

## FRANCHISE DISCLOSURE DOCUMENT

### BOARD AND BRUSH CREATIVE STUDIO FRANCHISING LLC

A Wisconsin limited liability company

117 Hill Street

Hartland, WI 53029

262-361-4884

[hello@boardandbrush.com](mailto:hello@boardandbrush.com)

[www.boardandbrush.com](http://www.boardandbrush.com)



The franchisee will operate a creative arts studio that offers, among other things, in-person and virtual instructional workshops for making high quality hand-painted wood signs and other specialty items, pre-made wood projects, and at-home project kits.

The total investment necessary to begin operation of a Board & Brush Creative Studio® franchise ranges from \$65,489 to \$89,761. This includes \$25,000 that must be paid to the franchisor.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive the 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 government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Board and Brush Creative Studio Franchising, LLC at 117 Hill Street, Hartland, Wisconsin 53029; 262-361-4884. 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 accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise", which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at [www.ftc.gov](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 16, 2024

## 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 F.
<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 D 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 Board and Brush Creative Studio 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 Board and Brush Creative Studio franchisee?</b>	Item 20 or Exhibit F 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.

## 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 us by alternate dispute resolution and litigation only in Wisconsin. Out-of-state mediation and litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate and litigate with us in Wisconsin than in your own state.
2. **Spouse Liability.** Your spouse must sign a document that makes your spouse liable for your financial obligations under the franchise agreement, even though your spouse has no ownership interest in the business. This guarantee will place both your and your spouse's personal and marital assets, perhaps including your house, at risk if your franchise fails.
3. **Mandatory Minimum Payments.** You must make minimum advertising and other payments, regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.
4. **Turnover Rate.** During the last 3 years, a large number of franchised outlets (49) were terminated, not renewed, re-acquired, or ceased operations for other reasons. This franchise could be a higher risk investment than a franchise in a system with a lower turnover rate.

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.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE  
MICHIGAN FRANCHISE INVESTMENT LAW**

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment 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 subfranchisor.
  - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
  - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

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

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

Any questions regarding this notice should be directed to: Michigan Attorney General's Office, Consumer Protection Division, Attention: Franchise Section, G. Mennen Williams Building, 1st Floor, 525 West Ottawa Street, Lansing, Michigan 4893, Telephone Number: 517-373-7117.

**BOARD AND BRUSH CREATIVE STUDIO FRANCHISING LLC**  
**Franchise Disclosure Document**

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  - Attachment 7: Internet Advertising, Social Media, Software, Telephone Account Agreement
  - Attachment 8: Confidentiality and Non-Compete Agreement
- Discount Fee Addendum

EXHIBIT C: Off-Site Events Rider

EXHIBIT D: Financial Statements of Board and Brush Creative Studio Franchising LLC

EXHIBIT E: Operations Manual Table of Contents

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

To simplify the language in this disclosure document, the terms “Franchisor”, or “we” or “us” means Board and Brush Creative Studio Franchising LLC, the Franchisor. The terms “we”, “us” and “Franchisor” do not include you, the “Franchisee”. We refer to the purchaser(s) of a Board & Brush Creative Studio<sup>®</sup> franchise, as “you” or “Franchisee”, whether an individual, a partnership, corporation, or limited liability company. If you are a corporation, partnership or other entity, our Franchise Agreement also will apply to your owners, officers and directors. If you are married and your spouse is not a partner in the franchise business, certain provisions of our Franchise Agreement will also apply to that spouse.

We were formed as a limited liability company in the State of Wisconsin on December 2, 2016. Our principal business address is 117 Hill Street, Hartland, Wisconsin, 53029, and our telephone number is 262-361-4884. We do business under our company name, “Board & Brush Creative Studio” and “B/b Creative Studio” and their associated designs (the “Marks”). Our affiliate, Board and Brush, LLC, has registered our primary service marks on the Principal Register of the United States Patent and Trademark Office. We do not own or operate any businesses of the type you will be operating. We have not offered franchises in any other line of business. We only offer franchises which operate under the “Board & Brush Creative Studio” Marks. We began offering franchises on January 5, 2017.

The principal business addresses of our agents for service of process are shown on Exhibit A.

### **Our Parents, Predecessors and Affiliates**

We have no parent or predecessor company.

We have an affiliated company, Board and Brush, LLC, a Wisconsin limited liability company with a principal place of business at 117 Hill Street, Hartland, Wisconsin, 53029. Board and Brush, LLC, was formed on January 1, 2015, and is the owner of the Marks and has licensed use of the Marks to us. Board and Brush, LLC, operated our affiliate-owned Board & Brush Creative Studio<sup>®</sup> outlet in Hartland, Wisconsin, from March 2015 through December 2015. Board and Brush, LLC, does not currently operate a business of the type being offered through this Disclosure Document. Board and Brush, LLC, has not offered franchises in this or in any other lines of business previously.

We have operated, through affiliates, Board & Brush Creative Studio<sup>®</sup> outlets similar to the franchise offered by this Disclosure Document since 2015. We may operate other Board & Brush Creative Studio<sup>®</sup> concepts, including additional Board & Brush Creative Studio<sup>®</sup> outlets, in the future.

### **The Franchise Offered:**

We offer franchises for the right to operate an instructional workshop studio business under the “Board & Brush Creative Studio” and “B/b Creative Studio” Marks, using our distinctive operating procedures and standards in a limited protected territory and from a single location (the “Franchised Business”). The Franchised Business provides wood arts and specialty project instruction in a group setting and allows its customers to purchase or bring alcoholic beverages to enjoy in a relaxed and fun atmosphere. The Franchised Business will offer regularly scheduled classes and will also host private events. The distinguishing characteristics of a Board & Brush Creative Studio<sup>®</sup> Franchised Business include, but are not limited to, the Board & Brush Creative Studio<sup>®</sup>’s distinctive exterior and interior décor, fixtures and furnishings, proprietary designs and techniques, operations methods, inventory, procedures for management, training, advertising, and promotional programs, all of which may be changed, improved or further developed by us at any time (the “System”). Your Franchised Business may also offer approved virtual workshops or premade projects and kits for customers to complete in their homes, and with our approval, limited workshops outside of your studio premises using materials



purchased from approved suppliers. If you choose to participate and are approved to provide off-site workshops, you will be required to sign our Off-Site Events Rider, attached as Exhibit C.

### **Market and Competition:**

The market for your Board & Brush Creative Studio® Franchised Business consists of the general public seeking creative arts activities in a fun environment. Our customers primarily draw from the market segment of adult women, couples and business and social groups. Our franchises are located in shopping malls and/or are situated in central city, suburban or other high traffic locations and strip centers.

The market for instructional creative arts is developing. You will compete with businesses, including national, regional and local businesses, offering services similar to those offered by your Board & Brush Creative Studio® Franchised Business, including other instructional arts studios. There are other instructional arts franchises, as well as independent businesses throughout the United States, that may offer similar products and services. The market for our products and services is not seasonal but does have peak periods such as holidays and may be affected by economic conditions, which may impact discretionary spending.

### **Industry Specific Regulations:**

You must obtain a license or other legal authority to allow consumption of alcohol at your Franchised Business location. At a minimum, you must have a license or legal authority to allow customers to bring their own alcoholic beverages. Ideally, you will have a license to serve. You must obtain any license or permit required to play music videos at your Franchised Business location. You must comply with all laws pertaining to gift certificates or promotions you offer.

You must comply with all best practices and environmental laws regarding the use, storage and disposal of paints and stains. We may require you to upgrade the ventilation systems at your premises due to the use of paints and stains to ensure adequate air quality, and there may be laws, rules or regulations in your Territory that set minimum ventilation standards.

The distressing phase of wood-working creates noise. You must be aware of local noise ordinances and noise restrictions in your lease and implement noise-reduction measures.

You must comply with all regulations and manufacturers' instructions for hand tools and equipment.

You must comply with all local, state and federal laws and regulations that apply to the operation of your Board & Brush Creative Studio® Franchised Business, including, among others, business operations, land use, insurance, discrimination, employment and workplace safety laws. Your advertising of the Franchised Business is regulated by the Federal Trade Commission. There may be federal, state and local laws which affect your Franchised Business in addition to those listed here.

You should investigate whether there are any state or local regulations or requirements that may apply in the geographic area in which you intend to conduct business. You should consider both their effect on your business and the cost of compliance. You are responsible for obtaining all licenses and permits which may be required for your business.

## **ITEM 2: BUSINESS EXPERIENCE**

### **Founder and owner: Julie Selby**

Julie Selby is our founder and owner. Julie established the Board & Brush Creative Studio® concept in December 2014 in Hartland, Wisconsin and since then has worked exclusively developing and growing the brand.

### **Co-owner, Vice President and Chief Operating Officer: Curtis Selby**

Curt Selby is our co-owner, Vice President, and Chief Operating Officer in Hartland, Wisconsin. Curt has served as our Chief Operating Officer since August 2022. Since 2014, Curt has opened and operated several of our affiliate-owned Board & Brush studio locations.

### **Director of Franchise Development: Leah Selby**

Leah is our Director of Franchise Development in Hartland, Wisconsin. Leah has been with Board and Brush full time since June of 2018. From March of 2015 to May 2018, Leah worked part-time for Board and Brush as an instructor in the Hartland and Lake Geneva, Wisconsin, studios.

### **Manager of Supplier Relations & Territory Manager: Kelly Metzger**

Kelly is Manager of Supplier Relations and Territory Manager in Hartland, Wisconsin. Kelly has been with Board and Brush full-time since June of 2021. From October 2017 to June 2021, Kelly worked full-time as the Program Coordinator for the School of Business at Carroll University in Waukesha, WI. During that time, Kelly also earned her Master's of Education Degree which was completed in May of 2020.

### **Franchise Consultant: Kelsey Lohnes**

Kelsey is our franchise consultant in Hartland, Wisconsin. Kelsey joined the Board and Brush Franchise Support Team on a full-time basis in October of 2022. Prior to that from November 2021- September 2022 she worked in E-commerce for a small business called Iggy's Toy Shoppe in Louisville, KY. She also worked in Event Planning for the Southern Baptist Theological Seminary in Louisville, KY from June 2021 - November 2021. Throughout her undergrad from August 2017 - May 2021, she worked as a nanny for a private household in Louisville, KY.

### **Director of Marketing & Creative Design: Amy Sackrison**

Amy has been our Director of Marketing & Creative Design in Hartland, Wisconsin since April 2018. From February 2014 through March 2018 she was an Associate Creative Director with GS Design, in Milwaukee, Wisconsin.

### **Marketing Manager and Senior Design Specialist: Kelly Duggan**

Kelly has been our Marketing Manager and Senior Design Specialist in Hartland, Wisconsin since June 2020. Between 2019 and 2020, Kelly was a freelance designer for Board & Brush. From 2016 to 2020 Kelly was employed as a Design Manager for Sky High Marketing in Waukesha, Wisconsin.

### **Director of IT Infrastructure & Security: Reuben Canales**

Reuben is our Director of IT Infrastructure & Security in Hartland Wisconsin. Reuben has been with Board & Brush full time since July 2018. From August 2017 to June 2018, Reuben worked with Board & Brush as an IT Systems Consultant for website maintenance, development, and organizational systems and tools.

**ITEM 3: LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4: BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

**ITEM 5: INITIAL FEES**

We will charge you an initial franchise fee (“Initial Franchise Fee”) when you sign the Franchise Agreement. The Initial Franchise Fee is Twenty-Five Thousand Dollars (\$25,000.00). This payment is fully earned by us and due in lump sum when you sign the Franchise Agreement. The Initial Franchise Fee is not refundable under any circumstance; provided however, if we determine that you cannot complete the Initial Management Training Program (see Item 11) to our satisfaction, we will refund seventy percent (70%) of the Initial Franchise Fee to you. Additionally, if you do not identify a site for your Franchised Business that meets our approval within sixty (60) days of signing the Franchise Agreement, we may terminate the Franchise Agreement and will refund to you eighty percent (80%) of the Initial Franchise Fee.

From time to time, we may offer special incentive programs as part of our franchise development activities. We reserve the right to offer, modify or withdraw any incentive program without notice to you. We currently offer an incentive whereby we will discount the Initial Franchise Fee by twenty percent to Twenty Thousand Dollars (\$20,000.00) to veterans and active duty military personnel and for a second and each subsequent Franchise Agreement you sign with us.

**ITEM 6: OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Continuing Royalty Fee	6% of monthly Gross Revenue, or a minimum of \$400 per month.	Monthly by electronic funds transfer on the fifth (5 <sup>th</sup> ) day of the calendar month for gross revenues of the prior month.	Payable to us. See footnote 1.

Type of Fee	Amount	Due Date	Remarks
Required Minimum Expenditure for Local Marketing and Advertising	After the first ninety (90) days, a minimum of \$250 per calendar month. During the first ninety (90) days of operation, you are required to spend at least \$2,100 on grand opening marketing activities, which includes a minimum of \$1,200 on branded promotional materials.	As incurred.	Payable to third-party suppliers. All advertising must be approved by us. Expenditures must be reported to us on or before the fifth (5 <sup>th</sup> ) day of the calendar month for expenditures in the prior month. See Item 11. See footnote 2.
Brand Fund Contribution	The greater of 1% of monthly Gross Revenue, subject to increases not to exceed 3% of monthly Gross Revenue, or a minimum of \$70 per month.	Monthly by electronic funds transfer on the fifth (5 <sup>th</sup> ) day of the calendar month for gross revenues of the prior month.	Payable to us. See footnote 3.
Advertising Cooperative	Up to one-half of your required minimum local advertising expenditure.	As determined by cooperative.	No cooperatives have been established as of the date of this Disclosure Document. You are required to join an advertising cooperative if one is formed. Cooperatives will be comprised of all franchised Board & Brush Creative Studio® outlets in a designated geographic area, or we may establish a national cooperative comprised of all franchised Board & Brush Creative Studio® outlets. Our affiliate-owned outlets may participate in an advertising cooperative, in our sole discretion. See footnote 4.
Late Charge	\$75	As incurred	If you fail to pay us the Continuing Royalty Fee, Brand Fund Fee, or if you fail to submit your Gross Revenue report when due, we may charge you \$75 for each late submission in addition to interest charges explained below.

Type of Fee	Amount	Due Date	Remarks
Interest Charge	1.5% per month from due date, or maximum allowed by law	As incurred	If you fail to pay us any amount when due, we may charge you interest on the unpaid balance until the payment is received.
Non-Sufficient Funds Fee	\$50	As incurred	If your check is returned or an electronic funds transfer from your bank account is denied for insufficient funds, for each occurrence we may charge you an Insufficient Funds Fee.
Successor Agreement Fee	\$2,500	Before signing successor agreement	Payable to us. The Successor Agreement Fee is nonrefundable. See Item 17.
Transfer Fee	75% of the then-current initial franchise fee. For transfers to: (i) an existing franchisee in good standing, the transfer fee is 50% of the then-current initial franchise fee, (ii) an entity owned and controlled by the franchisee for convenience purposes, the transfer fee is \$2,500 and (iii) a spouse, parent or child upon death or permanent disability, the transfer fee is \$3,500.	Before we approve the transfer	Payable to us. The Transfer Fee is nonrefundable. See Item 17
Initial Training	For new franchisees, no charge for initial training of up to two (2) people. You pay all travel and other related expenses incurred by all trainees. The current fee to train additional personnel is \$1,000.00 per person.	Travel and related expenses are due as incurred. Fees for training additional personnel are due prior to the commencement of training.	Initial training currently takes place in Hartland, Wisconsin. You must complete electronic pre-training modules prior to attending the Initial Training Program in Wisconsin. Optional and mandatory post-training modules may also be completed electronically. You must pay the incidental costs of attendance, which include but are not limited

Type of Fee	Amount	Due Date	Remarks
			to, airfare, transportation, hotel and food costs for all trainees. Incidental costs are payable to third-party suppliers. Fees for additional or replacement trainees are payable to us. See Item 11.
Additional Training	A reasonable fee for all training programs. You pay all travel and other related expenses incurred by you and your personnel to attend training.	As incurred.	See footnote 5.
Remedial Training Fee	Our then-current trainer per diem rate plus expenses. Our current per diem rate is \$1,000 per day, plus travel and other expenses.	As incurred.	We may impose this fee, payable to us, if you request additional training at your premises from time-to-time, or if you are operating below our standards and we require you to have additional training. You must also pay all costs of our trainer, which include but are not limited to, airfare, transportation, hotel and meals.
Liquidated Damages – failure to timely open	\$400 per month.	As incurred.	You must pay us liquidated damages for lost revenues if you fail to open for business within the time period required by the Franchise Agreement.
Liquidated Damages – unauthorized closure	\$2,000	As incurred.	See footnote 6.
Examination of Books and Records	Cost of examination plus related expenses.	As incurred.	We have the right under the Franchise Agreement to examine your books, records and tax returns. If an examination reveals that you have understated any Gross Revenue report by two percent (2%) or more, you must pay to us the cost of the audit and all travel and related expenses, in addition to repaying monies owed and interest on the monies owed.

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Evaluation Fee	Actual cost of inspection and testing of a proposed item or vendor.	As incurred.	Payable to us. See footnote 7.
Quality Review Services	Varies	As incurred	Payable to third-party providers. See footnote 8.
Preparation of Financial Statements	Varies	Annually, as incurred.	You are required to provide us with your annual financial statements prepared by an independent certified public accountant in conformity with GAAP.
Technology Fees	Approximately \$157 per month, subject to increase	As required by third-party providers and us.	You must pay any and all regularly recurring fees for software and Internet access, license fees, help desk fees, or user-based fees for a franchise portal or a benchmarking platform.
Internal Systems Fee	Currently \$0	Monthly	The Internal Systems Fee is payable to us. See footnote 9.
Indemnification	Amount of loss or damages plus costs	As incurred.	See footnote 10.
Reimbursement of Cost and Expenses for Non-compliance	Actual costs and expenses	As incurred.	See footnote 11.

Type of Fee	Amount	Due Date	Remarks
Reimbursement of legal fees and expenses	Our costs and expenses, including but not limited to attorneys' fees, incurred for your failure to pay amounts when due or failure to comply in any way with the Franchise Agreement.	As Incurred	Payable to us.
Confidential Operating Manual Replacement Fee	\$100, or our then-current fee	As incurred	Paid to us
Insurance	Amount paid by us for your insurance obligations	As incurred	You must reimburse us for any insurance costs and other fees we incur due to your failure to meet the insurance obligations required by the Franchise Agreement.
Taxes	Amount of taxes	When incurred.	You must reimburse us for any taxes that we must pay to any taxing authority on account of either the operation of your Franchised Business or payments that you make to us, including, but not limited to any sales taxes or income taxes imposed by any authority.

All fees and expenses described in this Item 6 are nonrefundable and are uniformly imposed. Except as otherwise indicated in the preceding chart, we impose all fees and expenses listed and you must pay them to us.

<sup>1</sup> You must pay us a Continuing Royalty Fee of the greater of six percent (6.0%) of the Gross Revenue generated monthly by your Franchised Business, or a minimum royalty of \$400 per month. "Gross Revenue" includes all sales of every kind and nature at or from your Franchised Business location or made pursuant to the rights granted to you by the Franchise Agreement, regardless of whether you have collected the amount of the sales. You may be required to set up authorization at your bank to allow us to electronically transfer funds from your bank account to our bank account. Interest and late fees will apply to any late payments, electronic funds transfer requests denied due to insufficient funds or failure to report Gross Revenue.

<sup>2</sup> You must also spend at least \$2,100.00 on local advertising and marketing for ninety (90) days following the opening of your Franchised Business, of which \$1,200 must be for the purchase of branded promotional materials. Thereafter, you must spend a minimum of Two Hundred Fifty Dollars (\$250.00) per month on local advertising and marketing activities, and report on your expenditures each month.



<sup>3</sup> You must pay a Brand Fund Contribution of the greater of one percent (1%) of monthly Gross Revenue, subject to increases not to exceed three percent (3%) of monthly Gross Revenue, generated by your Franchised Business, or a minimum of \$70 per month. Payments are due at the same time and in the same manner as the Royalty Fee. You may be required to set up authorization at your bank to allow the Brand Fund to electronically transfer funds from your bank account to the Brand Fund's bank account. Interest and late fees will apply to any late payments, electronic funds transfer requests denied due to insufficient funds or failure to report Gross Revenue.

<sup>4</sup> You may be required to contribute up to one-half of your local advertising expenditure to an advertising cooperative, if one is established. This contribution is in addition to your required contributions to the Brand Fund. Any contributions made by you to the advertising cooperative shall be credited against your required expenditures for local advertising.

<sup>5</sup> We may offer mandatory and/or optional additional training programs from time to time. If we require it, you must participate in additional training for up to three (3) days per year, virtually or at a location we designate. We may also require you to attend a national business meeting or annual convention for up to three (3) days per year, virtually or at a location we designate. We reserve the right to impose a reasonable fee for all additional training programs, including the national business meeting or annual convention. You are responsible for any and all incidental expenses incurred by you and your personnel in connection with additional training or attendance at Franchisor's national business meeting or annual convention, including, without limitation, costs of travel, lodging, meals and wages.

<sup>6</sup> If you permanently close your Board & Brush Creative Studio without our consent prior to the end of the Term of your Franchise Agreement, you must pay us liquidated damages in the amount of \$2,000. Liquidated damages do not apply to temporary closures for remodeling or relocation, where we will allow you to temporarily suspend operations. Minimum royalty fee payments and brand fund contributions will continue during any temporary closure.

<sup>7</sup> If you wish to purchase, lease or use any, equipment, supplies, services or other items unapproved or from an unapproved supplier, you must request our prior written approval. As a condition to our approval, we may require inspection of the proposed supplier's facilities and evaluation and testing of the proposed item or service. We reserve the right to charge you our actual cost of any inspection and testing.

<sup>8</sup> We may establish quality assurance programs conducted by third-party providers, such as, by way of example only, mystery shop programs and periodic quality audits, to monitor the operations of your Franchised Business. If we require it, you must subscribe and pay the fees for any such program.

<sup>9</sup> We reserve the right to impose an Internal Systems Fee for new or improved technology for the benefit of the System and the Franchised Business, including but not limited to, assigned phone numbers and email addresses, a franchise portal, benchmarking platform or other operations or communications systems.

<sup>10</sup> You must indemnify and hold us, our affiliates, and all of our respective officers, directors, agents and employees harmless from and against any and all claims, losses, costs, expenses, liability and damages arising directly or indirectly from, as a result of, or in connection with your business operations under the Franchise Agreement, as well as the costs, including attorneys' fees, of defending against them.

<sup>11</sup> If you fail to do so, in our sole discretion, we may correct any deficiency in the Franchised Business and/or your operation of the Franchised Business or take steps to modify, alter or de-identify the Franchised Business location upon the termination or expiration of the Franchise Agreement. You will reimburse us

for our costs and expenses incurred to correct any deficiency or to modify, alter or de-identify the Franchised Business location.

**ITEM 7: ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee <sup>1</sup>	\$25,000	Lump sum payment in cash or available funds.	Upon signing the Franchise Agreement.	Us
Your Training Expenses <sup>2</sup>	\$1,439 - \$4,586	As required for transportation, lodging & meals	As required by suppliers of transportation, lodging & meals.	Suppliers of transportation, lodging & meals.
Premises lease deposits <sup>3</sup>	\$1,000 - \$2,400	As required by landlord	As required by landlord	Landlord
Utilities Deposits <sup>4</sup>	\$0 - \$250	As required by utility providers	As required by utility providers	Utility providers
Leasehold Improvements, Construction and/or Remodeling <sup>5</sup>	\$5,500 - \$9,000	As required by supplier, contractor or landlord	Before opening, as required by supplier.	Suppliers, contractor and/or Landlord
Furniture, Fixtures and Equipment <sup>6</sup>	\$8,200- \$9,800	As required by supplier	Before opening	Suppliers
Signage <sup>7</sup>	\$800	As incurred	Before opening	Suppliers
Business Licenses and Permits <sup>8</sup>	\$1,000 - \$2,000	As required by government agencies	Before opening, as required by government agencies	Government Agencies
Computer Systems <sup>9</sup>	\$1,500 - \$2,000	As required by suppliers	Before opening	Suppliers
Initial Inventory to Begin Operating <sup>10</sup>	\$8,400 - \$12,000	As required by suppliers	Before opening	Suppliers
Office Supplies <sup>11</sup>	\$250 - \$500	As required by suppliers	Before opening	Suppliers
Professional Fees <sup>12</sup>	\$1,000 - \$3,000	As required by providers	As incurred	Attorney, Accountant, Other Professional Service Providers

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Grand Opening Advertising <sup>13</sup>	\$2,100	As required by supplier	As required by supplier	Suppliers
Insurance <sup>14</sup>	\$400 - \$500	As required by insurer	Before opening	Insurer
Operating Expenses / Additional Funds – 3 months <sup>15</sup>	\$8,900 - \$15,825	As incurred	Payroll weekly, other purchases according to agreed-upon terms	Employees, utilities, suppliers, etc.
<b>TOTAL</b>	<b>\$65,489 to \$89,761</b>			

<sup>1</sup> Please see Item 5 for information on incentive programs that may offer a discount on the Initial Franchise Fee.

<sup>2</sup> The cost of the Initial Management Training Program for up to two (2) people is included in the Initial Franchise Fee. The chart estimates the costs for transportation, lodging, and meals for your trainees. These incidental costs are not included in the Initial Franchise Fee. Your costs will depend on the number of people attending training, their point of origin, method of travel, class of accommodation and living expenses. The duration of the training program is three (3) days. This estimate does not include employee wages.

<sup>3</sup> This estimate represents a one (1) month deposit of rent for a 1,000 – 1,600 square foot studio at a minimum rent ranging from \$12 - \$18 per square foot. Real estate costs vary widely from place to place. This estimate is based on the experience of our affiliate-owned and franchised outlets. Rental rates may be more or less than this range depending on the location of your Franchised Business. You may also incur real estate broker fees, additional prepayments (e.g., first and/or last month’s rent), common area maintenance (CAM) fees, real estate taxes and insurance costs, advertising or promotional fund fees or other costs, depending on the terms of your lease. Pre-paid rent is generally non-refundable while security or other deposits may be refundable either in full or in part depending upon your lease or rental contract.

<sup>4</sup> Utility providers set the amounts of the utility deposits. A credit check may be required by the issuing utility company prior to the initiation of services, or a higher deposit required for first time customers. These costs will vary depending on the type of services required for the facility and the municipality or utility provider from which they are being contracted. We have based our estimate on the experiences of our affiliates. The figures in the chart include deposits that may be refundable to you at a later time. In most cases, your lease will require you to pay electric, gas, water, and other utilities directly; however, some landlords cover some utility charges through operating fees.

<sup>5</sup> This estimate is for the costs for improvements to your Franchised Business location without a tenant improvement allowance from the landlord. We have based our estimates on the historical experience of our affiliates. These estimates are applicable to a site which has been obtained in the “vanilla box” stage, which refers to an interior condition with existing heating/cooling with delivery systems, electrical switches and outlets, a finished ceiling, walls that are prepped for painting and a concrete slab floor. We do not anticipate that you will need the services of an architect, designer or engineer. If your landlord or the municipality where your Franchised Business is located requires these services, your leasehold improvement costs will be higher.

<sup>6</sup> The furniture, fixtures and equipment required for your Franchised Business include craft tables, workbenches, refreshment bar, check-in desk, chalk board, shelving, pegboards, antique furniture, beverage coolers, décor, 2 stencil cutters, various hand tools, 2 flat-screen televisions and a sound system.

<sup>7</sup> This estimate is for the cost to produce and mount storefront signage on the exterior of the premises as well as all interior window graphics. Signage may be purchased commercially or created in-house using stencils provided by us.

<sup>8</sup> This is an estimate of the costs of building permits, sign permits and a certificate of occupancy for your premises. Not all locations will require all of these permits, depending on the prior use of the premises and the requirements of local ordinances. This estimate also includes the cost of a local business license. The costs of permits and licenses will vary by location. You may also need a license or permit for the service and/or consumption of alcohol. We cannot estimate the cost of this license because requirements and fees vary widely. Please contact your local governing agency for this information.

<sup>9</sup> We require you to purchase computer systems and software meeting our minimum specifications for use at your Franchised Business. This estimate includes the cost of a laptop computer, recent generation iPad, our credit card reader, and Adobe Illustrator software. You must also have Internet and other telecommunications equipment and services in accordance with our standards to permit electronic transmission of sales information, maintain subscriptions to purchase cloud-based font libraries, and to access our franchise operations software. We reserve the right to change your requirements for computer hardware and software at any time.

<sup>10</sup> This estimate is for the cost of the initial inventory sufficient for approximately 2-4 months of operation. Your initial inventory will include the initial wood order, project supplies, paint, stain, jars, and glassware. The estimate also includes branded material, such as aprons, t-shirts, brochures, cards and paper.

<sup>11</sup> You will need a small office, which may, but is not required to be, at the Franchised Business location. This estimate includes the costs for consumable office supplies and other items such as waste baskets, pens, and printer ink.

<sup>12</sup> You may incur professional fees depending on the scope of work performed, which may include, legal and accounting fees to review franchise documents and costs of forming a separate legal entity and/or obtaining zoning approval. This list is not exhaustive. This amount will vary greatly depending on your specific needs and location. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this disclosure document and the Franchise Agreement. It is also advisable to consult these professionals to review any lease or other contracts that you will enter into as part of starting your Board & Brush Creative Studio® franchise.

<sup>13</sup> During the first ninety (90) days after the opening of your Franchised Business, we require you to spend at least \$2,100.00 on local advertising and promotional activities in your Territory, of which \$1,200 must be for the purchase of branded promotional materials. Thereafter, you are required to spend at least Two Hundred Fifty Dollars (\$250) per month on local advertising. You may elect to expend additional amounts to conduct a larger, more elaborate grand opening event. The estimate in the above Table includes the cost of promotional materials.

<sup>14</sup> Before you open for business, you must purchase and maintain at your sole cost and expense the insurance coverage that we specify. This includes commercial general liability insurance, including contractual liability, public liability, liquor liability, personal injury, advertising injury, and environmental damage coverage in the amount of at least One Million Dollars (\$1,000,000) per occurrence; worker's compensation

coverage in the limits required by the state in which the Franchised Business is located and operated; and coverage for all owned, leased, non-owned and hired vehicles used in the Franchised Business in an amount of not less than One Million Dollars (\$1,000,000) per occurrence. Such insurance shall include under-insured and uninsured motorist coverage as required by state law. Each policy must be written by a responsible carrier or carriers acceptable to us and must name us and our respective officers, directors, partners, agents and employees as additional insured parties, as their interests may appear. Insurance costs and requirements may vary widely in different localities. The estimate is for the first quarterly premium for required minimum insurance coverage. We reserve the right to require additional types of insurance and coverage as provided in the Franchise Agreement.

<sup>15</sup> This is an estimate of the amount of additional operating capital that you may need to operate your Franchised Business during the first three (3) months after commencing operations. We cannot guarantee that you will not incur additional expenses in starting the business that may exceed this estimate. This estimate includes such items as rent, utilities, internet service, initial payroll and payroll taxes, Royalties (as described in this disclosure document), Brand Fund Contributions, repairs and maintenance, bank charges, miscellaneous supplies and equipment, initial staff recruiting expenses, and other miscellaneous items. These estimates do not include any compensation to you, nor do they include debt service. These items are by no means all-inclusive of the extent of possible expenses.

We relied upon the experience of our affiliate-owned Board & Brush Creative Studio® outlets to compile these estimates. You should review these figures carefully with a business advisor before making any decision to invest in the franchise. These figures are estimates and we cannot guarantee that you will not have additional expenses starting your Franchised Business. Your additional costs will depend on factors such as how closely you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for our service; competition; and the sales level reached during your initial period. We estimate that a franchisee can expect to put additional cash into the business during at least the first three to six months, and sometimes longer.

We do not offer direct or indirect financing to franchisees for any items included in this section.

All fees and payments are non-refundable, unless otherwise stated or permitted by payee.

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

We have identified various suppliers, distributors and manufacturers of equipment, fixtures, inventory, and services that your Franchised Business must use or provide which meet our standards and requirements. You must purchase all inventory, equipment, computer systems and certain software from our designated suppliers and contractors or in accordance with our specifications.

Before you open for business, you must purchase and maintain at your sole cost and expense the insurance coverage that we specify. This includes commercial general liability insurance, including contractual liability, public liability, liquor liability, personal injury, advertising injury, and environmental damage coverage in the amount of at least One Million Dollars (\$1,000,000) per occurrence; worker's compensation coverage in the limits required by the state in which the Franchised Business is located and operated; and coverage for all owned, leased, non-owned and hired vehicles used in the Franchised Business in an amount of not less than One Million Dollars (\$1,000,000) per occurrence. Such insurance shall include under-insured and uninsured motorist coverage as required by state law. Each policy must be written by a responsible carrier or carriers acceptable to us and must name us and our respective officers, directors, partners, agents and employees as additional insured parties, as their interests may appear.

We approve suppliers after careful review of the quality of the products they provide to us and our franchisees. If you would like us to consider another item or supplier, you must make such request in writing to us and have the supplier give us samples of its product or service and such other information that we may require. If the item and/or supplier meets our specifications, as we determine in our sole discretion, we will approve it as an additional item or supplier. We will make a good-faith effort to notify you whether we approve or disapprove of the proposed item or supplier within 30 days after we receive all required information to evaluate the product or service. If we do not approve any request within 30 days, it is deemed unapproved. We reserve the right to revoke approval of any item or supplier that does not continue to meet our then-current standards. Our criteria for approving items and suppliers are not available to you. If you request that we approve a proposed item or supplier, we may charge for our actual costs of product testing and evaluation.

We maintain written lists of approved items of equipment, fixtures, inventory and services (by brand name and/or by standards and specifications) and a list of designated suppliers and contractors for those items. We update these lists periodically and provide the updated lists to all franchisees. We reserve the right to change our requirements for furniture, fixtures and equipment at any time.

If you choose to participate and are approved to provide off-site workshops, you will be required to purchase support materials from suppliers we approve.

Neither the Franchisor nor any affiliate of the Franchisor are the sole approved or designated supplier for any product, good or service that you are required to purchase for the operation of your Franchised Business.

Other than interests in the Franchisor, none of our officers own any interest in any approved or designated supplier for any product, good or service that you are required to purchase for the operation of your Franchised Business.

We are the sole supplier of project designs, which we will provide to you free of charge. You cannot use designs from any other source, and you may not create your own designs; however, you may submit ideas to us for approval through established means of communication. If you request approval of a project design for the benefit of your studio only, we will charge you our actual costs of evaluation and production.

From time to time, we may receive revenue, rebates, discounts or other material consideration from suppliers based on your purchases of products, supplies or equipment. Any rebates or discounts we receive may be kept by us in our sole discretion. During our fiscal year ending December 31, 2023, we derived \$13,091.82 from franchisee purchases, which comprised less than one-half percent (0.43%) of our total revenue of \$3,038,443.

We estimate that your purchase or lease of products, supplies and services from approved suppliers (or those which meet our specifications) will represent approximately 32% of your costs to establish your Franchised Business and approximately 22% of your costs for ongoing operation.

Currently, there are no purchasing or distribution cooperatives. However, we can require that you make your purchases through a cooperative if one is formed.

We have negotiated purchase arrangements, including preferential price and service terms, with certain of our designated and approved suppliers on behalf of all franchisees.

We provide no material benefits (such as the grant of additional franchises) based on your use of designated sources; however, failure to use approved items or designated suppliers and contractors may be a default under the Franchise Agreement, and might result in higher costs to your business. Additionally, when

there is any default under the Franchise Agreement, we reserve the right, in addition to other remedies available under the Franchise Agreement, to direct suppliers to withhold furnishing products and services to you.

**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 or Article in Franchise Agreement</b>	<b>Item in Franchise Disclosure Document</b>
a. Site Selection and Acquisition/Lease	8.1	11
b. Pre-Opening Purchase/Leases	8.3, 12.3.1	7, 11
c. Site Development & other Pre-Opening Requirements	8.2, 8.3, 12.1.1, 12.1.3	11
d. Initial and Ongoing Training	Article 7	11
e. Opening	8.2.3, 8.3, 8.4	11
f. Fees	5.1, 5.2.7, Article 6, 8.4, 12.3.7, 12.6, 15.6, 16.4, 18.1.4, 18.1.5, 19.1.5	5, 6, 7
g. Compliance with Standards and Policies/Operating Manual	Article 9, 12.1, 12.1.7, 19.1.1	8, 11
h. Trademarks and Proprietary Information	9.4, Article 14, 19.2, 19.3, 19.4	13, 14
i. Restrictions on Products/Services Offered	12.1.1, 12.1.4, 12.6	8
j. Warranty and Customer Service Requirements	Not Applicable	Not Applicable
k. Territorial Development and Sales Quotas	11.1, 13.2	12
l. Ongoing Product/Service Purchases	12.1.4, 12.3.5	8
m. Maintenance, Appearance and Remodeling Requirements	Article 9, 12.1.2, 12.1.5, 12.1.9	Item 11
n. Insurance	Article 15	7
o. Advertising	Article 13	6, 11

Obligation	Section or Article in Franchise Agreement	Item in Franchise Disclosure Document
p. Indemnification	15.4, 15.6, 16.3.6, 21.1	14
q. Owner's Participation, Management, Staffing	11.1, 11.3, 12.1.6	11, 15
r. Records /Reports	12.2	6
s. Inspections and Audits	9.2, 12.1.7, 12.2.5	6, 11
t. Transfer	Article 16	17
u. Renewal	Article 5	17
v. Post-Termination Obligations	Article 18	17
w. Non-Competition Covenants	19.5	17
x. Dispute Resolution	Article 20	17
y. Guaranty	11.3, Attachment 6	15

**ITEM 10: FINANCING**

We do not offer direct or indirect financing. We do not guarantee any note, lease, or obligation on your behalf.

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

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

**1. Pre-Opening Obligations**

Before you open your Franchised Business, we will:

- a. provide you with site selection guidelines and approve a location for your Franchised Business. Within sixty (60) days of signing the Franchise Agreement, you must submit a written request for approval to us describing the proposed location and providing other information about the site that we reasonably request. We will respond within ten (10) business days, either accepting or rejecting the proposed location. We consider the following factors in approving a site: general location and neighborhood, distance from neighboring franchise territories, proximity to major roads and residential areas, traffic patterns, condition of premises, tenant mix, and demographic characteristics of the area. If you do not identify a site that meets our approval within sixty (60) days of signing the Franchise Agreement, we reserve the right to terminate the Franchise Agreement and will refund to you eighty percent (80%) of the Initial Franchise Fee. We will not own and/or lease a site to you. You are responsible for negotiating a purchase or lease with the owner of a site we approve. (Franchise Agreement, Sections 8.1.2, 8.1.3, 10.1).



