30 days' notice. Thereafter, BAF may charge Franchisee \$250 per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of BAF's internal cost of personnel time attributable to addressing the non-compliance, and it is not a penalty or estimate of all damages arising from Franchisee's breach. The non-compliance fee is in addition to all of BAF's other rights and remedies (including default and termination under Section 14.2).

**4.7 Reimbursement.** BAF may (but is never obligated to) pay on Franchisee's behalf any amount that Franchisee owes to a supplier or other third party. If BAF does so or intends to do so, Franchisee shall pay such amount plus a 10% administrative charge to BAF within 15 days after invoice by BAF accompanied by reasonable documentation.

#### **4.8 Payment Terms.**

(a) Method of Payment. Franchisee shall pay the Royalty Fee, Marketing Fund Contribution, Technology Fee, and any other amounts owed to BAF by pre-authorized bank draft or in such other manner as BAF may require. Franchisee shall comply with BAF's payment instructions, including executing all documents reasonably required by BAF. If BAF permits Franchisee to pay by credit card or other method which causes BAF to incur a processing fee, Franchisee shall be responsible for the amount of the processing fee.

(b) Calculation of Fees. Franchisee shall report monthly Gross Sales to BAF by the 5<sup>th</sup> day of the following month. If Franchisee fails to report monthly Gross Sales, then BAF may withdraw estimated Royalty Fees and Marketing Fund Contributions equal to 125% of the last Gross Sales reported to BAF, and the parties will true-up the actual fees after Franchisee reports Gross Sales. Franchisee acknowledges that BAF has the right to remotely access Franchisee's point-of-sale system to calculate Gross Sales.

(c) Late Fees and Interest. If Franchisee does not make a payment on time, Franchisee shall pay a \$100 "late fee" plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law).

(d) Insufficient Funds. BAF may charge \$30 for any payment returned for insufficient funds (or, if such amount exceeds the maximum allowed by law, then the fee allowed by law).

(e) Costs of Collection. Franchisee shall repay any costs incurred by BAF (including reasonable attorney fees) in attempting to collect payments owed by Franchisee.

(f) Application. BAF may apply any payment received from Franchisee to any obligation and in any order as BAF may determine, regardless of any designation by Franchisee.

(g) Obligations Independent; No Set-Off. The obligations of Franchisee to pay to BAF any fees or amounts described in this Agreement are not dependent on BAF's performance and are independent covenants by Franchisee. Franchisee shall make all such payments without offset or deduction.

(h) Taxes. Franchisee will be for (and shall immediately remit to BAF upon demand) all sales taxes, use taxes, and other taxes imposed on the fees payable by Franchisee to BAF or its affiliates and on services or goods furnished to Franchisee by BAF or its affiliates, unless the tax is an income tax assessed on BAF or its affiliate for doing business in the state where the Business is located.

## ARTICLE 5. ASSISTANCE

**5.1 Manual.** BAF shall make its Manual available to Franchisee in such format as BAF deems appropriate.

### **5.2 Pre-Opening Assistance.**

(a) Selecting Location. BAF shall provide its criteria for Bark Avenue Daycamp locations to Franchisee. BAF will review and advise Franchisee regarding potential locations submitted by Franchisee.

(b) Development. To the extent BAF deems appropriate, BAF shall advise Franchisee regarding the layout, design, and build-out of the Business.

(c) Vendors. To the extent applicable, BAF shall provide its specifications and list of Approved Vendors and/or Required Vendors for equipment, signs, fixtures, opening inventory, and supplies to open the Business.

(d) Business Plan Review. If requested by Franchisee, BAF shall review and advise on Franchisee's pre-opening business plan and financial projections. **Franchisee acknowledges that BAF accepts no responsibility for the performance of the Business.**

(e) Pre-Opening Training. BAF shall make available its standard pre-opening training to the Principal Executive and up to 3 other employees (one of whom must be the Business' lead dog trainer), at BAF's headquarters and/or at a Bark Avenue Daycamp business designated by BAF. BAF shall not charge any fee for this training. Franchisee is responsible for its own travel, lodging, meal, and other out-of-pocket expenses. BAF reserves the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the program.

(f) Market Introduction Plan. BAF shall advise Franchisee regarding the planning and execution of Franchisee's market introduction plan.

(g) On-Site Opening Assistance. BAF shall have a representative support Franchisee's business opening with at least 1-3 days of onsite opening training and assistance, at BAF's expense.

### 5.3 Post-Opening Assistance.

(a) Advice, Consulting, and Support. If Franchisee requests, BAF shall provide advice to Franchisee (by telephone or electronic communication) regarding improving and developing Franchisee's business, and resolving operating problems Franchisee encounters, to the extent BAF deems reasonable. If BAF provides in-person support in response to Franchisee's request, BAF may charge its then-current fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).

(b) Pricing. Upon request, BAF shall provide recommended prices for products and services offered by franchisees of the System.

(c) Procedures. BAF shall provide Franchisee with BAF's recommended administrative, bookkeeping, accounting, and inventory control procedures. BAF may make any such procedures part of required (and not merely recommended) System Standards.

(d) Marketing. BAF shall manage the Marketing Fund.

(e) Internet. BAF shall maintain a website for Bark Avenue Daycamp, which will include Franchisee's location (or territory) and telephone number.

## ARTICLE 6. LOCATION, DEVELOPMENT, AND OPENING

**6.1 Determining Location and Territory.** If the Location and Territory are not stated on the Summary Page, then Franchisee shall identify a potential Location within the Development Area described on the Summary Page. Franchisee acknowledges that Franchisee does not have any territorial or other rights to the Development Area and that it is only provided for the purpose of delineating the area within which Franchisee must locate an acceptable Location for the Business. Franchisee shall submit its proposed Location to BAF for acceptance, with all related information and documents BAF may request. If BAF does not accept the proposed Location in writing within 30 days, then it is deemed rejected. When BAF accepts the Location, it will issue a Location Acceptance Letter in the form of Attachment 2 which states the Location and Territory. BAF shall determine the Territory in its good faith discretion, substantially in accordance with Item 12 of the Franchise Disclosure Document. If BAF fails to state the Territory in writing before Franchisee opens the Business to the public, the Territory will be deemed to be a 1-mile radius from the Location. **BAF's advice regarding or acceptance of a proposed Location is not a representation or warranty that the Business will be successful or that the Business is permitted to be operated at the Location under appropriate laws or zoning ordinances, and BAF has no liability to Franchisee with respect to the location of the Business.**



**6.2 Lease.** In connection with any lease between Franchisee and the landlord of the Location: (i) if requested by BAF, Franchisee must submit the proposed lease to BAF for written approval, (ii) the term of the lease (including renewal terms) must be for a period of not less than the term of this Agreement, and (iii) Franchisee shall use commercially reasonable efforts to obtain the landlord's signature to a rider to the lease in the form required by BAF. This requirement does not apply if the landlord is an affiliate of Franchisee.

**6.3 Development.** Franchisee shall construct (or remodel) and finish the Location in conformity with BAF's System Standards. If required by BAF, Franchisee shall engage the services of an architect licensed in the jurisdiction of the Location. Franchisee shall not begin any construction or remodeling work without first obtaining BAF's approval of Franchisee's plans and without first obtaining any required permits or licenses necessary to commence such construction or remodeling work. Franchisee must engage a qualified licensed general contractor to perform such construction or remodeling work. BAF may, but is not required to, inspect Franchisee's construction or remodeling progress at any reasonable time. Franchisee shall not rely upon any information provided or opinions expressed by BAF or its representatives regarding any architectural, engineering, or legal matters (including without limitation the Americans With Disabilities Act) in the development and construction of the Business, and BAF assumes no liability with respect thereto. BAF's inspection and/or approval to open the Business is not a representation or a warranty that the Business has been constructed in accordance with any architectural, engineering, or legal standards.

**6.4 New Franchisee Training.** Franchisee's Principal Executive, general manager, and dog trainer must complete BAF's training program for new franchisees to BAF's satisfaction at least three weeks before opening the Business.

**6.5 Conditions to Opening.** Franchisee shall notify BAF at least 30 days before Franchisee intends to open the Business to the public. Before opening, Franchisee must satisfy all of the following conditions: (1) Franchisee is in compliance with this Agreement, (2) Franchisee has obtained all applicable governmental permits and authorizations, (3) the Business conforms to all applicable System Standards, (4) BAF has inspected and approved the Business, (5) Franchisee has hired sufficient employees, (6) Franchisee's officers and employees have completed all of BAF's required pre-opening training; and (7) BAF has given its written approval to open, which will not be unreasonably withheld.

**6.6 Opening Date.** Franchisee shall open the Business to the public on or before the date stated on the Summary Page.

**6.7 Relocation.** Franchisee shall not relocate the Business to new premises without the prior written approval of BAF. If Franchisee requests approval of a relocation, Franchisee must pay \$2,500 upon submitting the request. If BAF approves the relocation, Franchisee must (i) pay an additional \$2,500 relocation fee to BAF upon approval, (ii) comply with the conditions set for in Sections 6.1, 6.2, and 6.6 with respect to the new location, and (iii) satisfy any other conditions required by BAF.

## ARTICLE 7. OPERATIONS

**7.1 Compliance with Manual and System Standards.** Franchisee shall at all times and at its own expense comply with all mandatory obligations contained in the Manual and with all other System Standards, as they are now or hereafter established. Franchisee acknowledges and agrees that the products and services offered under the Marks have a reputation for excellence and that Franchisee's compliance with all System Standards is of the utmost importance to BAF.

**7.2 Compliance with Law.** Franchisee and the Business shall comply with all laws, rules, ordinances, and regulations applicable to Franchisee or to the Business. Franchisee and the Business shall obtain and keep in force all governmental permits and licenses necessary for the Business.

**7.3 Products, Services, and Methods of Sale.** Franchisee shall offer all products and services, and only those products and services, from time to time prescribed by BAF in the Manual or otherwise in writing. Franchisee shall make sales only to retail customers, and only at the Location. Unless otherwise approved or required by BAF, Franchisee shall not make sales by any other means, including without limitation by wholesale, by delivery, by mail order or over the internet, or at temporary or satellite locations. Franchisee shall maintain sufficient levels of inventory at all times. Franchisee shall provide all products and perform all services in a high-quality manner that meets or exceeds the customer's reasonable expectations and all applicable System Standards. Franchisee shall implement any guaranties, warranties, or similar commitments regarding products and/or services that BAF may require.

**7.4 Prices.** Notwithstanding any provision of this Agreement or the Manual to the contrary, Franchisee retains the sole discretion to determine the prices it charges for products and services.

### **7.5 Personnel.**

(a) Management. The Business must at all times be under the on-site supervision of the Principal Executive or a general manager who has completed BAF's training program. The Business must also have a lead dog trainer who has completed BAF's training program.

(b) Service. Franchisee shall cause its personnel to render competent and courteous service to all customers and members of the public.

(c) Appearance. Franchisee shall cause its personnel to comply with any dress attire, uniform, personal appearance, and hygiene standards set forth in the Manual.

(d) Qualifications. BAF may set minimum qualifications for categories of employees employed by Franchisee.

(e) Staffing. Franchisee must hire or engage sufficient number of personnel to service its volume of Business, and Franchisee must comply with any System Standards regarding staffing levels.

(f) Sole Responsibility. Franchisee is solely responsible for all hiring decisions and all terms and conditions of employment of all of its personnel, including recruiting, hiring,

scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and BAF are not joint employers, and no employee of Franchisee will be an agent or employee of BAF. Within seven days of BAF's request, Franchisee and each of its employees shall sign an acknowledgment form stating that Franchisee alone (and not BAF) is the employee's sole employer. Franchisee shall use its legal name on all documents with its employees and independent contractors, including, but not limited to, employment applications, time cards, pay checks, and employment and independent contractor agreements, and Franchisee shall not use the Marks on any of these documents.

**7.6 Post-Opening Training.** BAF may at any time require that the Principal Executive and/or any other employees complete training programs, in any format and in any location determined by BAF. BAF may charge a reasonable fee for any training programs. BAF may require Franchisee to provide training programs to its employees. If a training program is held at a location which requires travel by the Principal Executive or any other employee, then Franchisee shall pay all travel, living and other expenses.

**7.7 Software.** Without limiting the generality of Section 7.1 or Section 8.1, Franchisee shall acquire and use all software and related systems required by BAF. Franchisee shall enter into any subscription and support agreements that BAF may require. Franchisee shall upgrade, update, or replace any software from time to time as BAF may require. Franchisee shall protect the confidentiality and security of all software systems, and Franchisee shall abide by any System Standards related thereto. Franchisee shall give BAF unlimited access to Franchisee's point of sale system and other software systems used in the Business, by any means designated by BAF.

**7.8 Customer Complaints.** Franchisee shall use its best efforts to promptly resolve any customer complaints. BAF may take any action it deems appropriate to resolve a customer complaint regarding the Business, and BAF may require Franchisee to reimburse BAF for any expenses.

**7.9 Evaluation and Compliance Programs.** Franchisee shall participate at its own expense in programs required from time to time by BAF for obtaining customer evaluations, reviewing Franchisee's compliance with the System, and/or managing customer complaints, which may include (but are not limited to) a customer feedback system, customer survey programs, and mystery shopping. BAF shall share with Franchisee the results of these programs, as they pertain to the Business. Franchisee must meet or exceed any minimum score requirements set by BAF for such programs. BAF may set minimum scores that Franchisee must receive from the public on internet review sites (such as Yelp or Google).

**7.10 Payment Systems.** Franchisee shall accept payment from customers in any form or manner designated by BAF (which may include, for example, cash, specific credit and/or debit cards, gift cards, electronic fund transfer systems, and mobile payment systems). Franchisee shall purchase or lease all equipment and enter into all business relationships necessary to accept payments as required by BAF. Franchisee must at all times comply with payment card industry data security standards (PCI-DSS).

**7.11 Gift Cards, Loyalty Programs, and Incentive Programs.** At its own expense, Franchisee shall sell or otherwise issue gift cards, certificates, or other pre-paid systems, and participate in

any customer loyalty programs, membership/subscription programs, or customer incentive programs, designated by BAF, in the manner specified by BAF in the Manual or otherwise in writing. Franchisee shall honor all valid gift cards and other pre-paid systems, regardless of whether issued by Franchisee or another Bark Avenue Daycamp business. If Franchisee honors a gift card or other pre-paid system sold by another location, or vice versa, BAF and Franchisee will cooperate so that the cash received is fairly allocated to the location where that gift card or other pre-paid system is redeemed (subject to fees and charges). Franchisee shall comply with all procedures and specifications of BAF related to gift cards, certificates, and other pre-paid systems, or related to customer loyalty, membership/subscription, or customer incentive programs.

**7.12 Maintenance and Repair.** Franchisee shall at all times keep the Business in a neat and clean condition, perform all appropriate maintenance, and keep all of the property of the Business in good repair. In addition, Franchisee shall promptly perform all work on the physical property of the Business as BAF may prescribe from time to time, including but not limited to periodic interior and exterior painting; resurfacing of the parking lot; roof repairs; and replacement of obsolete or worn-out signage, floor coverings, furnishings, equipment and décor. If such work is reserved to Franchisee's landlord under the terms of Franchisee's lease, then Franchisee shall use reasonable efforts to cause its landlord to perform such work. Franchisee acknowledges that the System Standards may include requirements for cleaning, maintenance, replacement, and repair.

**7.13 Remodeling.** In addition to Franchisee's obligations to comply with all System Standards in effect from time to time, BAF may require Franchisee to undertake and complete a Remodel of the Location to BAF's satisfaction. Franchisee must complete the Remodel in the time frame specified by BAF. BAF may require Franchisee to submit plans for BAF's reasonable approval prior to commencing a required Remodel, and BAF may require Franchisee to engage a qualified licensed contractor to perform the Remodel. BAF's right to require a Remodel is limited as follows: (i) the Remodel will not be required in the first two or last two years of the term (except that a Remodel may be required as a condition to renewal of the term or a Transfer), and (ii) a Remodel will not be required more than once every five years from the date on which Franchisee was required to complete the prior Remodel.

**7.14 Meetings.** The Principal Executive shall use reasonable efforts to attend all in-person meetings and remote meetings (such as telephone or video conference calls) that BAF requires, including any national or regional brand conventions or conferences. Franchisee shall not permit the Principal Executive to fail to attend more than three consecutive required meetings. BAF may charge Franchisee the attendance fee for Bark Avenue Daycamp's national or regional brand convention, regardless of whether the Principal Executive attends. Franchisee is responsible for all travel and living expenses of attending any such meeting or convention.

**7.15 Insurance.**

(a) Franchisee shall obtain and maintain insurance policies in the types and amounts as specified by BAF in the Manual. If not specified in the Manual, Franchisee shall maintain at least the following insurance coverage:

- (i) “Special” causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Business, for full repair and replacement value (subject to a reasonable deductible);
- (ii) Business interruption insurance covering at least 12 months of income;
- (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an “occurrence” policy form in an amount of not less than \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit;
- (iv) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000; and
- (v) Workers Compensation coverage as required by state law.

(b) Franchisee’s policies (other than Workers Compensation) must (1) list BAF and its affiliates as an additional insured, (2) include a waiver of subrogation in favor of BAF and its affiliates, (3) be primary and non-contributing with any insurance carried by BAF or its affiliates, and (4) stipulate that BAF shall receive 30 days’ prior written notice of cancellation.

(c) Franchisee shall provide Certificates of Insurance evidencing the required coverage to BAF prior to opening and upon annual renewal of the insurance coverage, as well as at any time within 15 days after request from BAF.

**7.16 Obligations to Third Parties.** Franchisee shall pay all vendors and suppliers in a timely manner. Franchisee shall pay all taxes when due. If Franchisee borrows money, it shall comply with the terms of its loan and make all loan payments when due. If Franchisee leases the Location, Franchisee shall comply with its lease for the Location and make all rent payments when due.

**7.17 Public Relations.** Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding Bark Avenue Daycamp, the Business, or any particular incident or occurrence related to the Business, without BAF’s prior written approval, which will not be unreasonably withheld.

**7.18 Association with Causes.** Franchisee shall not in the name of the Business (i) donate money, products, or services to any charitable, political, religious, or other organization or cause, or (ii) act in support of any such organization or cause, without BAF’s prior written approval, which will not be unreasonably withheld.

**7.19 No Other Activity Associated with the Business.** Franchisee shall not engage in any business or other activity at the Location other than operation of the Bark Avenue Daycamp Business. Franchisee shall not use assets of the Business for any purpose other than the Business. If Franchisee is an entity, the entity shall not own or operate any other business except Bark Avenue Daycamp businesses.

**7.20 No Third-Party Management.** Franchisee shall not engage a third-party management company to manage or operate the Business without the prior written approval of BAF, which will not be unreasonably withheld.

**7.21 Identification.** Franchisee must identify itself as the independent owner of the Business in the manner prescribed by BAF. Franchisee must display at the Business signage prescribed by BAF identifying the Location as an independently owned franchise.

**7.22 Privacy Practices.**

(a) With respect to Privacy Information, Franchisee must comply with all of their obligations under applicable privacy laws, including any local, state, or federal data privacy or data security law or regulation.

(b) Franchisee shall not sell any Privacy Information. Franchisee further agrees to not access, use, or process the Privacy Information except in the furtherance of its obligations under this Agreement, but in all times, in compliance with applicable privacy laws.

(c) To the extent BAF does not have the then-current ability to address requests made under any applicable privacy law by individuals that are the subject of any of the Privacy Information, Franchisee shall, upon BAF's request, provide reasonable assistance to BAF in responding to such requests.

(d) In the event of a Data Security Event, Franchisee must notify BAF immediately after becoming aware of the Data Security Event and shall cooperate with BAF and follow all of BAF's reasonable requests to address the Data Security Event and to protect any Privacy Information and/or Confidential Information. BAF, or its designee, has the right, but not the obligation, to take any action or pursue any proceeding with respect to the Data Security Event.

**7.23 Communication.** Franchisee shall respond promptly to requests for communication from BAF, and in any event within three business days.

**7.24 Business Practices.** Franchisee, in all interactions with customers, employees, vendors, governmental authorities, and other third parties, shall be honest and fair. Franchisee shall comply with any code of ethics or statement of values from BAF. Franchisee shall not take any action which injures or is likely to injure the goodwill associated with the Marks.

## **ARTICLE 8. SUPPLIERS AND VENDORS**

**8.1 Generally.** Franchisee shall acquire all Inputs required by BAF from time to time in accordance with System Standards. BAF may require Franchisee to purchase or lease any Inputs from BAF, BAF's designee, Required Vendors, Approved Vendors, and/or under BAF's specifications. BAF may change any such requirement or change the status of any vendor. To make such requirement or change effective, BAF shall issue the appropriate System Standards.

**8.2 Alternate Vendor Approval.** If BAF requires Franchisee to purchase a particular Input only from an Approved Vendor or Required Vendor, and Franchisee desires to purchase the Input from another vendor, then Franchisee must submit a written request for approval and any

information, specifications and/or samples requested by BAF. BAF may approve or disapprove the alternative vendor in its sole discretion. BAF may condition its approval on such criteria as BAF deems appropriate, which may include evaluations of the vendor's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. BAF shall provide Franchisee with written notification of the approval or disapproval of any proposed new vendor within 30 days after receipt of Franchisee's request.

**8.3 Alternate Input Approval.** If BAF requires Franchisee to purchase a particular Input, and Franchisee desires to purchase an alternate to the Input, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by BAF. BAF may approve or disapprove the alternative Input in its sole discretion. BAF shall provide Franchisee with written notification of the approval or disapproval of any proposed alternate Input within 30 days after receipt of Franchisee's request.

**8.4 Purchasing.** BAF may negotiate prices and terms with vendors on behalf of the System. BAF may receive rebates, payments or other consideration from vendors in connection with purchases by franchisees. BAF has the right (but not the obligation) to collect payments from Franchisee on behalf of a vendor and remit the payments to the vendor and to impose a reasonable markup or charge for administering the payment program. BAF may implement a centralized purchasing system. BAF may establish a purchasing cooperative and require Franchisee to join and participate in the purchasing cooperative on such terms and conditions as BAF may determine.

**8.5 No Liability of Franchisor.** BAF and its affiliates shall not have any liability to Franchisee for any claim, loss, or other Action related to any product provided or service performed by any Approved Vendor or Required Vendor (unless BAF or its affiliate, as applicable, is the vendor), including without limitation for defects, delays, unavailability, failure, or breach of contract related to such products or services.

**8.6 Product Recalls.** If BAF or any vendor, supplier, or manufacturer of an item used or sold in Franchisee's Business issues a recall of such item or otherwise notifies Franchisee that such item is defective or dangerous, Franchisee shall immediately cease using or selling such item, and Franchisee shall at its own expense comply with all instructions from BAF or the vendor, supplier, or manufacturer of such item with respect to such item, including without limitation the recall, repair, and/or replacement of such item.

## ARTICLE 9. MARKETING

**9.1 Advertising Standards.** Except as otherwise provided in the Manual, Franchisee may use only Advertising and Promotional Content that BAF has furnished or approved in writing in advance. Franchisee must ensure that all Advertising and Promotional Content that Franchisee uses is clear, factual, ethical, and not misleading; complies with all laws; and conforms to System Standards. Except as otherwise provided in the Manual and Advertising and Promotional Content that BAF furnishes to Franchisee, Franchisee must submit to BAF for its written approval, at least 14 days before use, copies of all proposed Advertising and Promotional Content that Franchisee intends to use or implement. If BAF does not respond, the material is deemed rejected BAF has the right to approve or disapprove any Advertising and Promotional Content, as well as the media

in which Franchisee intends to use them, in its sole discretion. BAF reserves the right to require Franchisee to discontinue the use of any Advertising and Promotional Content for any reason.

**9.2 Digital Marketing.** BAF may (but is not obligated to) establish and operate all Digital Marketing and has the sole right to control all aspects of Digital Marketing, including those related to the Business. Without limiting the generality of Section 9.1, Franchisee shall not, directly or indirectly, conduct or be involved in any Digital Marketing without the prior written consent of BAF. If BAF permits Franchisee to conduct any Digital Marketing, Franchisee must (a) comply with any System Standards and must immediately modify or delete any Digital Marketing that BAF determines, in its sole discretion, is not compliant with such System Standards; (b) only use materials that BAF has approved and submit any proposed modifications to BAF for approval; (c) not use any Mark (or words or designations similar to any Mark) in any domain name, electronic address, website, or other source identifier except as BAF expressly permits; (d) include only the links that BAF approves or requires; and (e) immediately take all actions necessary or that BAF requests to provide BAF with access to, or to transfer ownership of, all Digital Marketing relating to the Business to Franchisor, including, without limitation, providing login and password details and promptly signing all directions and authorizations as BAF deems necessary to effect the intent and provisions of this Section. If Franchisee uses any Mark (or words or designations similar to a Mark) in any domain name, electronic address, website, or other source identifier, BAF may register such name, address, website, or identifier and then license use of the registered item back to Franchisee under a separate agreement. Franchisee must pay all costs due for registration, maintenance, and renewal of any such names, addresses, websites, or identifiers that BAF approves and maintains on Franchisee's behalf. BAF may withdraw its approval for any Digital Marketing at any time.

**9.3 Implementation.** Franchisee shall implement any advertising or marketing materials, plans or campaigns (including Digital Marketing) required by BAF.

**9.4 Use by BAF.** BAF may use any Advertising and Promotional Content developed by or on behalf of Franchisee, and Franchisee hereby grants an unlimited, perpetual, royalty-free license to BAF for such purpose.

**9.5 Marketing Fund.** BAF has established or may establish a Marketing Fund to promote the System on a local, regional, national, and/or international level. If BAF has established a Marketing Fund:

(a) Account. BAF is not required to hold the Marketing Fund Contributions in a bank account separate from BAF's other accounts.

(b) Use. BAF shall use the Marketing Fund only for marketing, advertising, and public relations materials, programs and campaigns (including at local, regional, national, and/or international level) for Bark Avenue Daycamp, and related overhead. The foregoing includes such activities and expenses as BAF reasonably determines, and may include, without limitation: development and placement of advertising and promotions; sponsorships; contests and sweepstakes; development of décor, trade dress, Marks, and/or branding; development and maintenance of brand websites; social media; internet activities; e-commerce programs; search engine optimization; market research; public relations, media or agency costs; trade shows and



other events; printing and mailing; and administrative and overhead expenses related to the Marketing Fund (including the compensation of BAF's employees working on marketing and for accounting, bookkeeping, reporting, legal, collections, and other expenses related to the Marketing Fund).