- b. provide you with prototypical plans and specifications for the layout, design, appearance, and signage for your Board & Brush Creative Studio®. You are required to adapt our prototypical plans and specifications for the construction of your premises. (Franchise Agreement, Section 10.2).
- c. loan to you the Board & Brush Creative Studio® Operations Manual and other manuals and training aids we designate for use in the operation of your Board & Brush Creative Studio Franchise, as they may be revised from time to time (Franchise Agreement, Section 10.3).
- d. provide a written list of equipment, fixtures, furnishings, signage, supplies and products that will be required to open the Franchised Business. We and our affiliates do not deliver or install any of these items (Franchise Agreement, Section 10.5).
- e. set the advertised selling prices for products and services at your Board & Brush Creative Studio® (Franchise Agreement, Section 12.5).
- f. provide you with initial training remotely, through teleconference and/or web-based applications, and at an affiliate-owned outlet in Hartland, Wisconsin. We will determine, in our sole discretion, whether you satisfactorily complete the initial training (Franchise Agreement, Sections 7.1, 7.2).
- g. for new franchisees (but not for renewals or transfers) provide a trained representative virtually or at your premises for on-site review of operations and marketing following the opening of your Franchised Business. (Franchise Agreement, Section 7.3).

## 2. **Time to Open**

We estimate the typical length of time between the signing of the Franchise Agreement and the time you open your Board & Brush Creative Studio is 120 days. Factors that may affect this time period include your ability to acquire a site, financing, zoning or other permits, including an acceptable liquor license or other approval required to permit the consumption of alcoholic beverages; compliance with local ordinances and restrictions; shortages for construction; delivery and installation of fixtures, signs and equipment, and completion of required training. If you have not opened your Franchised Business within one hundred twenty (120) days after you sign the Franchise Agreement, you must obtain our consent to extend the time to open, which we may or may not grant, at our discretion. You must pay liquidated damages of \$400 per month if you fail to open your franchised business within the original time, as may be extended, until the date that you do open. If you do not open within 90 days after the original date as extended, it is a default of the Franchise Agreement. (Franchise Agreement, Sections 8.1.2, 8.3 and 8.4)

## 3. **Obligations After Opening**

During the operation of your franchise, we will:

- a. offer from time to time, in our discretion, mandatory or optional additional training programs. If we require it, you must attend mandatory additional training offered by us for up to three (3) days each year virtually or at a location we designate and attend an annual business meeting or franchisee conference for up to three (3) days each year virtually or at a location we designate. Failure to attend mandatory additional training or an annual business meeting or conference is a default of the Franchise Agreement. We reserve the right to impose a reasonable fee for tuition and/or attendance for all additional training programs, including the annual business meeting or conference. You must also pay your transportation, lodging, meals and other expenses to attend

any mandatory training program. If you fail to attend any mandatory training program, you are required to obtain the training at a location we designate, at your sole cost, which includes tuition at the then-current rate, plus all of your travel costs and our trainer's travel costs. (Franchise Agreement, Section 7.4).

- b. upon your request, or as we determine to be appropriate, provide remedial on-site training and assistance at your premises. For any on-site remedial training, you must reimburse all costs for the services of our trainer, including but not limited to the trainer's then-current per diem fee and all travel-related expenses, such as transportation, meals and lodging (Franchise Agreement, Section 7.5).
- c. upon your request, provide individualized assistance to you within reasonable limits by telephone, video conference, electronic communications, mail or postage service, subject at all times to availability of our personnel and in reasonable limits (Franchise Agreement, Section 7.6).
- e. from time to time, as may become available, provide you with samples or camera-ready advertising and promotional materials (Franchise Agreement, Section 10.6).
- f. conduct inspections of your Franchised Business, at the frequency and duration that we deem advisable. Such inspections include evaluating your products, service and premises to ensure that they meet our standards (Franchise Agreement, Section 10.4).
- g. provide you with any written specifications for required equipment, fixtures, products and services and provide you with updated lists of any approved suppliers of these items (Franchise Agreement, Section 10.7).
- h. set the advertised selling price for products and services at your Board & Brush Creative Studio® (Franchise Agreement, Section 12.5).
- i. approve or disapprove of all advertising, direct mail, and other promotional material and campaigns you propose in writing to us. We will respond within ten (10) business days, either accepting or rejecting the proposed material and/or campaign; however, if we do not respond within ten (10) business days, the proposed material and/or campaign is deemed "disapproved". (Franchise Agreement, Section 13.6).

#### 4. Advertising

##### **Local Advertising** (Franchise Agreement, Sections 13.2 and 13.6)

We require you to spend at least \$2,100.00 in opening advertising and promotional activities, of which \$1,200.00 must be for the purchase of branded promotional materials, during the ninety (90) days following the opening of your Franchised Business in the Territory. Thereafter, you are required to spend at least Two Hundred Fifty Dollars (\$250.00) per month on local advertising to promote your Franchised Business. You must furnish us with a monthly report and documentation of local advertising expenditures during the previous calendar quarter.

You may develop and submit for approval, advertising materials for your own use at your own cost, and you may use marketing materials that we may offer to you from time to time. You may not use any advertising or marketing materials, including press releases, unless they have been approved in advance in writing by us, which approval may be withheld in our discretion. We will respond to your request for

approval within ten (10) business days; however, if we do not respond within ten (10) business days, the proposed advertising or marketing material is deemed “disapproved”.

We do not provide for placement of local advertising on your behalf, and we have no obligation to spend any amount on advertising in your area or territory. You are responsible for local advertising placement. You must list the Franchised Business in local business directories, including, but not limited to, listings on Internet search engines. If feasible, you may do cooperative advertising with other Board & Brush Creative Studio® franchisees in your area, with our prior written approval. You may not maintain any business profile on Facebook, Twitter, LinkedIn, YouTube, Instagram or any other social media and/or networking site without our prior written approval.

### **System-wide Brand Fund** (Franchise Agreement, Section 13.3)

You are required to contribute to the Brand Fund the greater of one percent (1%) of monthly Gross Revenue, subject to increases not to exceed three percent (3%) of monthly Gross Revenue, generated by your Franchised Business, or a minimum of \$70 per month. Each Board & Brush Creative Studio® outlet operated by our affiliate or us may contribute to the Brand Fund, in our discretion, but has no obligation to do so.

The Brand Fund is administered by our accounting and marketing personnel. We may use Brand Fund contributions to pay any and all costs for the development, production and placement of advertising, marketing, promotional and public relations materials and programs. We may also use Brand Fund contributions to pay any and all costs of marketing seminars and training programs, market research, services of advertising and/or public relations agencies, website development and maintenance, and system enhancements and upgrades to improve owner operations. We may further use Brand Fund contributions to pay our costs (including personnel and other administrative costs) for advertising that is administered by us or prepared by us, as well as for administration and direction of the Brand Fund.

The Brand Fund will not be used to defray any of our other general operating expenses. Brand Fund contributions will not be used to solicit new franchise sales; provided however, we reserve the right to include “Franchises Available” or similar language and contact information in advertising produced with Brand Fund contributions.

The Brand Fund collects and expends the Brand Fund contributions for the benefit of the System as a whole. We reserve the right to use the Brand Fund contributions to place advertising in national, regional or local media (including broadcast, print, or other media) and to conduct marketing campaigns through any channel, in our discretion, including but not limited to, Internet and direct-mail campaigns. We have no obligation, however, to place advertising or conduct marketing campaigns in any particular area, including the Territory where your Franchised Business is located.

We have no obligation to make expenditures that are equivalent or proportionate to your Brand Fund contribution or to ensure that you benefit directly or pro rata from the production or placement of advertising from the Brand Fund.

The Brand Fund is not audited. An annual unaudited financial statement of the Brand Fund is available to any franchisee upon written request.

If we spend more or less than the total of all contributions to the Brand Fund in any fiscal year, we may carry-forward any surplus or deficit to the next fiscal year.

Although the Brand Fund is intended to be of perpetual duration, we may terminate it at any time and for any reason or no reason. We will not terminate the Brand Fund, however, until all monies in the Brand Fund have been spent for the purposes described above or returned to contributors, without interest, on the basis of their respective contributions.

In our most recently concluded fiscal year ending December 31, 2023, Brand Fund contributions, including contributions that were carried over from the previous year, were used as follows: 11.68% for production, 26.17% for web development and digital branding, 61.65% for the implementation of advertising and marketing programs and campaigns; promotional and public relations materials; and support for sales, marketing and training programs, and .5% for administrative expenses.

#### **Regional Advertising (Franchise Agreement, Section 13.4)**

Currently, our System has no regional advertising fund or cooperative. However, we may decide to establish a regional fund or cooperative in the future and your participation may be mandatory, in our sole discretion. A regional cooperative will be comprised of all franchised Board & Brush Creative Studio® outlets in a designated geographic area. Our affiliate-owned outlets may participate in a regional cooperative, in our sole discretion. Each Board & Brush Creative Studio® outlet will have one vote in the cooperative. We will determine in advance how each cooperative will be organized and governed. We have the right to form, dissolve, merge or change the structure of the cooperatives. If a cooperative is established during the term of your Franchise Agreement, you must sign all documents we request and become a member of the cooperative according to the terms of the documents.

If we establish a regional advertising fund or cooperative, you must contribute amounts we require. Your contributions to a regional advertising fund or cooperative will be in addition to your required contributions to the Brand Fund; however, contributions made by you to a regional advertising fund or cooperative will be credited against your required expenditures for local advertising.

#### **Advisory Council and Owner Committees (Franchise Agreement, Section 9.6)**

We have formed a council composed of franchisees that serves in an advisory capacity with regard to marketing policies and strategy. We have also formed owner committees that provide advisory guidance regarding marketing, our technology platform and for new concepts. Council and committee members are selected to ensure diversity with regard to size, length of time in the franchise system, a geographical mix, and differing points of view. We reserve the right to change or dissolve the council and these committees at any time.

#### **5. Computer Systems (Franchise Agreement, Section 12.3)**

Our required point-of-sale system (“POS System”) is a web-based payment, digital loyalty, and marketing application. You are required to open and maintain an account for this POS System. This POS System may change as future systems become available. You are required to purchase a recent generation iPad, and a credit card reader to use the POS System. The POS System performs a variety of functions, including in-studio payment processing, digital loyalty, and customer check-in. The POS System also ties into our registration system for sales report generation. The cost of the POS System is currently \$157 per month. Additionally, you may be subject to incremental use fees depending on usage of the marketing platform.

You are required to have a MacBook laptop computer and iPad, with high speed internet capability, and Adobe Illustrator software for template creation. You may use the MacBook for designing and editing stencils, managing your studio website and calendar, as well as for general office functions, such as

electronic communications, e-mail and record keeping. The cost of computer hardware and software will range from \$1,500 to \$2,000. Current monthly software access fees for Adobe Illustrator are approximately \$25, subject to increase.

You must also maintain one or more cloud-based font library subscriptions. Font library subscriptions may vary from time to time in addition to the requirement to purchase specialized fonts. The current font library cost is included with your Adobe Illustrator online account subscription.

There are no contractual limitations on the frequency and cost of upgrades and/or updates to the above-described systems or programs. We may in the future modify or establish other sales reporting systems or project design methods, as we deem appropriate, for the accurate and expeditious reporting of Gross Revenue and delivery of our products and services. You must fully cooperate in implementing any such modifications at your expense.

We have no obligation to maintain, repair, update or upgrade your computer and software. At your cost, you must provide on-going maintenance and repairs to your computer and software. You must upgrade your smart device, computer hardware and software as necessary to operate the most current version of our POS System and design software. We cannot estimate the cost of maintaining, updating and upgrading your smart device or computer hardware and software because it will depend on the make and model of your device and computer, repair history, usage, local cost of computer maintenance services in your area and technological advances that we cannot predict.

We will have independent access to your sales information and customer data generated by and stored in the POS System. There are no contractual limitations on our right to have full access to this information. At our option, we may retrieve, download, analyze and store such information and data at any time. Upon our request, you must sign any documents we require to allow us to independently and electronically access and retrieve the information stored on the POS System. We own all customer data stored in the POS System.

**6. Table of Contents of Operations Manual**

The Table of Contents of our Board & Brush Creative Studio® Operations Manual, current as of the date of this Disclosure Document is attached as Exhibit E. The Operations Manual has a total of 253 pages.

**7. Training** (Franchise Agreement, Article 7)

You (if the franchisee is an individual) or all of your owners who will be actively engaged in the operation of the Franchised Business (if the franchisee is a business entity) must also complete our mandatory pre-course training modules and our three (3) - day Initial Management Training Program, to our satisfaction, at least two (2) weeks before opening your Franchised Business. We will train you remotely, through teleconference and/or web-based applications, and at a Board & Brush Creative Studio® outlet in Hartland, Wisconsin, operated by one of our affiliates:

**TRAINING PROGRAM**

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Introduction and Tour	1	0	Hartland, Wisconsin

Brand Standards and Best Practices	3	3	Remotely; Hartland, Wisconsin
Standard Operating Procedures	6.5	3	Remotely; Hartland, Wisconsin
Sign-Making & Painting Techniques	0	6.5	Hartland, Wisconsin
Computer Systems	2	0	Hartland, Wisconsin
Design/Template Program Training	9.5	0	Hartland, Wisconsin
Marketing and Promotion	5	0	Hartland, Wisconsin
Customer Service and Scheduling	1.5	0	Hartland, Wisconsin
Workshop Class Observation	0	6	Hartland, Wisconsin
<b>Total Hours</b>	28.5	18.5	Hartland, Wisconsin

We periodically conduct our Initial Management Training Program monthly and hold Studio Manager training every other month. Training will be provided by or under the direction of Kelly Metzger, who has provided franchisee training guidance since June of 2021. Kelly also spent 4 years as an instructor in our Hartland, WI Studio prior to joining the corporate team.

Our training materials consist of the Operations Manual and pre- and post-course training modules. In-studio training also includes observation and active instruction. The mandatory pre-course training consists of approximately 6 hours of telephonic training over a 7-week time period. This must be completed before attendance at the Initial Management Training Program in Wisconsin. Written post-training modules are provided to you. Two post-training modules are mandatory, but others are optional.

For new franchisees (but not for renewals or transfers), the cost of our instructors, training materials, pre- and post-course training modules, and in-studio training for up to two (2) people is included in the Initial Franchise Fee. You must pay for all of travel and personal expenses, including, but not limited to, all costs for your transportation, meals, and lodging for yourself and your personnel. Our current fee to provide initial training to any additional trainees is \$1,000 per person.

If you do not complete our Initial Management Training Program to our satisfaction, we reserve the right to terminate the Franchise Agreement and will refund seventy percent (70%) of the Initial Franchise Fee. We also reserve the right to charge a reasonable fee to provide initial training in Hartland, Wisconsin, to any manager you appoint, with our approval, after the initial opening of your Franchised Business. Our current fee to provide initial training to any approved manager is \$1,000 per person. You must also pay your manager's travel and personal expenses.

After the opening of your Franchised Business, unless you are a transferee or you are renewing your studio, we will provide a trainer for a virtual or on-site evaluation. Our trainer will be reviewing your studio premises along with all operational and marketing aspects of the business and will observe a workshop that you conduct. The evaluation will be at no additional cost to you. Additional training may be required if the evaluation standards are not met. You may be charged for the required additional training.

We may conduct mandatory or optional additional training programs, including an annual conference or national business meeting, which may be held in-person or virtually. If we require it, you must attend mandatory training programs that we offer for up to three (3) days each year, and an annual conference or national business meeting for up to three (3) days each year, virtually or at a location we designate. Failure to attend mandatory training, including an annual conference or business meeting is a default under the Franchise Agreement. We reserve the right to impose a reasonable fee for tuition and/or attendance for all additional training programs, including the annual business meeting or conference. The current fee to attend our annual conference is \$329. This fee is subject to increase. You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program. If you fail to attend any mandatory training program, you are required to obtain the training at a location or in the manner we designate, at your sole cost, which includes tuition at the then-current rate, plus all of your travel costs and our trainer's travel costs.

## **ITEM 12: TERRITORY**

Under the Franchise Agreement, you have the right to establish and operate one (1) Board & Brush Creative Studio® outlet within a territory that will be defined after the studio premises for your Franchised Business is identified and approved by us (the "Territory"). You are required to find and obtain possession of a specific premises in your Territory for your Franchised Business that meets our site selection standards and our approval. If you do not have a studio site at the signing of the Franchise Agreement, we will grant you a non-exclusive site search area. Your Territory is located in all or a portion of a listed town, city, or county, and is identified by a specified distance around your Studio premises. The Territory is determined on an individual basis taking into account minimum numbers of households, average home prices and household incomes. Your Territory will have a minimum of either a population of 50,000 or a radius of 5 miles. Your Territory will be defined and attached to your Franchise Agreement as Attachment 2.

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.

During the term of your Franchise Agreement, and provided that you are not in default of your Franchise Agreement, we will not open another Board & Brush Creative Studio® premises or grant the right to anyone else to open a Board & Brush Creative Studio® premises within the Territory. The Territory does not grant you an exclusive customer base, however, we and other franchisees may sell products and services to customers that may reside in your Territory. Additionally, we reserve all rights to sell our products and services under the Marks in the Territory through alternative distribution channels, as discussed below. While you will be required to use commercially reasonable efforts to operate your franchise to achieve optimum sales for your Territory, there is no specific minimum sales requirement, market penetration or other contingency that will affect your limited protected right to operate in the Territory during the term of your Franchise Agreement, unless you are in default of your obligations to us, including your obligation to pay minimum Royalty and Brand Fund contributions.

You may not change the location of your Franchised Business, without our written consent, which we may withhold in our sole discretion. If you wish to relocate, you must identify a new location for the Franchised Business that meets our approval, in accordance with our then-current site selection procedures, within 90 days. If you do not identify a site within this time period, we or you may terminate the Franchise Agreement. While you are closed for relocation, you must continue to pay us a minimum Royalty of \$400 per month and a minimum Brand Fund contribution of \$70 per month.

We may, but have no obligation to, consider granting to you the right to establish additional Board & Brush Creative Studio® outlets under other franchise agreements if you are successful and in compliance with the Franchise Agreement and propose to open another Board & Brush Creative Studio® outlet in an area and

at a location we approve. The Franchise Agreement grants you no options, rights of first refusal or similar rights to acquire additional franchises.

We reserve all rights not expressly granted in the Franchise Agreement. For example, we or our affiliates may own, operate or authorize others to own or operate Board & Brush Creative Studio® outlets outside of the Territory and may operate other kinds of businesses within the Territory. Although we do not currently do so and have no plans to do so, we and our affiliates may own, acquire, conduct, or authorize others to conduct, any form of business at any location selling any type of product or service not offered under the Marks, including a product or service similar to those you will sell at your Franchised Business. We reserve the right to merge with, acquire, or be acquired by, an existing competitive or non-competitive franchise network, chain, or other business; however, we will not convert any acquired business in your Territory to a franchise using our primary trademarks during the Term of your then current Franchise Agreement.

We and our affiliates may sell products and services under the Marks within or outside the Territory through any method of distribution other than a dedicated Board & Brush Creative Studio® outlet location, including, licensing our designs for use in other formats, and sales through such channels of distribution as schools, camps, institutional/professional campuses, and conferences; distribution through retail outlets, including but not limited to, arts and crafts, home goods and department stores; and the Internet (“Alternative Distribution Channels”). You will receive no compensation for our sales through Alternative Distribution Channels in the Territory.

You may not use Alternative Distribution Channels to make sales inside or outside your Territory; however, we will include a listing on our website with a link to your Board & Brush Creative Studio® outlet location and calendar that allows customers to register online for classes at your studio premises. You may only solicit sales from customers in your Territory. Your local advertising must target customers in your Territory, although the reach of your local advertising may collaterally extend beyond your Territory, and you may accept orders from customers outside of your Territory.


The Franchise Agreement does not grant you any right to participate in franchises, licensing programs or other business proposals for the sale and distribution of Board & Brush Creative Studio® products or services through Alternate Distribution Channels.

**ITEM 13: TRADEMARKS**

Board and Brush, LLC (“Licensor”) is the owner of the Marks and has granted us the exclusive right to use the Marks and license to others the right to use the Marks in the operation of a Board & Brush Creative Studio® outlet in accordance with the System. The Franchise Agreement will license to you the right to operate your Franchised Business under the Board & Brush Creative Studio service marks, as described below (“Principal Marks”):

Mark	Registration Number	Registration Date	Register
Board & Brush Creative Studio  (Standard Character Mark)	4930865	April 5, 2016	Principal



Mark	Registration Number	Registration Date	Register
 (Design Plus Works, Letters and/or Numbers)	5239910	July 11, 2017	Principal
 (Words, Letters, and/or Numbers in Stylized Form)	5451664	April 24, 2018	Principal
B b Creative Studio (Standard Character Mark)	6940809	January 3, 2023	Principal

Licensors have filed all required affidavits. No registrations have been required to be renewed as of the date of this disclosure document; however, Licensors have filed with the United States Patent and Trademark Office all required maintenance for the above Marks as of the Issuance Date.

You must notify us immediately when you learn about an infringement of or challenge to your use of the Principal Mark or other Marks. Licensors and we will take any action we think appropriate and, if you have given us timely notice and are in full compliance with the Franchise Agreement, we will indemnify you for all expenses and damages arising from any claim challenging your authorized use of the Principal Mark or other Marks. Licensors and we have the right to control any administrative proceedings or litigation involving the Principal Mark or other Mark licensed by us to you. You must cooperate fully with Licensors and us in defending and/or settling the litigation.

We reserve the right to substitute different Marks if we can no longer use the current Marks, or if we determine that substitution of different Marks will be beneficial to the System. In such event, we may require you, at your expense, to modify or stop using any Mark, including the Principal Mark, or to use one or more additional or substitute Marks.

You must not directly or indirectly contest Licensors' right, or our right, to the Principal Mark or other Marks.

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeals Board, the Trademark Administration of any state, or any court relating to the Marks. There is no pending infringement, opposition or cancellation. There is no pending material federal or state court litigation involving the Principal Mark or other Marks.

There are no currently effective agreements that significantly limit Licensor's or our rights to use or license the use of the Principal Mark or other Marks in a manner material to the franchise.

As of the date of this Disclosure Document, we know of no superior prior rights or infringing uses that could materially affect your use of the Principal Mark.

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

We hold no patents and have no pending patent applications that are material to the franchise. We claim copyrights in all artwork and designs used by the System. We have the following registered copyright with the United States Copyright Office:

Title of Work	Registration Number	Registration Date	Duration
Christmas 2016	VAu 1-266-003	9/2/2016	95 years

We also claim copyrights and proprietary rights on our designs, trade dress, advertisements, promotional materials and other written materials and the contents of our Manual and website.

There are no current material determinations of, or proceedings pending in, the United States Patent and Trademark Office, the U.S. Copyright Office, or any court regarding any of our copyrights discussed above.

There are no agreements currently in effect that limit your right to use any of our copyrights. As of the date of this Disclosure Document, we are unaware of any infringing uses of or superior previous rights to any of our copyrights that could materially affect your use of them.

Our mutual obligations to protect your rights to use our copyrights are the same as the obligations for Trademarks described in Item 13 of this disclosure document.

During the term of the Franchise Agreement, you may have access to and become acquainted with our trade secrets, including, but not limited to, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, costs, product prices and names, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of your Franchised Business; systems of operation, services, programs, products, procedures, policies, standards, techniques, requirements and specifications which are part of the System; the Operations Manual; methods of advertising and promotion; instructional materials; marketing plans, business methods, research, development or know-how, any other information which we may or may not specifically designate as "confidential" or "proprietary", and the components of our System whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively called the "Confidential Information"). You agree that you will take all reasonable measures to maintain the confidentiality of all Confidential Information in your possession or control and that all such Confidential Information and trade secrets shall remain our exclusive property. You may never (during the Initial Term, any Renewal Term, or after the Franchise Agreement expires or is terminated) reveal any of our confidential information to another person or use it for any other person or business. You may not copy any of our Confidential Information or give it to a third party except as we authorize in writing to you prior to any dissemination. Any and all of your personnel who have access to our Confidential Information must sign our Confidentiality/Non-Competition Agreement (Franchise Agreement, Attachment 8).

You must promptly tell us when you learn about unauthorized use of any Confidential Information. We are not obligated to take any action but will respond to this information as we think appropriate. We will indemnify you for losses brought by a third party concerning your use, in strict compliance with the Franchise Agreement, of the Confidential Information.

**ITEM 15: OBLIGATIONS OF THE FRANCHISEE TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

The Franchise Agreement requires that you personally supervise and manage the day-to-day operation of your Franchised Business. Owners of multiple outlets must personally supervise and manage the day-to-day operations of their flagship studio but are required to hire studio managers for their additional locations. You may not appoint a non-owner manager of a Franchised Business location, unless you receive our prior written approval. Upon approval, your manager must successfully complete our Initial Management Training Program and all other training courses we require. Your manager must devote full time to the job and cannot have an interest or business relationship with any of our competitors. If the franchisee is a business entity, your manager is not required to have an equity interest in the franchisee entity but must otherwise meet our approval.

Your manager and all other personnel who will have access to our proprietary and Confidential Information and training must sign our Non-Disclosure/Non-Competition Agreement, which is attached to our Franchise Agreement as Attachment 8. If your Franchised Business is owned by an entity, all owners of the entity must personally sign the Franchise Agreement as a Principal. If you are a married individual, your spouse must sign our Spouse Guaranty, which is attached to our Franchise Agreement as Attachment 6.

**ITEM 16: RESTRICTION ON WHAT FRANCHISEE MAY SELL**

You must offer in-studio workshops consistent with the System policies, procedures and requirements as those shall exist from time to time. You must sell all in-studio workshop products and services that are part of the System, and all services and products which we incorporate into the in-studio workshop System in the future. You may only offer products and services that we have previously approved. You may also choose to offer virtual workshops or sell premade projects and kits for customers to complete projects in their homes. After you have established your in-studio workshop business, you may apply for the opportunity to conduct some workshops outside your studio using kits purchased from approved suppliers, and on terms we specify.

You may not use our Marks or branded materials for any other business, and you may not conduct any other business from your Franchised Business location or utilizing any of Franchisor's intellectual property including but not limited to its social media platforms. You cannot engage in any other business that competes with your Franchised Business, with us or our affiliates, or with Board & Brush Creative Studio® outlets owned by other franchisees, whether such business is inside or outside of the Territory.

We may add to, delete from or modify the products and services that you can and must offer. You must abide by any additions, deletions and modifications, but only if the changes do not materially and unreasonably increase your obligations under the Franchise Agreement. There are no other limits on our rights to make these changes.

You may only sell products and services in the manner we prescribe. You may only solicit sales from customers in your Territory. Your local advertising must target customers in your Territory, although the reach of your local advertising may collaterally extend beyond your Territory, and you may accept orders from customers outside of your Territory. See Item 12 for restrictions on sales within and outside the Territory.

**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.**

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
a.	Length of the franchise term	Art. 4	Term is five years
b.	Renewal or extension of the Term	Sections 5.1 and 5.5	If you are in good standing as defined below, you can enter into a successor franchise agreement for up to three (3) additional terms of five (5) years each commencing on the first day of the month that you sign the Successor Franchise Agreement, unless we have determined, in our sole discretion, to withdraw from the geographical area where your Franchise is located.
c.	Requirements for franchisee to renew or extend	Sections 5.2 and 5.3	Be in full compliance, have no more than three (3) events of default during current term, provide written notice to us at least six months before the end of the term, execute a new franchise agreement, pay us the nonrefundable Successor Agreement Fee of \$2,500, continue to have the right to occupy the premises or have received approval from us to relocate, remodel your Franchised Business location, execute a general release, comply with then-current qualifications and training requirements, including completion of additional training.  You will be asked to sign a new Franchise Agreement which may contain materially different terms and conditions than your original Franchise Agreement.
d.	Termination by franchisee	Not Applicable	The Franchise Agreement does not give you any right to terminate the Franchise Agreement. You may seek termination upon any grounds available by state law.
e.	Termination by franchisor without cause	Section 16.7	The Franchise Agreement will terminate upon your death or permanent disability unless the Franchise is transferred within six months to a replacement franchisee that we approve.
f.	Termination by franchisor with cause	Article 17	We may terminate only if you default. The Franchise Agreement describes defaults throughout. Please read it carefully.
g.	“Cause” defined – curable defaults	Section 17.3	You have 5 days to cure non-payments and any other defaults (except for non-curable defaults listed in the Franchise Agreement and described in h. immediately below).

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
h.	“Cause” defined - non-curable defaults	Sections 17.1 and 17.2	<p>The Franchise Agreement will terminate automatically, without notice for the following defaults: insolvency; bankruptcy; written admission of inability to pay debts; receivership; levy; composition with creditors; unsatisfied final judgment for more than 30 days; or foreclosure proceeding that is not dismissed within 30 days.</p> <p>We may terminate the Franchise Agreement upon notice to you if you: do not acquire a site, do not complete construction and/or open the Franchised Business within required time frames; falsify any report to us; fail to hold a workshop in the Franchised Business for 10 days or more, unless the premises are damaged and you apply to relocate; lose possession of the premises, unless you are not at fault for loss and you timely apply to relocate; fail to restore and re-open the Franchised Business within 120 days after a casualty; fail to comply with applicable laws; default under any lease for the premises; understate Gross Revenue two (2) or more times; fail to comply with insurance and indemnification requirements; attempt a transfer in violation of the Franchise Agreement; fail, or your legal representative fails to transfer as required upon your death or permanent disability; misrepresent or omit a material fact in applying for the Franchise; are convicted or plead no contest to a felony or crime or otherwise cause damage to the goodwill or reputation of the Marks or the System; receive an adverse judgment in any proceeding involving allegations of fraud, racketeering or improper trade practices or similar claim that could damage the goodwill or reputation of the Marks or the System; conceal revenues or maintain false books; create a threat or danger to public health or safety; refuse an inspection or audit by us; use the Marks, copyrighted material or Confidential Information in an unauthorized manner; make an unauthorized disclosure of Confidential Information; fail to comply with non-competition covenants; default in the performance of your obligations three (3) or more times during the term or receive two (2) or more default notices in any 12-month period; default under any other agreement with us or our affiliate; have insufficient funds to honor a check or EFT two (2) or more times within any twelve (12)-month period; or terminate the Franchise Agreement without cause.</p>

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
i.	Franchisee's obligations on termination/ non-renewal	Article 18	Upon termination, you must: cease operations; cease to identify yourself as a Board & Brush Creative Studio® franchisee; cease to use the Marks; cancel any assumed name registration that contains any Mark; pay us and our affiliates all sums owing; reimburse or escrow sufficient funds for all customer gift cards and studio credits you have issued, pay us any damages, costs or expenses we incur in obtaining any remedy for any violation of the Franchise Agreement by you, including, but not limited to attorneys' fees; deliver to us all Confidential Information, the Operations Manual, completed project signs, and all records and files related to your Franchised Business; comply with the non-disclosure and non-competition covenants; sell to us, at our option, all furnishing, fixtures, equipment, inventory and supplies of your Franchised Business; pay us \$2,000 in liquidated damages if you close your Studio without our consent; and assign, at our option, your telephone numbers, directory and internet listings, and social media and software accounts and the lease for the location.
j.	Assignment of contract by franchisor	Section 16.1.1	No restrictions on our right to assign.
k.	"Transfer" by franchisee defined	Section 16.3	Any assignment, sale, transfer, gift, devise or encumbrance of any interest in the Franchise Agreement, the Franchised Business, any assets of the Franchised Business, or in the Franchisee (if the Franchisee is a business entity).
l.	Franchisor approval of transfer by franchisee	Section 16.3	No transfer is allowed without our consent, which we will not unreasonably withhold.

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
m.	Conditions for franchisor approval of a transfer	Section 16.3 and 16.4	Conditions include: our decision not to exercise our right of first refusal; transferee meets our then-current standards for qualifying franchisees; transferee signs our then-current form of Franchise Agreement, which may have materially different terms from your Franchise Agreement; transferee and its general manager successfully complete our Initial Management Training Program; you have escrowed sufficient funds, or paid us and third-party creditors (including customers) all amounts owed; you and the transferee sign a General Release in our then-current form; you shall subordinate any claims you have against the transferee to us; you will indemnify us against any claims relating to misrepresentations in the transfer process; our approval of the material terms and conditions of the transfer; landlord's consent of a lease assignment, if applicable; payment of a nonrefundable transfer fee equal to 75% of the then-current initial franchise fee or 50% of the then-current initial franchise fee for transfer to an existing franchisee in good standing, or \$2,500 for transfer to an entity owned and controlled by the franchisee for convenience purposes or \$3,500 for a transfer to a spouse, parent or child upon death or permanent disability.
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 16.6	You must promptly notify us of any written offer to purchase your Franchise. We have 30 days to exercise our first right to buy it on the same terms and conditions, provided that (a) we may substitute cash for any other consideration (b).we may pay the entire purchase price at closing, (c) our credit is deemed as good as the proposed purchaser, (d) we have at least 60 days to close and (e) you shall give us all customary seller's representations and warranties.
o.	Franchisor's option to purchase franchisee's business	Section 18.2	Upon termination of the Franchise Agreement, we have the option to purchase your furniture, equipment, marquis signs, advertising materials, supplies and inventory at your cost or fair market value, whichever is less.
p.	Death or disability of franchisee	Sections 16.3, 16.4 and 16.7	The Franchise Agreement will terminate upon your death or permanent disability, and the Franchise must be transferred within six months to a replacement franchisee that we approve.

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
q.	Non-competition covenants during the term of the franchise	Section 19.5.1	You may not: divert, or attempt to divert, customers of any Board & Brush Creative Studio® outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business, induce any person employed by us to leave their employment; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.
r.	Non-competition covenants after the franchise is terminated or expires	Section 19.5.2	For 24 months after the termination of the Franchise Agreement, you may not: divert, or attempt to divert, customers of any Board & Brush Creative Studio® outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business within 20 miles of your former Board & Brush Creative Studio® outlet location or any other Board & Brush Creative Studio® outlet location, do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.
s.	Modification of the agreement	Sections 9.4, 14.6, 19.1.4, 19.7 and 22.4	No oral modifications, but we may change the Operations Manual and System standards at any time. You may be required to implement these changes at your own costs. We have the right to modify our Marks at any time upon written notice to you, and to reduce the scope of any restrictive covenant.
t.	Integration/merger clause	Section 22.4	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law.) Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Sections 20.1 and 20.2	At our option, claims that are not resolved internally may be submitted to non-binding mediation, or other alternative dispute resolution process, at our headquarters, subject to applicable state law.
v.	Choice of forum	Section 20.3	Litigation takes place in Wisconsin, subject to applicable state law.
w.	Choice of law	Section 20.3	Wisconsin law applies, subject to applicable state law.

See the state addenda to this Franchise Disclosure Document and the Franchise Agreement for special state disclosures.

**ITEM 18: PUBLIC FIGURES**

We do not currently use any public figures 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.

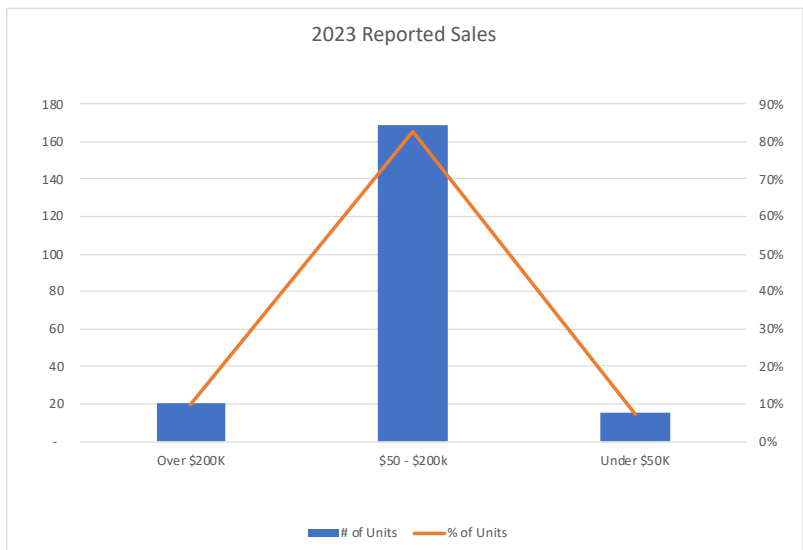
This Item contains an historic financial performance representation about our existing franchised outlets in 2023. As of December 31, 2023, we had the 226 franchised outlets listed in Exhibit F in operation. We have excluded the results of 10 outlets who were new to the System and did not operate for the full 12 months. We have excluded the results of 12 outlets because they were out of compliance in that they were not meeting their required marketing spend obligations, maintaining their calendars and social media presence, or were not actively operating their outlets.

2023 Franchised Studios Covered 1.1.23 - 12.31.23					
Studios	High	Low	Average	Number, % Exceeding Average	Median
204	\$ 369,778.67	\$ 29,371.50	\$125,549.84	88, 43.14%	\$116,588.43

Top 10	Top 10 Average
369,779	283,098
342,539	
280,256	Top 10 Median
279,774	
273,636	
267,257	270,446
262,928	
254,777	
251,478	
248,552	

2023 Reported Sales	# of Units	% of Units
Over \$200K	20	10%
\$50 - \$200k	169	83%
Under \$50K	15	7%
Total	204	

Bottom 10	Bottom 10 Average
45,714	40,394
45,532	
43,749	Bottom 10 Median
42,180	
41,209	
41,033	41,121
39,940	
37,730	
37,480	
29,372	



Written substantiation will be made available to you upon reasonable request.

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

Other than the above disclosure, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Julie Selby, 117 Hill Street, Hartland, Wisconsin, 53029, 262-361-4884, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20: OUTLETS AND FRANCHISEE INFORMATION**

Table No. 1

System-wide Outlet Summary  
For Years 2021 to 2023

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2021	239	250	+11
	2022	250	258	+8
	2023	258	226	-32
Company – Owned*	2021	4	3	-1
	2022	3	3	0
	2023	3	2	-1
Total Outlets	2021	243	253	+10
	2022	253	261	+8
	2023	261	228	-33

Table No. 2

Transfers of Outlets From Franchisees to New Owners (Other than the Franchisor)  
For Years 2021 to 2023

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Alabama	2021	0

Column 1 State	Column 2 Year	Column 3 Number of Transfers
	2022	0
	2023	1
Arkansas	2021	0
	2022	0
	2023	1
Arizona	2021	1
	2022	2
	2023	0
California	2021	2
	2022	2
	2023	1
Colorado	2021	1
	2022	2
	2023	0
Connecticut	2021	0
	2022	0
	2023	1
Florida	2021	1
	2022	1
	2023	2
Illinois	2021	0
	2022	0
	2023	1
Indiana	2021	0
	2022	2
	2023	1
Iowa	2021	0
	2022	1
	2023	0
Kansas	2021	1
	2022	0
	2023	0
Kentucky	2021	2
	2022	0
	2023	0
Maryland	2021	0

Column 1 State	Column 2 Year	Column 3 Number of Transfers
	2022	2
	2023	1
Massachusetts	2021	0
	2022	1
	2023	0
Minnesota	2021	0
	2022	1
	2023	3
Mississippi	2021	0
	2022	2
	2023	0
Missouri	2021	0
	2022	1
	2023	0
New Jersey	2021	0
	2022	1
	2023	0
Nevada	2021	1
	2022	1
	2023	0
Ohio	2021	2
	2022	1
	2023	1
Pennsylvania	2021	0
	2022	3
	2023	3
South Carolina	2021	0
	2022	0
	2023	1
Tennessee	2021	0
	2022	0
	2023	2
Texas	2021	4
	2022	5
	2023	1
Virginia	2021	1

Column 1 State	Column 2 Year	Column 3 Number of Transfers
	2022	1
	2023	0
Washington	2021	0
	2022	1
	2023	0
West Virginia	2021	0
	2022	1
	2023	0
Wisconsin	2021	3
	2022	0
	2023	1
Total	2021	20
	2022	31
	2023	21

Table No. 3

Status of Franchised Outlets  
For Years 2021 to 2023

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminat ions	Column 6 Non- renewals	Column 7 Reacquir ed by Franchis or	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
Alabama	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Arizona	2021	10	0	0	0	0	0	10
	2022	10	0	1	0	0	0	9
	2023	9	0	1	1	0	0	7
Arkansas	2021	5	0	1	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	1	0	0	3
California	2021	14	3	0	0	0	1	16

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminat ions	Column 6 Non- renewals	Column 7 Reacquir ed by Franchis or	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
	2022	16	3	3	0	0	0	16
	2023	16	3	0	2	0	0	17
Colorado	2021	7	0	0	0	0	0	7
	2022	7	0	1	0	0	0	6
	2023	6	0	0	2	0	0	4
Connecticut	2021	7	1	0	0	0	0	8
	2022	8	0	1	0	0	0	7
	2023	7	0	0	0	0	0	7
Delaware	2021	1	1	0	0	0	0	2
	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Florida	2021	12	1	0	0	0	0	13
	2022	13	3	0	0	0	0	16
	2023	16	0	0	0	0	0	16
Georgia	2021	7	0	0	0	0	0	7
	2022	7	1	0	0	0	0	8
	2023	8	1	0	2	0	0	7
Idaho	2021	1	1	0	0	0	0	2
	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Illinois	2021	5	1	0	0	0	0	6
	2022	6	0	0	0	1	0	5
	2023	5	2	0	0	0	0	7
Indiana	2021	11	0	0	0	0	0	11
	2022	11	1	0	0	0	0	12
	2023	12	0	1	0	0	0	11
Iowa	2021	3	0	0	0	0	0	3
	2022	3	1	0	0	0	0	4
	2023	4	1	0	1	0	0	4
Kansas	2021	4	1	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	1	0	0	0	4
Kentucky	2021	4	0	1	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	1	0	0	2
Louisiana	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	1	0	0	0	0
Maine	2021	1	0	0	0	0	0	1

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminat ions	Column 6 Non- renewals	Column 7 Reacquir ed by Franchis or	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
	2022	1	0	1	0	0	0	0
	2023	0	0	0	0	0	0	0
Maryland	2021	5	1	0	0	0	0	6
	2022	6	0	0	0	0	0	6
	2023	6	1	0	0	0	0	7
Massachusetts	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
Michigan	2021	5	1	1	0	0	0	5
	2022	5	2	0	0	0	0	7
	2023	7	0	0	1	0	0	6
Minnesota	2021	7	0	1	0	0	0	6
	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	0	6
Mississippi	2021	3	0	0	0	0	0	3
	2022	3	1	0	0	0	0	4
	2023	4	0	1	0	0	1*	2
Missouri	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Nevada	2021	3	1	1	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	2	0	0	0	1
New Hampshire	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
New Jersey	2021	8	0	1	0	0	0	7
	2022	7	2	0	0	0	0	9
	2023	9	0	0	2	0	0	7
New York	2021	8	1	0	0	0	0	9
	2022	9	0	0	0	0	0	9
	2023	9	1	2	1	0	0	7
North Carolina	2021	2	3	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	1	0	0	0	4
North Dakota	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Ohio	2021	7	0	0	0	0	0	7

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminat ions	Column 6 Non- renewals	Column 7 Reacquir ed by Franchis or	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
	2022	7	0	0	0	0	0	7
	2023	7	0	0	0	0	0	7
Oklahoma	2021	4	0	0	0	0	0	4
	2022	4	0	0	1	0	0	3
	2023	3	0	0	1	0	0	2
Oregon	2021	3	0	0	0	0	0	3
	2022	3	1	0	0	0	0	4
	2023	4	0	0	1	0	0	3
Pennsylvania	2021	13	3	0	0	0	0	16
	2022	16	0	0	1	0	0	15
	2023	15	0	1	0	0	0	14
South Carolina	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	1	1	0	0	1
South Dakota	2021	1	0	0	0	0	0	1
	2022	1	1	1	0	0	0	1
	2023	1	0	0	0	0	0	1
Tennessee	2021	8	0	0	0	0	0	8
	2022	8	0	0	0	0	0	8
	2023	8	1*	0	0	0	0	9
Texas	2021	35	2	1	0	0	2	34
	2022	34	4	1	2	0	0	35
	2023	35	0	6	6	0	0	23
Utah	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Virginia	2021	7	0	2	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
Washington	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
West Virginia	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	1	0	0	0	0
Wisconsin	2021	9	0	0	0	0	0	9
	2022	9	1	0	1	0	0	9
	2023	9	1	0	0	0	0	10
Wyoming	2021	0	1	0	0	0	0	1



Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminat ions	Column 6 Non- renewals	Column 7 Reacquir ed by Franchis or	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Total	2021	239	23	9	0	0	3	250
	2022	250	23	9	6	0	0	258
	2023	258	11	19	23	0	1	226

\*This franchisee relocated their studio from Mississippi to Tennessee.

Table No. 4

Status of Company Owned\* Outlets  
For Years 2021 to 2023

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the Year
Illinois	2021	1	0	0	0	1	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Wisconsin	2021	3	0	0	0	0	3
	2022	3	0	0	0	0	3
	2023	3	0	0	0	1	2
Total	2021	4	0	0	0	1	3
	2022	3	0	0	0	0	3
	2023	3	0	0	0	1	2

Table No. 5

Projected Openings as of December 31, 2023

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company Owned Outlets in the Next Fiscal Year
Alabama	1	0	0
Arkansas	0	1	0

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company Owned Outlets in the Next Fiscal Year
California	0	3	0
Colorado	0	1	0
Florida	0	1	0
Illinois	0	1	0
Iowa	0	1	0
Kansas	0	2	0
Massachusetts	0	1	0
Missouri	0	1	0
Nebraska	0	1	0
New York	1	0	0
Ohio	0	1	0
Oregon	0	1	0
Texas	0	2	0
West Virginia	0	1	0
Wisconsin	1	2	0
Total	3	20	0

\* Company-owned stores are operated by affiliated entities.

Exhibit F lists the location of each Board & Brush Creative Studio® in our System.

During our last fiscal year, forty-two franchisees had an outlet terminated, canceled, not renewed, or has otherwise voluntarily or involuntarily ceased to do business under the franchise agreement or has not communicated with us within 10 weeks of the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

No franchisee has signed confidentiality clauses during the last three years.

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

#### **ITEM 21: FINANCIAL STATEMENTS**

Our audited combined financial statements, which are comprised of our combined balance sheets and the related combined statements of income and changes in members' equity, and cash flows for years ending December 31, 2023, December 31, 2022 and December 31, 2021, and related notes to the combined financial statements, are included in Exhibit D.

Our fiscal year end is December 31.

#### **ITEM 22: CONTRACTS**

Copies of all proposed agreements regarding the franchise offering are included in this Disclosure Document, as follows:

- Exhibit B – The Franchise Agreement and all attachments to it (Marks, Territory Description, Conditional Assignment of Lease, Statement of Ownership Interests in Franchisee, Spousal Guaranty, Internet Advertising, Social Media, & Telephone Account Agreement, and Confidentiality and Non-Compete Agreement).
- Exhibit C – Off-site Events Rider
- Exhibit G – Franchisee Acknowledgement Statement, as permitted by state 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.

**ITEM 23:      RECEIPT**

A receipt in duplicate is attached to this Disclosure Document as Exhibit J. You should sign both copies of the receipt. Keep one copy for your own records and return the other signed copy to Julie Selby, Board and Brush Creative Studio Franchising, LLC, 117 Hill Street, Hartland, WI, 53029.

## EXHIBIT A

### AGENCIES/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4 <sup>th</sup> Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677) www.dfpi.ca.gov <a href="mailto:Ask.DFPI@dfpi.ca.gov">Ask.DFPI@dfpi.ca.gov</a>	Commissioner of the Department of Financial Protection and Innovation
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau

<b>State</b>	<b>State Agency</b>	<b>Agent for Service of Process</b>
MINNESOTA	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 <sup>st</sup> Floor New York, NY 10005 (212) 416-8222	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6 <sup>th</sup> Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 5 <sup>th</sup> Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 <sup>st</sup> Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 266-0448	Commissioner of Securities of Wisconsin

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

**BOARD AND BRUSH CREATIVE STUDIO FRANCHISING LLC**  
**FRANCHISE AGREEMENT**  
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List of Attachments:

- Attachment 1: Trademarks
- Attachment 2: Territory
- Attachment 3: ACH Authorization
- Attachment 4: Collateral Assignment of Lease
- Attachment 5: Statement of Ownership Interests in Franchisee
- Attachment 6: Guaranty
- Attachment 7: Internet Advertising, Social Media, Software, and Telephone Listing Agreement
- Attachment 8: Confidentiality and Non-Compete Agreement

THIS FRANCHISE AGREEMENT (this “Agreement”) is being entered into this day of \_\_\_\_\_, (the “Effective Date”) by and between Board and Brush Creative Studio Franchising LLC, a Wisconsin limited liability company with its principal place of business at 117 Hill Street, Hartland, WI 53029 (herein “Franchisor”) and \_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business located at \_\_\_\_\_ and \_\_\_\_\_’s principals \_\_\_\_\_, an individual residing at \_\_\_\_\_ and \_\_\_\_\_, an individual residing at \_\_\_\_\_ (“Principal(s)”). \_\_\_\_\_ and Principal(s) shall be individually and collectively referred to, and each is, the “Franchisee”.

### RECITATIONS

Through the expenditure of considerable time, effort and money, Franchisor has developed and established unique and distinctive creative workshop studios which feature, among other things, instruction on making high quality hand-painted wood signs, using Franchisor’s designs, and using Franchisor’s confidential operations manual (“Manual”) of business practices and policies, and Franchisor’s distinctive, décor, fixtures and furnishings, operations methods, sales techniques, inventory, procedures for management control and training, assistance, advertising, and promotional programs, all of which may be changed, improved or further developed by Franchisor at any time (taken together herein the “System”). Training will occur at Franchisor’s headquarters and/or other affiliated outlet, currently located in Wisconsin, and will be provided consistent with Franchisor’s training manuals.

The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including but not limited to the Board & Brush Creative Studio® service mark, as set forth in Attachment 1, and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated or substituted by Franchisor for use in connection with the System (the “Marks”).

Franchisor continues to develop, use, and control the use of such Marks in order to identify for the public the source of services and products marketed under the Marks and the System and to represent the System’s high standards of quality, appearance, and service.

**Franchisee understands and acknowledges the importance of Franchisor’s high and uniform standards of quality, service, and appearance, and the necessity of operating the business franchised hereunder in conformity with Franchisor’s standards and specifications.**

NOW, THEREFORE, the parties, in consideration of the promises, undertakings and commitments of each party to the other set forth herein, and intending to be legally bound hereby, mutually agree as follows:



**1. RECITATIONS.** The Recitations set out above form part of this Agreement.

**2. GRANT OF FRANCHISE.** Franchisor hereby grants to Franchisee and Franchisee accepts, upon the terms and conditions contained in this Agreement, the license to operate a Board & Brush Creative Studio® franchise (the “Franchise” or “Franchised Business”), using only the Marks licensed hereunder, in strict conformity with the System, which may be changed, improved and further developed by Franchisor from time to time. This grant applies only to a single studio premises within a territory that is designated in Attachment 2 attached hereto and incorporated herein (the “Territory”).

### **3. TERRITORY**

3.1 Territory. Franchisor agrees that Franchisor will not, and Franchisor will not permit any other of our franchisees to, establish and operate another dedicated workshop studio premises in the Territory using the same Marks as licensed to Franchisee in this Agreement so long as Franchisee is not in default under this Agreement or this Agreement has not expired or been terminated. Franchisee acknowledges that the foregoing Territory protection grants no rights to Franchisee of any exclusive customer base. Except as otherwise specified in this Agreement, Franchisor reserves the right to open, operate or franchise Board & Brush Creative Studio® franchises around, bordering and adjacent to the Territory. Franchisee will be selling its products and services from a single location that will be determined by Franchisee with Franchisor’s prior written approval, which may be withheld or denied in Franchisor’s sole discretion. Franchisee is prohibited from selling and soliciting customers through alternative distribution channels as more fully specified herein.

3.2 Reservation of Rights. Franchisee understands and agrees that all rights to any businesses, other than as specified in this Agreement, are fully reserved to Franchisor within or outside of the Territory. By way of example only, Franchisor reserves the rights to offer (i) other products or services not offered under the Marks, (ii) other creative arts concepts under the Marks or other trademarks, including licensing Franchisor’s designs for use in other formats and (iii) products or services through any channel in the Territory other than a dedicated Board & Brush Creative Studio® premises, such as to schools, camps, institutional/professional campuses, and conferences; distribution through retail outlets, including but not limited to, arts and crafts, home goods and department stores; and the Internet (“Alternate Distribution Channels”). Franchisee will receive no compensation for Franchisor’s sales through Alternate Distribution Channels made within the Territory. Franchisee agrees that such implementation of Franchisor’s rights pursuant to this Section 3.2 is deemed not to impair or injure Franchisee’s rights pursuant to Section 2 hereof.

**4. TERM.** Unless terminated earlier in accordance with the terms set forth in this Agreement, this Agreement and the Franchise granted hereunder shall commence upon the Effective Date set forth above, and terminate on the date that is five (5) years following the Opening Date, as defined in Section 8 hereof (the “Term”).

**5. SUCCESSOR OPTIONS.** Subject to the terms and conditions of this Agreement, Franchisee shall have the right, following the expiration of the Term hereof, to enter into a new franchise agreement and other agreements then customarily employed by Franchisor and in the form then generally being offered to prospective franchisees in the state in which the Territory is located (the “Successor Franchise Agreement”) for up to three (3) additional terms equal to five (5) years each. The term of each such Successor Franchise Agreement shall commence upon the first day of the month in which the Successor Franchise Agreement is executed. Franchisee shall be charged a successor agreement fee equal to Two Thousand Five Hundred Dollars (\$2,500.00) (“Successor Agreement Fee”).

5.1 Form and Manner of Successor Agreement. If Franchisee desires to exercise Franchisee’s option to enter into a Successor Franchise Agreement, it shall be done in the following manner:

5.1.1 Not less than six (6) months prior to the expiration of the Term of this Agreement, Franchisee shall request from Franchisor in writing, a copy of Franchisor’s then current Disclosure Document (including Franchisor’s then current franchise agreement).

5.1.2 Franchisee must execute and return to Franchisor all required documents, including any and all ancillary documents, within thirty (30) days after receipt by Franchisee of a copy of Franchisor’s then current Disclosure Document.

5.1.3 The Successor Franchise Agreement shall supersede this Agreement in all respects, and Franchisee understands and acknowledges that the terms of such new agreement may differ from the terms of this Agreement, including, without limitation, higher or lower royalty and other fees.

5.1.4 If Franchisee fails to perform any of the acts, or deliver any of the notices required pursuant to this Paragraph 5 in a timely fashion, such failure shall be deemed an election by Franchisee not to exercise Franchisee’s option to enter into the Successor Franchise Agreement, and such failure shall cause Franchisee’s right and option to automatically lapse and expire, without further notice by Franchisor.

5.1.5 Franchisee acknowledges that the initial Term of this Agreement provides Franchisee more than a sufficient opportunity to recoup Franchisee’s investment in the Franchise, as well as a reasonable return on such investment.

5.2 Conditions of Successor Agreement. Franchisee’s right to enter into a Successor Franchise Agreement is conditioned upon the following:

5.2.1 Franchisee shall be in full compliance with this Agreement and shall have materially performed Franchisee’s obligations under this Agreement, the Manual and under all other agreements that may be in effect between Franchisee and Franchisor, including but not limited to all monetary obligations.

- 5.2.2 Franchisee shall not have committed three (3) or more events constituting default during the Term of this Agreement, whether or not such defaults were cured.
- 5.2.3 Franchisee will have completed any required additional training to Franchisor's reasonable satisfaction.
- 5.2.4 Franchisee shall have obtained the right to continue to occupy the premises of the Franchised Business following the expiration of the Term hereof for the full term of the Successor Franchise Agreement and/or have received Franchisor's approval regarding locating the Franchised Business at a new location.
- 5.2.5 Franchisee shall execute a general release of all claims Franchisee may have against Board and Brush Creative Studio Franchising LLC, its parent, subsidiaries and affiliates, its officers, directors, shareholders, agents, and employees, whether in their corporate and/or individual capacities, in Franchisor's then-current form. This release will include all claims arising under any federal, state, or local law, rule, or ordinance.
- 5.2.6 Franchisee performs such remodeling, repairs, replacements and redecoration as Franchisor may require in order to cause the Franchised Business premises, equipment, fixtures, furnishings and furniture to conform to the plans and specifications being used for new or remodeled franchised businesses on the renewal date.
- 5.2.7 Franchisee shall pay the required Successor Agreement Fee and sign the Successor Franchise Agreement.
- 5.3 Notice Required by Law. If applicable law requires Franchisor to give notice to Franchisee prior to the expiration of the Term, this Agreement shall remain in effect on a month-to-month basis until Franchisor has given the notice required by such applicable law. If Franchisor is not offering new Board & Brush Creative Studio® franchises, is in the process of revising, amending or renewing Franchisor's form of franchise agreement or disclosure document, or Franchisor is not lawfully able to offer Franchisee the then current form of Successor Franchise Agreement at the time Franchisee advises Franchisor pursuant to Paragraph 5.2 hereof that Franchisee desires to renew, Franchisor may, in Franchisor's sole discretion, (i) offer to renew this Agreement upon the same terms set forth herein for the appropriate successor term or (ii) offer to extend the Term hereof on a month-to-month basis following the expiration of the Term for as long as Franchisor deems necessary or appropriate so that Franchisor may lawfully offer the then current form of Successor Franchise Agreement. Any timeframes specified in this Paragraph 5 shall be inclusive of any state mandated notice periods.
- 5.4 Holding Over Term. In the event Franchisee fails to properly exercise a Successor Agreement in Accordance with Section 5.1 and Franchise continues to operate the Franchised Business with or without Franchisor's consent, this Agreement will continue on a month-to-month basis provided that, at Franchisor's discretion, Franchisor may terminate this Agreement upon 30 days' notice to Franchisee unless, during such time,

Franchisee executes a Successor Franchise Agreement and pays the Successor Agreement Fee.

- 5.5 Additional Reservation of Rights. Notwithstanding anything herein to the contrary, Franchisor reserves the right not to enter into a successor franchise agreement for this Franchise as a result of a decision to withdraw from the Territory in which Franchisee's Franchised Business is located.

## 6. FEES

- 6.1 Initial Franchise and Royalty Fee. As part of the consideration for the right to operate the Franchise granted herein, Franchisee shall pay to Franchisor the following fees:

6.1.1 Initial Franchise Fee. Franchisee acknowledges and agrees that the grant of this Franchise and the rights and obligations of the parties under this Agreement constitute the sole and only consideration for the initial franchise fee of Twenty-Five Thousand Dollars (\$25,000.00) (the "Initial Fee"). **The Initial Fee is fully earned at the time this Franchise Agreement is signed and is not refundable under any circumstances, except as set forth in Section 7.2 or 8.1.2 hereof.** Franchisee shall pay the full amount of the Initial Fee to Franchisor upon Franchisee's execution of this Agreement.

6.1.2 Royalty Fee. Franchisee agrees to pay Franchisor, throughout the Term, a monthly royalty fee equal to the greater of (i) six percent (6%) of the Gross Revenue, as hereinafter defined, realized from the Franchised Business and from any other revenues received using Franchisor's methods, operations and/or trade secrets and (ii) Four Hundred Dollars (\$400.00) per month (the "Royalty Fee"). The term "Gross Revenue" includes all revenues and income from any source derived or received by Franchisee from, through, by or on account of the operation of the Franchised Business or made pursuant to the rights granted hereunder, including but not limited, any and all other revenues received using Franchisor's methods, operations, designs and/or trade secrets whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise. Franchisee agrees to participate in any System-wide gift card program Franchisor currently utilizes, or that Franchisor may institute in the future, including any reasonable revenue recognition policies associated therewith.

6.1.3 Gross Revenue Reports. Franchisee shall, on the fifth (5<sup>th</sup>) day following the close of each calendar month, furnish Franchisor with a report verifying Franchisee's Gross Revenue at or from the Franchised Business and/or made pursuant to the rights granted hereunder during the preceding month (the "Gross Revenue Report"). The Gross Revenue Report shall be in such form and shall contain such information as Franchisor may from time to time prescribe. Franchisor reserves the right to establish point of sale systems ("POS System") that Franchisor may require Franchisee to use from time to time in the operation of the Franchised Business. At Franchisor's option, Franchisee

shall submit the Gross Revenue Report by an electronic transfer of data via the POS System at the times and interims then specified by Franchisor.

- 6.1.4 Method of Payment. Franchisee shall, together with the submission of the Gross Revenue Report, pay Franchisor the Royalty Fee and the Brand Fund Contribution, as defined and more particularly described in Article 13, then due. At Franchisor's request, Franchisee must execute documents, including but not limited to, the Authorization attached as Attachment 3, that allow Franchisor to automatically take the Royalty Fee and Brand Fund Contribution due as well as other sums due Franchisor, from business bank accounts via electronic funds transfers or Automated Clearing House ("ACH") payments. Franchisee's failure to allow electronic funds transfers or ACH payments on an ongoing basis is a material breach of this Agreement.
- 6.2. Late Fee. If the Royalty Fee, Brand Fund Contribution, or any Gross Revenue Reports are not received by Franchisor as required by this Agreement, Franchisee shall pay to Franchisor, in addition to the overdue amount, a late fee of Seventy-Five Dollars (\$75.00). This late fee is reasonably related to Franchisor's costs resulting from the delay in payment and/or receipt of any report, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement for Franchisee's failure to pay the Royalty Fee, the Brand Fund Contribution, and/or submit Gross Revenue Reports in accordance with the terms of this Agreement.
- 6.3. Interest. Any and all amounts that shall become due and owing from Franchisee to Franchisor under the terms hereof shall bear interest from the date due until paid at the rate of 18% per annum or at the highest rate permitted by law, whichever is lower.
- 6.4. Non-Sufficient Funds Fee. In the event any of Franchisee's checks are returned, or an electronic funds transfer from Franchisee's bank account is denied, for insufficient funds, Franchisee shall pay Franchisor, in addition to the amount due, a non-sufficient funds fee of Fifty Dollars (\$50.00) per occurrence. This non-sufficient funds fee is reasonably related to Franchisor's costs resulting from the delayed and declined payment, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement.
- 6.5. Taxes. If any sales, excise, use or privilege tax is imposed or levied by any government or governmental agency on Franchisor for any Royalty Fee, Brand Fund Contribution or other fees due and payable to Franchisor under this Agreement, Franchisee shall pay Franchisor a sum equal to the amount of such tax.
- 6.6. Internal Systems Fee. Franchisor reserves the right to impose an internal systems fee upon Franchisee, in an amount that Franchisor reasonably determines, for the development, adoption and/or use of new or improved internal systems technology for the benefit of the System and Franchised Business, including but not limited to, assigned phone numbers and email addresses required for use in the Franchised Business, a franchise portal, benchmarking platform or other operations or communications systems ("Internal Systems Fee"). In Franchisor's sole discretion, Franchisor may (i) increase the

amount of the internal systems fees or (ii) replace the technology with different technology, developed by Franchisor or a third-party, and Franchisee shall pay the then-current fees for the replacement technology and for continuous access thereto. Franchisee shall pay the Internal Systems Fee in the manner and frequency as reasonably determined by Franchisor.

## 7. TRAINING.

- 7.1 Initial Management Training Program. Franchisee (specifically including all Franchisee's principals who will be actively engaged in the operation of the Franchised Business) shall attend and complete to Franchisor's sole and absolute satisfaction, Franchisor's initial management training program ("Initial Management Training Program") at least two (2) weeks (but no more than six (6)) weeks, prior to the opening of the Franchised Business. The Initial Management Training Program consists of a three (3)-day course conducted at one of Franchisor's affiliated outlets in Hartland, Wisconsin, mandatory pre-course training modules, two mandatory post-training modules and other optional post-course training modules. Franchisor reserves the right to designate an alternate location, or use a virtual classroom, for the course component of the Initial Management Training Program. Franchisee must at all times during the term of this Agreement have all Principal and approved managers who have successfully completed the Initial Management Training Program to Franchisor's sole and complete satisfaction. No charge shall be made for up to two (2) people to take the Initial Management Training Program prior to opening the Franchised Business ("Initial Trainees"). Notwithstanding the foregoing, Franchisee shall be required to pay Franchisor's then-current training fee for additional trainees, as well as all of the expenses of the Initial Trainees, including, without limitation, costs of travel, lodging, meals and wages.
- 7.2 Satisfactory Completion. Franchisor shall determine, in Franchisor's sole discretion, whether the Initial Trainees have satisfactorily completed the Initial Management Training Program, which shall include mastery of pre- and post-course applications. If the Initial Management Training Program is not satisfactorily completed by the Initial Trainees, or if Franchisor, in Franchisor's reasonable business judgment based upon the performance of the Initial Trainees, determines that the Initial Management Training Program cannot be satisfactorily completed by Franchisee and Franchisee's Principal(s), Franchisor may terminate this Agreement. In such case, Franchisor shall refund seventy percent (70%) of the Initial Fee. The balance shall be retained by Franchisor to defray costs incurred through the date of such termination.
- 7.3. Opening Assistance. After the opening of the Franchised Business, Franchisor shall provide Franchisee with a virtual or on-site evaluation by a trained representative of Franchisor. The trainer will review the studio premises, operational and marketing aspects of the Franchised Business and observe a workshop conducted by Franchisee. The evaluation for new franchisees will be at no charge to Franchisee. This Section 7.3 shall not apply to Successor Agreements and/or franchise agreements signed pursuant to a transfer.

7.4. Additional Training. Franchisor may offer mandatory and/or optional additional training programs from time to time. If required by Franchisor, Franchisee, or Franchisee's principals shall participate in the following additional training:

(i) on-going training for up to three (3) days per year, virtually or at a location designated by Franchisor.

(ii) a national business meeting or annual convention for up to three (3) days per year, virtually or at a location designated by Franchisor.

Franchisor reserves the right to impose a reasonable fee for all additional training programs. Franchisee shall be responsible for any and all incidental expenses incurred by Franchisee or Franchisee's personnel in connection with additional training or attendance at Franchisor's national business meeting or annual convention, including, without limitation, costs of travel, lodging, meals and wages. Franchisee's failure to attend and/or complete mandatory additional training or failure to attend Franchisor's national business meeting or annual convention is a default of this Agreement. Franchisee or Franchisee's principal(s) shall be required to obtain any missed mandatory additional training at a location Franchisor designates. Franchisee shall pay all costs and expenses for such additional training, including but not limited to, tuition at the then-current rate and any and all transportation, meals and lodging of Franchisee, Franchisee's principal and Franchisor's training personnel. Franchisee shall pay to Franchisor any incurred expenses by Franchisor's training personnel within ten (10) days of Franchisor's billing thereof to Franchisee.

7.5. On-Site Remedial Training. Upon Franchisee's reasonable request or as Franchisor shall deem appropriate, Franchisor shall, during the term hereof, subject to the availability of personnel, provide Franchisee with additional trained representatives who shall provide on-site remedial training and assistance to Franchisee's personnel at the Franchised Business location. For any additional on-site training and assistance, Franchisee shall pay the per diem fee then being charged to franchisees under the System for the services of such trained representatives, plus their costs of travel, lodging, and meals.

7.6. Counseling and Assistance. In addition to visits by Franchisor's field representatives, as Franchisor deems appropriate, Franchisor shall, within reasonable limits and subject to the availability of Franchisor's personnel, upon Franchisee's request and at no charge, unless such assistance is provided at the Franchised Business pursuant to Section 7.5, furnish consultation and assistance to Franchisee, either in person or by telephone, video conference, electronic communications, mail or postal service, as determined by Franchisor, in Franchisor's sole discretion, with respect to the operation of the Franchised Business, including consultation and advice regarding employee training, marketing, operation issues, purchasing and inventory control, bookkeeping and System improvements.

## **8. FRANCHISED BUSINESS SITE REQUIREMENTS**

8.1 Site Selection.

- 8.1.1. Franchisee assumes all cost, liability, expense and responsibility for obtaining and developing a site for the Franchised Business within the Territory and for constructing and equipping the Franchised Business at such site. Franchisee shall not make any binding commitment to a prospective vendor or lessor of real estate with respect to a site for the Franchised Business unless the site location is approved by Franchisor. While Franchisor may render assistance to Franchisee in the selection of a site, as set forth in Section 8.1.2 below, Franchisee has sole responsibility for procuring and developing a site for the Franchised Business and Franchisee may and is encouraged to consult with professionals of Franchisee's choosing in discharging such responsibility. Franchisee acknowledges that Franchisor's approval of a prospective site location is permission only, does not constitute a representation, promise, warranty or guarantee, express or implied, by Franchisor that the Franchised Business operated at that site will be profitable or otherwise successful, and cannot, and does not, create a liability for Franchisor. Franchisee releases Franchisor from any claims over the site location selection and evaluation by Franchisor, and Franchisee shall hold Franchisor harmless with respect to Franchisee's selection of the site for the Franchisee's Franchised Business.
- 8.1.2. Franchisee shall locate a site that satisfies the site selection guidelines provided to Franchisee by Franchisor and shall submit to Franchisor, in writing, a description of the site, together with written certification the site complies with Franchisor's site selection guidelines, and such other information and materials as Franchisor may reasonably require. Recognizing that time is of the essence, Franchisee shall submit such information and materials for a proposed site to Franchisor for its consent no later than sixty (60) days after the execution of this Agreement. Franchisor shall have ten (10) business days after receipt of this information and materials to consent, in its sole and absolute discretion, to the proposed site as the location for the Franchised Business. No site may be used for the location of the Franchised Business unless it is consented to in writing by Franchisor. If Franchisee does not locate a site for the Franchised Business that meets Franchisor's approval within sixty (60) days of signing this Agreement, Franchisor reserves the right to terminate this Agreement and will refund to Franchisee eighty percent (80%) of the Initial Franchise Fee.
- 8.1.3. Within forty-five (45) days after Franchisor has consented to the site for the Franchised Business (or such longer period as Franchisor consents to in writing), Franchisee shall execute a lease therefor and obtain physical possession of the premises. Any lease must include Franchisor's Collateral Assignment of Lease Agreement, a copy of which is attached hereto as Attachment 4. Failure by Franchisee to acquire the site for the Franchised Business within the time and in the manner required herein shall constitute a material event of default under this Agreement.



8.1.4. Upon consent by Franchisor to the location for the Franchised Business, Franchisor shall set forth the location and Territory in Attachment 2 of this Agreement and shall provide a copy thereof to Franchisee. Attachment 2, as completed by Franchisor, shall be incorporated herein and made a part hereof. Franchisee shall notify Franchisor within fifteen (15) days of any error or rejection of Attachment 2; otherwise, the Attachment 2 provided to Franchisee shall be deemed final.

## 8.2. Construction.

8.2.1. Franchisee shall be responsible for obtaining clearances that may be required by state or local laws, ordinances or regulations or that may be necessary as a result of any restrictive covenants or regulations relating to the Franchised Business premises; including but not necessarily limited to restrictions on noise, odors from paints and stains, required cross-ventilation, storage use, and disposal of paints and stains, signage and all requirements related to the consumption of alcoholic beverages on the premises. Prior to beginning the construction of the Franchised Business, Franchisee shall (a) obtain all permits, licenses, insurance and certifications required for the lawful construction or remodeling and operation of the Franchised Business, including, but not limited to, permits for the installation of signage, and (b) certify in writing to Franchisor that all required approvals, clearances, permits, insurance and certifications have been obtained.

8.2.2. During the time of construction or remodeling, Franchisee shall provide Franchisor, or its designated representative, with such periodic reports regarding the progress in obtaining all licenses and permits; and of the construction or remodeling as may be reasonably requested by Franchisor or its representative. In addition, Franchisor or its representative may make such on-site inspections as it may deem reasonably necessary to evaluate such progress. At least thirty (30) days prior to completion of the construction or remodeling, Franchisee shall notify Franchisor of the scheduled date for completion of construction or remodeling. Within a reasonable time after the date of completion of construction or remodeling, Franchisor or its representative may, at its option, conduct an electronic or in-person inspection of the completed Franchised Business.

8.2.3. Franchisee acknowledges and agrees that it will not open the Franchised Business for business without the written authorization of Franchisor and that authorization to open shall be conditioned upon Franchisee's strict compliance with this Agreement.

8.3. Time to Open. Franchisee acknowledges that time is of the essence in this Agreement. Subject to Franchisee's compliance with the conditions stated below, Franchisee shall open the Franchised Business and commence business within sixty (60) days after Franchisee has executed a lease for the premises, unless Franchisee obtains a written extension of such time period from Franchisor. The first day of the month in which the Franchised Business opens for business to the public shall be defined herein as the "Opening Date". Prior to the Opening Date, Franchisee shall (i) complete all exterior

and interior preparations for the Franchised Business, including installation and cleaning of equipment, fixtures, furnishings and signs, in accordance with System requirements and the plans and specifications consented to by Franchisor, (ii) satisfactorily complete Franchisor's Initial Management Training Program, as further set forth in Article 7, (iii) hire and train staff, if required, and (iv) obtain all required licenses to operate the Franchised Business, including but not limited to, any required licenses to serve and/or consume alcohol at the Franchised Business location, which Franchisee acknowledges and agrees is an integral part of the System. If Franchisee fails to comply with any of such obligations, Franchisor shall have the right to prohibit Franchisee from opening for business. Franchisee's failure to open the Franchised Business and commence business (i) in accordance with the foregoing and (ii) within one hundred twenty (120) days following the date of this Agreement shall be deemed a material event of default under this Agreement.

- 8.4. Liquidated Damages. If Franchisee fails to open the Franchised Business for business as required herein, then Franchisee shall pay to Franchisor \$400.00 per month until the Franchised Location is open, such payments to commence on the first day of the month following the date that the Franchised Business should have been opened for business. Such payment represents liquidated damages for lost revenues which Franchisor would have received had Franchisee opened as required in this Agreement. In the event that such failure to open on schedule shall continue for more than ninety (90) days, Franchisor shall have the right, but not the obligation, to terminate this Agreement and all of Franchisee's rights herein, select a new franchisee for the Franchised Business location and retain all monies paid to Franchisor by Franchisee, as well as any and all other rights and remedies of Franchisor on Franchisee's default, whether provided by this Agreement or by law.
- 8.5. No Relocation. Franchisee's rights to operate the Franchised Business shall be limited to the premises set forth in Attachment 2, and no other. Franchisee shall not relocate the Franchised Business at any time without Franchisor's written approval, which approval shall be granted only in the sole and complete discretion of Franchisor, and if permitted, shall be at Franchisee's sole expense, and subject to the following:
- 8.5.1. Franchisee shall construct and develop the new premises to conform to Franchisor's then-current specifications for design, appearance and leasehold improvements for new Franchised Businesses;
- 8.5.2. Franchisee shall remove any signs or other property from the original Franchised Business premises which identified the original Franchise Business premises as part of the System;
- 8.5.3. Franchisee agrees that, during the build-out, decorating and furnishing of the new premises, and at Franchisor's sole and absolute discretion: (i) the term of this Agreement shall not be abated, and (ii) Franchisee shall remain liable to pay a minimum monthly Royalty Fee and Brand Fund Contribution that is the greater of: (x) \$400 and \$70 per month respectively, and (y) equal to the average amount paid by Franchisee during the four (4) calendar quarters immediately preceding the date

that operations cease or the shorter period that Franchisee had been in business at the original Franchised Business premises; and

- 8.5.4. The parties shall amend Attachment 2 to reflect the address of the new Franchised Business premises.
- 8.5.5. If a relocation site acceptable to Franchisor is not identified within ninety (90) days following Franchisee's request to relocate, either party may terminate this Agreement.

## **9. SYSTEM MAINTENANCE AND IMPROVEMENT**

- 9.1. Maintenance of Franchised Business Premises. Franchisee shall equip and maintain the Franchised Business premises to the standards of décor, air quality, sound proofing, sanitation, repair and condition required by Franchisor, which standards are specified in the Manual and other written directives, standards and specifications. Franchisee, at Franchisee's expense, shall make such additions, alterations, repairs, refurbishing and replacements as may be required to comply with Franchisor's standards, including, without limitation, periodic repainting and repairs or replacement of worn or impaired décor, materials, furniture, fixtures, equipment, and signage as Franchisor may direct.
- 9.2. Inspections. Franchisee shall operate and maintain the Franchised Business and Franchised Business premises in conformance with all regulations and best practices for (i) in-studio air quality, (ii) serving or consumption of alcoholic beverages, (iii) handling and disposal of paints and stains, (iv) noise mitigation, and (v) safety practices; and in a manner that will insure the highest rating possible for businesses of like kind from the governmental authorities that may inspect such businesses in the Territory. Franchisee shall submit to Franchisor a copy of any inspection reports. It shall be a default of this Agreement if, upon inspection, Franchisee does not obtain such rating or if Franchisee fails to operate in accordance with the general standards of quality, maintenance, repairs and sanitation required by the System, and Franchisor may, at its option, terminate this Agreement.
- 9.3. Equipment and Technology Updates. Franchisee shall make any and all upgrades to equipment, including but not limited to, design, display and storage equipment, POS Systems, and computer hardware and software, and any technology used in conjunction therewith, as Franchisor requires in its sole and absolute discretion.
- 9.4. Trade Dress Modifications.
  - 9.4.1. Franchisee is aware that to maintain and improve the image and reputation of the System, Franchisor, in its sole and absolute discretion, may change and modify identifying elements of the System, including but not limited to, the adoption and use of new exterior building designs, new interior decors, new color schemes, new or modified marks, and new furnishings (collectively, "Trade Dress Modifications").

- 9.4.2. As a condition to renew this Agreement, Franchisee shall refurbish the Franchised Business premises at Franchisee's sole expense, as required by Franchisor, to conform to Trade Dress Modifications. This includes, without limitation, structural changes, remodeling, redecoration, and modifications to existing improvements. Notwithstanding the foregoing restriction on the frequency of Trade Dress Modifications, Franchisee, upon notice by Franchisor and in accordance with Section 14.6 hereof, shall immediately discontinue the use of any Mark that is no longer desirable or available to Franchisor and substitute a different Mark or Marks as Franchisor directs.
- 9.4.3. Franchisee will accept, use and display any such Trade Dress Modifications as if they were a part of this Franchise Agreement at the time of execution hereof.
- 9.5. No Liability/Waiver of Claims. Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications, including Trade Dress Modifications, required by this Article 9. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party, complaining of any such or seeking expenses, losses or damages caused thereby. Further, Franchisee expressly waives any claims, demands or damages arising from or related to the modifications contemplated by this Article 9, including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.
- 9.6. Franchisee Advisory Council/Advisory Committees. Franchisor reserves the right to create (and if created, the right to change or dissolve) a franchisee advisory council and/or owner committee(s) as formal means for System franchisees to communicate ideas. In the event a franchisee advisory council or owner committee is created, Franchisor may invite Franchisee to participate in council or committee-related activities and meetings, which invitation may be based on factors, including but not necessarily limited to, a franchisee's level of success, superior performance and studio profitability.