(c) Discretion. Franchisee agrees that expenditures from the Marketing Fund need not be proportionate to contributions made by Franchisee or provide any direct or indirect benefit to Franchisee. The Marketing Fund will be spent at BAF's sole discretion, and BAF has no fiduciary duty with regard to the Marketing Fund.

(d) Contribution by Other Outlets. BAF is not obligated to (i) have all other Bark Avenue Daycamp businesses (whether owned by other franchisees or by BAF or its affiliates) contribute to the Marketing Fund, or (ii) have other Bark Avenue Daycamp businesses that do contribute to the Marketing Fund contribute the same amount or at the same rate as Franchisee.

(e) Surplus or Deficit. BAF may accumulate funds in the Marketing Fund and carry the balance over to subsequent years. If the Marketing Fund operates at a deficit or requires additional funds at any time, BAF may loan such funds to the Marketing Fund on reasonable terms.

(f) Financial Statement. BAF shall prepare an unaudited annual financial statement of the Marketing Fund within 120 days of the close of BAF's fiscal year and shall provide the financial statement to Franchisee upon request.

**9.6 Market Cooperatives.** BAF may establish market advertising and promotional cooperative funds ("Market Cooperative") in any geographical areas. If a Market Cooperative for the geographic area encompassing the Location has been established at the time Franchisee commences operations hereunder, Franchisee shall immediately become a member of such Market Cooperative. If a Market Cooperative for the geographic area encompassing the Location is established during the term of this Agreement, Franchisee shall become a member of such Market Cooperative within 30 days of notice from BAF. BAF shall not require Franchisee to be a member of more than one Market Cooperative. If BAF establishes a Market Cooperative:

(a) Governance. Each Market Cooperative will be organized and governed in a form and manner, and shall commence operations on a date, determined by BAF. BAF may require the Market Cooperative to adopt bylaws or regulations prepared by BAF. Unless otherwise specified by BAF, the activities carried on by each Market Cooperative shall be decided by a majority vote of its members. BAF will be entitled to attend and participate in any meeting of a Market Cooperative. Any Bark Avenue Daycamp business owned by BAF in the Market Cooperative shall have the same voting rights as those owned by its franchisees. Each Business owner will be entitled to cast one vote for each Business owned, provided, however, that a franchisee shall not be entitled to vote if it is in default under its franchise agreement. If the members of a Market Cooperative are unable or fail to determine the manner in which Market Cooperative monies will be spent, BAF may assume this decision-making authority after 10 days' notice to the members of the Market Cooperative.

(b) Purpose. Each Market Cooperative shall be devoted exclusively to administering regional advertising and marketing programs and developing (subject to BAF's approval) standardized promotional materials for use by the members in local advertising and promotion.

(c) Approval. No advertising or promotional plans or materials may be used by a Market Cooperative or furnished to its members without the prior approval of BAF pursuant to Section 9.1. BAF may designate the national or regional advertising agencies used by the Market Cooperative.

(d) Funding. The majority vote of the Market Cooperative will determine the dues to be paid by members of the Market Cooperative, including Franchisee, but not less than 1% and not more than 5% of Gross Sales.

(e) Enforcement. Only BAF will have the right to enforce the obligations of franchisees who are members of a Market Cooperative to contribute to the Market Cooperative.

(f) Termination. BAF may terminate any Market Cooperative. Any funds left in a Market Cooperative upon termination will be transferred to the Marketing Fund.

**9.7 Required Spending.** After the Business opens to the public, Franchisee shall spend at least 2% of Gross Sales each month on marketing the Business. Within 10 days after request by BAF, Franchisee shall furnish proof of its compliance with this Section. BAF has the discretion to determine in good faith what activities constitute "marketing" under this Section. If Franchisee contributes to a Market Cooperative, the amount of the contribution will be counted towards Franchisee's required spending under this Section.

**9.8 Market Introduction Plan.** Franchisee must develop a market introduction plan and obtain BAF's approval of the market introduction plan at least 30 days before the projected opening date of the Business.

## ARTICLE 10. RECORDS AND REPORTS

**10.1 Systems.** Franchisee shall use such customer data management, sales data management, administrative, bookkeeping, accounting, and inventory control procedures and systems as BAF may specify in the Manual or otherwise in writing.

### 10.2 Reports.

(a) Financial Reports. Franchisee shall provide such periodic financial reports as BAF may require in the Manual or otherwise in writing, including:

- (i) a monthly profit and loss statement and balance sheet for the Business within 30 days after the end of each calendar month;
- (ii) an annual financial statement (including profit and loss statement, cash flow statement, and balance sheet) for the Business within 90 days after the end of each calendar year; and

(iii) any information BAF requests in order to prepare a financial performance representation for BAF's franchise disclosure document, within 30 days after request.

(b) Legal Actions and Investigations. Franchisee shall promptly notify BAF of any Action or threatened Action by any customer, governmental authority, or other third party against Franchisee or the Business, or otherwise involving Franchisee or the Business. Franchisee shall provide such documents and information related to any such Action as BAF may request.

(c) Government Inspections. Franchisee shall give BAF copies of all inspection reports, warnings, certificates, and ratings issued by any governmental entity with respect to the Business, within three days of Franchisee's receipt thereof.

(d) Other Information. Franchisee shall submit to BAF such other financial statements, budgets, forecasts, reports, records, copies of contracts, documents related to litigation, tax returns, copies of governmental permits, and other documents and information related to the Business as specified in the Manual or that BAF may reasonably request (either upon specific request or on a regular basis as directed by BAF, as applicable). BAF acknowledges that all personnel records of the Business belong to Franchisee and that this Agreement does not grant BAF the right to access personnel records of Franchisee's employees.

**10.3 Initial Investment Report.** Within 120 days after opening for business, Franchisee shall submit to BAF a report detailing Franchisee's investment costs to develop and open the Business, with costs allocated to the categories described in Item 7 of BAF's Franchise Disclosure Document and with such other information as BAF may reasonably request.

**10.4 Business Records.** Franchisee shall keep complete and accurate books and records reflecting all expenditures and receipts of the Business, with supporting documents (including, but not limited to, payroll records, payroll tax returns, register receipts, production reports, sales invoices, bank statements, deposit receipts, cancelled checks and paid invoices) for at least three years. Franchisee shall keep such other business records as BAF may specify in the Manual or otherwise in writing.

**10.5 Records Audit.** BAF may examine and audit all books and records related to the Business (other than personnel records of Franchisee's employees), and supporting documentation, at any reasonable time. BAF may conduct the audit at the Location and/or require Franchisee to deliver copies of books, records and supporting documentation to a location designated by BAF. Franchisee shall also reimburse BAF for all costs and expenses of the examination or audit if (i) BAF conducted the audit because Franchisee failed to submit required reports or was otherwise not in compliance with the System, or (ii) the audit reveals that Franchisee understated Gross Sales by 3% or more for any 4-week period.

## ARTICLE 11. FRANCHISOR RIGHTS

**11.1 Manual; Modification.** The Manual, and any part of the Manual, may be in any form or media determined by BAF. BAF may supplement, revise, or modify the Manual, and BAF may change, add or delete System Standards at any time in its discretion. BAF may inform Franchisee thereof by any method that BAF reasonably deems appropriate (which need not qualify as "notice")

under Section 18.9). In the event of any dispute as to the contents of the Manual, BAF's master copy will control.

**11.2 Inspections.** BAF may enter the premises of the Business from time to time at any reasonable time (including during normal business hours) and conduct an inspection. Franchisee shall cooperate with BAF's inspectors. BAF will use reasonable efforts to not disrupt Franchisee's business operations during any such inspection. The inspection may include, but is not limited to, observing operations, conducting a physical inventory, evaluating physical conditions, monitoring sales activity, speaking with employees and customers, and removing samples of products, supplies and materials. BAF may videotape and/or take photographs of the inspection and the Business. BAF may set a minimum score requirement for inspections, and Franchisee's failure to meet or exceed the minimum score will be a default under this Agreement. Without limiting BAF's other rights under this Agreement, Franchisee will, as soon as reasonably practical, correct any deficiencies noted during an inspection. If BAF conducts an inspection because of a governmental report, customer complaint or other customer feedback, or a default or non-compliance with any System Standard by Franchisee (including following up a previous failed inspection), then BAF may charge all out-of-pocket expenses plus its then-current inspection fee to Franchisee.

**11.3 BAF's Right to Cure.** If Franchisee breaches or defaults under any provision of this Agreement, BAF may (but has no obligation to) take any action to cure the default on behalf of Franchisee, without any liability to Franchisee, including entering the premises of the Business and curing the default without notice to Franchisee. Franchisee shall reimburse BAF for its costs and expenses (including the allocation of any internal costs) for such action, plus 10% as an administrative fee.

**11.4 Right to Discontinue Supplies Upon Default.** While Franchisee is in default or breach of this Agreement, BAF may (i) require that Franchisee pay cash on delivery for products or services supplied by BAF, (ii) stop selling or providing any products and services to Franchisee, and/or (iii) request any third-party vendors to not sell or provide products or services to Franchisee. No such action by BAF shall be a breach or constructive termination of this Agreement, change in competitive circumstances, or similarly characterized, and Franchisee shall not be relieved of any obligations under this Agreement because of any such action. Such rights of BAF are in addition to any other right or remedy available to BAF.

**11.5 Business Data.** All customer data collected or generated by the Business and all data collected or generated by the point-of-sale system (other than data regarding employees) is deemed to be Confidential Information and is exclusively owned by BAF. BAF hereby licenses such data back to Franchisee without charge solely for Franchisee's use in connection with the Business for the term of this Agreement.

**11.6 Innovations.** Franchisee shall disclose to BAF all ideas, plans, improvements, concepts, methods, and techniques relating to the Business (collectively, "Innovations") conceived or developed by Franchisee or its employees, agents, or contractors. BAF will automatically own all Innovations, and it will have the right to use and incorporate any Innovations into the System, without any compensation to Franchisee. Franchisee shall execute any documents reasonably requested by BAF to document BAF's ownership of Innovations.

**11.7 Communication Systems.** If BAF provides email accounts and/or other communication systems to Franchisee, then Franchisee acknowledges that it has no expectation of privacy in the assigned email accounts and other communications systems, and Franchisee authorizes BAF to access such communications.

**11.8 Communication with Employees.** Franchisee irrevocably authorizes BAF to communicate with Franchisee's employees and contractors on any matter related to the System or the Business. Franchisee will not prohibit any employee or contractor from communicating with BAF on any matter related to the System or the Business.

**11.9 Communications with Landlord and Lenders.** Franchisee irrevocably authorizes BAF to communicate with Franchisee's landlord and lender(s), or prospective landlord and lender(s), about matters relating to the Business, and to provide information about the Business to them.

**11.10 Delegation.** BAF may delegate any duty or obligation of BAF under this Agreement to an affiliate or to a third party.

**11.11 System Variations.** BAF may vary or waive any System Standard for any one or more Bark Avenue Daycamp franchises due to the peculiarities of the particular site or circumstances, density of population, business potential, population of trade area, existing business practices, applicable laws or regulations, or any other condition relevant to the performance of a franchise or group of franchises. Franchisee is not entitled to the same variation or waiver.

**11.12 Franchisor's Discretion.** BAF may engage in any activity not expressly prohibited by this Agreement. Whenever this Agreement provides that BAF has a certain right, that right is absolute and the parties intend that BAF's exercise of that right will not be subject to any limitation or review. BAF has the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify any express limitations set forth in this Agreement. Whenever BAF agrees to exercise its rights reasonably or in good faith, BAF will have satisfied its obligations whenever it exercises reasonable business judgment in making a decision or exercising its rights. BAF's decisions or actions will be deemed to be the result of reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available, if BAF's decision or action is intended, in whole or significant part, to promote or benefit the System or the Bark Avenue Daycamp brand generally even if the decision or action also promotes BAF's financial or other individual interest. Examples of items that will promote or benefit the System or the Bark Avenue Daycamp brand include enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System and Bark Avenue Daycamp outlets.

**11.13 Temporary Management.** If (i) the Principal Executive dies or becomes incapacitated, (ii) this Agreement is terminated or expires and BAF elects to purchase assets of the Business as provided in Section 14.6, or (iii) Franchisee is operating the Business in a manner which, in BAF's reasonable opinion, constitutes a danger to the health or safety of any person, then BAF may (but is not obligated to) enter the Location and operate and manage the Business for Franchisee's (or Franchisee's estate's) account until this Agreement is terminated, the Business is transferred, the Business is purchased by BAF, or BAF returns the Business to Franchisee. BAF's operation and

management will not continue for more than 90 days without Franchisee's consent (or the consent of the representatives of Franchisee's estate). If this Agreement has not terminated or expired, then BAF will account to Franchisee for all net income from the Business during the period in which BAF operates the Business. BAF may collect a temporary management fee equal to 10% of Total Sales for the period in which BAF operates the Business, plus all expenses (including internal costs of personnel and overhead) incurred by BAF, which is in addition to Royalty Fees, Marketing Fund Contributions, or other amounts owed under this Agreement. If BAF or a third party assumes the Business's management, Franchisee acknowledges that BAF or the third party will have a duty to utilize only reasonable efforts and will not be liable to Franchisee or its Owners for any losses the Business incurs or obligations to creditors.