## 10. **FRANCHISOR'S OBLIGATIONS**

Franchisor and/or its designated representative will provide the services described below:

- 10.1. Site Selection Guidelines. Site selection criteria, as Franchisor may deem advisable. Franchisor shall also approve the site in accordance with Section 8.1.2.
- 10.2. Construction. Provide to Franchisee criteria and specifications for a Board & Brush Creative Studio®. Such criteria and specifications include, but are not necessarily limited to, criteria with respect to required ventilation systems, and tolerance for noise emitted during workshops. Franchisee shall independently, and at Franchisee's expense, have such criteria and specifications incorporated into the construction of the Franchised Business in accordance with Article 8.

- 10.3. Manual. Provide Franchisee access to the Confidential Operations Manual and such other manuals and written materials as Franchisor may hereafter develop for use by franchisees, as the same may be revised by Franchisor from time to time. Such documents may be provided electronically or via the Internet, at Franchisor's sole and absolute discretion.
- 10.4. Inspection. Inspection of the Franchised Business and evaluations of the products sold and services rendered therein whenever reasonably determined by Franchisor.
- 10.5. Pre-Opening Requirements. Provide a written list of equipment, fixtures, furnishings, signage, supplies and products that will be required and/or recommended to open the Franchised Business for business.
- 10.6. Advertising Materials. Provide samples or camera-ready artwork of certain advertising and promotional materials and information developed by Franchisor from time to time for use by Franchisee in marketing and conducting local advertising for the Franchised Business.
- 10.7. List of Supplies/Suppliers. Make available from time to time, and amend as deemed appropriate by Franchisor, a list of required and/or recommended products and services for System franchisees and a list of approved and/or recommended suppliers of such items. Franchisee acknowledges that Franchisor or Franchisor's affiliate(s) may be the sole approved supplier(s) of certain products and services that Franchisee is required to purchase to operate the Franchised Business.
- 10.8. Training. The training programs specified in Article 7 herein.
- 10.9. On-Site Assistance. On-site or virtual post-opening assistance for the Franchised Business location in accordance with the provisions of Article 7.
- 10.10. Brand Fund. Administer a Brand Fund in accordance with Section 13.3.

## **11. FRANCHISEE'S REPRESENTATIONS, WARRANTIES AND COVENANTS**

- 11.1. Best Efforts. Franchisee, including each Principal, covenants and agrees that he or she shall make all commercially reasonable efforts to operate the Franchised Business so as to achieve optimum sales.
- 11.2. Corporate Representations. If Franchisee is a corporation, partnership, limited liability company, or other legal entity, Franchisee and each Principal represent, warrant and covenant that:
  - 11.2.1. The Franchisee entity is duly organized and validly existing under the state law of its formation;

- 11.2.2. Attachment 5 of this Agreement accurately reflects all individuals with an ownership interest, whether direct or beneficial, in the Franchisee entity;
- 11.2.3. The Franchisee entity is duly qualified and is authorized to do business in the jurisdiction of the Franchised Business premises and the Territory;
- 11.2.4. The Franchisee entity's organizational documents shall at all times provide, and Franchisee and each Principal agree, that the activities of Franchisee are confined exclusively to the operation of the Franchise granted herein, unless otherwise consented to in writing by Franchisor, which consent may be withheld by Franchisor in Franchisor's sole discretion;
- 11.2.5. The execution of this Agreement and the consummation of the transactions contemplated hereby are within Franchisee's power and have been duly authorized by Franchisee; and
- 11.2.6. Any financial statements and tax returns provided to Franchisor shall be certified as true, complete and correct and shall have been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and, except as expressly described in the applicable notes, applied on a consistent basis. No material liabilities, adverse claims, commitments or obligations of any nature exist as of the date of the statements or returns, whether accrued, unliquidated, absolute, contingent or otherwise, that are not reflected as liabilities.
- 11.3. Spousal Guaranty. If any Principal is a married individual and the Principal's spouse has not executed this Agreement, such Principal shall cause his or her spouse to personally execute and bind himself or herself to the terms of a Guaranty, in the form attached as Attachment 6 hereof.

#### 11.4 Franchisee's Employees and Managers.

11.4.1. Franchisee shall personally supervise and manage the day-to-day operations of the Franchised Business and may not appoint a non-owner manager to supervise the day-to-day operations of the Franchised Business location, unless Franchisee receives Franchisor's prior written consent. If Franchisee owns more than one (1) Board and Brush Creative Studio®, Franchisee shall be required to hire a manager for the additional Franchised Business(es). Franchisee accepts full responsibility for, and shall be fully liable to Franchisor, for the acts and omissions of any and all agents, employees or third persons working for or with Franchisee. Franchisee shall ensure that its agents, employees and all third-party business affiliates observe and adhere to all applicable terms, conditions and restrictions contained in this Agreement and in the Manual; including but not limited to quality and service standards, confidentiality, works made for hire, non-compete and the agreement to return all Franchisor proprietary and confidential information. Franchisee shall promptly notify Franchisor of any breach of a term or condition contained in this Agreement by an agent, employee or third-

party working for Franchisee, and any such breach shall be deemed to be the same as a direct breach by Franchisee and its Principals; and Franchisor shall have all the same rights and remedies as if the breach occurred through the direct acts or omissions of the Franchisee and/or its named Principals, including but not limited to recovery of its costs in pursuing its legal remedies. Franchisee's agents, employees and third-party business affiliates shall further:

11.4.2.1. Meet all Franchisor's standards and criteria for such individual(s), as set forth in the Manual.

11.4.2.2. Not engage in any other business activity without the Franchisor's consent, which may be withheld in Franchisor's sole discretion.

11.4.2.3. Satisfy the training content set forth in Article 7, either via training provided by Franchisor for Franchisees and managers, or training by Franchisees for all other employees and agents.

11.4.2.4. Execute covenants similar to those set forth in Section 19 (including covenants applicable upon the termination of a person's employment with Franchisee) regarding access to Franchisor's confidential and proprietary information. Such covenants shall be substantially in the form set forth in Attachment 8 as revised and updated from time to time and contained in the Manual.

11.4.3. Franchisee shall promptly notify Franchisor when any employee, agent or third-party affiliate previously granted access to Franchisor's proprietary or confidential information ceases to be employed or affiliated with Franchisee, so that any and all access rights to Franchisor proprietary or confidential information may be terminated and all such materials returned to Franchisor. Any failure by Franchisee to comply with the requirements of this Section 11 shall be deemed a material event of default under this Agreement.

11.5. Legal Compliance. Franchisee shall comply with all federal, state and local laws, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the Franchised Business. Such laws, rules and regulations shall include, without limitation, licenses to do business, licenses to have alcoholic beverages in the Franchised Business location, licenses to play music videos, air quality permits if required, fictitious name registrations, sales and other tax permits, fire and police department clearances, employment law compliance, Americans With Disability Act compliance, health permits, certificates of occupancy, any permits, certificates or licenses required by any environmental federal, state or local law, rule or regulation, any restrictions on noise levels whether imposed by lease, contract or law, all laws and regulations relative to conducting contests or games of chance or the issuance of gift certificates or credits, and any other requirement, rule, law or regulation of any federal, state or local jurisdiction. Franchisee further shall refrain from sharing price and/or wage information with any other individual or entity (including other System

franchisees) in violation of state and federal antitrust laws and shall comply with all industry best practices with respect to the handling, storage and disposal of paints and stains, and studio ventilation systems.

- 11.6. Claims and Potential Claims. Franchisee shall notify Franchisor in writing within three (3) days of the loss of any required permit or license, any series of events, incident or injury that could lead to, or the actual commencement of any action, suit or proceeding and of the issuance of any citation, claim, order, writ, injunction, award or decree of any entity, court, agency or other governmental instrumentality, which in any way relates to or affects the operation or financial condition of the Franchised Business. Any and all media inquiries concerning the Franchised Business or Franchised Business premises, including, but not limited to, the business operation and incidents and occurrences related to a customer or employee, shall be referred to Franchisor. Neither Franchisee, Franchisee's employees nor anyone on Franchisee's behalf may comment to any broadcast medium, except as directed by Franchisor.
- 11.7. Assignment of Numbers and Listings. Franchisee shall execute such forms and documents included in Attachment 7 to appoint Franchisor its true and lawful attorney-in-fact, with full power and authority, for the sole purpose of assigning to Franchisor, Franchisee's telephone numbers and listings; and provide Franchisor with passwords and administrator rights for all email, software, social media, or other such accounts used or created by Franchisee to operate the Franchised Business. Upon the expiration or termination of this Agreement, Franchisor may exercise its authority, pursuant to such documents, to obtain any and all of Franchisee's rights to the telephone numbers of the Franchised Business and all related telephone directory listings and other business listings, and all Internet listings, domain names, Internet advertising, websites, listings with search engines, electronic mail addresses, social media, or any other similar listing or usages related to the Franchised Business.
- 11.8. Access to Tax Filings. Upon execution of this Agreement, and at any time thereafter upon Franchisor's request, Franchisee shall execute such forms and documents as Franchisor deems necessary, to appoint Franchisor its true and lawful attorney-in-fact with full power and authority, for the sole purpose of obtaining any and all returns and reports filed by Franchisee with any state or federal taxing authority.
- 11.9. Continuing Obligation. Franchisee and each Principal acknowledge and agree that the representations, warranties and covenants set forth in this Article 11 are continuing obligations of Franchisee and each Principal, as applicable, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. Franchisee and each Principal shall cooperate with Franchisor in any efforts made by Franchisor to verify compliance with such representations, warranties and covenants.

## **12. FRANCHISEE'S OPERATIONS**



- 12.1. Operation of Franchised Business Premises. To maintain the highest degree of quality and service on a uniform System-wide basis, Franchisee shall operate the Franchised Business in conformity with the methods, standards and specifications prescribed by Franchisor. Franchisee agrees to comply with the Manual, as it is modified from time to time, and all directives, rules and procedures specified by Franchisor, and will, among other things:
- 12.1.1. Use only those furnishings, fixtures, décor, equipment, supplies, and signage that conform with Franchisor's specifications and/or which shall be purchased from only those vendors designated and approved by Franchisor. Franchisee acknowledges and agrees that: (i) Franchisor and/or Franchisor's affiliate may be a designated supplier or sole approved supplier of any product or service that Franchisee is required to lease or purchase, (ii) Franchisor and/or Franchisor's affiliate may receive payment from supplier(s) related to Franchisee's required purchases or leases, and (iii) any payments so received are for Franchisor's benefit only and may be used or applied in any manner determined by Franchisor in Franchisor's sole and absolute discretion;
  - 12.1.2. Maintain and operate the Franchised Business premises in attractive condition and good repair, using Franchisee's best efforts to maintain a clean, enjoyable and inviting atmosphere therein in accordance with System standards, the Manual and all other directives and requirements of Franchisor, and do such redecoration, repairing, refurbishing and restoration as from time to time may be reasonably required to meet System standards and Franchisor's requirements as they may be modified from time to time;
  - 12.1.3. Procure and hold all necessary licenses or permits to allow consumption of alcoholic beverages and playing music videos; install and maintain ventilation systems satisfactory to Franchisor; and otherwise comply with all applicable governmental laws, ordinances, rules and regulations including those related to noise, safety, and operation of contests or games of chance and issuance of gift certificates or credits;
  - 12.1.4. Maintain sufficient inventories of merchandise and supplies, as prescribed by Franchisor;
  - 12.1.5. Conduct sales in accordance with Franchisor's standards and specifications. Franchisee acknowledges and accepts that, unless expressly permitted in writing by Franchisor, Franchisee may only engage in providing in-Studio and virtual instructional workshops to end-users. Franchisee may also sell approved premade projects and kits for customers to complete projects in their homes in strict compliance with standards and specifications provided by Franchisor. Franchisee is expressly prohibited from selling products in any manner not described in this paragraph, including outside of in-Studio workshops, on the internet, to dealers and/or distributors for subsequent re-sale, and engaging in any sales not specifically permitted in this paragraph shall be a material default of this Agreement;

- 12.1.6. Employ only engaging, outgoing and qualified individuals who are trained in accordance with Franchisor's standards, including but not limited to the protection of Franchisor's confidential and proprietary information. Franchisee shall ensure that Franchisee's employees maintain a neat and clean appearance and render competent and courteous service to patrons of the Franchised Business. Franchisee and its employees will also at all times enhance Franchisor's brand and conduct themselves in a respectful, competent and courteous manner, including toward Franchisor's personnel, and other Franchisees and their personnel, in accordance with this Agreement and the image and reputation of the System. Franchisee acknowledges and agrees that poorly trained employees, sloppy or unclean appearances and incompetent or discourteous service or conduct by Franchisee or its employees are extremely damaging to the goodwill of the System and the Marks and are a material default of this Agreement;
- 12.1.7. Permit Franchisor or its agents, to inspect the Franchised Business premises and any services, products or equipment, to determine whether they meet Franchisor's then-current standards, specifications and requirements. In addition to any other remedies Franchisor may have, Franchisee shall reimburse Franchisor for Franchisor's inspection costs of any item that does not conform to the System standards and specifications;
- 12.1.8. Prominently display signs in and upon the Franchised Business premises using the Marks and/or other advertising and/or signs of such nature, form, color, number, location and size, and containing such material, as Franchisor may from time to time reasonably direct or approve in writing; and to not display in or upon, and shall immediately remove from, the Franchised Business premises or elsewhere any sign or advertising media of any kind to which Franchisor reasonably objects, including signs and advertising media which have not been approved by Franchisor, or which have been improperly made or are outdated. Upon giving Franchisee notice of its objection to same or upon termination hereof, Franchisor may at any time enter upon the Franchised Business premises or elsewhere and remove any objectionable or non-approved signs or advertising media and keep or destroy same without paying therefor or without being deemed guilty of trespass or any other tort;
- 12.1.9. Conduct all advertising programs in a manner consistent with Franchisor's standards and specification, in a manner satisfactory to Franchisor and that will not detract from the reputation of the System or the Marks.

## 12.2. Bookkeeping and Reports.

- 12.2.1. Franchisee agrees to keep and maintain complete and accurate books and records of its transactions and business operations consistent with generally accepted accounting practices and using the accounting procedures specified by Franchisor. Franchisee agrees to purchase the computer systems specified in Section 12.3 to maintain the records and accounts of the Franchisee to the standards of the Franchisor. Franchisee acknowledges and agrees that the financial data of Franchisee's Franchised Business

(i) is owned by Franchisor, (ii) is Franchisor's proprietary information, (iii) may be published in franchise disclosure document(s) issued by Franchisor following the Effective Date hereof, and (iv) may be shared with other franchisees in the System.

- 12.2.2. Within thirty (30) days after the close of each calendar quarter and within ninety (90) days after the close of each fiscal year, Franchisee will furnish Franchisor a full and complete written statement of income and expense and a profit and loss statement for the operation of the Franchised Business during said period, together with a balance sheet for the Franchised Business, all of which shall be prepared in accordance with generally accepted accounting principles and practice. Franchisee's annual statements and balance sheets shall be prepared by an independent certified public accountant and certified to be correct.
- 12.2.3. The financial statements required hereunder shall specifically record all contingent liabilities including for gift certificates, coupons and other credits issued to customers by Franchisee, and otherwise comply with generally accepted accounting principles and practice, and be in such form and contain such information as Franchisor may from time to time reasonably designate.
- 12.2.4. Franchisor reserves the right to require Franchisee to engage the services of a third-party accounting services firm, designated and approved by Franchisor, in the event that (i) Franchisee fails to keep books and records in accordance with Franchisor's standards or (ii) Franchisor, in its sole discretion, determines that use of a third-party accounting services firm by all System franchisees is beneficial to the System.
- 12.2.5. Franchisor shall have the right at all reasonable times to examine, at its expense, Franchisee's books, records, and tax returns. If Franchisor's examination finds that any Gross Revenue Report was understated by two percent (2%) or more, Franchisee shall reimburse Franchisor for the cost of such examination and pay the Franchisor the amounts due together with interest thereon at the rate provided herein. Such understatement may be considered a material default hereunder. Two (2) such understatements during the term of this Agreement may, at the option of Franchisor, be considered an incurable default and thereby subject to termination as provided herein.

### 12.3. Computer Systems.

- 12.3.1. Franchisee, at Franchisee's sole expense, shall install and maintain the POS System and computer hardware and software Franchisor requires for the operation of the Franchised Business and shall follow the procedures related thereto that Franchisor specifies in the Manual or otherwise in writing.
- 12.3.2. Franchisor may require Franchisee, at Franchisee's sole expense, to install, maintain, and update systems and web-based payment processing accounts that permit Franchisor to independently and electronically access and retrieve any information stored in Franchisee's POS System, other computer systems and web-

based payment processing accounts, including, without limitation, information concerning Gross Revenue. Upon Franchisor's request, Franchisee shall execute such documents as Franchisor deems necessary to permit Franchisor to independently and electronically access and retrieve all information stored on Franchisee's POS System, other computer systems and web-based payment processing accounts.

- 12.3.3 Any and all customer data collected or provided by Franchisee, retrieved from Franchisee's POS System, or otherwise collected from Franchisee by Franchisor or provided to Franchisor, is and will be owned exclusively by Franchisor and will be considered to be Franchisor's proprietary and Confidential Information. Franchisor has the right to use such data in any manner without compensation to Franchisee. Franchisor licenses to Franchisee the use of such data solely for the purpose of operating the Franchised Business; provided that, this license shall automatically and irrevocably terminate, without any additional action or notice required by Franchisor, upon the expiration or earlier termination of this Agreement.
- 12.3.4. Franchisor may require Franchisee, at Franchisee's sole expense, to enter into software license agreements in the form that Franchisor requires for software Franchisor develops or acquires for use in the System, or for security purposes to protect the operation and integrity of Franchisor's systems.
- 12.3.5. Franchisee shall have and maintain adequate hardware and software in order to access the Internet at the speed required by Franchisor from time to time. Franchisee shall utilize the electronic mail account provided by Franchisor. Franchisee shall promptly read and respond to all electronic mail related to the Franchised Business no less often than on a daily basis and shall accept and acknowledge receipt of all electronic mail sent by Franchisor. Franchisee shall not establish any website or other listing on the Internet except as provided and specifically permitted herein.
- 12.3.6. Franchisor has established a website that provides information about the System and the products and services offered by the Board and Brush System (the "Website"). Franchisor has sole discretion and control over the Website. Franchisor shall include a listing on its Website linking Franchisee's Franchised Business premises and calendar. Franchisee has no ownership or other proprietary rights to Franchisor's website and Franchisee will lose all rights to such link to Franchisee's location upon expiration or termination of this Agreement for any reason.
- 12.3.7. Franchisee shall pay all fees and expenses for technology required by this Agreement, including but not limited to, the costs of computer hardware and software, regularly recurring fees for software and Internet access, license fees, help desk fees, licensing or user-based fees for a franchise portal or a benchmarking platform.

- 12.4. Safety and Security of Premises. Franchisee is solely responsible for the safety and security of the Franchised Business premises for Franchisee, Franchisee’s personnel, customers, agents and the general public. Franchisee shall (i) train all employees on, and comply with all best practices and instructions contained in owner’s manuals for drill presses, saws and other tools and equipment; as well as the safe use of paints and stains used in the Franchised Business, (ii) train all employees on, and comply with all best practices for the responsible service of alcohol, (iii) ensure that the Franchised Business premises is adequately ventilated, and (iv) offer hearing protection devices to customers. All matters of safety and security are within Franchisee’s discretion and control, and Franchisee’s indemnification obligations set forth in Section 15.6 hereof shall apply to any claims made against Franchisor regarding safety, security, or the presence or service of alcohol.
- 12.5. Prices. Franchisor will set the advertised selling price for its instruction, goods, products and services. Franchisee shall have the right to provide instruction, products and services at any price that Franchisee may determine through the use of discount coupons. Franchisee shall refrain from sharing price information with any other individual or entity (including other System franchisees) in violation of state and federal antitrust laws.
- 12.6. Unapproved Item/Suppliers. If Franchisee desires to purchase, lease or use any unapproved equipment, product, or service or to purchase, lease or use any equipment, product or service from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval prior to utilizing such product, service or supplier. Franchisee shall not purchase or lease any item or use any supplier until and unless such item or supplier has been approved in writing by Franchisor. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier’s facilities and to test or otherwise evaluate samples from the supplier. Franchisor reserves the right to charge Franchisee a fee equal to the actual cost and expense for inspection and testing. Franchisor shall notify Franchisee whether Franchisor approves or disapproves of the proposed item or supplier within thirty (30) days after Franchisor receives all required information to evaluate the product, service or supplier. If Franchisor fails to respond to Franchisee’s submission within said thirty (30) days, such item or supplier shall be deemed “disapproved.” Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke its approval upon the supplier’s failure to continue to meet any of Franchisor’s then-current criteria. Nothing in the foregoing shall be construed to require Franchisor to approve any particular item or supplier.
- 12.7. External Quality Assurance Services. Franchisor reserves the right to establish quality assurance programs conducted by third-party providers, including, but not limited to, mystery shop programs and periodic quality assurance audits (“Quality Review Services”). Upon Franchisor’s request and at Franchisee’s sole cost and expense, Franchisee shall subscribe, to any such third-party provider for Quality Review Services to monitor the operations of the Franchised Business as directed by Franchisor.

12.8. Variations in Standards. Notwithstanding anything to the contrary contained in this Agreement and this Section 12 in particular, Franchisee acknowledges and agrees that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary performance standards for some franchisees based upon the peculiarities and characteristics of the particular site or circumstance, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of such particular franchise business. Franchisor has full rights to vary standard specifications and practices for any other franchisee at any time without giving Franchisee comparable rights. Franchisee shall not be entitled to require Franchisor to disclose or grant to Franchisee a like or similar variation.

### 13. **ADVERTISING, PROMOTIONS AND RELATED FEES**

13.1. Advertising Programs. Franchisor may from time to time develop and administer advertising and sales promotion programs designed to promote and enhance the collective success of all Franchised Businesses operating under the System. Franchisee shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor from time to time for each program. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by Franchisor, as modified from time to time, shall be final and binding upon Franchisee.

#### 13.2. Local Advertising.

13.2.1. In addition to the ongoing advertising contributions set forth herein, and following the expenditures set forth in Section 13.2.3 below, Franchisee shall spend monthly, throughout the term of this Agreement, not less than \$250.00 per month on advertising for the Franchised Business in the Territory (“Local Advertising”). Franchisor may require Franchisee to allocate to a regional advertising cooperative, as described in Section 13.4, up to one-half of Franchisee’s required Local Advertising expenditures.

13.2.2. Franchisee shall provide a monthly expenditure report on or before the 5<sup>th</sup> day of each month accurately reflecting Franchisee’s Local Advertising expenditures for the preceding month. The following costs and expenditures incurred by Franchisee shall **not** be included in Franchisee’s expenditures on Local Advertising for purposes of this Section, unless approved in advance by Franchisor in writing: (i) incentive programs for employees or agents of Franchisee; (ii) research expenditures; (iii) salaries and expenses of any of Franchisee’s personnel to attend advertising meetings, workshops or other marketing activities; (iv) charitable, political or other contributions or donations.

13.2.3. Franchisee shall spend at least Two Thousand One Hundred Dollars (\$2,100.00) on Local Advertising and promotional activities in the Territory within the first ninety (90) days after the opening of the Franchised Business to promote the opening of the Franchisee's Franchised Business, of which One Thousand Two Hundred Dollars (\$1,200.00) must be for the purchase of branded promotional materials.

### 13.3. Brand Fund.

13.3.1. Franchisor has established a national Brand Fund (the "Brand Fund") on behalf of the System for national advertising, marketing, and business system development and enhancements. Franchisee is required to contribute an amount equal to one percent (1%) of the Gross Revenue generated monthly by Franchisee's Franchised Business to the Brand Fund. Notwithstanding the amount of Franchisee's Gross Revenue, Franchisee shall contribute a minimum of Seventy-Five Dollars (\$75.00) per month to the Brand Fund ("Brand Fund Contribution"). Franchisor reserves the right, in Franchisor's sole discretion and at any time and from time to time, to increase the percentage Brand Fund Contribution to any amount not to exceed three percent (3%) of the Gross Revenue. In all instances the minimum Seventy-Five Dollar (\$75.00) contribution will remain regardless of monthly Gross Revenue levels. Payments will be made in the same manner and time as the Royalty Fees. If Franchisee fails to timely report Gross Revenue, Franchisee shall be subject to a late fee and interest pursuant to Sections 6.2 and 6.3 hereof. Franchisor shall reconcile amounts when Gross Revenues are reported.

13.3.2. Franchisor shall direct all advertising and marketing programs and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Brand Fund is intended to maximize general public recognition and acceptance of the Marks and enhance the collective customer experience and success of all Franchised Businesses operating under the System.

13.3.3. Franchisor may, but has no obligation to, contribute to the Brand Fund on the same basis as Franchisee with respect to Board & Brush Creative Studio® outlets operated by Franchisor or Franchisor's affiliates.

13.3.4. Franchisor may use the Brand Fund to satisfy any and all costs of developing, preparing, producing, directing, administering, conducting, maintaining and disseminating advertising, marketing, promotional and public relations materials, programs, campaigns, sales and marketing seminars and training programs of every kind and nature, through media now existing or hereafter developed (including, without limitation, the cost of television, radio, magazine, social media, newspaper and electronic advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; conducting marketing research, employing advertising agencies to assist therein; developing, enhancing and maintaining the Website and operating systems; and personnel and other departmental costs for advertising that Franchisor internally administers or prepares). While Franchisor

does not intend that any part of the Brand Fund will be used for advertising which is principally a solicitation for franchisees, Franchisor reserves the right to use the Brand Fund for public relations, to explain the franchise system, and/or to include a notation in any advertisement indicating “Franchises Available.”

13.3.5. The Brand Fund will be operated solely as a conduit for collecting and expending the advertising contributions for the System. The Brand Fund will not be used to defray any of Franchisor’s general operating expenses, except for reasonable administrative costs and overhead that Franchisor may incur in activities related to the administration and direction of the Brand Fund and such costs and expenses pursuant Section 13.3.4. The Brand Fund and its earnings shall not otherwise inure to Franchisor’s benefit.

13.3.6. Franchisor will prepare an unaudited annual statement of the Brand Fund’s operations and will make it available to Franchisee upon request. In administering the Brand Fund, Franchisor undertakes no obligation to make expenditures for Franchisee that are equivalent or proportionate to Franchisee’s contribution or to ensure that any particular franchisee benefits directly or pro rata from the production or placement of advertising.

13.3.7. Although the Brand Fund is intended to be of perpetual duration, Franchisor may terminate it at any time and for any reason or no reason. Franchisor will not terminate the Brand Fund, however, until all monies in the Brand Fund have been spent for the purposes described in this Section 13 or returned to contributors, without interest, on the basis of their respective contributions.

13.4. Regional Advertising. Franchisor reserves the right to establish, in Franchisor’s sole discretion, a regional advertising cooperative. If a regional cooperative is established during the term of this Agreement, Franchisee agrees to sign all documents Franchisor requests to become a member of the cooperative according to the terms of the documents. If Franchisor establishes a regional cooperative, Franchisee agrees to contribute amounts Franchisor requires, in addition to required Brand Fund Contributions.

13.5. Directory Listings. At Franchisee’s sole cost and expense, Franchisee must list the Franchised Business in local business directories, including, but not limited to, listings on Internet search engines. If feasible, and with Franchisor’s prior written approval, Franchisee may do cooperative listings with other System franchisees. Notwithstanding the foregoing, Franchisee may not maintain any business profile on Facebook, Twitter, X, LinkedIn, YouTube, Instagram or any other social media and/or networking site without Franchisor’s prior written approval and in strict accordance with Franchisor’s requirements.

13.6. Approval of Advertising. All advertising and promotion by Franchisee, in any medium, shall be conducted in a professional manner and shall conform to the standards and requirements of Franchisor as set forth in the Manual or otherwise. Franchisee shall submit to Franchisor for its approval samples of all advertising, press releases,



promotional plans and materials and public relations programs that Franchisee desires to use, including, without limitation, any materials in digital, electronic or computerized form, or in any form of media now or hereafter developed that have not been either provided or previously approved by Franchisor. Franchisor shall approve or disapprove such plans and materials within ten (10) business days of Franchisor's receipt thereof. If Franchisor fails to respond to Franchisee's submission within ten (10) business days, such plans and materials shall be deemed "disapproved". Franchisee shall not use such unapproved plans or materials until they have been approved by Franchisor in writing and shall promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from Franchisor. Any advertising, marketing or sales concepts, programs or materials proposed or developed by Franchisee for the Board & Brush Creative Studio® brand and approved by Franchisor may be used by other System franchisees without any compensation to Franchisee.

## 14. INTELLECTUAL PROPERTY

### 14.1 Ownership.

14.1.1. Franchisee expressly understands and acknowledges that Franchisor and/or Franchisor's affiliate(s) are the record owner of the Marks. Franchisor holds the exclusive right to license the Marks to franchisees of the System for use pursuant to the System. Franchisee further expressly understands and acknowledges that Franchisor and/or Franchisor's affiliate(s) claim copyrights on certain material used in the System, including but not limited to its website, documents, project designs, advertisements, promotional materials, photographs and social media content, and the Manual, whether or not Franchisor and/or Franchisor's affiliate(s) have filed for copyrights thereto with the U.S. Copyright Office. The Marks and copyrights, along with Franchisor's trade secrets, service marks, trade dress and proprietary systems are hereafter collectively referred to as the "Intellectual Property".

14.1.2. As between Franchisor and Franchisee, Franchisor and/or Franchisor's affiliate(s) are the owner of all right, title and interest in and to the Intellectual Property and the goodwill associated with and symbolized by them.

14.2. No Interference. Neither Franchisee nor any Principal shall take any action that would prejudice or interfere with the validity of Franchisor's and/or Franchisor's affiliate(s)'s rights with respect to the Intellectual Property. Nothing in this Agreement shall give the Franchisee any right, title, or interest in or to any of the Intellectual Property or any of Franchisor's and/or Franchisor's affiliate(s)'s service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Intellectual Property and the System in accordance with the terms and conditions of this Agreement for the operation of a Franchised Business and only at or from the Franchised Business premises or in approved advertising related to the Franchised Business.

14.3. Goodwill. Franchisee understands and agrees that any and all goodwill arising from Franchisee's use of the Intellectual Property and the System shall inure solely and

exclusively to the benefit of Franchisor and/or Franchisor's affiliate(s), and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the Intellectual Property.

- 14.4. Validity. Franchisee shall not contest the validity of, or Franchisor's and/or Franchisor's affiliate(s)'s interest in, the Intellectual Property or assist others to contest the validity of, or Franchisor's and/or Franchisor's affiliate(s)'s interest in, the Intellectual Property.
- 14.5. Infringement. Franchisee acknowledges that any unauthorized use of the Intellectual Property shall constitute an infringement of Franchisor's and/or Franchisor's affiliate(s)'s rights in the Intellectual Property and a material event of default hereunder. Franchisee shall provide Franchisor and/or Franchisor's affiliate(s) with all assignments, affidavits, documents, information and assistance Franchisor and/or Franchisor's affiliate(s) reasonably requests to fully vest in Franchisor and/or Franchisor's affiliate(s) all such rights, title and interest in and to the Intellectual Property, including all such items as are reasonably requested by Franchisor and/or Franchisor's affiliate(s) to register, maintain and enforce such rights in the Intellectual Property.
- 14.6. Substitution. Franchisor reserves the right to substitute different Marks for use in identifying the System and the Franchised Business, if it in its sole discretion, determines that substitution of different Marks will be beneficial to the System. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any additions, modifications, substitutions or discontinuation of the Marks. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages.
- 14.7. Franchisee's Use of the Intellectual Property. With respect to Franchisee's use of the Intellectual Property pursuant to this Agreement, Franchisee further agrees that:
- 14.7.1 Unless otherwise authorized or required by Franchisor, Franchisee shall advertise the Franchised Business only under the Marks "Board & Brush Creative Studio" and design. Franchisee shall not use the Marks as part of its corporate or other legal name. All fictitious names used by Franchisee shall bear the designation "a franchisee of Board and Brush Creative Studio Franchising LLC".
- 14.7.2. Franchisee shall identify itself as the owner of the Franchised Business and as an independent Board & Brush Creative Studio® franchisee in conjunction with any use of the Intellectual Property, including, but not limited to, uses on invoices, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Franchised Business as Franchisor may designate in writing.
- 14.7.3. Franchisee shall not use the Intellectual Property to incur any obligation or indebtedness on behalf of Franchisor.

14.7.4. Any item offered by Franchisee that contains the Marks, must be approved by Franchisor in writing prior to being used, distributed or sold by Franchisee and such approval may be granted or denied in Franchisor's sole and absolute discretion.

14.8. Claims. Franchisee shall notify Franchisor immediately via both email and telephone, of any apparent infringement of or challenge to Franchisee's use of any Intellectual Property and of any claim by any person of any rights in any Intellectual Property. Franchisee shall not communicate with any person other than Franchisor or any designated affiliate thereof, their counsel and Franchisee's counsel in connection with any such infringement, challenge or claim. Franchisor shall have complete discretion to take such action as it deems appropriate in connection with the foregoing, and the right to control exclusively, or to delegate control to any of its affiliates of, any settlement, litigation or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Intellectual Property. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any other person or entity in any litigation or other proceeding or to otherwise protect and maintain the interests of Franchisor or any other interested party in the Intellectual Property. Franchisor will indemnify and defend Franchisee against and reimburse Franchisee for actual damages (including settlement amounts) for which Franchisee is held liable in any proceeding arising out of Franchisee's use of any of the Intellectual Property that infringes on the rights of any other party, provided that the conduct of Franchisee with respect to such proceeding and use of the Intellectual Property is in full compliance with the terms of this Agreement.

14.9. Franchisor may use and grant franchises and licenses to others to use the Intellectual Property and the System and to establish, develop and franchise other systems, different from the System licensed to Franchisee herein, without offering or providing Franchisee any rights in, to or under such other systems and Franchisor may modify or change, in whole or in part, any aspect of the Intellectual Property or the System, so long as Franchisee's rights thereto are in no way materially harmed thereby.

14.10. Franchisee shall not register or attempt to register the Intellectual Property in Franchisee's name or that of any other person, firm, entity or corporation.

## **15. INSURANCE AND INDEMNIFICATION**

15.1. Procurement. Franchisee shall procure, prior to the commencement of any operations under this Agreement, and thereafter maintain in full force and effect during the term of this Agreement at Franchisee's sole cost and expense and to Franchisor's sole satisfaction, insurance policies protecting Franchisee and Franchisor, and naming Franchisor, its officers, directors, partners, owners, employees and affiliates as additional insureds as their interests may appear, in the following minimum limits (except as additional coverage and higher policy limits may reasonably be specified from time to

time in the Manual or otherwise in writing):

- 15.1.1. Liability. Commercial general liability insurance, including contractual liability, public liability, liquor liability, personal injury, advertising injury, and environmental damage coverage in the amount of at least One Million Dollars (\$1,000,000) per occurrence;
- 15.1.2. Workplace Injury. Worker's compensation coverage in the limits required by the state in which the Franchised Business is located and operated;
- 15.1.3. Automobile Liability. Coverage for all owned, leased, non-owned and hired vehicles used in the Franchised Business in an amount of not less than One Million Dollars (\$1,000,000) per occurrence. Such insurance shall include under-insured and uninsured motorist coverage as required by state law.
- 15.2. Evidence of Insurance. Franchisee shall deliver to, and maintain at all times with Franchisor, current Certificates of Insurance evidencing the existence and continuation of the required coverages. In addition, if requested by Franchisor, Franchisee shall deliver to Franchisor a copy of the insurance policy or policies required hereunder.
- 15.3. Failure to Procure. If, for any reason, Franchisee should fail to procure or maintain the insurance required by this Agreement as revised from time to time for all franchisees by the Manual or otherwise in writing, Franchisor shall have the right and authority (without, however, any obligation) to immediately procure such insurance and to charge Franchisee for the cost thereof together with a reasonable fee for Franchisor's expenses in so acting, including all attorneys' fees. Franchisee shall pay Franchisor immediately upon notice by Franchisor to Franchisee that Franchisor has undertaken such action and the cost thereof.
- 15.4. Increase in Coverage. The levels and types of insurance stated herein are minimum requirements. Franchisor reserves the right to raise the required minimum requirements for any type of insurance or add additional types of insurance requirements as Franchisor deems reasonably prudent to require. Within thirty (30) days of any such required new limits or types of coverage, Franchisee must submit proof to Franchisor of Franchisee's coverage pursuant to Franchisor's requirements.
- 15.5. Additional Insured. All required insurance policies shall name Franchisor and their affiliates and their members, officers, agents and employees as additional insureds as their interests may appear. All public liability policies shall contain a provision that the additional insureds, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss caused by Franchisee or Franchisee's servants, agents or employees.
- 15.6. Indemnification. TO THE FULLEST EXTENT PERMITTED BY LAW, FRANCHISEE AGREES TO EXONERATE AND INDEMNIFY AND HOLD HARMLESS BOARD AND BRUSH CREATIVE STUDIO FRANCHISING LLC, BOARD AND BRUSH, LLC, AND ANY OF THEIR PARENT COMPANIES,

SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AS WELL AS THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, AND SHAREHOLDERS (COLLECTIVELY REFERRED TO AS THE “BOARD AND BRUSH INDEMNITEES”), FROM ALL CLAIMS BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATED TO FRANCHISEE’S FRANCHISE AND/OR THE OPERATION THEREOF, INCLUDING BUT NOT LIMITED TO, ANY CLAIM IN CONNECTION WITH FRANCHISEE’S EMPLOYEES OR AGENTS; FRANCHISEE’S COMPUTER SYSTEMS; THE FRANCHISED BUSINESS PREMISES; ENVIRONMENTAL DAMAGE; OR FRANCHISEE’S ADVERTISING OR BUSINESS PRACTICES. FRANCHISEE AGREES TO PAY FOR ALL THE BOARD AND BRUSH INDEMNITEES’ LOSSES, EXPENSES (INCLUDING, BUT NOT LIMITED TO ATTORNEYS’ FEES) OR CONCURRENT OR CONTRIBUTING LIABILITY INCURRED IN CONNECTION WITH ANY ACTION, SUIT, PROCEEDING, INQUIRY (REGARDLESS OF WHETHER THE SAME IS REDUCED TO JUDGMENT OR DETERMINATION), OR ANY SETTLEMENT THEREOF FOR THE INDEMNIFICATION GRANTED BY FRANCHISEE HEREUNDER. THE BOARD AND BRUSH INDEMNITEES SHALL HAVE THE RIGHT TO SELECT AND APPOINT INDEPENDENT COUNSEL TO REPRESENT ANY OF THE BOARD AND BRUSH INDEMNITEES IN ANY ACTION OR PROCEEDING COVERED BY THIS INDEMNITY. FRANCHISEE AGREES THAT TO HOLD THE BOARD AND BRUSH INDEMNITEES HARMLESS, FRANCHISEE WILL REIMBURSE THE BOARD AND BRUSH INDEMNITEES AS THE COSTS AND EXPENSES ARE INCURRED BY THE BOARD AND BRUSH INDEMNITEES.