**11.14 Temporary Public Safety Closure.** If BAF discovers or becomes aware of any aspect of the Business which, in BAF's opinion, constitutes an imminent danger to the health or safety of any person, then immediately upon BAF's order, Franchisee must temporarily cease operations of the Business and remedy the dangerous condition. BAF shall have no liability to Franchisee or any other person for action or failure to act with respect to a dangerous condition.

## **ARTICLE 12. MARKS**

**12.1 Authorized Marks.** Franchisee shall use no trademarks, service marks or logos in connection with the Business other than the Marks. Franchisee shall use all Marks specified by BAF, and only in the manner as BAF may require. Franchisee has no rights in the Marks other than the right to use them in the operation of the Business in compliance with this Agreement. All use of the Marks by Franchisee and any goodwill associated with the Marks, including any goodwill arising due to Franchisee's operation of the Business, will inure to the exclusive benefit of BAF.

**12.2 Change of Marks.** BAF may add, modify, or discontinue any Marks to be used under the System. Within a reasonable time after BAF makes any such change (not to exceed 90 days), Franchisee must comply with the change, at Franchisee's expense. In the event that BAF changes the Marks so that Bark Avenue Daycamp is no longer utilized and a successor mark is utilized, reference to a "Bark Avenue Daycamp business" would include a business using such successor mark.

### **12.3 Infringement.**

(a) Defense of Franchisee. If Franchisee has used the Marks in accordance with this Agreement, then (i) BAF shall defend Franchisee (at BAF's expense) against any Action by a third party alleging infringement by Franchisee's use of a Mark, and (ii) BAF shall indemnify Franchisee for expenses and damages if the Action is resolved unfavorably to Franchisee.

(b) Infringement by Third Party. Franchisee shall promptly notify BAF if Franchisee becomes aware of any possible infringement of a Mark by a third party. BAF may, in its sole discretion, commence or join any claim against the infringing party.

(c) Control. BAF shall have the exclusive right to control any prosecution or defense of any Action related to possible infringement of or by the Marks.

**12.4 Name.** If Franchisee is an entity, it shall not use the word[s] “Bark Avenue Daycamp” or any confusingly similar words in its legal name.

## **ARTICLE 13. COVENANTS**

**13.1 Confidential Information.** With respect to all Confidential Information, Franchisee shall (a) adhere to all procedures prescribed by BAF for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business, (c) not use any such information in any other business or in any manner not specifically authorized in writing by BAF, (d) exercise the highest degree of diligence and effort to maintain the confidentiality of all such information during and after the term of this Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Franchisee acknowledges that all Confidential Information is owned by BAF (except for Confidential Information which BAF licenses from another person or entity). This Section will survive the termination or expiration of this Agreement indefinitely.

### **13.2 Covenants Not to Compete.**

(a) Restriction – In Term. During the term of this Agreement, neither Franchisee, any Owner, nor any spouse of an Owner (the “Restricted Parties”) shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor.

(b) Restriction – Post Term. For two years after this Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer), no Restricted Party shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor within five miles of Franchisee’s Territory or within five miles of the territory of any other Bark Avenue Daycamp business operating on the date of expiration, termination, or transfer, as applicable. If this Agreement is terminated before the Territory is determined, then the area of non-competition will be the Development Area and within five miles territory of any other Bark Avenue Daycamp business operating on the date of termination. If a given Bark Avenue Daycamp business does not have a defined territory, then for purposes of this Section its territory will be deemed to be a 3-mile radius.

(c) Interpretation. The parties agree that each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any arbitrator or court, then the parties intend that the arbitrator or court modify such restriction to the extent reasonably necessary to protect the legitimate business interests of BAF. Franchisee agrees that the existence of any claim it may have against BAF shall not constitute a defense to the enforcement by BAF of the covenants of this Section. If a Restricted Party fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

**13.3 General Manager and Key Employees.** If requested by BAF, Franchisee shall cause its general manager and other key employees reasonably designated by BAF to sign BAF's then-current form of confidentiality and non-compete agreement (unless prohibited by applicable law).

## ARTICLE 14. DEFAULT AND TERMINATION

**14.1 Termination by Franchisee.** Franchisee may terminate this Agreement only if BAF violates a material provision of this Agreement and fails to cure or to make substantial progress toward curing the violation within 30 days after receiving written notice from Franchisee detailing the alleged default. Termination by Franchisee is effective 10 days after BAF receives written notice of termination.

### 14.2 Termination by BAF.

(a) Subject to 10-Day Cure Period. BAF may terminate this Agreement if Franchisee does not make any payment to BAF when due, or if Franchisee does not have sufficient funds in its account when BAF attempts an electronic funds withdrawal, and Franchisee fails to cure such non-payment within 10 days after BAF gives notice to Franchisee of such breach.

(b) Subject to 30-Day Cure Period. If Franchisee breaches this Agreement in any manner not described in subsection (a) or (c), and Franchisee fails to cure such breach to BAF's satisfaction within 30 days after BAF gives notice to Franchisee of such breach, then BAF may terminate this Agreement.

(c) Without Cure Period. BAF may terminate this Agreement by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee misrepresented or omitted material facts when applying to be a franchisee, or breaches any representation in this Agreement;
- (ii) Franchisee knowingly submits any false report or knowingly provides any other false information to BAF;
- (iii) a receiver or trustee for the Business or all or substantially all of Franchisee's property is appointed by any court, or Franchisee makes a general assignment for the benefit of Franchisee's creditors, or Franchisee is unable to pay its debts as they become due, or a levy or execution is made against the Business, or an attachment or lien remains on the Business for 30 days unless the attachment or lien is being duly contested in good faith by Franchisee, or a petition in bankruptcy is filed by Franchisee, or such a petition is filed against or consented to by Franchisee and the petition is not dismissed within 45 days, or Franchisee is adjudicated as bankrupt;
- (iv) Franchisee fails to open for business by the date specified on the Summary Page;
- (v) Franchisee loses possession of the Location;
- (vi) Franchisee or any Owner commits a material violation of Section 7.2 (compliance with laws) or Section 13.1 (confidentiality), violates Section 13.2 (non-compete) or



Article 15 (transfer), or commits any other violation of this Agreement which by its nature cannot be cured;

- (vii) Franchisee ceases operation of the Business for more than five consecutive days, or BAF reasonably concludes that Franchisee has ceased operation of the Business;
- (viii) Franchisee or any Owner slanders or libels BAF or any of its employees, directors, or officers;
- (ix) Franchisee refuses to cooperate with or permit any audit or inspection by BAF or its agents or contractors, or otherwise fails to comply with Section 10.5 or Section 11.2;
- (x) the Business is operated in a manner which, in BAF's reasonable judgment, constitutes a significant danger to the health or safety of any person, and Franchisee fails to cure such danger within 48 hours after becoming aware of the danger (due to notice from BAF or otherwise);
- (xi) Franchisee has received two or more notices of default and Franchisee commits another breach of this Agreement, all in the same 12-month period;
- (xii) BAF (or any affiliate) terminates any other agreement with Franchisee (or any affiliate) due to the breach of such other agreement by Franchisee (or its affiliate) (provided that termination of a Multi-Unit Development Agreement with Franchisee or its affiliate shall not give BAF the right to terminate this Agreement);
- (xiii) Franchisee or any Owner is charged with, pleads guilty or no-contest to, or is convicted of a felony; or
- (xiv) Franchisee or any Owner is accused by any governmental authority or third party of any act, or if Franchisee or any Owner commits any act or series of acts, that in BAF's opinion is reasonably likely to materially and unfavorably affect the Bark Avenue Daycamp brand.

**14.3 Effect of Termination.** Upon termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to non-competition (Section 13.2(b)), confidentiality (Section 13.1), indemnity (Article 16), and dispute resolution (Article 17), will remain in effect, and Franchisee must immediately:

- (i) pay all amounts owed to BAF based on the operation of the Business through the effective date of termination or expiration;
- (ii) return to BAF all copies of the Manual, Confidential Information and any and all other materials provided by BAF to Franchisee or created by a third party for Franchisee relating to the operation of the Business, and all items containing any Marks, copyrights, and other proprietary items (to the extent in the possession or control of Franchisee); and delete all Confidential Information and proprietary materials from electronic devices;

- (iii) return to BAF all copies of the Manual, Confidential Information and any and all other materials provided by BAF to Franchisee or created by a third party for Franchisee relating to the operation of the Business, and all items containing any Marks, copyrights, and other proprietary items (to the extent in the possession or control of Franchisee); and delete all Confidential Information and proprietary materials from electronic devices;
- (iii) immediately take all action required (a) to cancel all assumed name or equivalent registrations relating to Franchisee's use of the Marks; and (b) to cancel or transfer to BAF or its designee all telephone numbers, post office boxes, directory listings, and Digital Marketing accounts used by Franchisee in connection with the Business or the Marks, including, without limitation, by providing login and password details and promptly signing all directions and authorizations necessary or appropriate to accomplish the foregoing. Franchisee hereby irrevocably appoints BAF, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or appropriate to accomplish the foregoing. The telephone company, the postal service, registrars, Internet service providers and each listing agency may accept such direction by BAF pursuant to this Agreement as conclusive evidence of BAF's exclusive rights in such Identifiers and its authority to direct their transfer; and
- (iv) cease doing business under any of the Marks.

**14.4 Remove Identification.** Within 30 days after termination or expiration, Franchisee shall at its own expense "de-identify" the Location so that it no longer contains the Marks, signage, or any trade dress of a Bark Avenue Daycamp business, to the reasonable satisfaction of BAF. Franchisee shall comply with any reasonable instructions and procedures of BAF for de-identification. If Franchisee fails to do so within 30 days after this Agreement expires or is terminated, BAF may enter the Location to remove the Marks and de-identify the Location. In this event, BAF will not be charged with trespass nor be accountable or required to pay for any assets removed or altered, or for any damage caused by BAF.

**14.5 Liquidated Damages.** If BAF terminates this Agreement based upon Franchisee's default (or if Franchisee purports to terminate this Agreement except as permitted under Section 14.1), then within 10 days thereafter Franchisee shall pay to BAF a lump sum (as liquidated damages and not as a penalty) calculated as follows: (x) the average monthly Royalty Fees and Marketing Fund Contributions that Franchisee owed to BAF under this Agreement for the last 12 full months that Franchisee operated the Business (disregarding any fee waivers or reductions granted to Franchisee); multiplied by (y) the lesser of (1) 24 or (2) the number of months remaining in the then-current term of this Agreement. If Franchisee had not operated the Business for at least 12 full months, then (x) will equal the average monthly Royalty Fees and Marketing Fund Contributions that Franchisee owed to BAF during the full months that Franchisee operated the Business. The "average Royalty Fees and Marketing Fund Contributions that Franchisee owed to BAF" shall be based on the obligations stated in Article 4, and shall not be discounted or adjusted due to any deferred or reduced Royalty Fees and Marketing Fund Contributions agreed to by BAF unless this Section 14.5 is specifically amended. Franchisee acknowledges that a precise

calculation of the full extent of BAF's damages under these circumstances is difficult to determine and the method of calculation of such damages as set forth in this Section is reasonable. Franchisee's payment to BAF under this Section will be in lieu of any direct monetary damages that BAF may incur as a result of BAF's loss of Royalty Fees and Marketing Fund Contributions that would have been owed to BAF after the date of termination; however, such payment shall be in addition to all damages and other amounts arising under Section 14.3 and Section 14.4, BAF's right to injunctive relief for enforcement of Article 13, and any attorneys' fees and other costs and expenses to which BAF is entitled under this Agreement. Except as provided in this Section, Franchisee's payment of this lump sum shall be in addition to any other right or remedy that BAF may have under this Agreement or otherwise.

**14.6 Purchase Option.** When this Agreement expires or is terminated, BAF will have the right (but not the obligation) to purchase any or all of the assets related to the Business, and/or to require Franchisee to assign its lease or sublease to BAF. To exercise this option, BAF must notify Franchisee no later than 30 days after this Agreement expires or is terminated. The purchase price for all assets that BAF elects to purchase will be the lower of (i) the book value of such assets as declared on Franchisee's last filed tax returns or (ii) the fair market value of the assets. If the parties cannot agree on fair market value within 30 days after the exercise notice, the fair market value will be determined by an independent appraiser reasonably acceptable to both parties. The parties will equally share the cost of the appraisal. BAF's purchase will be of assets only (free and clear of all liens), and the purchase will not include any liabilities of Franchisee. The purchase price for assets will not include any factor or increment for any trademark or other commercial symbol used in the business, the value of any intangible assets, or any goodwill or "going concern" value for the Business. BAF may withdraw its exercise of the purchase option at any time before it pays for the assets. Franchisee will sign a bill of sale for the purchased assets and any other transfer documents reasonably requested by BAF. If BAF exercises the purchase option, BAF may deduct from the purchase price: (a) all amounts due from Franchisee; (b) Franchisee's portion of the cost of any appraisal conducted hereunder; and (c) amounts paid or to be paid by BAF to cure defaults under Franchisee's lease and/or amounts owed by Franchisee to third parties. If any of the assets are subject to a lien, BAF may pay a portion of the purchase price directly to the lienholder to pay off such lien. BAF may withhold 25% of the purchase price for 90 days to ensure that all of Franchisee's taxes and other liabilities are paid. BAF may assign this purchase option to another party.

## ARTICLE 15. TRANSFERS

**15.1 By BAF.** BAF may transfer or assign this Agreement, or any of its rights or obligations under this Agreement, to any person or entity, and BAF may undergo a change in ownership and/or control, without the consent of Franchisee.

**15.2 By Franchisee.** Franchisee acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that BAF entered into this Agreement in reliance on Franchisee's business skill, financial capacity, personal character, experience, and business ability. Accordingly, Franchisee shall not conduct or undergo a Transfer without providing BAF at least 60 days prior notice of the proposed Transfer, and without obtaining BAF's consent. In granting any such consent, BAF may impose conditions, including, without limitation, the following:

- (i) BAF receives a transfer fee equal to \$10,000 plus any broker fees and other out-of-pocket costs incurred by BAF;
- (ii) the proposed Transferee and its owners have completed BAF's franchise application processes, meet BAF's then-applicable standards for new franchisees, and have been approved by BAF as franchisees;
- (iii) the proposed Transferee is not a Competitor;
- (iv) the proposed Transferee executes BAF's then-current form of franchise agreement and any related documents, which form may contain materially different provisions than this Agreement (provided, however, that the form will be amended to provide that proposed assignee will not be required to pay an initial franchise fee);
- (v) all owners of the proposed Transferee provide a guaranty in accordance with Section 2.5;
- (vi) Franchisee has paid all monetary obligations to BAF and its affiliates, and to any lessor, vendor, supplier, or lender to the Business, and Franchisee is not otherwise in default or breach of this Agreement or of any other obligation owed to BAF or its affiliates;
- (vii) the proposed Transferee and its owners and employees undergo such training as BAF may require;
- (viii) Franchisee, its Owners, and the Transferee and its owners execute a general release of BAF in a form satisfactory to BAF; and
- (ix) the Business fully complies with all of BAF's most recent System Standards.

**15.3 Transfer for Convenience of Ownership.** If Franchisee is an individual, Franchisee may Transfer this Agreement to a corporation or limited liability company formed for the convenience of ownership after at least 15 days' notice to BAF, if, prior to the Transfer: (1) the transferee provides the information required by Section 2.3; (2) Franchisee provides copies of the entity's charter documents, by-laws (or operating agreement) and similar documents, if requested by BAF, (3) Franchisee owns all voting securities of the corporation or limited liability company, and (4) Franchisee provides a guaranty in accordance with Section 2.5.

**15.4 Transfer upon Death or Incapacity.** Upon the death or incapacity of Franchisee (or, if Franchisee is an entity, the Owner with the largest ownership interest in Franchisee), the executor, administrator, or personal representative of that person must Transfer the Business to a third party approved by BAF (or to another person who was an Owner at the time of death or incapacity of the largest Owner) within nine months after death or incapacity. Such transfer must comply with Section 15.2.

**15.5 BAF's Right of First Refusal.** Before Franchisee (or any Owner) engages in a Transfer (except under Section 15.3, to a co-Owner, or to a spouse, sibling, or child of an Owner), BAF will have a right of first refusal, as set forth in this Section. Franchisee (or its Owners) shall provide to

BAF a copy of the terms and conditions of any Transfer. For a period of 30 days from the date of BAF's receipt of such copy, BAF will have the right, exercisable by notice to Franchisee, to purchase the assets subject of the proposed Transfer for the same price and on the same terms and conditions (except that if some or all of the purchase price is not payable in cash, BAF may pay the equivalent value in cash for the purchase price). If BAF does not exercise its right of first refusal, Franchisee may proceed with the Transfer, subject to the other terms and conditions of this Article.

**15.6 No Sublicense.** Franchisee has no right to sublicense the Marks or any of Franchisee's rights under this Agreement.

**15.7 No Lien on Agreement.** Franchisee shall not grant a security interest in this Agreement to any person or entity. If Franchisee grants an "all assets" security interest to any lender or other secured party, Franchisee shall cause the secured party to expressly exempt this Agreement from the security interest.

## ARTICLE 16. INDEMNITY

**16.1 Indemnity.** Franchisee shall indemnify and defend (with counsel reasonably acceptable to BAF) BAF, its parent entities, subsidiaries and affiliates, and their respective owners, directors, officers, employees, agents, successors and assignees (collectively, "Indemnitees") against all Losses in any Action by or against BAF and/or any Indemnitee directly or indirectly related to, or alleged to arise out of, the development or operation of the Business (including any Data Security Event). Notwithstanding the foregoing, Franchisee shall not be obligated to indemnify an Indemnitee from Actions which Franchisee proves arose solely as a result of any Indemnitee's intentional misconduct or negligence. Any delay or failure by an Indemnitee to notify Franchisee of an Action shall not relieve Franchisee of its indemnity obligation except to the extent (if any) that such delay or failure materially prejudices Franchisee. Franchisee shall not settle an Action without the consent of the Indemnitee. This indemnity will continue in effect after this Agreement ends.

**16.2 Assumption.** An Indemnitee may elect to assume the defense of any Action subject to this indemnification, and control all aspects of defending the Action, including negotiations and settlement, at Franchisee's expense. Such an undertaking shall not diminish Franchisee's obligation to indemnify the Indemnitees.

## ARTICLE 17. DISPUTE RESOLUTION

### 17.1 Arbitration.

(a) Disputes Subject to Arbitration. Except as expressly provided in subsections (c) and (d), any controversy or claim between the parties (including any controversy or claim arising out of or relating to this Agreement or its formation and including any question of arbitrability) shall be resolved by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, including the Optional Rules for Emergency Measures of Protection. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction.

(b) Location. The place of arbitration shall be the city and state where BAF's headquarters are located.

(c) Injunctive Relief. Either party may apply to the arbitrator seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either party also may, without waiving any remedy or right to arbitrate under this Agreement, seek from any court having jurisdiction any interim or provisional injunctive relief.

(d) Intellectual Property Claims. Either party may bring a claim involving an alleged infringement of any of BAF's intellectual property rights in a court authorized to hear such claims under Section 17.5 of this Agreement.

(e) Confidentiality. All documents, information, and results pertaining to any arbitration or lawsuit will be confidential, except as required by law or as required for BAF to comply with laws and regulations applicable to the sale of franchises.

(f) Performance During Arbitration or Litigation. Unless this Agreement has been terminated, BAF and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the arbitration or litigation process.

**17.2 Damages.** In any controversy or claim arising out of or relating to this Agreement, each party waives any right to punitive or other monetary damages not measured by the prevailing party's actual damages, except damages expressly authorized by federal statute and damages expressly authorized by this Agreement.

**17.3 Waiver of Class Actions.** The parties agree that any claims will be arbitrated, litigated, or otherwise resolved on an individual basis, and waive any right to act on a class-wide basis.

**17.4 Time Limitation.** Any arbitration or other legal action arising from or related to this Agreement must be instituted within two years from the date of the conduct or event that forms the basis of the arbitration or other legal action. The foregoing time limit does not apply to claims (i) by BAF related to non-payment of Royalty Fees and other amounts owed by Franchisee, (ii) for indemnity under Article 16, or (iii) related to unauthorized use of Confidential Information or the Marks.

**17.5 Venue Other Than Arbitration.** For any legal proceeding not required to be submitted to arbitration, the parties agree that such proceeding will be brought in the United States District Court where BAF's headquarters is then located. If there is no federal jurisdiction over the dispute, the parties agree that any such legal proceeding will be brought in the court of record of the state and county where BAF's headquarters is then located. Each party consents to the jurisdiction of such courts and waives any objection that it, he or she may have to the laying of venue of any proceeding in any of these courts.

**17.6 Legal Costs.** In any legal proceeding (including arbitration) related to this Agreement or any guaranty, the non-prevailing party shall pay the prevailing party's attorney fees, costs and other expenses of the legal proceeding. "Prevailing party" means the party, if any, which prevailed upon the central litigated issues and obtained substantial relief.

**17.7 Franchisor Personnel.** The provisions of this Article 17 will apply to any Action by Franchisee or its Owners against BAF's officers, directors, shareholders, members, employees, and/or agents. Nothing in this Agreement authorizes any Action against BAF's officers, directors, shareholders, members, employees, and/or agents or makes those persons liable for BAF's conduct.

## **ARTICLE 18. MISCELLANEOUS**

**18.1 Relationship of the Parties.** The parties are independent contractors, and neither is the agent, partner, joint venturer, or employee of the other. BAF is not a fiduciary of Franchisee. BAF does not control or have the right to control Franchisee or its Business. Any required specifications and standards in this Agreement and in the System Standards exist to protect BAF's interest in the System and the Marks, and the goodwill established in them, and not for the purpose of establishing any control, or duty to take control, over the Business. BAF has no liability for Franchisee's obligations to any third party whatsoever.

**18.2 No Third-Party Beneficiaries.** Except as stated in Article 16 or Article 17, this Agreement does not confer any rights or remedies upon any person or entity other than Franchisee, BAF, and BAF's affiliates.

**18.3 Entire Agreement.** This Agreement constitutes the entire agreement of the parties and supersedes all prior negotiations and representations. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made by BAF in its franchise disclosure document.

**18.4 Modification.** No modification or amendment of this Agreement will be effective unless it is in writing and signed by both parties. This provision does not limit BAF's rights to modify the Manual or System Standards.

**18.5 Consent; Waiver.** No consent under this Agreement, and no waiver of satisfaction of a condition or nonperformance of an obligation under this Agreement will be effective unless it is in writing and signed by the party granting the consent or waiver. No waiver by a party of any right will affect the party's rights as to any subsequent exercise of that right or any other right. No delay, forbearance or omission by a party to exercise any right will constitute a waiver of such right.

**18.6 Cumulative Remedies.** Rights and remedies under this Agreement are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

**18.7 Severability.** The parties intend that (i) if any provision of this Agreement is held by an arbitrator or court to be unenforceable, then that provision be modified to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded, and (ii) if an unenforceable provision is modified or disregarded, then the rest of this Agreement will remain in effect as written.

**18.8 Governing Law.** The laws of the state of Illinois (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The parties agree that any Illinois law for the protection of franchisees or business opportunity purchasers (including the

Illinois Franchise Disclosure Act of 1987 (815 ILCS 701/1, *et. seq.*) will not apply unless its jurisdictional requirements are met independently without reference to this Section 18.8.

**18.9 Notices.** Any notice will be effective under this Agreement only if made in writing and delivered as set forth in this Section to: (A) if to Franchisee, addressed to Franchisee at the notice address set forth in the Summary Page; and (B) if to BAF, addressed to 1340 Deerfield Lane, Bartlett, IL 60103. Any party may designate a new address for notices by giving notice of the new address pursuant to this Section. Notices must be: (1) delivered personally; (2) sent by registered or certified U.S. mail with return receipt requested; or (3) sent via overnight courier. Notices will be effective upon the earlier of: (i) receipt by the recipient, (ii) first rejection by the recipient, (iii) three business days after mailing if sent via registered or certified mail; or (iv) the next business day after mailing if sent via overnight courier. Notwithstanding the foregoing, BAF may amend the Manual, give binding notice of changes to System Standards, and deliver notices of default by electronic mail or other electronic communication, in which case notice would be effective on Franchisee upon the delivery of the electronic mail or other electronic communication.

**18.10 Holdover.** If Franchisee continues operating the Business after the expiration of the term without a renewal agreement or successor franchise agreement executed by the parties in accordance with Section 3.2, then at any time (regardless of any course of dealing by the parties), BAF may by giving written notice to Franchisee (the “Holdover Notice”) either (i) require Franchisee to cease operating the Business and comply with all post-closing obligations effective immediately upon giving notice or effective on such other date as BAF specifies, or (ii) bind Franchisee to a renewal term of 5 years, and deem Franchisee and its Owners to have made the general release of liability described in Section 3.2(vi).

**18.11 Joint and Several Liability.** If two or more people sign this Agreement as “Franchisee”, each will have joint and several liability.

**18.12 No Offer and Acceptance.** Delivery of a draft of this Agreement to Franchisee by BAF does not constitute an offer. This Agreement shall not be effective unless and until it is executed by both Franchisee and BAF.

*[Signatures on next page]*



Agreed to by:

FRANCHISOR:

BARK AVENUE FRANCHISE, LLC

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

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

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

Date: \_\_\_\_\_

FRANCHISEE:

*[if an individual:]*

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

Date: \_\_\_\_\_

*[if an entity:]*

\_\_\_\_\_

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

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

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

Date: \_\_\_\_\_

*(Check if applicable)* At the same time as the parties execute this Agreement, they are also executing a Rider to Franchise Agreement pursuant to:

- \_\_\_\_\_ Illinois
- \_\_\_\_\_ Indiana
- \_\_\_\_\_ Maryland
- \_\_\_\_\_ Minnesota
- \_\_\_\_\_ New York
- \_\_\_\_\_ North Dakota
- \_\_\_\_\_ Ohio
- \_\_\_\_\_ Rhode Island
- \_\_\_\_\_ Washington

**Attachment 1 to Franchise Agreement**

**OWNERSHIP INFORMATION**

**1. Form of Ownership.** Franchisee is a (check one):

- \_\_\_\_\_ *Sole Proprietorship*
- \_\_\_\_\_ *Partnership*
- \_\_\_\_\_ *Limited Liability Company*
- \_\_\_\_\_ *Corporation*

State: \_\_\_\_\_

**2. Owners.** If Franchisee is a partnership, limited liability company or corporation:

Name	Shares or Percentage of Ownership

**3. Officers.** If Franchisee is a limited liability company or corporation:

Name	Title

**Attachment 2 to Franchise Agreement**

**LOCATION ACCEPTANCE LETTER**

To: \_\_\_\_\_

This Location Acceptance Letter is issued by Bark Avenue Franchise, LLC for your Bark Avenue Daycamp franchise in accordance with Section 6.1 of the Franchise Agreement.