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## 16. TRANSFERS

### 16.1. Transfers by Franchisor.

16.1.1. Franchisor shall have the right to assign this Agreement, and all of Franchisor’s rights and privileges hereunder, to any person, firm, corporation or other entity, without Franchisee’s permission or prior knowledge, provided that, with respect to any assignment resulting in the subsequent performance by the assignee of Franchisor’s obligations, the assignee shall expressly assume and agree to perform Franchisor’s obligations hereunder. Specifically, and without limitation to the foregoing, Franchisee expressly affirms and agrees that Franchisor may: (i) sell Franchisor’s assets and Franchisor’s rights to the Marks and the System outright to a third party; (ii) engage in a public or private placement of some or all of Franchisor’s securities; (iii) merge, acquire other corporations, or be acquired by another corporation, including competitors; (iv) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring;

and (v) with regard to any or all of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or relating to the loss of association with or identification of Franchisor. Nothing contained in this Agreement shall require Franchisor to remain in the business franchised herein or to offer the same products and services, whether or not bearing the Marks, in the event that Franchisor exercises its prerogative hereunder to assign Franchisor's rights in this Agreement.

16.1.2. Franchisee agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of the facilities (which Franchisee acknowledges may be within the Territory, proximate thereto, or proximate to any of Franchisee's locations). However, Franchisor represents that it will not convert any such acquired facilities that are operating within the Territory to a Board & Brush Creative Studio® franchise during the Term of this Agreement.

16.1.3. If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the creative arts or crafts business or to offer or sell any products or services to Franchisee.

16.2. Restrictions on Transfers by Franchisee. Franchisee's rights and duties under this Agreement are personal to Franchisee as it is organized and with the Principal(s) of the business as they exist on the date of execution of this Agreement, and Franchisor has made this Agreement with Franchisee in reliance on Franchisor's perceptions of the individual and collective character, skill, aptitude, attitude, business ability, and financial capacity of Franchisee or Principal(s). Thus, no transfer, as hereafter defined, may be made without Franchisor's prior written approval. Franchisor may void any transfer made without such approval.

16.3. Transfers by Franchisee. Franchisee shall not directly or indirectly sell, assign, transfer, give, devise, convey or encumber this Agreement or any right or interest herein or hereunder (a "Transfer"), the Franchise, the Franchised Business or any assets thereof (except in the ordinary course of business) or suffer or permit any such assignment, transfer, or encumbrance to occur by operation of law unless it first obtains the written consent of Franchisor. A transfer of any stock in the Franchisee if it is a corporation or a transfer of any ownership rights in Franchisee if it is a partnership, a limited liability company or limited partnership shall be considered a Transfer restricted hereunder. If Franchisee has complied fully with this Agreement and subject to Franchisor's Right of First Refusal set forth in Section 16.6, Franchisor will not unreasonably withhold its consent of a Transfer that meets the following requirements:

- 16.3.1. The proposed transferee and all its principals must have the demeanor, be individuals of good character and otherwise meet, in Franchisor's sole discretion, Franchisor's then-applicable standards for franchisees.
- 16.3.2. The transferee must have sufficient business experience, aptitude and financial resources to operate the Franchised Business and to comply with this Agreement;
- 16.3.3. The transferee has completed Franchisor's Initial Management Training Program to Franchisor's satisfaction;
- 16.3.4. Franchisee has paid, or has made satisfactory provision for all amounts owed to Franchisor and third-party creditors, including but not limited to, customers holding outstanding gift certificates, coupons and Franchisee-issued credits of any kind, all of which shall remain the full responsibility of Franchisee following the Transfer;
- 16.3.5. The transferee has executed Franchisor's then-standard form of Franchise Agreement, which may have terms and conditions different from this Agreement, except that the transferee shall not be required to pay the Initial Franchise Fee;
- 16.3.6. Franchisee and the transferee and each of Franchisee's and the transferee's Principals shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's officers, directors, shareholders, members and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances. Franchisee will agree to subordinate any claims Franchisee may have against the transferee to Franchisor, and indemnify Franchisor against any claims by the transferee relating to misrepresentations in the transfer process, specifically excluding those representations made by Franchisor in the Franchise Disclosure Document given to the transferee;
- 16.3.7. Franchisor has granted written approval of the material terms and conditions of the Transfer, including, without limitation, that the price and terms of payment will not adversely affect the Franchised Business's operation. However, Franchisor's approval of a Transfer is not in any way a representation or warranty of the transferee's success or the soundness of transferee's decision to purchase the Franchise on such terms and conditions. Franchisee shall provide Franchisor all proposed transfer documents for Franchisor's review at least thirty (30) days prior to a closing of the proposed Transfer;
- 16.3.8. If Franchisee or any Principal finances any part of the sale price of the Transfer, Franchisee or its Principal have agreed that all obligations of the transferee under any notes, agreements or security interests to Franchisee or its Principal will be subordinate to the transferee's obligations to Franchisor; and

16.3.9. If consent is required, the lessor of the Franchised Business's premises consents to the assignment or further sublet of the premises to the transferee.

16.4. Transfer Fee. As a condition to any Transfer, Franchisee shall pay Franchisor a nonrefundable transfer fee equal to seventy-five percent (75%) of the then-current initial franchise fee; provided however, (i) for transfers to an existing franchisee in good standing with Franchisor, the transfer fee is fifty percent (50%) of the then-current initial franchise fee, (ii) for transfers of ownership interest among existing shareholders or members, or to add a new shareholder or member, of the Franchisee entity and such transfer does not change management control of the Franchisee entity, the transfer fee is Two Thousand Five Hundred Dollars (\$2,500.00), and (iii) for a transfer to a spouse, parent or child upon death or permanent disability of Franchisee or Franchise's Principal, as the case may be, the transfer fee is Three Thousand Five Hundred Dollars (\$3,500.00).

16.5. Entity Formation Documents. The By-Laws of a corporation or Operating Agreement of a limited liability company of a Franchisee that is an entity must state that (i) the issuance and assignment of any interest in Franchisee are restricted by this Article 16; (ii) Franchisee may conduct no business except the operation of a Franchised Business pursuant to the terms of this Agreement; (iii) transfers of interests in Franchisee are subject to the terms of this Agreement governing transfers; and (iv) stock or member certificates will contain a legend so indicating.

16.6. Franchisor 's Right of First Refusal.

16.6.1. If Franchisee wishes to transfer all or part of its interest in the Franchised Business or this Agreement or if a Principal wishes to transfer any ownership interest in Franchisee, pursuant to any bona fide offer to purchase such interest, then Franchisee or such Principal shall promptly notify Franchisor in writing of each such offer, and shall provide such information and documentation relating to the offer as Franchisor may require.

16.6.2. Franchisor has the right, exercisable by written notice to Franchisee within thirty (30) days after receipt of written notification and copies of all documentation required by Franchisor describing such offer, to buy the interest in this Agreement and the Franchised Business or the Principal's interest in Franchisee for the price and on the terms and conditions contained in the offer, subject to Section 16.6.3.

16.6.3. Franchisee further agrees, in the event Franchisor exercises its right of first refusal, notwithstanding anything to the contrary contained in the offer, that (i) Franchisor may substitute cash for any other form of consideration contained in the offer; (ii) at Franchisor 's option, Franchisor may pay the entire purchase price at closing; (iii) Franchisor 's credit will be deemed equal to the credit of any proposed transferee; (iv) Franchisor will have at least sixty (60) days to close the purchase; and (v) Franchisor will be entitled to receive from the Franchisee all customary representations and warranties given by a seller of the assets of a business or equity interest in an entity, as applicable.



16.6.4. If Franchisor does not exercise its right to buy within thirty (30) days, Franchisee may thereafter transfer the interest to the transferee on terms no more favorable than those disclosed to Franchisor, provided that such transfer is subject to Franchisor's prior written approval pursuant to Section 16.3 hereof. However, if (i) the sale to the transferee is not completed within one hundred twenty (120) days after the offer is given to Franchisor or (ii) there is any material change in the terms of the offer, the offer will again be subject to Franchisor's right of first refusal.

16.7. Death or Permanent Disability. The grant of rights under this Agreement is personal to Franchisee, and on the death or permanent disability of Franchisee or any of Franchisee's Principals, the executor, administrator, conservator or other personal representative of Franchisee or Principal, as the case may be, shall be required to transfer Franchisee's or Principal's interest in this Agreement within six (6) months from the date of death or permanent disability to a third party approved by Franchisor. Failure to transfer in accordance with the forgoing will constitute a material default and the Franchise granted by this Agreement will terminate. A transfer under this Section 16.7, including without limitation, transfer by devise or inheritance, is subject to the conditions for Transfers in this Article 16 and unless transferred by gift, devise or inheritance, subject to the terms of Section 16.6 above. For purposes of this Agreement, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent such person from providing continuous and material supervision of the operation of Franchisee's Franchised Business during the six (6)-month period from its onset.

Immediately after the death or permanent disability of such person, or while the Franchise is owned by an executor, administrator, guardian, personal representative or trustee of that person, the Franchised Business shall be supervised by an interim successor manager satisfactory to Franchisor, or Franchisor, in its sole discretion, may provide interim management at no less than Franchisor's actual cost, pending transfer of the Franchise to the deceased or disabled individual's lawful heirs or successors.

16.8. Effect of Consent to Transfer. Franchisor's consent to a Transfer will not waive any claims Franchisor may have against the Franchisee or any Franchisee's Principals nor waive its right to demand that the transferee comply strictly with this Agreement.

16.9. Security Interests to Lender. If Franchisee is in full compliance with this Agreement, Franchisee may pledge or give a security interest in Franchisee's interest in the assets of the Franchised Business to a lender of the funds needed by Franchisee for Franchisee's initial investment, provided that the security interest is subordinate to Franchisee's obligations to Franchisor, that a foreclosure on such a pledge or security interest and/or any Transfer resulting from such a foreclosure shall be subject to all provisions of this Agreement, and that Franchisee obtains from the lender a written acknowledgement to Franchisor of these restrictions. Notwithstanding the foregoing, in the event Franchisee obtains financing whereby funding is provided with the assistance of the United States Small Business Administration ("SBA Financing"), Franchisee shall be permitted to

grant the lender of such SBA Financing a senior lien on any collateral Franchisee uses to secure the SBA Financing, and Franchisor agrees to (i) subordinate its interest in any lien on Franchisee's collateral to that of the lender of the SBA Financing and (ii) waive the requirement of the written acknowledgement referenced in this Section.

## 17. DEFAULTS

- 17.1. Default and Automatic Termination. Franchisee shall be deemed to be in material default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or makes a general assignment for the benefit of creditors; or if Franchisee files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admits in writing its inability to pay its debts when due; or if Franchisee is adjudicated a bankrupt or insolvent in proceedings filed against Franchisee under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if Franchisee is dissolved; or if execution is levied against Franchisee's business or property; or if suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days.
- 17.2. Defaults with No Opportunity to Cure. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:
- 17.2.1. has misrepresented or omitted material facts in applying for, or in operating, the Franchise;
- 17.2.2. fails to acquire a site for the Franchised Business and timely complete construction of the Franchised Business, fails to obtain, or suffers a lapse of, any licenses and permits, including but not limited to authorization to have alcoholic beverages in the Franchised Business location before opening and/or during operations, or open the Franchised Business within the time and in the manner specified in Article 8.
- 17.2.3. falsifies any report required to be furnished Franchisor hereunder;
- 17.2.4. fails to hold a live in-studio workshop in the Franchised Business for a period of ten (10) days or more; provided, however, that this provision shall not apply if through no fault of Franchisee, the premises are damaged or destroyed by a casualty

and Franchisee applies within thirty (30) days after such event, for Franchisor's approval to relocate or reconstruct the premises (which approval shall not be unreasonably withheld) and Franchisee diligently pursues such reconstruction or relocation.

- 17.2.5. loses for any cause whatsoever the right of possession of the real property on which the Franchised Business is located; provided, however, that this provision shall not apply if through no fault of Franchisee, Franchisee loses right of possession and Franchisee applies within thirty (30) days after such event, for Franchisor's approval to relocate the Franchised Business (which approval shall not be unreasonably withheld) and Franchisee diligently pursues such relocation in accordance with Section 8.5.
- 17.2.6. fails to restore the Franchised Business location to full operation within a reasonable period time but not more than one hundred twenty (120) days from the date the Franchised Business location is rendered inoperable by any casualty or closed due to an order issued by a local authority having jurisdiction over the Franchised Business location;
- 17.2.7. fails to comply with any federal, state or local law, rule or regulation, applicable to the operation of the Franchised Business, including, but not limited to, the ability to provide alcoholic beverages or the failure to pay taxes;
- 17.2.8. defaults under any lease or sublease of the real property on which the Franchised Business is located;
- 17.2.9. understates Gross Revenue on two (2) occasions or more, whether or not cured on any or all of those occasions;
- 17.2.10. fails to comply with the covenants in Article 15;
- 17.2.11. permits a Transfer in violation of the provisions of Article 16 of this Agreement;
- 17.2.12. fails, or Franchisee's legal representative fails, to transfer the interests in this Franchise Agreement and the Franchised Business upon death or permanent disability of Franchisee or any Principal of Franchisee as required by Section 16.7.
- 17.2.13. is convicted of, or pleads no contest to, a felony or to a crime that could damage the goodwill associated with the Marks; or does anything (whether criminal or otherwise) to harm the reputation of the System or the goodwill associated with the Marks;
- 17.2.14. receives an adverse judgment or a consent decree in any case or proceeding involving allegations of fraud, racketeering, unfair or improper trade practices or similar claim which is likely to have an adverse effect on the System, or the Marks,

the goodwill associated therewith or Franchisor's interest therein, in Franchisor's sole opinion;

- 17.2.15. conceals revenues, knowingly maintains false books or records, or knowingly submits any false reports;
  - 17.2.16. creates a threat or danger to public health or safety from the construction, maintenance or operation of the Franchised Business;
  - 17.2.17. refuses to permit Franchisor to inspect or audit Franchisee's books or records;
  - 17.2.18. makes any unauthorized use of the Intellectual Property, Marks or copyrighted material or any unauthorized use or disclosure of Confidential Information (as defined in Section 19.2);
  - 17.2.19. fails to comply with the non-competition covenants in Section 19.5;
  - 17.2.20. defaults in the performance of Franchisee's obligations under this Agreement three (3) or more times during the term of this Agreement or has been given at least two (2) notices of default in any consecutive twelve (12)-month period, whether or not the defaults have been corrected;
  - 17.2.21. has insufficient funds to honor a check or electronic funds transfer two (2) or more times within any consecutive twelve (12)-month period;
  - 17.2.22. defaults, or an affiliate of Franchisee defaults, under any other agreement, including any other franchise agreement, with Franchisor or any of its affiliates, suppliers or landlord and does not cure such default within the time period provided in such other agreement; or
  - 17.2.23. terminates this Agreement, including by ceasing to operate the Franchised Business, without cause.
- 17.3. Curable Defaults. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, if Franchisee fails to cure the default within the time period set forth in this Section 17.3, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

- 17.3.1. fails to pay when due any amounts due to Franchisor under this Agreement or any related agreement, or any amounts due to suppliers or customers, and does not correct the failure within five (5) days after written notice; provided, however, Franchisor has no obligation to give written notice of a late payment more than two (2) times in any twelve (12)-month period, and the third such late payment in any twelve (12)-month period shall be a non-curable default under Sections 17.2.20 and/or 17.2.21;
- 17.3.2. fails to perform any non-monetary obligation imposed by this Agreement (excepting those defaults of obligations set forth in Sections 17.1 and 17.2 for which there is no opportunity to cure) and such default shall continue for five (5) days after Franchisor has given written notice of such default, or if the default cannot be reasonably corrected within said five (5)-day period, then if it is not corrected within such additional time as may be reasonably required assuming Franchisee proceeds diligently to cure; provided, however, Franchisor has no obligation to give written notice of a non-monetary default more than two (2) times in any twelve (12)-month period, and the third such default, whether monetary or non-monetary, in any twelve (12) - month period shall be a non-curable default under Section 17.2.20.
- 17.4. Franchisor's Cure of Franchisee's Defaults. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor may, but has no obligation to:
- 17.4.1. effect a cure on Franchisee's behalf and at Franchisee's expense, and Franchisee shall immediately pay Franchisor the costs incurred by Franchisor upon demand; or
- 17.4.2. enter upon the Franchised Business premises and exercise complete authority with respect to the operation thereof until such time as Franchisor determines that the default of Franchisee has been cured and that Franchisee is complying with the requirements of this Agreement. Franchisee specifically agrees that a designated representative of Franchisor may take over, control and operate the Franchised Business. In addition to all other fees paid under this Agreement, Franchisee shall pay Franchisor ten percent (10%) of the Gross Revenue generated by the Franchised Business during Franchisor's operation thereof as compensation therefor. Further, Franchisee shall reimburse Franchisor for the full compensation paid to such representative including the cost of all fringe benefits plus all travel expenses, lodging, meals and other expenses reasonably incurred by such representative until the default has been cured and Franchisee is complying with the terms of this Agreement.
- 17.5. Notice to Suppliers. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor reserves the right with five (5) days' prior written notice to Franchisee to direct suppliers to stop furnishing any and all products and supplies until such time as Franchisee's default is cured.

In no event shall Franchisee have recourse against Franchisor for loss of revenue, customer goodwill, profits or other business arising from Franchisor's actions and the actions of suppliers.

- 17.6. Suspend Operations. In the event of a default by Franchisee pursuant to Section 17.2.6 hereof, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor may instruct Franchisee to immediately suspend operation of the Franchised Business, until Franchisee has cured such non-compliance to Franchisor's satisfaction. Non-operation of the Franchised Business due to regulatory or other legal non-compliance shall specifically be subject to Section 17.3.2 hereof. In addition, Franchisee shall remain liable to pay a minimum Royalty Fee and Brand Fund Contribution that is equal to the greater of (i) Four Hundred Dollars (\$400.00) and Seventy Dollars (\$70.00) respectively per month, or (ii) the average amount paid by Franchisee during the four (4) calendar quarters immediately preceding the date that operations cease or the shorter period that Franchisee had been in business.
- 17.7 Reimbursement of Costs. Franchisee shall reimburse Franchisor all costs and expenses, including but not limited to attorneys' fees, incurred by Franchisor as a result of Franchisee's default, including costs in connection with collection of any amounts owed to Franchisor and/or enforcement of Franchisor's rights under this Agreement.

## 18. POST-TERMINATION

- 18.1. Franchisee's Obligations. Upon termination or expiration of this Agreement, all rights and licenses granted hereunder to Franchisee shall immediately terminate and Franchisee and each Principal, if any, shall:
- 18.1.1. immediately cease to operate the Franchised Business, and shall not thereafter, directly or indirectly identify himself, herself or itself as a current Board & Brush Creative Studio® owner, franchisee or licensee;
  - 18.1.2. immediately and permanently cease to use the Marks, any imitation of any Mark, Franchisor's designs, copyrighted material or other intellectual property, confidential or proprietary material or indicia of the Franchised Business; immediately and permanently refrain from using any trade name, trade or service mark or other commercial symbol that suggests a current or past association with Franchisor, Franchisor's affiliates, or the System and immediately and permanently refrain from using in any way Franchisor's name or Intellectual Property in connection with Franchisee's future business endeavors. In particular, Franchisee shall cease to use, without limitation, all signs, billboards, advertising materials, displays, stationery, forms and any other articles, which display the Marks;
  - 18.1.3. take such action as may be necessary to cancel any assumed name or equivalent registration that contains the Mark or any other service mark or trademark of Franchisor, and Franchisee shall furnish Franchisor with evidence of compliance

with this obligation which is satisfactory to Franchisor, within five (5) days after termination or expiration of this Agreement;

- 18.1.4. promptly pay all sums owing to Franchisor, its affiliates and vendors; and reimburse or escrow funds, at Franchisor's discretion, for gift certificates or in-Studio credits issued to customers of the Franchised Business. Such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of any default by Franchisee. The payment obligation herein shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, fixtures, and inventory owned by Franchisee and located at the Franchised Business premises at the time of default;
- 18.1.5. pay to Franchisor all damages for any breach or early termination of this Agreement, plus, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor in connection with obtaining any remedy available to Franchisor and, subsequent to the termination or expiration of this Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement that survive its termination;
- 18.1.6. immediately deliver at Franchisee's sole cost and expense, to Franchisor the Manual and all records, files, instructions, correspondence, invoices, agreements, designs, completed project signs, all confidential, proprietary and copyrighted material and all other materials related to operation of the Franchised Business, including but not limited to all branded materials, customer lists and records, (all of which are acknowledged to be Franchisor's property), delete all electronic copies and retain no copy or record of any of the foregoing, except Franchisee's copy of this Agreement and of any correspondence between the parties and any other documents that Franchisee reasonably needs for compliance with any provision of law;
- 18.1.7. comply with the non-disclosure and non-competition covenants contained in Article 19; and
- 18.1.8 in the event this Agreement is terminated due to Franchisee's closure of the Franchised Business without Franchisor's consent, pay Franchisor a lump sum payment (as liquidated damages and not as a penalty) in an amount equal to Two Thousand Dollars (\$2,000.00). Franchisee acknowledges that a precise calculation of the full extent of the damages Franchisor will incur in the event of termination of this Agreement as a result of Franchisee's default is difficult to determine and that this lump sum payment is reasonable in light thereof. The liquidated damages payable by Franchisee pursuant to this Section 18.1.8 shall be in addition to all other amounts payable under this Agreement and shall not affect Franchisor's right to obtain appropriate injunctive relief and remedies pursuant to any other provision of this Agreement.

## 18.2. Right to Purchase.

- 18.2.1. Franchisor shall have the option, to be exercised within thirty (30) days after Franchisee has provided an itemization and valuation of assets (or valuation has

been established as set forth below), to purchase from Franchisee any or all of the furnishings, equipment (including any point of sale system), outdoor signs, fixtures, advertising materials, supplies, and inventory of Franchisee related to the operation of the Franchised Business, at Franchisee's cost or fair market value, whichever is less. Franchisor shall purchase Franchisee's assets free and clear of any liens, charges, encumbrances or security interests and Franchisor shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within thirty (30) days after Franchisee provides its itemization and valuation of assets, fair market value shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and shall split the appraisal fees equally. If Franchisor elects to exercise its option to purchase herein provided, it shall have the right to set off (i) all fees for any such independent appraiser due from Franchisee, (ii) all amounts due from Franchisee to Franchisor or any of its affiliates and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees), against any payment therefor and shall pay the remaining amount in cash. Closing of the purchase shall take place no later than thirty (30) days after Franchisor notifies Franchisee that Franchisor exercises its option to purchase the assets.

18.2.2. With respect to the options described in Sections 18.2.1, Franchisee shall deliver to Franchisor in a form satisfactory to Franchisor, such warranties, releases of lien, bills of sale, assignments and such other documents and instruments that Franchisor deems necessary in order to perfect Franchisor's title and possession in and to the assets being purchased or assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, Franchisee has not obtained all of these certificates and other documents, Franchisor may, in its sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents.

18.2.3. Franchisor shall be entitled to assign any and all of its option(s) in Section 18.2.1 to any other party, without the consent of Franchisee.

18.3. Assignment of Telephone Numbers. Franchisee, at the option of Franchisor, shall assign to Franchisor all rights to the telephone numbers of the Franchised Business and any related public directory listing or other business listings and execute all forms and documents required by Franchisor and any telephone company at any time, to transfer such service and numbers to Franchisor. Further, Franchisee shall assign to Franchisor any and all social media accounts and internet listings, domain names, internet advertising, websites, listings with search engines, electronic mail addresses or any other similar listing or usage related to the Franchised Business. Notwithstanding any forms and documents that may have been executed by Franchisee under Section 11.6, Franchisee shall provide Franchisor with all passwords and administrative rights, and hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete such assignment. This power of attorney shall survive the expiration or termination of this Agreement. Franchisee shall thereafter use different telephone numbers, social media accounts, electronic mail addresses or other



listings or usages at or in connection with any subsequent business conducted by Franchisee.

18.4. Survival. The rights and obligations of the parties contained in this Article 18 shall survive the expiration or sooner termination of this Agreement.

## 19. NON-DISCLOSURE AND NON-COMPETITION COVENANTS

### 19.1. Operations Manual.

19.1.1. Franchisor has provided to Franchisee, on loan, a current copy of the Manual. The Manual may be in hard copy or made available to Franchisee in digital, electronic or computerized form or in some other form now existing or hereafter developed that would allow Franchisee to view the contents thereof. Franchisee shall pay any and all costs to retrieve, review, use or access the Manual (or any changes thereto). To protect the reputation and goodwill of Franchisor and to maintain high standards of operation under Franchisor's Marks, Franchisee shall operate all aspects of the Franchised Business in accordance with the Manual, as they may from time to time be modified by Franchisor, other written directives that Franchisor may issue to Franchisee from time to time, whether or not such directives are included in the Manual, and any other manual and materials created or approved for use in the operation of the Franchised Business.

19.1.2. Franchisee and Principal(s) shall at all times treat the Manual, written directives, and other materials and any other confidential communications or materials, and the information contained therein, as confidential and shall maintain such information as trade secret and confidential in accordance with this Article and this Agreement. Franchisee and Principal(s) shall not divulge and make such materials available to anyone other than those of Franchisee's employees who require the information contained therein to operate the Franchised Business. Franchisee shall, prior to disclosure, fully train and inform its employees on all the restrictions, terms and conditions under which it is permitted to use Franchisor's intellectual, proprietary and confidential information; and shall ensure its employees' compliance with such restrictions, terms and conditions. Franchisee, Principal(s), and any person working with Franchisee shall agree not, at any time to use, copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent.

19.1.3. The Manual, written directives, and other materials and any other confidential communications provided or approved by Franchisor shall at all times remain the sole property of Franchisor. Franchisee shall maintain the Manual and all Franchisor's confidential and proprietary materials at all times in a safe and secure location, shall take all reasonable measures to prevent unauthorized access thereto, whether any attempted unauthorized access takes the form of physical access or access via computer or telecommunications networks or otherwise, and shall report

the theft or loss of the Manual, or any portion thereof, immediately to Franchisor. At a minimum, Franchisee shall, in the case of computer and telecommunications networks, use the latest available firewall, encryption and similar technology to prevent unauthorized access. Franchisee shall delete all electronic copies and return and cease using any physical copy of the Manual and other confidential and proprietary materials to Franchisor immediately upon request or upon transfer, termination or expiration of this Agreement.

19.1.4. Franchisor may from time to time revise the contents of the Manual and other materials created or approved for use in the operation of the Franchised Business. Franchisee expressly agrees to comply with each new or changed policy, standard or directive. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor shall control.

19.1.5. If Franchisee loses, misplaces or otherwise requests a physical copy of the Manual, Franchisor, in its discretion, may provide such physical copy and Franchisee shall pay Franchisor the then-current replacement fee. The replacement fee as of the date of this Agreement is One Hundred Dollars (\$100.00).

19.2. Confidential Information. Franchisee and Principal(s) acknowledge and accept that during the term of this Agreement Franchisee and Principal(s) will have access to Franchisor's trade secrets, including, but not limited to, designs, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, financial information, costs, product prices and names, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of the Franchised Business; the Manual; methods of advertising and promotion; instructional materials; any other information which Franchisor may or may not specifically designate as "confidential" or "proprietary"; and the components of the System, whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively referred to herein as the "Confidential Information"). Neither Franchisee nor any Principal shall, during the term of this Agreement and thereafter, communicate or divulge to, or use for the benefit of, any other person or entity, and, following the expiration or termination of this Agreement, shall not use for their own benefit, any Confidential Information that may be communicated to Franchisee or any Principal or of which Franchisee or any Principal may be apprised in connection with the operation of the Franchised Business under the terms of this Agreement. Franchisee and any Principal shall not divulge and make any Confidential Information available to anyone other than those of Franchisee's employees who require the Confidential Information to operate the Franchised Business and who have themselves entered into confidentiality and non-compete agreements containing the same provisions as contained in this Agreement, in accordance with Section 19.10 hereof. Franchisee and any Principal shall not at any time copy, duplicate, record or otherwise reproduce any Confidential Information, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent. The covenant in this Section 19.2 shall survive the expiration,

termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon Franchisee and each Principal.

- 19.3. Protection of Information. Franchisee shall take all steps necessary, at Franchisee's own expense, to protect the Confidential Information and shall immediately notify Franchisor if Franchisee finds that any Confidential Information has been divulged in violation of this Agreement.
- 19.4. New Concepts. If Franchisee or any Principal develops any new concept, process, product, design, or improvement in the operation or promotion of the Franchised Business ("Improvements"), Franchisee is required to promptly notify Franchisor and provide Franchisor with all related information, processes, products, design or other improvements, and sign any and all forms, documents and/or papers necessary for Franchisor to obtain full proprietary rights to such Improvements, without compensation and without any claim of ownership or proprietary rights to such Improvements. Franchisee and any Principal acknowledge that any such Improvements will become the property of Franchisor, and Franchisor may use or disclose such information to other franchisees as it determines to be appropriate.
- 19.5. Noncompetition Covenants. Franchisee and Principal(s) specifically acknowledge that, pursuant to this Agreement, Franchisee and Principal(s) will receive valuable training, trade secrets and Confidential Information of the System that are beyond the present knowledge, training and experience of Franchisee and Principal(s). Franchisee and Principal(s) acknowledge that such specialized training, trade secrets and Confidential Information provide a competitive advantage and will be valuable to them in the development and operation of the Franchised Business, and that gaining access to such specialized training, trade secrets and Confidential Information is, therefore, a primary reason why Franchisee and Principal(s) are entering into this Agreement. In consideration for such specialized training, trade secrets, Confidential Information and rights, Franchisee and Principal(s) covenant that, except as otherwise approved in writing by Franchisor:
- 19.5.1. During the term of this Agreement, Franchisee and Principal(s) shall not, either directly or indirectly, for themselves or through, on behalf of, or in conjunction with, any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; (ii) participate as an owner, partner, director, officer, employee, vendor, consultant or agent or serve in any other capacity in any creative arts business similar to the System; (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Board & Brush Creative Studio® franchisees or Franchisor-affiliated outlets.
- 19.5.2. Upon the expiration or earlier termination of this Agreement or upon a Transfer and continuing for twenty-four (24) months thereafter, Franchisee and Principal(s) shall

not, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; or (ii) participate as an owner, partner, director, officer, employee, vendor, consultant or agent or serve in any other capacity in any creative arts business within twenty (20) miles of the Territory or of the territory of any Board & Brush Creative Studio® location; or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Board & Brush Creative Studio® franchisees.

- 19.6. Reasonableness of Restrictions. Franchisee and Principal(s) acknowledge and agree that the covenants not to compete set forth in this Agreement are fair and reasonable and will not impose any undue hardship on Franchisee or Principal(s), since Franchisee or Principal(s), as the case may be, have other considerable skills, experience and education which afford Franchisee or Principal(s), as the case may be, the opportunity to derive income from other endeavors.
- 19.7. Reduction of Time or Scope. If the period of time or the geographic scope specified above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Paragraph 19 or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees to forthwith comply with any covenant as so modified.
- 19.8. Injunctive Relief. Franchisee and Principal(s) acknowledge that a violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law will be available. Accordingly, Franchisee and Principal(s) hereby consent to the entry of an injunction prohibiting any conduct by Franchisee or any Principal in violation of the terms of the covenants not to compete set forth in this Agreement.
- 19.9. No Defense. Franchisee and Principal(s) expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section.
- 19.10. Covenants of Employees, Agents and Third Persons. Franchisee shall require and obtain execution of covenants similar to those set forth in this Section (including covenants applicable upon the termination of a person's employment with Franchisee) from all employees, contractors or third persons who will have access to Franchisor's confidential and proprietary information, and Franchisee shall provide Franchisor with executed versions thereof. Such covenants shall be substantially in the form set forth in

Attachment 8 as revised and updated from time to time and/or contained in the Manual. Franchisee shall indemnify and hold Franchisor harmless from any and all liability, loss, attorneys' fees, or damage Franchisor may suffer as a result of Franchisee's failure to obtain executed restricted covenants by employees, agents and third persons as required by this Section.

## 20. DISPUTE RESOLUTION

- 20.1. Internal Dispute Resolution. Franchisee shall first bring any claim, controversy or dispute arising out of or relating to this Agreement, the Attachments hereto or the relationship created by this Agreement to Franchisor's president and/or chief executive officer for resolution. After providing notice as set forth in Section 21.7 below. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.
- 20.2. Alternative Dispute Resolution. At Franchisor's option, any claim, controversy or dispute that is not resolved pursuant to Section 20.1 hereof may be submitted to non-binding mediation or other alternative dispute resolution process consistent with Wis. Stats sec. 802.12. Franchisee shall provide Franchisor with written notice of Franchisee's intent to pursue any unresolved claim, controversy or dispute, specifying in sufficient detail the nature thereof, prior to commencing any legal action. Franchisor shall have thirty (30) days following receipt of Franchisee's notice to exercise Franchisor's option to submit such claim, controversy or dispute to mediation or other alternative dispute resolution process. Such mediation or alternative dispute resolution process shall take place in the then-current location of Franchisor's corporate headquarters. All costs and expenses of mediation or alternative dispute resolution process, (except for the attorneys' fees incurred by either party), shall be borne by the parties equally. Franchisor may specifically enforce Franchisor's rights, as set forth herein.
- 20.3. Governing Law and Venue. This Agreement is made in, and shall be substantially performed in, the state of Wisconsin. Any claims, controversies, disputes or actions arising out of this Agreement shall be governed, enforced and interpreted pursuant to the laws of the state of Wisconsin. Franchisee and Principal(s), except where specifically prohibited by law, hereby irrevocably submit themselves to the sole and exclusive jurisdiction of the state and federal courts in Wisconsin. Franchisee and Principal(s) hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision.
- 20.4. Mutual Benefit. Franchisee, Principal(s), and Franchisor acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 20.3 provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising hereunder. Each of Franchisee, Principal(s), and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have

been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

- 20.5. Waiver of Certain Damages. Franchisee and Principal(s) hereby waive, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against Franchisor, its affiliates, and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever. Each of Franchisee and Principal(s) agree that in the event of a dispute, Franchisee and each Principal shall be limited to the recovery of any actual direct compensatory damages sustained.
- 20.6. Limitations of Claims. Any and all claims arising out of or relating to this Agreement or the relationship among the parties will be barred unless a proceeding for relief is commenced within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims.
- 20.7. Survival. The provisions of this Article 20 shall continue in full force and effect notwithstanding the expiration or termination of this Agreement or a transfer by Franchisee or any Principal of their respective interests in this Agreement.

## 21. GENERAL

### 21.1 Relationship of the Parties.

21.1.1 Independent Licensee. Franchisee is and shall be an independent licensee under this Agreement, and no partnership shall exist between Franchisee and Franchisor. This Agreement does not constitute Franchisee as an agent, legal representative, or employee of Franchisor for any purpose whatsoever, and Franchisee is not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, or in any way to bind Franchisor. Franchisee agrees not to incur or contract any debt or obligation on behalf of Franchisor or commit any act, make any representation, or advertise in any manner which may adversely affect any right of Franchisor or be detrimental to Franchisor or other franchisees of Franchisor. Franchisor does not assume any liability, and will not be considered liable, for any agreements whether lawful or unlawful, representations, or warranties made by Franchisee which are not expressly authorized under this Agreement. Franchisor will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to Franchisee's operation of the Franchised Business. Pursuant to the above, Franchisee agrees to indemnify Franchisor and hold Franchisor harmless from any and all liability, loss, attorneys' fees, or damage Franchisor may suffer as a result of claims, demands, taxes, costs, or judgments against Franchisor arising out of any allegation of an agent, partner, or employment relationship.

21.1.2 No Relationship. Franchisee acknowledges and agrees that Franchisee alone exercises day-to-day control over all operations, activities, and elements of the Franchised

Business, and that, except as set forth in Section 17.4.2 hereof, under no circumstance shall Franchisor do so or be deemed to do so. Franchisee further acknowledges and agrees, and will never claim otherwise, that the various restrictions, prohibitions, specifications, and procedures of the System which Franchisee is required to comply with under this Agreement, as set forth in the Manual or otherwise, constitute standards Franchisee must adhere to when exercising control of the day-to-day operations of the Franchised Business, but do not directly or indirectly constitute, suggest, infer or imply that Franchisor controls the day-to-day operations of the Franchised Business, which Franchisee alone controls.

- 21.1.3 Franchisee's Employees. Franchisor has no authority to control, either directly or indirectly, the essential terms and conditions of employment of Franchisee's employees. Franchisee acknowledges and agrees that Franchisee, in Franchisee's sole and absolute discretion, shall determine all such essential terms and conditions of employment, which are defined in the Manual. Franchisee specifically agrees that any training Franchisor provides for Franchisee's employees is geared to impart to those employees, with Franchisee's ultimate authority, the various procedures, protocols, systems, and operations of a Board and Brush outlet and in no fashion reflects any employment relationship between Franchisor and such employees. All agreements and relations between Franchisee and Franchisee's employees shall be conducted in the name of Franchisee, and not in the legal or tradename(s) of Franchisor. If ever it is asserted that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees in any private or government investigation, action, proceeding, arbitration or other setting, Franchisee irrevocably agrees to assist Franchisor in defending said allegation, appearing at any venue requested by Franchisor to testify on Franchisor's behalf participate in depositions, other appearances or preparing affidavits rejecting any assertion that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees.
- 21.2. Successors. This Agreement shall bind and inure to the benefit of the successors and assigns of Franchisor and shall be personally binding on and inure to the benefit of Franchisee (including the individuals executing this Agreement on behalf of the Franchisee entity) and its or their respective heirs, executors, administrators and successors or assigns; provided, however, the foregoing provision shall not be construed to allow a transfer of any interest of Franchisee or Principal(s) in this Agreement or the Franchised Business, except in accordance with Article 16 hereof.
- 21.3. Invalidity of Part of Agreement. Should any provisions in this Agreement, for any reason, be declared invalid, then such provision shall be invalid only to the extent of the prohibition without in any way invalidating or altering any other provision of this Agreement.
- 21.4. Construction. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement or any provision herein may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants,

agreements and obligations assumed herein by Franchisee and Principal(s) shall be deemed to be joint and several covenants, agreements and obligations of each of the persons named as Franchisee, if more than one person is so named.

- 21.5. Captions. Captions and section headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.
- 21.6. Notices. Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally, electronically, or by certified mail, priority mail, or courier, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or on the date the delivery is refused. For notices sent electronically, the notice shall be deemed given on the date the notice is sent unless the sender receives notice of rejected delivery by the email or electronic account. All such notices shall be addressed to the party to be notified at their respective addresses as set forth in the introductory paragraph of this Agreement, or at such other address or addresses, including email addresses, as the parties may from time to time designate in writing.
- 21.7. Effect of Waivers. No waiver, delay, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising from any default or breach by Franchisee shall affect or impair the rights of Franchisor with respect to any subsequent default of the same or of a different kind. Any use by Franchisee of the System or any part thereof at any place other than at the Franchised Business location shall not give Franchisee any rights not specifically granted hereunder. Failure to take action to stop such use shall not in any event be considered a waiver of the rights of Franchisor at any time to require Franchisee to restrict said use to the Franchised Business location.
- 21.8. Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies that are provided for herein or that may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of Franchisor's rights pursuant to Article 17 shall not discharge or release Franchisee or any Principal from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.
- 21.9. Counterparts. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.