1. The Location of the Business is:

\_\_\_\_\_

2. The Territory of the Business is:

\_\_\_\_\_

BARK AVENUE FRANCHISE, LLC

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

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

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

Date: \_\_\_\_\_

## Attachment 3 to Franchise Agreement

### GUARANTY AND NON-COMPETE AGREEMENT

This Guaranty and Non-Compete Agreement (this “Guaranty”) is executed by the undersigned person(s) (each, a “Guarantor”) in favor of Bark Avenue Franchise, LLC, a Illinois limited liability company (“BAF”).

**Background Statement:** \_\_\_\_\_ (“Franchisee”) desires to enter into a Franchise Agreement with BAF for the franchise of a Bark Avenue Daycamp business (the “Franchise Agreement”; capitalized terms used but not defined in this Guaranty have the meanings given in the Franchise Agreement). Guarantor owns an equity interest in Franchisee. Guarantor is executing this Guaranty in order to induce BAF to enter into the Franchise Agreement.

Guarantor agrees as follows:

**1. Guaranty.** Guarantor hereby unconditionally guarantees to BAF and its successors and assigns that Franchisee shall pay and perform every undertaking, agreement and covenant set forth in the Franchise Agreement and further guarantees every other liability and obligation of Franchisee to BAF, whether or not contained in the Franchise Agreement. Guarantor shall render any payment or performance required under the Franchise Agreement or any other agreement between Franchisee and BAF upon demand from BAF. Guarantor waives (a) acceptance and notice of acceptance by BAF of this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations of Franchisee; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right Guarantor may have to require that an action be brought against Franchisee or any other person or entity as a condition of liability hereunder; (e) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guaranty by the undersigned; (f) any law which requires that BAF make demand upon, assert claims against or collect from Franchisee or any other person or entity (including any other guarantor), foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any other person or entity (including any other guarantor) prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; and (g) any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

**2. Confidential Information.** With respect to all Confidential Information, Guarantor shall (a) adhere to all security procedures prescribed by BAF for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business, (c) not use any such information in any other business or in any manner not specifically authorized or approved in writing by BAF, (d) exercise the highest degree of diligence and make every effort to maintain the confidentiality of all such information during and after the term of the Franchise Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Guarantor acknowledges that all Confidential Information is owned by BAF or its affiliates (except for Confidential Information which BAF licenses from another person or entity). Guarantor

acknowledges that all customer data collected or generated by the Business and all data collected or generated by the point-of-sale system (other than data regarding employees) is Confidential Information belonging to BAF. This Section will survive the termination or expiration of the Franchise Agreement indefinitely.

### **3. Covenants Not to Compete.**

(a) Restriction - In Term. During the term of the Franchise Agreement, Guarantor shall not directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor.

(b) Restriction – Post Term. For two years after the Franchise Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer by Guarantor), Guarantor shall not directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor located within five miles of Franchisee’s Territory or within five miles of the territory of any other Bark Avenue Daycamp business operating on the date of expiration, termination, or transfer, as applicable. If the Franchise Agreement is terminated before the Territory is determined, then the area of non-competition will be the Development Area and within five miles the territory of any other Bark Avenue Daycamp business operating on the date of termination. If a given Bark Avenue Daycamp business does not have a defined territory, then for purposes of this Section its territory will be deemed to be a 3-mile radius.

(c) Interpretation. Guarantor agrees that each of the foregoing covenants is independent of any other covenant or provision of this Guaranty or the Franchise Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court or arbitrator, then the parties intend that the court or arbitrator modify such restriction to the extent reasonably necessary to protect the legitimate business interests of BAF. Guarantor agrees that the existence of any claim it or Franchisee may have against BAF shall not constitute a defense to the enforcement by BAF of the covenants of this Section. If Guarantor fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

**4. Modification.** Guarantor agrees that Guarantor’s liability hereunder shall not be diminished, relieved or otherwise affected by (a) any amendment of the Franchise Agreement, (b) any extension of time, credit or other indulgence which BAF may from time to time grant to Franchisee or to any other person or entity, or (c) the acceptance of any partial payment or performance or the compromise or release of any claims.

**5. Governing Law; Dispute Resolution.** This Guaranty shall be governed by and construed in accordance with the laws of the state of Illinois (without giving effect to its principles of conflicts of law). The parties agree that any Illinois law for the protection of franchisees or business opportunity purchasers (including the Illinois Franchise Disclosure Act of 1987 (815 ILCS 701/1, *et. seq.*) will not apply unless its jurisdictional requirements are met independently without reference to this Section 5. The provisions of Article 17 (Dispute Resolution) of the Franchise Agreement apply to and are incorporated into this Guaranty as if fully set forth herein. Guarantor

shall pay to BAF all costs incurred by BAF (including reasonable attorney fees) in enforcing this Guaranty. If multiple Guarantors sign this Guaranty, each will have joint and several liability.

Agreed to by:

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

Address: \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Date: \_\_\_\_\_

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

Address: \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Date: \_\_\_\_\_

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

Address: \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Date: \_\_\_\_\_

## Attachment 4 to Franchise Agreement

### CONDITIONAL ASSIGNMENT OF BRAND ACCOUNTS

This Assignment of Brand Accounts (this “Assignment”) is executed by the undersigned (“Franchisee”) in favor of Bark Avenue Franchise, LLC, a Illinois limited liability company (“BAF”).

**Background Statement:** BAF and Franchisee are parties to a Franchise Agreement pursuant to which BAF granted Franchisee a license to operate a Bark Avenue Daycamp franchised business (the “Business”). BAF or its affiliates are the sole owner of the Bark Avenue Daycamp brand and all names, logos, trademarks, service marks, and other intellectual property associated therewith. To protect BAF’s interest in and control of Bark Avenue Daycamp, Franchisee acknowledges and agrees that BAF has the right to control all telephone numbers, directory listings, and internet marketing accounts related to Bark Avenue Daycamp.

Franchisee agrees as follows:

- 1. Conditional Assignment.** Franchisee hereby assigns to BAF (or its designee) all of Franchisee’s rights, title, and interest in and to all telephone numbers, directory listings, email accounts, websites, social media accounts, and all other accounts and profiles for advertising and marketing on the internet or any electronic communications network (“Brand Accounts”) associated with Bark Avenue Daycamp and registered by Franchisee from time to time in connection with the operation of Franchisee’s Business, such assignment to be effective upon (a) termination or expiration of the Franchise Agreement, or (b) notice from BAF to Franchisee, at which BAF will have the right to assume ownership of any one or all Brand Accounts.
  
- 2. Transfer or Deletion.** Franchisee hereby authorizes the service provider of each Brand Account (the “Provider”) to transfer the Brand Account to BAF (or its designee) or to delete the Brand Account upon the written instruction of BAF. Franchisee hereby grants BAF an irrevocable limited power of attorney on behalf of Franchisee to direct any Provider to transfer or delete a Brand Account. In such an event, Franchisee will have no further right, title or interest in the Brand Account but will remain liable to the Provider for all past due fees owing to the Provider on or before the date on which the assignment is effective. BAF will have no liability or obligation of any kind to a Provider arising prior the effective date of transfer or deletion. Franchisee agree to take all reasonable steps necessary to effectuate the transfer or deletion (as determined by Buyer) of each Brand Account.

*[Signatures on next page]*

Executed by:

FRANCHISEE:

*[if an individual:]*

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

Date: \_\_\_\_\_

*[if an entity:]*

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

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

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

Date: \_\_\_\_\_



**EXHIBIT C**

**MULTI-UNIT DEVELOPMENT AGREEMENT**

This Multi-Unit Development Agreement (this “MUDA”) is made between Bark Avenue Franchise, LLC, a Illinois limited liability company (“BAF”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”) on the Effective Date.

**Background Statement:** On the same day as they execute this MUDA, BAF and Franchisee have entered into a Franchise Agreement for the franchise of a Bark Avenue Daycamp business (the “Franchise Agreement”; capitalized terms used but not defined in this MUDA have the meanings given in the Franchise Agreement). BAF and Franchisee desire that Franchisee develop multiple Bark Avenue Daycamp businesses.

**1. Multi-Unit Commitment.**

(a) Development Schedule; Fee. Franchisee shall develop and open Bark Avenue Daycamp businesses on the following schedule:

<b>Store #</b>	<b>Deadline for Opening</b>	<b>Total # of Stores to be Open and Operating on Deadline</b>	<b>Initial Franchise Fee</b>
1		1	\$_____
2		2	\$_____
3		3	\$_____
4		4	\$_____
5		5	\$_____
<b>Total Initial Franchise Fee:</b>			

(b) Payment. Upon execution of this MUDA, Franchisee shall pay the total Initial Franchise Fee to BAF. The Initial Franchise Fee is non-refundable.

**2. Form of Agreement.** For Store #1, Franchisee and BAF have executed the Franchise Agreement simultaneously with this MUDA. For each additional Bark Avenue Daycamp franchise, Franchisee shall execute BAF’s then-current standard form of franchise agreement no later than three business days after Franchisee leases or acquires a location. This MUDA does not give Franchisee the right to construct, open, or operate a Bark Avenue Daycamp business, and Franchisee acknowledges that Franchisee may construct, open, and operate each Bark Avenue Daycamp business only pursuant to a separate franchise agreement executed pursuant to this MUDA for each such Bark Avenue Daycamp business.

**3. Development Area.** Franchisee shall locate each Bark Avenue Daycamp business it develops under this MUDA within the following area: \_\_\_\_\_ (the “Development Area”). Franchisee acknowledges that it does not have exclusive rights to develop, open or operate Bark Avenue Daycamp businesses in the Development Area.

**4. Default and Termination.** BAF may terminate this MUDA by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee fails to satisfy the development schedule; or
- (ii) BAF has the right to terminate any franchise agreement between BAF and Franchisee (or any affiliate thereof) due to Franchisee’s default thereunder (whether or not BAF actually terminates such franchise agreement).

**5. Limitation of Liability.** Franchisee’s commitment to develop Bark Avenue Daycamp businesses is in the nature of an option only. If BAF terminates this MUDA for Franchisee’s default, Franchisee shall not be liable to BAF for lost future revenues or profits from the unopened Bark Avenue Daycamp businesses. Franchisee may terminate this MUDA at any time.

**6. Conditions.** Franchisee’s right to develop each Bark Avenue Daycamp franchise after the Store #1 is subject to the following:

- (i) Franchisee must possess sufficient financial and organizational capacity to develop, open, operate, and manage each additional Bark Avenue Daycamp business, in the reasonable judgment of BAF, and
- (ii) Franchisee must be in full compliance with all brand requirements at its open Bark Avenue Daycamp businesses, and not in default under any Franchise Agreement or any other agreement with BAF.

**7. Dispute Resolution; Miscellaneous.** The laws of the State of Illinois (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The parties agree that any Illinois law for the protection of franchisees or business opportunity purchasers (including the Illinois Franchise Disclosure Act of 1987 (815 ILCS 701/1, *et. seq.*) will not apply unless its jurisdictional requirements are met independently without reference to this Section 7. Franchisee shall not Transfer this MUDA without the prior written consent of BAF, and any Transfer without BAF’s prior written consent shall be void. The provisions of Article 17 (Dispute Resolution) and Article 18 (Miscellaneous) of the Franchise Agreement apply to and are incorporated into this MUDA as if fully set forth herein.

*[Signatures on Next Page]*

Agreed to by:

FRANCHISOR:

BARK AVENUE FRANCHISE, LLC

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

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

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

Date: \_\_\_\_\_

FRANCHISEE:

*[if an individual:]*

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

*[if an entity:]*

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

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

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

Date: \_\_\_\_\_

*(Check if applicable)* At the same time as the parties execute this Agreement, they are also executing a Rider to Multi-Unit Development Agreement pursuant to:

- \_\_\_\_\_ Illinois
- \_\_\_\_\_ Indiana
- \_\_\_\_\_ Maryland
- \_\_\_\_\_ Minnesota
- \_\_\_\_\_ New York
- \_\_\_\_\_ North Dakota
- \_\_\_\_\_ Ohio
- \_\_\_\_\_ Rhode Island
- \_\_\_\_\_ Washington

**EXHIBIT D**

**RIDER TO LEASE AGREEMENT**

Landlord: \_\_\_\_\_  
Notice Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Telephone: \_\_\_\_\_

Franchisor: Bark Avenue Franchise, LLC  
Notice Address: 1340 Deerfield Lane, Bartlett,  
IL 60103  
Telephone: (630) 400-2685

Tenant: \_\_\_\_\_

Leased Premises: \_\_\_\_\_

1. Use. Tenant is a franchisee of Franchisor. The Leased Premises shall be used only for the operation of a Bark Avenue Daycamp business (or any name authorized by Franchisor).

2. Notice of Default and Opportunity to Cure. Landlord shall provide Franchisor with copies of any written notice of default (“Default”) given to Tenant under the Lease, and Landlord grants to Franchisor the option (but not the obligation) to cure any Default under the Lease (should Tenant fail to do so) within 10 days after the expiration of the period in which Tenant may cure the Default.

3. Termination of Lease. Landlord shall copy Franchisor on any notice of termination of the Lease. If Landlord terminates the Lease for Tenant’s Default, Franchisor shall have the option to enter into a new Lease with Landlord on the same terms and conditions as the terminated Lease. To exercise this option, Franchisor must notify Landlord within 15 days after Franchisor receives notice of the termination of the Lease.

4. Termination of Franchise Agreement. If the Franchise Agreement between Franchisor and Tenant is terminated during the term of the Lease, then upon the written request of Franchisor, Tenant shall assign the Lease to Franchisor. Landlord hereby consents to the assignment of the Lease to Franchisor.

5. Assignment and Subletting. Notwithstanding any provision of the Lease to the contrary, Tenant shall have the right to assign or sublet the Lease to Franchisor or its affiliate, provided that no such assignment or sublease shall relieve Tenant or any guarantor of liability under the Lease unless otherwise agreed by Landlord. If Franchisor or its affiliate becomes the lessee of the Leased Premises, then Franchisor shall have the right to assign or sublease its lease to a franchisee of the Bark Avenue Daycamp brand. Any provision of the Lease which limits Tenant’s right to own or operate other Bark Avenue Daycamp outlets in proximity to the Leased Premises shall not apply to Franchisor or to its affiliates.

6. Authorization. Tenant authorizes Landlord and Franchisor to communicate directly with each other about Tenant and Tenant’s business.

7. Right to Enter. Upon the expiration or termination of the Franchise Agreement or the Lease, or the termination of Tenant's right of possession of the Leased Premises, Franchisor or its designee may, after giving reasonable prior notice to Landlord, enter the Leased Premises to remove signs and other material bearing Franchisor's brand name, trademarks, and commercial symbols, provided that Franchisor will be liable to Landlord for any damage Franchisor or its designee causes by such removal.

8. No Liability. By executing this Rider, Franchisor does not assume any liability with respect to the Leased Premises or any obligation as Tenant under the Lease.

Executed by:

LANDLORD:

\_\_\_\_\_

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

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

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

Date: \_\_\_\_\_

TENANT:

\_\_\_\_\_

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

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

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

Date: \_\_\_\_\_

FRANCHISOR:

BARK AVENUE FRANCHISE, LLC

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

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

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

Date: \_\_\_\_\_

## EXHIBIT E

### FORM OF GENERAL RELEASE

*[This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale of your franchise, we may require you to sign a general release.]*

This General Release (“Release”) is executed by the undersigned (“Releasor”) in favor of Bark Avenue Franchise, LLC, a Illinois limited liability company (“BAF”).

**Background Statement:** *[describe circumstances of Release]*

Releasor agrees as follows:

- 1. Release.** Releasor (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees (collectively, the “Releasing Parties”)) hereby releases BAF, its affiliates, and their respective directors, officers, shareholders, employees, franchise sellers, and agents (collectively, the “Released Parties”) from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature, known or unknown, which any Releasing Party now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of the Franchise Agreement (collectively, “Claims”).
- 2. Covenant Not to Sue.** Releasor (on behalf of all Releasing Parties) covenants not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any Released Party with respect to any Claim.
- 3. Representations and Acknowledgments.** Releasor represents and warrants that: (i) Releasor is the sole owner of all Claims, and that no Releasing Party has assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim; (ii) Releasor has full power and authority to sign this Release; and (iii) this Release has been voluntarily and knowingly signed after Releasor has had the opportunity to consult with counsel of Releasor’s choice. Releasor acknowledges that the release in Section 1 is a complete defense to any Claim.
- 4. Miscellaneous.** If any of the provisions of this Release are held invalid for any reason, the remainder of this Release will not be affected and will remain in full force and effect. In the event of any dispute concerning this Release, the dispute resolution, governing law, and venue provisions of the Franchise Agreement shall apply. Releasor agrees to take any actions and sign any documents that BAF reasonably requests to effectuate the purposes of this Release. This Release contains the entire agreement of the parties concerning the subject matter hereof.

**5. State Addenda.**

**[Maryland Residents]:** This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

**[Washington Residents]:** A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the franchise agreement is in effect and where the parties are represented by independent counsel.

Agreed to by:

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

**EXHIBIT F**  
**FINANCIAL STATEMENTS**





## **BARK AVENUE FRANCHISE LLC**

*Financial Statements  
December 31, 2022*

FINANCIAL STATEMENTS  
DECEMBER 31, 2022

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Statement of Cash Flows	6
Notes to the Financial Statements	7 - 8



ACCOUNTANTS  
CONSULTANTS  
ADVISORS

Helping Our Clients Achieve Financial Success Through Sound Advice™

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## ACCOUNTANTS' COMPILATION REPORT

To the Member of  
Bark Avenue Franchise LLC  
Bartlett, Illinois

Management is responsible for the accompanying financial statements of Bark Avenue Franchise LLC (an Illinois limited liability company) (the "Company"), which comprise the balance sheet as of December 31, 2022, and the related statements of operations and member's equity and cash flows from August 9, 2022 (date of inception) through December 31, 2022, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

*KRD, Ltd.*

Schaumburg, Illinois  
March 17, 2023

35 East Wacker Drive, Suite 690, Chicago, IL 60601 312.201.6450  
1051 Perimeter Drive, 9th Floor, Schaumburg, IL 60173 847.240.1040

[krdcpas.com](http://krdcpas.com)

GGI  
INDEPENDENT MEMBER

**BARK AVENUE FRANCHISE LLC**

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BALANCE SHEET  
DECEMBER 31, 2022

*See accountants' compilation report and notes to the financial statements.*

ASSETS

**CURRENT ASSETS**

Cash

\$ 1,000

\$ 1,000

MEMBER'S EQUITY

**MEMBER'S EQUITY**

\$ 1,000

**BARK AVENUE FRANCHISE LLC**

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STATEMENT OF OPERATIONS AND MEMBER'S EQUITY  
PERIOD FROM AUGUST 9, 2022 (DATE OF INCEPTION) THROUGH DECEMBER 31, 2022

*See accountants' compilation report and notes to the financial statements.*

<b>OPERATING EXPENSES</b>	<u>\$ 45,010</u>
<b>NET LOSS</b>	(45,010)
<b>MEMBER'S EQUITY AT BEGINNING OF PERIOD</b>	-
<b>MEMBER CONTRIBUTIONS</b>	<u>46,010</u>
<b>MEMBER'S EQUITY AT END OF PERIOD</b>	<u><u>\$ 1,000</u></u>

**BARK AVENUE FRANCHISE LLC**

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## STATEMENT OF CASH FLOWS

PERIOD FROM AUGUST 9, 2022 (DATE OF INCEPTION) THROUGH DECEMBER 31, 2022

*See accountants' compilation report and notes to the financial statements.*

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net loss	\$ (45,010)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Member contributions	<u>46,010</u>
<b>NET CHANGE IN CASH</b>	1,000
<b>CASH AT BEGINNING OF PERIOD</b>	<u>-</u>
<b>CASH AT END OF PERIOD</b>	<u><u>\$ 1,000</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 9, 2022 (DATE OF INCEPTION) THROUGH DECEMBER 31, 2022

*See accountants' compilation report.***NATURE OF OPERATIONS**

The Company is a business that has not commenced planned principal operations and was organized on August 9, 2022. The Company is designed to franchise the business systems of an affiliate, Bark Avenue Daycamp, Inc. The Company's activities since inception have consisted principally of obtaining startup capital and various regulatory approvals to commence operations. The Company's activities are subject to significant risks and uncertainties, including failing to secure appropriate regulatory approvals.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting:*** The accounting records and the accompanying financial statements have been maintained and prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

***Use of Estimates:*** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

***Revenue Recognition:*** The Company will license the franchise business system of an affiliate, Bark Avenue Daycamp, Inc. Royalty revenue will be based on a percentage of sales and recognized at the time the underlying sales occur. Initial franchise fees will be recognized as the Company satisfies the performance obligation over the franchise term, which is generally ten years.

Determining the method and amount of revenue to be recognized requires the Company to make judgements and estimates, which include determining whether the performance obligation is satisfied over-time or at a point-in-time, the selection of method to measure progress towards completion, and determining if the contract includes variable consideration or material right elements.

The Company will allocate the transaction price based on the estimated relative standalone selling price of the promised products or services underlying each performance obligation. The Company will determine standalone selling prices based on the price at which the performance obligation is sold separately. If the standalone selling price is not observable through past transactions, the Company will estimate the standalone selling price taking into account available information such as market conditions and internally approved standard pricing related to the performance obligations.

The amount of revenue to be recorded reflects the consideration to which the Company expects to receive in exchange for transferring products or services to a customer. The Company has determined that the nature, amount, timing and uncertainty of revenue and cash flows are most significantly affected by the overall local economic conditions.

***Income Taxes:*** The Company is a limited liability company which is treated as a partnership under the provisions of the Internal Revenue Code. Under these provisions, the Company does not pay federal and state corporate income tax on its taxable income. Instead, each member is liable for federal and state taxes on their proportionate share of the Company's taxable income.

**BARK AVENUE FRANCHISE LLC**

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NOTES TO THE FINANCIAL STATEMENTS

AUGUST 9, 2022 (DATE OF INCEPTION) THROUGH DECEMBER 31, 2022

*See accountants' compilation report.*

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Subsequent Events:*** Management has evaluated subsequent events through March 17, 2023, the date the financial statements were available to be issued.



## EXHIBIT G

### BRAND STANDARDS MANUAL TABLE OF CONTENTS

<b>Manual Section</b>	<b>Number of Pages</b>
Preface & Introduction	35
Establishing My Franchise Business	46
Human Resources	74
Administrative Procedures	28
Daily Procedures	26
Selling & Marketing	41
<b>Total Number of Pages</b>	<b>250</b>

## EXHIBIT H

### CURRENT AND FORMER FRANCHISEES

#### Current Franchisees

Names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets:

None

Franchisees who had signed franchise agreements as of the end of our last fiscal year but are not yet open:

None

Note: We did not have any multi-unit developers at the close of our last fiscal year.

#### Former Franchisees

Name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date:

None

**EXHIBIT I**

**STATE ADDENDA TO DISCLOSURE DOCUMENT**

## CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Financial Protection and Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

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 OFFERING CIRCULAR.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

ALL THE OWNERS OF THE FRANCHISE WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE MARITAL ASSETS OF THE SPOUSES DOMICILED IN COMMUNITY PROPERTY STATES – ARIZONA, CALIFORNIA, IDAHO, LOUISIANA, NEVADA, NEW MEXICO, TEXAS, WASHINGTON AND WISCONSIN AT RISK IF YOUR FRANCHISE FAILS.

1. The following paragraph is added to the end of Item 3 of the Disclosure Document:

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

2. The following paragraph is added to the end of Item 6 of the Disclosure Document:

With respect to the Late Fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is 10%.

3. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

The Franchise Agreement requires franchisee to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person

acquiring a franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

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

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

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

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

The Franchise Agreement requires binding arbitration. The arbitration will occur in Bartlett, Illinois, with the costs being borne equally by Franchisor and Franchisee. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires application of the laws of Illinois. This provision may not be enforceable under California law.

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

4. The following paragraph is added at the end of Item 19 of the Disclosure Document:

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

**HAWAII ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of Hawaii only, this Disclosure Document is amended as follows:

**THESE FRANCHISES 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.**

**THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.**

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

Registered agent in the state authorized to receive service of process:

Commissioner of Securities  
335 Merchant Street  
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective or an offering circular is on file in the following states: \_\_\_\_\_
2. A proposed registration or filing is or will be shortly on file in the following states:  
\_\_\_\_\_
3. No states have refused, by order or otherwise to register these franchises.
4. No states have revoked or suspended the right to offer these franchises.
5. The proposed registration of these franchises has not been withdrawn in any state.

## ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, as amended (the “Act”), this Disclosure Document is amended as follows:

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Act.

## **MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of Maryland only, this Disclosure Document is amended as follows:

The following is added to Item 17:

The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability 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.

You have the right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law.



## MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Minnesota only, this Disclosure Document is amended as follows:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, which states "No action may be commenced pursuant to this Section more than three years after the cause of action accrues."

**THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION**

**WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

## NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

In the State of New York only, this Disclosure Document is amended as follows:

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

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

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

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending

action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

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

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

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

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

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.

6. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”:

You may terminate the agreement on any grounds available by law.