21.10. Survival. Any obligation of Franchisee or any Principal that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Franchisee or any Principal therein shall be deemed to survive such termination, expiration or transfer.

21.11. Entire Agreement. This Agreement, including all attachments, is the entire agreement of the parties, superseding all prior written or oral agreements of the parties concerning the same subject matter, and superseding all prior written or oral representations made to Franchisee, except that nothing in this Agreement or in any related agreement is intended to disclaim the representations made to Franchisee in Franchisor's Franchise Disclosure Document. No agreement of any kind relating to the matters covered by this Agreement and no amendment of the provisions hereof shall be binding upon either party unless and until the same has been made in writing and executed by all interested parties.

*Remainder of Page Intentionally Blank*

The parties hereto have executed this Franchise Agreement on the day and year first above written.

FRANCHISOR:

BOARD AND BRUSH CREATIVE STUDIO  
FRANCHISING LLC

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

Julie Selby, Owner  
(Print Name, Title)

FRANCHISEE (Entity):

\_\_\_\_\_

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

\_\_\_\_\_, \_\_\_\_\_  
(Print Name, Title)

FRANCHISEE (Principal):

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

FRANCHISEE (Principal):

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

ATTACHMENT 1

Service Marks –

*Board & Brush*  
creative studio



B|b Creative Studio

**ATTACHMENT 2**

**TERRITORY DESCRIPTION AND  
FRANCHISED BUSINESS ADDRESS**

\*\*TERRITORY AND ADDRESS TO BE DETERMINED AND INSERTED AFTER A BOARD & BRUSH CREATIVE STUDIO PREMISES IS IDENTIFIED BY FRANCHISEE AND APPROVED BY FRANCHISOR, IN ACCORDANCE WITH SECTION 8.1 OF THE FRANCHISE AGREEMENT, IN THE NON-EXCLUSIVE SITE SEARCH AREA OF \_\_\_\_\_.

Territory (insert map and/or define by zip codes):

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Franchised Business Address:

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**ATTACHMENT 3**

**AUTHORIZATION AGREEMENT  
AUTOMATIC DEPOSITS (ACH WITHDRAWALS)**

Franchisor Name: **Board and Brush Creative Studio Franchising LLC**

I (We) hereby authorize Board and Brush Creative Studio Franchising LLC, hereinafter called Franchisor, to initiate debit entries to my (our) Checking Account/Savings Account (Select One) indicated below at the depository financial institution named below, and to debit the same to such account. I (We) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. Law, and that I will be responsible for any banking fees that my institution charges.

Financial Institution Name: \_\_\_\_\_ Branch: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Phone: \_\_\_\_\_

ACH/Routing Number: \_\_\_\_\_ Account Number: \_\_\_\_\_  
(Nine Digits)

This authorization is to remain in full force and effect until Franchisor has received a written replacement ACH Withdrawal Form notification from me. I (We) understand that revocation of this Authorization Agreement by me (us) may constitute an event of Default under the Franchise Agreement.

I (We) understand that the amount to be withdrawn by Franchisor will not be the same each month and I (We) therefore authorize all monetary transfers pursuant to Articles 6 and 18 of the Franchise Agreement.

\_\_\_\_\_  
Print Franchisee / Account Holder Name

\_\_\_\_\_  
Print Franchisee/Co-Account Holder Name

\_\_\_\_\_  
Franchisee/ Account Holder Signature-Date

\_\_\_\_\_  
Franchisee/Co-Account Holder Signature-Date

\_\_\_\_\_  
Daytime Phone Number

\_\_\_\_\_  
Email Address

**PLEASE ATTACH A VOIDED CHECK TO THIS FORM**

**Please Return Form to:**

Board and Brush Creative Studio Franchising LLC  
117 Hill Street  
Hartland, WI 53029

**ATTACHMENT 4**

**CONDITIONAL ASSIGNMENT OF LEASE**

**FOR VALUE RECEIVED**, the undersigned \_\_\_\_\_ ("Assignor") hereby assigns and transfers to Board and Brush Creative Studio Franchising LLC, a Wisconsin limited liability company with a notice address of 117 Hill Street, Hartland, Wisconsin, 53029 ("Assignee"), all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which shall be attached hereto (the "Lease") respecting premises commonly known as \_\_\_\_\_. This Assignment is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the premises demised by the Lease pursuant to the terms hereof and assumes the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that Assignor has full power and authority to so assign the Lease and Assignor's interest therein and that Assignor has not previously assigned or transferred, and is not obligated to assign or transfer, any of Assignor's interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under the franchise agreement for a Board and Brush Creative Studio outlet between Assignee and Assignor (the "Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the Premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing. If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the purpose of effecting such extension or renewal.

ASSIGNOR:

DATED: \_\_\_\_\_

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

\_\_\_\_\_  
(Print Name, Title)

DATED: \_\_\_\_\_

\_\_\_\_\_

DATED: \_\_\_\_\_

\_\_\_\_\_

**CONSENT AND AGREEMENT OF LANDLORD**

to that Conditional Assignment of Lease from \_\_\_\_\_ (Assignor) to Board and Brush Creative Studio Franchising LLC (Assignee) dated \_\_\_\_\_ for the property known as \_\_\_\_\_.

The undersigned Landlord under the aforescribed Lease further hereby:

- (a) Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;
- (b) Agrees that Assignee shall have the right, but shall not be obligated, to cure any default by Assignor under the Lease within 30 days after delivery by Landlord of notice thereof in accordance with paragraph (a) above;
- (c) Consents to the foregoing Conditional Assignment and agrees that if Assignee takes possession of the Premises demised by the Lease and confirms to Landlord the assumption of the Lease by Assignee as tenant thereunder, Landlord shall recognize Assignee as tenant under the Lease, provided that Assignee cures within the 30-day period the non-monetary defaults, if any, of Assignor under the Lease (Assignor will remain liable to Landlord for all monetary obligations incurred before the date Assignee takes possession);
- (d) Agrees that Assignee may further assign the Lease to a person, firm or corporation who shall agree to assume the tenant's obligations under the Lease and who is reasonably acceptable to Landlord and upon such assignment Assignee shall have no further liability or obligation under the Lease as assignee, tenant or otherwise.
- (e) Permits Assignee to enter upon the Premises without being guilty of trespass or any other crime or tort to de-identify the Premises as a Board and Brush Creative Studio outlet if Tenant fails to do so following termination of the Franchise Agreement or Lease, provided that Assignee shall repair any damage caused thereby.

DATED: \_\_\_\_\_

LANDLORD:

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

**ATTACHMENT 5**  
**STATEMENT OF OWNERSHIP INTERESTS IN**  
**FRANCHISEE ENTITY**

**Name**

**Percentage of Ownership**



## ATTACHMENT 6

### GUARANTY

This Guaranty and Covenant (this “Guaranty”) is given by the undersigned (“Guarantor”) on \_\_\_\_\_, (the “Effective Date”) to Board and Brush Creative Studio Franchising LLC, a Wisconsin limited liability company (“Franchisor”), in order to induce Franchisor to enter into that certain Franchise Agreement dated on or about the Effective Date hereof (the “Franchise Agreement”) with \_\_\_\_\_, a(n) \_\_\_\_\_ and \_\_\_\_\_ (collectively “Franchisee”).

Guarantor acknowledges that Guarantor is the spouse of Franchisee’s Principal, as that term is used in the Franchise Agreement.

Guarantor acknowledges that Guarantor has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guaranty are in partial consideration for, and a condition to the granting of, the rights granted in the Franchise Agreement to Franchisee, and that Franchisor would not have granted these rights without the execution of this Guaranty by Guarantor.

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the monetary obligations and non-competition covenants and agreements of the Franchisee as set forth in the Franchise Agreement, including but not limited to, the covenants set forth in Sections 19.2, 19.5, 19.6, 19.8 and 19.9 of the Franchise Agreement (“Guaranteed Obligations”). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor.

This Guaranty is an absolute and unconditional continuing guaranty of payment and performance of the Guaranteed Obligations. This Guaranty shall not be discharged by renewal of any claims guaranteed by this instrument, change in ownership or control of the Franchisee entity, transfer of the Franchise Agreement, the suffering of any indulgence to any debtor, extension of time of payment thereof, nor the discharge of Franchisee by bankruptcy, operation of law or otherwise. Presentment, demand, protest, notice of protest and dishonor, notice of default or nonpayment and diligence in collecting any obligation under any agreement between Franchisee and Franchisor are each and all waived by Guarantor and/or acknowledged as inapplicable. Guarantor waives notice of amendment of any agreement between Franchisee and Franchisor and notice of demand for payment by Franchisee. Guarantor further agrees to be bound by any and all amendments and changes to any agreement between Franchisee and Franchisor.

Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

If other guarantors have guaranteed any and or all of the Guaranteed Obligations, their liability shall be joint and several to that of Guarantor.

Until all of the Guaranteed Obligations have been paid in full and/or performed in full, Guarantor shall not have any right of subrogation, unless expressly given to Guarantor in writing by Franchisor.

All Franchisor's rights, powers and remedies hereunder and under any other agreement now or at any time hereafter in force between Franchisor and Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Franchisor by law.

Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective.

This Guaranty shall extend to and inure to the benefit of Franchisor and its successors and assigns and shall be binding on Guarantor and its successors and assigns.

Guarantor has signed this Guaranty as of the date set forth above.

GUARANTOR - SPOUSE OF FRANCHISEE'S PRINCIPAL:

\_\_\_\_\_  
Print Name: \_\_\_\_\_  
Address: \_\_\_\_\_

## ATTACHMENT 7

### INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE LISTING AGREEMENT

**THIS INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE LISTING AGREEMENT** (the “Agreement”) is made and entered into this day of \_\_\_\_\_ (the “Effective Date”), by and between Board and Brush Creative Studio Franchising LLC, a Wisconsin limited liability company with its principal place of business at 117 Hill Street, Hartland, WI 53029 (the “Franchisor”), and \_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business located at \_\_\_\_\_ and \_\_\_\_\_ ‘s principal(s), \_\_\_\_\_, an individual, residing at \_\_\_\_\_, and \_\_\_\_\_, an individual, residing at \_\_\_\_\_ (“Principal(s)”). \_\_\_\_\_ and Principal(s) shall be individual and collectively referred to as, and each is, the “Franchisee”.

**WHEREAS**, Franchisee desires to enter into a franchise agreement with Franchisor for a Board & Brush Creative Studio® business (“Franchise Agreement”) which will allow Franchisee to conduct internet-based advertising, maintain social media accounts, software accounts, and use telephone listings linked to the Board & Brush Creative Studio® brand.

**WHEREAS**, Franchisor would not enter into the Franchise Agreement without Franchisee’s agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

**NOW, THEREFORE**, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

#### 1. Definitions

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. “Termination” of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

#### 2. Internet Advertising and Telephone Accounts

2.1 Interest in Websites, Social Media, and Software Accounts and Other Electronic Listings. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, software accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet websites, and the right to hyperlink to certain websites and listings on various internet search engines (collectively, “Electronic Advertising”) related to the Franchised Business or the Marks.

2.2 Interest in Telephone Numbers and Listings. Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the “Telephone Listings”) related to the Franchised Business or the Marks.

2.3 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, social media and software companies, and other listing agencies (collectively, the “Internet Companies”) with which Franchisee has Electronic Advertising and Telephone Listings: (i) to transfer all of Franchisee’s interest in such Electronic Advertising and Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Electronic Advertising and Telephone Listings, Franchisee will immediately direct the Internet Companies to terminate such Electronic Advertising and Telephone Listings or will take such other actions with respect to the Electronic Advertising and Telephone Listings as Franchisor directs; and

2.3.1 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the “Telephone Companies”) with which Franchisee has Telephone Listings: (i) to transfer all Franchisee’s interest in such Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Listings or will take such other actions with respect to the Telephone Listings as Franchisor directs.

2.4 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor’s benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee’s true and lawful attorney-in-fact with full power and authority in Franchisee’s place and stead, and in Franchisee’s name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet Companies to transfer all Franchisee’s interest in and to the Electronic Advertising and Telephone Listings to Franchisor, or alternatively, to direct the Internet Companies to terminate any or all of the Electronic Advertising and Telephone Listings;

2.4.2 Direct the Telephone Companies to transfer all Franchisee’s interest in and to the Telephone Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee’s interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor’s written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.6 Cessation of Obligations. After the Internet Companies and the Telephone Companies have duly transferred all Franchisee's interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and/or Telephone Listing. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

### 3. Miscellaneous

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's interest in any matter hereunder.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and attachments and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.8 Governing Law. This Agreement shall be governed by and construed under the laws of the State of Wisconsin, without regard to the application of Wisconsin conflict of law rules.

-Remainder of Page Intentionally Blank-

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:

**BOARD AND BRUSH CREATIVE STUDIO FRANCHISING LLC**

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

\_\_\_\_\_, \_\_\_\_\_  
(Print Name, Title)

FRANCHISEE (Entity):

\_\_\_\_\_

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

\_\_\_\_\_, \_\_\_\_\_  
(Print Name, Title)

FRANCHISEE (Principal):

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

FRANCHISEE (Principal):

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

## ATTACHMENT 8

### CONFIDENTIALITY AND NON-COMPETE AGREEMENT

This Confidentiality and Non-Compete Agreement (the “Agreement”) is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_, a(n) \_\_\_\_\_ (“Franchisee”), a franchisee of Board and Brush Creative Studio Franchising LLC a Wisconsin limited liability company (“Franchisor”), and \_\_\_\_\_, an individual (“Covenantor”) in connection with a Franchise Agreement dated.

**WHEREAS**, Franchisee and Franchisor are parties to a franchise agreement dated \_\_\_\_\_ (the “Franchise Agreement”), whereby Franchisor has granted Franchisee the right to use certain trademarks, including, the registered trademark “Board & Brush Creative Studio” and design marks, Franchisor’s designs, Franchisor’s confidential operations manual of business practices and policies, and Franchisor’s distinctive, décor, fixtures and furnishings, operations methods, sales techniques, inventory, procedures for management control and training, assistance, advertising, and promotional programs, all of which may be changed, improved or further developed by Franchisor at any time (the “System”) for the establishment and operation of Franchised Business outlets;

**WHEREAS**, in connection with his or her duties, it will be necessary for Covenantor to have access to some or all of Franchisor’s trade secrets, including, but not limited to, designs, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, financial information, costs, product prices and names, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of the Franchised Business; the operations manual; methods of advertising and promotion; instructional materials; any other information which Franchisor may or may not specifically designate as "confidential" or "proprietary"; and the components of the System, whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively referred to as “Confidential Information”);

**WHEREAS**, the Confidential Information provides economic advantages to Franchisor and licensed users of the System, including Franchisee;

**WHEREAS**, Franchisee has acknowledged the importance of restricting the use, access and dissemination of the Confidential Information, and Franchisee therefore has agreed to obtain from Covenantor a written agreement protecting the Confidential Information and further protecting the System against unfair competition; and

**WHEREAS**, Covenantor acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein.

**NOW, THEREFORE**, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

#### **1. Confidentiality Agreement.**

**a.** Covenantor shall, at all times, maintain the confidentiality of the Confidential Information and shall use such Confidential Information only in the course of his or her employment by or association with Franchisee in connection with the operation of a Franchised Business under the Franchise Agreement.

**b.** Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Confidential Information without Franchisor's express written permission.

**c.** Covenantor shall not at any time disclose or permit the disclosure of the Confidential Information except, and only then to the limited extent necessary, to those employees of Franchisee for training and assisting such employees in the operation of the Franchised Business.

**d.** Covenantor shall surrender any material containing some or all of the Confidential Information to Franchisee or Franchisor, upon request, or upon termination of employment or association with Franchisee.

**e.** Covenantor shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the System.

**f.** Covenantor agrees that no Confidential Information may be reproduced, in whole or in part, without written consent.

## **2. Covenants Not to Compete.**

**a.** In order to protect the goodwill and unique qualities of the System, and in consideration for the disclosure to Covenantor of the Confidential Information, Covenantor further agrees and covenants that during Covenantor's employment or association with Franchisee, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business or customer of the Board & Brush Creative Studio® or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise, or

(ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any creative arts business substantially similar to the System.

**b.** In further consideration for the disclosure to Covenantor of the Confidential Information and to protect the goodwill and unique qualities of the System, Covenantor further agrees and covenants that, upon the termination of Covenantor's employment or association with Franchisee and continuing for twenty-four (24) months thereafter, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the Board & Brush Creative Studio® System to any competitor, by direct or indirect inducement or otherwise, or

(ii) participate as an owner, partner, director, officer, employee, or consultant or serve in any other managerial, operational or supervisory capacity in any creative arts business within the within twenty (20) miles of Franchisee's Territory or any Board & Brush Creative Studio® location.

**c.** The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor.

**d.** If the period of time or the geographic scope specified Section 2.b. above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In



addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement or any portion thereof, without Covenantor's or Franchisee's consent, effective immediately upon receipt by Covenantor of written notice thereof, and Covenantor agrees to forthwith comply with any covenant as so modified.

### **3. General.**

**a.** Franchisee shall take full responsibility for ensuring that Covenantor acts as required by this Agreement.

**b.** Covenantor agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisee is obligated to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies that are made available to it at law or in equity, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

**c.** Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement.

**d.** Any failure by Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

**e.** THIS AGREEMENT SHALL BE INTERPRETED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF WISCONSIN, WITHOUT REFERENCE TO WISCONSIN CHOICE OF LAW PRINCIPLES. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF OR HERSELF TO THE JURISDICTION OF THE STATE AND FEDERAL COURTS OF THE STATE OF WISCONSIN. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON COVENANTOR IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY WISCONSIN OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE IN WISCONSIN; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION THAT INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE THAT HAS JURISDICTION.

**f.** The parties agree that each of the foregoing covenants contained herein shall be construed as independent of any other covenant or provision of this Agreement.

**g.** Covenantor acknowledges and agrees that each of the covenants contained herein will not impose any undue hardship on Covenantor since Covenantor has other considerable skills, experience and education which affords Covenantor the opportunity to derive income from other endeavors.

**h.** This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

**i.** All notices and demands required to be given hereunder shall be in writing, and shall be delivered personally or by certified or priority mail, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or the date delivery is refused. All such notices shall be addressed to the party to be notified at the following addresses:

If directed to Franchisee:

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

If directed to Covenantor:

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

Any change in the foregoing addresses shall be effected by giving written notice of such change to the other parties.

**j.** Franchisor is an intended third-party beneficiary of this Agreement, and Franchisor may take whatever action it deems necessary to enforce Covenantor's obligations hereunder. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successors and assigns.

**k.** The respective obligations of Franchisee and Covenantor hereunder may not be assigned by Franchisee or Covenantor, without the prior written consent of Franchisor.

The undersigned have entered into this Confidentiality and Non-Compete Agreement by their signatures below.

FRANCHISEE:

\_\_\_\_\_

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

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

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

COVENANTOR:

\_\_\_\_\_

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

**DISCOUNT FEE ADDENDUM**

**TO THE BOARD AND BRUSH CREATIVE STUDIO FRANCHISING LLC**

**FRANCHISE AGREEMENT**

This addendum (the “Addendum”) to the Board and Brush Creative Studio Franchising LLC, Franchise Agreement is made and entered into this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, by and between Board and Brush Creative Studio Franchising LLC, a Wisconsin limited liability company with its principal place of business at 117 Hill Street, Hartland, WI 53029 (herein “Franchisor”) and \_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business located at \_\_\_\_\_ and \_\_\_\_\_’s principals \_\_\_\_\_, an individual residing at \_\_\_\_\_ and \_\_\_\_\_, an individual residing at \_\_\_\_\_ (“Principal(s)”). \_\_\_\_\_ and Principal(s) shall be collectively referred to in this Agreement as the “Franchisee”.

**WHEREAS**, Franchisee and/or Principal(s) own and operate a Board and Brush Creative Studio® franchise;

**WHEREAS**, Franchisor offers to discount the Initial Franchise Fee by twenty percent for current Board and Brush Creative Studio® franchisees who purchase an additional franchise;

**WHEREAS**, Franchisor and Franchisee are parties to a franchise agreement of even date herewith which grants Franchisee the rights to establish an additional Board and Brush Creative Studio® franchise in accordance with said agreement (the “Franchise Agreement”); and

**WHEREAS**, Franchisor and Franchisee desire to amend the Franchise Agreement as set forth herein.

**NOW, THEREFORE**, in consideration of the mutual promises contained in the Franchise Agreement and this Addendum, and for good and valuable considerations in hand paid by each of the parties to the others, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

1. Section 6.1.1 of the Franchise Agreement is hereby amended to state that the Initial Franchise Fee payable is Twenty Thousand Dollars (\$20,000.00). The foregoing Fee is due and payable upon the execution of the Franchise Agreement and this Addendum.

Except as amended hereby, all other terms and provisions of the Franchise Agreement remain in full force and effect.

THE parties hereto have duly signed and executed this Addendum to the Board and Brush Creative Studio Franchising LLC, Franchise Agreement as of the day and year first above written.

FRANCHISOR:

BOARD AND BRUSH CREATIVE STUDIO  
FRANCHISING LLC

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

Julie Selby , Owner  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

**EXHIBIT C**  
**OFF-SITE EVENTS RIDER**

**RIDER TO  
THE BOARD AND BRUSH CREATIVE STUDIO FRANCHISING LLC  
FRANCHISE AGREEMENT**

This rider (the “Rider”) to the Board and Brush Creative Studio Franchising LLC, Franchise Agreement is made and entered into this day of \_\_\_\_\_, by and between Board and Brush Creative Studio Franchising LLC, a Wisconsin limited liability company with its principal place of business at 117 Hill Street, Hartland, WI 53029 (herein “Franchisor) and \_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business located at \_\_\_\_\_ and \_\_\_\_\_’s principals \_\_\_\_\_, an individual residing at \_\_\_\_\_ and \_\_\_\_\_, an individual residing at \_\_\_\_\_ (“Principal(s)”). \_\_\_\_\_ and Principal(s) shall be collectively referred to in this Rider as the “Franchisee”.

**WHEREAS**, Franchisor and Franchisee are parties to a franchise agreement dated \_\_\_\_\_, which grants Franchisee the rights to establish a Board and Brush Creative Studio® franchise in accordance with said agreement (the “Franchise Agreement”); and

**WHEREAS**, the Franchise Agreement grants Franchisee the right to operate the Franchised Business at a single studio premises within the Territory (Section 3.1) and provides that Franchisee shall not offer products or services outside the Franchised Business studio premises (Section 12.1.5) or through Alternate Distribution Channels, as defined in the Franchise Agreement (Section 3.2); and

**WHEREAS**, Franchisee has completed the necessary training, demonstrated the skills, experience, and qualifications to successfully provide Franchisor’s products and services in events in limited circumstances outside the Franchised Business studio premises (the “Off-site Events”); and

**WHEREAS**, Franchisor agrees to permit Franchisee to offer a limited amount of Off-site Events outside its Franchised Business studio premises.

**NOW, THEREFORE**, the Franchisor shall permit Franchisee to conduct Off-site Events outside its Franchised Business studio premises, which Off-site Events shall recreate, as closely as practicable, the System’s in-studio experience, and shall complement the Board & Brush Creative Design offerings, on all the on the terms and conditions contained in the Franchise Agreement, as modified herein.

Franchisor and Franchisee agree that:

1. All Recitals set forth above are hereby incorporated into and made a part of this Rider.
2. In consideration of the right to conduct Off-site Events and having access to Franchisor’s additional materials and support for Off-site Events, Franchisee shall pay an initial fee of Five Hundred Dollars (\$500.00).
3. Off-site Events may be held within Franchisee’s Territory or other location, but not within the territory assigned to any other franchisee who is approved to offer Off-site events unless approved by Franchisor.

4. All Off-site Events shall utilize forms and conform to the policies and procedures provided by Franchisor.
5. The Parties intend that the number of Off-site Events shall be limited, and at no time shall the hosting of Off-site Events detract from or result in fewer in-studio events held in the Franchised Business studio premises.
6. In order to maintain consistency and Brand identity, all Off-site Events shall utilize materials supplied by and purchased from approved suppliers. The materials may include, but not be limited to special marketing material and instructions, table coverings, and paint and supply toolboxes.
7. Franchisee recognizes and understands that workshops create dust, noise, and fumes, and accordingly Franchisee shall ensure that the Off-site Event locations are able to accommodate these conditions. Franchisee shall be responsible for ensuring proper and lawful disposal of wastes produced at the Off-site Events.
8. Franchisor's approval for Franchisee to conduct Off-site Events is specifically conditioned on Franchisee's ability to maintain Franchisor's high standards of quality and consistency for its products and experience in the Off-site Events. Franchisee shall report to Franchisor its monthly costs and sales, along with any other intangible benefits or detriments it discovers in offering the Off-site Events. Franchisee and Franchisor shall review sales data and customer feedback and determine whether Franchisor's offering of the Off-site Events benefits the Board & Brush Creative Studio Brand and whether it should be continued. Franchisor reserves the right, at its sole discretion, to terminate this Rider at any time that it determines that the offering of the Off-site Events is damaging to or does not enhance the Board & Brush Creative Studio Brand. In such case, Franchisee shall promptly cease offering the Off-site Events.
9. All references in the Franchise Agreement to the Franchised Business shall be deemed to include Franchisee's Off-site Event activities pursuant to this Rider. Accordingly, all of Franchisee's obligations with regard to the Franchised Business are applicable to Franchisee's operation of Off-site Events, including, but not limited to:
  - a. Payment of the Royalty Fee and Brand Fund Contribution for all Gross Revenue realized from Off-site Events, in the same time and manner as set forth in the Franchise Agreement; and
  - b. Franchisee's insurance and indemnification obligations as set forth in Section 15 of the Franchise Agreement. Franchisee shall ensure, and verify to Franchisor, that Franchisee's insurance policies provide coverage for Off-site Events to the same extent as provided for in-studio operations.
10. This Rider is personal in nature, and is not transferrable, notwithstanding anything to the contrary in the Franchise Agreement.

Except as described herein, all terms and provisions of the Franchise Agreement remain in full force and effect. All capitalized terms not defined herein shall have the same meaning as set forth in the Franchise Agreement.

The parties hereto have duly signed and executed this Rider to the Board and Brush Creative Studio Franchising LLC Franchise Agreement as of the day and year first above written.

FRANCHISOR:

BOARD AND BRUSH CREATIVE STUDIO FRANCHISING  
LLC

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

\_\_\_\_\_  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)



**EXHIBIT D**  
**FINANCIAL STATEMENTS**

**BOARD AND BRUSH CREATIVE STUDIO FRANCHISING LLC**

December 31, 2023, 2022, 2021

**BOARD AND BRUSH CREATIVE STUDIO  
FRANCHISING LLC AND AFFILIATE**

**COMBINED FINANCIAL STATEMENTS**

*As of and for the Years Ended December 31, 2023, 2022, and 2021*

*And Report of Independent Auditor*

**BOARD AND BRUSH CREATIVE STUDIO FRANCHISING LLC AND AFFILIATE**  
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## Report of Independent Auditor

To the Members  
Board and Brush Creative Studio Franchising LLC and Affiliate

### Opinion

We have audited the accompanying combined financial statements of Board and Brush Creative Studio Franchising LLC and Affiliate which comprise the combined balance sheets as of December 31, 2023, 2022, and 2021, and the related combined statements of income and changes in members' equity, and cash flows for the years then ended, and the related notes to the combined financial statements (collectively, financial statements).

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Board and Brush Creative Studio Franchising LLC and Affiliate as of December 31, 2023, 2022, and 2021, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Combined Financial Statements* section of our report. We are required to be independent of Board and Brush Creative Studio Franchising LLC and Affiliate and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Prior Year Financial Statements

The financial statements as of and for the years ended December 31, 2022 and 2021, were audited by PKF Mueller, LLP, which was acquired by Cherry Bekaert LLP as of December 31, 2023, and whose report dated April 11, 2023, expressed an unmodified opinion on those statements.

### Responsibilities of Management for the Combined Financial Statements

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

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

## **Auditor's Responsibilities for the Audit of the Combined Financial Statements**

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

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

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

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

*Cherry Bekaert LLP*

Elgin, Illinois  
April 11, 2024

**BOARD AND BRUSH CREATIVE STUDIO FRANCHISING LLC AND AFFILIATE**  
**COMBINED BALANCE SHEETS**

DECEMBER 31, 2023, 2022, AND 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 911,744	\$ 1,237,250	\$ 1,891,644
Accounts receivable, net	219,261	233,721	269,511
Marketable securities	981,690	866,874	1,062,934
Employee retention credit receivable	-	131,819	-
Prepaid expenses	8,550	9,850	12,650
Total Current Assets	<u>2,121,245</u>	<u>2,479,514</u>	<u>3,236,739</u>
Property and equipment, net	40,597	36,845	33,671
Other Assets:			
Right-of-use asset - operating leases	56,541	72,574	-
Total Assets	<u>\$ 2,218,383</u>	<u>\$ 2,588,933</u>	<u>\$ 3,270,410</u>
<b>LIABILITIES AND MEMBERS' EQUITY</b>			
Current Liabilities:			
Accounts payable	\$ 100,300	\$ 142,248	\$ 93,629
Accrued expenses	19,662	50,333	27,087
Distributions payable	16,149	52,800	44,000
Gift cards payable, net of gift card breakage reserve	618,466	725,673	802,209
Contract liabilities, current portion	150,696	301,685	169,423
Current portion of obligations under operating leases	57,940	55,972	-
Total Current Liabilities	<u>963,213</u>	<u>1,328,711</u>	<u>1,136,348</u>
Noncurrent Liabilities:			
Contract liabilities, net of current portion	148,389	241,819	476,786
Obligations under operating leases, net of current portion	-	17,302	-
Long-term debt	-	150,000	150,000
Total Noncurrent Liabilities	<u>148,389</u>	<u>409,121</u>	<u>626,786</u>
Total Liabilities	1,111,602	1,737,832	1,763,134
Members' Equity	<u>1,106,781</u>	<u>851,101</u>	<u>1,507,276</u>
Total Liabilities and Members' Equity	<u>\$ 2,218,383</u>	<u>\$ 2,588,933</u>	<u>\$ 3,270,410</u>

The accompanying notes to the combined financial statements are an integral part of these statements.

**BOARD AND BRUSH CREATIVE STUDIO FRANCHISING LLC AND AFFILIATE**  
**COMBINED STATEMENTS OF INCOME AND CHANGES IN MEMBERS' EQUITY**

YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenue:			
Franchise fees	\$ 734,483	\$ 1,108,249	\$ 889,786
Royalties	1,674,181	1,975,164	2,005,742
Gift card breakage	281,746	376,115	242,141
Brand fund contributions	268,821	325,719	333,489
Other revenue	79,212	102,574	104,049
Total Revenue	<u>3,038,443</u>	<u>3,887,821</u>	<u>3,575,207</u>
Operating Expenses:			
Employment expenses	987,115	1,133,455	1,013,133
Franchise business development and operational support	182,197	244,300	165,492
General and administrative	442,149	477,789	483,854
Brand fund marketing	293,023	307,753	351,522
Total Operating Expenses	<u>1,904,484</u>	<u>2,163,297</u>	<u>2,014,001</u>
Income from Operations	<u>1,133,959</u>	<u>1,724,524</u>	<u>1,561,206</u>
Other Income (Expense):			
Gain on forgiveness of Paycheck Protection Program loan	-	-	219,950
Interest and dividends	22,933	20,969	8,312
(Gain) loss on marketable securities	84,366	(224,188)	79,663
Other income	31,758	9,770	25,990
Employee retention credit income	-	131,819	63,827
Interest expense	(1,111)	(5,625)	(8,906)
Total Other Income (Expense)	<u>137,946</u>	<u>(67,255)</u>	<u>388,836</u>
Net income	<u>1,271,905</u>	<u>1,657,269</u>	<u>1,950,042</u>
Members' equity - beginning of year	851,101	1,507,276	637,813
Member distributions	<u>(1,016,225)</u>	<u>(2,313,444)</u>	<u>(1,080,579)</u>
Members' equity - end of year	<u>\$ 1,106,781</u>	<u>\$ 851,101</u>	<u>\$ 1,507,276</u>

The accompanying notes to the combined financial statements are an integral part of these statements.

**BOARD AND BRUSH CREATIVE STUDIO FRANCHISING LLC AND AFFILIATE**  
**COMBINED STATEMENTS OF CASH FLOWS**

YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities:</b>			
Net income	\$ 1,271,905	\$ 1,657,269	\$ 1,950,042
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation and amortization	29,186	18,908	24,554
Noncash lease expense	699	700	-
Gain on forgiveness of Paycheck Protection Plan	-	-	(219,950)
(Gain) loss on marketable securities	(84,366)	224,188	(79,663)
Changes in operating assets and liabilities:			
Accounts receivable, net	14,460	35,790.00	(89,256)
Employee retention credit receivable	131,819	(131,819)	-
Prepaid expenses	1,300	2,800	(500)
Accounts payable	(41,948)	48,619	(17,295)
Accrued expenses	(30,671)	23,246	(15,095)
Marketing liabilities	-	-	(58,391)
Gift cards payable	(107,207)	(76,536)	123,973
Contract liabilities	(244,419)	(102,705)	57,608
Net cash flows from operating activities	<u>940,758</u>	<u>1,700,460</u>	<u>1,676,027</u>
<b>Cash flows from investing activities:</b>			
Purchases of marketable securities	(136,636)	(1,094,676)	(1,086,938)
Proceeds from sale of marketable securities	106,186	1,066,548	103,667
Purchase of property and equipment	(32,938)	(22,082)	(1,407)
Net cash flows from investing activities	<u>(63,388)</u>	<u>(50,210)</u>	<u>(984,678)</u>
<b>Cash flows from financing activities:</b>			
Principal payment made on long-term debt	(150,000)	-	-
Proceeds from Paycheck Protection Program loan	-	-	219,950
Members' distributions	(1,052,876)	(2,304,644)	(1,036,579)
Net cash flows from financing activities	<u>(1,202,876)</u>	<u>(2,304,644)</u>	<u>(816,629)</u>
Net change in cash and cash equivalents	(325,506)	(654,394)	(125,280)
Cash and cash equivalents, beginning of year	<u>1,237,250</u>	<u>1,891,644</u>	<u>2,016,924</u>
Cash and cash equivalents, end of year	<u>\$ 911,744</u>	<u>\$ 1,237,250</u>	<u>\$ 1,891,644</u>
<b>Noncash investing and financing transactions:</b>			
Member distributions accrued to distributions payable	<u>\$ 16,149</u>	<u>\$ 52,800</u>	<u>\$ 44,000</u>
Forgiveness of Paycheck Protection Program loan	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 219,950</u>
Right-of-use assets obtained in exchange for new operating lease liability	<u>\$ 40,046</u>	<u>\$ 128,189</u>	<u>\$ -</u>

The accompanying notes to the combined financial statements are an integral part of these statements.



# BOARD AND BRUSH CREATIVE STUDIO FRANCHISING LLC AND AFFILIATE

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2023, 2022, AND 2021

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### Note 1—Nature of operations

Board and Brush Creative Studio Franchising LLC and Affiliate (“the Company”) is a franchisor of Board and Brush Creative Studios across the United States of America.

### Note 2—Significant accounting policies

*Basis of Presentation* – The combined financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

*Principles of Combination* – The accompanying combined financial statements (collectively, financial statements) include the combined results of Board and Brush Creative Studio Franchising LLC (“BBCSF”) and Board and Brush, LLC (“BB”), an entity that has common ownership with BBCSF. All activity of BB is related to the operations of the Company. All significant intercompany accounts and transactions have been eliminated in combination.

*Accounting Estimates* – The preparation of the combined financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets, and liabilities at the date of the combined financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Cash and Cash Equivalents* - The Company places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. The Company from time to time may have amounts on deposit in excess of the insured limits. As of December 31, 2023, the Company had \$416,152 in cash and cash equivalents which exceeded these insured amounts.

For purposes of the combined statements of cash flows, the Company considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

*Accounting Pronouncements Recently Adopted* – In June 2016, Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-13, *Financial Instruments, Credit Losses* (“Topic 326”) and subsequently related amendments (ASU 2018-19, ASU 2019-04, ASU 2019-05, ASU 2019-10, ASU 2019-11, and ASU 2022-02). This guidance replaces to existing incurred loss impairment guidance and establishes a single allowance framework for financial assets carried at amortized cost based on expected credit losses. The estimate of expected credit losses requires the incorporation of historical information, current conditions, and reasonable and supportable forecasts.

The Company adopted this new accounting standard effective January 1, 2023, and all of the related amendments using the modified retrospective method. There was no significant impact to the Company’s operating results for the current period due to this standard.

*Accounts Receivable* - The allowance for credit losses is based on the Company's assessment of the collectability of customer accounts receivable. In accordance with Accounting Standards Codification (“ASC”) Topic 326, the Company makes ongoing estimates relating to the collectability of accounts receivable and records an allowance for expected credit losses expected from the inability of its customers to make required payments. The Company establishes expected credit losses by evaluating historical levels of credit losses, current economic conditions that may affect a customer's ability to pay, and creditworthiness of significant customers. These inputs are used to determine a range of expected credit losses and an allowance is recorded within the range. Accounts receivables are written off when there is no reasonable expectation of recovery.

# BOARD AND BRUSH CREATIVE STUDIO FRANCHISING LLC AND AFFILIATE

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2023, 2022, AND 2021

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### Note 2—Significant accounting policies (continued)

Any finance charges earned on open accounts receivable are recognized when received. The allowance for expected credit losses at December 31, 2023, 2022, and 2021 was \$4,550, \$1,403, and \$-0-, respectively.

*Marketable Securities* – Investments in marketable securities with readily determinable fair values are valued at their fair values, determined by quoted market price, in the combined balance sheets. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) are included in the combined statements of income and changes in members' equity.

*Property and Equipment* – The cost of property and equipment is depreciated over the estimated useful lives of the related assets. Leasehold improvements are amortized over the lesser of the term of the related lease or the estimated useful lives of the assets. Depreciation and amortization are computed under the straight-line method. Costs of maintenance and repairs are expensed when incurred. Over the estimated useful lives of the assets which range from 3 to 5 years for computer equipment and software, furniture and fixtures, and equipment.

Depreciation and amortization expense of property and equipment was \$29,186, \$18,908, and \$24,554 for the years ended December 31, 2023, 2022, and 2021, respectively.