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

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

8. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”: The foregoing choice of law should not be

considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

## NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of North Dakota only, this Disclosure Document is amended as follows:

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

1. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.
2. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.
3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
5. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.
6. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.
7. Waiver of Exemplary and Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.
8. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.
9. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
10. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

## **OHIO ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of Ohio only, this Disclosure Document is amended by adding the following two cover pages to this Disclosure Document:

### **BARK AVENUE FRANCHISE, LLC**

**April 3, 2023**

#### **READ THIS DISCLOSURE DOCUMENT CAREFULLY**

**The state of Ohio has not reviewed and does not approve, recommend, endorse, or sponsor this or any franchise. If you have any questions about this franchise, the information contained in this disclosure document should be reviewed with an attorney or financial advisor before you sign any agreement.**

**The following disclosure document contains the disclosures required by Ohio law.**



In the State of Ohio only, this Disclosure Document is further amended as follows:

The following is added to Item 19:

**CAUTION**

**Some business opportunity plans have earned this amount. There is no assurance you will do as well. If you rely upon our figures, you must accept the risk of not doing as well.**

## **RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of Rhode Island only, this Disclosure Document is amended as follows:

Item 17, summary columns for (v) and (w) are amended to add the following:

Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

## **VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT**

In the Commonwealth of Virginia only, this Disclosure Document is amended as follows:

The following statements are added to Item 17(h):

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Under 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. If 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 the franchisee under the franchise, that provision may not be enforceable.

Item 17(t) is amended to read as follows:

Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.

**WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT**

(See Exhibit J for Washington Addendum to Disclosure Document and Rider to Franchise Agreement)

**EXHIBIT J**  
**STATE ADDENDA TO AGREEMENTS**

**ILLINOIS RIDER TO FRANCHISE AGREEMENT [if applicable: AND MULTI-UNIT DEVELOPMENT AGREEMENT]**

This Rider amends the Franchise Agreement [if applicable: and Multi-Unit Development Agreement] dated \_\_\_\_\_ (the “Agreement”), between Bark Avenue Franchise, LLC, a Illinois limited liability company (“BAF”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

- 1. Governing Law.** Illinois law governs the Agreement.
  
- 2. Waivers Void.** In conformance with Section 41 of the Illinois Franchise Disclosure Act, notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.
  
- 3. Jurisdiction.** 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 occur outside of Illinois.
  
- 4. Entire Agreement; No Disclaimer.** This Agreement and all related agreements executed simultaneously with this Agreement constitute the entire understanding of the parties and supersede any and all prior oral or written agreements between BAF and Franchisee on the matters contained in this Agreement; but nothing in this Agreement or any related agreement is intended to disclaim the representations that BAF made in the latest franchise disclosure document that BAF furnished to Franchisee.
  
- 5. Effective Date.** This Rider is effective as of the date of the Agreement.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

BARK AVENUE FRANCHISE, LLC

\_\_\_\_\_

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

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

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

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

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

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

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**INDIANA RIDER TO FRANCHISE AGREEMENT [if applicable: AND MULTI-UNIT DEVELOPMENT AGREEMENT]**

This Rider amends the Franchise Agreement [if applicable: and Multi-Unit Development Agreement] dated \_\_\_\_\_ (the “Agreement”), between Bark Avenue Franchise, LLC, a Illinois limited liability company (“BAF”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Indiana Acts” means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

**2. Certain Provisions Modified.** Any provision of the Agreement which would have any of the following effects is hereby modified to the extent required for the Agreement to be in compliance with the Indiana Acts:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or services or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase

notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

BARK AVENUE FRANCHISE, LLC

\_\_\_\_\_

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

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

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

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

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

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

Date: \_\_\_\_\_

Date: \_\_\_\_\_



**MARYLAND RIDER TO FRANCHISE AGREEMENT [if applicable: AND MULTI-UNIT DEVELOPMENT AGREEMENT]**

This Rider amends the Franchise Agreement [if applicable: and Multi-Unit Development Agreement] dated \_\_\_\_\_ (the “Agreement”), between Bark Avenue Franchise, LLC, a Illinois limited liability company (“BAF”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Maryland Franchise Registration and Disclosure Law” means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.
- 2. Releases, Estoppels and Waivers of Liability.** All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law. The general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
- 3. Statute of Limitations.** Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.
- 4. Jurisdiction.** Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Registration and Disclosure Law in any court of competent jurisdiction in the State of Maryland.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

BARK AVENUE FRANCHISE, LLC

\_\_\_\_\_

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

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

**MINNESOTA RIDER TO FRANCHISE AGREEMENT [if applicable: AND MULTI-UNIT DEVELOPMENT AGREEMENT]**

This Rider amends the Franchise Agreement [if applicable: and Multi-Unit Development Agreement] dated \_\_\_\_\_ (the “Agreement”), between Bark Avenue Franchise, LLC, a Illinois limited liability company (“BAF”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Minnesota Act” means Minnesota Statutes, Sections 80C.01 to 80C.22.

**2. Amendments.** The Agreement is amended to comply with the following:

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

The franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state “No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues.”

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

BARK AVENUE FRANCHISE, LLC

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

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

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

Date: \_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_

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

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

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

Date: \_\_\_\_\_

**NEW YORK RIDER TO FRANCHISE AGREEMENT [if applicable: AND MULTI-UNIT DEVELOPMENT AGREEMENT]**

This Rider amends the Franchise Agreement [if applicable: and Multi-Unit Development Agreement] dated \_\_\_\_\_ (the “Agreement”), between Bark Avenue Franchise, LLC, a Illinois limited liability company (“BAF”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.
- 2. Waivers Not Required.** Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve BAF or any other person from any duty or liability imposed by New York General Business Law, Article 33 (the “New York Franchise Law”).
- 3. Waivers of New York Law Deleted.** Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by BAF with any provision of the New York Franchise Law, or any rule promulgated thereunder, is hereby deleted.
- 4. Governing Law.** Notwithstanding any provision of the Agreement to the contrary, the New York Franchise Law shall govern any claim arising under that law.
- 5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

BARK AVENUE FRANCHISE, LLC

\_\_\_\_\_

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

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

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

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

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

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

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**NORTH DAKOTA RIDER TO FRANCHISE AGREEMENT [*if applicable*: AND MULTI-UNIT DEVELOPMENT AGREEMENT]**

This Rider amends the Franchise Agreement [*if applicable*: and Multi-Unit Development Agreement] dated \_\_\_\_\_ (the “Agreement”), between Bark Avenue Franchise, LLC, a Illinois limited liability company (“BAF”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Amendments.** The Agreement (and any Guaranty Agreement) is amended to comply with the following:

- (1) Restrictive Covenants: Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind is subject to NDCC Section 9-08-06.
- (2) Situs of Arbitration Proceedings: Franchisee and any Guarantor are not required to agree to the arbitration of disputes at a location that is remote from the site of Franchisee’s business.
- (3) Restrictions on Forum: Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.
- (4) Liquidated Damages and Termination Penalties: Franchisee is not required to consent to liquidated damages or termination penalties.
- (5) Applicable Laws: The Agreement (and any Guaranty Agreement) is governed by the laws of the State of North Dakota.
- (6) Waiver of Trial by Jury: Franchisee and any Guarantor do not waive a trial by jury.
- (7) Waiver of Exemplary and Punitive Damages: The parties do not waive exemplary and punitive damages.
- (8) General Release: Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement.
- (9) Limitation of Claims: Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- (10) Enforcement of Agreement: The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

BARK AVENUE FRANCHISE, LLC

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

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

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

Date: \_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_

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

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

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

Date: \_\_\_\_\_

**OHIO RIDER TO FRANCHISE AGREEMENT [if applicable: AND MULTI-UNIT DEVELOPMENT AGREEMENT]**

This Rider amends the Franchise Agreement [if applicable: and Multi-Unit Development Agreement] dated \_\_\_\_\_ (the “Agreement”), between Bark Avenue Franchise, LLC, a Illinois limited liability company (“BAF”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “BOPA” means the Ohio Business Opportunity Act, codified in Revised Code of Ohio, Title XIII, Chapter 1334.
- 2. Applicability of BOPA.** Franchisee acknowledges that BAF is providing this Rider out of an abundance of caution, and that neither the execution of this Rider nor any other act of BAF constitutes an intent that BOPA apply to the transaction between BAF and Franchisee or an admission by BAF that the transaction fails to comply in any material respects with the trade regulation rule of the federal trade commission, “disclosure requirements and prohibitions concerning franchising,” 16 C.F.R. 436.1 et seq.
- 3. No Delivery of Goods or Services during Cancellation Period.** BAF will not commence delivery of any goods or provide any services during the time within which Franchisee may cancel the Agreement as provided in Section 5 below.
- 4. Jurisdiction and Venue.** In connection with the sale of the franchise, any provision in the Agreement restricting jurisdiction or venue to a forum outside of Ohio, or requiring the application of laws of another state, is void with respect to a claim otherwise enforceable under Sections 1334.01 to 1334.15 of the BOPA.
- 5. Cancellation.** You, the franchisee, may cancel the transaction at any time prior to midnight of the fifth business day after the date you sign this Agreement. See the attached notice of cancellation for an explanation of this right.
- 6. Agent for Service of Process.** The name and address of BAF’s agent authorized to receive service of process in Ohio is [\_\_\_\_\_].

Agreed to by:

FRANCHISOR:

FRANCHISEE:

BARK AVENUE FRANCHISE, LLC

\_\_\_\_\_

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

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

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

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

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

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

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**OHIO  
NOTICE OF CANCELLATION**

[*Insert Date Agreement Signed by FRANCHISEE*]

**You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the Agreement, and any negotiable instrument executed by you will be returned within ten business days following Bark Avenue Franchise, LLC's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to BAF at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of BAF regarding the return shipment of the goods at BAF's expense and risk. If you do make the goods available to BAF and BAF does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to BAF, or if you agree to return them to BAF and fail to do so, then you remain liable for the performance of all obligations under the Agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to Bark Avenue Franchise, LLC, at 1340 Deerfield Lane, Bartlett, IL 60103, or send a fax to BAF at [*Insert facsimile number*] or an e-mail to BAF at info@barkavenuedaycamp.com, not later than midnight of [*Insert date that is five business days after the date above*].**

**I hereby cancel this transaction.**

**FRANCHISEE:**

\_\_\_\_\_

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

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

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

**Date:** \_\_\_\_\_



**RHODE ISLAND RIDER TO FRANCHISE AGREEMENT [if applicable: AND MULTI-UNIT DEVELOPMENT AGREEMENT]**

This Rider amends the Franchise Agreement [if applicable: and Multi-Unit Development Agreement] dated \_\_\_\_\_ (the “Agreement”), between Bark Avenue Franchise, LLC, a Illinois limited liability company (“BAF”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

- 1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.
- 2. **Jurisdiction and Venue.** Any provision of the Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.
- 3. **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

BARK AVENUE FRANCHISE, LLC

\_\_\_\_\_

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

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

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

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

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

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

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT  
AND  
RIDER TO FRANCHISE AGREEMENT [if applicable: AND MULTI-UNIT  
DEVELOPMENT AGREEMENT]**

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.

Agreed to by:

FRANCHISOR:

BARK AVENUE FRANCHISE, LLC

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

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

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

Date: \_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_

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

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

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

Date: \_\_\_\_\_

**EXHIBIT K**

**EFT AUTHORIZATION FORM**

Bank Name: \_\_\_\_\_  
ABA#: \_\_\_\_\_  
Acct. #: \_\_\_\_\_  
Acct. Name: \_\_\_\_\_

Effective as of the date of the signature below, \_\_\_\_\_ (“Franchisee”) hereby authorizes Bark Avenue Franchise, LLC (“Franchisor”) or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to make the following payments to Franchisor under the franchise agreement (the “Franchise Agreement”) between Franchisor and Franchisee: (1) all Royalty Fees; (2) all Marketing Fund Contributions; (3) all other fees authorized under the Franchise Agreement; and (4) any amounts charged by Franchisor or its affiliates in connection with equipment, inventory, supplies, and/or services that Franchisee purchases from Franchisor or its affiliates, as and when such amounts become due and owing to Franchisor and/or its affiliates. Franchisee acknowledges that Royalty Fees, Marketing Fund Contributions, and all other fees may be collected by Franchisor in the manner provided for in the Franchise Agreement. The parties further agree that all capitalized terms not specifically defined herein will be given the same definition as set forth in the Franchise Agreement.

Such withdrawals shall occur on a monthly basis, or on such other schedule as Franchisor shall specify in writing. This authorization shall remain in force and effect until terminated in writing by Franchisor. Franchisee shall provide Franchisor, in conjunction with this authorization, a voided check from the above-referenced account.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

Date: \_\_\_\_\_

**PLEASE ATTACH A VOIDED BLANK CHECK FOR PURPOSES OF SETTING UP BANK AND TRANSIT NUMBERS**

## STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This 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:

<b>State</b>	<b>Effective Date</b>

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.

## RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Bark Avenue Franchise, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If Bark Avenue Franchise, LLC 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 any applicable state agency (which are listed in Exhibit A).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Michelle Sarwas	1340 Deerfield Lane, Bartlett, IL 60103	(630) 400-2685

Issuance Date: April 3, 2023

I received a disclosure document dated April 3, 2023, that included the following Exhibits:

- A. State Administrators and Agents for Service of Process
- B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
- C. Multi-Unit Development Agreement
- D. Rider to Lease Agreement
- E. Form of General Release
- F. Financial Statements
- G. Brand Standards Manual Table of Contents
- H. Current and Former Franchisees
- I. State Addenda to Disclosure Document
- J. State Addenda to Agreements
- K. EFT Authorization Form

Signature: \_\_\_\_\_

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

Date Received: \_\_\_\_\_

**Keep This Copy For Your Records**

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Signature: \_\_\_\_\_

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

Date Received: \_\_\_\_\_

**Return This Copy To Us**