*Gift Card Breakage* – There are no expiration dates and the Company does not deduct non-usage fees from outstanding gift cards. While the Company and the franchisees continue to honor all gift cards presented for payment, the likelihood of redemption may be determined to be remote for certain cards due to long periods of inactivity. In these circumstances, the Company recognizes breakage revenue for amounts not subject to unclaimed property laws. At the end of 2019, the Company determined that they have sufficient historical information to recognize breakage revenue. Based upon an analysis of historical gift card redemption patterns, the Company determined it could reasonably estimate the amount of gift cards for which redemption is remote. Breakage revenue is recognized over time in proportion to estimated redemption patterns. At December 31, 2023, 2022, and 2021, the gift card breakage reserve was \$1,917,861, \$1,635,115, and \$1,260,000, respectively, and is presented net of gift cards outstanding on the combined balance sheets.

*Employee Retention Credit* – The provisions of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) provides an employee retention credit (“ERC”), which is a refundable tax credit against certain employment taxes for eligible employers. Management determined the Company qualifies for the ERC and has elected to treat the credit in accordance with the conditional government grants model in accordance with FASB ASC 958-605. The Company recorded a receivable and income in accordance with the guidance for conditional government grants; that is, once the measurable performance or other barrier and right of return of the ERC no longer existed. The Company recognized \$131,819 as other income for the year ended December 31, 2022. The Company had a related receivable balance of \$131,819 as of December 31, 2022. The ERC funds were received in 2023 thus removing the receivable.

*Revenue Recognition* –The Company recognizes revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers* (“ASC 606”). Under ASC 606, revenue is recognized when a company transfers the promised goods or services to a customer in an amount that reflects consideration that is expected to be received for those goods and services. The Company has elected to account for pre-opening services as distinct from franchise licensing.

*Performance Obligations* – A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under ASC 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

# BOARD AND BRUSH CREATIVE STUDIO FRANCHISING LLC AND AFFILIATE

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2023, 2022, AND 2021

### Note 2—Significant accounting policies (continued)

*Revenue Recognition and Contract Liabilities* – Revenue is recognized as follows:

*Franchise Fees* – Initial franchise fees, which are generally \$25,000, are recognized as four performance obligations. Pre-opening services include the following three performance obligations: assistance in the selection of a site, training of the franchisee's personnel, and website setup. These services have been determined to be distinct services offered to franchisees. The other performance obligation is access to the license. The site selection performance obligations, website setup, and training of franchisee's personnel are recognized at a point in time and the license and related royalties are recognized over time based on the term of the franchise agreement as performance obligations are satisfied due to the continuous transfer of control to the franchisee. Initial franchise fees are generally nonrefundable; however, if the Company determines that a franchisee cannot fulfill the initial training or site requirements, it may terminate the agreement and refund up to 70% of the initial franchise fee. Transfer fees are up to 75% of the current initial franchise fee charged by the Company and were recognized as revenue when the transfer occurs.

*Royalty Fees and Brand Fund Contributions* - The franchise agreements contain variable consideration in the form of royalty income and brand fund contributions. These fees are based on franchisee weekly sales. The Company utilizes the sales based royalty exception in ASC 606, and, as such, revenue is recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license. Royalty revenue is based on 6% of franchisees' monthly gross revenue.

Other revenue, including technology access fees and late fees, are recognized when earned.

*Practical Expedients and Exemptions* – There are several practical expedients and exemptions allowed under ASC 606 that impact timing of revenue recognition and disclosures. The Company applied the following practical expedients in the adoption and application of ASC 606:

- The Company has elected to use the portfolio approach practical expedient.
- The Company's contracts with customers contain similar terms and as a result, the Company has elected to apply its revenue recognition policies to a portfolio of contracts with similar characteristics. The Company does not expect the results of doing so to differ materially from applying the guidance to individual contracts.

The following table disaggregates the Company's revenue based on the timing of satisfaction of performance obligations for the years ended December 31:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Performance obligations satisfied at a point in time	\$ 553,018	\$ 945,413	\$ 701,615
Performance obligations satisfied over time	2,485,425	2,942,409	2,873,592
	<u>\$ 3,038,443</u>	<u>\$ 3,887,821</u>	<u>\$ 3,575,207</u>

*Contract Liabilities* – Contract liabilities consist of the remaining franchise fees to be amortized over the life of the franchise agreements as well as initial franchise fees for the site selection, training, and website setup performance obligations that have not yet been performed. Contract liabilities are a result of the collection and the recording of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of the franchise agreements signed.

The studios owned by members of the Company do not pay franchisee fees or royalties.

**BOARD AND BRUSH CREATIVE STUDIO FRANCHISING LLC AND AFFILIATE**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

DECEMBER 31, 2023, 2022, AND 2021

**Note 2—Significant accounting policies (continued)**

*Contract Balances* – The timing of revenue recognition, billings, and cash collections results in billed accounts receivable and contract liabilities on the combined balance sheets. The beginning and ending contract balances were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Contract liabilities	\$ 299,085	\$ 543,504	\$ 646,209

Contract liabilities as of January 1, 2021 were \$588,601.

*Advertising* – The Company expenses advertising costs as incurred. Advertising expense was \$5,338, \$17,825, and \$30,202 for the years ended December 31, 2023, 2022, and 2021, respectively, and is included in franchise business development and operational support in the combined statements of income and changes in members' equity.

*Income Taxes* – The Company is organized as a limited liability company and treated as a partnership for income tax purposes. Under this treatment the Company is not required to pay federal income taxes as the income is taxed directly to the members. The Company is, however, subject to certain state income taxes. Any interest and penalties recognized associated with a tax position are classified as current in the Company's financial statements. The Company recognizes the financial statement impact of a position when it is more likely than not that the position will be sustained upon examination. The Company is no longer subject to federal and state income tax examinations by tax authorities for years before the 2020 tax year.

*State Pass-Through Entity Tax* – The Company has elected to pay Wisconsin pass-through entity tax ("PTET") on behalf of the members. The Wisconsin PTET is assessed as 7.90% of business income and is applied to reduce each member's proportionate share of federal taxable income reportable on their personal income tax return. Additionally, each member can use their ratable share of the Wisconsin PTET payment as a credit applied to their Wisconsin state income tax liability. The amount of Wisconsin PTET paid or accrued by the Company is reported as member distributions as the payments are attributed to and for the benefit of the members. For the years ended December 31, 2023, 2022, and 2021 the Company paid total distributions of \$72,100, \$114,780, and \$-0, respectively relating to the Wisconsin PTET. At December 31 2023, 2022, and 2021 the Company had distributions payable relating to the Wisconsin PTET distributions of \$16,149, \$52,800, and \$44,000, respectively.

*Leases* – The Company leases certain buildings. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASU 2016-02, *Leases ("Topic 842")*, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in other assets, current liabilities, and noncurrent liabilities as obligations under operating lease in the combined balance sheets.

ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Company uses the implicit rate when it is readily determinable. Since most of the Company's leases do not provide an implicit rate, to determine the present value of lease payments, management uses the risk-free rate based on the information available at lease commencement. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

# BOARD AND BRUSH CREATIVE STUDIO FRANCHISING LLC AND AFFILIATE

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2023, 2022, AND 2021

### Note 2—Significant accounting policies (continued)

The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise the option.

For all leases, the Company accounts for the lease and non-lease components as a single lease. The Company applied a portfolio approach to account for the operating lease ROU assets and liabilities.

### Note 3—Marketable securities

The following summarizes the information relating to marketable securities as of December 31, 2023, 2022 and 2021:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Market value	\$ 981,690	\$ 866,874	\$ 1,062,934
Less cost	<u>(919,853)</u>	<u>(898,413)</u>	<u>(974,924)</u>
Unrealized holding gain (loss)	<u>\$ 61,837</u>	<u>\$ (31,539)</u>	<u>\$ 88,010</u>

### Note 4—Fair value measurements

The Company adopted the provisions of the *Fair Value Measurements and Disclosure Topic* ("Fair Value Topic") of FASB ASC as its valuation methodology. The Fair Value Topic provides the framework for measuring fair value of assets and liabilities. The Fair Value Topic defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability. It also establishes a hierarchy to help maximize the use of observable inputs when measuring fair values. These measurements are then classified by how observable or unobservable the inputs used to reach fair market value are. The three levels of the fair value hierarchy are:

*Level 1* – Inputs to the valuation methodology are quoted prices available in actively traded markets for identical investments as of the reporting date.

*Level 2* – Inputs to the valuation methodology are quoted prices outside of the active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies.

*Level 3* – Inputs to valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates or assumptions related to the pricing of the asset or liability including assumptions regarding risk.

The financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following are descriptions of the Company's valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy:

*Equities and Mutual Funds* – These investments are valued at the closing price reported on the New York Stock Exchange Composite Listing or other active market on which these securities are traded. These securities are classified within Level 1 of the valuation hierarchy.

**BOARD AND BRUSH CREATIVE STUDIO FRANCHISING LLC AND AFFILIATE**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

DECEMBER 31, 2023, 2022, AND 2021

**Note 4—Fair value measurements (continued)**

As of December 31, 2023, 2022, and 2021 the Company's marketable securities at fair value consisted of equities and mutual funds at level 1 of the fair value hierarchy in the amount of \$981,690, \$866,874, and \$1,062,934, respectively.

For the years ended December 31, 2023, 2022, and 2021, there were no significant transfers into or out of Level 3.

**Note 5—Property and equipment**

Property and equipment balances consisted of the following at December 31, 2023, 2022, and 2021:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Computer equipment and software	\$ 80,280	\$ 56,207	\$ 36,124
Furniture and fixtures	32,337	26,307	26,307
Equipment	37,497	34,662	32,663
Leasehold improvements	<u>43,920</u>	<u>43,920</u>	<u>43,920</u>
Total Property and Equipment	194,034	161,096	139,014
Less accumulated depreciation and amortization	<u>(153,437)</u>	<u>(124,251)</u>	<u>(105,343)</u>
Total property and equipment, net	<u>\$ 40,597</u>	<u>\$ 36,845</u>	<u>\$ 33,671</u>

**Note 6—Long-term debt**

Long-term debt at December 31, 2023 and 2022, and 2021 consisted of the following:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Economic Injury Disaster Loan from the Small Business Administration with a maturity date of April 2050 and an interest rate of 3.75%. Installment payments, including principal and interest, of \$731 monthly, will begin 30 months from the date of the loan. Payments will be first applied to accrued interest, with any remaining balance to reduce the principal.	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>

There were no covenants on the long-term debt. The loan and accrued interest in the total amount of \$162,687 were paid in full in April 2023.

**Note 7—Paycheck protection program loans**

During 2021, the Company received loan proceeds in the amount of \$219,950 under the Paycheck Protection Program ("PPP") established as part of the CARES Act. PPP loans and accrued interest are forgivable to the extent the criteria established in the CARES Act are met. The Company applied for and received forgiveness of the full proceeds plus interest of the PPP loan.

The Company initially recorded a note payable and subsequently recorded forgiveness when the loan obligation was legally released. The Company recognized a gain on forgiveness of PPP loan of \$219,950 for the year ended December 31, 2021.

# BOARD AND BRUSH CREATIVE STUDIO FRANCHISING LLC AND AFFILIATE

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2023, 2022, AND 2021

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### Note 8—Leases

The Company has noncancelable operating lease agreements that require monthly payments ranging from \$1,350 to \$3,400, and lease maturity dates up through December 2024.

All of the Company's leases include fixed rental payments. The Company's leases require separate payments to the lessor based on a portion of the common area maintenance associated with the property. The Company has elected the practical expedient not to separate lease and nonlease components for all leases.

Lease expense for the year ended December 31, 2023, 2022, and 2021 was \$57,099, \$55,800, and \$54,000, respectively.

The aggregate future minimum lease commitment on these leases as of December 31, 2023 are as follows:

#### Year Ending December 31,

2024	\$ 58,200
	58,200
Less present value discount	(260)
Present value of lease liability	<u>\$ 57,940</u>

As of December 31, 2023 and 2022, the weighted-average remaining lease term for all operating leases is 1 year and 1.454 years, respectively.

Because the Company generally does not have access to the rate implicit in the lease, the Company utilizes the risk-free rate as the discount rate. The weighted-average discount rate associated with operating leases as of December 31, 2023 and 2022 is 0.83% and 0.87%, respectively.

### Note 9—Employee benefit plan

The Company sponsors a 401(k) plan (Plan). The Company made contributions of \$24,984, \$25,701, and \$21,988 to the Plan for the years ended December 31, 2023, 2022, and 2021, respectively, and was included in employment expenses on the combined statements of income and changes in members' equity.

### Note 10—Related party transactions

The Company had payables to studios owned by its members of \$28,449, \$23,590, and \$9,280 at December 31, 2023, 2022, and 2021, respectively. These amounts are included in accounts payable on the combined balance sheets.

The Company had receivables from studios owned by its members of \$16,465, \$14,550, and \$3,407 at December 31, 2023, 2022, and 2021, respectively. These amounts are included in accounts receivable on the combined balance sheets.

**BOARD AND BRUSH CREATIVE STUDIO FRANCHISING LLC AND AFFILIATE**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

DECEMBER 31, 2023, 2022, AND 2021

**Note 11—Franchises in operation**

The number of franchises in operation and related changes are summarized as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Franchised Locations</b>			
Open at Beginning of Year	258	250	239
Opened during the year	11	23	23
Closed during the year	<u>(43)</u>	<u>(15)</u>	<u>(12)</u>
Open at end of year	<u><u>226</u></u>	<u><u>258</u></u>	<u><u>250</u></u>
<b>Locations Owned by Members of the Company</b>			
Open at Beginning of Year	3	3	4
Sold to franchisees during the year	<u>(1)</u>	<u>-</u>	<u>(1)</u>
Open at end of year	<u><u>2</u></u>	<u><u>3</u></u>	<u><u>3</u></u>
<b>Total Locations</b>			
Open at Beginning of Year	261	253	243
Opened during the year	11	23	23
Closed during the year	<u>(44)</u>	<u>(15)</u>	<u>(13)</u>
Open at end of year	<u><u>228</u></u>	<u><u>261</u></u>	<u><u>253</u></u>

The studios owned by members in December 31, 2023, 2022, and 2021 are located in Illinois and Wisconsin.

**Note 12—Subsequent events**

The Company's management evaluated subsequent events through April 11, 2024, in connection with the preparation of these combined financial statements, which is the date these combined financial statements were available to be issued.



**EXHIBIT E**

**BOARD & BRUSH CREATIVE STUDIO FRANCHISE OPERATIONS MANUAL**



# Board & Brush Creative Studio® Franchise Operations Manual

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DIY

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ILLUSTRATOR

MARKETING

REGISTRATION SYSTEM

**EXHIBIT F****OUTLETS AS OF DECEMBER 31, 2023**

Franchisee	Individual Contact	Address	City/State	Phone
StudioHound L.L.C.	Jeremy Alford, Sharon & Kevin Baker	7236 Halcyon Park Drive	Montgomery, AL 36117	334-202-4632
Liles Creative, LLC	Katherine Stephen & Suzanne Liles	2017 Canyon Road, Suite 111	Vestavia Hills, AL	205-217-4027
Iowa Girl Designs, LLC	Diana & Rich Van Allen	1010 W. Oak Street	Conway, AR 72032	501-314-1725
Berkef Art, LLC	Shelley Berardi	5501 Kavanaugh Blvd Suite 1	Little Rock, AR 72207	501-514-7760
EMJS, LLC	Melissa Faye Dorminy	312 West B Street	Russellville, AR 72801	479-974-1067
Painted Bread LLC	Brett Panepento & Brooke Morris	13048 W. Rancho Sante Fe Blvd, Suite 113	Avondale, AZ 85392	623-335-0480
Bigz Biz, LLC	Tammy & Donovan Bigelow	538 S. Gilbert Rd.	Gilbert, AZ 85296	480-486-6151
K&D Custom Designs, LLC	Kristyn ZumMallen	20022 N. 67th Ave. Suite A124	Glendale, AZ 85308	602-281-3531
COLLINS STUDIO LLC	Mary June & Dennis Collins	2837 N Power Road Suite 112	Mesa, AZ 85215	602-663-1515
Brittany & Chris Cacopardo, Canoa & Josh Stein	Brittany & Chris Cacopardo, Canoa & Josh Stein	7352 N. Oracle Road	Oro Valley, AZ 85704	520-638-8062
Sanders Designs LLC	Bailie & Shane Sanders	156 S. Montezuma St. Suite D	Prescott, AZ 86303	928-899-5524
Saige, LLC	Kristen Murray & Donna Hall	21137 E. Rittenhouse Road, Suite 104	Queen Creek, AZ 85142	480-597-7861
Jorge & Nicole Alvarez	Jorge & Nicole Alvarez	1759 Elzworth St., Unit 3	Bakersfield, CA 93312	928-910-9829
Amlin Enterprises, LLC	Lexi Amrhein & Zack Gatlin	41440 Big Bear Blvd, Unit B	Big Bear Lake, CA 92315	909-295-5775
Purple Pineapples LLC	Laura Nasca	1380 East Avenue, Suite 108	Chico, CA 95926	530-487-8905

S&B Creations, Inc.	Briana Mason	1500 Oliver Road, Suite C	Fairfield, CA 94534	707-389-4156
Two Peas and the Sea LLC	Allyson & Phillip Sippel	207 N. Irwin Street	Hanford, CA 93230	559-530-7933
5Dogs LLC	Samuel Grissom & Douglas Vocelle	7463 Girard Avenue	La Jolla, CA 92037	858-230-6186
Clarke Designs LLC	Kristen & Brendan Clarke	2321 First Street	Livermore, CA 94550	925-323-0268
4 Bears Design LLC	Kelly & Robert Bears	3020 Floyd Avenue, Suite 309	Modesto, CA 95355	209-416-0086
Shed Thoughts LLC	Jennifer Chapman	458 Alvarado Street	Monterey, CA 93940	831-884-6108
Schoffstoll Studios LLC	Tina & Todd Schoffstoll	117 E. Clark Ave	Orcutt, CA 93455	805-332-3348
Bearly Boards LLC	Todd Kimerer & Monique Pruitt	1419A Yuba Street	Redding, CA 96001	530-605-3346
Pixie Magic, LLC	Kelly & Jeremiah Moore	415 Tennessee Street, Suite M	Redlands, CA 92373	909-602-8747
Valencia Inspired Designs LLC	Jennifer Valencia	12225 World Trade Drive, Suite M	San Diego, CA 92128	858-201-3425
Makers Creative Outlet LLC	Amy Kwok & Sol Seager	24417 Main Street	Santa Clarita, CA 91321	661-202-3044
TrashPanda&co, LLC	Ramon Casas & Jennifer Leger	31093 Temecula Parkway, Unit D5	Temecula, CA 92592	951-894-7676
S.V.K.K., LLC	Vivian Cohen-Millet & Steven Millet	2421 West 205 <sup>th</sup> Street D102	Torrance, CA 90501	424-435-9859
Clarke Designs, LLC	Brendan & Kristin Clarke	1414 N Main St Suite A.	Walnut Creek, CA 94596	925-323-2139
Page Rump Holdings LLC	Colleen & David Page and Aimee & Alex Rump	244 N. College Avenue, Unit 115	Fort Collins, CO 80524	970-213-1575
PLT Enterprises, LLC	Jenny & John Parks	2201 Wildcat Reserve Parkway, Suite C3	Highlands Ranch, CO 80129	720-665-4320
EJNLove LLC	Lindsay Newsom & Melissa Hackman	10490 S. Dransfeldt Rd., #104	Parker, CO 80134	720-613-4575
Me and Mom LLC	Megan Fernandez & Candice Gilbert	5674 W. 88 <sup>th</sup> Street	Westminster, CO 80031	720-629-5567
Cuminotto-Reis, LLC	Tiffany & Delmar Cuminotto-Reis	7 Eagle Road, Suite 200	Danbury, CT 06810	203-445-3497

Kos & JSK, LLC	Christine & Jeremy Kane	292 Elm Street, Unit #2	Monroe, CT 06468	203-246-3890
S&L Selby, LLC	Scott & Lisa Selby	80 Stonington Road, Suite A-2A	Mystic, CT 06355	860-325-1650
KBrown Crafts LLC	Katelyn & Michael Brown	782 Norwich Road, Unit #2	Plainfield, CT 06374	860-573-9435
Kick Enterprises, LLC	Patricia Hunter	926 Hopmeadow Street	Simsbury, CT 06070	860-392-8567
PGH Enterprises, LLC	Patricia Hunter	27 Quality Ave.	Somers, CT 80671	860-916-5218
S&L Selby, LLC	Scott & Lisa Selby	61 Center St.	Southington, CT 06489	203-343-6445
Board Stiff, LLC	Jennifer & Aaron Lewis	129 North Main Street, Suite 1	Camden, DE 19934	302-337-6520
Delaware DIY, LLC	Jennifer & James Spofford	110 Peoples Plaza	Newark, DE 19702	302-318-8007
Little Sunflower, LLC	Rachel Wells	30447 Cedar Neck Rd, Unit 102	Ocean View, DE 19970	302-402-6973
Sweet Cherry Pine LLC	Kevin & Julie Boyd	1312 Apollo Beach Blvd. Suite O	Apollo Beach, FL 33572	813-938-1541
Woodn't It Be Fun, LLC	Stephany Murphy & Jana Beth Mir	2481 McMullen Booth Road, Suite A	Clearwater, FL 33759	727-221-2240
The Chic Mermaid, LLC	Jennifer Ferguson	6289 W. Sample Road	Coral Springs, FL 33067	954-729-7005
CJ Creative Studio LLC	Christina & Joseph Tedesco	14261 S. Tamiami Tr. Unit 18	Ft. Myers, FL 33912	239-221-6164
Purple Penguin LLC	Kim Campanie	3287 Oxford Dr.	Kissimmee, FL 34746	407-747-1737
T&D Creations LLC	Tara & David Weigner	919 East New Haven Avenue	Melbourne, FL 32901	321-372-9363
Wisteria Workshop, LLC	Susan & Scott Gunelius	2727 Old Winder Garden Road	Ocoee, FL 34761	407-454-6407
Soul Sisters Custom Creations, LLC	Courtney Dickerson & Heather Risinger	452 Harrison Ave.	Panama City, FL 32401	850-633-3877
Starfish Studio LLC	Heather Burky-Lechwar & Mary Stewart	840 A1A N. Suite 50	Ponte Vedra Beach, FL 32082	904-250-8466
Duffy-Salerno, Inc.	Susan Duffy	1707 NW St. Lucie West Boulevard, Suite 108	Port St. Lucie, FL 34986	772-245-3190
GG's Creative Group, LLC	Christopher & Erika Elfstrom	111 N. Oak Ave.	Sanford, FL 32771	407-915-1611



Creative Gals DMQ 1104 LLC	Danielle Bickford	530 State Road 13 North	St. Johns, FL 32259	904-798-0900
Laurent Creative, LLC	Colleen & Paulo Laurent	140 Weston Road	Sunrise, FL 33326	954-258-1845
One Elle Studios, LLC	Michele Loudermilk	5231 University Parkway, Suite 107	University Park, FL 34201	219-263-9517
Leap Creative Studio, LLC	Kati & Christopher Erickson, Stefani Kochanski	13889 Wellington Trace, Suite A1	Wellington, FL 33414	561-662-6371
Davenmel Enterprise LLC	Melissa & Davey James	4843 Bruce B. Downs Boulevard	Wesley Chapel, FL 33544	813-778-0204
F&S DIY Gals, LLC	Suzanne Platt & Farrah Sinclair	8851 Macon Hwy Suite 301	Athens, GA 30606	706-202-5969
Southern Grit + Grace, LLC	Jessica Shea Sammons Brown	425 Peach Tree Pkwy, Suite 305	Cumming, GA 30041	678-365-2476
The Berr Project, LLC	Amy Berrios	3103 Cobb Pkwy NW Suite 114	Kennesaw, GA 30152	404-697-3440
AllenSelfCo LLC	Tonya & Dustin Allen	6255 Zebulon Road, Suite 180	Macon, GA 31210	478-228-2186
Puleo Crafts, LLC	Lillian Puleo	2323 Shallowford Road, Suite 107	Marietta, GA 30066	770-599-2660
The Crafty Kennington, LLC	Jacque Thompson-Hlozek	277 N. Highway 74, Suite 204	Peachtree City, GA 30269	678-857-8237
McTon Enterprises, LLC	Cheryl & Donald McVay, Mark Hamilton	48 W. Montgomery Cross Road, Suite 101	Savannah, GA 31406	912-675-4170
AW Groups LLC	Amy Weber	3326 Lincoln Way, Unit 102	Ames, IA 50014	515-257-6657
Limitless Creations LLC	Sarah & Ron Schultz	12817 University Ave. Suite 150	Clive, IA 50325	515-850-8201
Brooks & Christina LLC	Christina & Brooks Smith	5159 Utica Ridge Road	Davenport, IA 52807	563-340-7487
Goldfinch Holdings, LLC	Dana Rinckenberger	1709 Boyson Road	Hiawatha, IA 52233	319-334-1011
IMS Creations LLC	Inis & Matthew Smith	6742 North Glenwood Street	Boise, ID 83714	208-912-8345
M&T Weeks, LLC	Megan & Thomas Weeks	81 West Prairie Shopping Center	Hayden, ID 83835	208-719-1849
Randalls Crafts LLC	Lorraine & Tyler Randall	1928 19th Ave, Suite A	Lewiston, ID 83501	208-790-6998

Ilic Enterprises, LLC	Katie & Mike Ilic	5151 Main Street	Downers Grove, IL 60515	630-442-1887
Lane Creations LLC	Jennifer & Curran Lane	310 N. Main Street	Galena, IL 61036	815-770-2684
Normillie, LLC	Ashley Schulz	340 N. Milwaukee Avenue	Libertyville, IL 60048	847-772-4944
Ilic Enterprises, LLC	Mary Kaitlin & Mike Ilic	790 Royal Street, George Drive, Suite 145	Naperville, IL 60563	630-276-4602
Volpe Endeavors, LLC	Anthony & Stacie Volpe	2401 East Joliet Highway	New Lenox, IL 60451	815-206-9202
Ilic Enterprises, LLC	Mary Kaitlin & Mike Ilic	83 E. Templeton Drive	Oswego, IL 60543	630-383-7219
Ilic Enterprises, LLC	Mary Kaitlin & Mike Ilic	303 N. 4th Street, Suite C	St. Charles, IL 60174	630-797-9123
Great Lakes Hoosiers, LLC	Patrick DeGain	522 N. Morton Street	Bloomington, IN 47404	812-964-1491
KWK Creative Design Brownsburg, LLC	Kelli Waggoner	434 E. Main Street	Brownsburg, IN 46112	317-518-1894
Huebler Ventures Incorporated	Lauren Ashby & Maxwell Hubler	99 E. Carmel Drive, Suite 140	Carmel, IN 46032	317-753-5445
Breucky's LLC	Alyssa Breuckman	800 N. Main St.	Crown Point, IN 46307	219-323-3457
Halbig Enterprises LLC	Austin & Allison Halbig	4909 Theater Drive	Evansville, IN 47715	812-470-3283
Plank & Pour LLC	Drew D. Botteron MBA & Danielle M. Botteron	6817 Lima Rd.	Fort Wayne, IN 46818	260-388-5093
Lauren Ashby Ventures LLC	Lauren Ashby	200 W. Main Street	Greenwood, IN 46142	317-750-5748
Drill and Chill, LLC	Kayla & Evan Skirvin	309 W. University Drive	Mishawaka, IN 46530	574-800-1470
Hoosier Creative LLC	Diane Miller	1981 Conner St	Noblesville, IN 46060	317-450-6245
Wood Happens LLC	Angela & Kreg Eckert	160 S. High St.	Roanoke, IN 46783	260-388-5093
Breucky's LLC	Alyssa Breuckman	3510 N. Calumet Ave.	Valparaiso, IN 46383	219-286-3462
Nowlan Creations, LLC	Sarah Nowlan	115 S. Main Street	Hutchinson, KS 67501	620-392-3097

Royal Redlin Enterprises, LLC	Patrick & Sara Redlin	13970 Santa Fe Trail Dr.	Lenexa, KS 66215	913-298-9570
JSJ Family Enterprises, LLC	Jena & John Swanson	311 Fort Riley Boulevard	Manhattan, KS 66502	785-706-1110
GTFA LLC	Tamera McCue & Virginia Wilson	1108 E. Douglas Avenue	Wichita, KS 67214	316-558-7132
Tameryn Birch	Tameryn Birch	2875 Town Center Boulevard	Crestview Hills, KY 41017	859-331-1590
JenEric Enterprises, LLC	Jennifer & Eric Powell	129 S. English Station Rd.	Louisville, KY 40245	502-377-7116
Three Little Blue Birds, LLC	Dena Talbot	25 Main St.	Amesbury, MA 01913	978-971-8150
C.M. Wicked Crafts, LLC	Melanie Gleeson & Coleen Noonan	293 Washington Street 2A	Norwell, MA 02601	339-214-2942
Pratter 5, LLC	Karla & David Pratt	19 College Street, Suite 4	South Hadley, MA 01075	413-504-2676
S&L Selby, LLC	Scott & Lisa Selby	600 Union Street, #102	Westborough, MA 01581	508-321-3070
TeamMoser, LLC	Tracey & Matthew Moser	7185 Columbia Gateway Drive, Unit G	Columbia, MD 21046	443-900-2553
Woofworks LLC	Melessa Shiffer	314 N. Aurora Street, Suite A	Easton, MD 21601	410-690-7545
Bell's Creations, LLC	Allison Bell	1 Newport Drive, Suite B	Forest Hill, MD 21050	443-686-0549
8 Paws, LLC	Mariah & Jeffrey Beard	120 E. Oak Ridge Drive, Suite 800	Hagerstown, MD 21740	717-658-8133
Blue Crab Designs, LLC	Sabrina & Peter Rohrer	41665 Fenwick Street, Unit 15	Leonardtown, MD 20650	240-309-2050
Woofworks, LLC	Melessa Shiffer	306 West Main Street, Unit 2	Salisbury, MD 21801	443-944-9520
Waylyn & Co., LLC	ZKristi & Andrew Sentz	66 East Main Street, Suite 102	Westminster, MD 21157	717-658-8133
A&K Joostberns, LLC	Kaila & Austin Joostberns	116 Locust Street	Allegan, MI 49010	616-312-6709
DeGain Enterprises, LLC	Joseph DeGain & Elizabeth Kalush DeGain	108 E. Grand Blanc Road	Grand Blanc, MI 48439	810-853-0263
Crafted Life Creations, LLC	Rachel & Robert Seidel	723 Brookside Drive	Lansing, MI 48917	517-319-0854

T&T Custom Creations LLC	Traci Boon	968 West Broadway Ave	Muskegon, MI 49441	888-422-6875
D&K Studios, LLC	David & Kelly Eddy	164 N. Center Road	Saginaw, MI 48638	989-726-3336
Lee & Dean, LLC	Whitney Williams	1326 W. South Airport Road	Traverse City, MI 49686	231-649-0283
Friends & Family Creative Enterprises, LLC	Susan Kibler & Terri Berg	7882 Market Boulevard	Chanhassen, MN 55317	952-234-0808
Top Shelf Originals LLC	Jana & Mark Kiefer	732 E. 4 <sup>th</sup> Street	Duluth, MN 55805	218-491-6163
Superior Studios, Inc.	Kristen Sawyer	13501 Business Center Drive NW	Elk River, MN 55330	763-392-3011
Perfectly Imperfect Designs LLC	Laura & Tony Groen	20770 Holyoke Avenue	Lakeville, MN 55044	612-460-1883
Anthony Craft Addicts LLC	Samuel Anthony	810 S. Broadway, Suite D	Rochester, MN 55904	507-322-0770
The Social Chix, LLC	Amber Bisek	2230 Eagle Creek Lane, Suite F	Woodbury, MN 55129	651-217-9663
Cape Creatives, LLC	Brittney Swicionis	20 N. Main St.	Cape Girardeau, MO 63701	573-271-3030
Tarren It Up, LLC	Tarren & Donald Ward	1927 University Ave.	Oxford, MS 38655	662-506-2274
Hobby Enterprise, Inc.	Dana & Cliff Hobby	3944 N Gloster St, Suite C	Tupelo, MS 38804	662-871-7839
Ninety Ten Ventures, LLC	Paula Weigel	1485 Kelly Road	Apex, NC 27502	919-527-3155
Smokey Mountain MALTS, LLC	Christina & Ryan Stewart	1011 Tunnel Road, Suite 120	Asheville, NC 28805	828-974-8733
Cade Creative Designs, LLC	Joseph D. Cade	210 Westwood Shopping Center	Fayetteville, NC 28314	910-920-2948
LDR Creations, LLC	Leticia & David Ruderman	4800 Grove Barton Road, Suite 102	Raleigh, NC 27613	919-977-4404
Studio 4:13, Inc.	Sara Christianson	2706 Rock Island Place, Suite 2	Bismarck, ND 58504	701-751-1809
L&B Enterprises, LLC	Lori Goddard & Brittny Daly	292 Route 101	Amherst, NH 03031	603-213-6138

L&B Enterprises LLC	Lori Goddard & Brittny Daly	33 Deer St. Suite 4A	Portsmouth, NH 03801	603-373-8122
S&L Selby, LLC	Scott & Lisa Selby	1871 E. Route 70 Unit #4	Cherry Hill, NJ 08003	856-306-8989
G&M's Journey LLC	Glori Bine-Callagy, Michael Callagy	3562 Route 27, Suite 122	Kendall Park, NJ 08824	732-854-4818
Liv Gracefully, LLC	Julie Schachter	25 W. Northfield Road	Livingston, NJ 07039	973-566-5584
Crafty Kim LLC	Kimberly Sosna	106 Sparta Ave	Newton, NJ 07860	973-262-4886
Birdfish, LLC	Robin Hering	119 E. Main Street	Ramsey, NJ 07446	201-691-4583
Social Art, LLC	Paula Lucas	28 Division Street	Somerville, NJ 08876	908-947-1005
Feed the Frog LLC	William & Elizabeth Nelson	503 Beckett Road	Swedesboro, NJ	856-214-3986
Ren Plus Three, Inc.	Gina & Eric Payton	7785 N. Durango Drive, Suite 125	Las Vegas, NV 89131	702-867-1907
Wood You Believe in Us, LLC	Denise Katus & Michael Katus	3675 Delaware Avenue	Kenmore, NY 14217	716-926-6011
Little Bell, LLC	Megghen & Christopher Campanella	3 Johnson Road	Latham, NY 12110	518-409-9932
I'm So Bored, LLC	Erica Lees	900 Panorama Trail S. Store #7	Penfield, NY 14625	585-371-5025
Kowal Creative, LLC	Laura Kowal	13 Fennell Street	Skaneateles, NY 13152	315-686-8175
Avaco Inc.	Monique Roiter	2965 Veterans Dr W	Staten Island, NY 10309	718-210-1786
Rigaglia & Sons LLC	Adrianna & Filippo Rigaglia	235 Myers Corners Road, Suite 9	Wappingers Falls, NY 12590	845-836-3734
Just Paint It, LLC	Theresa Episcopio & Christine Russell	7 West Street	Warwick, NY 10990	845-544-1500
Timber & Vine LLC	Elizabeth & Daniel Lee	562 N. Main Street	Bluffton, OH 45817	419-391-0162
Tameryn Birch	Tameryn Birch	7831 Cooper Rd.	Cincinnati, OH 45242	513-716-8974
GAVA Enterprises, LLC	Adriane Kerr	3725 Medina Rd.	Medina, OH 44256	330-304-6683

KAC Design Co LLC	Kathy Combs	36 N. Liberty St.	Powell, OH 43065	614-312-7119
Walt Works LLC	Meagan Walters	816 W. Main St.	Tipp City, OH 45371	937-524-2116
L2C Services, LLC	Lindsey & Fernando Camargo	6725 W. Central Ave. Suite N	Toledo, OH 43617	419-245-8516
Kirene Company	Kelly Lause	26457 Center Ridge Road	Westlake, OH 44145	216-912-2348
Reverie and Co. LLC	Julie Williams	9430 N. May Ave.	Oklahoma City, OK 73120	405-933-8422
M2 Designs LLC	Stacey & Rodney Brett Moore	8925 E 61st St	Tulsa, OK 74133	918-615-0722
DaNico, LLC	Nicole & Daniel Raspotnik	63455 N. Hwy 97, Unit 81	Bend, OR 97701	541-480-4549
Grami Designs LLC	Kayla Grami	1100 SE Division Street, Suite 111	Portland, OR 97202	971-727-9907
Kenton Enterprises, LLC	Jodi & Dan Sherwood	3523 Fairview Industrial Drive SE	Salem, OR 97477	503-877-9886
K&D LLC	Deborah Kouassi & Laura DiNoia	6000 Hamilton Blvd.	Allentown, PA 18106	610-310-5252
8 Paws, LLC	Mariah & Jeffrey Beard	1320 Lincoln Way E., Ste D4	Chambersburg, PA 17202	717-658-8133
BBJD LLC	Justin James Betz & David Fales	142 Wallace Avenue, Suite 102	Downingtown, PA 19335	610-883-2716
MIR Holdings LLC	Timothy & Erin Schuback	22 E. Oakland Ave.	Doylestown, PA 18045	215-622-4345
Allen and Kouassi LLC	Buffy Allen & Deborah Kouassi	2210 Corriere Road, Unit D	Easton, PA 18045	484-553-7113
Studio Three21 LLC	Alyssa & Samuel Koons	3330 W 26th St., Unit #20	Erie, PA 16506	814-392-3500
Waylyn & Co., LLC	Kristi & Andrew Sentz	100 Buford Ave. Suite E	Gettysburg, PA 17325	717-658-8133
6 Brackmans LLC	Leona & Joshua Brackman	3802 Gibsonia Road, Route 910	Gibsonia, PA 15044	412-865-5541
BBJD LLC	Justin Betz & David Fales	331 Wilmington Pike Unit E, Suite 4	Glen Mills, PA 19342	610-745-0464
TJ Ollie Inc.	Charles Anderson	50 Outlet Square	Hershey, PA 17033	717-298-1283
BBJD LLC	Justin James Betz & David Fales	1343 Fruitville Pike	Lancaster, PA 17601	717-395-5535
Waylyn & Co., LLC	Kristi & Andrew Sentz	54 W. Main Street	Mechanicsburg, PA 17055	717-658-8133

SR Creative LLC	Samantha Rineer	210 S. Newtown Street Road	Newtown Square, PA 19073	610-883-2679
Get Creative, LLC	Lyndsay Nybeck & Jena Hosband	2766 W. College Ave Suite 400	State College, PA 16801	814-862-9330
Ricky June Productions LLC	Kaitlin Bell & Zachary Hobby	617 Main Street	N. Myrtle Beach, SC 29582	843-310-8775
JLIN CRAFTS, LLC	Jennifer Shepherd	405 N Main St	Mitchell, SD 57301	605-656-6701
Spontaneous Beauty LLC	Monica Bernette & Evan Butler	366 W. Main Street, Suite 6	Hendersonville, TN 37075	615-502-0169
3peaks, LLC	Brittany Grissom	11113 Kingston Pike	Knoxville, TN 37934	865-868-3398
Young PO5 Enterprises, LLC	Leslie & Andrew Young	58 S. Main Street	Lexington, TN 38351	731-614-1389
Murphy & Finch, LLC	Pamela Posch & Melissa Ellison	851 McArthur Street Suite B	Manchester, TN 37355	931-952-6480
The Wilson Project, LLC	David & Amanda Wilson	7140 Stage Road, Suite 116	Memphis, TN 38133	901-602-6567
Tills Creative Studio LLC	Ashley Till	1500 Medical Center Pkwy., Suite 1E	Murfreesboro, TN 37129	615-266-0477
Rep You and Yours, LLC	Chelsea & Daniel Hunter	337 Cleveland Ave.	Nashville, TN 37207	615-369-6601
Sweet Home Tennessee LLC	Whitney Terry Pierce	6011 Chesterton Way, Suite 111	Ooltewah, TN 37363	423-305-2763
Be Inspired, LLC	Sarah & Lance Hans	513 Wears Valley Road, #2	Pigeon Forge, TN 37863	865-415-5659
KMT Enterprises, LLC	Kaci Trowbridge	1031 North 6th Street	Abilene, TX 79601	325-510-3301
JPW Investments Alamo LLC	Jeff, Pamela & Whitney Witten	6102 Broadway Street, Suite B4	Alamo Heights, TX 78209	210-480-5400
JABJ Enterprises LLC	Amy & James Evans	500 E. Front Street, Suite 150	Arlington, TX 76011	682-238-4537
Gilchrist Studios, LLC	Nicole & Greg Gilchrist	8708 South Congress Avenue, Unit 530	Austin, TX 78745	512-643-0040
Fox and Sky Ventures, LLC	Steffany & Tony Nguyen	10515 N. Mopac Expy Unit A-105	Austin, TX 78759	512-809-5244
JDB Initiatives LLC	Jennifer Brown	206 W. Highland, Suite 101	Boerne, TX 78006	830-445-4127
Flossywood Designs LLC	Lacey Harwood	115 W. Alamo Street	Brenham, TX 77833	979-353-0004

The Rooted 8 LLC	Rochelle & Steven Tramel	2011 Little Elm Tr., Unit #107	Cedar Park, TX 78613	512-529-1282
WNBE, LLC	Bryan & Whitney Elkan	4906 Colleyville Blvd., Suite 206	Colleyville, TX 76034	817-583-7654
Kania Kreations Limited Liability Company	MaKayla & Nicholas Kania	4620 Bryant Irvin Rd. Suite 524	Ft. Worth, TX 76132	817-953-0933
C&K Woodesigns, LLC	Kara & Cody Faldyn	2103 E. Highway 377, Suite B	Granbury, TX 76048	817-527-5192
Martin Crafts LLC	Robyn Martin	23930 Westheimer Pkwy, Suite 107	Katy, TX 77494	281-296-3385
Poppy's Blessings, LLC	Amy Fowler	75 Miranda Lambert Way, Suite #11	Lindale, TX 75771	903-730-5046
Stivers Zarate LLC	Jennifer Zarate	5905 82 <sup>nd</sup> Street Suite 111	Lubbock, TX 79424	806-853-4055
JABJ Enterprises LLC	Amy & James Evans	120 N. Main St.	Mansfield, TX 76063	817-719-7065
ZaZo Creative, LLC	Fredricka & Trevor Dorroh	3115 W. Parker Rd. Suite 200	Plano, TX 75023	214-210-8555
C&K Creative, LLC	Catherine Humphrey & Kelley Moss	1090 Coit Road	Prosper, TX 75078	469-450-3242
Bees Crafting, LLC	Rebecca Sherman	555 E. I30	Rockwall, TX 75087	469-797-6400
Fox and Sky Venures, LLC	Steffany & Tony Nguyen	1700 E. Palm Valley Boulevard, Suite #470	Round Rock, TX 78664	512-529-8658
JPW Investments SA LLC	Jeff, Pamela & Whitney Witten	19178 Blanco Rd. Suite 107	San Antonio, TX 78258	210-303-9972
Hrach Stars LLC	Elisa Hrachovina	16338 Kensington Dr, Suite 110	Sugar Land, TX 77479	346-702-0333
Welchcraft LLC	Kendra & Garrett Welch	1201 Hewitt Drive, Suite 106B	Waco, TX 76712	254-863-8899
JABJ Enterprises, LLC	Amy & James Evans	114 N. College Street	Waxahachie, TX 75165	972-351-8303
Believe, LLC	Heidi Julian	2664 W. 9000 S	West Jordan, UT 84088	801-608-8323
This Days Grace, LLC	Kelli & Edward Syms	43150 Broadlands Center Plaza, Suite 104	Ashburn, VA 20148	571-271-7870
Rustic Crafts, LLC	Brenda Hostler	11215 Lee Hwy. Suite J	Fairfax, VA 22030	703-434-0528
Feese Family LLC	Stefanie Feese	1091 Burnbridge Road	Forest, VA 24551	434-535-1531



McCellaneous, LLC	Christine & Jenae McCullum	4705 Plank Road, Suite 204	Fredericksburg, VA 22407	540-216-4069
M2 Studios LLC	Michael Morrill	336 W. 21 Street	Norfolk, VA 23517	757-627-1520
Dahlhouse Décor LLC	Chelsie Dahl	20621 State Route 410	Bonney Lake, WA 98391	253-344-4066
Jughead Enterprises LLC	Jill Kindle	6541 Sexton Drive, Building H, Suite 101	Olympia, WA 98502	360-350-0255
Evans Creations LLC	Courtney Evans	2707 Bickford Avenue	Snohomish, WA 98290	360-355-3328
Busy Bee Studios, LLC	Thomas & Barbara Scriven	1314 S. Grand Boulevard, #3	Spokane, WA 99202	509-821-0105
A&V Custom Creations LLC	Vanessa Schoen	109 N. Durkee St.	Appleton, WI 54911	920-903-5019
Diamond Valley Crafts, LLC	Danielle & Jeremiah Strauss	1402 S. Hastings Way	Eau Claire, WI 54701	715-514-2123
Kennedy Enterprises LLC	Gin & Jason Kennedy	13475 Watertown Plank Rd.	Elm Grove, WI 53122	262-422-2577
A&V Custom Creations, LLC	Vanessa Schoen	235 N. Broadway	Green Bay, WI 54303	920-593-9411
Cheese and Crafters LLC	Chelsea Rudig	262 Center Street	Lake Geneva, WI 53147	262-725-5194
Woltmann Crafts LLC	Tanya & Andrew Woltmann	112 E 4th St	Marshfield, WI 54449	715-383-9748
Half Tree Studio, LLC	Jodi Lamers	6001 W. Mequon Rd.	Mequon, WI 53092	262-238-3124
BWG Designs LLC	Alicia Sittg & Rachel Proeber	8880 S. Howell Ave. Suite 860	Oak Creek, WI 53154	262-599-3398
Half Tree Studio, LLC	Jodi Lamers	528 N. 8 <sup>th</sup> Street	Sheboygan, WI 53081	920-334-2227
AimStraight, LLC	Amy Kelley	104 E. Main St.	Sun Prairie, WI 53590	608-478-3650
3 Circle Studios, LLC	Richard & Kimberly Brokaw	1719 Pioneer Ave	Cheyenne, WY 82001	307-631-4096

**Franchise Agreements Signed But Outlet Not Open as of December 31, 2023**

Franchisee	Individual Contact	Address	City/State	Phone
Rocket City DIY, LLC	Kaley & Bobbie Schweikert		Huntsville, AL	256-725-8734

Little Bell 2 LLC	Megghen & Christopher Campenella		Saratoga, NY	518-409-9932
Ms. Tori's Woodshop LLC	Victoria Bernard	719 S. Main Street	Fond Du Lac, WI	920-418-4949

### **Former Franchisees**

that 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 has not communicated with the franchisor within the 10 weeks preceding the Issuance Date of this Disclosure Document:

Franchisee	City/State	Phone
Brandie Jeffries <sup>1</sup>	Montgomery, AL	334-202-4632
Heather & Christopher Tarno <sup>3</sup>	Jonesboro, AR	870-450-9150
Amanda & Marcus Cooper <sup>1</sup>	Russellville, AR	479-974-1067
Justin & Danielle Watts <sup>4</sup>	Ahwatukee, AZ	480-209-3950
Kristyn ZumMallen <sup>2,3</sup>	Surprise, AZ	623-299-4964
Christina Vierra <sup>3</sup>	Roseville, CA	916-472-4356
Susan & Douglas Wilkin <sup>1</sup>	Santa Clarita, CA	661-202-3044
Stephanie Gates <sup>3</sup>	San Rafael, CA	415-800-2043
Gina & Glen Outcalt <sup>3</sup>	Colorado Springs, CO	719-452-4802
Belinda Pelletier <sup>3</sup>	Longmont, CO	720-340-1156

Scott & Lisa Selby <sup>1,2</sup>	Monroe, CT	203-246-3890
Kim Campanie <sup>1,2</sup>	Ocoee, FL	407-454-6407
Brittney & Matthew Miller <sup>1</sup>	Wesley Chapel, FL	813-778-0204
Jodi Newsome <sup>3</sup>	Albany, GA	229-438-7848
Johnna Eaton <sup>3</sup>	Statesboro, GA	912-436-3739
Lindsay Bauer <sup>3</sup>	Dubuque, IA	563-580-4754
Gin & Jason Kennedy <sup>1,2</sup>	Libertyville, IL	847-772-4944
Sarah & Ted Trout Anna & Lucas Jones <sup>1</sup>	Fort Wayne, IN	260-388-5093
Lisa Ulrey <sup>4</sup>	Warsaw, IN	574-377-7345
Jamie Clark <sup>4</sup>	Topeka, KS	785-408-1608
Brian & Allison Campbell <sup>3</sup>	Bowling Green, KY	270-921-3007
Cisco & Christina Boudreaux <sup>4</sup>	Broussard, LA	337-252-7539
Diane & Dorian DeSantis <sup>1</sup>	Columbia, MD	443-900-2553
Deanna Sloan <sup>3</sup>	Sylvan Lake, MI	248-266-2265
Kristen Sawyer <sup>1,2</sup>	Duluth, MN	218-491-6163
Andrew & Jennifer Fleury <sup>1</sup>	Lakeville, MN	612-460-1883
Faith Nicole Hanselman <sup>1</sup>	Woodbury, MN	651-217-9663

Amanda & Jonathan Hendrix <sup>4</sup>	Olive Branch, MS	901-286-1785
Yanessa & Preston Miller <sup>4</sup>	Surf City, NC	984-208-6564
Robin Hering <sup>2,3</sup>	Rutherford, NJ	201-466-7222
Sonya Cashner <sup>3</sup>	Red Bank, NJ	732-955-9097
Gina & Eric Payton <sup>2,4</sup>	Las Vegas, NV	702-867-1907
Anne & Ryan Polk <sup>4</sup>	Reno, NV	775-384-2466
Jessica Phillips & Nicole Phillips <sup>3</sup>	Bethpage, NY	516-268-6987
Linda Naples <sup>4</sup>	Orchard Park, NY	716-926-9180
Laura Kowal <sup>2,4</sup>	Fayetteville, NY	315-686-8175
Colleen Gilardi & Ernestine Carmack <sup>1</sup>	Tipp City, OH	937-524-2116
Julie Williams <sup>3</sup>	Yukon, OK	405-339-3944
Kelly Warren <sup>3</sup>	Springfield, OR	541-972-9663
Ann & Christopher Thunell <sup>1</sup>	Erie, PA	814-392-3500
Rachel & Nelson Whitlock <sup>1</sup>	Glen Mills, PA	610-745-0464
Timothy & Erin Schuback <sup>2,4</sup>	Newtown, PA	215-259-5067
Rachel & Nelson Whitlock <sup>1</sup>	Newtown Square, PA	610-883-2679
Andrew & Whitney Mitchell <sup>3</sup>	Charleston, SC	843-754-6012

Anita Holland & James Myron Gregory <sup>4</sup>	Greenville, SC	864-626-3015
Jordynn & Jacob Hughes; Michael & Charissa Sobieszczyk <sup>1</sup>	N. Myrtle Beach, SC	843-310-8775
Shanda Dodd <sup>1</sup>	Hendersonville, TN	615-502-0169
Wesley Odum <sup>1</sup>	Ooltewah, TN	423-305-2763
Berkley Fuller <sup>3</sup>	Amarillo, TX	806-319-9352
Mark & Jeanette Scriven <sup>4</sup>	Belton, TX	737-701-2213
Justin & Natalie Mobley <sup>3</sup>	College Station, TX	979-987-1300
Lyndsey Jensen <sup>3</sup>	Coppell, TX	972-571-6305
Rebecca Parker <sup>4</sup>	Cypress, TX	281-995-3108
Lindsey Coleman <sup>4</sup>	Decatur, TX	940-210-9293
Nicole & Greg Gilchrist <sup>2,3</sup>	Dripping Springs, TX	512-643-3800
Lyndsey Jensen <sup>3</sup>	Highland Village, TX	972-571-6305
Sidney Castro <sup>4</sup>	League City, TX	281-545-5158
Heather & Nicholas Tallman <sup>1</sup>	Lubbock, TX	806-853-4055
Elizabeth & Thau Treon <sup>4</sup>	New Braunfels, TX	830-837-5580
Sadie Landrum <sup>4</sup>	Rockport, TX	361-356-7023
Amanda Robinson <sup>3</sup>	Sherman, TX	903-328-3021

Dawn Smith <sup>1</sup>	Appleton, WI	920-903-5019
Phillip Ruby <sup>4</sup>	Barboursville, WV	304-400-6103

<sup>1</sup> This franchisee transferred the franchised outlet to a new owner.

<sup>2</sup> This franchisee currently operates another franchised outlet pursuant to a separate franchise agreement.

<sup>3</sup> This franchisee chose not to renew their agreement.

<sup>4</sup> This franchisee's agreement was terminated.

\*Do not sign this Acknowledgement Statement if you are a resident of Maryland or the business is to be opened in Maryland.

## EXHIBIT G

### **BOARD AND BRUSH FRANCHISEE ACKNOWLEDGEMENT STATEMENT**

Acknowledgement of the truthfulness of the statements below are an inducement for the Franchisor to enter into a Franchise Agreement. Notify Franchisor immediately, prior to acknowledgment, if any statement below is incomplete or incorrect.

**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.**

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

\_\_\_\_\_  
Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

\_\_\_\_\_  
Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

\_\_\_\_\_  
Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated

by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

\_\_\_\_\_  
Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

\_\_\_\_\_  
Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

\_\_\_\_\_  
Initial

7. Franchisee acknowledges that it has received the Board and Brush Creative Studio Franchising LLC, Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

\_\_\_\_\_  
Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

\_\_\_\_\_  
Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

\_\_\_\_\_  
Initial



10. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

\_\_\_\_\_  
Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

\_\_\_\_\_  
Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE BOARD AND BRUSH CREATIVE STUDIO FRANCHISING LLC, BOARD & BRUSH, LLC, AND ANY OF EITHER'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE.

\_\_\_\_\_  
Initial

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_  
(Print Name, Title)

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

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

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

PRINCIPAL:

\_\_\_\_\_

---

(Print Name)

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

**EXHIBIT H**  
**GENERAL RELEASE**

**GENERAL RELEASE**

This release (the "Release") is given this day of \_\_\_\_\_ by \_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business located at \_\_\_\_\_ ("Franchisee") and \_\_\_\_\_'s principals \_\_\_\_\_, an individual residing at \_\_\_\_\_ and ("Principal(s)").

Franchisee and Principal(s), on behalf of themselves and their respective officers, directors, employees, successors, assigns, heirs, personal representatives, and all other persons acting on their behalf or claiming under them (collectively, the "Franchisee Releasors"), hereby release, discharge and hold harmless Board and Brush Creative Studio Franchising LLC ("Franchisor"), Board and Brush, LLC, and Franchisor's parents, subsidiaries, affiliates, officers, directors, members, shareholders, employees, agents, attorneys, successors, and assigns (collectively, the "Franchisor Releasees") from any suits, claims, controversies, rights, promises, debts, liabilities, demands, obligations, costs, expenses, actions, and causes of action of every nature, character and description, in law or in equity, whether presently known or unknown, vested or contingent, suspected or unsuspected arising under, relating to, or in connection with the Franchise Agreement dated \_\_\_\_\_ between Franchisee and Franchisor and any related agreements and the relationship created thereby, or the Franchised Business operated under the Franchise Agreement, or any claims or representations made relative to the sale of the franchise to operate such Franchised Business or under any federal or state franchise or unfair or deceptive trade practice laws, which any of the Franchisee Releasors now own or hold or have at any time heretofore owned or held against the Franchisor Releasees (collectively, the "Franchisee Released Claims").

FRANCHISEE AND PRINCIPAL(S) ON BEHALF OF THEMSELVES AND THE FRANCHISEE RELEASORS WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED HEREIN BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS WHICH THE FRANCHISEE RELEASORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT. The Franchisee Releasors also covenant not to bring any suit, action, or proceeding, or make any demand or claim of any type, against any Franchisor Releasees with respect to any Franchisee Released Claim, and Franchisee and Principal(s) shall defend, indemnify and hold harmless each of Franchisor Releasees against same.

**[Washington Residents]:** The General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

Release given this day of \_\_\_\_\_ by:

FRANCHISEE:

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_

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

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

**EXHIBIT I**  
**STATE ADDENDA**

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**PURSUANT TO THE ILLINOIS FRANCHISE DISCLOSURE ACT**

Illinois law shall apply to and govern the Franchise Agreement.

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

Franchisee's right upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

**AMENDMENT TO THE BOARD AND BRUSH CREATIVE STUDIO FRANCHISE  
AGREEMENT REQUIRED BY THE STATE OF ILLINOIS**

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS §§ 705/1 et seq. (1987) (the “Act”), which govern the attached Board and Brush Creative Studio Franchise Agreement (the “Franchise Agreement”), the parties thereto agree as follows:

1. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:

“Section 4 of the Act provides that no franchisee shall be required to litigate any cause of action, with the exception of arbitration proceedings, arising under the Franchise Agreement or the Act outside of the State of Illinois.”

2. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:

“Illinois law governs the terms of this Franchise Agreement.”

3. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:

“Section 41 of the Act provides that any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Act, or any other Illinois law is void. The foregoing requirement, however, 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 the Act, and shall not prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.”

4. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:

“To the extent any provision regarding termination or renewal of the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act §§ 815 ILCS §§ 705/19 and 705/20, the provisions of these sections of the Act will control.”

5. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

6. 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.

-Remainder of Page Intentionally Blank-

The parties hereto have duly executed this Illinois Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

BOARD AND BRUSH CREATIVE STUDIO FRANCHISING  
LLC

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

Julie Selby, Owner  
\_\_\_\_\_  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)



**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO  
THE INDIANA FRANCHISE DISCLOSURE LAW AND THE  
INDIANA DECEPTIVE FRANCHISE PRACTICES ACT**

The Indiana Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with Indiana law, including the Indiana Franchises Act, Ind. Code Ann. §§ 1 - 51 (1994) and the Indiana Deceptive Franchise Practices Act, Ind. Code Ann. § 23-2-2.7 (1985) (collectively referred to as the “Acts”). To the extent that (a) the jurisdictional requirements of the Acts are met and (b) this Franchise Disclosure Document and Franchise Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

(a) To the extent the Franchise Agreement contains provisions allowing the establishment of franchisor-owned outlets that are inconsistent with the Indiana Deceptive Franchise Practices Act § 23-2-2.7(2), the requirements of this section of the Indiana Act will control.

(b) The franchisor may not make any substantial modification of the Franchise Agreement without the franchisee’s written consent.

(c) To the extent any provision regarding renewal or termination of the Franchise Agreement is inconsistent with the Indiana Deceptive Franchise Practices Act §§ 23-2-2.7(7) and (8), the provisions of these sections of the Indiana Act will control.

(d) Any requirement in the Franchise Agreement that requires the franchisee to prospectively assent to a release, assignment, novation, wavier or estoppel shall not relieve any person from liability arising under the Acts.

(e) To the extent the covenants not to compete upon expiration or termination of the Franchise Agreement are inconsistent with the Indiana Deceptive Franchise Practices Act § 23-2-2.7(9), the provisions of this section of the Indiana Act will control.

(f) To the extent that any provision of the Franchise Agreement would be deemed unenforceable pursuant to the Indiana Deceptive Franchise Practices Act § 23-2-2.7(10), as this section of the Indiana Act is interpreted and applied, such provision of the Franchise Agreement shall be so deleted therefrom.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**REQUIRED BY THE STATE OF MARYLAND**

The Office of Attorney General for the State of Maryland requires that certain provisions contained in franchise documents be amended to be consistent with Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. § 14-201 et seq., and of the Rules and Regulations promulgated under the Act (collectively the “Maryland Franchise Law”). To the extent that this Disclosure Document or Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

1. No requirement that you agree to any release, assignment, novation, estoppel or waiver of liability as a condition to your purchasing a Board and Brush Creative Studio franchise shall act as a release, estoppel or waiver of any liability under the Maryland Franchise Law.
2. Item 17 is amended to state:
  - (a) Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.
  - (b) Any general release required by the terms and conditions of the Franchise Agreement as a condition of renewal, assignment or transfer shall not apply to any liability under the Maryland Franchise Law.
  - (c) Our right to terminate you upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq.*).
  - (d) Nothing herein shall waive your 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.
3. Exhibit G (Franchisee Acknowledgement Statement) is hereby amended to state that 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.
4. 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.

**THE REGISTRATION OF THIS FRANCHISE DISCLOSURE DOCUMENT WITH MARYLAND SECURITIES DIVISION OF THE OFFICE OF ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE SECURITIES COMMISSIONER.**

**AMENDMENT TO THE BOARD AND BRUSH CREATIVE STUDIO FRANCHISE  
AGREEMENT REQUIRED BY THE STATE OF MARYLAND**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. § 14-201 et seq., and of the Rules and Regulations promulgated thereunder, the parties to the attached Board and Brush Creative Studio Franchise Agreement (the “Franchise Agreement”) agree as follows:

1. The Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a franchisee’s assent to a release of liability under that Law as a condition for the sale, renewal, assignment or transfer of the franchise. To the extent of any inconsistencies with the Maryland Franchise Registration and Disclosure Law contained in Article 5 or Section 16.3 of the Franchise Agreement, such inconsistent provisions are hereby deleted.

2. To the extent of any inconsistencies, Section 17.1 of the Franchise Agreement is hereby amended to further state:

“Our right to terminate you upon your bankruptcy, however, may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq.*)”

3. To the extent of any inconsistencies, Section 20.3 of the Franchise Agreement is hereby amended to further state:

“Nothing herein shall waive your 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.”

4. To the extent of any inconsistencies, Section 20.6 of the Franchise Agreement is hereby amended to further state:

“Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.”

5. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. § 14-201 et seq., are met independently without reference to this Amendment.

7. 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.

The parties hereto have duly executed this Maryland Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

BOARD AND BRUSH CREATIVE STUDIO FRANCHISING  
LLC

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

Julie Selby \_\_\_\_\_, Owner  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_, \_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

**MICHIGAN ADDENDUM TO THE BOARD AND BRUSH  
CREATIVE STUDIO FRANCHISING, LLC, FRANCHISE AGREEMENT**

This addendum (the “Addendum”) to the Board and Brush Creative Studio Franchising LLC, Franchise Agreement is made and entered into on \_\_\_\_\_ by and between Board and Brush Creative Studio Franchising LLC, a Wisconsin limited liability company with its principal place of business at 117 Hill Street, Hartland, WI 53029 (herein “Franchisor”) and \_\_\_\_\_, \_\_\_\_\_, with its principal place of business located at \_\_\_\_\_ and \_\_\_\_\_’s principal(s), \_\_\_\_\_, an individual residing at \_\_\_\_\_ and \_\_\_\_\_ an individual residing at \_\_\_\_\_ (“Principal(s)”). \_\_\_\_\_ and Principal(s) shall be collectively referred to in this Agreement as the “Franchisee”.

**WHEREAS**, Franchisor and Franchisee are parties to a franchise agreement of even date herewith which grants Franchisee the rights to establish a Board and Brush Creative Studio® franchise in the State of Michigan in accordance with said agreement (the “Franchise Agreement”);

**WHEREAS**, Section 8.3 of the Franchise Agreement requires Franchisee to obtain any and all licenses necessary to serve and/or permit consumption of alcohol as part of the operation of the Board and Brush Creative Studio® franchise;

**WHEREAS**, Franchisor acknowledges that the State of Michigan imposes strict limitations on the issuance of liquor licenses and the ability to otherwise serve and/or permit consumption of alcohol in commercial premises; and

**WHEREAS**, Franchisor and Franchisee, recognizing that the ability to serve and/or permit consumption of alcohol is an integral part of the Board and Brush Creative Studio® franchise system, desire to amend the Franchise Agreement as set forth herein.

**NOW, THEREFORE**, in consideration of the mutual promises contained in the Franchise Agreement and this Addendum, and for good and valuable considerations in hand paid by each of the parties to the others, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

1. Franchisee’s obligations set forth in Article 8 of the Franchise Agreement related to time periods for Franchisee to identify a site, complete construction and open for business shall not commence until the date Franchisee obtains the required license, or is otherwise permitted to serve and/or allow consumption of alcohol at the premises of the Board and Brush Creative Studio® franchise.
2. Franchisor’s obligations set forth in Sections 7.1, 10.3 and 19.1.1 of the Franchise Agreement to provide initial training and the Operations Manual to Franchisee shall not commence until the date Franchisee obtains the required license, or is otherwise permitted to serve and/or allow consumption of alcohol at the premises of the Board and Brush Creative Studio® franchise. Franchisor has no obligation to provide training or any of Franchisor’s confidential or proprietary information to Franchisee until such license or permission is secured by Franchisee.
3. In the event that Franchisee is unable, after due diligence, to obtain the required license or permission to serve and/or allow consumption of alcohol at the premises of the Board and Brush Creative Studio® franchise within one hundred eighty (180) days of the Effective Date of the Franchise Agreement and this Addendum (the “Contingency Period”), Franchisee may request of Franchisor either (i) an

extension of the Contingency Period or (ii) termination of the Franchise Agreement. Franchisor shall not unreasonably withhold its consent to Franchisee's request.

4. At any time after the close of the Contingency Period, Franchisor may elect to terminate the Franchise Agreement, in Franchisor's sole discretion.
5. In the event that the Franchise Agreement is terminated pursuant to Paragraph 3 or Paragraph 4 of this Addendum, and provided that Franchisee (i) had acted diligently in Franchisee's pursuit of a liquor license or other permission to serve and/or allow consumption of alcohol at the premises of the Board and Brush Creative Studio® franchise and (ii) is not otherwise in default of the Franchise Agreement, Franchisor shall refund to Franchisee the Initial Franchise Fee, without interest, paid by Franchisee to Franchisor.
6. If, after obtaining a license or otherwise becoming able to serve and/or allow consumption of alcoholic beverages in the Franchised Business and commencing operations, Franchisee later loses such license or ability to serve and/or allow consumption of alcoholic beverages by reason of a change in the law, local policy or otherwise through no fault of Franchisee, Franchisee may request to continue to operate for a reasonable period, not to exceed one hundred twenty (120) days, within which time Franchisee will diligently seek alternative rights to resume serving and/or allowing consumption of alcoholic beverages. Franchisor shall not unreasonably withhold its consent to Franchisee's request. In such case, Franchisee shall be required to obtain such rights to resume serving and/or allowing consumption of alcoholic beverages within said one hundred twenty (120) days.
7. Notwithstanding any termination of the Franchise Agreement pursuant to the terms thereof or this Addendum, Franchisee shall remain bound to all post-termination obligations set forth in Articles 18 and 19 of the Franchise Agreement, including but not limited to, the non-disclosure and non-compete provisions thereof.

Except as amended hereby, all other terms and provisions of the Franchise Agreement remain in full force and effect.

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The parties hereto have duly signed and executed this Michigan Addendum to the Board and Brush Creative Studio Franchising, LLC, Franchise Agreement as of the day and year first above written.

FRANCHISOR:

BOARD AND BRUSH CREATIVE STUDIO FRANCHISING  
LLC

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

Julie Selby, \_\_\_\_\_  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**REQUIRED BY THE STATE OF MINNESOTA**

The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively the “Franchise Act”). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

1. Item 6, Non-Sufficient Funds Fee, is amended to state:

Pursuant to Minn. Stat. § 604.113, the Non-Sufficient Funds Fee is \$30.00 per occurrence.

2. Item 17 is amended to state:

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

(b) In accordance with Minn. Stat. § 80C.14 subd. 3-5, except in certain specified cases, we will give you 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement. Additionally, we will not unreasonably withhold our consent to a transfer of your Board and Brush Creative Studio.

(c) In accordance with Minnesota Rules 2860.4400(D), we cannot require you to assent to a general release.

(d) In accordance with Minnesota Rules 2860.4400(J), we cannot require you to consent to liquidated damages.

(e) Minn. Stat. § 80C.17 subd. 5 requires that an action be commenced pursuant to the Franchise Act within three (3) years after the cause of action accrues.

(f) You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. See Minnesota Rules 2860.4400(J),



**AMENDMENT TO THE**  
**BOARD AND BRUSH CREATIVE STUDIO FRANCHISING LLC**  
**FRANCHISE AGREEMENT REQUIRED BY THE STATE OF MINNESOTA**

In recognition of the requirements of the Minnesota Statutes Chapter 80C, the parties to the attached Board and Brush Creative Studio Franchise Agreement (the “Franchise Agreement”) agree as follows:

1. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee’s assent to a release other than as part of a voluntary settlement of disputes. To the extent of any inconsistencies with the Minnesota Rules requirement contained in Sections 5.2.5 or 16.3.6 of the Franchise Agreement, such inconsistent provisions are hereby deleted.

2. To the extent of any inconsistencies, Section 5.1.1 of the Franchise Agreement is hereby amended to state:

“Except in certain specified cases as set forth in Minn. Stat. § 80C.14 subd. 4, Franchisor will give Franchisee 180 days’ notice for non-renewal of the Franchise Agreement.”

3. To the extent of any inconsistencies, Section 6.4 of the Franchise Agreement is hereby amended to state that the non-sufficient funds fee is Thirty Dollars (\$30.00) per occurrence.

4. To the extent of any inconsistencies, Sections 17.1 through 17.3 of the Franchise Agreement are hereby amended to state:

“Except in certain specified cases as set forth in Minn. Stat. § 80C.14 subd. 3, Franchisor will give Franchisee 90 days notice of termination (with 60 days to cure)”.

5. To the extent of any inconsistencies, Article 20, Dispute Resolution, of the Franchise Agreement is hereby amended to state:

“Franchisor cannot require Franchisee to: (i) conduct litigation outside Minnesota, (ii) waive a jury trial, or (iii) consent to liquidated damages, termination penalties or judgment notes. Nothing in this Franchise Agreement shall abrogate or reduce (1) any of Franchisee’s rights as provided for in Minn. Stat. Chapter 80C or (2) Franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Franchisee cannot consent to Franchisor obtaining injunctive relief. Franchisor may seek injunctive relief.”

8. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Statutes Chapter 80C are met independently without reference to this Amendment.

The parties hereto have duly executed this Minnesota Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

BOARD AND BRUSH CREATIVE STUDIO FRANCHISING LLC

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

\_\_\_\_\_  
Julie Selby, Owner  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

## **NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

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 RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21<sup>ST</sup> FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOSE, 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.<sup>[SEP]</sup>

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.

**NEW YORK RIDER TO BOARD AND BRUSH CREATIVE STUDIO FRANCHISING LLC  
FRANCHISE AGREEMENT**

THIS RIDER TO THE FRANCHISE AGREEMENT FOR NEW YORK (“Rider”) is entered into by and between Board and Brush Creative Studio Franchising LLC, a Wisconsin limited liability company, with its principal office at 117 Hill Street, Hartland, WI, 53029 (“we,” “us” or “our”) and \_\_\_\_\_ (“you” or “your”), whose principal business address is \_\_\_\_\_.

WHEREAS, we and you have entered into a certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ which grants you the right to operate a Board and Brush Creative Studio franchise (the “Franchise Agreement”);

WHEREAS, you are domiciled in New York and the Board and Brush Creative Studio franchise will be located in New York, and/or any of the offering or sales activity relating to the Franchise Agreement occurred in the State of New York; and

WHEREAS, in recognition of the requirements of the General Business Law of the State of New York, Article 33, Sections 680-695, we and you desire to amend certain terms of the Franchise Agreement in accordance with the terms and conditions contained in this Rider.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained in the Franchise Agreement and this Rider and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, we and you agree as follows:

1. Sections 5.2.5 and 16.3.6 of the Franchise Agreement are amended by adding the following language to each Section:

However, to the extent required by applicable law, notwithstanding the signing of a General Release, 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.

2. Section 16.1.1 of the Franchise Agreement is amended by adding the following language to this Section:

However, to the extent required by applicable law, Franchisor will not transfer and assign its rights and obligations under the Franchise Agreement unless the transferee will be able to perform the Franchisor’s obligations under the Franchise Agreement, in Franchisor’s good faith judgment.

3. Section 20.3 of the Franchise Agreement is amended by adding the following language:

New York Law governs any cause of action which arises under the New York General Business Law, Article 33, Sections 680-695. The provisions of this Franchise Agreement shall not be deemed a waiver of any rights conferred upon Franchisee by Article 33 of the General Business Law of

the State of New York and the regulations issued thereunder.

4. In the event of any conflict between a provision of the Franchise Agreement and this Rider, the provision of this Rider shall control. All terms which are capitalized in this Rider and not otherwise defined, will have the meanings given to them in the Franchise Agreement. Except as amended by this Rider, the Franchise Agreement is unmodified and in full force and effect in accordance with its terms.

5. Each provision of this Rider will be effective only to the extent that the jurisdictional requirements of the New York General Business Law, Article 33, Sections 680-695 are met independent of this Rider.

The parties hereto have duly executed this New York Rider to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

BOARD AND BRUSH CREATIVE STUDIO FRANCHISING  
LLC

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

Julie Selby \_\_\_\_\_, Owner  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_,  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

**ADDENDUM TO THE**  
**BOARD AND BRUSH CREATIVE STUDIO FRANCHISING LLC**  
**FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT**  
**REQUIRED BY THE STATE OF NORTH DAKOTA**

The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, NDCC § 51-19 *et seq.* (“NDFIL”). To the extent that (a) the jurisdictional requirements of the NDFIL are met and (b) this Franchise Disclosure Document and Franchise Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

1. Covenants not to compete upon termination or expiration of the franchise agreement are subject to NDCC § 9-08-06.
2. To the extent required by the NDFIL, arbitration proceedings shall take place at a location mutually agreed upon by you and us.
3. Any requirement that you consent to liquidated damages or termination penalties shall not apply to the extent prohibited by the NDFIL;
4. Any requirement that you consent to (i) the jurisdiction of courts outside of North Dakota, (ii) the application of laws of a state other than North Dakota, (iii) waiver of jury trial or (iv) waiver of exemplary and punitive damages shall not apply to the extent prohibited by the NDFIL;
5. Any release required as a condition to a renewal of the franchise agreement shall not apply to the extent prohibited by the NDFIL;
6. Any requirement that you consent to a limitation of claims shall not apply to the extent prohibited by the NDFIL. As applicable, the statute of limitations under North Dakota law shall control.
7. The prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorney's fees.

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The parties hereto have duly executed this North Dakota Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

BOARD AND BRUSH CREATIVE STUDIO FRANCHISING  
LLC

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

\_\_\_\_\_  
Julie Selby, Owner  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)



**ADDENDUM TO THE**  
**BOARD AND BRUSH CREATIVE STUDIO FRANCHISING LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**  
**REQUIRED BY THE STATE OF RHODE ISLAND**

In recognition of the requirements of the Rhode Island Franchise Investment Act, the Franchise Disclosure Document of Board and Brush Creative Studio Franchising LLC (“we,” “us,” or “our”) for use in the State of Rhode Island shall be amended to include the following:

1. Items 17v. and 17w., under the provisions entitled “Choice of law” and “Choice of forum,” shall be supplemented with the following language:

However, you may sue us in Rhode Island for claims arising under the Rhode Island Franchise Investment Act.

2. Item 17 shall be supplemented by the addition of the following language at the end of Item 17:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

3. Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Addendum to the Disclosure Document.

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**AMENDMENT TO THE**  
**BOARD AND BRUSH CREATIVE STUDIO FRANCHISING LLC**  
**FRANCHISE AGREEMENT REQUIRED BY THE STATE OF RHODE ISLAND**

In recognition of the requirements of the Rhode Island Franchise Investment Act, the parties to the attached Board and Brush Creative Studio Franchising LLC Franchise Agreement (the “Franchise Agreement”) agree as follows:

1. The following language shall be added at the end of Section 20.3 of the Franchise Agreement:

Notwithstanding the above, Rhode Island franchisees are permitted to bring a lawsuit in Rhode Island for claims arising under the Rhode Island Franchise Investment Act.

2. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Amendment.

-Remainder of Page Intentionally Blank-

The parties hereto have duly executed this Rhode Island Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

BOARD AND BRUSH CREATIVE STUDIO  
FRANCHISING LLC

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

Julie Selby \_\_\_\_\_, Owner  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_, \_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

## **VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

The following statements are added to Item 17.h.

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

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a Franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. 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 him under the franchise, that provision may not be enforceable.

## STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registrations in the following states having franchise disclosure laws, with the following effective dates:

<u>STATE</u>	<u>EFFECTIVE DATE</u>
Illinois	PENDING
Indiana	PENDING
Maryland	PENDING
Minnesota	PENDING
New York	PENDING
North Dakota	PENDING
Rhode Island	PENDING
South Dakota	PENDING
Virginia	PENDING
Wisconsin	PENDING

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT J**

**RECEIPT**

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Board and Brush Creative Studio Franchising 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 you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Board and Brush Creative Studio Franchising 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit A.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Julie Selby 117 Hill Street Hartland, WI 53029 262-361-4884	Leah Selby 117 Hill Street Hartland, WI 53029 262-361-4884	
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Issuance Date: April 16, 2024

I received a Disclosure Document dated \_\_\_\_\_ that included the following Exhibits:

- EXHIBIT A: List of State Franchise Administrators and Agents for Service of Process
- EXHIBIT B: Franchise Agreement with Attachments 1, 2, 3, 4, 5, 6, 7, 8 and Addendum.
- EXHIBIT C: Off-Site Events Rider
- EXHIBIT D: Financial Statements of Board and Brush Creative Studio Franchising, LLC
- EXHIBIT E: Operations Manual Table of Contents
- EXHIBIT F: Outlets as of the date of this Disclosure Document
- EXHIBIT G: Franchisee Acknowledgement Statement
- EXHIBIT H: General Release
- EXHIBIT I: State Addenda
- EXHIBIT J: Receipt

Date Received: \_\_\_\_\_  
(If other than date signed)

DATE: \_\_\_\_\_

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

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

City, State: \_\_\_\_\_

\_\_\_\_\_  
(Signature of recipient)

Please return signed receipt to Board and Brush Creative Studio Franchising, LLC,  
117 Hill Street  
Hartland, WI 53029

**EXHIBIT J**

**RECEIPT**

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Board and Brush Creative Studio Franchising 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.

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Julie Selby 117 Hill Street Hartland, WI 53029 262-361-4884	Leah Selby 117 Hill Street Hartland, WI 53029 262-361-4884	
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- EXHIBIT J: Receipt

Date Received: \_\_\_\_\_  
(If other than date signed)

DATE: \_\_\_\_\_

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

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

City, State: \_\_\_\_\_

\_\_\_\_\_  
(Signature of recipient)

**KEEP FOR YOUR RECORDS**